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State/Territory Name: California

State Plan Amendment (SPA) #: 20-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

December 16, 2020

Jacey Cooper
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: TN 20-0010

Dear Ms. Cooper:

We have reviewed the proposed California State Plan Amendment (SPA) to Attachment 4.19-B, CA-20-0010, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 22, 2020. This SPA, effective January 1, 2020, adjusts the Medi-Cal Fee-for-Service (FFS) outpatient provider rates for Clinical Laboratory Services to no more than 80 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar service.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 415-744-3754 or blake.holt@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER

2 0 — 0 0 10

2. STATE

California

3. PROGRAM IDENTIFICATION:

TITLE XIX OF THE SSA (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 AMENDMENTCOMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

Title 42 CFR 447 Subpart F

7. FEDERAL BUDGET IMPACT a. (107,243) b. (428,970)

a. FFY 2020 \$ (1.415) (in thousands)

b. FFY 2021 \$ (5.662) (in thousands)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B pages 3d and 3f

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-B pages 3d and 3f

10. SUBJECT OF AMENDMENT

Medi-Cal reimbursement rates for Clinical Laboratory 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

9/22/2020

18. DATE APPROVED

12/16/2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

7/1/2020

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Todd McMillion

22. TITLE

Director, Division of Reimbursement Review

23. REMARKS

For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.

12/15/20: The state updated the fiscal impact amounts within Box 7 to FY 20 (107,243) and FY 21 (428,970).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

4. Reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, page 1, paragraph 3, entitled "Other Laboratory and X-ray services," will be developed by the Department of Health Care Services (DHCS) using the following methodology:
- a) Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following:
 - (1) the amount billed,
 - (2) the charge to the general public,
 - (3) 80% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1st, 2020 for the same or similar services
 - (4) An amount calculated based on a weighted average of the lowest amount that third-party payers are paying for the same or similar services, excluding all rates paid over 150 percent of the Medicare maximum allowance for California.
 - b) The ten percent payment reduction included in 4.19-B, page 3.3, paragraph (13), shall apply to the new rates calculated using the methodology described in this paragraph.
 - c) The Department's fee schedule rates are set as of July 1, 2020 and are effective for services provided on or after that date. All rates for clinical laboratories and laboratory services are published at:
<http://files.medi-cal.ca.gov/rates/RatesHome.aspx>

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

Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
1(d)(3)	January 1, 2004	The manufacturer's suggested retail purchase price reduced by a percentage discount of 20%, or by 15% if the provider employs or contracts with a qualified rehabilitation professional	California Welfare and Institutions Code section 14105.48
1(e)(2)	October 1, 2003	The acquisition cost plus a 23% markup	California Welfare and Institutions Code section 14105.48
3	July 1, 2015	As referenced in Attachment 4.19-B, Page 3c, Paragraph Number 3	California Welfare and Institutions Code section 14105.21
4	July 1, 2020	Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following: (1) the amount billed, (2) the charge to the general public, (3) 80% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1st, 2020 for the same or similar services, (4) an amount calculated based on a weighted average of the lowest amount that third-party payers are paying for the same or similar services, excluding all rates paid over 150 percent of the Medicare maximum allowance for California.	California Welfare and Institutions Code section 14105.22

TN 20-0010
Supersedes
TN: 20-0003

Approval Date: December 16, 2020

Effective Date: July 1, 2020