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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ALAMEDA HEALTH SYSTEM, ET AL.,
Plaintiffs,
v.
CENTERS FOR MEDICARE AND
MEDICAID SERVICES, et al.,
Defendants.

Case No. 16-cv-05903-PJH
Case No. 16-cv-06553-PJH

JUDGMENT

WHEREFORE this action came on for hearing before the court on August 23, 2017, Hon. Phyllis J. Hamilton, District Judge Presiding, on the parties' Cross-Motions for Summary Judgment;

WHEREFORE in a letter dated January 11, 2016, the Centers for Medicare & Medicaid Services ("CMS") informed the California Department of Health Care Services that, except in limited circumstances not applicable here, California could not include uncompensated care costs incurred by hospital-based federally qualified health centers ("FQHCs") in its calculations of hospital-specific disproportionate share hospital ("DSH") limits pursuant to California's Medicaid state plan;

WHEREFORE the foregoing articulation of CMS's position will be referred to as CMS's "Policy," which was at issue in the present case;

WHEREFORE and the evidence presented having been fully considered, the issues having been duly heard and a decision having been duly rendered,

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IT IS ORDERED AND ADJUDGED as follows:

1. For the reasons stated in the court’s “Order Re Cross-Motions for Summary Judgment” entered on December 18, 2017, plaintiffs’ motion for summary judgment is granted and defendants’ motion for summary judgment is denied;

2. The court declares that CMS’s Policy is a legislative rule that was not promulgated in accordance with the requirements of notice-and-comment rulemaking;

3. In accordance with 5 U.S.C. § 706(2)(D), the court therefore declares CMS’s Policy as applied in California to be unlawful and orders that it be set aside in California;

4. The court directs that, if the plaintiffs claim taxable costs, plaintiffs shall serve and file a bill of costs no later than 14 days after judgment is entered. See Fed. R. Civ. P. 54(d)(1); Civil L.R. 54(D).

IT IS SO ORDERED.

Dated: January 16, 2018



PHYLLIS J. HAMILTON
United States District Judge