DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: JUNE 28, 2023

NOTICE OF GENERAL PUBLIC INTEREST AND REQUEST FOR PUBLIC INPUT ON STATE PLAN AMENDMENT 23-0031 WHICH PROPOSES A SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS

This notice provides information of public interest that the Department of Health Care Services (DHCS) will submit State Plan Amendment (SPA) #23-0031 to extend time-limited supplemental payment program for qualifying non-hospital 340B community clinics. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed SPA #23-0031, which is attached below.

Assembly Bill (AB) 80 (Chapter 12, Statutes of 2020) authorizes DHCS to implement a payment methodology to provide supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health center delivery system for Medi-Cal beneficiaries. The supplemental payments will support clinics who apply and certify that they are providing additional level of engagement to integrate, coordinate health care and manage the array of beneficiary health complexities.

The supplemental payments for qualifying non-hospital 340B community clinics will be based on an estimated total pool amount of $52,500,000 divided by the number of visits provided from July 1, 2023 to December 31, 2023. The calculations will be based on a per visit basis. The supplemental payment amounts will be in addition to any other amounts payable to clinic or center providers with respect to those services. The supplemental payments will not impact FQHC or RHC reconciliation of their PPS rate.

Upon federal approval of the SPA, DHCS will make supplemental payments for qualifying non-hospital 340B community clinic visits for dates of service from July 1, 2023 to December 31, 2023, in accordance with the provisions of AB 80. The effective date of the proposed SPA is July 1, 2023. All proposed SPAs are subject to approval by CMS.

DHCS projects the overall budgetary impact of the proposed supplemental payments to result in an aggregate expenditure increase of approximately $52.5 Million in total funds.

Public Review and Comments

The proposed changes included in draft SPA #23-0031 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of proposed SPA #23-0031 will be published at the following internet address:
https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2023.aspx.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA #23-0031 or a copy of submitted public comments related to SPA #23-0031 by requesting it in writing to the mailing or email address listed below. Please indicate SPA #23-0031 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Health Care Financing
P.O. Box 997413, MS 4050
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #23-0031 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than July 28, 2023. Please note that comments will continue to be accepted after July 28, 2023, but DHCS may not be able to consider those comments prior to the initial submission of SPA #23-0031 to CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

Z. ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS

In order for the APM methodology to be used, the following statutory requirements must be met. First, the APM must be agreed to by the State and by each individual FQHC/RHC to which the State wishes to apply the methodology. Second, the methodology must result in a payment to the FQHC/RHC that is at least equal to the amount to which the FQHC/RHC is entitled under Medicaid BIPA PPS rate.

A. The APM will support eligible centers that certify they are providing an additional level of engagement to integrate and coordinate health care services and manage the array of beneficiary health complexities.

B. APM Pilot Term: The APM will be available to eligible centers for services provided for dates of service from January 1, 2022 – June 30, 2022 (program period 1), July 1, 2022 – June 30, 2023 (program period 2) and July 1, 2023 – December 31, 2023 (program period 3).

C. Eligible Providers:
   1. Non-hospital 340B centers eligible for the supplemental payment under this amendment are non-hospital 340B centers reimbursed under 1905(l)(2) that meet the following conditions:
      i. Actively enrolled as a Medi-Cal provider.
         A licensed clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. with less than twenty percent (20%) private pay patients according to California Department of Health Care Access and Information 2022 utilization or licensed under subdivision (a) of Section 1204 that operate in a designated HRSA rural area or an exemption from licensure clinic operated by a city, county, city and county, or hospital authority or an exempt from licensure clinic operated by a federally recognized Indian tribe or tribal organization.
      ii. A 340B covered entity pursuant to Section 256b of Title 42 of the United States Code for the entire duration of each applicable program period.

iii. Actively providing at least three of the following services under (a) or (b):

a. Pharmacy
   i. Medication management;
   ii. Clinical pharmacy services;
   iii. Immunizations/ vaccines;
   iv. Improving medication compliance;
   v. Opioid remediation;
   vi. Patient Assistance Program (especially for patients with Emergency Medi-Cal and prescriptions are not covered)

b. Patient support services
   i. Case management;
   ii. Hard to recruit specialties such as Orthopedics, Urology, Gastroenterology;
   iii. Care coordination;
   iv. Disease-state programs, such as Infectious Disease, HIV/AIDS;
   v. Health education

iv. Submit an application to DHCS demonstrating compliance with items (i) through (iii) of this section within 22 days of approval of the state plan.

D. APM Payment Methodology

APM = [Applicable Office Visit PPS or Office Visit APM for the visit] + [SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS]

a. The supplemental payments will be paid per-visit for visits provided by eligible centers during the program period.
b. The pool amounts will be determined by the following formulas:
   i. Program Period 1: $52,500,000 x [number of adjudicated visits provided by all participating centers with dates of service from January 1, 2022 – June 30, 2022 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from January 1, 2022 – June 30, 2022.
   ii. Program Period 2: 105,000,000 x [number of adjudicated visits provided by all participating centers with dates of service from July 1, 2022 – June 30, 2023 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS,

Supplement 36 to Attachment 4.19-B) with dates of service from July 1, 2022 – June 30, 2023.

iii. Program Period 3: 52,500,000 x [number of adjudicated visits provided by all participating centers with dates of service from July 1, 2023 – December 31, 2023 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from July 1, 2023 – December 31, 2023.

c. The final per-visit supplemental payment for program period 1 will be calculated based on the pool amount determined in 2i divided by the total adjudicated visits provided by all participating centers with dates of service from January 1, 2022 – June 30, 2022. The final per-visit supplemental payment for program period 2 will be based on the pool amount determined in 2ii divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2022 to June 30, 2023. The final per-visit supplemental payment for program period 3 will be based on the pool amount determined in 2iii divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2023 to December 31, 2023.

i. An Interim rate will be determined as follows:

1. For Program Period 1: Pool size will be determined by the formula of 52,500,000 x [number of historically adjudicated visits provided by all participating centers trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
2. For Program Period 2: Pool size will be determined by the formula of 105,000,000 x [number of historically adjudicated visits provided by all participating centers trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
3. For Program Period 3: Pool size will be determined by the formula of 52,500,000 x [number of historically adjudicated visits

provided by all participating centers trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.

4. The interim rate will be paid during each program period on a per-visit basis.
5. Historically adjudicated visits will be determined as follows: For Program Period 1, the adjudicated visits will be for the claims adjudicated for dates of service from July 1, 2020 to June 30, 2021. For Program Period 2, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2021 to December 31, 2021. For Program Period 3, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2022 to December 31, 2022.

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ii. The final per-visit rate will be calculated no sooner than 90 days after the end of the program period based on adjudicated visits for all participating clinics or centers (including clinics participating under Supplement 36 to Attachment 4.19-B) during the applicable program period. The department will use the adjudicated claim data from the California Medicaid Management Information System as of 90 days after the end of each program period.

iii. No later than 180 days after the end of each program period, the department will complete a reconciliation of interim to final supplemental payment amount for each participating clinic.

1. The final supplemental payment will be calculated by multiplying the final per-visit rate determined in (ii) by the number of adjudicated visits.
2. If the amount calculated is greater than the total amount of interim revenue received by the center, the center will be paid the difference.
3. If the amount calculated is less than the total amount interim revenue received by the center, the center will refund the difference to the state.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS

A. Amendment Scope and Authority

This amendment authorizes implementation and a payment methodology to provide supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health center delivery system for Medi-Cal beneficiaries. The supplemental payments will support eligible clinics that certify they are providing an additional level of engagement to integrate and coordinate health care services and manage the array of beneficiary health complexities. The supplemental payments will be available to eligible providers for services provided for dates of service from January 1, 2022 – June 30, 2022 (program period 1), July 1, 2022 – June 30, 2023 (program period 2), and July 1, 2023- December 31, 2023 (program period 3).

B. Eligible Non-hospital 340B Clinics

1. Non-hospital 340B clinics eligible for the supplemental payment under this amendment are non-hospital 340B clinics reimbursed under the 1905(a)(9) clinic benefit that meet the following conditions:
    i. Actively enrolled as a Medi-Cal community clinic provider.
        1. A licensed clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. with less than twenty percent (20%) private pay patients according to California Department of Health Care Access and Information 2022 utilization or licensed under subdivision (a) of Section 1204 that operate in a designated HRSA rural area or an exemption from licensure clinic operated by a city, county, city and county, or hospital authority or an exempt from licensure clinic operated by a federally recognized Indian tribe or tribal organization.
    ii. A 340B covered entity pursuant to Section 256b of Title 42 of the United States Code for the entire duration of each applicable program period.
    iii. Actively providing at least three of the following services under (a) or (b):

a. Pharmacy

i. Medication management;
ii. Clinical pharmacy services;
iii. Immunizations/ vaccines;
iv. Improving medication compliance;

v. Opioid remediation;
vi. Patient Assistance Program (especially for patients with Emergency Medi-Cal and prescriptions are not covered)

b. Patient support services

i. Case management;
ii. Hard to recruit specialties such as Orthopedics, Urology, Gastroenterology;
iii. Care coordination;
iv. Disease-state programs, such as Infectious Disease, HIV/AIDS;
v. Health education

iv. Submit an application to DHCS demonstrating compliance with items (i) through (iii) of this section within 22 days of approval of the state plan.

C. Supplemental Payment Methodology

1. The supplemental payments will be paid per-visit for visits provided by eligible clinics during the program period.
2. The pool amounts will be determined by the following formulas:
   i. Program Period 1: $52,500,000 x [number of adjudicated visits provided by all participating clinics with dates of service from January 1, 2022 – June 30, 2022 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3) with dates of service from January 1, 2022 – June 30, 2022.
   ii. Program Period 2: 105,000,000 x [number of adjudicated visits provided by all participating clinics with dates of service from July 1, 2022 – June 30, 2023 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3) with dates of service from July 1, 2022 – June 30, 2023.
   iii. Program Period 3: 52,500,000 x [number of adjudicated visits provided by all participating clinics with dates of service from July 1, 2023 – December 31, 2023 divided by the total number of adjudicated visits for all participating clinics and centers including

those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3) with dates of service from July 1, 2023 – December 31, 2023.

3. The final per-visit supplemental payment for program period 1 will be calculated based on a pool amount determined in 2i divided by the total adjudicated visits provided by all participating clinics with dates of service from January 1, 2022 – June 30, 2022. The final per-visit supplemental payment for program period 2 will be based on a total pool amount determined in 2ii divided by the total adjudicated visits provided by all participating clinics with dates of service from July 1, 2022 to June 30, 2023. The final per-visit supplemental payment for program period 3 will be based on a total pool amount determined in 2iii divided by the total adjudicated visits provided by all participating clinics with dates of service from July 1, 2023 to December 31, 2023.

    i. An Interim rate will be determined as follows:
        1. For Program Period 1: Pool size will be determined by the formula of 52,500,000 x [number of historically adjudicated visits provided by all participating clinics trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating clinics trended by 5%.
        2. For Program Period 2: The interim pool size will be determined by the formula of 105,000,000 x [number of historically adjudicated visits provided by all participating clinics trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating clinics trended by 5%.

3. For Program Period 3: The interim pool size will be determined by the formula of 52,500,000 x [number of historically adjudicated visits provided by all participating clinics trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA1-3). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating clinics trended by 5%.
4. The interim rate will be paid during each program period on a per-visit basis.
5. Historically adjudicated visits will be determined as follows: For Program Period 1, the adjudicated visits will be for the claims adjudicated for dates of service from July 1, 2020 to June 30, 2021. For Program Period 2, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2021 to December 31, 2021. For Program Period 3, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2022 to December 31, 2022.

ii. The final per-visit rate will be calculated no sooner than 90 days after the end of the program period based on adjudicated visits for all participating clinics during the applicable program period. The department will use the adjudicated claim data from the California Medicaid Management Information System as of 90 days after the end of each program period.

iii. No later than 180 days after the end of each program period, the department will complete a reconciliation of interim to final supplemental payment amount for each participating clinic.
    1. The final supplemental payment will be calculated by multiplying the final per-visit rate determined in (ii) by the number of adjudicated visits.
    2. If the amount calculated is greater than the total amount of interim revenue received by the clinic, the clinic will be paid the difference.
    3. If the amount calculated is less than the total amount interim revenue received by the clinic, the clinic will refund the difference to the state.