

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

**CalAIM: Designated State Health Programs and Delayed Carve-in of ICF-DD and
Subacute Services into Medi-Cal Managed Care**

Section 14184.102 of the Welfare and Institutions Code is amended to read:

14184.102. (a) Consistent with federal law, the department shall seek federal approval for, and implement, the CalAIM initiative, including, but not limited to, all of the following components:

(1) Continuation of the Medi-Cal Managed Care program, described in part in Sections 14184.200 to 14184.208, inclusive, and, elsewhere in this chapter and Chapter 8 (commencing with Section 14200), and which includes any comprehensive risk contract between the department and an individual, organization, or entity to provide covered full-scope health care services to enrolled Medi-Cal beneficiaries pursuant to any provision of this chapter or Chapter 8 (commencing with Section 14200).

(2) Continuation of the Global Payment Program, described in Section 14184.40, as amended by the act that added this section, and Section 14184.300.

(3) Continuation of the Medi-Cal Specialty Mental Health Services Program, as described in part in Section 14184.400.

(4) Continuation of the Drug Medi-Cal organized delivery system program, as described in part in Section 14184.401.

(5) Behavioral Health Medical Necessity Changes, Payment Reform, Administrative Simplification, and Behavioral Health Quality Improvement Program, as described in Sections 14184.402, 14184.403, 14184.404, and 14184.405.

(6) The State Plan Dental Improvement Program, as described in Section 14184.500.

(7) Enhancing County Oversight and Monitoring, as described in Section 14184.600.

(8) Providing Access and Transforming Health (PATH) Supports, as described in Section 14184.700.

(9) Targeted Pre-Release Medi-Cal Benefits for Qualified Inmates, as described in Section 14184.800.

(b) The department shall report to the Legislature any conflicts between this article and the CalAIM Terms and Conditions, including identification of the specific conflicts and recommendations for conforming language.

(c) The department, as appropriate and to the extent practicable, shall consult with interested stakeholders with regard to implementation of applicable components of CalAIM under subdivision (a) in which they will participate, including, but not limited to, the issuance of departmental guidance pursuant to subdivision (d). Interested stakeholders may include, but need not be limited to, designated public hospitals, district and municipal public hospitals, other local governmental agencies, consumer representatives, and Medi-Cal managed care plans.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this article or the CalAIM Terms and Conditions, in whole or in part, by means of all-county letters, plan letters, provider bulletins, information notices, or other similar instructions, without taking any further regulatory action. The department shall make use of appropriate processes

to ensure that affected stakeholders are timely informed of, and have access to, applicable guidance issued pursuant to this authority, and that this guidance remains publicly available until all payments related to the applicable CalAIM component are finalized.

(e) For purposes of implementing this article or the CalAIM Terms and Conditions, the department may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis, and may implement changes to existing information technology systems. Notwithstanding any other law, contracts entered into or amended, or changes to existing information technology systems, pursuant to this subdivision shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and shall be exempt from the review or approval of any division of the Department of General Services.

(f) The department shall seek any federal approvals it deems necessary to implement CalAIM under this article and other provisions of law amended by the act that added this subdivision. This shall include, but need not be limited to, approval of any amendment, addition, or technical correction to the CalAIM Terms and Conditions, as the department deems necessary. This article shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.

(g) Consistent with subdivision (b), the director shall report to the Legislature on any recommended amendments to any provision, process, or methodology specified in this article, Article 5.4 (commencing with Section 14180), Article 5.5 (commencing with Section 14184), or other sections of law amended by the act that added this subdivision, to the extent necessary to comply with federal law or the CalAIM Terms and Conditions, to obtain or maintain federal approval, or to ensure federal financial participation is available and not otherwise jeopardized, if the amendment is consistent with the goals set forth in this article and its individual components, and does not significantly alter the relative level of support for participating entities. If the director, after consulting with those entities participating in the applicable CalAIM component and that would be affected by that amendment, determines that the potential amendment would be consistent with the goals set forth in this article and would not significantly alter the relative level of support for affected participating entities, the amendment shall be submitted to the Legislature for its consideration.

(h) During the course of the CalAIM term, the department may develop and implement successor payment methodologies or programs to continue to support entities participating in one or more components of CalAIM following the expiration of the CalAIM term and that further the goals set forth in this article. The department shall consult with the entities participating in the payment methodologies or program components under CalAIM, affected stakeholders, and the Legislature in the development of any successor payment methodologies or program components pursuant to this subdivision.

(i) The department may seek to extend the payment methodologies or programs described in this article, or in the CalAIM Terms and Conditions, including modification thereto, through the

CalAIM term or to subsequent time periods by way of amendment or extension of the relevant CalAIM Terms and Conditions, amendment to the Medi-Cal State Plan, or any combination thereof, consistent with the applicable federal requirements. This subdivision shall only be implemented after consultation with the entities participating in, or affected by, those methodologies or programs, and only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.

(j) Notwithstanding any other state or local law, including, but not limited to, Section 5328 of this code, and Sections 11812 and 11845.5 of the Health and Safety Code, the sharing of health, social services, housing, and criminal justice information, records, and other data with and among the department, other state departments, including the State Department of Public Health and the State Department of Social Services, Medi-Cal managed care plans, Medi-Cal behavioral health delivery systems, counties, health care providers, social services organizations, care coordination and case management teams, and other authorized provider or plan entities, and contractors of all of those entities, shall be permitted to the extent necessary to implement applicable CalAIM components described in this article and the CalAIM Terms and Conditions, and to the extent consistent with federal law. The department shall issue guidance identifying permissible data-sharing arrangements to implement CalAIM.

(k) (1) Notwithstanding any other law, and to the extent authorized by the CalAIM Terms and Conditions, the department may claim federal financial participation for expenditures associated with the designated state health ~~care~~ programs identified in the CalAIM Terms and Conditions for use solely by the department as specified in this subdivision.

(2) Any federal financial participation claimed pursuant to paragraph (1) shall be used to offset applicable General Fund expenditures. These amounts are hereby appropriated to the department and shall be available for transfer to the General Fund for this purpose.

(3) An amount of General Fund moneys equal to the federal financial participation that may be claimed pursuant to paragraph (1) is hereby appropriated to the Health Care Deposit Fund for use by the department for purposes of implementing this article.

(4)(A) Notwithstanding any other law, the department shall maintain reimbursement rates in the Medi-Cal program for those primary care, obstetric care and behavioral health services, and increase reimbursement rates for those service codes as necessary to meet federally imposed minimum requirements specified in the CalAIM Terms and Conditions for dates of service on or after January 1, 2024, to the extent required by the federal Centers for Medicare and Medicaid Services as a condition of claiming federal financial participation for designated state health programs as described in this subdivision.

(B) To the extent required by the CalAIM Terms and Conditions, subparagraph (A) shall apply to claims for the identified codes paid by the department in fee-for-service and to claims paid by a Medi-Cal managed care plan.

Section 14184.201 of the Welfare and Institutions Code is amended to read:

14184.201. (a) Notwithstanding any other law, the department shall standardize those applicable covered Medi-Cal benefits provided by Medi-Cal managed care plans under

comprehensive risk contracts with the department on a statewide basis and across all models of Medi-Cal managed care in accordance with this section and the CalAIM Terms and Conditions.

(b) (1) Notwithstanding any other law, commencing January 1, 2023, subject to subdivision (f) of Section 14184.102, the department shall include, or continue to include, skilled nursing facility services as capitated benefits in the comprehensive risk contract with each Medi-Cal managed care plan.

(2) For contract periods from January 1, 2023, to December 31, 2025, inclusive, during which paragraph (1) is implemented, each Medi-Cal managed care plan shall reimburse a network provider furnishing skilled nursing facility services to a Medi-Cal beneficiary enrolled in that plan, and each network provider of skilled nursing facility services shall accept the payment amount the network provider of skilled nursing facility services would be paid for those services in the Medi-Cal fee-for-service delivery system, as defined by the department in the Medi-Cal State Plan and guidance issued pursuant to subdivision (d) of Section 14184.102. For contract periods commencing on or after January 1, 2026, during which paragraph (1) is implemented, the department may elect to continue the payment requirement described in this paragraph, subject to subdivision (f) of Section 14184.102.

(3) For contract periods during which paragraph (1) is implemented, capitation rates paid by the department to a Medi-Cal managed care plan shall be actuarially sound and shall account for the payment levels described in paragraph (2) as applicable. The department may require Medi-Cal managed care plans and network providers of skilled nursing facility services to submit information the department deems necessary to implement this subdivision, at the times and in the form and manner specified by the department.

(c) (1) Notwithstanding any other law, commencing ~~January 1, 2024, July 1, 2023~~, subject to subdivision (f) of Section 14184.102, the department shall include, or continue to include, institutional long-term care services not described in subdivision (b) as capitated benefits in the comprehensive risk contract with each Medi-Cal managed care plan.

(2) For contract periods from ~~January 1, 2024, July 1, 2023~~, to December 31, 2025, inclusive, during which paragraph (1) is implemented, each Medi-Cal managed care plan shall reimburse a network provider furnishing institutional long-term care services not described in subdivision (b) to a Medi-Cal beneficiary enrolled in that plan, and each network provider of institutional long-term care services not described in subdivision (b) shall accept the payment amount the network provider of institutional long-term care services would be paid for those services in the Medi-Cal fee-for-service delivery system, as defined by the department in the Medi-Cal State Plan and guidance issued pursuant to subdivision (d) of Section 14184.102. For contract periods commencing on or after January 1, 2026, during which paragraph (1) is implemented, the department may elect to continue the payment requirement described in this paragraph, subject to subdivision (f) of Section 14184.102.

(3) For contract periods during which paragraph (1) is implemented, capitation rates paid by the department to a Medi-Cal managed care plan shall be actuarially sound and shall account for the payment levels described in paragraph (2), as applicable. The department may require Medi-Cal managed care plans and network providers of institutional long-term care services to submit information the department deems necessary to implement this subdivision, at the times and in the form and manner specified by the department.

(4) The department shall convene, in collaboration with the State Department of Developmental Services (DDS), a workgroup to address transition of intermediate care

facility/developmentally disabled (ICF/DD) facilities, and Intermediate Care Facility for the Developmentally Disabled-Nursing (ICF/DD-N) and Intermediate Care Facility for the Developmentally Disabled-Habilitative (ICF/DD-H) Homes from the Medi-Cal fee-for-service delivery system to the Medi-Cal managed care delivery system to ensure a smooth transition to CalAIM.

(d) (1) Notwithstanding any other law, commencing January 1, 2022, the department shall include donor and recipient organ transplant surgeries, as described in Section 14132.69 and in the CalAIM Terms and Conditions, and donor and recipient bone marrow transplants, as described in Section 14133.8 and in the CalAIM Terms and Conditions, as capitated benefits in the comprehensive risk contract with each Medi-Cal managed care plan.

(2) For contract periods from January 1, 2022, to December 31, 2024, inclusive, during which paragraph (1) is implemented, each applicable Medi-Cal managed care plan shall reimburse a provider furnishing organ or bone marrow transplant surgeries to a Medi-Cal beneficiary enrolled in that plan, and each provider of organ or bone marrow transplant surgeries shall accept the payment amount the provider of organ or bone marrow transplant surgeries would be paid for those services in the Medi-Cal fee-for-service delivery system, as defined by the department in the Medi-Cal State Plan and guidance issued pursuant to subdivision (d) of Section 14184.102. For contract periods commencing on or after January 1, 2025, during which paragraph (1) is implemented, the department may elect to continue the payment requirement described in this paragraph, subject to subdivision (f) of Section 14184.102.

(3) For contract periods during which paragraph (1) is implemented, capitation rates paid by the department to a Medi-Cal managed care plan shall be actuarially sound and shall account for the payment levels described in paragraph (2) as applicable. The department may require Medi-Cal managed care plans and providers of organ or bone marrow transplant surgeries to submit information the department deems necessary to implement this subdivision, at the times and in the form and manner specified by the department.

(e) (1) Notwithstanding any other law, commencing January 1, 2022, Community-Based Adult Services (CBAS), as described in Section 14186.3, shall continue to be available as a capitated benefit for a qualified Medi-Cal beneficiary under a comprehensive risk contract with an applicable Medi-Cal managed care plan, in accordance with the CalAIM Terms and Conditions.

(2) CBAS shall only be available as a covered Medi-Cal benefit for a qualified Medi-Cal beneficiary under a comprehensive risk contract with an applicable Medi-Cal managed care plan. Medi-Cal beneficiaries who are eligible for CBAS shall enroll in an applicable Medi-Cal managed care plan in order to receive those services, except for beneficiaries exempt from mandatory enrollment in a Medi-Cal managed care plan pursuant to the CalAIM Terms and Conditions and Section 14184.200.

(3) CBAS shall be delivered in accordance with applicable state and federal law, including, but not limited to, the federal home and community-based settings regulations set forth in Sections 441.301(c)(4), 441.530(a)(1), and 441.710(a)(1) of Title 42 of the Code of Federal Regulations, and related subregulatory guidance and any amendment issued thereto.

(4) For contract periods during which paragraph (1) is implemented, each applicable Medi-Cal managed care plan shall reimburse a network provider furnishing CBAS to a Medi-Cal beneficiary enrolled in that plan, and each network provider of CBAS shall accept the payment amount the network provider of CBAS would be paid for the service in the Medi-Cal fee-for-service delivery system, as defined by the department in guidance issued pursuant to

subdivision (d) of Section 14184.102, unless the Medi-Cal managed plan and network provider mutually agree to reimbursement in a different amount.

(5) For contract periods during which paragraph (1) is implemented, capitation rates paid by the department to an applicable Medi-Cal managed care plan shall be actuarially sound and shall account for the payment levels described in paragraph (4) as applicable. The department may require applicable Medi-Cal managed care plans and network providers of CBAS to submit information the department deems necessary to implement this subdivision, at the times and in the form and manner specified by the department.

(f) Notwithstanding any other law, including, but not limited to, subdivision (a), the department may not transfer responsibility for specialty mental health services in the Counties of Sacramento and Solano from the Medi-Cal managed care plan responsible for those services on July 1, 2022, in those counties until no sooner than all of the following requirements have been met:

(1) The requirements of Section 14184.403 have been implemented.

(2) Each county and Medi-Cal managed care plan has submitted to the department a transition plan that contains provisions for continuity of care or the transfer of care.

(3) Notice has been provided to affected beneficiaries, including the ability of beneficiaries to request continuity of care pursuant to mental health and substance use disorder information notices issued by the department.

(g) For purposes of this section, the following definitions apply:

(1) "Comprehensive risk contract" has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.

(2) "Institutional long-term care services" has the same meaning as set forth in the CalAIM Terms and Conditions and, subject to subdivision (f) of Section 14184.102, includes at a minimum all of the following:

(A) Skilled nursing facility services.

(B) Subacute facility services.

(C) Pediatric subacute facility services.

(D) Intermediate care facility services.

(3) "Network provider" has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.