



April 2021

FACT SHEET

In Lieu of Services (ILOS)

Introduction

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 Medi-Cal. A key feature of CalAIM is the introduction of a new menu of in lieu of services (ILOS), which, at the option of a Medi-Cal managed care health plan (MCP) and a Member, can substitute for covered Medi-Cal services as cost-effective alternatives. MCPs will be responsible for administering ILOS. For more information about CalAIM, see DHCS' [Revised CalAIM Proposal](#) released on 1/8/21.¹

Overview of ILOS

In Lieu of Services (ILOS) are medically appropriate and cost-effective alternatives to services covered under the State Plan. Federal regulation allows states to offer ILOS as an option for Medicaid managed care organizations.² These can be highly valuable services to Members that can substitute for and decrease utilization of a range of covered Medi-Cal benefits, such as hospital care, nursing facility care, and emergency department (ED) use.

ILOS are an important part of care delivery for Members enrolled in Enhanced Care Management (ECM), another CalAIM initiative that will address the clinical and non-clinical needs of high-need, high-cost Medi-Cal Members through systematic coordination of services and comprehensive care management.³ As such, DHCS encourages MCPs to offer a robust menu of ILOS to comprehensively address the needs of Members—including those with the most complex challenges affecting health such as homelessness, unstable and unsafe housing, food insecurity, and/or other social needs.

By design, the list of pre-approved ILOS are drawn in part from the foundational work done as part of the Whole Person Care (WPC) Pilots and Health Home Program (HHP) to improve health outcomes and reduce medical expenditures by recognizing and addressing health-related social needs. A key goal of pre-approved ILOS is to place Members in the least restrictive setting possible and keep them in the community. ILOS will build on WPC

¹ [Revised CalAIM Proposal](#), January 2021.

² 42 CFR 438.3(e)(2).

and HHP efforts and activities and expand access to services that were previously available only through home and community-based services initiatives.

Starting January 1, 2022, DHCS will authorize fourteen pre-approved ILOS in its Contract with MCPs, but MCPs will have the opportunity to provide details on their elected ILOS to DHCS as part of their Model of Care (MOC) responses (described below). MCPs in all Counties are encouraged to offer one or more of the following ILOS starting on January 1, 2022:⁴

- 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
- Asthma Remediation.

In Lieu of Services are Optional, but Strongly Encouraged

MCPs are strongly encouraged to elect to offer some or all of these pre-approved ILOS and are expected to detail their ILOS offerings in their Model of Care (MOC). As part of the MOC response, MCPs will describe which ILOS they will offer, the date each elected ILOS is expected to launch and the MCP's plans for operationalizing the ILOS including the ILOS provider network, DHCS expects that MCPs in WPC and HHP counties will offer the pre-approved ILOS that correspond to the services previously offered through those programs to ensure a seamless transition for those Members. MCPs may propose additional ILOS to DHCS for review and approval. MCPs may choose to offer different ILOS in different Counties. MCPs may add or remove ILOS at defined intervals: every six (6) months for an addition and annually for removal of a previously offered ILOS. MCPs will be asked to submit additional information to DHCS about their elected ILOS in addition to the MOC, including information about how they will track and record the use of the ILOS.

ILOS Implementation Timeline

MCPs in all Counties may launch pre-approved ILOS beginning January 1, 2022. DHCS strongly encourages all MCPs to begin offering ILOS at this time. The timely offering of ILOS will help to improve care for beneficiaries, support the goals of CalAIM, and contribute to the smooth transition of WPC Pilots into Medi-Cal managed care.

⁴ See [Revised CalAIM Proposal: Appendix J](#) for more detail about each ILOS option.

More Information

ILOS is a significant change and a high priority for DHCS. The Department recognizes the work California MCPs and communities will be doing to operationalize these new initiatives and transition smoothly from the WPC Pilots and HHP even as they continue to address the COVID-19 Public Health Emergency. Throughout 2021, DHCS will offer a range of technical assistance and support, including new implementation material posted on the DHCS [ECM and ILOS website](#), regularly published FAQs, webinars, non-binding ILOS pricing information and other opportunities for discussion to support the implementation of these initiatives. All information provided in this fact sheet is preliminary and subject to change. This fact sheet is for informational purposes and is not intended to replace future guidance and state and/or federal requirements.

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.