



WILL LIGHTBOURNE
ACTING DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

September 22, 2020

Mr. James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

STATE PLAN AMENDMENT 20-0043: SUPPLEMENTAL PAYMENTS FOR HOSPITAL
OUTPATIENT SERVICES

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 20-0043 for your review and approval. SPA 20-0043 allows supplemental reimbursement to hospitals up to the aggregate upper payment limit without supplanting specified existing levels of payments for the provision of outpatient services to Medi-Cal beneficiaries. DHCS seeks an effective date of July 1, 2020, for this SPA.

This SPA will make changes to California's Medicaid State Plan under Title XIX of the Social Security Act as it proposes to update Supplement 35 to Attachment 4.19-B.

No tribal consultation was required for SPA 20-0043. A Public Notice was published on June 29, 2020.

If you have any questions or need additional information, please contact Katie Brooks, Chief of Safety Net Financing Division, at (916) 345-7937 or by email at Katie.Brooks@dhcs.ca.gov.

Sincerely,

Jacey Cooper
Chief Deputy Director
Health Care Programs
State Medicaid Director

Enclosures

cc: See Next Page

Mr. James G. Scott
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cc: Ms. Lindy Harrington
Deputy Director
Health Care Financing
Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Ms. Katie Brooks, Chief
Safety Net Financing Division
Department of Health Care Services
Katie.Brooks@dhcs.ca.gov

Mr. Aaron Toyama
Senior Advisor
Health Care Programs
Department of Health Care Services
Aaron.Toyama@dhcs.ca.gov

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 0 — 0 0 43

2. STATE

California

3. PROGRAM IDENTIFICATION:

Title XIX of the Social Security Act (Medicaid)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2020

5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

42 C.F.R. Subpart C

7. FEDERAL BUDGET IMPACT

a. FFY 2020 \$ XX.XX
b. FFY 2021 \$ XX.XX

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 35 to Attachment 4.19-B pages 4-5

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*)

Supplement 35 to Attachment 4.19-B pages 4-5

10. SUBJECT OF AMENDMENT

Supplemental Payments for Hospital Outpatient Services

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL


13. TYPED NAME
Jacey Cooper

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
September 22, 2020

16. RETURN TO

Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

22. TITLE

23. REMARKS

For Box 7, the federal budget impact for FFY 2022 will be \$XX.XX.
For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.

2. The outpatient base amount shall be those payments for outpatient hospital services rendered in the 2016 calendar year, as reflected in the state paid claims files prepared by the department on April 5, 2019.
3. The outpatient supplemental rate shall be 266 percent of the outpatient base amount for the subject fiscal quarters in the subject fiscal year 2019-20, XXX percent of the outpatient base amount for the subject fiscal quarters in the subject fiscal year 2020-21 and 257 percent of the outpatient base amount for the first two subject fiscal quarters in the subject fiscal year 2021-22. Each amount for subject fiscal years 2019-20 and 2020-21 will be divided by four to arrive at the quarterly amount for the four quarters in both subject fiscal year 2019-20 and subject fiscal year 2020-21 respectively, and the amount for subject fiscal year 2021-22 will be divided by two to arrive at the quarterly amount for the two quarters in the subject fiscal year 2021-22. The above percentages will result in payments to hospitals that equal the applicable federal upper payment limit.
4. In the event that the sum of payments to all hospitals in any subject fiscal quarter causes the aggregate of all supplemental payments to all hospitals pursuant to this Section for all subject fiscal quarters to exceed XX dollars and XX cents (\$XX.XX), the payments to all hospitals in that subject fiscal quarter shall be reduced pro rata so that the aggregate of all supplemental payments to all hospitals does not exceed XX dollars and XX cents (\$XX.XX).
5. In the event federal financial participation for a subject fiscal year is not available for all of the supplemental amounts payable to private hospitals under Paragraph 3 due to the application of a federal upper payment limit, which is subject to annual submission and review, or for any other reason, the following will apply:
 - a. The total amount payable to private hospitals under Paragraph 3 for each subject fiscal quarter within the subject fiscal year will be reduced to the amount for which federal financial participation is available pursuant to subparagraph b.
 - b. The amount payable under Paragraph 3 to each private hospital for each subject fiscal quarter within the subject fiscal year will be equal to the amount computed under Paragraph 3 multiplied by the ratio of the total amount for which federal financial participation is available to the total amount computed under Paragraph 3.
 - c. In the event that a hospital's payments in any subject fiscal quarter as calculated under Paragraph 3 are reduced by the application of this Paragraph 5, the amount of the reduction will be added to the supplemental payments for the next subject fiscal quarter within the program period, which the hospital would otherwise be entitled to receive under Paragraph 3, provided further that no such carryover payments will be carried over

TN 20-0043

Supersedes

TN 19-0019

Approval Date: _____

Effective Date: July 1, 2020

beyond the period ending December 31, 2021, and such carryover payments will not result in total payments exceeding the applicable federal upper payment limit for the fiscal year.

6. The supplemental payment amounts as set forth in this Supplement are inclusive of federal financial participation.
7. Payments shall be made to a Private to Public Converted hospital that converts during a subject fiscal quarter by multiplying the hospital's outpatient supplemental payment by the number of days that the hospital was a private hospital in the subject fiscal quarter, divided by the number of days in the subject fiscal quarter. Payments shall not be made to a Private to Public Converted hospital in any subsequent subject fiscal quarter.
8. Payments shall be made to a hospital that becomes ineligible pursuant to Paragraph 2 of Section B during a subject fiscal quarter by multiplying the hospital's outpatient supplemental payment by the number of days that the hospital was eligible in the subject fiscal quarter, divided by the number of days in the subject fiscal quarter. Payments shall not be made to an ineligible hospital in any subsequent subject fiscal quarter.
9. The Quality Assurance Fee funded supplemental payments will not be treated as offsets in computing the aggregate uncompensated cost list for the specific purpose of making the trauma supplemental payments.

TN 20-0043

Supersedes

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