



# California Advancing and Innovating Medi-Cal (CalAIM) CMS Approval of CalAIM and Other Medi-Cal Initiatives

## Our Journey to a Healthier California for All

Medi-Cal – a cornerstone of California’s health care system – is undergoing a bold transformation that puts people’s needs at the center of care, setting the pace for transformation of the entire health care sector. Everyone has a stake in a better Medi-Cal program; many of us know someone who depends on it for their coverage and care. Medi-Cal covers:



One in three Californians.



Just over half of California’s school-age children.



Half of births in California.



More than two in three patient days in California long-term care facilities.

Medi-Cal’s broad reach presents a unique opportunity to improve health and advance health equity. CalAIM shifts Medi-Cal to a population health approach that prioritizes prevention and addresses social drivers of health. Through the various CalAIM initiatives, Medi-Cal will provide person-centered care, integrating care coordination and care management across physical health, behavioral health, and local service providers. This model focuses on the need for integrated care for all enrollees at various stages of risk and needs, while also providing care to enrollees with the highest risk through Enhanced Care Management and Community Supports.

California is using several federal authorities that provide the state more flexibility to carry out key CalAIM initiatives. These authorities include the CalAIM Section 1115 demonstration and the CalAIM 1915(b) managed care waivers, including new managed care flexibilities that permit California to offer Community Supports that can improve health and lower health care costs, and Medi-Cal State Plan Amendments. Together, these authorities – now approved by the federal Centers for Medicare & Medicaid Services (CMS) – pave the way for CalAIM implementation while also continuing longstanding innovations in Medi-Cal.



## What is a Waiver?

States can ask CMS for waivers to make changes to their Medicaid program that go beyond what can be accomplished under Medicaid state options. California secured the authority it needs to advance CalAIM and other Medi-Cal initiatives through two different types of waivers: a Section 1115 waiver (sometimes referred to as a “demonstration”) and a Section 1915(b) waiver. Section 1115 waivers are typically more comprehensive, advancing experimental, pilot, or demonstration projects that further the objectives of the program. Section 1915(b) waivers offer more limited flexibilities, focused mostly on state implementation of Medicaid managed care delivery systems.

California’s previous Section 1115 waiver – Medi-Cal 2020 – gave the state the opportunity to develop and test key innovations, such as Whole Person Care Pilots and the Drug Medi-Cal Organized Delivery System. California’s previous Section 1915(b) waiver authorized its Specialty Mental Health Services delivery system. The new waivers and other new authorities approved by CMS build on these successful initiatives to scale the innovations statewide and align managed care rules across delivery systems.

CalAIM, and the waivers and pilots that preceded it, are the result of extensive outreach. The California Department of Health Care Services (DHCS) engaged with stakeholders throughout 2019 and 2020 to develop both waivers before submitting them to CMS. In addition, a formal 30-day public comment in spring 2020 included three public hearings and generated over 200 public comments that helped shape the state’s request to the federal government.

## CalAIM Approved Initiatives

CalAIM aligns all elements of Medi-Cal into a system that is person-centered, simplified, and focused on helping enrollees live healthier lives. Success requires the investment and sustained commitment of the state and a broad network of health and social services partners, including managed care plans, providers, and community-based organizations, to achieve positive outcomes and high service quality. Together, the CalAIM Section 1115 waiver and the CalAIM Section 1915(b) waiver along with the other authorities approved by CMS move tested initiatives from prior federal waivers to statewide rollout, benefiting all Medi-Cal enrollees. Key provisions include:



### Community Supports

Launching on January 1, 2022, Community Supports are new statewide services covered by Medi-Cal managed care plans. They are provided by local community providers as medically appropriate, cost-effective alternatives to traditional medical services or settings. The CMS-approved Community Supports break new ground in California and nationwide; they are specifically designed to address social drivers of health (factors in people's lives that influence their health), which means they are particularly important for advancing health equity. Examples of Community Supports include assistance with housing supports, caregiver respite, food insecurity, and transitioning from nursing home care to the community. They are intended to both improve health and lower health care costs, for example by avoiding preventable emergency room and in-patient hospital visits. All Medi-Cal managed care plans are encouraged to offer as many as possible of the 14 authorized Community Supports. While most of the Community Supports will be implemented under managed care authority known as “in lieu of services,” two additional Community Supports – recuperative care and short-term post-hospitalization services – are authorized through the new CalAIM Section 1115 waiver in a manner that assures consistent statewide implementation (*1915(b) and 1115 waivers*).





## Enhanced Care Management

Enhanced Care Management addresses clinical and non-clinical needs of the highest-need enrollees through intensive coordination of health and health-related services. It meets enrollees primarily through in-person engagement where they live, seek care, and choose to access services – on the street, in a shelter, in their doctor’s office, or at home. This new, intensive care management is authorized under the Section 1915(b) waiver. High-needs enrollees across the state begin to receive this new service on January 1, 2022, as Enhanced Care Management phases in over the next year (*1915(b) waiver*).



## Delivery System Transition and Alignment

Under the approved Section 1915(b) waiver, all of California’s managed care delivery systems – Medi-Cal Managed Care, Dental Managed Care, Specialty Mental Health Services, and Drug Medi-Cal Organized Delivery System – are shifted to one coordinating authority in order to simplify and align the state’s managed care programs, and enhance oversight and accountability of the managed care delivery systems as a whole. CMS approval of the Section 1915(b) waiver allows DHCS to standardize enrollment, benefits, and payment in managed care delivery systems, a core goal of CalAIM. This includes eliminating variation in Medi-Cal managed care enrollment and benefits based on a Medi-Cal enrollee’s eligibility category and county of residence and making services available in the Medi-Cal managed care benefit package statewide, such as long-term care services. Alignment across these delivery systems lays the groundwork for streamlining policies to improve access to mental health and substance use disorder services, transitioning the reimbursement for behavioral health to a structure more consistent with incentivizing outcomes and quality over volume and cost, and achieving better integration between mental illness and substance use disorders treatment and across physical and behavioral health. The waiver strengthens the state’s commitment to ensuring enrollees have access to critical services in managed care through independent assessments of access to Specialty Mental Health Services, Drug Medi-Cal Organized Delivery System, and Dental Managed Care services and care, as well as an independent assessment comparing Medi-Cal managed care plans’ network adequacy across Medi-Cal Managed Care, Medicare Advantage, and the private market (*1915(b) waiver*).



## Providing Access and Transforming Health (PATH) Supports

The PATH initiative, approved under the Section 1115 waiver, provides funding for community-based organizations, counties, and other local providers to expand capacity as some of the key CalAIM initiatives scale up across the state. PATH funding will help sustain critical services provided by the Whole Person Care Pilots until these services have fully moved to managed care. The funding will also support capacity building among providers and county agencies as they begin to implement and scale Enhanced Care Management and Community Supports. In addition, PATH will support justice-involved adults and youth by sustaining the pre-release and post-release services provided through the Whole Person Care Pilots, and supporting Medi-Cal pre-release application planning and information technology investments (*1115 waiver*).





## Substance Use Disorder Services and Initiatives

California’s Drug Medi-Cal Organized Delivery System is now a permanent feature of Medi-Cal’s integrated managed care delivery system. In addition, DHCS secured federal approval of several new initiatives that will advance treatment for individuals with substance use disorder, including:

- **Contingency Management:**

Contingency management is an evidence-based treatment that provides incentives to reduce the use of stimulants. It recognizes and reinforces individual positive behavioral change, as evidenced by negative drug tests. While contingency management has been tested using other forms of insurance coverage and sources of funding, California’s approval of the state’s contingency management pilot represents the first time it has been formally approved as a benefit in the Medicaid program (*1115 waiver*).

- **Peer Support Specialists:**

Peer support specialist services are culturally competent services that promote recovery, engagement, socialization, self-sufficiency, self-advocacy, development of natural supports, and identification of strengths. These services aim to prevent relapse, empower enrollees through strength-based coaching, support linkages to community resources, and educate enrollees and their families about their conditions and the process of recovery. Using a combination of federal authorities, peer support specialist services will be implemented at the option of individual counties beginning in July 2022 (*State Plan Amendment 1915(b) and 1115 waivers*).

- **Drug Medi-Cal Organized Delivery System Services for Short-Term Residents of Institutions for Mental Disease:**

While community-based services are the preferred way to deliver behavioral health care, in some cases short-term residential treatment is necessary. The state secured a renewal of California’s groundbreaking Medi-Cal 2020 waiver to permit the Drug Medi-Cal Organized Delivery System services to be delivered for short-term residential treatment stays. Drug Medi-Cal Organized Delivery System benefits are authorized via the CalAIM Section 1915(b) waiver, while the same services for short-term residents of institutions for mental disease are authorized via the Section 1115 waiver (*1915(b) and 1115 waivers*).



## Supporting Coordination and Integration for Dual Eligibles

Individuals dually eligible for Medi-Cal and Medicare (“dual eligibles”) have some of the most complex health care needs and their services are covered through two very distinct programs. DHCS secured authority to better coordinate these coverage programs and provide a more integrated experience for dual eligibles. CalAIM will also make available statewide a special kind of managed care plan that coordinates all Medicare and Medi-Cal benefits in one plan for enrollees who are eligible for both programs; this will build infrastructure to integrate managed long-term services and supports in the Medi-Cal managed care benefit package for all Medi-Cal enrollees who qualify (*1115 waiver*).



## Dental Benefits

In alignment with the waiver approvals and based on experience from the Medi-Cal 2020 waiver, CMS authorized via the Medi-Cal State Plan the statewide expansion of a Caries Risk Assessment bundle for all Medi-Cal children, Silver Diamine Fluoride for children and certain high-risk adult populations and pay-for-performance initiatives for dental providers focusing on preventive services and continuity of care (*State Plan Amendment*).



## **Chiropractic Services for Indian Health Service and Tribal Facilities**

DHCS secured authority to continue to pay for chiropractic services provided by Tribal providers. The supplemental payments will be made to support participating Indian Health Service and tribal facilities that incur costs associated with chiropractic services, which were eliminated as a Medi-Cal covered benefit in 2009 (*1115 waiver*).

## **Global Payment Program**

The Global Payment Program has been renewed to provide a statewide pool of funding for care provided to California's remaining uninsured population. The five-year renewal will continue California's efforts to streamline funding sources for the state's uninsured population served by public hospitals, with a renewed focus on addressing social needs and responding to the impacts of systemic racism and inequities (*1115 waiver*).

## **CalAIM Waivers in 2022**

CMS supports in principle two remaining components of the CalAIM Section 1115 waiver, but more time is required to complete negotiations. DHCS views these initiatives as key components to improving equitable access and outcomes for individuals enrolled in Medi-Cal:

### **Services and Supports for Justice-Involved Adults and Youth**

CalAIM intends to help improve the health outcomes for people returning to the community from correctional institutions, the overwhelming majority of whom are people of color, often incarcerated due to inequitable treatment and stigmatization. The Services and Supports for Justice-Involved Adults and Youth build on Whole Person Care Pilots, Medication Assistance Treatment in criminal justice settings, and community mental health services block-grant funding in county jails. These initiatives focus on stabilizing health pre-release, ensuring continuity of coverage through Medi-Cal pre-release enrollment strategies, and supporting re-entry to the community. DHCS has requested federal approval to engage with justice-involved individuals who meet specific clinical criteria (e.g., pregnant, chronically ill, behavioral health needs) in the 90 days prior to re-entry to stabilize their health; assess their health, social, and economic needs; and facilitate a successful re-entry to the community. Related to this request, DHCS is also seeking approval of additional PATH funds to support planning and information technology investments to implement the provision of services in the period prior to release and to provide County Behavioral Health agencies with support to stand up in-reach programs (*1115 waiver*).

### **Traditional Healers and Natural Helpers**

Also pending with CMS is the DHCS request to reimburse for Drug-Medi-Cal Organized Delivery System services provided by Traditional Healers and Natural Helpers. These will help to provide culturally appropriate options and improved access to substance use treatment for American Indians and Alaska Natives receiving services through Indian health care providers (*1115 waiver*).

**Additional information and updates about the waivers can be found [here](#).**

