

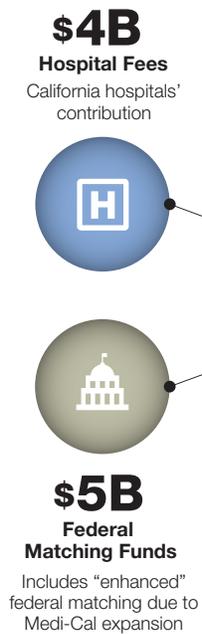


The Hospital Fee Program

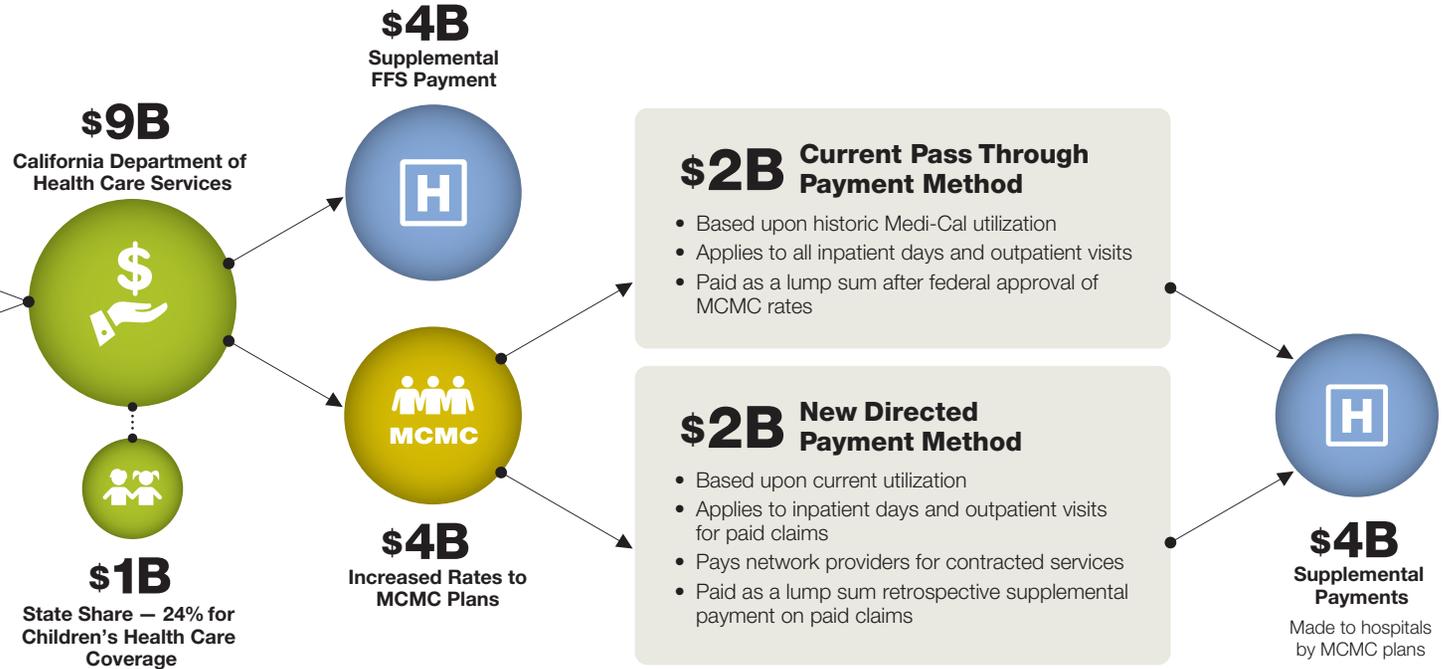
In 2009, the Hospital Fee Program was created to ensure that California hospitals secured the maximum federal Medi-Cal funding available. Hospitals in the program receive supplemental fee-for-service (FFS) payments and Medi-Cal Managed Care (MCMC) pass through payments to help reduce the losses incurred by caring for California's Medi-Cal population.

New federal rules require changes to how the supplemental MCMC payments are made. Effective July 1, 2017, two methods will be used to make supplemental payments: the current pass through mechanism and the new directed payment mechanism. Roughly half of the supplemental payments must be transitioned to the new directed payment mechanism. The graphic below illustrates the Hospital Fee Program financing and how hospitals are paid for services through the program. Amounts are illustrative, yet representative, for presentation and clarity.

How the Program is Funded



How Hospitals Receive Supplemental Payments



Hospital Fee Program Protections Enforced by Proposition 52 (2016)

- State share can never exceed 24 percent of Hospital Fee Program net benefit
- Medi-Cal FFS payments to hospitals cannot be reduced
- All available federal Medicaid dollars for hospitals must be claimed
- 100 percent of supplemental FFS and MCMC payments must be paid to hospitals