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*To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.*

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January 27, 2016

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **REPORT ON STATUS OF STATE PLAN AMENDMENT FOR SUPPLEMENTAL PAYMENTS TO IMPACTED HOSPITALS**

This is in response to the October 27, 2015 Board motion requesting the Department of Health Services to provide an update on the status of the State Plan Amendment (SPA) that would allow the continuation of supplemental payments to specified non-County hospitals impacted by the 2007 closure of Martin Luther King, Jr. Medical Center.

On October 27, 2015, the Board granted the Director delegated authority to make intergovernmental transfers (IGT) to the California Department of Health Care Services (DHCS) of up to $4.2 million annually to be used as the non-federal share of Medi-Cal payments to the impacted hospitals in accordance with the SPA, pending the SPA's approval. The impacted hospitals are California Hospital Medical Center, Centinela Regional Medical Center, Downey Regional Medical Center, Lakewood Regional Medical Center, Long Beach Memorial Medical Center, Memorial of Gardena Medical Center, St. Francis Medical Center, and White Memorial Medical Center.

DHCS received approval of the SPA from the federal Centers for Medicare and Medicaid Services on December 15, 2015. The approved SPA authorizes a maximum aggregated amount of $4.0 million annually in additional supplemental Medi-Cal payments to the impacted hospitals for a period of three years beginning July 1, 2015. Accordingly, the maximum IGT that will be used as the non-federal share is $2.0 million per fiscal year for the period July 1, 2015 through June 30, 2018.

If you have any questions, please let me know.

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c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

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