

Calendar Year 2024 Medi-Cal Targeted Rate Increases Provider Webinar

December 19, 2023

Call-in Number

- » In addition to the Webex webinar, members of the public may call in to **+1 415-655-0001**; meeting number **2663 414 5396 #** and meeting password **397 252 98 #**
- » Please visit <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx> for meeting materials and information on how to join upcoming meetings

Introductions

- » Rafael Davtian, Deputy Director, Health Care Financing
- » Alek Klimek, Assistant Deputy Director, Health Care Financing
- » David Bishop, Acting Division Chief, Capitated Rates Development Division
- » Nick Leach, Section Chief, Capitated Rates Development Division
- » Eric Lichtenberger, Section Chief, Capitated Rates Development Division
- » Michelle Tamai, Section Chief, Fee-For-Service Rates Development Division

Webinar Objectives

- » Inform providers of changes in Medi-Cal reimbursement due to the Calendar Year (CY) 2024 targeted provider rate increases (TRI) initiative.
- » Inform providers on their eligibility for increases.
- » Discuss interactions between reimbursement changes, conversion factors, the legacy Medi-Cal Fee Schedule, and existing supplemental payment programs.
- » Inform providers of the implications and requirements in Medi-Cal Managed Care for themselves and Managed Care Plans.
- » Out-of-scope:
 - Targeted provider rate increases or investments for CY 2025 or beyond
 - Rates for services not specifically targeted in authorizing statute

MCO Tax Background

- » Assembly Bill (AB) 119 (Chapter 13, Statutes of 2023) authorized a Managed Care Organization (MCO) tax effective April 1, 2023, through December 31, 2026.
- » Revenues from the MCO tax will be used to support the Medi-Cal program including targeted provider rate increases and other investments that advance access, quality, and equity for Medi-Cal members and promote provider participation in the Medi-Cal program.
- » The Centers for Medicare & Medicaid Services (CMS) formally approved the State of California's MCO Tax on December 15, 2023.

Medi-Cal Targeted Rate Increases

- » Pursuant to AB 118 (Chapter 42, Statutes of 2023), Medi-Cal is implementing ongoing targeted provider rate increases for primary care, obstetric and doula, and non-specialty mental health services effective for dates of service on or after January 1, 2024.
- » The targeted provider rate increases are subject to federal approval by CMS in State Plan Amendment (SPA) 23-0035.
- » DHCS published the CY 2024 TRI Fee Schedule, pending federal approval, on December 1, 2023, at <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>.

CY 2024 TRI Fee Schedule Rates

- » Pursuant to AB 118, the CY 2024 TRI Fee Schedule rate was calculated at the greater of:
 - A. 87.5% of the lowest 2023 Medicare locality rate in California
 - B. The existing rate on the Medi-Cal fee schedule effective December 31, 2023, inclusive of any applicable Proposition 56 Physician Services supplemental payment amount.
- » Furthermore, codes on the CY 2024 TRI Fee Schedule will be exempt from the AB 97 provider payment reduction.
- » DHCS calculated an equivalent targeted rate for services that do not have a rate established by Medicare.

Provider Eligibility

- » Procedure codes identified as Obstetric and Non-Specialty Mental Health Services will be reimbursed at the CY 2024 TRI Fee Schedule rate for all otherwise eligible providers.
- » Procedure codes identified as Primary/General Care will be reimbursed at the CY 2024 TRI Fee Schedule rate if the service is billed using the Health Insurance Claim Form (CMS-1500) and provided by an otherwise eligible provider in the following provider type categories: Physicians, Physician Assistants, Nurse Practitioners, Podiatrists, Certified Nurse Midwife, Licensed Midwives, Doula Providers, Psychologists, Licensed Professional Clinical Counselor, Licensed Clinical Social Worker, Marriage and Family Therapist.
- » Other providers will continue to be reimbursed at the existing Medi-Cal rate for procedure codes identified as Primary/General Care.
- » Based on stakeholder feedback, DHCS has eliminated the requirement for providers to bill with a specific provider taxonomy.

Proposition 56 Payments

- » Effective for dates of service on or after January 1, 2024, the CY 2024 TRI Fee Schedule rates are inclusive of the former Proposition 56 Physician Services supplemental payments for applicable codes.
- » Pursuant to AB 118, the CY 2024 TRI Fee Schedule does not include procedure codes related to dental, family planning, or abortion services. Proposition 56 payments applicable to these services will not change effective January 1, 2024.

Alternative Conversion Factors

- » The legacy Medi-Cal Fee Schedule applies alternative conversion factors when calculating rates applicable to certain places of service, provider types, or member populations.
- » Pursuant to AB 118, the CY 2024 TRI Fee Schedule establishes a uniform rate for all eligible services and does not apply alternative conversion factors.
- » Medi-Cal will continue to reimburse services at no less than the net reimbursement amount, inclusive of any alternative conversion factors and supplemental payments, authorized pursuant to the California Medicaid State Plan in effect on December 31, 2023.

Managed Care Delivery System

- » Subject to CMS approval, DHCS will direct Medi-Cal Managed Care Plans (MCPs) to pay eligible Network Providers, as defined in All Plan Letter (APL) 19-001, no less than the CY 2024 TRI Fee Schedule rate for specified codes and provider types.

Managed Care Payment Requirements

- » If the MCP historically paid providers a set percentage of the legacy (non-TRI) Medi-Cal Fee Schedule, DHCS is neither directing nor funding the MCP to pay the same percentage of the CY 2024 TRI Fee Schedule effective January 1, 2024.
- » If the MCP's historical payment level to providers exceeds the CY 2024 TRI Fee Schedule, DHCS is continuing to fund the MCP through their capitation rates to continue paying their historical contractual rates for applicable service codes (inclusive of Proposition 56 Physician Services supplemental funding).

Managed Care Payment Requirements

- » When MCPs provide capitated payments to eligible Network Providers that cover codes included in the CY 2024 TRI Fee Schedule, DHCS will require MCPs to consider the extent to which the capitation rates require adjustment to ensure that payment provides reimbursement that is projected to be at least equal to the CY 2024 TRI Fee Schedule rates for applicable procedure codes.
- » The MCP will be required to provide an attestation that provider capitation rates meet this requirement.

CY 2024 Timing in Managed Care

- » Although the CY 2024 TRI Fee Schedule will be effective for claims with dates of services beginning on January 1, 2024, DHCS understands that MCPs will not be able to pay at the new CY 2024 TRI Fee Schedule rates immediately as of that date in cases where system or contract updates are needed.
- » DHCS expects MCPs to work expeditiously to fully implement the new payment requirements for all eligible network providers and DHCS will establish compliance timeframes for the completion of said implementation.
- » MCPs that fail to meet these compliance timeframes may be subject to interest penalties and corrective action under the MCP contract.

CY 2024 Timing in Managed Care

- » MCPs will be subject to separate compliance timeframes for payments made under a contracted fee-for-service arrangement and payments made under a sub-capitated payment arrangement. These compliance timeframes designate the time by which full implementation across all affected providers must be achieved and DHCS will monitor MCPs' interim progress toward full implementation.
- » Until such time that the MCP implements the CY 2024 TRI Fee Schedule payment requirements, DHCS anticipates MCPs will ensure eligible network providers continue receiving the equivalent value of the former Proposition 56 Physician Services per-service add-on amounts.

MCP Payments under Fee-For-Service Arrangements

- » No later than July 31, 2024, MCPs must have fully implemented the CY 2024 TRI Fee Schedule rates on a go-forward basis for all applicable clean claims submitted by providers.
- » No later than October 31, 2024, MCPs must have retroactively adjusted payments for all applicable clean claims with a date of service on or after January 1, 2024, submitted between January 1 and July 30, 2024, inclusive, that were paid below the CY 2024 TRI Fee Schedule rates.

Fee-For-Service Arrangement Examples

- » MCP is paying \$75 for Code A. The CY 2024 TRI Fee Schedule rate for Code A is \$100. No later than July 31, 2024, MCP must ensure that all Code A clean claims submitted will start receiving no less than the \$100 rate. No later than October 31, 2024, MCP must retroactively provide an additional \$25 per claim for Code A for applicable clean claims submitted between January 1 and July 30, 2024, inclusive.
- » MCP is paying \$125 for Code B. The CY 2024 TRI Fee Schedule rate for Code B is \$110. MCP is already reimbursing above the CY 2024 TRI Fee Schedule rate and will not be required to adjust the level of payment.

MCP Payments under Capitated Arrangements

- » No later than December 31, 2024, MCPs must ensure (and attest) that their CY 2024 capitated reimbursement rates paid to eligible Network Providers meet the TRI requirements for CY 2024. This will include the MCP having made, as applicable, any necessary retroactive adjustments to capitated payments.
- » Additional information regarding the attestation requirement will be defined in further detail in future guidance.

Capitated Arrangement Examples

- » MCP makes a per member per month (PMPM) capitated payment of \$20 PMPM. This capitation rate is inclusive of TRI Code C. the CY 2024 TRI Fee Schedule rate is \$120 for Code C. MCP will evaluate whether the \$20 PMPM paid meets the TRI requirements.
 - If MCP's evaluation shows that the payment levels are high enough, the MCP does not need to adjust the \$20 PMPM payment rate.
 - If MCP's evaluation shows that the payment levels are not high enough, the MCP will need to increase the \$20 PMPM to a level that meets the TRI requirements.

Upcoming DHCS Guidance

- » Draft TRI APL to be published for comment in the coming weeks
- » Frequently Asked Questions (FAQ) to be published in the coming weeks

Questions?

- » Additional questions can be directed to:
TargetedRateIncreases@dhcs.ca.gov