



June 4, 2026

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

Subject: Notice of Proposed Change to the Medi-Cal Program

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

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

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

### **QUESTIONS AND COMMENTS**

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to [BHpaymentreform@dhcs.ca.gov](mailto:BHpaymentreform@dhcs.ca.gov) or by mail to the address below:

### **Contact Information**

Department of Health Care Services  
Local Governmental Financing Division  
1501 Capitol Avenue, Bld 171, MS 2629  
Sacramento, CA 95814

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

Page 2

June 4, 2026

In addition to this notice, please note that Indian Health Programs and Urban Indian Organizations may request a consultation on this proposal at any time as needed.

Sincerely,

Original signed by

Andrea Zubiante, Chief  
Office of Tribal Affairs  
Department of Health Care Service

Enclosure



## **Department of Health Care Services (DHCS) Tribal and Designees of Indian Health Programs Notice**

### **PURPOSE**

To seek federal approval to allow DHCS to pay counties a monthly bundled rate for High Fidelity Wraparound services provided to children and youth enrolled in Medi-Cal.

### **BACKGROUND**

High Fidelity Wraparound (HFW) is a way of planning care for and supporting children and youth who have emotional and behavioral needs that are difficult to meet. DHCS currently pays counties that use HFW a single fee for each service provided, like case management. DHCS currently pays bundled rates for other programs such as Assertive Community Treatment and multisystemic Therapy programs.

### **SUMMARY OF PROPOSED CHANGES**

This SPA proposes to allow DHCS to pay counties a monthly bundled rate when it uses HFW to plan care for and support children and youth who have emotional and behavioral needs that are difficult to meet if a service included in the HFW program is provided to the same member on at least one separate day in a month. The bundle of services includes targeted case management services and rehabilitative mental health services. The state will establish county-based bundled rates for HFW on an annual basis based on labor costs, inflation, and overhead. The proposed effective date for this SPA is July 1, 2026.

### **IMPACT TO TRIBAL HEALTH PROGRAMS (THPs)**

Counties will remain responsible to reimburse THPs as described in [Behavioral Health Information Notice \(BHIN\) 22-020](#) when the THP is using High Fidelity Wraparound to plan care for and to provide support to a child or youth. Counties must pay THPs for services provided to AI/AN members whether or not the THP is contracted with the county. Counties are only required to pay THPs for services provided to non-AI/AN members if the THP is contracted with the county. Counties must pay the Federal All-Inclusive Rate (AIR) when the service meets the face-to-face requirement, and the service is provided by one of the health professionals identified in [Supplement 6 to Attachment 4.19-B](#) of California's Medi-Cal State Plan. Counties must pay THPs the monthly bundled rate when the service does not meet the face-to-face requirement or the service is not provided by one of the health professionals identified in Supplement 6 to Attachment 4.19-B of California's Medi-Cal State Plan.

### **IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)**

There is no impact to FQHCs, including Urban Indian Organizations (UIO), as counties will remain responsible to pay for Specialty Mental Health Services (SMHS), at the Fee-For-Service rate, in accordance with existing state law. Consequently, FQHCs, including UIOs, are not

eligible to receive the Prospective Payment System rate for SMHS because these services are required to be carved out. However, when an FQHC is contracted with the County or Mental Health Plan (MHP), the FQHC is eligible to receive reimbursement for SMHS if it has elected to carve out these services.

### **IMPACT TO AMERICAN INDIAN MEDI-CAL MEMBERS**

DHCS anticipates no impact to American Indian Medi-Cal member as a result of this SPA. American Indian Medi-Cal members remain eligible to access SMHS) through an Indian Health Care Provider network. This SPA does not change member access, provider choice, or covered benefits for American Indian Medi-Cal members.

### **RESPONSE DATE**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of this notice. Comment may be sent by email to [BHpaymentreform@dhcs.ca.gov](mailto:BHpaymentreform@dhcs.ca.gov) or by mail to the address below:

### **CONTACT INFORMATION**

Department of Healthcare Services  
ATTN: Local Governmental Financing Division  
1501 Capitol Avenue, Bld 171, MS 2629  
Sacramento, CA 95814