



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



GAVIN NEWSOM
GOVERNOR

April 7, 2021

To: Tribal Chairpersons, Designees of Indian Health Programs,
and Urban Indian Organizations

Subject: Notice of Intent to Submit Amendments and Renewals of Section 1115
Demonstration and Section 1915(b) Waiver

The purpose of this letter is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal program that will be submitted to the Centers for Medicare & Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on American Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendments (SPAs), waiver requests or amendments, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

QUESTIONS AND COMMENTS

Tribes and Indian Health Programs may also submit written comments or questions concerning this proposal within 30 days from receipt of notice. To be assured consideration prior to submission to CMS, comments must be received no later than 11:59 PM (Pacific Time) on Friday, May 7, 2021. Please note that comments will continue to be accepted after Friday, May 7, 2021, but DHCS may not be able to consider those comments prior to the initial submission of the CalAIM Section 1115 demonstration and CalAIM Section 1915(b) waiver applications to CMS. Comments may be sent by email to CalAIMWaiver@dhcs.ca.gov or by mail to the address below:

Department of Health Care Services
Director's Office
Attn: Angeli Lee and Amanda Font
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

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and Urban Indian Organizations

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Please also note that DHCS will host a CalAIM hearing for Tribes and Designees of Indian Health Programs on Friday, April 30, 2021 at 2:00 – 3:30 PM PT. Registration and call-in information are listed at the end of this document.

Sincerely,

Original Signed by

Sandra “Sam” Willburn, Chief
Primary, Rural, and Indian Health Division
Department of Health Care Services

Enclosure



**Department of Health Care Services
Tribal and Designees of Indian Health Programs Notice**

PURPOSE

The California Department of Health Care Services (DHCS) is providing notice of its intent to (1) submit to the federal Centers for Medicare & Medicaid Services (CMS) an amendment and five-year renewal of California’s Section 1115 demonstration and a corresponding amendment and renewal expanding the existing Section 1915(b) waiver and (2) hold a hearing to receive comments on these requests. The purpose of this notice is to request written feedback on the Section 1115 demonstration and Section 1915(b) waiver proposals described in this notice.

BACKGROUND

CalAIM Overview

DHCS is seeking these approvals to implement key provisions of its [California Advancing & Innovating Medi-Cal \(CalAIM\) initiative](#). CalAIM recognizes the opportunity to move California’s whole person care approach—first authorized by the Medi-Cal 2020 Section 1115 demonstration—to a statewide level, with a clear focus on improving health and reducing health disparities and inequities. The broader multiyear system, program, and payment reforms included in CalAIM allow California to take a population health, person-centered approach to providing services with the goal of improving health outcomes for Medi-Cal beneficiaries and other low-income people in the State.

CalAIM Section 1115 Demonstration and CalAIM Section 1915(b) Waiver

The CalAIM Section 1115 demonstration proposal seeks to amend and renew the Medi-Cal 2020 Section 1115 demonstration, currently in effect through December 31, 2021. Today, the Medi-Cal 2020 demonstration authorizes Medi-Cal managed care programs, with the exception of California’s 1915(b) waiver, which authorizes the Specialty Mental Health Services (SMHS) program. Going forward, the CalAIM 1915(b) waiver will authorize nearly all of California’s Medi-Cal managed care programs: Medi-Cal managed care, dental managed care, SMHS, and Drug Medi-Cal Organized Delivery System (DMC-ODS). This will enable the State to streamline, align, and simplify federal authorities; to implement a more seamless, integrated, patient-centered, and whole person-focused delivery system; and to support additional benefits for Medi-Cal beneficiaries.

CalAIM implementation was originally scheduled to begin in January 2021 but was delayed due to the impact of the COVID-19 public health emergency. CMS granted California’s request for an extension of the Medi-Cal 2020 Section 1115 demonstration, extending most components of the demonstration through December 31, 2021. DHCS is proposing a new CalAIM start date of January 1, 2022, for the renewed and amended Section 1115 demonstration and the expanded 1915(b) waiver.

DHCS is soliciting input on the CalAIM Section 1115 demonstration amendment and renewal application as well as the planned delivery system changes in the CalAIM



Section 1915(b) waiver that are described in the 1915(b) waiver overview. Both documents are available on the [DHCS website](#).

SUMMARY OF PROPOSED CHANGES

CalAIM Section 1115 Demonstration

Note that the full CalAIM proposal is posted on the [DHCS website](#). Additionally, a copy of the proposed CalAIM Section 1115 demonstration and detailed overview of the CalAIM Section 1915(b) waiver is available on the [DHCS website](#).

Following are the elements of the Medi-Cal 2020 Section 1115 demonstration that are proposed to continue under the CalAIM Section 1115 demonstration:

- Global Payment Program (GPP)
- Expenditure Authority for Residential Treatment for Substance Use Disorder (SUD) in Institutions for Mental Diseases (IMDs) in DMC-ODS Counties
- Low-Income Pregnant Women (109 percent–138 percent of the federal poverty level (FPL))
- Out-of-State Former Foster Care Youth
- Community-Based Adult Services (CBAS)
- DMC-ODS Certified Public Expenditure (CPE) Protocols
- Designated State Health Programs (DSHP)

Following are the elements of the CalAIM initiative that are proposed for inclusion under the CalAIM Section 1115 demonstration:

- Waiver of Statewideness and Comparability for Peer Support Specialist Services in Drug Medi-Cal Counties That Opt In
- Services for Justice-Involved Populations 30 Days Pre-Release
- Providing Access and Transforming Health Supports
- DMC-ODS Traditional Healers and Natural Helpers

Following are the elements of the Medi-Cal 2020 Section 1115 demonstration that will or have sunset, and are not included for renewal under the CalAIM Section 1115 demonstration:

- Dental Transformation Initiative (DTI)
- Health Homes Program (HHP)
- Tribal Uncompensated Care (UCC)
- Rady California Children's Services (CCS) Pilot
- Whole Person Care (WPC) Pilots
- Public Hospital Redesign and Incentives in Medi-Cal (PRIME)

CalAIM Section 1915(b) Waiver and Medi-Cal State Plan

Following are the elements of the Medi-Cal 2020 Section 1115 demonstration that DHCS proposes to authorize via a consolidated 1915(b) waiver and/or via amendments to the Medi-Cal State Plan. Key elements of the above programs will be incorporated into either the Medi-Cal State Plan or the consolidated 1915(b) waiver that DHCS is seeking. Additional information is available on the [DHCS CalAIM webpage](#).

- Medi-Cal Managed Care, including the Coordinated Care Initiative (CCI), Program of All-Inclusive Care for the Elderly (PACE) as an Alternative Delivery System in select County Organized Health Systems (COHS), and managed care for Seniors with Disabilities (SPDs) in Two-Plan and GMC counties.
 - Additional aid code groups – under which some American Indian and Alaska Native beneficiaries may derive their eligibility – will be required to enroll in Medi-Cal managed care plans starting January 2022. American Indian and Alaska Native beneficiaries in non-COHS counties will continue to have the ability to opt out of Medi-Cal managed care for fee-for-service.
- Dental Managed Care
- DMC-ODS (except the services that will remain in the 1115 demonstration)

IMPACT TO TRIBAL HEALTH PROGRAMS

To the extent that a Tribal health program provides, or plans to provide, these services, the following waiver proposals may have an impact:

CalAIM Section 1115 Demonstration

- Eliminate Tribal Uncompensated Care (UCC) Payments.
IMPACT. DHCS implemented Tribal Federally Qualified Health Centers (FQHCs) via State Plan Authority on January 1, 2021 (see [SPA CA 20-0044](#)). This change eliminated the need for these UCC payments. In the past, UCC payments were made under the Section 1115 demonstration for certain optional services previously eliminated from the Medi-Cal State Plan that were provided by Indian Health Service (IHS) Tribal health programs operating under the authority of the Indian Self-Determination and Education Assistance Act (ISDEAA) to IHS-eligible Medi-Cal beneficiaries.
- Increase Access to Substance Use Disorder (SUD) Treatment for American Indians and Alaska Natives.
IMPACT. DHCS seeks to improve access to SUD treatment for American Indians and Alaska Natives through Indian Health Care Providers and promote access to culturally appropriate and evidence-based SUD treatment for American Indians and Alaska Natives starting on January 1, 2022. To achieve these objectives, DHCS seeks federal reimbursement for DMC-ODS services provided by traditional healers and natural helpers using culturally specific, evidence-based practices. DHCS also plans to require Indian Health Care Providers to use at least two evidence-based practices as defined in DMC-ODS and/or from a list developed by DHCS in consultation with Tribal and Urban partners.

CalAIM Section 1915(b) Waiver

- Continue to Provide DMC-ODS Coverage in Participating Counties
IMPACT. American Indians and Alaska Natives who are eligible for Medi-Cal and reside in counties that have opted in to DMC-ODS can receive DMC-ODS services through Indian Health Care Providers. Indian Health Care Providers



must also have Drug Medi-Cal certification in order to provide services under the DMC-ODS waiver program. As required by 42 CFR § 438.14, DMC-ODS counties must demonstrate that there are sufficient Indian Health Care Providers participating in the provider network to ensure timely access to DMC-ODS services. DMC-ODS counties must adhere to all 42 CFR § 438.14 requirements.

- Delivery System Benefit Changes

IMPACT. Under CalAIM, DHCS is proposing to further standardize benefits offered under the managed care plans to mitigate Medi-Cal managed care enrollee confusion and streamline DHCS administrative rate-setting processes. Effective in 2022, DHCS intends to carve out the Multipurpose Senior Services Program (MSSP, only available in CCI counties) to FFS and carve out specialty mental health services from the MCMC benefit package for Medi-Cal members enrolled in Kaiser in Solano and Sacramento counties. DHCS intends to carve into the Medi-Cal managed care benefit package statewide major organ transplants by 2022 and institutional long-term care services by 2023. Beneficiaries requiring specialty mental health and SUD services will continue to access those services through the SMHS and DMC-ODS or Drug Medi-Cal programs. Subject to ongoing deliberations with the State’s contracted vendor for Medi-Cal Rx, DHCS intends to carve pharmacy benefits out of the Medi-Cal managed care benefit package, at an effective date to be subsequently announced (see [All Plan Letter 20-020](#) for more information; on February 17, 2021, DHCS announced a delay to the planned April 1, 2021 effective date for Medi-Cal Rx and the carve-out of pharmacy benefits from MCMC contracts; DHCS anticipates providing further information, including with respect to a revised effective date for the carve-out, in May 2021). For a detailed breakdown of managed care benefit changes, please see [Appendix E of the CalAIM proposal](#).

- Behavioral Health Payment Reform

IMPACT. DHCS intends to transition counties from a cost-based reimbursement methodology to a structure more consistent with incentivizing outcomes and quality over volume and cost. This shift is being designed in conjunction with county partners and will enable counties to participate in broader delivery system transformation efforts and engage in value-based payment arrangements with their health plan partners to support better coordination and integration between physical and behavioral health. This proposal has no direct impact on Tribal health programs.

IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

To the extent that a Urban Indian health organization is enrolled in Medi-Cal as a FQHC and provides, or plans to provide, the waiver services described above (e.g., DMC-ODS), there could be an impact.

CalAIM Section 1115 Demonstration. Except as noted above, there is no direct impact to FQHCs since DHCS is not proposing changes to FQHC services, rates, eligibility, or



any other related requirement authorized by this demonstration authority or the Medi-Cal State Plan.

CalAIM Section 1915(b) Waiver. There is no direct impact to FQHCs since DHCS is not proposing changes to FQHC services, rates, eligibility, or any other related requirement authorized by this waiver authority or the Medi-Cal State Plan.

IMPACT TO INDIAN MEDI-CAL BENEFICIARIES

CalAIM Section 1115 Demonstration. In general, the changes that DHCS is requesting will alter the Medi-Cal delivery system but will not change eligibility for Medi-Cal or reduce benefits. DHCS intends to seek expenditure authority to provide certain benefits and services through the Section 1115 demonstration that are intended to maintain and improve coverage and access for American Indian and Alaska Native populations.

- Eliminate Tribal Uncompensated Care (UCC) Payments.
IMPACT. DHCS implemented Tribal FQHCs via State Plan Authority on January 1, 2021 (see [SPA CA 20-0044](#)). This change eliminated the need for these UCC payments. In the past, UCC payments were made under the Section 1115 demonstration for certain optional services previously eliminated from the Medi-Cal State Plan that were provided by IHS Tribal health programs operating under the authority of the ISDEAA to IHS-eligible Medi-Cal beneficiaries. This change may impact American Indian and Alaskan Native beneficiaries to the extent a clinic chooses not to participate as a Tribal FQHC.
- Increase Access to SUD Treatment for American Indians and Alaska Natives
IMPACT. DHCS seeks to improve access to SUD treatment for American Indians and Alaska Natives through Indian Health Care Providers and promote access to culturally appropriate and evidence-based SUD treatment for American Indians and Alaska Natives starting on January 1, 2022. To achieve these objectives, DHCS seeks federal reimbursement for DMC-ODS services provided by traditional healers and natural helpers using culturally specific evidence-based practices. DHCS also plans to require Indian Health Care Providers to use at least two evidence-based practices as defined in DMC-ODS and/or from a list developed by DHCS in consultation with Tribal and Urban partners.
- Continue to Provide Coverage for Out-of-State Former Foster Care Youth
IMPACT. There is no change to Indian Medi-Cal beneficiaries. DHCS will continue to provide Medi-Cal State Plan coverage for former foster care youth under age 26 who were in foster care under the responsibility of another state or tribe from any state when they aged out of foster care at age 18 (or such higher age as elected by the state) and were enrolled in Medicaid at the time.
- Authorize Services for Justice-Involved Populations 30 Days Pre-Release
IMPACT. To ensure continuity of health coverage and care for justice-involved populations—who experience disproportionately higher rates of physical and behavioral health diagnoses—DHCS is requesting authority to provide targeted



Medi-Cal services to eligible justice-involved populations 30 days pre-release. These Medi-Cal services include Enhanced Care Management (ECM) and limited community-based clinical consultation services provided via telehealth or e-consultation and a 30-day supply of medication for pre-release into the community. This change will benefit justice-involved Medi-Cal beneficiaries.

- Oral Health Changes

IMPACT. Building upon the success of the DTI aimed at improving children’s oral health, the State will be concluding DTI and transitioning the elements of Domains 1 through 3 statewide. The Caries Risk Assessment Bundle and Silver Diamine Fluoride will be added as dental benefits for children (ages 0-6) and certain adult enrollees and will be available statewide, along with expanded pay-for-performance initiatives that will offer payments to service office locations that render preventive dental services. DHCS will separately develop and seek comment on amendments to the Medi-Cal State Plan to add the referenced oral health benefits and pay-for-performance payments to the Medi-Cal State Plan. DTI payments to participating Indian Health Programs participating in the dental initiative will no longer be available; however, comparable pay-for-performance payments and benefits are proposed to be included in the Medi-Cal State Plan.

- New Benefit: Peer Support Specialist Services

IMPACT. Consistent with recent State legislation, DHCS will be establishing peer support specialist services to expand the use of certified peer support specialists. Peer support specialist services are culturally competent services provided by certified peer support specialists that promote recovery, engagement, socialization, self-sufficiency, self-advocacy, development of natural supports, and identification of strengths. DHCS will propose changes to the Medi-Cal state plan to include peer support specialist services as a distinct service type and will require peers to obtain a peer support specialist certification. As part of the Section 1115 demonstration, the State will request authority to make peer support specialist services available at the option of each county under Drug Medi-Cal. This new benefit will be available to American Indians and Alaska Natives through Drug Medi-Cal in counties that opt in. Indian Health Programs in participating counties may be able to provide peer support specialist services. (As noted below, DHCS is submitting a similar 1915(b) waiver request for SMHS and DMC-ODS.)

CalAIM Section 1915(b) Waiver. DHCS is making delivery system and benefit changes that impact American Indians and Alaska Natives through this waiver.

- Medi-Cal Managed Care for American Indians and Alaska Natives

IMPACT. Currently, most Medi-Cal children, pregnant women, parents/caretaker relatives, and adults without disabilities must enroll in Medi-Cal managed care. DHCS will require Medi-Cal beneficiaries in additional aid code groups to enroll in Medi-Cal managed care starting on January 1, 2022. Some American Indians and Alaska Natives may be eligible for Medi-Cal coverage in these additional aid

code groups that will be subject to mandatory Medi-Cal managed care enrollment. As is consistent with current policy, all American Indians and Alaska Natives residing in non-COHS counties will continue to have the ability to opt out of Medi-Cal managed care and receive their benefits in the fee-for-service delivery system.

- Delivery System Benefit Changes

IMPACT. Under CalAIM, DHCS is proposing to further standardize benefits offered by the managed care plans to mitigate Medi-Cal managed care enrollee confusion and streamline DHCS administrative rate-setting processes. Effective in 2022, DHCS intends to carve out the Multipurpose Senior Services Program (MSSP, only available in CCI counties) to FFS and carve out specialty mental health services from the MCMC benefit package for Medi-Cal members enrolled in Kaiser in Solano and Sacramento counties. DHCS intends to carve into the Medi-Cal managed care benefit package statewide major organ transplants by 2022 and institutional long-term care services by 2023. Beneficiaries requiring specialty mental health and SUD services will continue to access those services through the SMHS and DMC-ODS or Drug Medi-Cal programs. Subject to ongoing deliberations with the State's contracted vendor for Medi-Cal Rx, DHCS intends to carve pharmacy benefits out of the Medi-Cal managed care benefit package, at an effective date to be subsequently announced (see [All Plan Letter 20-020](#) for more information; as noted above, on February 17, 2021, DHCS announced a delay to the planned April 1, 2021 effective date for Medi-Cal Rx and the carve-out of pharmacy benefits from MCMC contracts; DHCS anticipates providing further information, including with respect to a revised effective date for the carve-out, in May 2021). For a detailed breakdown of managed care benefit changes, please see [Appendix E of the CalAIM proposal](#).

- Enhanced Care Management (ECM) and In Lieu of Services (ILOS)

IMPACT. California is not requesting the renewal of authorities related to the WPC pilots and HHP during this renewal period. Instead, the State intends to build on the success of the WPC pilots and HHP by implementing ECM and targeted ILOS, which will be delivered through Medi-Cal managed care plans and community providers. A key feature of CalAIM is the introduction of ECM statewide, as well as ILOS, which, at the option of a Medi-Cal managed care plan, can be offered to members as a cost-effective alternative benefit. Medi-Cal managed care plans will be responsible for administering both ECM and ILOS, with a phased implementation for both ECM and State-approved ILOS beginning January 1, 2022. These changes will make new services available to American Indians and Alaska Natives who are enrolled in Medi-Cal managed care. Indian Health Programs may be able to contract with Medi-Cal managed care plans to provide these services.

- New Benefit: Peer Support Specialist Services

IMPACT. Consistent with recent State legislation, DHCS will be establishing peer support specialist services to expand the use of certified peer support specialists.



Peer support specialist services are culturally competent services provided by certified peer support specialists that promote recovery, engagement, socialization, self-sufficiency, self-advocacy, development of natural supports, and identification of strengths. DHCS will propose changes to the Medi-Cal State Plan to include peer support specialist services as a distinct service type and will require peers to obtain a peer support specialist certification. As part of the 1915(b) waiver, the State will request authority to make peer support specialist services available at the option of each county under SMHS and DMC-ODS. This new benefit will be available to American Indians and Alaska Natives who are enrolled in Medi-Cal managed care and receive services through SMHS and DMC-ODS in counties that opt in. Indian Health Programs in participating counties may be able to provide peer support specialist services. (As noted above, DHCS is submitting a similar Section 1115 demonstration request for Drug Medi-Cal.)

- New Benefit: Contingency Management in DMC-ODS
IMPACT. DHCS is requesting authority to add Contingency Management as a new component of existing DMC-ODS services with authority under Section 1915(b)(3). Contingency management is an evidence-based, cost-effective treatment practice for SUDs that combines motivational incentives with behavioral health treatments, and it is the only currently effective treatment for stimulant use disorders, for which there is no approved medication. This new benefit will be available to American Indians and Alaska Natives who receive services through DMC-ODS. Indian Health Programs that participate in DMC-ODS may be able to provide these services.

RESPONSE DATE

Tribes and Indian Health Programs may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. To be assured consideration prior to submission to CMS, comments must be received no later than 11:59 PM (Pacific Time) on Friday, May 7, 2021. Please note that comments will continue to be accepted after May 7, 2021, but DHCS may not be able to consider those comments prior to the initial submission of the CalAIM Section 1115 demonstration and CalAIM Section 1915(b) waiver applications to CMS.

Comments may be sent by email to CalAIMWaiver@dhcs.ca.gov or by mail to the address below.

DHCS will host the following hearing to solicit Tribal and Indian Health Program stakeholder comments. The public hearing will be held electronically to promote social distancing and mitigate the spread of COVID-19. The meeting will have online video streaming and telephonic conference capabilities to ensure statewide accessibility.

- Friday, April 30, 2021 – Tribal and Designees of Indian Health Programs Webinar for CalAIM Waivers
 - 2:00 – 3:30 PM PT



- Register for conference: https://manatt.zoom.us/webinar/register/WN_-karjUOkQmKZaLd1DghbJQ
 - Please register in advance to receive your unique login details and link to add to calendar
- Call-in information (669) 900-6833 *or* (888) 788-0099 (Toll Free)
 - Webinar ID: 942 9300 6698
 - Passcode: 043021
 - Callers do not need an email address to use the phone option and do not need to register in advance

CONTACT INFORMATION

Written comments on the CalAIM Section 1115 demonstration and CalAIM Section 1915(b) waiver may be sent to the following address; please indicate “CalAIM Section 1115 & 1915(b) Waiver” in the written message:

Department of Health Care Services
Director’s Office
Attn: Angeli Lee and Amanda Font
P.O. Box 997413, MS 0000
Sacramento, California 95899–7413