



***CMS APPROVES PROVIDER RATE REDUCTIONS!
DHCS CLAIMS NO BENEFICIARY ACCESS PROBLEMS TO RESULT***

ADULT DAY HEALTH AND OTHER MEDI-CAL PROVIDERS HIT HARD BY 10% RATE CUT

A press release distributed this afternoon by the Department of Health Care Services announced that the federal Centers for Medicare and Medicaid Services (CMS) has approved the state's FY 2011-12 State Plan Amendments (SPAs) to reduce Medi-Cal provider rates by 10% for a savings of \$623 million. **Director Toby Douglas** said he is "pleased that CMS has determined that these painful but necessary reductions comply with all federal access requirements. We will conduct ongoing monitoring and assessment of beneficiary access, thus ensuring they continue to receive essential health care services."

A hastily assembled statewide conference call, attended by 500 individuals, including CAADS staff, provided Director Douglas an opportunity to personally make this announcement and commit to a face-to-face stakeholder meeting. The date, time and location were not yet announced.

AB 97 (Committee on Budget, Chapter 3, Statutes of 2011) Authorized Rate Reductions

The legislature approved the Governor's 10% rate reduction proposals in early 2011, and the following reductions **were approved by CMS today:**

- Outpatient Services: **adult day health care (with the exception of unspecified rural counties), physician and clinic services for adults**, pharmacy, durable medical equipment, transportation, optometrist, therapists, laboratories, dental.
- Inpatient Services: Freestanding Nursing Facilities and Adult Sub-acute Facilities

The state is not moving forward with reductions for physician/clinic services for children; home health services and Distinct Part (hospital-based) Nursing Facility-B.

In a voice message to CAADS from Toby Douglas, just prior to the stakeholder call, he indicated that some rural counties would be exempt from the rate reduction due to an analysis of access problems, but the precise counties were not identified. **The effective date for the 10% rate reduction for Fiscal Year 2011-12 is retroactive to June 1, 2011.**

Because there was no opportunity for questions during this call, we will pursue answers to the many questions we have about the dates, retroactivity, and recoupment.

MONITORING PLAN APPROVED

The state will monitor the impact on various providers and ability of beneficiaries to access Medi-Cal services. Twenty-three measures were selected in three key areas (beneficiary measures, provider availability and service use and outcomes). Director Douglas said on a conference call today that these measures will be public, transparent, and posted on the DHCS website.

IN-PERSON STAKEHOLDER MEETING WILL BE ANNOUNCED FOR NEXT WEEK

CAADS will announce the date, time and location of the stakeholders meeting as soon as it is available and report back to CAADS members after more information is obtained.