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DATE: December 30, 2015 **PPL 15-014**

TO: All Local Governmental Agency (LGA) Coordinators for the Targeted Case Management (TCM) Program

SUBJECT: **Introduction of the Department of Health Care Services' (DHCS) TCM Program's Industry Average Interim Encounter Rate Methodology (State Plan Amendment (SPA) 15-031)**

This Policy and Procedure Letter (PPL) is to inform the LGAs that are newly enrolling or re-enrolling in the TCM Program of a **new** method (approved by the Centers of Medicare and Medicaid Services on December 7, 2015, under SPA 15-031) that uses the Industry Average to determine the LGA's interim encounter rate.

SPA 15-031 can be found at the following link:

<http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/TCM/TCM SPAs/SPA 2015/CA SPA 15-031.pdf>

LGAs that are either enrolling in or are re-enrolling (returning) to the TCM Program require an interim encounter rate to begin claiming federal reimbursement for providing TCM services. To provide LGAs with a fair and standardized method to compute and establish an interim encounter rate, the TCM Program will be using an Industry Average method. The computation for the Industry Average Interim Encounter Rate (Industry Average) will be established by dividing the sum of all LGAs interim encounter rates by the number of LGAs participating in the TCM Program for the prior fiscal year (FY).

Please note that the Industry Average is applied to the current FY or the FY that the newly enrolling or re-enrolling LGAs will be participating in.

LGAs will have the option to lower the Industry Average assigned once annually if the LGA determines that the Industry Average is too high for the LGA. Please refer to PPL #15-007 for instructions on how to request a Downward Rate Adjustment.

LGAs will not be able to raise the LGA's assigned Industry Average if the LGA determines that the interim rate is too low for the LGA. However, LGAs will be able to obtain a more suitable interim encounter rate at the time the LGA's Cost Report for

the next FY is submitted (the new interim encounter rate will be stated on worksheet G of the Cost Report).

It is the goal of the TCM Program to alleviate any concerns that newly enrolling and re-enrolling LGAs may have regarding establishing a fair interim encounter rate. This standardized method will be utilized by the TCM Program for all LGAs interested in either re-enrolling or newly enrolling in the TCM Program.

If you have any questions regarding this PPL, please e-mail the TCM Program at dhcs-tcm@dhcs.ca.gov or contact your TCM Analyst.

Sincerely,

ORIGINAL SIGNED BY STACY FOX

Stacy Fox, Assistant Division Chief
Safety Net Financing