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State/Territory Name: California

State Plan Amendment (SPA) #: 18-012

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

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

September 24, 2018

RE: California State Plan Amendment 18-012

Dear Ms. Cantwell:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 18-012. This amendment, effective April 1, 2018, revises the subacute pool of the supplemental payments, funded by a quality assurance fee, for private hospital inpatient services.

We conducted our review of your submittal according to the statutory requirements at sections 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. This is to inform you that Medicaid State plan amendment TN 18-012 is approved effective April 1, 2018. 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,

A black rectangular redaction box covering the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

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

1. TRANSMITTAL NUMBER:
18-012

2. STATE
CA

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

4. PROPOSED EFFECTIVE DATE
April 1, 2018

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

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 C.F.R. Subpart C
447

7. FEDERAL BUDGET IMPACT:

a. FFY 2018 **\$18,892,220.99** 41,317,810.56
b. FFY 2019 **\$18,848,979.87** 85,769,010.07

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Appendix 8 to Attachment 4.19-A
Pages 5, 6

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Appendix 8 to Attachment 4.19-A, Pages 5, 6

10. SUBJECT OF AMENDMENT:

Supplemental Payments for Hospital Inpatient 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 Cantavell

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

6/28/2018

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

SEP 24 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED **APR 01 2018**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

Director, FMC

23. REMARKS:

Pen-and-ink changes made to Boxes 6 and 7 by CMS regional office with state concurrence.

- b. From the psychiatric subpool, for a hospital's acute psychiatric days that were paid directly by the department and were not the financial responsibility of a mental health plan:
 - For the last two subject fiscal quarters of the subject fiscal year 2016-17, nine hundred and seventy-five dollars (\$975.00) multiplied by half of the hospital's annual covered acute psychiatric days.
 - For the subject fiscal years 2017-18 and 2018-19, nine hundred and seventy-five dollars (\$975.00) multiplied by the hospital's acute psychiatric days.
- c. From the high acuity subpool, in addition to the amount specified in Subparagraphs a and b, if a private hospital that provided Medi-Cal high acuity services during 2013 calendar year and has Medicaid inpatient utilization rate that is greater than 5 percent and less than 41.6 percent:
 - For the last two subject fiscal quarter quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual high acuity days.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of the hospital's high acuity days.
- d. From the high acuity trauma subpool, in addition to the amounts specified in Subparagraphs a, b and c, if the hospital qualifies to receive the amount set forth in Paragraph c and has been designated as a Level I, Level II, Adult/Ped Level I, or Adult/Ped Level II trauma center by the Emergency Medical Services Authority established pursuant to Section 1797.1 of the Health and Safety Code, as the section read on January 1, 2017:
 - For the last two subject fiscal quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual high acuity days.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of the hospital's high acuity days.
- e. From the subacute subpool as follows:
 - If a private hospital that provided Medi-Cal subacute services during the 2013 calendar year and has a Medicaid inpatient utilization rate that is greater than 5 and less than 41.6 percent, the subacute supplemental rate shall be 30 percent (half of 60 percent) for the two remaining subject fiscal quarters in the subject fiscal year 2016-17, 60 percent for the subject fiscal quarters in the subject fiscal year 2017-18, and 60 percent for the subject fiscal quarters in the subject fiscal year 2018-19 of the Medi-Cal subacute payments paid by the department to the hospital for services during the 2013 calendar year, as reflected in the state paid claims file prepared by the department on December 28, 2016.
 - If a private hospital that provided Medi-Cal subacute services during the 2013 calendar year and has a Medicaid inpatient utilization rate that is 5

percent or less or 41.6 percent or greater, the subacute supplemental rate shall be 0 percent for the two remaining subject fiscal quarters in the subject fiscal year 2016-17, 0 percent for the first three subject fiscal quarters in the subject fiscal year 2017-18, 15 percent for the last subject fiscal quarter in the subject fiscal year 2017-18, and 135 percent for the subject fiscal quarters in the subject fiscal year 2018-19 of the Medi-Cal subacute payments paid by the department to the hospital for services during the 2013 calendar year, as reflected in the state paid claims file prepared by the department on December 28, 2016.

- f. From the transplant subpool, in addition to Subparagraphs a, b, c, d, and e, a private hospital that has Medi-Cal days for Medicare Severity-Diagnosis Related Groups 1, 2, 5 to 10, inclusive, 14, 15, and 652, according to the Patient Discharge file from the Office of Statewide Health Planning and Development for the 2013 calendar year assessed on December 27, 2016:
 - For the last two fiscal quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual Medi-Cal days for Medicare Severity-Diagnosis Related Groups identified above.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of Medi-Cal days.
 - g. The amounts computed above for subject fiscal year 2016-17 are divided by two to arrive at the quarterly payment amount for the two quarters in subject fiscal year 2016-17. The amounts computed above for each subject fiscal years 2017-18 and 2018-19 are divided by four to arrive at the quarterly payment amounts for the four quarters in each of the subject fiscal years 2017-18 and 2018-19, with the exception of sub-bullet two of subparagraph e, in which the total amount computed for the last subject fiscal quarter in the subject fiscal year 2017-18 shall be 15 percent and shall not be divided by four.
3. In the event that payment of all of the amounts for the program period from any subpool in Paragraph 2 would cause total payments for the program period from that subpool to exceed the amount specified above for that subpool, the payment amounts for each hospital from the subpool will be reduced pro rata so that the total amount of all payments from that subpool does not exceed the subpool amount.
 4. In the event federal financial participation for a subject fiscal year is not available for all of the supplemental amounts payable to private hospitals under Paragraph 2 due to the application of an upper payment limit, which is subject to annual submission and review, or for any other reason, the following will apply:
 - a. The total amounts payable to private hospitals under Paragraph 2 for each subject service period within the fiscal year will be reduced to reflect the amounts for which federal financial participation is available pursuant to subparagraph b.