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State/Territory Name: California

State Plan Amendment (SPA) #: 24-0056

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
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 11, 2024

Tyler Sadwith, State Medicaid Director
Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

Re: California State Plan Amendment (SPA) 24-0056

Dear Director Sadwith:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 24-0056. This amendment will align the Medicaid State Plan with federal law for prior authorizations and prompt payment and will bring California into compliance with third party liability requirements included in the Consolidated Appropriations Act of 2022 (Public Law 117-103).

We conducted our review of your submittal according to statutory requirements in Section 1902(a)(25)(I) of Title XIX of the Social Security Act. This letter is to inform you that California Medicaid SPA 24-0056 was approved on December 11, 2024, with an effective date of January 1, 2025.

Enclosed are copies of CMS Form 179 and approved SPA pages to be incorporated into the California State Plan.

If you have any questions, please contact Cheryl Young at 415-744-3598 or via email at Cheryl.Young@cms.hhs.gov.

Sincerely,

Ruth
Hughes -S

Ruth A. Hughes, Acting Director
Division of Program Operations

Digitally signed by
Ruth Hughes -S
Date: 2024.12.11
10:51:01 -06'00'

Enclosures

cc: Lindy Harrington, DHCS
Oksana Hill, DHCS
Jacquelyn Atti, DHCS
Aaron Goff, DHCS
Saralyn Ang-Olson, DHCS
Angeli Lee, DHCS
Farrah Samimi, DHCS
Shanna Haysbert, DHCS

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 5 6

2. STATE

CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

1902(a)(25)(l) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024-25 * \$ 0
b. FFY 2025-26 * \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4.22 Page 69
Attachment 4.22-B Page 4

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Section 4.22 Page 69
Attachment 4.22-B Page 4

9. SUBJECT OF AMENDMENT

Third Party Liability Requirements

10. 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:

Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME
Tyler Sadwith

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
November 15, 2024

15. RETURN TO

Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED
November 15, 2024

17. DATE APPROVED
December 11, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL
Ruth Hughes -S Digitally signed by Ruth Hughes -S
Date: 2024.12.11 10:51:27 -06'00'

20. TYPED NAME OF APPROVING OFFICIAL
Ruth A. Hughes

21. TITLE OF APPROVING OFFICIAL
Acting Director, Division of Program Operations

22. REMARKS

*Box 5: CMS pen & ink change to clarify the FFYs as follows: "FFY2024-25" is now "FFY2025 (1/1/25-9/30/25)" and "FFY 2025-26" is now "FFY2026" per email with DHCS concurrence dated 12/3/24.

Revision: HCFA-PM-94-1 (MB)
 FEBRUARY 1994
 State/Territory: California

Citation

4.22 Third Party Liability

- 42 CFR 433.137
- 1902(a)(25)(H) and (I)
of the Act
- 42 CFR 433.138(f)
- 42 CFR 433.138(g)(1)(ii)
and (2)(ii)
- 42 CFR 433.138(g)(3)(i)
and (iii)
- 42 CFR 433.138(g)(4)(i)
through (iii)
- (a) The Medicaid agency meets all requirements of:
- (1) 42 CFR 433.138 and 433.139.
 - (2) 42 CFR 433.145 through 433.148.
 - (3) 42 CFR 433.151 through 433.154.
 - (4) Sections 1902(a)(25)(H) and (I) of the Act.*
- (b) Attachment 4.22-A –
- (1) Specifies the frequency with which the data exchanges required in §433.138(d)(1), (d)(3) and (d)(4) and the diagnosis and trauma code edits required in §433.138(e) are conducted;
 - (2) Describes the methods the agency uses for meeting the follow-up requirements contained in §433.138(g)(1)(i) and (g)(2)(i);
 - (3) Describes the methods the agency uses for following up on information obtained through the State motor vehicle accident report file data exchange required under §433.138(d)(4)(ii) and specifies the time frames for incorporation into the eligibility case file and into its third party data base and third party recovery unit of all information obtained through the follow-up that identifies legally liable third party resources; and
 - (4) Describes the methods the agency uses for the following up on paid claims identified under §433.138(e) (methods include a procedure for periodically identifying those trauma codes that yield the highest third party collections and giving priority to following up on those codes) and specifies the time frames for incorporation into the eligibility case file and into its third party data base and third party recovery unit of all information obtained through the follow-up that identifies legally liable third party resources.

* California Senate Bill 1511 (Committee on Health, Chapter 492, Statutes of 2024) modifying section 10022 of California Welfare and Institutions Code, incorporates provisions of the Consolidated Appropriations Act of 2022 relating to third party liability in Medicaid.

STATE PLAN UNDER TITLE OF XIX OF THE SOCIAL SECURITY ACT
State: California

- e) To ensure the highest potential recovery, the Department will first consider the above factors and then, on a case-by-case basis, determine if a recovery of a lesser amount is still cost-effective.
 - f) In the event the Department's lien exceeds the beneficiary's recovery after deducting, from the settlement, judgment, or award, attorney's fees and litigation costs paid for by the beneficiary, the Department will credit CMS with its full federal share regardless of whether the Department's lien was settled under state law which prohibits the Department from recovering more than the beneficiary recovers.
- (5) The State Medicaid Agency shall ensure that the provider furnishing a service for which a third party is liable follows the restrictions specified in 42 CFR 447.20.
- (6) The State Medicaid has and shall maintain written cooperative agreements for the enforcement of rights to and the collection of third party benefits assigned to the State as a condition of eligibility for medical assistance with the State IV-D agency to meet the requirements of 42 CFR 433.152 (b).
- (7) The State Medicaid agency assures that the State has in effect laws relating to medical child support under section 1908A of the act (1902 (a)(60) of the SSA).
- (8) State laws are in effect that require third parties to comply with the provisions of 1902(a)(25)(I) of the Social Security Act in the Consolidated Appropriations Act of 2022. (CAA), California Senate Bill 1511 (Committee on Health, Chapter 492, Statutes of 2024) modifying section 10022 of California Welfare and Institutions Code requires that if a responsible third party requires prior authorization for an item or service furnished to a Medicaid eligible individual, the responsible third party must accept the authorization provided by the State that the item or service is covered under the State Plan (or waiver of such Plan) for such individual, as if such authorization was made by the third party for such item or service. As further provided by the CAA, State law also requires third party payers to respond to a State inquiry within 60 days of receiving the inquiry.