



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: June 28, 2016 **PPL No. 16-008**

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

SUBJECT: **Reimbursement for Newly Eligible TCM Encounters under the Affordable Care Act (ACA)**

This Policy and Procedure Letter (PPL) provides additional information to LGAs regarding the enhanced federal reimbursement available for certain TCM encounters for “newly eligible” individuals in applicable ACA aid codes, and should be read in conjunction with PPL 15-021.

These ACA-applicable TCM invoices are not part of the functionality of the TCM System, therefore this PPL will explain how the Department of Health Care Services (DHCS) intends to process the ACA-applicable Not in the TCM System (NTS) invoices.

### **ACA Aid Codes Potentially Applicable to the TCM Program**

As provided in PPL 15-021, an increased Federal Medical Assistance Percentage (FMAP) is available to reimburse authorized TCM services furnished to “newly eligible” Medi-Cal beneficiaries enrolled under the following aid codes:

- **L1**— Low Income Health Program (LIHP) Medicaid Coverage Expansion (MCE) Transition to Medi-Cal
- **M1**—Adult 19 to 65 Years at or below 138 percent Federal Poverty Level (FPL): Citizen/Lawfully Present
- **7U**—Express Lane Enrollment for Adults

### **ACA FMAP and the TCM Program**

Pursuant to the ACA, specifically Section 1905(y) of the federal Social Security Act, medical assistance furnished to Medi-Cal beneficiaries that meet the definition of “newly

eligible” is subject to an increased FMAP rate of reimbursement. Pursuant to federal law, this increased FMAP will equal:

- 100% in calendar years 2014 through 2016;
- 95% for calendar year 2017;
- 94% for calendar year 2018;
- 93% for calendar year 2019; and
- 90% for calendar year 2020 and all subsequent calendar years.

### **ACA NTS Invoice Creation and Processing**

Due to limitations of the TCM System, there will be a delay of approximately three months after initial processing of the regular TCM invoice for ACA encounters.

Currently, the TCM System reimburses all valid TCM encounters at the traditional 50 percent FMAP. This amount is hard coded within the system. For those TCM claims eligible for additional reimbursement due to application of the increased FMAP, DHCS will adjust the remaining percentage manually. This is done by generating a list through Medi-Cal Management Information System/Decision Support Systems (MIS/DSS) of all ACA encounters (per LGA) that are eligible for the increased FMAP. Any additional amounts of federal financial participation over the hard coded 50 percent FMAP rate will be adjudicated utilizing NTS invoices. The following are the steps for the ACA NTS invoice process:

1. DHCS will create the appropriate ACA NTS invoices in draft form and backup documentation utilizing the MIS/DSS created list of eligible ACA TCM encounters.
2. DHCS will notify the LGA and provide a PDF file of the NTS invoices and a related PDF file of the ACA TCM Encounters Breakouts (for each NTS invoice). The following instructions will be stated in the e-mail to the LGAs for the ACA NTS invoices:
  - a. Please print the attached NTS invoices on the your official LGA letterhead,
  - b. Review and sign the NTS invoices in Blue ink, and
  - c. Include a standard cover letter for the NTS invoices.

**Note:** To receive reimbursement for these NTSs, LGAs must submit the NTSs to their respective TCM Analyst in the time allotted, as determined by DHCS.

3. Once the signed NTS invoices have been received and reviewed, DHCS will process the NTS invoices and issue payment.

**Note:** TCM Program Invoices must be postmarked to DHCS within 12 months from the end of the month in which the service was provided as per Welfare and Institutions Code Section 14115. If LGAs have not claimed (invoiced) the regular, initial 50 percent reimbursement associated with the ACA-applicable TCM encounter within the parameters of the 12-Month Rule, the ACA-applicable FMAP portion will not be eligible for the additional reimbursement.

If you have any questions regarding this PPL, e-mail the TCM Program at [dhcs-tcm@dhcs.ca.gov](mailto:dhcs-tcm@dhcs.ca.gov).

Sincerely,

Michelle Kristoff, Chief  
Medi-Cal Administrative Claiming Section