

California Department of Health Care Services (DHCS)

California Advancing & Innovating in Medi-Cal (CaAIM)
Section 1115 Demonstration Renewal
Public Hearing

Welcome & Meeting Logistics



- » Participants are joining in person, by computer, or phone
- » Participants joining by computer or phone will be automatically muted upon entry
- » Telephone and computer participants can offer spoken public comments during the last half of the webinar. Those joining by computer may also use the Q&A box to submit questions and public comments
- » Live closed captioning is available
- » **Q&A Box.** All information and questions received through the Q&A box will be recorded as public comments
- » **Spoken.** Participants will have the opportunity to submit public comments in the last 20 minutes of the webinar

Agenda

CalAIM Section 1115 Demonstration Renewal

- » Overview of CalAIM
- » Section 1115 Demonstration Request
- » Demonstration Preliminary Evaluation Plan
- » Timeline & Next Steps

Discussion

Public Comment

Today's Objective

California is requesting a five-year renewal of the CalAIM Section 1115 demonstration. In today's public hearing, we will provide an overview of California's CalAIM Section 1115 renewal requests and receive public comments from stakeholders on the proposed approach.

How to Access Public Comment Materials

» [CalAIM Section 1115 Demonstration Webpage.](#)

- Public Notice.
- Tribal and Designees of Indian Health Programs Public Notice.
- Section 1115 Demonstration Renewal Application.

» [CalAIM Indian Health Program Webpage.](#)

» [CalAIM Webpage.](#)

Submitting Public Comments (1 of 2)

The state public comment period for the CalAIM Section 1115 demonstration renewal application is currently ongoing. To be considered prior to CMS submission, comments must be received by 11:59 pm PT on March 12, 2026.

- » **Mail.** Indicate “CalAIM Section 1115 Demonstration Renewal Application” in the address line:

Department of Health Care Services
Director’s Office
Attention: Tyler Sadwith
P. O. Box 997413, MS 0000
Sacramento, California 95899-7413

- » **E-mail.** Indicate “CalAIM Section 1115 Demonstration Renewal Application” in the email subject line: 1115waiver@dhcs.ca.gov.

Submitting Public Comments (2 of 2)



Today's Public Comment

- » **Q&A.** All information and questions received through the Q&A will be recorded as public comments.
- » **Spoken.** Participants will have the opportunity to submit public comments in the second half of the webinar.

CalAIM Section 1115 Demonstration Renewal

Overview of CalAIM



CalAIM Overview



- » DHCS is transforming Medi-Cal to ensure Californians can get the care they need to live healthier lives.
- » This includes new initiatives and services that go beyond the traditional doctor's office or hospital setting to address social, physical, and mental health needs.
- » CalAIM is a multi-year initiative to build a more coordinated, person-centered, and equitable health system that works for everyone.
- » CalAIM is authorized through a variety of federal Medicaid authorities, including the **CalAIM Section 1115 demonstration, the CalAIM 1915(b) waiver, Medicaid State Plan, and managed care contracts.**
- » In 2021, DHCS received authority for the CalAIM Section 1115 demonstration. DHCS is now seeking to renew the CalAIM Section 1115 demonstration for another five years to **build upon and consolidate the successes of the CalAIM initiative.**

Stakeholder Engagement for CalAIM 1115 Waiver Renewal

DHCS released the [Medi-Cal Transformation Concept Paper](#) in July 2025.

- » Since CalAIM launched in **January 2022**, DHCS has engaged in extensive stakeholder engagement to support design and implementation.
- » The CalAIM Section 1115 demonstration renewal application is informed by a series of in-person listening sessions, Medi-Cal Member Advisory Committee meetings, and other standing forums.
- » Prior to developing the application, DHCS released a **Medi-Cal Transformation Concept Paper for public comment that:**
 - Summarized California's efforts to date to **transform Medi-Cal**.
 - Outlined **DHCS' principles and goals** for Medi-Cal for 2027 and beyond.
 - Described **preliminary plans for advancing the renewal of CalAIM Section 1115 waiver**, which is set to expire on December 31, 2026.
- » **Engaged stakeholders** include Medi-Cal members, community-based organizations (CBO), MCPs, county behavioral health plans (BHP), public health agencies, sheriff's departments, probation agencies, housing service providers, health care providers, and advocates.

Updated CalAIM 1115 Demonstration Goals

Building on stakeholder feedback, DHCS proposes three primary goals to expand the reach and impact of CalAIM, aligned with California's broader vision for Medi-Cal.



- » Strengthen the ability of DHCS, plans, and providers to identify and intervene early to manage member risk and need through whole person care approaches that optimize member experience.



- » Continue to move Medi-Cal to a more consistent and seamless system by further reducing complexity, strengthening accountability, and improving program efficiency.



- » Continue to improve quality outcomes and drive delivery system transformation and innovation through value-based initiatives that allow members to receive the right care, at the right time, in the right place, at the right cost.

Section 1115 Demonstration Request



Section 1115 CalAIM Renewal Approach (1 of 2)

California is seeking to continue and strengthen existing efforts to transform Medi-Cal.

Renew Authority

- » Reentry Services for Justice-Involved Populations 90-Days Pre-Release.
- » Drug Medi-Cal Organized Delivery System (DMC-ODS) – Waiver of Institutions for Mental Disease (IMD) Exclusion for Substance Use Disorder (SUD) Services.
- » County Option to Cover Select Outpatient SUD Services.
- » Recovery Incentives (Contingency Management).
- » Traditional Healers and Natural Helpers.
- » Coverage for Out-of-State Former Foster Care Youth.
- » Chiropractic Services from Indian Health Services (IHS) and Tribal Facilities.
- » Align Dually Eligible Enrollees' Medi-Cal Managed Care Plan and Medicare Advantage Plan.
- » Managed Care Authority to Limit Plan Choice in Certain Counties.
- » Modification of Asset Test for Deemed SSI Populations
- » Global Payment Program.

Section 1115 CalAIM Renewal Approach (2 of 2)

California is also requesting to implement new initiatives and transition coverage of select CalAIM initiatives to other Medi-Cal coverage authorities. California will sunset certain authorities.

Request New Authority

- » BridgeCare Pilots.
- » Employment Supports.

Transition Authority

- » Recuperative Care, Short-Term Post-Hospitalization Housing.*
- » Community-Based Adult Services.

Sunset Authority

- » Low-Income Pregnant Women.
- » Providing Access and Transforming Health (PATH) Initiative.
- » Designated State Health Programs.

** Section 1115 authority is not needed to continue ECM and 12 of the 15 Community Supports. ECM is authorized under federal Medicaid managed care regulations regarding care coordination and continuity of care responsibilities of managed care plans. The 12 Community Supports are authorized as In Lieu Of Services (ILOS) under managed care authority.*

Section 1115 Demonstration Request: Continuing Section 1115 CalAIM Initiatives



Reentry Services for Justice-Involved Populations

90-Days Pre-Release

- » **Objective:** Address the significant physical and behavioral health care needs experienced by justice-involved populations by strengthening access to care prior to and after incarceration, and supporting Medi-Cal members in re-entering the community through enhanced coordination and communication across systems.
- » **Request:** Continue to cover **targeted Medi-Cal services for justice-involved individuals for up to 90 days prior to release** from a state prison, county jail, or youth correctional facility.
- » **Covered Services:**
 - Comprehensive reentry care management.
 - Medications for Addiction Treatment (MAT).
 - Physical and behavioral health clinical consultation.
 - Laboratory and radiology.
 - Medications and administration of covered medications.
 - Services provided by Community Health Workers and/or Peer Support Specialists with lived experience.
 - Provision of medically necessary durable medical equipment (DME) and medications in-hand upon release.

DMC-ODS – Waiver of IMD Exclusion for SUD Services



- » **Objective:** Improve access, quality, and coordination of care for SUD services provided in participating counties, including for residential treatment services.
- » **Request:**
 - Renew authority to waive the IMD exclusion* and permit federal reimbursement of short-term residential treatment services provided to eligible individuals with a SUD.

** The IMD exclusion prohibits use of federal Medicaid funds to pay for treatment delivered to individuals ages 21 through 64 residing in qualifying institutions with more than 16 beds.*

County Option to Cover Select Outpatient SUD Services

- » **Objective:** Maintain access and expand access to SUD services across the state to connect more Medi-Cal members to care and further reduce drug-related overdose deaths.
- » **Request:**
 - Continue authority to allow counties to opt-in to provide Peer Support Services, which are culturally competent services that promote recovery, to Medi-Cal members receiving care in the Specialty Mental Health Services (SMHS), Drug Medi-Cal (DMC), or DMC-ODS delivery systems*.
 - Request new authority for DMC counties to opt-in to cover Mobile Crisis Services.
 - Request new authority to allow DMC counties to opt in to cover certain outpatient SUD services that are currently limited to the DMC-ODS delivery system:
 - Care Coordination
 - Recovery Services
 - Peer Support Services
 - Partial Hospitalization
 - Withdrawal Management

** Delivery system authorities for SMHS and DMC-ODS are authorized through California's CalAIM 1915(b) waiver.*

Recovery Incentives (Contingency Management)

- » **Objective:** Promote recovery among Medi-Cal members living with stimulant use disorder by promoting longer retention in treatment and reduced drug use to:
 - Improve members' health outcomes.
 - Reduce rates of ED utilization and inpatient stays.
 - Increase community engagement.
- » **Request:** Continue authority for Recovery Incentives, which are an evidence-based practice to reward participants with stimulant use disorder for meeting treatment goals, and expand opt-in option to DMC State Plan Counties.

Traditional Healers and Natural Helpers

- » **Objective:** Improve access to SUD treatment for American Indians and Alaska Natives through Indian Health Care Providers (IHCP), and promote access to culturally responsive and evidence-based SUD treatment.
- » **Request:**
 - Continue to provide **coverage for culturally responsive SUD treatment** through IHCPs under the DMC-ODS delivery system.
 - Retain authority to cover Traditional Healer and Natural Helper services for other conditions beyond SUD and for other delivery systems.
- » **Covered Services:**
 - **Traditional Healer services**, which may use an array of interventions, including music therapy (such as traditional music and songs, dancing, drumming), spirituality (such as ceremonies, rituals, herbal remedies) and other integrative approaches.
 - **Natural Helper services** may assist with navigational support, psychosocial skill building, self-management, and trauma support to individuals that restore the health of eligible Medi-Cal members.

Global Payment Program (GPP)

- » **Objective:** Increase access to, stabilize, and strengthen providers and provider networks that serve Medicaid and low-income populations, while increasing efficiency and quality of care.
- » **Request:** Continue GPP, which is a pool of funding used to **compensate designated public hospital systems** for services provided to the uninsured **through a value-based methodology**.

Existing GPP Goals:

- » Move away from payments restricted to acute and costly hospital and emergency settings.
- » Encourage preventive care, primary care, chronic disease management, and care coordination.
- » Encourage the use of technology-enabled care.

New GPP Proposed Changes:

- » Add new GPP services that expand the program's focus on prevention, chronic disease management, and behavioral health.
- » Introduce risk to earning GPP funding.
- » Incentivize investment in system transformation efforts.

Other Existing Initiatives Continuing Under CalAIM

Initiative	Description
Coverage for Out-of-State Former Foster Care Youth	Medi-Cal coverage for former foster care youth who are under age 26 and who were in foster care in another state on their 18 th birthday.
Chiropractic Services from IHS and Tribal Facilities	Chiropractic services furnished by Tribal providers to Medi-Cal members.
Modification of Asset Test for Deemed SSI Populations	Medi-Cal eligibility for individuals in select Deemed SSI populations (Pickle Group, Disabled Adult Child group, Disabled Widow/Widower group) by increasing the asset test.
Align Dually Eligible Enrollees' Medi-Cal Managed Care Plan and Medicare Advantage Plan	Aligns a dually eligible beneficiary's Medicaid plan with their Medicare Advantage (MA) Plan choice, to the extent the MA plan has an affiliated Medicaid plan.
Managed Care Authority to Limit Plan Choice in Certain Counties	Enables the state to limit choice of MCPs in metro, large metro, and urban counties operating under the County Organized Health System (COHS) and Single Plan models.

Section 1115 Demonstration Request: New Section 1115 CalAIM Initiatives



Overview of BridgeCare Pilots Initiative (1 of 2)

- » **Objective:** Support older adults to remain in their homes and communities, prevent nursing home admission and impoverishment that leads to Medi-Cal enrollment, improve health outcomes, and reduce avoidable healthcare spending.

- » **Approach:**
 - Provide a targeted set of **home and community-based services (HCBS)** and caregiver supports (e.g., personal care services, home modifications, caregiver respite) for “near duals.”
 - **“Near duals”** are Medicare members age 65 and older with significant health needs, limited income above Medi-Cal limits, and who lack resources for adequate care.
 - Participants will be **required to pay cost-sharing** up to a specified percent of the average monthly cost of services.
 - **Local entities** (counties or regions) opt-in to implement the pilot in their region and support the non-federal share of Medicaid funding.
 - California will request federal approval to **reinvest a portion of Medicare** savings that may result from the BridgeCare Pilots to offset the cost to local entities.

Overview of BridgeCare Pilots Initiative (2 of 2)

BridgeCare Pilots will provide a set of HCBS and caregiver supports to eligible participants in regions where a local entity elects to participate.

Eligibility	Services	
<ul style="list-style-type: none">» Be age 65 or older.» Be enrolled in traditional Medicare.» Require the level of care that is typically provided in a skilled nursing facility.» Live at home or in the community.» Meet the following financial eligibility criteria:<ul style="list-style-type: none">• Have countable income between 138 and 220% of the federal poverty level (FPL).• Have not met their Medicaid share of cost, or do not have enough medical expenses that would meet their share of cost.• Have countable assets within Medi-Cal asset limits.	<p>Core Services (<i>provided to all participants</i>):</p> <ul style="list-style-type: none">» Assessments.» Individualized care planning.» Care management.» Personal Care Services.» Respite for Caregivers.» CAPABLE program: a home-based program integrating services from an occupational therapist (OT), registered nurse (RN), and a handy worker team.	<p>Discretionary Services (<i>may be available in certain regions if elected by the local entity</i>):</p> <ul style="list-style-type: none">» Homemaker Services.» Adult Day Care.» Assistive Technology.» Communication: Device and Translation/Interpretation.» Community Transition Services.» Consultative Clinical Services.» Nutritional Services.» Social Support.» Transportation.

Overview of Employment Supports

- » **Objective:** Assist individuals in meeting work and community engagement reporting requirements to support continuity of Medi-Cal coverage at application and renewal.
- » **Request:**
 - **Provide pre-employment and employment sustaining services** to address barriers to employment, support sustained workforce participation, and **promote economic stability among Medi-Cal members subject to work requirements who cannot be determined exempt or compliant.**
 - Counties or county-based entities may voluntarily opt-in to make these services available for eligible members and to support the non-federal share for federal Medicaid funding.

» Pre-Employment Services:

- Helping individuals find and apply for jobs (e.g., resume workshops, interview coaching).
- Supporting individuals to connect to high school graduation, General Education Programs, vocational training, and college degree programs.
- One-on-one job coach coaching.

» Employment Sustaining Services:

- Supporting individuals who have secured a job to maintain their employment (e.g., financial and health literacy support, linking to high quality childcare, transportation assistance).

Section 1115 Demonstration Request: Transitioning and Sunsetting Section 1115 CalAIM Initiatives



Transitioning Section 1115 CalAIM Initiatives

As part of the CalAIM 1115 renewal, California is seeking to transition coverage of the following services effective January 1, 2027.

Initiative	Description	Updated Approach
Community-Based Adult Services (CBAS)	Services and supports for older adults and adults with disabilities to restore or maintain their optimal capacity for self-care and delay or prevent institutionalization.	<ul style="list-style-type: none">Transition to 1915(i) State Plan authority to strengthen this benefit as an entitlement.
Recuperative Care	Short-term residential setting in which members recover from an injury or illness while obtaining access to primary care, behavioral health services, case management, and other supportive social services.	<ul style="list-style-type: none">Create a recuperative care model that combines the levels of care currently offered under both recuperative care and Short-Term Post Hospitalization Housing (STPHH), and to sunset STPHH as a separate Community Support.Transition federal authority for recuperative care to Medicaid managed care In Lieu of Services (ILOS) authority, consistent with other Community Supports.
STPHH	Provides a safe, stable place for members to recover immediately after hospital discharge, especially for those without a residence.	

Sunsetting Section 1115 CalAIM Initiatives

California will not be renewing the following initiatives under the CalAIM Section 1115 demonstration renewal.

Initiative	Description	Rationale for Not Renewing
Providing Access and Transforming Health (PATH)	Time-limited funds (authorized from 2022-2026) to support the capacity and infrastructure of community partners to successfully participate in the Medi-Cal delivery system and offer ECM, Community Supports, and pre-release services.	DHCS and partners across the state have achieved the goals of the PATH initiative, evidenced by the broad availability of ECM and Community Supports across California and the launch of pre-release services in the state.
Low-Income Pregnant Women	Postpartum benefits for pregnant women with incomes between 109-138% of the FPL, which includes all benefits that would otherwise be covered for women with incomes below 109% of the FPL.	DHCS transitioned the authority for these services from Section 1115 authority to the Medi-Cal State Plan.
Designated State Health Programs (DSHP)	DSHP financing was used to support portions of the PATH program.	DSHP financing is no longer needed as PATH Funding was time-limited; CMS has indicated it will no longer approve DSHPs.

Preliminary Evaluation Plan

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Preliminary Evaluation Plan

As part of the CalAIM 1115 renewal application, California included a preliminary plan to evaluate the CalAIM demonstration and measure achievement of the demonstration's goals, per federal regulations. These hypotheses will be further defined as California works with CMS to develop an evaluation design.

- » **Section 1115 Demonstration Evaluation Requirements:**
 - DHCS will contract with independent third parties to conduct evaluations and develop evaluation design plans for CMS review.
 - New hypotheses will be tested and evaluated in the CalAIM 1115 demonstration renewal.
- » **Draft Hypotheses:**
 - Over the course of the CalAIM demonstration renewal period, DHCS anticipates the proposed CalAIM 1115 initiatives will:
 - Improve coverage, continuity, and access to care.
 - Reduce avoidable high-cost utilization.
 - Strengthen coordination and integration across systems and implementation partners.

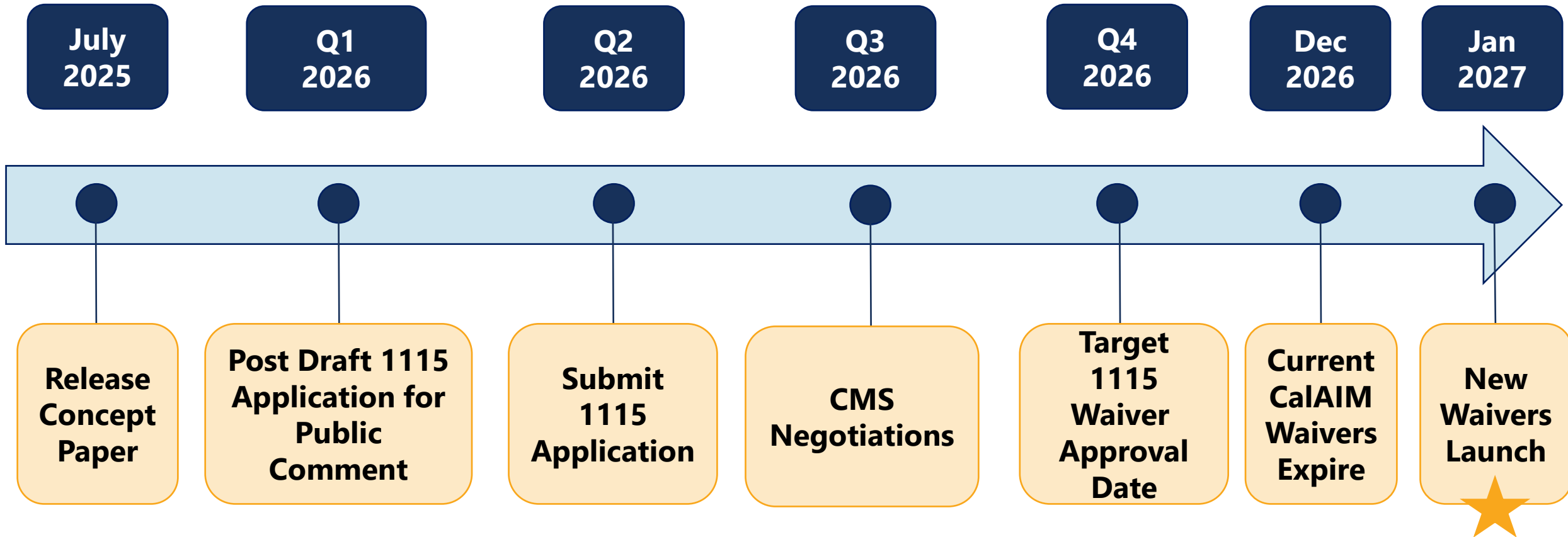
The proposed hypotheses for evaluation in the CalAIM 1115 demonstration renewal are available in Section 6 of the draft application.

Timeline and Next Steps



Waiver Renewal Timeline

California plans to submit its comprehensive application to renew its 1115 waiver by the end of Quarter 2 (Q2) 2026. California is committed to engaging with stakeholders on an ongoing basis throughout the design and implementation of the proposed demonstration.



Timeline and Next Steps

- » **Public Comment Period.** The CalAIM 1115 Renewal Application is available for public comment through March 12, 2026. Please submit all written comments to 1115waiver@dhcs.ca.gov.
- » **Response to Public Comment.** DHCS will consider the issues raised and revise the draft CalAIM 1115 Renewal Application, as appropriate, based on stakeholder feedback in spring 2026.
- » **Submission to CMS.** DHCS intends to submit the final CalAIM 1115 Renewal Application for CMS review in late Q2 2026.
- » **Ongoing Stakeholder Engagement.** DHCS is committed to engaging with stakeholders on an ongoing basis throughout the design and implementation of the CalAIM Renewal.

Find the draft CalAIM 1115 Renewal Application posted on
<https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>

Public Comment



Public Comments

DHCS will now take comments from stakeholders on the CalAIM Section 1115 Demonstration Renewal Application.

- » **Q&A.** All information and questions received through the box will be recorded as public comments.
- » **Spoken.** Participants must “raise their hand” for facilitators to unmute the participant to share their public comment.
 - After selected to share your public comment, please ensure you are “unmuted” on your audio.
- » **Please limit comments to 2 minutes.**

Thank You!