

**California Department of Health Care Services
Proposed Trailer Bill Legislation**

FACT SHEET

Issue Title: Extension of Dental Managed Care in Sacramento and Los Angeles Counties. The Department of Health Care Services (DHCS) proposes to extend the operations period of the existing dental managed care (DMC) contracts from December 31, 2022 to December 31, 2023, and require DHCS to procure and execute new contracts to continue the dental managed care delivery system in Sacramento and Los Angeles counties through the end of the 1915(b) waiver period.

Background: DHCS is responsible for providing dental services to eligible Medi-Cal beneficiaries, and offers services through two delivery systems, Fee-for-Service (FFS) and DMC. FFS was the exclusive and original delivery system offered in California's 58 counties. In 1995, DHCS implemented DMC in Sacramento and Los Angeles Counties to explore the effectiveness of DMC as a delivery system of dental services. DHCS maintains six DMC contracts with three separate contractors. In Sacramento, enrollment is mandatory, with few exceptions. In Los Angeles, a beneficiary must opt-in to participate in DMC. As of October 2021, there are approximately 896,000 Medi-Cal beneficiaries enrolled in DMC between the two counties. The Budget Act of 2021 and corresponding health omnibus budget trailer bill required DHCS to extend dental managed care contracts to December 31, 2022, as specified in SEC. 372 of AB 133 (Committee on Budget, Chapter 143, Statutes of 2021).

Justification for the Change: DHCS is committed to increasing Medi-Cal beneficiary utilization of dental services statewide. The extension timeline of DMC will correspond to the timeframe needed by DHCS to procure new contracts via a competitive procurement process.

Specifically, this proposal would:

- Extend the operations period of the existing DMC contracts from December 31, 2022, to December 31, 2023, as specified, and allow for a competitive procurement process (proposed Welfare and Institutions (W&I) Code Section 14087.46 (k)(1)).
- Require DHCS to conduct a competitive bid, procure and execute new contracts no sooner than January 1, 2024 (proposed W&I Code Section 14087.46 (k)(3)).

Summary of Argument in Support:

- DHCS compliance with the federal Special Terms and Conditions of the new 1915(b) waiver.
- DHCS intends to maintain oversight and accountability of all DMC contractors throughout the extended contract period to increase member utilization of dental services. Additionally, the Centers for Medicare and Medicaid Services (CMS) shared an interest in seeing dental utilization rates improve in DMC counties.

Estimate # and Title:

Base PC 108: Dental Managed Care (Other M/C)