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State/Territory Name: California

State Plan Amendment (SPA) #: 16-020

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-16-020, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 29, 2016. This amendment adds two Alameda Health System hospitals – Alameda Hospital and San Leandro Hospital – to the list of government-operated hospitals receiving supplemental reimbursement for uncompensated costs of providing physician and non-physician practitioner professional services to Medi-Cal beneficiaries.

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 53 and 54

If you have any questions, please contact Cheryl Young at 415-744-3598 or via email at 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

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

1. TRANSMITTAL NUMBER

1 6 — 0 2 0

2. STATE

CA

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2016

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 433.51

7. FEDERAL BUDGET IMPACT

a. FFY 2016 \$ 1,245,842

b. FFY 2017 \$ 3,737,526

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, pages 53 - 54

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-B, pages 53 - 54

10. SUBJECT OF AMENDMENT

Reimbursement to Specified Government-Operated Providers for Costs of Professional Services

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

13. TYPED NAME

Mari Cantwell

14. TITLE

State Medicaid Director

15. DATE SUBMITTED

SEP 29 2016

16. RETURN TO

Department of Health Care Services

Attention: State Plan Coordinator

1501 Capitol Avenue, Suite 71.326

PO Box 997417

Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 29, 2016

18. DATE APPROVED

December 6, 2016

PLAN APPROVED - ONE COPY ATTACHED

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

4. Professional costs incurred by freestanding clinics that are not recognized as hospital outpatient departments on the 2552 and are reimbursable as clinic costs pursuant to TN 06-16 are not included in this protocol. Professional costs incurred at clinics that operate on the hospital's license under state licensing laws will be included under this segment of Attachment 4.19-B to the extent they are not reimbursable as clinic costs pursuant to TN 06-16. The physician office settings owned and operated by the UC Schools of Medicine are not considered freestanding clinics.
5. The supplemental payments determined under this segment of Attachment 4.19-B will be paid on a quarterly basis.

B. Eligible Providers

1. The physician and non-physician practitioner professional costs being addressed in this protocol are limited to professional costs incurred by the governmental hospitals listed below, including any successor or differently named hospital, as applicable, and their affiliated government physician practice groups (i.e., practice group that is owned and operated by the same government entity that owns and operates the hospital). These professional costs are reported on the designated hospitals' Medi-Cal 2552 cost report and, in the case of the University of California (UC) hospitals, the UC School of Medicine physician/non-physician practitioner cost report as approved by CMS.

Government-Operated Hospitals:

Alameda County Medical Center
 Alameda Hospital (DPH date July 1, 2016)
 Arrowhead Regional Medical Center
 Contra Costa Regional Medical Center
 Kern Medical Center
 Natividad Medical Center
 Riverside University Health System – Medical Center
 San Francisco General Hospital
 San Joaquin General Hospital
 San Leandro Hospital (DPH date July 1, 2016)
 San Mateo County General Hospital
 Santa Clara Valley Medical Center
 Tuolumne General Hospital (Closed June, 2007)
 Ventura County Medical Center

Los Angeles County (LA Co.) Hospitals:

LA Co. Harbor/UCLA Medical Center
 LA Co. Martin Luther King Jr./Drew Medical Center (Closed August, 2007)

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LA Co. Olive View Medical Center
LA Co. Rancho Los Amigos National Rehabilitation Center
LA Co. University of Southern California Medical Center

State Government-Operated University of California (UC) Hospitals:

UC Davis Medical Center
UC Irvine Medical Center
UC San Diego Medical Center
UC San Francisco Medical Center
UC Los Angeles Medical Center
Santa Monica UCLA Medical Center (aka – Santa Monica UCLA Medical Center
& Orthopedic Hospital)

C. Reimbursement Methodology

This interim supplemental payment will approximate the difference between the fee-for-service (FFS) payment and the allowable Medicaid costs related to the professional component of physician or non-physician practitioner services eligible for Federal financial participation. This computation of establishing the interim Medicaid supplemental payments must be performed on an annual basis and in a manner consistent with the instructions below.

1. Non-UC Provider Steps

- a. The professional component of physician costs are identified from each hospital's most recently filed Medi-Cal 2552 cost report Worksheet A-8-2, Column 4. These professional costs are:
 1. limited to allowable and auditable physician compensations that have been incurred by the hospital;
 2. for the professional, direct patient care furnished by the hospital's physicians in all applicable sites of service, including sites that are not owned or operated by an affiliated government entity;
 3. identified as professional costs on Worksheet A-8-2, Column 4 of the cost report of the hospital claiming payment (or, for registry physicians only, Worksheet A-8, if the physician professional compensation cost is not reported by the hospital on Worksheet A-8-2 because the registry physicians are contracted solely for direct patient care activities (i.e., no administrative, teaching, research, or any other provider component or non-patient care activities)

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Supersedes

Approval Date _____ Effective Date __July 1, 2016__

TN No. ____05-023____