



May 24, 2024

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 FQHCAPM@dhcs.ca.gov or by mail to the address below:

Contact Information

Department of Health Care Services
FQHC APM
Capitated Rates Development Division, MS 4413
1501 Capitol Ave
Sacramento, CA 95814

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and Urban Indian Organizations

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In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. 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 Stephanie Hockman for

Andrea Zubiate, Chief
Office of Tribal Affairs
Department of Health Care Services

Enclosure



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

PURPOSE

To seek federal approval to implement an alternative to the current way Federally Qualified Health Centers (FQHC) are paid. Instead of receiving payment each time someone receives a service, FQHCs will now receive a monthly payment for each person they take care of.

BACKGROUND

California State Senate Bill (SB) 147 (Chapter 760, Statutes of 2015) authorized a pilot program with the goal of incentivizing a delivery system and practice transformation through the implementation of this Alternative Payment Methodology (APM). FQHCs are currently paid for each eligible service provided to a Medi-Cal member. The new payment system proposed encourages FQHCs to offer care that helps people become healthier, even without a doctor's visit, by paying a monthly payment for each member assigned to the FQHC.

FQHCs can choose whether or not to participate in the new program. To join, FQHCs need to apply during the open application periods each year and meet certain criteria. Each participating FQHC will have the option to withdraw before the start of every program year. They will be paid for each member assigned from a contracted Managed Care Plan (MCP). The amount they receive will be based on their past payments for each member. The state will ensure that FQHCs receive at least their standard rate multiplied by the number of traditional visits each year. The FQHC must keep records of the payments it receives. FQHCs will also need to make sure they meet minimum quality requirements and show improvement over time. Additional details will be forthcoming in a program guide, which will be published on the DHCS FQHC APM Webpage¹.

DHCS is proposing this new payment structure as a way to improve the quality of care for Medi-Cal members while providing FQHCs with the flexibility to provide the proper level of care instead of only receiving payment per service. FQHCs will have their performance measured on various quality domains, including but not limited to: Well Child Visits, Adolescent Well-Care Visits, and Adults' Access to Preventive Services, which determines future eligibility for the program. This program aligns with and supports the DHCS Quality Strategy² which aims to eliminate health disparities through anti-racism and community partnerships, data-driven improvements that address the whole person, transparency, accountability, and member involvement.

SUMMARY OF PROPOSED CHANGES

MCPs will pay FQHCs that opt into this program a monthly rate for each person assigned to them. The rate will be based on the services provided to previously assigned members. The FQHC may receive more funding than they would have in the prior system, based on the care provided. If the FQHC meets quality of care goals, they can keep the funds that exceed the current services multiplied by their prospective payment system fee.

¹ [DHCS FQHC APM Webpage](#)

² [DHCS Quality Strategy Executive Summary](#) 2022

IMPACT TO TRIBAL HEALTH PROGRAMS (THPs)

DHCS does not expect this proposal to impact THPs because these programs are reimbursed at the Federal All Inclusive Rate (AIR). Payment at a Prospective Payment Systems rate is required to participate in this APM.

IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

FQHCs and FQHC "look-a-likes" are eligible to participate. However, Rural Health Clinics are not. FQHC "look-a-likes" must meet the requirements outlined in California code.³ Should these providers choose to participate and change their payment methodology, DHCS anticipates their clients may experience an improvement in the quality of their care.

IMPACT TO AMERICAN INDIAN MEDI-CAL MEMBERS

DHCS expects this proposal will help FQHCs who opt into the program enhance the quality of care for all Medi-Cal members served, including American Indians and Alaska Natives. DHCS anticipates this will likely improve health outcomes for all members who receive services at these FQHCs.

RESPONSE DATE

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 FQHCAPM@dhcs.ca.gov or by mail to the address below:

CONTACT INFORMATION

Department of Health Care Services
FQHC APM
Capitated Rates Development Division, MS 4413
151 Capitol Ave.
Sacramento, CA 95814

³ California Welfare and Institutions Code (WIC) Section 14138.1(i)(B)(iii) and (iv).