

## **Table of Contents**

**State/Territory Name: California**

**State Plan Amendment (SPA) #: 15-031**

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  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

December 7, 2015

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

Dear Ms. Cantwell:

Enclosed is an approved copy of California State Plan Amendment (SPA) 15-031. This SPA was submitted to my office on September 28, 2015 and adds an Industry Average Rate Methodology to determine an interim Medi-Cal payment rate for Local Governmental Agencies (LGAs) that are enrolling or re-enrolling in the Targeted Case Management (TCM) program.

The effective date of this SPA is September 26, 2015 as requested. Enclosed are the following approved SPA pages that should be incorporated into your approved State Plan:

- Attachment 4.19-B, pages 5d(iv), 5d(v) and 5d(vi)

If you have any questions, please contact Cheryl Young by phone at (415) 744-3598 or by email at [Cheryl.Young@cms.hhs.gov](mailto:Cheryl.Young@cms.hhs.gov).

Sincerely,

/s/

Henrietta Sam-Louie  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure

cc: John Mendoza, California Department of Health Care Services  
Shelly Taunk, California Department of Health Care Services  
Nathaniel Emery, California Department of Health Care Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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

1. TRANSMITTAL NUMBER:  
**15-031**

2. STATE  
California

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

4. PROPOSED EFFECTIVE DATE  
September 26, 2015

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:  
Section 1915(g) Social Security Act

7. FEDERAL BUDGET IMPACT

|                  |             |
|------------------|-------------|
| a. FFY 2015/2016 | \$4,705,660 |
| b. FFY 2016/2017 | \$4,497,287 |
| c. FFY 2017/2018 | \$3,934,266 |

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-B Pages 5d (iv), 5d(v), and 5d(vi)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

ATTACHMENT 4.19-B Pages 5d (iv), 5d(v), and 5d(vi)

10. SUBJECT OF AMENDMENT:

Targeted Case Management – Add Industry Average Interim Medi-Cal Payment Rate Methodology

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 OFFICIAL:

13. TYPED NAME:

Mari Cantwell

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

SEP 28 2015

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:  
September 28, 2015

18. DATE APPROVED:  
December 7, 2015

PLAN APPROVED – ONE

19. EFFECTIVE DATE OF APPROVED MATERIAL:

September 26, 2015

21. TYPED NAME:

Henrietta Sam-Louie

23. REMARKS:

REGIONAL OFFICIAL:

22. TITLE: Acting Associate Regional Administrator,  
Division of Medicaid & Children's Health Operations

State Plan under Title XIX of the Social Security Act  
Department/Territory: CALIFORNIA

**TARGETED CASE MANAGEMENT REIMBURSEMENT METHODOLOGY**  
Reimbursement methodology for Case Management Services as described in  
Supplement 1a, 1b, 1d, 1e, 1f, and 1h to Attachment 3.1-A

1 and November 1 of each payment period. The Department will adjust the rate downward on an annual basis if requested by the LGA.

- (f) LGAs enrolling or re-enrolling in the TCM program are required to have an interim Medi-Cal payment rate to begin claiming federal reimbursement for providing TCM services. The TCM program will use an Industry Average methodology to provide LGAs with a standardized method to compute and establish an interim Medi-Cal payment rate. The computation for the Industry Average Interim Encounter Rate (Industry Average Medi-Cal payment rate) will be established by dividing the sum of all LGAs interim Medi-Cal payment rates by the number of LGAs participating in the TCM program for the prior fiscal year (FY).
- (g) The interim payments will be subject to interim and final reconciliation processes described below.

(1) Interim Reconciliation

Each LGA's interim Medi-Cal payments will be reconciled to its accepted TCM cost report for the State FY for which interim payments were made for services on and after the effective date of this SPA. If at the end of the interim reconciliation process, it is determined that an LGA received an overpayment, the overpayment will be collected from the LGA and returned to the federal government. Conversely, if at the end of the interim reconciliation process it is determined that an LGA received an underpayment; the underpayment will be paid to the LGA.

(2) Final Reconciliation

- (a) Each LGA's total interim payments and interim reconciliation adjustments for a fiscal year will also be subsequently reconciled to the allowable cost in the accepted Cost Report for that same fiscal year.
- (b) The final reconciliation will be finalized upon a review by A&I for purposes of Medi-Cal reimbursement for services on and after the effective date of this SPA.

State Plan under Title XIX of the Social Security Act  
Department/Territory: CALIFORNIA

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- (c) If at the end of the final reconciliation process, it is determined that an LGA received an overpayment, the overpayment will be collected from the LGA and returned to the federal government. Conversely, if at the end of the final reconciliation process, it is determined that an LGA received an underpayment, the underpayment will be paid to the LGA.

D. CPE Certification

- (1) The source of all expenditures will meet the requirements of 42 C.F.R. 433.51.
- (2) Each LGA will report the total-funds expenditures incurred by itself and other governmental entities. The LGA will certify its total-funds expenditures in providing TCM services, and will include a certification signed by the other Contributing public agency's designated representative certifying its total-funds expenditures. LGA will ensure the total-funds expenditures are allowable and meet all federal requirements for the provision of TCM services.
- (3) Each LGA will submit a claim to DHCS that is accompanied by an attestation signed by the LGA's designated representative that it has reviewed such costs, that to the best of its knowledge such costs are allowable and meet all federal requirements in seeking FFP.

E. LGA Responsibilities

- (1) The LGA will be responsible for the TCM services received by target populations it oversees.
- (2) The LGA will ensure public funds were used in providing TCM services and will meet all federal and state requirements seeking FFP.
- (3) The LGA will file its cost reports with the Department annually.

State Plan under Title XIX of the Social Security Act  
Department/Territory: CALIFORNIA

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F. Department Responsibilities

- (1) DHCS will submit claims for FFP for the expenditures as specified in this segment of the State Plan for TCM services provided to target populations as allowable under federal law.
- (2) DHCS will, on an annual basis, submit any necessary materials to the federal government to provide assurances that claims for FFP will include only those expenditures that are allowable under federal law.
- (3) DHCS has in place a public process, which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.
- (4) DHCS will audit and settle the cost reports filed by the LGA in determining the actual Medi-Cal expenditures eligible for reimbursement.