CalAIM Enhanced Care Management and In Lieu of Services
Frequently Asked Questions (FAQ)
April 2021

Introduction

California Advancing and Innovating Medi-Cal, or CalAIM, is a new initiative by the Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of Medi-Cal Members by implementing broad delivery system, program, and payment reform across the Medi-Cal program. CalAIM establishes the framework to address social determinants of health and improve health equity *statewide* rather than on a pilot basis. A key feature of CalAIM is the introduction of Enhanced Care Management (ECM) in the Medi-Cal managed care delivery system, as well as a new menu of in lieu of services (ILOS) which can serve as cost-effective alternatives to covered Medi-Cal services. Medi-Cal managed care health plans (MCPs) will be responsible for administering both ECM and ILOS. For more information about CalAIM, see DHCS' Revised CalAIM Proposal released on 1/8/21.[1]

ECM and ILOS are ambitious reforms that will take time and support to implement. DHCS recognizes that California MCPs and communities will be working to operationalize these new initiatives and transition smoothly from existing initiatives, most notably the Whole Person Care Pilots and Health Home Program, even as they continue to manage and recover from the COVID-19 Public Health Emergency. Starting in early 2021, DHCS will offer a range of technical assistance and support, including new implementation material posted on the DHCS CalAIM ECM and ILOS website, webinars, and other opportunities for discussion. This FAQ provides up-to-date information about the ECM/ILOS implementation and will be updated regularly.

For specific questions about ECM and ILOS, please submit to: CalAIMECMILOS@dhcs.ca.gov. Questions about CalAIM generally should be submitted to: CalAIM@dhcs.ca.gov.

[1] Revised CalAIM Proposal. Available: https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM-Proposal-Updated-1-8-21.pdf.

CalAIM Enhanced Care Management and In Lieu of Services
Frequently Asked Questions (FAQ)
April 2021

ECM/ILOS Frequently Asked Questions

Enhanced Care Management (ECM)

1. What is Enhanced Care Management (ECM)?

ECM is a whole-person, interdisciplinary approach to care that addresses the clinical and non-clinical needs of high-cost and/or high-need Medi-Cal managed care health plan (MCP) Members through systematic coordination of services and comprehensive, community-based care management. ECM is part of a broader population health system design within CalAIM, under which MCPs will systematically risk stratify their enrolled populations and offer a menu of care management interventions at different levels of intensity, with ECM at the highest intensity level. See the CalAIM Proposal for more information.

What sets ECM apart from the existing managed care approaches is that:

1. ECM is "high touch" and must include a level of in person contact in a place that the Member lives, seeks care and prefers to access services.
2. ECM must be provided by community providers rather than health plan staff, unless exceptional circumstances apply. This requirement is designed to ensure that ECM is as connected as possible with the Member's medical care and social services, not something separate and apart.
3. ECM is "whole person" – meaning it spans all medical, behavioral, social, oral, and long term services and supports (LTSS) needs that Members experience.

ECM implementation will begin in January 1, 2022, will full implementation by January 1, 2023 (see ECM Implementation Timelines in CalAIM ECM and ILOS Model of Care Template for more information).

2. Who will be eligible to receive ECM?

ECM will be available statewide to individuals enrolled in Medi-Cal MCPs who are members of ECM target populations, as defined by DHCS.

DHCS has identified seven (7) mandatory "target populations" for ECM. MCPs must proactively identify and offer ECM to their high-needs, high-cost Members who meet the target population criteria. These target populations are:[2]

1. Children or youth with complex physical, behavioral, or developmental health needs (e.g., California Children's Services, foster care, youth with Clinical High-Risk Syndrome, or first episode of psychosis).
2. Individuals experiencing homelessness or chronic homelessness, or who are at risk of becoming homeless with complex health and/or behavioral health conditions.
3. High utilizers with frequent hospital admissions, short-term skilled nursing facility stays, or emergency room visits.
4. Individuals at risk for institutionalization who are eligible for Long Term Care services.
5. Nursing facility residents who want to transition to the community.
6. Individuals at risk for institutionalization who have co-occurring chronic health conditions and:
    - Serious Mental Illness (SMI, adults);
    - Serious Emotional Disturbance (SED, children and youth); or
    - Substance Use Disorder (SUD).
7. Individuals transitioning from incarceration who have significant complex physical or behavioral health needs requiring immediate transition to the community.

DHCS will provide additional guidance about the ECM mandatory target populations in May 2021.

3. Are ECM Providers required to serve all eligible ECM target populations?
No. ECM Providers may serve one or more of the ECM target populations or a subset of target populations with which they have experience and expertise. MCPs must contract with ECM Providers to ensure they have an adequate ECM Provider network in place to meet the needs of all ECM target populations.

4. Will ECM be available for individuals dually eligible for Medicare and Medicaid?
ECM will be available to individuals dually eligible for Medicare and Medicaid if they are enrolled in an MCP and otherwise meet the ECM target population criteria. However, ECM will not be available to Cal MediConnect Members because Cal MediConnect already incorporates a higher level of care coordination. More information about how ECM and ILOS applies to individuals dually eligible for Medicare and Medicaid is forthcoming.

[2] See Appendix I of the CalAIM Proposal for more detail about each ECM target population; proposal available at: https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM-Proposal-Updated-1-8-21.pdf.

5. Who will provide ECM?

ECM will be offered primarily through in-person interaction where Members and their families and support networks live, seek care, and prefer to access services. MCPs will be required to contract with ECM Providers to deliver ECM to Members.

MCPs must contract with Whole Person Care (WPC) Lead Entities and/or Health Home Program (HHP) Community-Based Care Management Entities (CB-CMEs) to be ECM Providers in counties with WPC and/or HHP, except under permissible exceptions defined in DHCS-MCP ECM and ILOS Contract Template Provisions, 6.f.

A wide range of entities may operate as ECM Providers, including ***but not limited to***:

- Counties
- Behavioral health Providers
- Primary Care Providers (PCPs)
- Federally Qualified Health Centers (FQHCs)
- Community Health Centers
- Hospitals or hospital-based Physician groups or clinics (including public hospitals and district and/or municipal public hospitals)
- Rural Health Clinics
- Indian Health Service Programs
- Local health departments
- Behavioral health entities
- Community mental health centers
- Substance use disorder (SUD) treatment Providers
- Organizations serving individuals experiencing homelessness
- Organizations serving justice-involved individuals
- California Children's Services (CCS) providers, and
- Other community-based organizations

An ECM Lead Care Manager, who works for the ECM Provider organization with whom the MCP directly contracts, is required to be assigned to each member accessing ECM services and will serve as the point of contact for the Member. The ECM Lead Care Manager will be responsible for developing a comprehensive Care Management Plan with input from a multidisciplinary care team, as well as the Member, to ensure a whole-person approach is taken in identifying any gaps in treatment or gaps in available and needed services. The MCP must hold the ECM Provider and ECM Lead Care Manager responsible for the provision of all six ECM Core Services. See DHCS-MCP ECM and ILOS Contract Template Provisions: 13. Core Service Components of ECM for more information.

All entities serving as ECM Providers must have experience and expertise with the services they propose to provide under ECM and must be able to comply with all applicable ECM program requirements. See ECM and ILOS Standard Provider Terms and Conditions: 2. ECM Provider Requirements for more information.

MCPs will not be permitted to offer or administer ECM directly, unless approved by DHCS under the limited exceptions set forth in the DHCS-MCP ECM and ILOS Contract Template Provisions, 4.e.

6. **Are ECM Providers required to enroll as Medi-Cal providers?**
   Consistent with current DHCS policy,[3] ECM Providers must be Medi-Cal enrolled providers where a state-level enrollment pathway exists and is required by federal law. If no Medicaid enrollment pathway exists for a given ECM Provider, the MCP(s) must credential the ECM provider and/or conduct background checks. For more information on credentialing and background checks for non-Medicaid providers, Providers should reach out to their local MCPs. Plan directory available here: https://www.dhcs.ca.gov/individuals/Pages/MMCDHealthPlanDir.aspx

7. **Is ECM subject to standard utilization management medical authorization timeframes, Notice of Action (NOA) requirements, and Grievance and Appeals processes?**
   Yes. MCPs must ensure authorization or a decision not to authorize ECM occurs in accordance with federal and existing state regulations for processing Grievances and Appeals.[4] MCP medical authorization timeframes, notice of action requirements, and standard grievance and appeals processes apply to ECM for all Members.[5]

ECM Rates and Contracting

8. **When will ECM rate information be available to MCPs?**
   DHCS is targeting to release draft ECM rate information for the CY 2022 rating period to MCPs in May 2021 and final rate information in August 2021.

9. **How will plans offer ECM if they are unable to contract with community-based ECM Providers for all Members receiving ECM?**
   ECM is intended to be provided by community-based entities with experience and expertise providing intensive, in-person care management services to individuals in one or more of the ECM target populations. However, DHCS recognizes that there may not be sufficient providers to provide ECM to all members of all target populations in all regions, particularly when ECM is first implemented. Therefore, if an MCP makes a good faith effort but is unable to provide sufficient capacity to meet the needs of all ECM target populations in a community-based manner through contracts with ECM Providers, the MCP may request written approval for an exception to the ECM Provider contracting requirement from DHCS that authorizes the MCP to use its own

[3] See APL 19-004 and Medi-Cal Provider Enrollment Frequently Asked Questions
[4] See 42 CFR sections 438.228, 438.400-438.424; Health & Safety Code section 1367.01; Exhibit A, Attachment 5 Utilization Management, Provision 3, Timeframes for Medical Authorization and APL 17-006: Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments..
[5] See DCHS-MCP ECM and ILOS Contract Template: 7. Identifying Members for ECM.

staff to provide ECM.[6] DHCS' expectation is that MCPs will work towards moving more care manager capacity to the Provider level over time.

During the period when the MCP serves as an ECM Provider, the MCP will be required to assign a Lead Care Manager to all participating members and deliver ECM in a community based, member centered manner to the greatest extent possible. Examples include meeting with members in the community or in places where members live, seek care or prefer to access services in order to provide the majority of ECM core services. Public health precautions and recommendations should be used to accomplish the community based, in-person approach of ECM.

In Lieu of Services (ILOS)

10. What are in lieu of services (ILOS)?

In lieu of services, or ILOS, are medically appropriate and cost-effective alternatives to services covered under the Medi-Cal State Plan. Federal regulation allows states to offer ILOS as an option for Medicaid managed care organizations.[7] These can be highly valuable services to Members and, as such, DHCS strongly encourages MCPs to offer a robust menu of ILOS to comprehensively address the needs of Members with the most complex health issues, including conditions caused or exacerbated by lack of food, housing or other social drivers of health. ILOS are optional services for MCPs to offer, and are optional for managed care Members to receive.

Starting on January 1, 2022, DHCS will pre-approve and authorize MCPs to offer the following ILOS:[8]

- Housing Transition Navigation Services;
- Housing Deposits;
- Housing Tenancy and Sustaining Services;
- Short-Term Post-Hospitalization Housing;
- Recuperative Care (Medical Respite);
- Respite Services;
- Day Habilitation Programs;
- Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for the Elderly (RCFE) and Adult Residential Facilities (ARF);
- Community Transition Services/Nursing Facility Transition to a Home;
- Personal Care and Homemaker Services;
- Environmental Accessibility Adaptations (Home Modifications);
- Meals/Medically Tailored Meals;
- Sobering Centers; and

[6] For more information on permissible exceptions, see DHCS-MCP ECM and ILOS Contract Template: 4.e. ECM Provider Capacity.
[7] 42 CFR 438.3(e)(2).
[8] See Appendix J of the Revised CalAIM Proposal for more detail about each ILOS option.

- Asthma Remediation.

These pre-approved ILOS services are based upon the work done in Whole Person Care Pilots to address unmet social needs that intensify or make it costlier to address health conditions. As such, the pre-approved ILOS are designed to help avert or substitute hospital or nursing facility admissions, discharge delays, and emergency department use when provided to eligible Members.

11. How are ILOS paid for in MCP rates?

MCPs operating in WPC counties will receive an adjustment to their capitation payments to account for the anticipated cost and utilization changes due to the WPC Pilots ending. DHCS expects MCPs to provide the ILOS that correspond to WPC and HHP services. The proposed Governor's budget contains $115M for this rate adjustment.

In future years, consistent with federal Medicaid managed care rate setting requirements, the utilization and actual costs of ILOS, once available, will be taken into account in developing the component of the MCP rates that represents the covered State Plan services, unless a statute or regulation explicitly requires otherwise.[9]

12. What does it mean for the pre-approved ILOS to be "optional"?

MCPs are strongly encouraged to offer some or all of the pre-approved ILOS, but are not required to do so. DHCS expects MCPs in WPC and HHP counties to provide ILOS that correspond to WPC and HHP services. Given the importance of ILOS to the CalAIM initiative, MCPs should expect that DHCS will integrate consideration of a plan's experience and effectiveness in offering ILOS into future initiatives, including MCP procurement.

MCPs may choose to offer different ILOS in different counties. However, if an MCP elects to offer an ILOS within a county, it must offer the service to all Members within that county that meet the service-specific ILOS eligibility criteria and for whom it is medically appropriate and cost-effective to provide the service. MCPs are not permitted to limit ILOS services only to those enrollees who received WPC services or to those receiving ECM. Subject to approval by DHCS, MCPs may add or remove ILOS at defined intervals: every six (6) months for an addition and annually for a removal.

13. Who will be eligible to receive pre-approved ILOS?

MCPs must determine eligibility for a pre-approved ILOS using the DHCS ILOS service definitions which contain specific eligibility criteria for each ILOS. To the extent an MCP wishes to modify existing ILOS eligibility criteria, it must submit its proposal to DHCS for review and approval. The MCP also is expected to determine that an ILOS is a medically appropriate and cost-effective alternative to a State Plan Covered Service. When making such determinations, MCPs must apply a consistent

[9] 42 CFR 438.3(e)(2)(iv).

methodology to all beneficiaries within a particular county, and cannot limit the ILOS only to individuals who previously were enrolled in HHP or a WPC Pilot. ILOS are always voluntary for the Member to use. If a Member refuses ILOS, the MCP must still ensure the Member receives Medically Necessary Covered Services.

14. Is it possible for an MCP to provide an ILOS that is not on the pre-approved list?
Yes, MCPs are permitted to submit a request to DHCS for review and approval to offer ILOS that are not on the pre-approved list. MCPs must also submit to DHCS for review and approval any modifications made to the service definitions for pre-approved ILOS. Subject to DHCS approval, MCPs may add or remove ILOS at defined intervals: every six (6) months for an addition and annually for a removal. Any discontinuation of an ILOS is considered a change in the availability of services and requires the MCP to adhere to existing requirements related to changes in availability or location of covered services and notifications of changes in access to covered services.[10] MCPs will be expected to report to DHCS on utilization of elected ILOS.

15. Who will provide the pre-approved ILOS?
The pre-approved ILOS services will typically be provided by community-based organizations and providers. MCPs that elect to offer ILOS are expected to contract with community-based organizations such as, but not limited to, homeless service Providers, housing authorities, medically tailored meal Providers, and/or counties as ILOS Providers. ECM Providers may also serve as ILOS Providers if they have appropriate experience. To assist with the development of payment models and facilitate contracting between MCPs and ILOS Providers, DHCS plans on releasing non-binding pricing guidance for ILOS in mid-2021.

16. Are ILOS Providers required to enroll as Medi-Cal Providers?
Consistent with current DHCS policy[11], ILOS Providers must be Medi-Cal enrolled providers where a state-level enrollment pathway exists and is required by federal law. If no Medicaid enrollment pathway exists for a given ECM Provider, the MCP(s) must credential the ECM provider and/or conduct background checks. For more information on credentialing and background checks for non-Medicaid providers, Providers should reach out to their local MCPs. Plan directory available here: https://www.dhcs.ca.gov/individuals/Pages/MMCDHealthPlanDir.aspx

17. How will ILOS Provider Capacity be determined?
MCPs that elect to offer ILOS are responsible for developing and managing a network of Providers with sufficient capacity to meet the needs of all Members authorized to receive an ILOS offered in their service area. Traditional Medi-Cal provider network adequacy standards do not apply to ILOS, but MCPs must submit information to

[10] See Medi-Cal Managed Care Boilerplate Contract, Exhibit A, Attachment 9, Provision 10, Changes in Availability or Location 20 of Covered Services and Exhibit A, Attachment 13, Provision 5, Notification of Changes in Access to Covered Services.
[11] See APL 19-004 and Medi-Cal Provider Enrollment Frequently Asked Questions

demonstrate current ILOS Provider capacity and the plan to increase capacity in their Model of Care Template for DHCS review and approval prior to ECM and ILOS implementation[12] as well as on an ongoing basis pursuant to DHCS reporting requirements.[13]

18. Will all MCPs in the same county be required to implement the same ILOS?

Each MCP may elect to offer one or more ILOS in each county it serves. While not required, DHCS strongly encourages MCPs to coordinate their approach with other MCPs operating in a given county to align ILOS offered within that county.

Timelines for Implementing ECM/ILOS

19. How will the transition from WPC/HHP to ECM and ILOS work?

DHCS is focused on ensuring a smooth transition for Members and ensuring that the successful work that MCPs, counties, cities, community-based organizations, and Providers have done to implement WPC and HHP is leveraged and transitioned to ECM and ILOS. As described in detail below, MCPs in counties with WPC and/or HHP will implement ECM in those counties first, with additional counties implementing six (6) months later. MCPs in all counties may begin offering pre-approved ILOS on January 1, 2022. Please see page 8-13 in the Model of Care Template for a comprehensive overview of the timelines.

20. What is the ILOS implementation timeline?

MCPs in all counties may begin offering pre-approved ILOS on January 1, 2022. MCPs are strongly encouraged to offer ILOS that allow for continuity of services offered through the WPC Pilots and HHP, when applicable. Please see page 8-13 in the Model of Care Template for a comprehensive overview of the timelines.

ECM & ILOS Data

21. What HCPCS codes and modifiers will be used to track ECM and ILOS encounters?

DHCS requires MCPs to submit encounter data in accordance with requirements in the MCP contract and All Plan Letter 14-019. For ECM and ILOS, MCPs will be required to submit encounter data for services provided through the existing encounter data reporting mechanisms for all covered services for which they have incurred any financial liability, whether directly or through subcontracts or other arrangements, using federal and state standards. This draft coding options document, which was released for public comment on February 16, 2021, describes a draft set of HCPCS codes and modifiers that would be used to bill for ECM and ILOS services that will become effective January 1, 2022. DHCS will review stakeholder feedback and finalize the document by the end of May 2021.

[12] See CalAIM ECM and ILOS Model of Care Template: Part 2.
[13] See DHCS-MCP ECM and ILOS Contract Template: ECM Provider Capacity and ILOS Provider Capacity.

22. How will ECM and ILOS providers submit invoices if they don't have a compliant billing system?

DHCS expects that some ECM and ILOS Providers will not have access to billing systems that can generate a compliant ASC X12 837 version 5010 x223 claim. DHCS will be working with MCPs and other stakeholders to develop billing guidance that includes minimum necessary data elements that ECM and ILOS Providers need to provide to MCPs in order to submit invoices to MCPs, and for MCPs to translate those invoices into a compliant encounter for submission to DHCS.

Process for Implementing ECM/ILOS

23. What are the key documents that establish standards and requirements for ECM and ILOS?

There are three documents that contain the ECM & ILOS requirements; they were released on February 16, 2021 for public comment, and will be finalized and released publicly by May 2021:

DHCS-MCP ECM and ILOS Contract Amendment Template: standardized statewide requirements regarding the administration and delivery of ECM and ILOS that will be incorporated within DHCS-MCP model contracts.

ECM and ILOS Standard Provider Terms and Conditions: standardized requirements that MCPs will be required to include in contracts with ECM and ILOS Providers.

CalAIM ECM and ILOS Model of Care Template: in which each MCP will describe how it plans to design, implement, and administer ECM and ILOS.

DHCS will publish All Plan Letters (APLs) for ECM and ILOS and attachments with additional guidance are expected to be released on a rolling basis.

24. What is the ECM & ILOS Model of Care (MOC)?

The ECM and ILOS MOC is each MCP's plan for providing ECM and pre-approved ILOS to Members. Each MCP's MOC will include its overall approach to ECM and ILOS; its detailed policies and procedures for partnering with Providers, including non-traditional Providers, for the administration of ECM and ILOS; capacity of ECM and ILOS Providers; and the contract language that will define key aspects of its arrangements with its ECM and ILOS Providers. The MOC also contains specific "Transition and Coordination" questions for MCPs operating in WPC and/or HHP counties, in which these MCPs must describe how they will ensure smooth transitions for their Members in counties with existing initiatives. DHCS will use the MOC Template to determine each MCP's readiness to meet ECM and ILOS requirements.

In order to balance statewide consistency with the ability of MCPs to innovate in their design of ECM and any ILOS, DHCS is standardizing certain design aspects of ECM and pre-approved ILOS, while allowing MCPs the flexibility to develop a plan that will best meet the needs of their Members and communities.

25. What is the DHCS approval process for the MOC?

DHCS will review and provide feedback on the MOC submissions using its deliverable review process. DHCS will provide final approval of each MOC no later than 30 days prior to each go-live date. DHCS will begin a monthly check-in process with each MCP following Part 1 of the MOC Template submissions to gauge each MCP's provider capacity development for ECM. Additional information on the review process is forthcoming.

26. What kind of support will be available for implementing this initiative?

DHCS will offer a number of implementation supports for this work in the coming months. DHCS will publish APLs for ECM and ILOS and attachments with additional guidance are expected to be released on a rolling basis. In addition, there will be a number of core Technical Assistance resources and activities provided throughout the year, including:

- Informational webinars
- Monthly meetings with MCPs
- Standing calls with Associations
- On-demand toolkits to support regional convenings
- WPC and HHP Learning Collaboratives
- Ongoing refreshing of Frequently-Asked Questions *(this document)*

A more detailed calendar of Technical Assistance events will be released in the coming weeks. In the meantime, you can find all of the most up-do-date information about ECM & ILOS on the ECM & ILOS website. For any questions, please reach out to: CalAIMECMILOS@dhcs.ca.gov