



Non-Binding ILOS Pricing Guidance

Background: Non-Binding ILOS Pricing Guidance

Background on ILOS

A key feature of California Advancing and Innovating Medi-Cal (CalAIM) is the introduction of a new menu of health-related in lieu of services (ILOS). ILOS are medically appropriate and cost-effective alternatives to services covered under the State Plan^[1] The Department of Health Care Services (DHCS) has pre-approved a list of 14 ILOS that managed care plans (MCPs) are strongly encouraged to offer. MCPs may offer some or all of these ILOS starting on January 1, 2022. Based on California's experience with home and community-based care waivers, the Whole Person Care (WPC) Pilots, stakeholder input, and experiences elsewhere in the nation, these pre-approved ILOS are designed to be highly valuable to Members with some of the most complex health issues, including conditions caused or exacerbated by lack of food, housing or other social drivers of health. Consistent with federal regulations, the pre-approved ILOS are expected to be a cost-effective substitute for covered Medi-Cal benefits, such as hospital care, nursing facility care and emergency department (ED) use. For more detailed information on each of the pre-approved ILOS, see DHCS' Revised CalAIM Proposal, released on January 8, 2021, and the forthcoming ILOS Program Guide, to be posted online at <https://www.dhcs.ca.gov/enhancedcaremanagementandinlieuofservices>.

Purpose of Non-Binding ILOS Pricing Guidance

Overview

The Cal-AIM initiative and, in particular, the introduction of the 14 pre-approved health-related ILOS prompt MCPs to work and contract with a new set of “non-traditional” Providers that offer services and supports that historically have not been well integrated into the health care system. These Providers include, but are not limited to, housing service providers, home modification companies, sobering centers, and organizations that prepare and deliver medically supportive food and nutrition. While many MCPs and ILOS Providers have some experience working together, particularly in WPC Pilot counties, Cal-AIM is designed to encourage and support broader contracting and partnerships throughout the State. In recognition that this requires MCPs and ILOS Providers to engage in new contracting and payment relationships, DHCS has prepared this non-binding ILOS pricing guidance. It offers information on potential rates for each

^[1] 42 CFR 438.3(e)(2).



of the 14 pre-approved ILOS, including midpoint benchmarks, a range around the benchmarks, and a discussion of key cost drivers for MCPs and ILOS Providers to consider as they establish their own contracting and payment arrangements.

Critically, this pricing guidance is designed to serve as a tool to support discussions regarding rates; **it is in no way binding on MCPs or ILOS Providers**. MCPs and ILOS Providers have full flexibility and discretion to agree to ILOS rates that are different from those outlined in this document, particularly because the rates in the pricing guidance are based on data and assumptions that reflect the statewide average cost of inputs. DHCS reserves the right to make modifications to the pricing guidance on an as-needed basis based on experience with the ILOS initiative and its evolution over time.

Variation on Midpoint Prices and Rate Ranges

In collaboration with Mercer, an actuarial firm, the midpoint rates and rate ranges in this pricing guidance were developed by DHCS based on a set of statewide assumptions and data from national and statewide sources; the methodology is described in more detail below. In general, the low, mid and high ends of the ranges reflect use of wage rates at the 25th, 50th and 75th percentiles of the statewide average wage rate for the relevant occupation, as well as caseload assumptions as reported by respondents in a statewide survey. Actual contracted Provider rates still may vary significantly from these illustrative rate ranges, and these ranges should not be interpreted as establishing a ceiling or floor on what may be reasonable for the provision of ILOS. There are many reasons the rate agreed to between an MCP and ILOS Providers could fall outside of the rate range presented in this pricing guidance, including but not limited to:

- **Variation in program structure, staffing ratios and facility size:** The rate ranges and midpoint rate for each of the ILOS were developed based on statewide average data on key assumptions regarding how the service would be operationalized. In practice, Provider structure and staffing intensity, staff availability, and facility sizes could drive changes in caseloads and administrative expenses that would affect pricing even beyond the variation reflected in the rate range.
 - Caseload variation: An ILOS Provider might determine it is necessary to adopt a lower caseload per staff member than was assumed for purposes of the pricing guidance (e.g., if the Medi-Cal beneficiaries expected to



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receive the ILOS service have relatively intensive needs). This could result in a higher price, given that the time and costs of the staff member would need to be spread across fewer enrollees.

- Facility size differences: Larger facility sizes could result in lower staffing costs, as a supervisor or other staff may be able to provide care to more enrollees within the same time period in a larger facility than in a smaller one.
- Actual employee-related expenses: The pricing guidance assumes a consistent set of employer-paid taxes and benefits for all direct care workers, supervisors, program specialists, etc. Depending on the actual benefit levels paid by the employer, the benefit costs per employee could result in lower or higher workforce cost considerations and, thus, lower or higher prices.
- Variable program models and expertise: The pricing guidance assumes a “basic model” for all ILOS. Some programs may operate a specialized or intensive model—for example, a recuperative care program, short-term post hospitalization program, or sobering center that operates a specialty behavioral health model may have more costly/intensive staffing and facility costs relative to the “basic model.” Or, similarly, a medically tailored meals/medically supportive food program may include appropriate incremental value added services, and therefore could be more intensive and have higher costs.
- Considerations for other workforce investments over time: Importantly, the [California Master Plan on Aging](#) and [California’s HCBS Spending Plan](#) both recommend and anticipate increasing investments in the Home and Community-Based Services (HCBS) workforce, including training, upskilling and other professional development, which could affect reasonable prices for certain ILOS that rely on this workforce.

Caseload variation example

If a housing navigation coordinator salary is \$5,000 per month and they are providing a service to 35 enrollees within the month, the rate paid for that service per person per month must cover 1/35th of the \$5,000 monthly wage cost—i.e., ~\$143. However, if the direct care worker is able to effectively provide services to only 25 enrollees per month, the rate paid would need to cover 1/25th of the monthly wage cost—i.e., ~\$200.



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- **Geographic variation:** The midpoint prices and rate ranges displayed in this pricing guidance are based on average costs across the State of California. However, the costs of key service inputs vary widely by geographic area within the State. In particular, the cost of transportation and the amount of time spent in transit, “brick and mortar” costs, and wage costs can vary markedly by urban versus rural and/or high- versus low-cost areas even beyond what is captured in the rate ranges. As MCP and ILOS Providers consider the implications of this geographic variation on negotiated ILOS service rates, the following resources and examples may offer useful reference points.
 - Labor/wage costs: The Bureau of Labor Statistics (BLS) provides [wage and employee-related expenses data](#) specific to metropolitan statistical areas (MSAs) and non-metropolitan areas within California. These data may be helpful for Providers and MCPs to consider when establishing payment rates. As the main cost driver for all the pre-approved ILOS is direct care wages, this geographic variation in direct care wages may contribute to markedly different rates. The rate ranges presented here capture some of the variation in wage costs by using the 25th and 75th percentile average wage in California for the lower and upper bound of the ranges, but, any given MCP and Provider still may find that the range does not encompass the appropriate wage rate for the ILOS in a particular community.
 - Rent/brick-and-mortar costs: Square footage rental cost research specific to California metropolitan areas are publicly available from sources such as [Colliers](#) and [Avison Young](#); [California’s fair market rent \(FMR\) values](#), defined by the Department of Housing and Urban Development (HUD), also are readily available. Research related to rental costs for facility space identified large variability by geography. While this pricing guidance used the statewide average cost of \$4 per square foot for all services with a facility cost (inclusive of rent and utilities), this regional variability in brick-and-mortar costs may lead to the cost of a service falling outside the rate range.
 - Transportation costs: Although there are no national data sources that capture within-state variation in transportation costs, it is important to acknowledge that transportation costs may vary between rural and urban areas due to increased mileage between contacts for services. In some urban areas, transportation costs may be significantly affected by traffic congestion and the amount of time required for transportation.



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• **Use of a value-based—rather than a cost-based—payment model:**

- While the prices in this guidance are established using costs of providing the service, it could also be appropriate to reimburse some services based on the value, outcomes or portion of averted costs resulting from the services. In this case, rates may not be paid on a fee-for-service basis, or fees could be constructed differently to account for a broader value-based approach to service offerings.

- **History of payment strategies for WPC Pilots, which may offer in some places and circumstances an existing successful payment structure:** Many of the pre-approved ILOS were provided as part of WPC

Pilots and/or HCBS waivers, which may offer in some places and circumstances an existing successful structure and payment strategy that may be a more natural and appropriate starting place for rate-setting discussions than the midpoint prices and ranges presented here. However, historical WPC Pilot costs may also include some cost drivers (e.g., capacity building) that are not appropriate to include in service rates. These cost drivers may be better addressed outside of the rates used to reimburse for the delivery of a particular service, such as through the funding available under the Enhanced Care Management (ECM)/ILOS performance incentive program.

Rent/brick-and-mortar variation examples

Rental costs for the Inland Empire area are less than \$2.25 per square foot, compared to nearly \$80 per square foot in the San Francisco area, so a 2,000-square-foot space in the Inland Empire area may cost \$4,500 per month compared to \$160,000 in San Francisco. If such a space allowed 15 individuals to receive support for 30 days, the facility cost would be \$10 per individual per day in the Inland Empire compared to nearly \$356 per individual per day in San Francisco.

The statewide average used in this guidance was \$4 per square foot, inclusive of rent and utilities. If this per-square-foot cost was increased to \$20, the assumed service rate and rate range for Short-Term Post Hospitalization Housing, for example, would increase by nearly 66%.

Methodology for Developing Pricing Guidance

DHCS worked with its actuary, Mercer, and partner Manatt to review each ILOS



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definition, establish key pricing assumptions, and then develop a rate range and midpoint for each ILOS. As described above, rate ranges and midpoint prices, which were developed using statewide average cost inputs, are subject to geographic variation in the cost of rent, transportation, labor and other cost drivers. Additionally, more intensive or specialized service delivery models may increase costs relative to the “basic approach” that was modeled for this document. Additional resources for reference on the impact of such variation on prices are available above.

To develop the methodology for pricing specific services, DHCS and its partners relied on the following tools:

- **Stakeholder engagement:** DHCS consulted with national, state and local experts—including health care providers and payers, community-based organizations, advocates, and finance experts—through various forums to inform the service definitions, caseload assumptions and other considerations relevant to this pricing guidance. Strategies DHCS employed included:
 - Conducting robust stakeholder engagement to design the list of pre-approved ILOS and refine service descriptions for each ILOS
 - Reviewing stakeholder feedback on the January 8 release of the Revised CalAIM Proposal related to ILOS service definitions
 - Providing regular updates and engagement with MCPs and WPC counties
- **Cost input survey:** DHCS released a structured survey to stakeholders to gather data on pricing drivers for existing service offerings that are similar to ILOS. DHCS received more than 50 responses, which were then compiled and used to inform the development of the midpoint prices and underlying assumptions used in the pricing guidance. Additional detail on survey responses is provided in Appendix A.
- **Review of rate-setting approaches:** Mercer used the Center for Medicare & Medicaid (CMS) guidance on developing rates for HCBS and rate-setting strategies within California and other states to inform its methodology for developing midpoint prices and ranges for the pre-approved services.
- **Other market research on cost inputs:** Mercer reviewed typical costs for key rate inputs, such as salaries, employee-related expenses (EREs) and square footage expenses, from publicly available data sources. Sources include the following:
 - BLS wage and ERE data specific to the State of California for relevant



occupations

- Internal Revenue Service (IRS) data for applicable payroll taxes and mileage reimbursement rates
- Square footage rental costs specific to California metropolitan areas, publicly available from sources such as Colliers and Avison Young
- Social Security Administration for cost-of-living adjustment (COLA) information

When these resources offered rates that varied by region within California, Mercer used the statewide average rate as a representative midpoint approach for guidance purposes. To create the rate ranges, Mercer used the 25th and 75th percentile of statewide wages, as well as caseload assumptions as reported by respondents to the cost input survey. As noted above, individual MCPs and ILOS Providers may want to substitute region-specific rates and/or use other strategies to take into account geographic variation in costs.

- **Benchmark analysis:** Mercer also reviewed payment rates used by Medi-Cal and other California programs that fund similar services for different populations or in different circumstances. Existing payment rates for ILOS-like services covered within the following programs were reviewed in the process of establishing the midpoint rates in the pricing guidance:
 - 1915(c) HCBS Waiver for Californians with Developmental Disabilities
 - 1915(c) Home and Community-Based Alternatives Waiver
 - Meals on Wheels programs across the State

Service Payment Approach and Methodology

For purposes of developing the pricing guidance, DHCS divided the pre-approved ILOS into three major types, each of which requires a different approach to establishing illustrative rates. Table 1 outlines the payment approaches used to develop midpoint prices for each of these three major groups of pre-approved ILOS.

Table 1. Payment Approaches and Methodology for Determining Rates

Payment Approach	Description	Methodology
Bundled Payments (per Person per Month)	Single, distinct payment per Member or case payable each month a person is enrolled with a Provider (regardless of specific level of services or	<ul style="list-style-type: none"> ● Research benchmarks and market data for estimated total cost and utilization of a direct care worker or team providing



(PMPM))	number of interactions provided to that person)	services <ul style="list-style-type: none"> • Divide total cost by caseload to determine PMPM rate
Fee for Service (per Unit of Time, per Meal, etc.)	Single, distinct payment for a discrete good or defined length of time (e.g., per hour, per diem) or other unit (e.g., per meal)	<ul style="list-style-type: none"> • Research benchmarks and market standards for estimated cost and utilization where available • For services without benchmarks, calculate total cost of providing service based on various inputs (e.g., length of interaction, labor costs, staffing ratios)
Cost-Based Reimbursement Up to a Cap	A cap on the total amount of services/goods that will be reimbursed for a specified service or set of services	<ul style="list-style-type: none"> • Reflect a reasonable cap that meets policy objectives

Service Pricing Inputs for Rate Build-Ups

Where the pricing methodology relied on building up a rate based on estimated market costs (i.e., bundled and fee-for-service rates), DHCS and Mercer used one or more of the following inputs. Not all inputs were relevant for all services. Note that the key assumptions are outlined in the service-specific sections below. These assumptions are based on research and not intended to serve as State-required minimums or maximums for purposes of service delivery.

- **Labor:** Statewide average wages based generally on 25th-to-75th-percentile wages and EREs, according to BLS data for California
 - Wages for all assumed staff varied by anticipated occupation type for each service. These wages are summarized in each service section below.
 - The following ERE assumptions were used across all priced services unless noted otherwise:
 - Federal Insurance Contributions Act (FICA): 7.65% of wages
 - Federal Unemployment Tax Act (FUTA)/State Unemployment Tax Act (SUTA): \$280 per year



- Retirement and workers' compensation: 4.45% of wages
- Long Term Disability (LTD)/Short Term Disability (STD)/life insurance: 0.35% of wages
- Employer-paid health care: \$498 per employee per month
- Mileage reimbursement rate: \$0.56 per mile
- **Staffing ratios:** Caseload estimates based on market research and survey responses
- **Non-billable personnel time:** Time spent on paid time off, training, travel and documentation time
- **Transportation:** Time and mileage for service providers, where appropriate
- **Program supplies:** Cost of program materials (e.g., food) and other supplies/facility expenses (e.g., rent for facility-based services)
- **Indirect costs:** Administrative staff costs and overhead allocations

Summary of ILOS Pricing Guidance Components

This document includes the service name, unit of service, a rate range and corresponding midpoint service rate, a high-level service definition, and eligibility criteria for each ILOS. Full service definitions available in [Appendix J in the Revised CalAIM Proposal provide](#) additional detail on each pre-approved ILOS, including eligibility criteria. This guidance document also describes the major “cost drivers” that help determine the midpoint service rate and ranges.

Service-specific pricing guidance: For each of the 14 pre-approved ILOS, this document provides:

- **High-level service description and eligibility criteria:** Summary of what the service is and who is eligible to receive it.
- **Midpoint service rate:** An average midpoint rate based on a set of assumptions that drive service costs (as detailed below). Midpoint rates are non-binding and do not reflect a service rate floor or ceiling. Rather, midpoint rates represent one data point that MCPs and ILOS Providers can reference when negotiating service rates for the provision of ILOS. Some ILOS are subject to a limit or “cap” on the total amount that may be spent per Member on that particular service (e.g., Environmental Modifications) as defined by the ILOS service definitions. These capped amounts are referenced in the pricing guidance where applicable.



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- **Rate range:** In addition to the average midpoint rate, this document also provides a range of rates to consider. These ranges are based on the 25th-to-75th percentile statewide BLS wage data research, and where appropriate, on caseload ranges provided via the cost input survey. Actual contracted Provider rates may vary significantly from these illustrative rate ranges, and they should not be interpreted as a ceiling or floor on reasonable prices. In particular, these statewide average data points do not reflect full regional variability in wages, nor regional variability in brick-and-mortar or transportation costs. As a result, it may be important to consider prices outside of the ranges presented here.
- **Pricing unit and Healthcare Common Procedure Coding System (HCPCS) codes:** Proposal for how the service could be paid for (e.g., PMPM payment, reimbursement up to a cap) and the HCPCS codes associated with each service that will be used to generate encounters. Notably, HCPCS codes may differ from how an ILOS is billed.
- **Direct cost drivers and assumptions:** Summary of assumptions made on key components of cost that generated the midpoint ILOS service rate. Cost drivers include:
 - Frequency (if applicable): How often a service is provided to the Member (will not be applicable for some ILOS)
 - Duration (if applicable): How long a service lasts (will not be applicable for some ILOS)
 - Setting: Where the ILOS is provided to a Member (e.g., in a home, in an office setting)
 - Provider staffing (qualifications, salaries, caseloads): Who is providing the ILOS, what their qualifications are, and what the caseload or the ratio of staff to Members served is
 - Other pricing inputs: Other relevant drivers of pricing (e.g., transportation-related time and mileage for service providers, as appropriate)
 - Relevant benchmarks (if applicable): Other similar services provided in other programs/initiatives that helped inform the midpoint pricing of this service

Across all pre-approved ILOS, DHCS also considered the indirect costs that affect pricing rates, including administrative staff costs, overhead allocations, non-billable personnel time (e.g., training, time spent on paid time off) and



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program supplies. Indirect costs were based on review of the administrative considerations within other programs in California and generally accepted CMS limits. Broader capacity-building funding (such as IT investments) are not reflected in these rates but could be supported through other funding streams such as performance incentives.

Summary table of midpoint ILOS service rates and pricing units: The guidance document includes a summary table with each of the ILOS, their rate ranges, midpoint service rates and unit of pricing.



1. Housing Transition Navigation Service

High-level pricing approach: The pricing considers a housing care manager with a college degree providing services face-to-face in an office as well as in the community and via phone/other technology to a midpoint caseload of 1:35 individuals concurrently. The caseload range in the available research and based on stakeholder input varies from 1:20 to 1:50 individuals concurrently. Pricing also includes 1 housing specialist per 6 housing care managers and 1 supervisor per 10 housing care managers. The caseloads also reflect time spent on behalf of enrollees, such as coordination with landlords or housing research.

Service Rate

Midpoint Service Rate	\$386
Rate Range	\$324–\$449
Unit of Service	PMPM
HCPCS Billing Code	H0043, H2016 (Modifier U6 for both)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As needed
Duration (if applicable)	As needed
Setting	In-Person/Telephone/Video
Provider Staffing Qualifications and Hourly Salaries	Housing Care Manager (bachelor’s degree or higher): \$34.62 Supervisor (bachelor’s degree or higher): \$37.42 Housing Specialist (high school diploma or higher): \$34.29
Staffing Ratio/Caseload	1 Housing Care Manager: 20 to 50 Enrollees 1 Supervisor: 10 Housing Care Managers 1 Housing Specialist: 6 Housing Care Managers



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Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, paid time off (PTO) 25 days/year Transportation: 10 miles/day Indirect Expenses: 5% program costs, 10% administration
Relevant Benchmarks (if applicable)	1915(c) HCBS Waiver for Californians with Developmental Disabilities: <ul style="list-style-type: none">• Housing Access Services per hour: \$65.00



2. Housing Deposits

High-level pricing approach: MCPs and Providers may want to consider California’s FMR values defined by HUD (<https://www.huduser.gov/portal/datasets/fmr.html>) when establishing appropriate payment levels for this service. Per the service definition, both first and last month’s rent could be considered under this service, as well as utility setup fees and goods and services needed for the individual’s initial move-in. Therefore, the following payment structure may be considered:

- Two times the FMR value as established under HUD, which would represent first and last month’s rent + \$1,000 for discrete moving costs/initial utilities¹

Service Rate

Service Rate	\$5,000 recommended maximum
Unit of Service	Recommended maximum
HCPCS Billing Code	H0044 (U2 Modifier)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	Once per lifetime
Duration (if applicable)	Until \$5,000 recommended maximum is reached
Setting	N/A
Provider Staffing Qualifications and Hourly Salaries	N/A
Staffing Ratio/Caseload	N/A

¹ HUD’s Housing Choice Voucher program also uses a 90% to 110% of the FMR to determine rental payment standards. The user of the voucher must also contribute 30% of the costs towards the voucher.

https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Payment_Standards.pdf



Other Pricing Inputs	N/A
Relevant Benchmarks (if applicable)	Consistent with HCBS waiver limits

3. Housing Tenancy and Sustaining Service

High-level pricing approach: The pricing considers a housing care manager with a college degree providing services face-to-face in an office as well as in the community and via phone/other technology to a total caseload of 25 individuals concurrently. The caseload range in the available research and based on stakeholder input varies from 1:20 to 1:30 individuals concurrently. Pricing also includes 1 supervisor per 10 housing care managers. The caseloads also reflect time spent on behalf of enrollees when not directly engaging with them, such as coordination with landlords or housing research.

Service Rate

Midpoint Service Rate	\$444
Rate Range	\$413–\$475
Unit of Service	PMPM
HCPCS Billing Code	T2040, T2041 (Modifier U6 for both)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As needed
Duration (if applicable)	As needed
Setting	In-Person/Telephone/Video
Provider Staffing Qualifications and Hourly Salaries	Housing Care Manager (bachelor’s degree or higher): \$34.62 Supervisor (bachelor’s degree or higher): \$37.42
Staffing Ratio/Caseload	1 Housing Care Manager: 20 to 30 Enrollees 1 Supervisor: 10 Housing Care Managers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year



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	Transportation: 30 miles/day Indirect Expenses: 5% program costs, 10% administration
Relevant Benchmarks (if applicable)	



4. Short-Term Post-Hospitalization Housing

High-level pricing approach: The pricing considers a direct care worker available 24 hours per day who provides monitoring/support to a facility of 15 to 30 beds. The pricing includes a supervisor in a 1:10 staffing ratio and additional support professionals as needed (e.g., staff on call to address behavioral health needs). The pricing also considers square footage costs and utility costs for a Provider-maintained facility along with food costs for the residents. Costs for Medicaid covered services (e.g., pharmacy costs) are excluded from the pricing guidance for this service.

Based on the survey information and Provider feedback, alternative service locations, with similar levels of on-site care, are allowable settings for short-term post-hospitalization housing, which would influence the service costs. Additionally, as discussed in a prior section, the size of the facility and number of assumed beds per direct care worker impact total rate levels, where larger facilities tend to lower the rate.

DHCS acknowledges that variation in staffing models from the assumptions below are possible, resulting in different costs and therefore prices. For example, some short-term post-hospitalization programs may operate a specialized or intensive model (e.g., a program focused on addressing opioid addiction) with higher staff and facility costs relative to those modeled below, while others may utilize a less intensive staffing model (e.g., on call clinical staff instead of onsite clinical staff) and so may have lower staff/facility costs relative to those modeled below.

Service Rate

Midpoint Service Rate	\$108
Rate Range	\$97–\$119
Unit of Service	Per Diem
HCPCS Billing Code	H0044 (Modifier U3)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	Once per lifetime
Duration (if applicable)	Not to exceed a duration of six months



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (high school diploma or higher with training/certification): \$22.43 Psychiatric Professional (bachelor’s degree or higher): \$30.77 Supervisor (bachelor’s degree or higher): \$37.42
Staffing Ratio/Caseload	1 Direct Care Worker: 15 to 30 Residents 1 Psychiatric Professional: 6 Direct Care Workers 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Indirect Expenses: 5% program costs, 10% administration Facility Costs and Utilities: 100 square feet per enrollee and 400 square feet in common/staff space at \$4.00 per square foot Daily Food and Supply Costs: \$25 per day per resident
Relevant Benchmarks (if applicable)	



5. Recuperative Care (Medical Respite)

High-level pricing approach: The recuperative care service is more medical and intensive than the short-term post-hospitalization service; thus, the pricing assumes more highly trained staff and the need for lower caseloads. The pricing considers medically trained direct care workers providing 24 hours per day of monitoring/support to a facility of 10 to 20 beds. The pricing also includes a supervisor in a 1:10 staffing ratio and an available psychiatric professional. The pricing considers square footage costs and utility costs for a Provider-maintained facility along with food costs for the residents. Costs for Medicaid covered services (e.g., pharmacy costs) are excluded from the pricing guidance for this service. Additionally, as discussed in a prior section, the size of the facility and assumed beds per direct care worker impact total rate levels, where larger facilities tend to lower the modeled rate. DHCS also acknowledges that variation in staffing models from the assumptions below are possible, resulting in different costs and therefore prices. For example, some recuperative care programs may operate a specialized or intensive model with higher staff and facility costs relative to those modeled below, while others may utilize a less intensive staffing model (e.g., on call clinical staff instead of onsite clinical staff) and so may have lower staff/facility costs relative to those modeled below. **Service Rate**

Midpoint Service Rate	\$204
Rate Range	\$181–\$226
Unit of Service	Per Diem
HCPCS Billing Code	T1002, T2033 (Modifier U6 for both)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	No more than 90 days in continuous duration
Setting	In-Person



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (bachelor’s degree or higher): \$44.55 Psychiatric Professional (bachelor’s degree or higher): \$30.77 Supervisor (bachelor’s degree or higher): \$47.84
Staffing Ratio/Caseload	1 Direct Care Worker: 10 to 20 Residents 1 Psychiatric Professional: 4 Direct Care Workers 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Indirect Expenses: 5% program costs, 10% administration Facility Costs and Utilities: 100 square feet per enrollee and 400 square feet in common/staff space at \$4.00 per square foot Daily Food and Supply Costs: \$25 per day per resident
Relevant Benchmarks (if applicable)	



6. Respite Services

High-level pricing approach: This service provides short-term relief to an enrollee’s usual caregiver on an as-needed basis. Respite services are non-medical and may be provided within the enrollee’s home or in a facility setting. Pricing assumes use of an agency model, and as such, assumes a supervisor at a ratio of 1 to 10 direct care workers and also includes consideration for all EREs and benefits (e.g., employer-paid health care, retirement, disability insurance) for the direct care worker and supervisor, administrative cost considerations, and a travel allowance of 30 miles per day for the direct care worker. Facility-based respite in an institutional setting may lead to total rate and cost variability compared to these assumptions. Additionally, this service is well established in California’s Medicaid program, so other comparable programs may serve as benchmarks in determining appropriate funding levels.

Service Rate

Midpoint Service Rate	\$33
Rate Range	\$29–\$38
Unit of Service	Hourly
HCPCS Billing Codes	H0045, S5151, S9125

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As needed
Duration (if applicable)	As needed
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (High School diploma/on-the-job training): \$15 Supervisor (HS Diploma or higher): \$21.95



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Staffing Ratio/Caseload	1 Direct Care Worker: 1 Enrollee 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Transportation: 30 miles/day Indirect Expenses: 5% program costs, 10% administration All standard ERE components included
Relevant Benchmarks (if applicable)	1915(c) Home and Community-Based Alternatives Waiver: Home Respite: \$5.91 per 15-minute unit



7. Day Habilitation Programs

High-level pricing approach: The pricing considers a high school-educated direct care worker employed by a Day Habilitation Provider or agency delivering this service face-to-face in the community to 6 individuals concurrently. Pricing also includes 1 supervisor per 10 direct care workers. The per diem rate assumes 8 hours of continuous service being provided. As discussed in a prior section, payment for smaller group sizes (i.e., less than 6) and training/certification may require higher payment rates than illustrated. Additionally, daily rates with shorter assumed durations than 8 hours may require lower payment rates than illustrated.

Service Rate

Midpoint Service Rate	\$56 per day	\$7 per hour
Rate Range	\$46–\$67	\$6–\$8
Unit of Service	Per Diem	hourly
HCPCS Billing Code	T2012, T2014, T2018, T2020, H2014, H2024, H2026 (Modifier U6 for all)	

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	As Needed
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (HS Diploma/On-the-Job Training): \$21.95 Supervisor (HS Diploma/On-the-Job Training): \$24.21
Staffing Ratio/Caseload	1 Direct Care Worker: 6 Enrollees 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
	Transportation: 10 miles/day Indirect Expenses: 5% program costs, 10% administration
Relevant Benchmarks (if applicable)	1915(c) HCBS Waiver for Californians with Developmental Disabilities: <ul style="list-style-type: none"> Community-based Day Program per diem: \$64.05



8. Nursing Facility Transition/Diversion to Assisted Living Facilities, Such as Residential Care Facilities for Elderly and Adult Residential Facilities

High-level pricing approach: This service has two components: transition services to the Assisted Living Facility, and other services provided in the facility as needed to meet Member needs on an ongoing basis. These components are priced separately below, but could be combined in a single rate as appropriate.

The pricing for the transition services below considers a social worker with a college degree working as a care manager providing transition education and support services face-to-face in the community and via phone/other technology to a total caseload of 25 individuals concurrently. The caseload range in the available research and based on stakeholder input varies from 1:20 to 1:30 individuals concurrently. Pricing also includes one supervisor (nurse) per 10 care managers.

The pricing for the ongoing services is separately noted below in the “Ongoing Support for ADLs/IADLs” column of the table. These ongoing activities should be consistent with the service definition, and as such can include assistance with Activities of Daily Living (ADLs) and Instrumental ADLs (IADLs) as needed, companion services, medication oversight, and therapeutic social and recreational programming provided in a home-like environment. Note that the service definition also anticipates 24-hour on-site staff will be available to meet unpredictable needs in a way that promotes maximum dignity and independence, and to provide supervision, safety, and security, and pricing should be consistent with these requirements. Ongoing activities may also include coordination with the Medi-Cal managed care plan to ensure that the needs of Members who need enhanced services to be safely and stably housed in RCFE/ARF settings have in lieu of services and/or enhanced care management services that provide the necessary enhanced services. Room and board expenses are not included in the service definition or the pricing below. The hourly rate below for ongoing support services, which assumes an agency-based model and was developed using the same assumptions and methodology as the respite services midpoint price, is illustrative and may support MCPs and ILOS providers in determining reasonable reimbursement for this ongoing assistance, but it is not binding. MCPs and ILOS Providers are permitted to utilize different payment approaches to cover the ongoing services described above (i.e., not an hourly rate) that meet the unique needs of their localities. Other payment approaches may include, for example, PMPM or per diem payments. The Assisted Living Waiver [rate schedule](#) may also be a relevant benchmark for ongoing services.



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Service Rate

Service Component	Nursing Facility Transition/Diversion (PMPM)	Ongoing Support Services (hourly)
Midpoint Service Rate	\$459	\$33
Rate Range	\$422–\$496	\$29–\$38
Unit of Service	PMPM	Per Hour
HCPCS Billing Code	T2038 (Modifier U4)	N/A

Cost Drivers and Assumptions: Nursing Facility Transition PMPM

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	As Needed
Setting	Primarily In-Person; some services may be completed via telephone
Provider Staffing Qualifications and Hourly Salaries	Care Manager (bachelor’s degree or higher): \$36.51 Supervisor (nurse): \$44.55
Staffing Ratio/Caseload	1 Care Manager: 20 to 30 Enrollees 1 Supervisor: 10 Care Managers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Transportation: 10 miles/day Indirect Expenses: 5% program costs, 10% administration
Relevant Benchmarks (if applicable)	



Cost Drivers and Assumptions: Ongoing Support Services

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	As Needed
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (HS Diploma/On-the-Job Training): \$15 Supervisor (HS Diploma or higher): \$21.95
Staffing Ratio/Caseload	1 Direct Care Worker: 1 Enrollee 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Transportation: 30 miles/day Indirect Expenses: 5% program costs, 10% administration All Standard ERE components included. Consideration for ERE and indirect expenses varies widely by county.
Relevant Benchmarks (if applicable)	1915(c) HCBS Waiver for Californians with Developmental Disabilities: <ul style="list-style-type: none"> • Homemaker: \$16.71 per hour unit • Home Health Aide: \$23.63 per hour unit The Assisted Living Waiver rate schedule may also be a relevant benchmark for ongoing services.



9. Community Transition Services/Nursing Facility Transition to a Home

High-level pricing approach: The pricing considers a social worker with a college degree working as a care manager providing transition education and support services face-to-face in the home and via phone/other technology to a total caseload of 25 individuals concurrently. The caseload range in the available research and based on stakeholder input varies from 1:20 to 1:30 individuals concurrently. Pricing also includes 1 supervisor (nurse) per 10 care managers.

Service Rate

Midpoint Service Rate	\$459
Rate Range	\$422–\$496
Unit of Service	PMPM
HCPCS Billing Code	T2038 (Modifier U5)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	Lifetime maximum of \$7,500 (consistent with caps available under HCBS programs)
Setting	In-Person/Telephone
Provider Staffing Qualifications and Hourly Salaries	Care Manager (bachelor’s degree or higher): \$36.51 Supervisor (nurse): \$44.55
Staffing Ratio/Caseload	1 Care Manager: 20 to 30 Enrollees 1 Supervisor: 10 Care Managers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Transportation: 10 miles/day Indirect Expenses: 5% program costs, 10% administration



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Relevant Benchmarks (if applicable)	



10. Environmental Accessibility Adaptations (Home Modifications)

High-level pricing approach: The cap for this service is aligned with current spending caps in place within California’s HCBS waiver programs to promote consistency between programs and services and in preparation for offering successful ILOS as a statewide benefit in future years. Note that there is a requirement within the service definition that at least two bids from appropriate Providers must be obtained for each requested service or set of services.

Service Rate

Service Rate	\$7,500 Cap
Unit of Service	Cap
HCPCS Billing Code	S5165 (Modifier U6)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	Once per Lifetime
Duration (if applicable)	Lifetime maximum of \$7,500 (consistent with caps available under HCBS programs)
Setting	N/A
Provider Staffing Qualifications and Hourly Salaries	N/A
Staffing Ratio/Caseload	N/A
Other Pricing Inputs	Service definition notes a requirement of at least two bids from appropriate Providers of the requested service
Relevant Benchmarks (if applicable)	Consistent with HCBS waiver limits



11. Medically Tailored Meals/Medically Supportive Food

High-level pricing approach: The pricing considers weekly food costs per the United States Department of Agriculture (USDA) and the average delivery costs associated with transporting meals and/or food boxes in the U.S. The nutritional assessment assumes a one-hour session provided to only one person at a time from a registered dietician. Consistent with the service definition, the nutritional assessment should be based on evidence-based nutritional practice guidelines to address medical diagnoses, symptoms, allergies, medication management, and side effects to ensure the best possible nutrition-related health outcomes. The nutritional assessment will inform the ongoing menu-planning for the Member.

DHCS acknowledges that variation in program designs and staffing models from the assumptions below are possible, resulting in different costs and therefore prices. For example, some medically tailored meals/medically supportive food programs may include appropriate incremental value added services that offer a more specialized or intensive model, with higher staff and facility costs relative to those modeled below, while others may utilize a less intensive staffing model and so may have lower staff/facility costs relative to those modeled below.

Service Rate

Midpoint Service Rate	\$9.50	\$66	\$41
Rate Range	\$7–\$12	\$52–\$81	\$33–\$49
Unit of Service	Per Delivered Meal	Per Weekly Grocery Box Delivered	Per Nutritional Assessment
HCPCS Billing Code	S5170 (Modifier U6)	S9977 (Modifier U6)	S9470 (Modifier U6)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	Up to 3 delivered meals per day/delivered groceries for up to 3 meals per day
Duration (if applicable)	As needed for up to 12 weeks



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Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Setting	N/A
Provider Staffing Qualifications and Hourly Salaries	Dietician (associate degree or higher): \$29.34
Staffing Ratio/Caseload	One Hour Nutritional Assessment Per 12 weeks
Other Pricing Inputs	Food Costs: \$58.40 per week for food box (based on USDA weekly food costs) Delivery: \$7.50 per weekly box Pricing also considers administrative costs associated with ongoing meal planning
Relevant Benchmarks (if applicable)	1915(c) HCBS Waiver for Californians with Developmental Disabilities: <ul style="list-style-type: none"> Nutritional Consultation per hour: \$42.50 Meals on Wheels West Los Angeles <ul style="list-style-type: none"> \$7.00 per meal Mom's Meals (https://www.momsmeals.com/our-food/how-it-works/): <ul style="list-style-type: none"> \$6.99 per meal



12. Sobering Centers

High-level pricing approach: The pricing considers around-the-clock support from a team of staff in various staffing ratios (see Provider staffing and qualifications section of the table below). The pricing assumes this team would staff a facility size of 12 to 16 beds and also considers square footage costs for a Provider-maintained facility and food costs for the residents. Costs for Medicaid covered services (e.g., pharmacy costs) are excluded from the pricing guidance for this service. Additionally, as discussed in a prior section, the size of the facility and assumed beds per direct care worker impact total rate levels, where larger facilities tend to lower the modeled rate.

DHCS acknowledges that variation in staffing models from the assumptions below are possible, resulting in different costs and therefore prices. For example, some sobering centers may operate a specialized or intensive model (e.g., a sobering center focused on addressing behavioral health crises) with higher staff and facility costs relative to those modeled below, while others may utilize a less intensive staffing model (e.g., on call clinical staff instead of onsite clinical staff) and so may have lower staff/facility costs relative to those modeled below.

Service Rate

Midpoint Service Rate	\$170
Rate Range	\$154–\$186
Unit of Service	Per Diem
HCPCS Billing Code	H0014 (Modifier U6)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	As Needed
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (bachelor’s degree or higher): \$29.47



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	Licensed Practical Nurse (bachelor’s degree or higher): \$30.85 Supervisor (bachelor’s degree or higher): \$37.42
Staffing Ratio/Caseload	1 Direct Care Worker: 12 to 16 Enrollees 1 Licensed Practical Nurse: 3 Direct Care Workers 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Indirect Expenses: 5% program costs, 10% administration Facility Costs and Utilities: 100 square feet per enrollee and 400 square feet in common/staff space at \$4.00 per square foot Daily Food and Supply Costs: \$25 per day per resident
Relevant Benchmarks (if applicable)	



13. Personal Care Services

High-Level Pricing Approach: The pricing considers a high school-educated direct care worker or a direct care worker with on-the-job training providing one-on-one assistance with activities of daily living in the enrollee’s home or in the community. Different training/certification expectations will affect the pricing. The pricing is for an agency model which assumes a supervisor at a ratio of 1 to 10 direct care workers, and also includes consideration for all employee-related expenses and benefits (e.g., employer-paid healthcare, retirement, disability insurance) for the direct care worker and supervisor, agency administrative cost considerations, and a travel allowance of 30 miles per day for the direct care worker.

Service Rate:

Mid-Point Service Rate	\$33
Rate Range	\$29 - \$38
Unit of Service	Hourly – Agency Model
HCPCS Billing Code	S5130, T1019

Cost Drivers and Assumptions:

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	As Needed
Duration (if applicable)	As Needed
Setting	In-Person
Provider Staffing Qualifications and Hourly Salaries	Direct Care Worker (HS Diploma/On-the-Job Training): \$15 Supervisor (HS Diploma or higher): \$21.95
Staffing Ratio / Case Load	1 Direct Care Worker: 1 Enrollee 1 Supervisor: 10 Direct Care Workers
Other Pricing Inputs	Non-Billable Time: Training 40 hours/year, PTO 25 days/year Transportation: 30 miles/day Indirect Expenses: 5% program costs, 10% administration All Standard ERE components included
Relevant Benchmarks (if applicable)	1915(c) HCBS Waiver for Californians with Developmental Disabilities:



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	<ul style="list-style-type: none">• Homemaker \$16.71 per hour unit• Home Health Aide \$23.63 per hour unit Department of Social Services In-Home Supportive Services Program https://www.cdss.ca.gov/inforesources/ihss : <ul style="list-style-type: none">• Rates differ by county, but the average rate is \$14.64 prior to any consideration for ERE or indirect expenses• Consideration for ERE and indirect expenses varies widely by county
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14. Asthma Remediation

High-level pricing approach: The cap for this service is aligned with current spending caps in place within California’s HCBS waiver programs to promote consistency between programs and services and in preparation for offering successful ILOS as a statewide benefit in future years.

Service Rate

Service Rate	\$7,500 Cap
Unit of Service	Cap
HCPCS Billing Code	S5165 (Modifier U5)

Cost Drivers and Assumptions

Assumptions Informing Midpoint Price	
Cost Drivers	Assumptions
Frequency (if applicable)	Once per Lifetime
Duration (if applicable)	Lifetime maximum of \$7,500 (consistent with caps available under HCBS programs)
Setting	N/A
Provider Staffing Qualifications and Hourly Salaries	N/A
Staffing Ratio/Caseload	N/A
Other Pricing Inputs	N/A
Relevant Benchmarks (if applicable)	Consistent with HCBS waiver limits



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Summary of Non-Binding Midpoint Pilot Service Rates and Ranges

Note: *ILOS Pricing Guidance is in no way binding on MCPs or ILOS Providers. MCPs and ILOS Providers have full flexibility and discretion to agree to ILOS rates that are different than those outlined in the table, and in some circumstances, it may be appropriate to select a price outside of the range. Rate ranges and midpoint prices were developed using statewide average cost inputs, and may not fully capture geographic variation in the cost of rent, transportation, labor, and other cost drivers.*

#	Service Name	Unit of Service	Midpoint Rate	Rate Range
1	Housing Transition Navigation Services	PMPM	\$386	\$324–\$449
2	Housing Deposits	Recommended Maximum	\$5,000	N/A
3	Housing Tenancy and Sustaining Service	PMPM	\$444	\$413–\$475
4	Short-Term Post-Hospitalization Housing	Per Diem	\$108	\$97–\$119
5	Recuperative Care (Medical Respite)	Per Diem	\$204	\$181–\$226
6	Respite Services (assumes agency model)	Hourly	Agency Model: \$33	Agency: \$29–\$38
7	Day Habilitation Programs	Hourly Per Diem	\$7 Per Hour \$56 Per Day	\$6–\$8 Per Hour \$46–\$67 Per Day
8	Nursing Facility Transition/Diversion to Assisted Living Facilities, such as	PMPM for Nursing Facility Transition	\$459	\$422–\$496



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#	Service Name	Unit of Service	Midpoint Rate	Rate Range
	Residential Care Facilities for Elderly and Adult Residential Facilities	Per Hour for Ongoing Support Services	Agency Model: \$33	Agency: \$29–\$38
9	Community Transition Services/Nursing Facility Transition to a Home	PMPM	\$459	\$422–\$496
10	Environmental Accessibility Adaptations (Home Modifications)	Cap	\$7,500	N/A
11	Medically Tailored Meals/Medically Supportive Food	Per Meal Per Weekly Grocery Box Per Nutritional Consultation	\$9.50 Per Meal \$66 Per Grocery Box \$41 Per Consultation	\$7–\$12 Per Meal \$52–\$81 Per Grocery Box \$33–\$49 Per Consultation
12	Sobering Centers	Per Diem	\$170	\$154–\$186
13	Personal Care and Homemaker Services	Hourly	Agency Model: \$33	Agency: \$29 - \$38
14	Asthma Remediation	Cap	\$7,500	N/A

Appendix A: Findings From Targeted ILOS Survey

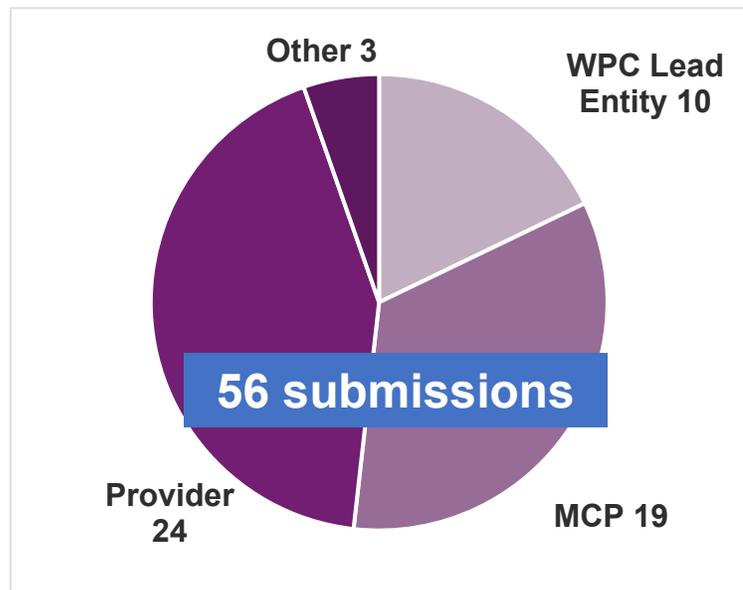
DHCS conducted a targeted survey in April 2021 to build on robust stakeholder engagement conducted to date and to support DHCS in conducting the following:

- Learn about existing service offerings that are similar to ILOS; and
- Solicit information from stakeholders on pricing information to assist DHCS in developing an ILOS pricing approach.

Fifty-six entities submitted survey responses, including:

- Managed care plans (MCPs)
- Providers of ILOS-like services/Community Based Organizations
- Whole Person Care Pilot Lead Entities

Survey Respondents



- *WPC Lead Entity includes submissions of a separate survey format.*
- *MCP includes Kaiser HealthPlan (which tagged itself as “MCP and Other”).*
- *Provider includes CBOs and “Other Providers of ILOS-like Services.”*