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**State/Territory Name: California**

**State Plan Amendment (SPA) #: 16-019**

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 6, 2016

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 a copy of California State Plan Amendment (SPA) CA-16-019, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 30, 2016. This amendment makes technical revisions to update the hospital participation criteria for supplemental reimbursement to outpatient departments of public hospitals meeting specified requirements under California Welfare and Institutions Code 14105.96. These revisions also reflect the State law creation of hospital authorities to govern two designated public hospitals: Alameda Health System and Kern Medical Center.

The effective date of this SPA is July 1, 2016. Enclosed are the following approved SPA pages that should be incorporated into your approved state plan:

- Attachment 4.19-B, pages 46 and 49

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

Sincerely,

/s/

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

cc: John Mendoza, California Department of Health Care Services (DHCS)  
Shiela Mendiola, DHCS  
Wendy Ly, DHCS  
Nathaniel Emery, DHCS

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER <div style="text-align: center;">1   6   —   0   1   9</div>	2. STATE <div style="text-align: center; font-size: 1.2em;">California</div>
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> )  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		4. PROPOSED EFFECTIVE DATE <div style="text-align: center; font-size: 1.2em;">July 1, 2016</div>	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.250 through 447.272	7. FEDERAL BUDGET IMPACT a. FFY <sup>2016</sup> \$ 0 b. FFY <sup>2017</sup> \$ 0		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 46 and 49	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ) Attachment 4.19-B, Page 46 and 49		
10. SUBJECT OF AMENDMENT Supplemental Reimbursement for Public Hospital Outpatient Services			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL <div style="background-color: black; width: 200px; height: 30px; margin-top: 10px;"></div>	16. RETURN TO  Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.326 P.O. Box 997417 Sacramento, CA 95899-7417		
13. TYPED NAME Mari Cantwell	14. TITLE State Medicaid Director		
15. DATE SUBMITTED      SEP 30 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED September 30, 2016	18. DATE APPROVED <div style="text-align: center; font-weight: bold;">December 6, 2016</div>		
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL July 1, 2016	20. SIGNATURE OF REGIONAL OFFICIAL /s/		
21. TYPED NAME Henrietta Sam-Louie	22. TITLE Associate Regional Administrator, Division of Medicaid & Children's Health Operations		
23. REMARKS			

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

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**SUPPLEMENTAL REIMBURSEMENT FOR PUBLIC OUTPATIENT  
HOSPITAL SERVICES**

This program provides supplemental reimbursement for an outpatient department of a general acute care hospital that is owned or operated by a city, county, city and county, the University of California, health care district, or hospital authority, which meets specified requirements and provides outpatient hospital services to Medi-Cal beneficiaries.

Supplemental reimbursement under this program is available only for costs that are in excess of the payments the hospital receives per visit or per procedure for outpatient hospital services from any source of Medi-Cal reimbursement.

**A. Definition of an Eligible Hospital**

A hospital is determined eligible only if the local agency continuously has all of the following additional characteristics during the Department's rate year beginning August 1, 2002, and subsequent rate years:

1. Provides services to Medi-Cal beneficiaries.
2. Is an acute care hospital providing outpatient hospital services. For purposes of this section, "acute care hospital" means the facilities described at subdivision (a) or (b), or both, of Section 1250 of the Health and Safety Code.
3. Is owned or operated by a city, county, city and county, the University of California, health care district organized pursuant to Chapter 1 of Division 23 (commencing with Section 32000) of the Health and Safety Code, or hospital authority described in Section 101850 or 101852, et seq., of the Health and Safety Code.

Local agencies of eligible hospitals must provide certification to the state that the amount claimed by them is eligible for federal financial participation.

**B. Supplemental Reimbursement Methodology**

Supplemental reimbursement provided by this program to an eligible hospital is intended to allow federal financial participation for certified

1. Certify, in conformity with the requirements of Section 433.51 of Title 42 of the Code of Federal Regulations, that the claimed expenditures for hospital outpatient hospital services are eligible for federal financial participation.
2. Provide evidence supporting the certification as specified by the Department.
3. Submit data as specified by the Department to determine the appropriate amounts to claim as expenditures qualifying for federal financial participation.
4. Keep, maintain and have readily retrievable, such records as specified by the Department to fully disclose reimbursement amounts to which the eligible hospital is entitled, and any other records required by the Centers for Medicare & Medicaid Services.

#### Standards for Supplemental Reimbursement

1. The Department may require that any general acute care hospital owned or operated by a city, county, city and county, the University of California, or health care district receiving supplemental reimbursement under this program enter into a written interagency agreement with the Department for the purposes of implementing this program.
2. Supplemental reimbursement paid under this program must comply with the requirements of Section B, above.

#### A. Department's Responsibilities

1. The Department will submit claims for federal financial participation for the expenditures for services that are allowable expenditures under federal law.
2. The Department will, on an annual basis, submit any necessary materials to the federal government to provide assurances that claims for federal financial participation will include only those expenditures that are allowable under federal law.
3. The State share of the supplemental reimbursement under this program will be equal to the amount of the federal financial participation of eligible expenditures paid by city, county, city and county, the University of California or health care district funds and certified to the state as specified in Section C.1, above.