



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

**DATE:** January 19, 2018

ALL PLAN LETTER 17-020 (*REVISED*)

**TO:** ALL MEDI-CAL MANAGED CARE HEALTH PLANS

**SUBJECT:** AMERICAN INDIAN HEALTH PROGRAMS

**PURPOSE:**

The purpose of this All Plan Letter (APL) is to provide Medi-Cal managed care health plans (MCPs) with information regarding reimbursement for American Indian Health Programs (Exhibit A, Attachment 8 of the MCP's contract). The Department of Health Care Services (DHCS) has developed a change in policy regarding reimbursement of American Indian Health Programs providing services to Medi-Cal managed care beneficiaries. *Revised text is found in italics.*

**BACKGROUND:**

Under federal law, California must ensure that American Indian Health Programs are paid the applicable encounter *rate* published annually in the Federal Register by the Indian Health Service (the Office of Management and Budget (OMB) encounter *rate*), and if there is any difference between the amount paid by an MCP and the applicable OMB encounter rate, the State is required to make an additional payment pursuant to Title 42 of the United States Code (USC) Section 1396u-2(h)(2)(C)(ii)<sup>1</sup> and Title 42 of the Code of Federal Regulations (CFR) Sections 438.14(c)(2) and (3).<sup>2</sup>

Historically, the State satisfied this requirement by tracking the amounts American Indian Health Programs received from MCPs for eligible services and by making subsequent payments necessary to meet the applicable OMB encounter rate.

---

<sup>1</sup> 42 USC Section 1396u-2(h)(2)(C)(ii) is available at:

<http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section1396u-2&num=0&edition=prelim>

<sup>2</sup> 42 CFR Sections 438.14(c)(2) and (3) are available at:

[https://www.ecfr.gov/cgi-bin/text-idx?SID=38cdce7f77ce8077ee8d0d1b41735ffa&mc=true&node=pt42.4.438&rn=div5#se42.4.438\\_114](https://www.ecfr.gov/cgi-bin/text-idx?SID=38cdce7f77ce8077ee8d0d1b41735ffa&mc=true&node=pt42.4.438&rn=div5#se42.4.438_114)

Under the policy change addressed in this APL, the State will now require that MCPs *make the necessary payments* to American Indian Health Programs so *that they receive the applicable OMB encounter rate* for eligible services provided on or after January 1, 2018.

**POLICY:**

Effective January 1, 2018, MCPs are required to *make the payments described below, so that* American Indian Health Programs for eligible services provided on or after January 1, 2018, at the applicable OMB encounter rate, published in the Federal Register by the Indian Health Service.

MCPs are reminded of their obligations to attempt to contract with American Indian Health Programs, prompt payment requirements, and the allowance for non-contracted American Indian Health Programs access, where applicable.

**Office of Management and Budget Encounter Rate and Services:**

*Where the OMB encounter rate applies, American Indian Health Programs must be paid as follows:*

- 1) *For Medi-Cal beneficiaries with full Medicare coverage or Medicare Part B only, the required payment is the difference between the “Outpatient Per Visit Rate (Excluding Medicare)” listed in the Federal Register and 80 percent of the Medicare Federally Qualified Health Center (FQHC) prospective payment system (PPS) rate, as set forth in 42 USC 1395w-4(e)(6)(A)(ii). See Attachment 2 for the specific Dual rate.*
- 2) *For Medi-Cal beneficiaries that do not have Medicare Coverage or have Medicare Part A only, the required payment is the “Outpatient Per Visit Rate (Excluding Medicare)”. See Attachment 2 for the specific Non-Dual rate.*

The service types—medical visits, ambulatory visits, and mental health visits— for which the OMB encounter *rate applies* are set forth in the California Medicaid State Plan Supplement 6, Attachment 4.19-B.<sup>3</sup> The service types reimbursed at the OMB

---

<sup>3</sup> The *relevant State Plan Amendment* is available at:  
<http://www.dhcs.ca.gov/formsandpubs/laws/Documents/Supplement6toAttachment4.19-B-REVISED MAY.pdf>

encounter rate are further detailed in the Provider Manual.<sup>4</sup> To the extent that the Provider Manual conflicts with this APL, the requirements of this APL shall apply. Exceptions to MCP covered services that shall continue to be reimbursed outside the OMB encounter rate are: Non-Medical Transportation, Non-Emergency Medical Transportation, and Pharmacy.

Additionally, this policy does not extend the responsibility of the MCP to provide for eligible OMB encounter services that are outside the responsibility of the MCP currently. For example, MCPs will not be responsible for reimbursing the clinics for any dental services provided. The American Indian Health Programs will continue to follow their current billing practices for services outside the MCP's responsibility.

The OMB encounter rates are historically published with a retroactive effective date. MCPs are required to pay the most current applicable *payments as described in this APL (see Attachment 2)* during the calendar year for which the rate applies, and as an interim rate in a subsequent calendar year if an updated OMB rate has not been published. Plans shall ensure interim payments are reconciled to the applicable updated OMB rate for that calendar year in accordance with contractual prompt payment requirements.

### **Reimbursement Requirements:**

MCPs shall ensure that the following criteria are met for receipt of *payments as described in this APL*:

- The American Indian Health Program provider must be identified by DHCS (see Attachment).
- Service must be a covered benefit included in the MCP's contract with DHCS.
- As set forth in California Medicaid State Plan Supplement 6, Attachment 4.19-B, only one OMB encounter rate payment per day, per category, shall be allowed within the following three categories. This allows for a maximum of three OMB encounter payments per day, one from each category:

---

<sup>4</sup> The Provider Manual sections related to IHS are available at:  
[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/indhealth\\_o01o03.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/indhealth_o01o03.doc)

- Medical Health Visit (Encounter) – A medical visit is a face-to-face encounter occurring at a clinic or center between a American Indian Health Program recipient and physician, physician assistant, nurse practitioner, nurse midwife or visiting nurse in certain circumstances.
- Mental Health Visit (Encounter) – A mental health visit is a face-to-face encounter between an American Indian Health Program recipient and a psychiatrist, clinical psychologist, clinical social worker, or other health professional for therapeutic mental health services.
- Ambulatory Visit (Encounter) – An ambulatory visit is a face-to-face encounter between an American Indian Health Program recipient and a health care professional other than a physician or mid-level practitioner which is included in California’s Medi-Cal State Plan.

**Monitoring of Subcontractors and Delegated Entities:**

MCPs remain ultimately responsible for meeting the American Indian Service Programs reimbursement requirements, and must ensure that their delegated entities and subcontractors comply with all applicable State and federal laws and regulations, contractual requirements, and other requirements set forth in DHCS guidance and All Plan Letters (APLs). MCPs must communicate these requirements to all delegated entities and subcontractors in a timely manner to ensure compliance.

If you have any questions regarding this APL, and/or requests for an approved list of American Indian Service Programs, please contact your Managed Care Operations Division Contract Manager.

Sincerely,

Original signed by Nathan Nau

Nathan Nau, Chief  
Managed Care Quality and Monitoring Division

Attachments