

CCAPP Email Correspondence Received from the Department of Health Care Services

Re: Hazard Pay

Date: August 19, 2020

I am following up with a response to your question below regarding hazard pay. The following provides a response to your question with references to the appropriate authorities. Please let me know if you have any additional questions or concerns.

The California State Plan, Attachment 4.19-B, pages 38-41f ([SPA 20-0001](#)), describes the reimbursement methodology for Drug Medi-Cal Services provided in Drug Medi-Cal State Plan counties. Drug Medi-Cal State Plan counties include all counties that do not participate in the Drug Medi-Cal Organized Delivery System demonstration project approved through the 1115 waiver. [SPA 20-024](#), page 90K describes the modifications to the reimbursement methodology described in Attachment 4.19-B, pages 38-41f, that CMS approved during the COVID 19 Public Health Emergency (PHE). SPA 20-024 modifies the reimbursement methodology for non-NTP services described in Attachment 4.19-B, pages 38-41f, in two ways. The first modification is to increase the Statewide Maximum Allowance (SMA) rates by 100%. The second modification is to reimburse providers the lower of cost or SMA rather than the lower of cost, usual and customary charges, or SMA.

CMS also approved amendments to the Drug Medi-Cal (DMC) Organized Delivery System (ODS) [CPE Protocol](#). Under the approved CPE Protocol DHCS will provide interim reimbursement equal to the lower of the county's billed amount or the county interim rate increased by 100 percent. At cost settlement, DHCS will settle interim payments to allowable cost, rather than the lower of allowable cost or usual and customary charges for Non-NTP services provided during the same period of time (see [BH IN 20-041](#)). These modifications apply to services providing during the COVID 19 PHE, which began on March 1, 2020.

Costs eligible for reimbursement under the DMC ODS waiver and the Medi-Cal State Plan are determined using the same methodology ([DMC ODS CPE Protocol](#), Page 7). Attachment 4.19-B, Section E.2 (Page 41a) describes the cost determination methodology for DMC State Plan Services and DMC ODS services. This section of the State Plan says, "Total allowable costs include direct and indirect costs... Allowable direct costs will be limited to costs related to direct practitioners, medical equipment, medical supplies, and other costs, such as professional service contracts, that can be directly charged in providing the specific non-NTP services..." **The amount a contract provider organization pays direct practitioners employed to provide non-NTP services in a DMC ODS County or a State Plan County is an allowable direct cost. Increased payment to direct practitioners employed to provide DMC services during the COVID 19 Public Health Emergency is also an allowable direct cost.**

Thanks,

Chuck Anders