



## **STATEMENT: PROVIDER PAYMENT REDUCTIONS**

The Department of Health Care Services (DHCS) recently announced federal approval of Medi-Cal provider payment rate reductions. The decision to reduce rates was a difficult and painful one. The State had very few options to address its significant budget shortfall, and reducing provider rates was not a preferred solution. However, it was one that allowed the State to achieve important budgetary savings in compliance with federal law.

In seeking the reductions, state law was passed requiring DHCS to gain federal approval that would ensure beneficiary access remained compliant with Medicaid law. None of the reductions could be enacted without that approval. In the spirit of that law, DHCS conducted an extensive and comprehensive analysis of access to services in California.

In cases where DHCS deemed that reductions were appropriate and would allow the State to preserve sufficient beneficiary access levels, they were implemented. In other cases where our analyses suggested access might be unduly compromised, we reduced the amount of the proposed reductions or eliminated them altogether.

In addition, DHCS created a unique monitoring plan to ensure that adequate access would be preserved following the implementation of the rate reductions. This plan, coupled with the analyses, supports California's commitment to continue providing critical, meaningful health care services to low-income, poor and disabled Californians.

DHCS has compiled a comprehensive "Frequently Asked Questions" document now posted on the DHCS website ([www.dhcs.ca.gov](http://www.dhcs.ca.gov)). Please visit this page for further information, and check back often for updates with answers to more questions about the provider payment reductions. Additional questions may be submitted by emailing [rate.reduction@dhcs.ca.gov](mailto:rate.reduction@dhcs.ca.gov).