DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid and CHIP Services (CMCS)

Toby Douglas
Director of Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

JUL - 3 2012

RE: California State Plan Amendment TN: 12-004

Dear Mr. Douglas:

We have reviewed the proposed amendment to Attachments 4.19-A, 4.19-B, and 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 12-004. This amendment proposes for the non-payment of identified provider-preventable conditions (PPCs), effective July 1, 2012.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 12-004 is approved effective July 1, 2012. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

[redacted]

Cindy Mann
Director, CMCS

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **12-004**

2. STATE: California

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2012

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 CFR 447, 434, 438; Social Security Act 1902(a)(4), 1902(a)(6), 1903

7. FEDERAL BUDGET IMPACT:

a. FFY 2012 ~~$454,000~~ $(113,500)
b. FFY 2013 ~~$454,000~~ $(454,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Page 16a
Attachment 4.19-A, Page 52
Attachment 4.19-A, Page 53
Attachment 4.19-A, page 54
Attachment 4.19-B, page ~~78~~ 67
Attachment 4.19-B, page ~~79~~ 68
Attachment 4.19-D, page 33
Attachment 4.19-D, page 34

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

10. SUBJECT OF AMENDMENT:

Payment adjustment for Provider-Preventable Conditions

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

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
The Governor's Office does not wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:
[redacted]

13. TYPED NAME:
Toby Douglas

14. TITLE:
Director

15. DATE SUBMITTED:

16. RETURN TO:

Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.3.26
P.O. Box 997417
Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: JUL - 3 2012

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL - 1 2012

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]

21. TYPED NAME: Penny Thompson

22. TITLE: Deputy Director, CMCS

23. REMARKS:

Reimbursement to Out-of-State Hospitals for Inpatient Services Provided to Medi-Cal Beneficiaries (continued)

Medi-Cal will adjust payment to out-of-state inpatient hospitals for provider preventable conditions, as described in 4.19-A. When treating a Medi-Cal patient, out-of-state providers must comply with the reporting provisions for provider preventable conditions described in Attachment 4.19-A.

State/Territory: California

Payment Adjustment for Provider-Preventable Conditions

Medi-Cal meets the requirements of 42 CFR Part 447, Subpart A, and Social Security Act sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Health Care-Acquired Conditions

The State identifies the following Health Care-Acquired Conditions for non-payment under Section 4.19-A.

_____ Hospital-Acquired Conditions as identified by Medicare other than Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) following total knee replacement or hip replacement surgery in pediatric and obstetric patients.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-D.

__X__ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Medi-Cal does not reimburse providers for Other Provider-Preventable Condition (OPPC), as identified in Title 42 CFR Part 447.26(b).

Providers shall report any OPPCs that did not exist prior to initiation of treatment for that patient by the provider(s) that are associated with the claim for treatment furnished to Medi-Cal patients for which Medi-Cal payment would otherwise be available. The reporting will be directed to the State. In addition to providers identifying PPCs using the Medi-Cal PPC reporting form, the State will identify and evaluate for payment adjustment any PPCs that it discovers or is made of aware of through other means, including reporting of a PPC by a beneficiary, other providers, or entity communicated in any manner; any review of Medi-Cal claims performed by the State, including audits and Treatment Authorization Requests (TARs); and reviewing charts. The State will accumulate these occurrences, evaluate whether a payment was made, and examine the details regarding each occurrence. The State understands the importance of implementing the provisions of payment adjustments when they occur, regardless of the provider's intent to bill. The State will use the "Federal Voluntary Self-Disclosure Protocol" regarding the evaluation and examination of the OPPCs reported in the inpatient and outpatient settings.

Reduction in payment shall be limited to identified OPPCs that would otherwise result in an increase in payment and to the extent that the State can reasonably isolate for nonpayment, that portion of the payment directly related to the OPPC. Medi-Cal will not reduce payment for an OPPC when the OPPC existed prior to initiation of treatment for that patient by that provider. If the State has not yet paid the claim to treat the OPPC, the State will deny payment to the same provider for the days and services pertaining to treatment of an OPPC that was not present upon admission in excess of the expected payment for the days and services pertaining to treatment of the condition for which the patient was admitted. If the State previously paid for the OPPC, the State will withhold future payment to the provider in an amount equivalent to any increase in payment to treat the OPPC that the provider did not identify as existing prior to initiating treatment for that patient.

The State will adjust Medicare crossover payments to remove additional payment for OPPCs. If the Medicare crossover claim has an OPPC diagnosis that was not present prior to the initiation of treatment for the patient by that provider, the State will exclude the OPPC from the payment calculation when it can reasonably isolate increased payments directly attributable to the OPPC.

The State may examine reported and discovered OPPCs.

State/Territory: California

Payment Adjustment for Provider-Preventable Conditions

Medi-Cal meets the requirements of 42 CFR Part 447, Subpart A, and Social Security Act sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Health Care-Acquired Conditions

The State identifies the following Health Care-Acquired Conditions for non-payment under Section 4.19-A.

_X_ Hospital-Acquired Conditions as identified by Medicare other than Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) following total knee replacement or hip replacement surgery in pediatric and obstetric patients.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-A.

_X_ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Medi-Cal does not reimburse providers for provider-preventable conditions (PPC). Provider-preventable conditions mean the following:

- Health Care-acquired Condition (HCAC), as identified in Title 42 of the Code of Federal Regulations, Part 447.26(b).
- Other Provider-Preventable Condition (OPPC), as identified in Title 42 CFR Part 447.26(b).

Providers shall report any PPCs that did not exist prior to initiation of treatment for that patient by the provider(s) that are associated with the course of treatment furnished to Medi-Cal patients for which Medi-Cal payment would otherwise be available. The reporting will be directed to the State. In addition to providers identifying PPCs using the Medi-Cal PPC reporting form, the State will identify and evaluate for payment adjustment any PPCs that it discovers or is made of aware of through other means, including reporting of a PPC by a beneficiary, other providers, or entity communicated in any manner; any review of Medi-Cal claims performed by the State, including audits and Treatment Authorization Requests (TARs); and reviewing charts. The State will accumulate these occurrences, evaluate whether a payment was made, and examine the details regarding each occurrence. The State understands the importance of implementing the provisions of payment adjustments when they occur, regardless of the provider's intent to bill. The State will use the "Federal Voluntary Self-Disclosure Protocol" regarding the evaluation and examination of the PPCs reported in the inpatient and outpatient settings.

Reduction in payment shall be limited to identified PPCs that would otherwise result in an increase in payment and to the extent that the State can reasonably isolate for nonpayment, that portion of the payment directly related to the PPC. Medi-Cal will not reduce payment for a PPC that existed prior to initiation of treatment for that patient by that provider. If the State has not yet paid the claim to treat the PPC, the State will deny payment to the same provider for any isolated acute days to treat a PPC that was not present upon admission in excess of the medically necessary days to treat the condition for which the patient was admitted. If the State previously paid for the PPC, the State will withhold future payment to the provider in an amount equivalent to any increase in payment to treat the PPC that the provider did not identify as existing prior to initiating treatment for that patient.

For providers that the State pays using the diagnosis-related grouping (DRG) system, the State will not pay increased payment solely attributable to any PPCs not present upon admission when the department considers that the presence of HCAC diagnosis and procedure codes affect the DRG assignment and payment for the resulting DRG. The POA indicator will be utilized on the claim form and the payment will be priced through the DRG grouper software to ensure no additional payment was provided for PPCs that were not present on admission. In addition, the State may disallow payment for the inpatient claim and any other related claims subject to the department's quality

review and determination that the services provided meet the OPPC definition. In addition to identifying PPCs through the present on admission indicator, the State will also identify and evaluate for payment adjustment any PPCs that it discovers or is made of aware of through other means, including reporting of a PPC by a beneficiary, provider, or entity communicated in any manner; any review of Medi-Cal claims performed by the State, including audits and Treatment Authorization Requests (TARs) and reviews of charts.

The State will adjust Medicare crossover payments to remove additional payment for PPCs. If the Medicare crossover claim has a PPC diagnosis that was not present prior to the initiation of treatment for the patient by that provider, the State will exclude the PPC from the payment calculation when it can reasonably isolate increased payments directly attributable to the PPC.

The State may examine reported and discovered PPCs.

State/Territory: California

Payment Adjustment for Provider-Preventable Conditions

Medi-Cal meets the requirements of 42 CFR Part 447, Subpart A, and Social Security Act sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Health Care-Acquired Conditions

The State identifies the following Health Care-Acquired Conditions for non-payment under Section 4.19-B.

_____ Hospital-Acquired Conditions as identified by Medicare other than Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) following total knee replacement or hip replacement surgery in pediatric and obstetric patients.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-B.

__X__ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Medi-Cal does not reimburse providers for Other Provider-Preventable Conditions (OPPC), as identified in Title 42 CFR Part 447.26(b).

Providers shall report any OPPCs that did not exist prior to initiation of treatment for that patient by the provider(s) that are associated with the claim for treatment furnished to Medi-Cal patients for which Medi-Cal payment would otherwise be available. The reporting will be directed to the State. In addition to providers identifying PPCs using the Medi-Cal PPC reporting form, the State will identify and evaluate for payment adjustment any PPCs that it discovers or is made of aware of through other means, including reporting of a PPC by a beneficiary, other providers, or entity communicated in any manner; any review of Medi-Cal claims performed by the State, including audits and Treatment Authorization Requests (TARs); and reviewing of charts. The State will accumulate these occurrences, evaluate whether a payment was made, and examine the details regarding each occurrence. The State understands the importance of implementing the provisions of payment adjustments when they occur, regardless of the provider's intent to bill. The State will use the "Federal Voluntary Self-Disclosure Protocol" regarding the evaluation and examination of the OPPCs reported in the inpatient and outpatient settings.

Reduction in payment shall be limited to identified OPPCs that would otherwise result in an increase in payment and to the extent that the State can reasonably isolate for nonpayment, that portion of the payment directly related to the OPPC. Medi-Cal will not reduce payment for an OPPC that existed prior to initiation of treatment for that patient by that provider. If the State has not yet paid the claim to treat the OPPC, the State will deny payment to the same provider for the treatment of an OPPC that was not present upon admission in excess of the expected payment for treatment of the condition for which the patient was admitted. If the State previously paid for the OPPC, the State will withhold future payment to the provider in an amount equivalent to any increase in payment to treat the OPPC that the provider did not identify as existing prior to initiating treatment for that patient.

The State will adjust Medicare crossover payments to remove additional payment for OPPCs. If the Medicare crossover claim has an OPPC diagnosis that was not present prior to the initiation of treatment for the patient by that provider, the State will exclude the OPPC from the payment calculation when it can reasonably isolate increased payments directly attributable to the OPPC.

The State may examine reported and discovered OPPCs.

OS Notification

State/Title/Plan Number: California State Plan Amendment 12-004

Type of Action: SPA Approval

Effective Date of SPA: July 1, 2012

Required Date for State Notification: July 4, 2012

Fiscal Impact: $(113,500) federal for federal fiscal year 2012
$(454,000) federal for federal fiscal year 2013

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0
or
Eligibility Simplification:

Provider Payment Increase or Decrease: Decrease

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Detail: This state plan amendment was submitted in compliance with Section 2702 of the Affordable Care Act. It provides that, effective July 1, 2012, the State will not pay for identified Health Care-Acquired Conditions (HCACs) and Other Provider-Preventable Conditions (OPPCs) in hospitals and all other health care settings. Appropriate amendments are made to Attachments 4.19-A, 4.19-B, and 4.19-D, including CMS preprint language and also State-specific nonpayment language. California has met the public process and tribal consultation requirements.

Other Considerations: We do not recommend the Secretary contact the Governor.

CMS Contacts: Mark Wong, NIRT, 415-744-3561
Janet Freeze, DRSF, 410-786-5917
Andrew Badaracco, DRSF, 410-786-4589
Christopher Thompson, DRSF, 410-786-4044
Tim Weidler, NIRT, 816-426-6429