



December 16, 2024

Tyler Sadwith
State Medicaid Director
Department of Health Care Services
1501 Capitol Avenue, 6th Floor, MS 0000
Sacramento, CA 95814

Dear Director Sadwith:

The Centers for Medicare & Medicaid Services (CMS) is approving California's request to amend its Medicaid section 1115(a) demonstration entitled, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project Numbers 11-W-00193/9 and 21-W-00077/0) (the "demonstration"), which is effective from the date of approval and will remain in effect through the demonstration approval period, which is set to expire December 31, 2026. Approval of this demonstration amendment will provide waiver authority related to the approved reentry demonstration initiative for a limited purpose, provide Title XXI expenditure authority for health-related social needs (HRSN), include updates to the special terms and conditions (STCs) for already approved HRSN services in alignment with CMS's housing duration and frequency policy, and make other technical changes.

Youth Eligibility under the Reentry Demonstration Initiative

In order to help facilitate California's implementation of the Consolidated Appropriations Act, 2023 (CAA, 2023; P.L. 117-328), CMS is providing authority for the state to extend pre-release services to all individuals in an adult facility who are under the age of 21 or a former foster care youth, without meeting any health-related criteria. Individuals who are 21 years of age or older and who are not former foster care youth who are incarcerated in state or county jails still need to meet one of the health-related criteria listed in the demonstration's Special Terms and Conditions (STCs).

Pre-Release Services under the Reentry Demonstration Initiative

On January 26, 2023, CMS approved expenditure authority for California to provide limited coverage for a targeted set of services furnished to certain incarcerated individuals immediately prior to the individual's expected date of release.

Eligible Juveniles and Targeted Low-Income Children and this Section 1115 Reentry Demonstration Initiative

Section 5121 of the CAA, 2023 amends the Social Security Act (the Act) and describes a mandatory population (eligible juveniles and targeted low-income children) and set of pre-release and post-release services. Every state is required to submit Medicaid and CHIP State Plan Amendments (SPAs) attesting to meeting the requirements in section 5121 of the CAA, 2023 beginning January 1, 2025.¹

To the extent there is overlap between the services required to be covered under sections 1902(a)(84)(D) and 2102(d)(2) of the Act and coverage under this demonstration, we understand that it would be administratively burdensome for states to identify whether each individual service is furnished to a beneficiary under the state plan or demonstration authority. Accordingly, to eliminate unnecessary administrative burden and ease implementation of statutorily required coverage and this demonstration, we are approving waivers of the otherwise mandatory state plan coverage requirements to permit the state instead to cover at least the same services for the same beneficiaries under this demonstration. This approach will ease implementation, administration, and claiming, and provide a more coherent approach to monitoring and evaluation of the state's reentry coverage under the demonstration. The state will provide coverage under the reentry demonstration initiative to eligible juveniles described in section 1902(nn)(2) of the Act in alignment with sections 1902(a)(84)(D) and 2102(d)(2) of the Act, at a level equal to or greater than otherwise would be covered under the state plan. Compliance and state plan submission requirements under section 5121 of the CAA, 2023 will remain unchanged. Coverage of the population and benefits identified in sections 1902(a)(84)(D) and 2102(d)(2) of the Act, as applicable, will automatically revert to state plan coverage in the event that this demonstration ends or eliminates coverage of beneficiaries or services specified in those provisions.

Implementation and Reinvestment Plans

As described in the demonstration STCs, California has already submitted and received approval for a Reentry Demonstration Initiative Implementation Plan (implementation plan) and Reinvestment Plan. The operational plan requirement in sections 1902(a)(84)(D) and 2102(d)(2) of the Act is satisfied by the implementation plan only for the population and for the services covered under this demonstration and for which the requirements of sections 1902(a)(84)(D) or 2102(d)(2) of the Act therefore are waived. The state is still required to create an operational plan, provide coverage, and otherwise meet state plan requirements with respect to any population or service specified in sections 1902(a)(84)(D) or 2102(d)(2) of the Act that is not covered under this demonstration. The Reinvestment Plan may include the services provided to eligible juveniles and targeted low-income children under sections 1902(nn)(2) and 2102(d)(2) of the Act, respectively, who are covered under this demonstration.

HRSN Services

CMS is authorizing the state to provide HRSN services to CHIP enrollees and increase coverage of CalAIM housing intervention services that address HRSN, as evidence indicates that these

¹ SHO# 24-004, RE: Provision of Medicaid and CHIP Services to Incarcerated Youth.
<https://www.medicaid.gov/federal-policy-guidance/downloads/sho24004.pdf>

benefits are critical drivers of an individual's access to health services that keep them well.^{2,3} Under the demonstration, these services have been referred to as recuperative care and short-term post hospitalization, but, upon approval of this amendment, will now be referred to as short-term recuperative care and short-term post-transition housing, respectively. Under this amendment, CMS will update the housing duration limits for these two currently approved HRSN housing services. These HRSN housing services are classified as episodic interventions with clinical services with room and board. Meanwhile, California's other section 1115 demonstration, BH-CONNECT, authorizes another HRSN housing service that is classified as room and board only support (also known as short-term rental assistance).

CMS will apply separate duration caps to both categories of housing assistance (that is, episodic interventions with clinical services with room and board, and room and board only support) under CalAIM and BH-CONNECT. Episodic interventions with clinical services with room and board covered under CalAIM will be allowed up to a combined 6 months, per rolling year. Separately, room and board-only support, covered under BH-CONNECT, will be allowed up to a combined 6 months, per household, per demonstration period. For each of these 6-month caps, coverage will be permitted in one or more spans or episodes, as long as the total duration remains under the cap for the rolling year or demonstration period. CMS will also apply a total combined cap of 6 months for all types of HRSN housing interventions covered under both of California's section 1115 demonstrations (CalAIM and BH-CONNECT) when providing room and board supports, per beneficiary, in any 12-month period.

Currently under the CalAIM demonstration, short-term recuperative care can only be allowed up to 90 days in duration and short-term post-transition housing may only be offered once during the demonstration period for no more than 6 months in duration, per demonstration period. With the amendment, the STCs have been updated and CMS is also including an update to Attachment U, the Community Supports Appendix, to align with CMS's HRSN services housing intervention duration policy described in the prior paragraph.

Budget and Allotment Neutrality

The state has already accounted for the CAA, 2023 population in making estimates for the previous action approved in January 2023. Additionally, CMS is not altering the state's HRSN expenditure authority. There is no budgetary neutrality impact with this action.

Under this demonstration, the state is eligible to receive Title XXI funds for allowable Title XXI demonstration expenditures, up to the amount of its Title XXI allotment. Title XXI funds must

² As discussed in a letter to State Health Officials issued on January 7, 2021, <https://www.medicaid.gov/federalpolicy-guidance/downloads/sho21001.pdf>, addressing Social Determinants of Health can more effectively improve population health, reduce disability, and lower overall health care costs in the Medicaid program. While "social determinants of health" is a broad term that relates to the health of all people, HRSN relates more specifically to an individual's adverse conditions reflecting needs that are unmet and contribute to poor health. See also <https://www.healthaffairs.org/doi/10.1377/forefront.20191025.776011/full/>

³ Bachrach, D., Pfister, H., Wallis, K., Lipson, M. Addressing Patients' Social Needs: An Emerging Business Case for Provider Investment. The Commonwealth Fund; 2014; https://www.commonwealthfund.org/sites/default/files/documents/media_files_publications_fund_report_2014_may_1749_bachrach_addressing_patients_social_needs_v2.pdf.

be first used to fully fund costs associated with CHIP state plan populations. The demonstration expenditures are limited to remaining funds.

Monitoring and Evaluation

The state must integrate the amendment components in the demonstration's monitoring and evaluation activities, as applicable. For monitoring, this may include updates to relevant quantitative metrics and narrative information describing progress with demonstration implementation. The state is also required to adjust evaluation efforts to assess the effectiveness of the amendment components in improving beneficiary utilization of care, health outcomes, and health disparities. In addition, the state is required to include eligible juveniles and targeted low-income children eligible under sections 1902(a)(84)(D) and 2102(d)(2) of the Act, as applicable, as part of the demonstration monitoring and evaluation activities.

Consideration of Public Comments

Public comments were addressed in the approval of the reentry demonstration initiative approval letter on January 26, 2023. For HRSN services, public comments were addressed in the initial CalAIM extension approval letter on December 29, 2021.

Other Information

CMS' approval of this amendment is conditioned upon compliance with the enclosed amended set of waiver and expenditure authorities and the STCs defining the nature, character, and extent of anticipated federal involvement in the demonstration. The award is subject to our receiving your acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter. Your project officer, Diona Kristian, is available to answer any questions concerning this amendment, and Diona Kristian's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop S2-25-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850
Email: Diona.Kristian@cms.hhs.gov

If you have any questions regarding this approval, please contact Jacey Cooper, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Chiquita Brooks-LaSure
Administrator

Enclosure

cc: Cheryl Young, State Monitoring Lead, Medicaid and CHIP Operations Group