

June 29, 2022

Ms. Jacey Cooper  
Chief Deputy Director, Health Care Programs  
California Department of Health Care Services  
1501 Capitol Avenue, 6th Floor, MS 0000  
Sacramento, CA 95814

Dear Ms. Cooper:

The Centers for Medicare & Medicaid Services (CMS) is approving California's (the "state") request to amend the section 1115(a) demonstration titled, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project Number 11-W-00193/9) (the "demonstration") to increase the asset limit and subsequently eliminate the asset test for certain populations, in accordance with section 1115(a) of the Social Security Act (the Act). This approval is effective as of July 1, 2022 through December 31, 2026 upon which date, unless extended or otherwise amended, all authorities granted to operate this demonstration will expire.

CMS' approval is subject to the limitations specified in the attached waiver authorities, expenditure authorities and Special Terms and Conditions (STCs). The state may deviate from Medicaid state plan requirements only to the extent those requirements have been listed as not applicable to expenditures under the demonstration.

The CalAIM demonstration was approved on December 29, 2021 to help address many of the complex challenges facing California's most vulnerable residents, such as the health needs of the homeless, behavioral health care access, children with complex medical conditions, and the growing number of justice-involved populations who have significant clinical needs. Under the demonstration, CMS approved the Providing Access and Transforming Health (PATH) program to provide transitional funding to enable the state to support continuity of services as well as efforts to maintain and support the provider and community-based organization (CBO) capacity necessary to enable the transition from Medi-Cal 2020 to CalAIM.

### **Extent and Scope of Demonstration Amendment**

California State Assembly Bill 133<sup>1</sup> directed the Department of Health Care Services (DHCS) to seek federal approval to implement a two phased approach to increase and eventually eliminate the asset limits for non-MAGI coverage groups. DHCS submitted to CMS and received

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<sup>1</sup> California State Assembly Bill 133 (AB 133; Sec. 364; Welfare and Institutions Code § 14005.62).

[https://leginfo.ca.gov/faces/billCompareClient.xhtml?bill\\_id=202120220AB133&showamends=false](https://leginfo.ca.gov/faces/billCompareClient.xhtml?bill_id=202120220AB133&showamends=false)

approval for State Plan Amendment (SPA) 21-0053<sup>2</sup>. This approved SPA gives DHCS authority to implement the resource disregard to increase the asset limits for most non-MAGI coverage groups.

Since the authority to apply disregards under section 1902(r)(2) of the Social Security Act is limited to certain enumerated coverage groups, the approved SPA does not apply to the “Deemed SSI groups,” specifically those mandatory Medi-Cal eligibility groups comprised of individuals who would be eligible for Medicaid if they were receiving Supplemental Security Income (SSI) and/or state supplementary payments (SSP) but are no longer receiving such payments and are thus “deemed” eligible for Medi-Cal. On April 06, 2022, the state submitted an amendment to the CalAIM demonstration to assure access to and provide parity with the asset disregard policy for the populations under the approved SPA.

Effective July 1, 2022, this amendment allows the state to apply a disregard of \$130,000 in nonexempt property for a single Medi-Cal enrollee and \$65,000 for each additional household member, up to a maximum of ten members for certain eligibility groups. The eligibility groups covered under this demonstration are: The Pickle Amendment Group, The Disabled Adult Child group, and The Disabled Widow/Widower group. This authority will also eliminate the asset limits for these demonstration groups, effective January 1, 2024, allowing the state to no longer apply a disregard.

### **Consideration of Public Comments**

To increase the transparency of demonstration projects, sections 1115(d)(1) and (2) of the Social Security Act (the Act) direct the Secretary to issue regulations providing for two periods of public comment on a state’s application for a section 1115 demonstration that would result in an impact on eligibility, enrollment, services, cost-sharing, or financing. The first comment period occurs at the state level before submission of the section 1115 application, and the second comment period occurs at the federal level after the application is received by the Secretary.

As enacted by the Affordable Care Act (ACA), and incorporated under section 1115(d)(2)(A) and (C) of the Act, comment periods should be “sufficient to ensure a meaningful level of public input,” but the statute imposed no additional requirement on the states or the Secretary to provide an individualized response to address those comments, as might otherwise be required under a general rulemaking. Accordingly, the implementing regulations issued in 2012 provide that CMS will review and consider all comments received by the deadline, but will not provide individualized written responses to public comments (42 CFR 431.416(d)(2)).

The federal public comment period opened on April 13, 2022 and closed on May 13, 2022. One comment was received, and was not relevant to the amendment or the state.

After carefully reviewing the demonstration proposal and the public comments submitted during the federal comment period, CMS has concluded that the demonstration is likely to assist in promoting the objectives of Medicaid.

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<sup>2</sup> State Plan Amendment 21-0053. Approved November 24, 2021.

<https://www.dhcs.ca.gov/formsandpubs/laws/Documents/SPA-21-0053-Approval.pdf>

### **Other Information**

Consistent with CMS requirements for systematic monitoring and robust evaluation of section 1115 demonstrations, the state will be required to incorporate the amendment into the demonstration's monitoring and evaluation activities and deliverables, as applicable.

CMS' approval of this amendment is conditioned upon compliance with the enclosed amended set of 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.

Along with amending the demonstration, CMS is issuing technical corrections to the CalAIM demonstration. The following is a summary of the technical corrections being issued.

- Corrected numbering for the expenditure authorities.
- Removed Attachment W, as contents are included in Attachment U.
- Clarified language under the Programs Description and Historical Context section, STC sections V. A., V. B., VI, VII, XIII.
- Corrected formatting and numbering under STC sections V. A., V. B., V. C., VI, VII, VIII, X, XI, XII.

Your project officer for this demonstration is Rachel Nichols. She is available to answer any questions concerning this amendment. Ms. Nichols' 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, MD 21244-1850  
E-mail: [Rachel.Nichols@cms.hhs.gov](mailto:Rachel.Nichols@cms.hhs.gov)

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

Sincerely,



Daniel Tsai  
Deputy Administrator and Director

Enclosure

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

**CENTERS FOR MEDICARE & MEDICAID SERVICES  
EXPENDITURE AUTHORITY**

**NUMBER:** 11-W-00193/9

**TITLE:** California CalAIM Demonstration

**AWARDEE:** California Health and Human Services Agency

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the state for the items identified below, which are not otherwise included as expenditures under section 1903 of the Act shall, for the period of this demonstration, be regarded as expenditures under the state's Medicaid title XIX and XXI plan. The expenditure authority period of this demonstration is from the effective date identified in the demonstration approval letter, or as otherwise indicated herein or in the Special Terms and Conditions (STCs), through December 31, 2026.

The following expenditure authorities shall enable California to implement the CalAIM Demonstration. All Medicaid requirements apply to expenditure authority 3, 4, 5, 7, 8, 9, and 10 (except as inconsistent with those authorities or except as provided herein or as set forth in the STCs).

- 1. Global Payments Program for Public Health Care Systems.** Expenditures for payments to eligible Public Health Care Systems, subject to the annual expenditure limits set forth in the STCs, to support participating Public Health Care systems providers that incur costs for uninsured care under the value-based global budget structure set forth in the STCs.
- 2. Chiropractic Services Provided by Indian Health Service (IHS) and Tribal Facilities.** Expenditures for supplemental payments to support participating IHS and tribal facilities that incur costs associated with chiropractic services for which Medi-Cal coverage was eliminated by SPA 09-001 that are furnished by these providers to individuals enrolled in the Medi-Cal program.
- 3. Expenditures Related to Community Based Adult Services (CBAS).** Expenditures for CBAS services furnished to individuals who meet the level of care or other qualifying criteria.
- 4. Expenditures Related to Low Income Pregnant Women.** Expenditures to provide post-partum benefits for pregnant women with incomes between 109 percent up to and including 138 percent of the Federal Poverty Level (FPL), that includes all benefits that would otherwise be covered for women with incomes below 109 percent of the FPL. This authority will sunset on December 31, 2021
- 5. Expenditures Related to the Drug Medi-Cal Organized Delivery System (DMC- ODS)**

**for Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD).** Expenditures for otherwise covered Medicaid services furnished to qualified DMC-ODS beneficiaries who are primarily receiving treatment and withdrawal management services for substance use disorder as short-term residents in facilities that meet the definition of an Institution for Mental Diseases (IMD).

- 6. Expenditures Related to Providing Access and Transforming Health (PATH).** Expenditures for payments to Qualified Applicants approved under one or more PATH initiatives. Such expenditures may include payments for allowable administrative costs, services, supports, infrastructure and interventions, which may not be recognized as medical assistance under Section 1905(a) or may not otherwise be reimbursable under Section 1903, to the extent such activities are authorized as part of an approved PATH program.
- 7. Expenditures Related to Contingency Management.** Expenditures for Contingency Management services provided to qualifying DMC-ODS beneficiaries who reside in a DMC-ODS county that elects and is approved by DHCS to pilot the Contingency Management benefit, beginning July 1, 2022 through December 31, 2026.
- 8. Expenditures Related to Recuperative Care and Short-Term Post Hospitalization Housing Community Supports.** Expenditures for recuperative care and short-term post hospitalization housing services, as detailed in the service description in the STCs, for Medi-Cal managed care enrollees who meet the eligibility criteria specified in the STCs and any related requirements.
- 9. Expenditures Related to Dually Eligible Enrollees in Medi-Cal Managed Care.-** Expenditures under contracts with Medicaid plans that do not meet the requirements under section 1903(m)(2)(A)(vi) of the Act insofar as that provision requires compliance with requirements in section 1932(a)(4)(A)(ii)(I) of the Act and 42 CFR 438.56(c)(2)(i) to the extent necessary to allow the state to keep a beneficiary in an affiliated Medicaid plan once the beneficiary has selected a Medicare Advantage plan unless and until the beneficiary changes Medicare Advantage plans or selects Original Medicare. Beneficiaries impacted by this expenditure authority will be able to change Medicaid plans by picking a new Medicare Advantage Plan or Original Medicare once a quarter between January through September pursuant to 42 CFR 423.38(c)(4)(i) and following the annual coordination election period from October through December pursuant to 42 CFR 423.38(b)(3). A dually eligible beneficiary's Medicaid plan will be aligned with the new Medicare Advantage Plan, to the extent the Medicare Advantage Plan has an affiliated Medicaid plan. Pursuant to 438.56(e)(1) which requires a state to approve disenrollment no later than the first day of the second month following the month in which the enrollee requests disenrollment, the state will be allowed to align approval of disenrollment from a Medicaid plan with disenrollment from a Medicare Advantage plan.
- 10. Expenditures Related to Out-of-State Former Foster Care Youth.** Expenditures to extend eligibility for full Medicaid State Plan benefits to former foster care youth who are

under age 26, were in foster care under the responsibility of another state or tribe in such state on the date of attaining 18 years of age or such higher age as the state has elected, and were enrolled in Medicaid on that date.

**11. Expenditures for Deemed SSI Populations.** Expenditures to extend eligibility for individuals in the following Deemed SSI populations who are eligible based on (1) applying a targeted asset disregard of \$130,000 for a single individual and an additional \$65,000 per household member, up to a maximum of 10 household members as of July 1, 2022, and (2) no longer applying the asset test as of January 1, 2024:

- i. The Pickle Group under section 1939(a)(5)(E) of the Act and 42 CFR 435.135;
- ii. The Disabled Adult Child group under sections 1634(c) and 1939(a)(2)(D) of the Act; and
- iii. The Disabled Widow/Widower group under sections 1634(d), 1939(a)(2)(C), and 1939(a)(2)(E) of the Act and 42 CFR 435.137-138.

**CENTERS FOR MEDICARE & MEDICAID SERVICES  
WAIVER AUTHORITY**

**NUMBER:** 11-W-00193/9

**TITLE:** California CalAIM Demonstration

**AWARDEE:** California Health and Human Services Agency

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived in this list, shall apply to the Demonstration from the approval date, through December 31, 2026, unless otherwise specified.

Under the authority of section 1115(a) (1) of the Social Security Act (the Act), the following waivers shall enable California to implement the CalAIM Demonstration.

**1. Freedom of Choice**

**Section 1902(a)(23)(A)**

To enable the State to require participants to receive benefits through certain providers and to permit the State to require that individuals receive benefits through managed care providers who could not otherwise be required to enroll in managed care. These authorities sunset on December 31, 2021.

To enable the State to require that individuals who elect to receive Health Home Program (HHP) services (under the state plan) are restricted to the Medi-Cal Managed Care Plan offered by the HHP provider to receive covered services other than family planning services. These authorities sunset on December 31, 2021.

No waiver of freedom of choice is authorized for family planning providers.

**2. Disproportionate Share Hospital (DSH) requirements  
1902(a)(13)(A) (insofar as it incorporates Section 1923)**

**Section**

To exempt the State from making DSH payments, in accordance with Section 1923, to a hospital which qualifies as a disproportionate share hospital during any year for which the Public Health Care System with which the disproportionate share hospital is affiliated receives payment pursuant to the Global Payment Program.

**3. Statewideness**

**Section 1902(a)(1)**

To enable the State to operate the demonstration on a county-by-county basis.



To enable the State to provide CBAS services on a geographically limited basis.

To enable the State to provide DMC-ODS services to short-term residents on a geographically limited basis.

To enable the state to provide contingency management services to qualifying DMC-ODS beneficiaries only in participating DMC-ODS counties that elect and are approved by DHCS to provide contingency management.

To enable the State to authorize sustaining services under PATH to individuals on a geographically limited basis.

To enable the State to provide peer support specialist services within electing Drug Medi-Cal State Plan counties to individuals on a geographically limited basis, no sooner than July 1, 2022.

To enable the state to provide recuperative care and short-term post-hospitalization housing services only in certain geographic areas where Medi-Cal managed care plans elect to offer these services.

#### **4. Amount, Duration, and Scope of Services and Comparability    Section 1902(a)(10)(B)**

To enable the State to provide different benefits for low-income pregnant women between 109 percent up to and including 138 percent of the Federal Poverty Level, as compared to other pregnant women in the same eligibility group. This authority will sunset on December 31, 2021.

To enable the State to provide DMC-ODS treatment and withdrawal management services for substance use disorder, for short term residents, in facilities that meet the definition of an Institution for Mental Diseases (IMD) that are not otherwise available to all beneficiaries in the same eligibility group.

To enable the state to provide contingency management in approved DMC-ODS counties, to eligible individuals with substance use disorders under the DMC-ODS program that are not otherwise available to all beneficiaries in the same eligibility group.

To enable the State to provide peer support specialist services within electing Drug Medi-Cal State Plan counties to individuals on a geographically limited basis, no sooner than July 1, 2022.

To enable the state to provide sustaining services under PATH that are not otherwise available to all beneficiaries in the same eligibility group.

To enable the state to provide recuperative care and short-term post hospitalization housing services, that are not otherwise available to all beneficiaries in the same eligibility group.

To enable the state to provide CBAS services that are not otherwise available to all beneficiaries in the same eligibility group.

To enable the state to (1) apply targeted resource disregards of \$130,000 for a single individual and an additional \$65,000 per household member, up to a maximum of 10 household members as of July 1, 2022 and (2) effective January 1, 2024 no longer apply income and resource financial methodologies to the following populations, which is in a manner that is not applied consistently to all eligibility groups in the state:

- i. The Pickle Group under section 1939(a)(5)(E) of the Act and 42 CFR 435.135;
- ii. The Disabled Adult Child group under sections 1634(c) and 1939(a)(2)(D) of the Act; and
- iii. The Disabled Widow/Widower group under sections 1634(d), 1939(a)(2)(C), and 1939(a)(2)(E) of the Act and 42 CFR 435.137-138.

**CENTERS FOR MEDICARE & MEDICAID SERVICES  
SPECIAL TERMS AND CONDITIONS**

**NUMBER: 11-W-00193/9**

**TITLE: California CalAIM Demonstration**

**AWARDEE: California Health and Human Services Agency**

**I. PREFACE**

The following are the Special Terms and Conditions (STCs) for California’s CalAIM, formerly Medi-Cal 2020, section 1115(a) Medicaid Demonstration (hereinafter “Demonstration”), to enable the California Health and Human Services Agency (State) to operate this Demonstration. The Centers for Medicare & Medicaid Services (CMS) has granted waivers of statutory Medicaid requirements permitting deviation from the approved State Medicaid plan, and expenditure authorities authorizing expenditures for costs not otherwise matchable. These waivers and expenditure authorities are separately enumerated. These STCs set forth conditions and limitations on those waivers and expenditure authorities, and describe in detail the nature, character, and extent of Federal involvement in the Demonstration and the State’s obligations to CMS during the life of the Demonstration.

The periods for each Demonstration Year (DY) will be as follows:

- DY 18 January 1, 2022 through December 31, 2022
- DY 19 January 1, 2023 through December 31, 2023
- DY 20 January 1, 2024 through December 31, 2024
- DY 21 January 1, 2025 through December 31, 2025
- DY 22 January 1, 2026 through December 31, 2026

The STCs related to the programs for those State Plan and Demonstration Populations affected by the Demonstration are effective from the date identified in the CMS Demonstration approval letter through December 31, 2026.

The STCs have been arranged into the following subject areas:

- I. Preface
- II. Program Description and Historical Context
- III. General Program Requirements
- IV. State Plan and Demonstration Populations Affected by the Demonstration
- V. Demonstration Programs
  - A. Community Based Adult Services
  - B. PATH
  - C. Duals

- VI. Drug Medi-Cal Organized Delivery System
- VII. Contingency Management
- VIII. Community Supports
- IX. Negative Balance
- X. Global Payment Program
- XI. General Reporting Requirements
- XII. Evaluation of the Demonstration
- XIII. General Financial Requirements
- XIV. Monitoring Budget Neutrality for the Demonstration

Additional attachments have been included to provide supplementary information and guidance for specific STCs.

Attachment A	Developing the Evaluation Design
Attachment B	Preparing the Interim and Summative Evaluation Reports
Attachment C	Global Payment Program Participating Public Health Care Systems
Attachment D	Funding and Reimbursement Protocol for IHS
Attachment E	SUD Health IT Plan
Attachment F	Accounting Procedures
Attachment G	Demonstration and Program Years
Attachment H	Community-Based Adult Services (CBAS) Provider Standards of Participation
Attachment I	Drug Medi-Cal Organized Delivery System (DMC-ODS) County Certified Public Expenditures (CPE) Protocol
Attachment J	SUD Monitoring Protocol (Reserved)
Attachment K	Global Payment Program Funding and Mechanics Protocol
Attachment L	Global Payment Program Valuation Methodology Protocol (Reserved)
Attachment M	Global Payment Program Health Equity Monitoring Metrics Protocol (Reserved)
Attachment N	Providing Access and Transforming Health (PATH) Funding and Mechanics Protocol
Attachment O	Providing Access and Transforming Health (PATH) Operational and Monitoring Protocol
Attachment P	Historical Information-Budget Neutrality Test (Reserved)
Attachment Q	DSH Coordination Methodology
Attachment R	Negative Balance Payment Schedule (Reserved)
Attachment S	CBAS Program Integrity
Attachment T	Evaluation Design (Reserved)
Attachment U	Community Supports Appendix
Attachment V	Contingency Management (Reserved)

## **II. PROGRAM DESCRIPTION AND HISTORICAL CONTEXT**

In November 2010, the Federal government approved California's five-year Medicaid section 1115 Bridge to Reform demonstration, through which the state received the necessary authority and corresponding Federal support to invest in its health care delivery system and prepare for the full implementation of the Affordable Care Act. The Bridge to Reform demonstration achieved the goals of simultaneously implementing an historic coverage expansion, beginning the process of transforming the health care delivery system, and reinforcing California's safety net to meet the needs of the uninsured.

In December 2015, the Federal government approved the Medi-Cal 2020 demonstration embodying the shared commitment between the state and the Federal government to support the successful realization of some of the most critical objectives for improving our health care delivery system. Bridge to Reform waiver initiatives such as the managed care delivery system for Seniors and Persons with Disabilities (SPDs) and the state's Coordinated Care Initiative (CCI) were continued in Medi-Cal 2020, and with the foundation of the successes of the Bridge to Reform Demonstration, Medi-Cal 2020 initiatives continued to improve the quality and value of care provided to California's Medi-Cal beneficiaries.

Medi-Cal 2020 initiatives included:

1. A Public Hospital Redesign and Incentives in Medi-Cal program (PRIME), which aimed to improve the quality and value of care provided by California's safety net hospitals and hospital systems;
2. A Global Payment Program (GPP) that aimed to streamline funding sources for care for California's remaining uninsured population and create a value-based mechanism to increase incentives to provide primary and preventive care services and other high-value services;
3. A Whole Person Care (WPC) Pilot program that aimed to support local and regional efforts to integrate the systems and improve the care provided to Medi-Cal's most high-risk beneficiaries; and
4. A Dental Transformation Initiative (DTI) aimed to improve access to dental care and reduce preventable dental conditions for Medi-Cal beneficiaries.

On June 15, 2016, California submitted an amendment to the Demonstration to expand the definition of a WPC Pilot lead entity to include federally recognized tribes and tribal health programs operated under a Public Law 93-638 contract with the Federal Indian Health Services. CMS approved this amendment on December 8, 2016.

On August 15, 2016, the state submitted an amendment to the demonstration to revise the

methodology for determining the baseline metrics for purposes of receiving incentive payments for new and existing dental service office locations under the DTI. California also sought authority to provide incentive payments for specified dental services delivered at provider service office locations at two levels: a 37.5 percent above the state's Schedule of Maximum Allowances (SMA) incentive payment for service office locations that meet at least a 1 percentage point increase in number of children receiving a preventive dental service, on an annual basis, above the pre-determined baseline number of children served in the previous year with a preventive dental service; and a 75 percent above the state's SMA incentive payment for service office locations that meet or exceed a 2 percentage point increase in number of children receiving a preventive dental service, on an annual basis, above the pre-determined baseline number of children receiving a preventive dental service in the previous year. CMS approved this amendment on January 6, 2017.

On August 17, 2017, CMS approved the state's request to amend the demonstration to provide coverage to former foster care youth under age 26 who were in foster care under the responsibility of another state or tribe from any state when they "aged out" of foster at age 18 (or a higher age as elected by the state) and were enrolled at Medi-Cal at the time.

California submitted an amendment on November 10, 2016, as a companion to the Health Homes Program (HHP) State Plan Amendment (SPA) 16-007, to request a waiver of freedom of choice in the non-county organized health system (COHS) counties in order to provide the HHP services through the Medi-Cal managed care delivery system to beneficiaries enrolled in managed care. Managed care plans (MCPs) will be responsible for the overall administration of the HHP, which will be structured as a HHP network with members functioning as a team to provide care coordination. Fee-For-Service (FFS) members who meet the eligibility criteria for HHP may choose to voluntarily enroll in a MCP to receive HHP services along with other state plan services provided through MCPs. HHP services will not be provided through a FFS delivery system; therefore, beneficiaries in FFS in non-COHS counties will have to enroll in a MCP to receive HHP services. CMS approved this request on December 19, 2017.

On August 3, 2020, California received CMS approval to permit the GPP to continue from July 1, 2020 to December 31, 2020 and to permit eligible Medi-Cal beneficiaries in Orange County to elect to disenroll from CalOptima (a COHS including CalOptima Program of All-Inclusive Care for the Elderly (PACE)), to be enrolled in a PACE organization not affiliated with CalOptima.

On December 30, 2020, CMS approved a temporary extension of the state's section 1115 demonstration, in order to allow the state and CMS to continue working together on approval of a longer-term renewal of this demonstration by December 31, 2021. This temporary extension continued most elements of the Medi-Cal 2020 Section 1115 demonstration unchanged pending a full renewal and included an additional authorization for the GPP program. The extension included the removal of the authority for the State's Designated State Health Programs (DSHP).

On July 1, 2021, California submitted a request for the California Advancing & Innovating Medi-

Cal (CalAIM) demonstration. This demonstration request for a five-year renewal of components of the Medi-Cal 2020 Section 1115 demonstration, includes new authorities, to continue advancing the State's goal of improving health outcomes and reducing health disparities for Medicaid and other low-income populations in the State. Building on the successes of the Medi-Cal 2020 demonstration, California has moved to implement whole person care strategies statewide through the State's CalAIM 1915(b) managed care delivery system and is moving other aspects of the Medi-Cal 2020 demonstration into the Medi-Cal State Plan. The CalAIM Section 1115 demonstration initiatives include:

- Renewing the GPP to streamline funding sources for care for California's remaining uninsured population with a renewed focus on addressing social needs and responding to the impacts of systemic racism and inequities on the uninsured populations served by California's public hospitals.
- Authorizing Community Supports services- recuperative care and short-term post-hospitalization housing.
- Authorizing the Providing Access and Transforming Health (PATH) Supports expenditure authority to (1) sustain, transition, and expand the successful WPC Pilot and HHP services initially authorized under the Medi-Cal 2020 demonstration as they transition to become Enhanced Care Management (ECM) and Community Supports and (2) sustain justice-involved pre-release and post-release services provided through existing WPC pilots and support Medi-Cal pre-release application planning and IT investments.
- Continuing short-term residential treatment services to eligible individuals with a substance use disorder (SUD) in the Drug Medi-Cal Organized Delivery System (DMC-ODS)
- Authorizing Contingency Management as a DMC-ODS benefit, to offer Medi-Cal beneficiaries this evidence-based, cost-effective treatment for substance use disorder that combines motivational incentives with behavioral health treatments.

On April 6, 2022, California submitted an amendment to the demonstration to provide parity with the asset disregard policy for populations covered under SPA 21-0053. This amendment increases the asset limit and subsequently eliminates the asset test for the populations not able to be covered under state plan authority. The resources disregard will be \$130,000 for a single individual and an additional \$65,000 per household member, up to a maximum of 10 household members. This disregard will be effective as of July 1, 2022. The elimination of the asset test for the populations covered under the demonstration will be effective January 1, 2024.

### **III. GENERAL PROGRAM REQUIREMENTS**

- 1. Compliance with Federal Non-Discrimination Laws.** The state must comply with all applicable federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990 (ADA), Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 (Section 504), the Age Discrimination Act of 1975, and Section 1557 of the Affordable Care Act (Section 1557). Such compliance includes

providing reasonable modifications to individuals with disabilities under the ADA, Section 504, and Section 1557 with eligibility and documentation requirements, understanding program rules and notices, to ensure they understand program rules and notices, as well as meeting other program requirements necessary to obtain and maintain benefits.

- 2. Compliance with Medicaid and Children’s Health Insurance Program (CHIP) Law, Regulation, and Policy.** All requirements of the Medicaid and CHIP programs, expressed in federal law, regulation, and written policy, not expressly waived in the waiver document (of which these terms and conditions are part), apply to the demonstration.
- 3. Changes in Medicaid and CHIP Law, Regulation, and Policy.** The state must, within the timeframes specified in law, regulation, or policy statement, come into compliance with any changes in federal law, regulation, or policy affecting the Medicaid or CHIP programs that occur during this demonstration approval period, unless the provision being changed is expressly waived or identified as not applicable. Nothing in this demonstration absolves California from being subject to future guidance on contingency management and the state would otherwise need to come into compliance with such guidance. In addition, CMS reserves the right to amend the STCs to reflect such changes and/or changes as needed without requiring the state to submit an amendment to the demonstration under STC 6. CMS will notify the state 30 days in advance of the expected approval date of the amended STCs to allow the state to discuss the language changes necessary to ensure compliance with Law, Regulation, and Policy. Changes will be considered in force upon issuance of the approval letter by CMS. The state must accept the changes in writing within 30 calendar days of receipt.
- 4. Coordination with the Medicare Program.** The state must have processes in place to coordinate with the Medicare program for Medicare-Medicaid beneficiaries, including:
  - a. The state must provide contact information to Medicare-Medicaid beneficiaries on how they can obtain assistance with their Medicare coverage at any point of enrollment or disenrollment from Medi-Cal managed care or upon request by the beneficiary.
  - b. The state must provide accurate reports to CMS of the eligibility and enrollment of Medicare-Medicaid beneficiaries in the demonstration.
  - c. The state must comply with requirements for Medicaid payment of Medicare cost-sharing for Medicare-Medicaid enrollees, including ensuring any organization delegated with that responsibility adheres with the requirements.
  - d. The state must provide CMS with requested financial information and other demonstration aspects that have a specific impact on the Medicare-Medicaid population. Requests for information will include a reasonable timeframe for responses as agreed to by CMS and the state.



**5. Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**

- a. To the extent that a change in federal law, regulation, or policy requires either a reduction or an increase in federal financial participation (FFP) for expenditures made under this demonstration, the state must adopt, subject to CMS approval, a modified budget neutrality agreement for the demonstration as necessary to comply with such change. Further, the state may seek an amendment to the demonstration (as per STC 8 of this section) as a result of the change in FFP.
- b. If mandated changes in the federal law require state legislation, unless otherwise prescribed by the terms of the federal law, the changes must take effect on the day such state legislation becomes effective, or on the last day such legislation was required to be in effect under the law, whichever is sooner.

**6. State Plan Amendments.** The state will not be required to submit title XIX or title XXI state plan amendments for changes affecting any populations made eligible solely through the demonstration. If a population eligible through the Medicaid or CHIP state plan is affected by a change to the demonstration, a conforming amendment to the appropriate state plan may be required, except as otherwise noted in these STCs. In all such cases, the Medicaid state plan governs.

**7. Changes Subject to the Amendment Process.** Changes related to eligibility, enrollment, benefits, beneficiary rights, delivery systems, cost sharing, sources of non-federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The state must not implement changes to these elements without prior approval by CMS either through an approved amendment to the Medicaid state plan or amendment to the demonstration. Amendments to the demonstration are not retroactive and no FFP of any kind, including for administrative or service-based expenditures, will be available for changes to the demonstration that have not been approved through the amendment process set forth in STC 8, except as provided in STC 3.

**8. Amendment Process.** Requests to amend the demonstration must be submitted to CMS prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the state to submit required elements of a viable amendment request as found in this STC, and failure by the state to submit required reports and other deliverables according to the deadlines specified herein. Amendment requests must include, but are not limited to, the following:

- a. An explanation of the public process used by the state, consistent with the requirements of STC 13. Such explanation must include a summary of any public feedback received

- and identification of how this feedback was addressed by the state in the final amendment request submitted to CMS;
- b. A detailed description of the amendment including impact on beneficiaries, with sufficient supporting documentation;
  - c. A data analysis worksheet which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detail projections of the change in the “with waiver” expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;
  - d. An up-to-date CHIP allotment worksheet, if necessary; and
  - e. The state must provide updates to existing demonstration reporting, quality and evaluation plans. This includes a description of how the evaluation design and annual progress reports will be modified to incorporate the amendment provisions, as well as the oversight, monitoring and measurement of the provisions.

**9. Extension of the Demonstration.** States that intend to request an extension of the demonstration must submit an application to CMS from the Governor or Chief Executive Officer of the state in accordance with the requirements of 42 Code of Federal Regulations (CFR) 431.412(c). States that do not intend to request an extension of the demonstration beyond the period authorized in these STCs, must submit a transition and phase-out plan consistent with the requirements of STC 10.

**10. Demonstration Phase-Out.** The state may only suspend or terminate this demonstration in whole, or in part, consistent with the following requirements:

- a. **Notification of Suspension or Termination.** The state must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a transition and phase-out plan. The state must submit a notification letter and a draft transition and phase-out plan to CMS no less than six months before the effective date of the demonstration’s suspension or termination. Prior to submitting the draft transition and phase-out plan to CMS, the state must publish on its website the draft transition and phase-out plan for a 30-day public comment period. In addition, the state must conduct tribal consultation in accordance with STC 13, if applicable. Once the 30-day public comment period has ended, the state must provide a summary of each public comment received, the state’s response to the comment and how the state incorporated the received comment into the revised transition and phase-out plan.
- b. **Transition and Phase-out Plan Requirements.** The state must include, at a minimum, in its transition and phase-out plan, the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary’s appeal rights), the process by which the state will conduct administrative reviews of Medicaid eligibility prior to the termination of the demonstration for the affected beneficiaries, and ensure ongoing coverage for those beneficiaries whether currently

- enrolled or determined to be eligible individuals, as well as any community outreach activities, including community resources that are available.
- c. Transition and Phase-out Plan Approval. The state must obtain CMS approval of the transition and phase-out plan prior to the implementation of transition and phase-out activities. Implementation of transition and phase-out activities must be no sooner than fourteen (14) calendar days after CMS approval of the transition and phase-out plan.
  - d. Transition and Phase-out Procedures. The state must comply with all notice requirements found in 42 CFR 431.206, 431.210, 431.211, and 431.213. In addition, the state must assure all applicable appeal and hearing rights afforded to demonstration beneficiaries as outlined in 42 CFR 431.220 and 431.221. If a demonstration beneficiary requests a hearing before the date of action, the state must maintain benefits as required in 42 CFR 431.230. In addition, the state must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category prior to termination as discussed in October 1, 2010, State Health Official Letter #10-008 and as required under 42 CFR 435.916(f)(1). For individuals determined ineligible for Medicaid, the state must determine potential eligibility for other insurance affordability programs and comply with the procedures set forth in 42 CFR 435.1200(e).
  - e. Exemption from Public Notice Procedures, 42 CFR Section 431.416(g). CMS may expedite the federal and state public notice requirements under circumstances described in 42 CFR 431.416(g).
  - f. Enrollment Limitation during Demonstration Phase-Out. If the state elects to suspend, terminate, or not extend this demonstration, during the last six months of the demonstration, enrollment of new individuals into the demonstration must be suspended. The limitation of enrollment into the demonstration does not impact the state's obligation to determine Medicaid eligibility in accordance with the approved Medicaid state plan.
  - g. Federal Financial Participation (FFP). FFP will be limited to normal closeout costs associated with the termination or expiration of the demonstration including services, continued benefits as a result of beneficiaries' appeals, and administrative costs of disenrolling beneficiaries.

**12. Withdrawal of Waiver or Expenditure Authority.** CMS reserves the right to withdraw waivers and/or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX or title XXI. CMS will promptly notify the state in writing of the determination and the reasons for the withdrawal, together with the effective date, and afford the state an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services, continued services or benefits as a result of beneficiary appeals, and administrative costs of disenrolling participants.

**13. Adequacy of Infrastructure.** The state must ensure the availability of adequate resources for implementation and monitoring of the demonstration, including education, outreach, and enrollment; maintaining eligibility systems; payment and reporting systems; compliance with cost sharing requirements; and reporting on financial and other demonstration components.

**14. Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The state must comply with the state notice procedures as required in 42 CFR 431.408 prior to submitting an application to extend the demonstration. For applications to amend the demonstration, the state must comply with the state notice procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994) prior to submitting such request. The state must also comply with the Public Notice Procedures set forth in 42 CFR 447.205 for changes in statewide methods and standards for setting payment rates.

The state must also comply with tribal and Indian Health Program/Urban Indian Health Organization consultation requirements at section 1902(a)(73) of the Act, 42 CFR 431.408(b), State Medicaid Director Letter #01-024, or as contained in the state's approved Medicaid State Plan, when any program changes to the demonstration, either through amendment as set out in STC 8 or extension, are proposed by the state.

**15. Federal Financial Participation.** No federal matching for expenditures for this demonstration, including for administrative and medical assistance expenditures, will be available until the effective date identified in the demonstration approval letter, or if later, as expressly stated within these STCs.

**16. Federal Financial Participation (FFP) for Indian Health Services.** Supplemental payments to participating Indian Health Services and tribal facilities are limited to the costs incurred by the certifying entity in providing chiropractic services.

**17. Administrative Authority.** When there are multiple entities involved in the administration of the demonstration, the Single State Medicaid Agency must maintain authority, accountability, and oversight of the program. The State Medicaid Agency must exercise oversight of all delegated demonstration functions to operating agencies, managed care organizations (MCOs), and any other contracted entities. The Single State Medicaid Agency is responsible for the content and oversight of the quality strategies for the demonstration.

**18. Common Rule Exemption.** The state shall ensure that the only involvement of human subjects in research activities that may be authorized and/or required by this demonstration is for projects which are conducted by or subject to the approval of CMS, and that are designed to study, evaluate, or otherwise examine the Medicaid program – including procedures for obtaining Medicaid benefits or services, possible changes in or alternatives to Medicaid programs and procedures, or possible changes in methods or levels of payment for Medicaid

benefits or services. The Secretary has determined that this demonstration as represented in these approved STCs meets the requirements for exemption from the human subject research provisions of the Common Rule set forth in 45 CFR 46.101(b)(5).

#### **IV. STATE PLAN AND DEMONSTRATION POPULATIONS AFFECTED BY THE DEMONSTRATION**

**19. Eligibility.** Certain state plan eligibles are affected by the Demonstration, as described below.

State plan eligibles derive their eligibility through the Medicaid state plan and are subject to all applicable Medicaid laws and regulations in accordance with the Medicaid state plan, except as expressly waived in this demonstration and described in these STCs. Any Medicaid State Plan Amendments to the eligibility standards and methodologies for these eligibility groups, including the conversion to a modified adjusted gross income standard January 1, 2014, will apply to this demonstration.

The following population groups are affected by the Demonstration:

- a. Out-of-State Former Foster Care Youth, defined as youth under age 26, who were in foster care under the responsibility of a state other than California or a tribe in such other state when they turned age 18 or such higher age as the state elected for termination of federal foster care assistance under title IV-E of the Act, were enrolled in Medicaid at that time; and are now applying for Medicaid in California. Out-of-state former foster care youth will receive the same Medicaid State Plan benefits and be subject to the same cost-sharing requirements effectuated by the state for the mandatory Title IV-E foster care youth eligibility category enacted by the Adoption Assistance and Child Welfare Act of 1980 (Pub. L. 96-272).
- b. Community Based Adult Services (CBAS) Populations are persons who are age 18 or older and meet CBAS eligibility under STC 19(a) and (d).
- c. DMC-ODS populations are persons receiving residential services pursuant to DMC-ODS, regardless of the length of stay, as described in STC 46 and individuals receiving contingency management services, as described in STC 54.
- d. Deemed SSI Populations.

- i. The resource disregard described in section (ii) below, will be applied in determining eligibility for the following groups, subject to section (iii) below:
  1. The Pickle Group under section 1939(a)(5)(E) of the Act and 42 CFR 435.135;
  2. The Disabled Adult Child group under sections 1634(c) and 1939(a)(2)(D) of the Act; and
  3. The Disabled Widow/Widower group under sections 1634(d), 1939(a)(2)(C), and 1939(a)(2)(E) of the Act and 42 CFR 435.137-138.
- ii. The resource disregard to be applied to individuals described in section (i) above will be as follows:
  1. Effective July 1, 2022, the resource disregard will be \$130,000 for each individual and an additional \$65,000 for each additional household member of the individual, up to a maximum of 10 household members; and
  2. Effective January 1, 2024, all resources will be disregarded for each individual.
- iii. The resource disregard described in section (ii) above, will not apply to the following individuals who are otherwise eligible under the state plan in:
  1. A categorically needy eligibility group to which there is available:
    - a. The minimum mandatory medical assistance described in section 1902(a)(10)(A) of the Act, as implemented at 42 CFR § 441.210; or
    - b. Benchmark benefits described in section 1937 of the Act, as implemented at 42 CFR § 440.300 et seq; or
  2. A medically needy group covered under the state plan without a spenddown.

## V. DEMONSTRATION PROGRAMS

### A. Community-Based Adult Services (CBAS) for Medi-Cal State Plan Populations

**20. CBAS Eligibility and Delivery System.** CBAS is an outpatient, facility-based program that delivers skilled nursing care, social services, therapies, personal care, family/caregiver training and support, nutrition services, care coordination, and transportation to eligible State Plan beneficiaries.

- a. CBAS Recipients are those persons who:
  - i. Are age 18 years and older;
  - ii. Derive their Medicaid eligibility from the State Plan and are either aged, blind, or disabled; including those who are recipients of Medicare;

- iii. Are Medi-Cal managed care plan members or are exempt from enrollment in Medi-Cal managed care; and
  - iv. Reside within a geographic services area in which the CBAS benefit was available as of April 1, 2012, as more fully described in STC 19(b), or are determined eligible for the CBAS benefit by managed care plans that contract with CBAS providers pursuant to STC 19(d) and STC 19(e).
- b. Delivery System.
- i. CBAS is a Medi-Cal managed care benefit in counties where CBAS existed on April 1, 2012. To the extent that the provision of CBAS is determined by DHCS to be both cost-effective and necessary to prevent avoidable institutionalization of plan enrollees within a plan's service area in which CBAS was not available as of April 1, 2012, CBAS may be a Medi-Cal managed care benefit pursuant to STC 20(a) available to that plan's enrollees at the discretion of the plan when it contracts with a CBAS provider that has been certified as such by DHCS. A Medi-Cal managed care plan shall ensure that every CBAS provider within their service area, that has been approved by the California Department of Aging as a CBAS provider, is included in the plan's network, to the extent that the CBAS provider remains licensed as an Adult Day Health Care Center, certified and enrolled as a Medi-Cal provider, and is willing to enter into a network provider agreement with the plan on mutually agreeable terms and meets the plan's credentialing and quality standards.
  - ii. CBAS shall be available as a Medi-Cal fee-for-service benefit delivered through licensed Adult Day Health Care Centers approved by the California Department of Aging as a CBAS provider, that are certified and enrolled as a Medi-Cal provider, for individuals who do not qualify for, or are exempt from enrollment in, Medi-Cal managed care as long as the individual resides within the geographic service area where CBAS is provided.
  - iii. If there is insufficient CBAS Center capacity due to Center closure(s) to satisfy demand in counties where CBAS centers existed as of April 1, 2012, the Department of Health Care Services must assure that eligible CBAS beneficiaries that had received CBAS at the closed Center(s) have access to unbundled CBAS as needed for continuity of care and subject to the following general procedures:
    - 1. Managed care beneficiaries: For managed care beneficiaries who are eligible for CBAS and there is a 5% change from County capacity as of April 1, 2012, in the area, the Medi-Cal managed care plan will authorize unbundled services and facilitate utilization through care coordination.
    - 2. Fee-for-Service beneficiaries: For FFS beneficiaries who are eligible for CBAS and there a 5% change from County capacity as of April 1, 2012, in the

area, the following procedures will apply:

- a. DHCS will work with the local CBAS Center network and beneficiary's physician to identify other available CBAS Centers, and the type, scope and duration of the CBAS benefits that are medically necessary for the beneficiary.
  - b. DHCS will work with the beneficiary's physician to arrange for needed nursing services, or referral to, or reassessment of, In-Home Supportive Services (IHSS) as needed for personal care services (or authorization of waiver personal care services needed in excess of the IHSS cap).
  - c. If the beneficiary needs therapeutic services, DHCS will work with the beneficiary's physician to coordinate the authorization of needed services.
  - d. If the beneficiary needs mental health and/or substance use disorder services, DHCS will work with the beneficiary's physician to refer the beneficiary to the local behavioral health services department or appropriate behavioral health professionals or services.
- iv. In the event of a negative change in capacity of 5% or greater in any county for any reason, DHCS shall identify in the quarterly report for the same quarter as the negative change the provider capacity in that county for providing all core and additional CBAS services (as listed in STCs 20(a) and 20(b)) on an unbundled basis.
- c. Home and Community-Based Settings. The state must ensure that home and community-based settings have all of the qualities required by 42 CFR 441.301(c)(4), and other such qualities as the secretary determines to be appropriate based on the needs of the individual as indicated in their person-centered plan. In a provider owned or controlled setting, the additional qualities required by CFR 441.301(c)(4)(vi) must be met. The state engaged in a CBAS stakeholder process to amend the HCB settings statewide transition plan to ensure that all home and community-based settings found in the 1115 Demonstration have all of the qualities required by 42 CFR 441.301(c)(4). The state will amend the statewide transition plan to include all HCBS settings used by individuals in the section 1115 demonstration, to ensure complete compliance with HCBS settings by March 17, 2023.
- d. CBAS Program Eligibility Criteria. The CBAS benefit shall be available to all beneficiaries who meet the requirements of STC 19(a) and for whom CBAS is available based on STC 19(b) who meet medical necessity criteria as established in state law and who qualify based on at least one of the medical criteria in (i) through (v) below:
- i. Meet or exceed the "Nursing Facility Level of Care A" (NF-A) criteria as set forth in the California Code of Regulations; OR
  - ii. Have a diagnosed organic, acquired or traumatic brain injury, and/or chronic



mental disorder. “Chronic mental disorder” means the enrollee shall have one or more of the following diagnoses or its successor diagnoses included in the most recent version of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association: (a) Pervasive Developmental Disorders, (b) Attention Deficit and Disruptive Behavior Disorders, (c) Feeding and Eating Disorder of Infancy, Childhood, or Adolescence, (d) Elimination Disorders, (e) Schizophrenia and Other Psychiatric Disorders, (f) Mood Disorders, (g) Anxiety Disorders, (h) Somatoform Disorders, (i) Factitious Disorders, (j) Dissociative Disorders, (k) Paraphilia, (l) Eating Disorders, (m) Impulse Control Disorders Not Elsewhere Classified, (n) Adjustment Disorders, (o) Personality Disorders, or (p) Medication-Induced Movement Disorders. In addition to the presence of a chronic mental disorder or acquired, organic, or traumatic brain injury, the enrollee shall need assistance or supervision with either:

- A. Two of the following: bathing, dressing, self-feeding, toileting, ambulation, transferring, medication management, or hygiene; or
- B. One need from the above list and one of the following: money management; accessing community and health resources; meal preparation, or transportation; or
- iii. Have moderate to severe Alzheimer’s disease or other dementia characterized by the descriptors of, or equivalent to, Stages 5, 6, or 7 Alzheimer’s disease; or
- iv. Have a mild cognitive impairment including Alzheimer’s disease or other dementias, characterized by the descriptors of, or equivalent to, Stage 4 Alzheimer’s disease, defined as mild or early-stage Alzheimer’s disease AND need assistance or supervision with two of the following: bathing, dressing, self-feeding, toileting, ambulation, transferring, medication management, or hygiene; or
- v. Have a developmental disability. “Developmental disability” means a disability, which originates before the individual attains age 18, continues, or can be expected to continue indefinitely, and constitutes a substantial disability for that individual as defined in the California Code of Regulations.

e. CBAS Eligibility Determination.

Eligibility determinations for the CBAS benefit will be performed as follows:

- i. The initial eligibility determination for the CBAS benefit will be performed through a face-to-face review by a registered nurse with level of care determination experience, using a standardized tool and protocol approved by the Department of Health Care Services unless criteria under STC 19 (e)(ii) are met. The eligibility determination shall be performed by the beneficiary’s managed care plan, or by the Department of Health Care Services or its contractor(s) for beneficiaries exempt from managed care.
- ii. An initial face-to-face review is not required when a managed care plan or the Department of Health Care Services or its contractor(s) determine that an

- individual is eligible to receive CBAS and that the receipt of CBAS is clinically appropriate based on information that the plan possesses.
- iii. Eligibility for ongoing receipt of CBAS is determined at least every six months through the reauthorization process or up to every twelve months for individuals determined by the managed care plan to be clinically appropriate.

f. Grievances and Appeals

- i. A beneficiary who receives a written notice of action has the right to file an appeal and/or grievance under State and Federal Law.
- ii. A CBAS participant may file a grievance with their Medi-Cal managed care plan as a written or oral complaint. The participant or their authorized representative may file a grievance with the participant's Medi-Cal managed care plan at any time they experience dissatisfaction with the services or quality of care provided to them, and as further instructed by the plan.

**21. CBAS Benefit and Individual Plan of Care (IPC).**

- a. Core Services: Professional nursing care, personal care and/ or social services, therapeutic activities, and a meal shall be provided to all eligible CBAS beneficiaries on each day of service as follows. CBAS benefits include the following:
  - i. Professional nursing services provided by an RN or LVN, which includes one or more of the following, consistent with scope of practice: observation, assessment, and monitoring of the beneficiary's general health status; monitoring and assessment of the participant's medication regimen; communication with the beneficiary's personal health care provider; supervision of personal care services; and provision of skilled nursing care and interventions.
  - ii. Personal care services provided primarily by program aides which include one or more of the following: supervision or assistance with Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs); protective group supervision and interventions to assure participant safety and to minimize risk of injury, accident, inappropriate behavior, or wandering.
  - iii. Social services provided by social work staff, which include one or more of the following: observation, assessment, and monitoring of the participant's psychosocial status; group work to address psychosocial issues; care coordination.
  - iv. Therapeutic activities organized by the CBAS center activity coordinator, which include group or individual activities to enhance social, physical, or cognitive functioning; facilitated participation in group or individual activities for CBAS beneficiaries whose physical frailty or cognitive function precludes them from independent participation in activities. The CBAS physical therapy and occupational therapy maintenance programs are considered part of Therapeutic Activities.

- v. A meal offered each day of attendance that is balanced, safe, and appetizing, and meets the nutritional needs of the individual, including a beverage and/or other hydration. Special meals will be provided when prescribed by the participant's personal health care provider.
- b. Additional Services. The following additional services shall be provided to all eligible CBAS beneficiaries as needed and as specified on the person's IPC:
- i. Restorative physical therapy provided by a licensed, certified, or recognized physical therapist within his/her scope of practice. Pursuant to Section 1570.7(n) of the Health and Safety Code (H&S Code), physical therapy "may also be provided by an assistant or aide under the appropriate supervision of a licensed therapist, as determined by the licensed therapist. The therapy and services are provided to restore function when there is an expectation that the condition will improve significantly in a reasonable period of time, as determined by the multidisciplinary assessment team.
  - ii. Restorative occupational therapy provided by a licensed, certified, or recognized occupational therapist within his/her scope of practice. Pursuant to Section 1570.7(n) of the H&S Code, occupational therapy "may also be provided by an assistant or aide under the appropriate supervision of a licensed therapist, as determined by the licensed therapist. The therapy and services are provided to restore function, when there is an expectation that the condition will improve significantly in a reasonable period of time, as determined by the multidisciplinary assessment team.
  - iii. Speech therapy provided by a licensed, certified, or recognized speech therapist or speech therapy assistant within their scope of practice to restore function when there is an expectation that the participant's condition will improve significantly in a reasonable period of time as determined by the multidisciplinary assessment team.
  - iv. Behavioral health services for treatment or stabilization of a diagnosed mental disorder provided by a licensed, certified, or recognized mental health professional within his/her scope of practice. Individuals experiencing symptoms that are particularly severe or whose symptoms result in marked impairment in social functioning shall be referred by CBAS staff to the identified managed care plan, County Mental Health programs, or appropriate behavioral health professionals or services.
  - v. Registered dietician services provided by a registered dietician for the purpose of assisting the CBAS beneficiary and caregivers with proper nutrition and good nutritional habits, nutrition assessment, and dietary counseling and education if needed.
  - vi. Transportation, provided or arranged, to and from the CBAS beneficiary's place of residence and the CBAS center, when needed.

c. Individual Plan of Care (IPC).

The IPC is a written plan designed to provide the CBAS beneficiary with appropriate treatment in accordance with the assessed needs of the individual, as determined by the CBAS center and as specified in State law. The IPC is submitted as supporting documentation for level of service determination with the treatment authorization request.

The planning process and the development and review of the IPC will comply with the requirements at 42 CFR 441.301(c)(1) through (3) including specifying: 1) How the IPC will identify each enrollee's preferences, choices and abilities and the strategies to address those preferences, choices and abilities; 2) How the IPC will allow the enrollee to participate fully in any treatment or service planning discussion or meeting, including the opportunity to involve family, friends and professionals of the enrollee's choosing; 3) How the IPC will ensure that the enrollee has informed choices about treatment and service decisions; and 4) How the IPC process will be collaborative, recurring and involve an ongoing commitment to the enrollee.

The IPC is prepared by the CBAS center's multidisciplinary team based on the team's assessment of the beneficiary's medical, functional, and psychosocial status, and includes standardized components approved by the Department of Health Care Services.

Development of the IPC is based on principles of Person-Centered Planning, which is an individualized and ongoing process to develop individualized care plans that focus on a person's abilities and preferences for the delivery of services and supports.

Person- Centered Planning includes consideration of the current and unique bio-psycho-social- cultural and medical needs and history of the individual, as well as the person's functional level, support systems, and continuum of care needs. CBAS center staff, the beneficiary, and his/her support team shall review and update the beneficiary's IPC at least every six months or when there is a change in circumstance that may require a change in benefits. Such review and updates must include an evaluation of progress toward treatment goals and objectives, and reflect changes in the beneficiary's status or needs. The IPC shall include at a minimum:

- i. Medical diagnoses
- ii. Prescribed medications.
- iii. Scheduled days at the CBAS center.
- iv. Specific type, number of service units, and frequency of individual services

- to be rendered on a monthly basis.
- v. Elements of the services that need to be linked to individual objectives, therapeutic goals, and duration of service(s).
- vi. An individualized activity plan designed to meet the needs of the enrollee for social and therapeutic recreational activities.
- vii. Participation in specific group activities.
- viii. Transportation needs, provided or arranged, to and from CBAS participants' place of residence and the CBAS center, when needed, including special transportation.
- ix. Special diet requirements, dietary counseling and education, if needed.
- x. A plan for any other necessary services that the CBAS center will coordinate.
- xi. IPCs will be reviewed and updated no less than every six months by the CBAS staff, the enrollee, and his/her support team. Such review must include a review of the participant's progress, goals, and objectives, as well as the IPC itself.

**22. Remote CBAS Services- Emergency Remote Services (ERS).** Under certain unique circumstances, CBAS ERS may be provided in response to the individual's person-centered needs. CBAS ERS (i.e., professional nursing care; personal care services; social services; behavioral health services; speech therapy; therapeutic activities; registered dietician-nutrition counseling; physical therapy; occupational therapy; meals) shall be provided in alternative service locations (e.g., community setting or participant's home) and/or, as appropriate, telephonically, via telehealth, live virtual video conferencing, as clinically appropriate.

- a. These unique circumstances are limited to the following:
  - i. Qualified emergencies - state or local disasters such as wildfires and power outages (to allow for services prior to the official declaration of a formal public health emergency (PHE)) as determined by the Department of Health Care Services or its contractor(s)); and,
  - ii. Personal emergencies - time-limited illness/injury, crises, or care transitions that temporarily, on a time-limited basis, prevent or restrict enrolled CBAS participants from receiving services, in-person, at the CBAS center (subject to approval by the beneficiary's managed care plan, or by the Department of Health Care Services or its contractor(s) for beneficiaries exempt from managed care).
- b. These special circumstances are time-limited and vary based on the unique circumstances and identified needs of the participant as documented in the participant's individual care plan. Participants will be assessed at least every three months as part of the reauthorization of the individual's care plan and a review for a continued need for remote/telehealth delivery of CBAS services.

- 23. CBAS Provider Specifications.** CBAS center staff shall include licensed and registered nurses; licensed physical, occupational, and speech therapists; licensed behavioral health specialists; registered dietitians; social workers; activity coordinators; and a variety of other non-licensed staff such as program aides who assist in providing services.
- a. Licensed, registered, certified, or recognized staff under California State scope of practice statutes shall provide services within their individual scope of practice and receive supervision required under their scope of practice laws.
  - b. All staff shall have necessary experience and receive appropriate on-site orientation and training prior to performing assigned duties. All staff will be supervised by CBAS center or administrative staff.
  - c. The Department of Health Care Services maintains Standards of Participation for all CBAS providers which are found in Attachment H to these STCs. These Standards of Participation are hereby incorporated by reference and can be found on the Department of Health Care Services and California Department of Aging (CDA) websites. Any changes in the CBAS Provider Standards of Participation must be approved by CMS.
  - d. CBAS providers approved for provision of CBAS Emergency Remote Services must:
    - i. Maintain regular communication with the participant via phone, email, other electronic device, or in-person visits in order to assess need related to known health status and conditions, as well as emerging needs that the participant or caregiver is reporting.
    - ii. Maintain phone and email access for participant and family support, to be staffed a minimum of six hours daily, during provider-defined hours of services, Monday through Friday.
    - iii. Assess participants' and caregivers' current needs related to known health status and conditions, as well as emerging needs that the participant or caregiver is reporting.
    - iv. Respond to needs and outcomes through targeted interventions and evaluate outcomes.
    - v. Communicate and coordinate with participants' networks of care supports based on identified and assessed need.
    - vi. CBAS providers will work with individual participants to ensure they have the proper support they need in the event of equipment/technology failure including, but not limited to, arranging for alternative tools/equipment, evaluation of the existence or availability of back-up power sources, alarms, additional person(s) to assist, etc.
    - vii. The CBAS provider will be required to identify back-up telehealth modality service delivery options or in-person/in-home visits in the instance that equipment/technology failure prevents the provision of services through telehealth.
    - viii. Arrange for delivery or deliver supplies based on assessed need, including, but not limited to, food items, hygiene products, and medical supplies. If needs cannot be addressed, staff will document efforts and reasons why needs could not be addressed. Note: Meals are limited to no more than two meals per day.

- e. Medi-Cal certification requires that a CBAS provider adhere to federal and state laws and regulations regarding the confidentiality, security, and unauthorized disclosure of protected health information. The role of the provider in remote service delivery is to:
  - i. Explain privacy requirements and appropriately document in the individual's clinical records that the individual and/or the legal representative, when appropriate, has consented to receive CBAS services via telehealth.
  - ii. Confirm that the provider and the individual will use two-way, real-time communication technology that meets the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and that the equipment is adequately suited for the individual's needs in order for remote service delivery.

## **24. Responsibilities of Managed Care Plans for CBAS Benefits**

The responsibilities of managed care plans for the CBAS benefit shall be consistent with each individual managed care plan's contract with DHCS and with these STCs and shall include that plans do the following.

- a. Contract Requirements for Managed Care Plans:
  - i. Contract with sufficient available CBAS providers in the managed care plans covered geographic service areas to address in a timely way the needs of their members who meet the CBAS eligibility criteria in STC 19(d). Sufficient means: providers that are adequate in number to meet the expected utilization of the enrolled population without a waitlist; geographically located within one hour's transportation time and appropriate for and proficient in addressing enrollees' specialized health needs and acuity, communication, cultural and language needs and preferences.
  - ii. Plans may, but are not obligated to, contract for CBAS with providers licensed as ADHCs and authorized by the Department to provide CBAS on or after April 1, 2012. Plans are not obligated to develop new CBAS networks or capacity in geographical areas where CBAS capacity is limited or where ADHC was not available prior to April 1, 2012:
  - iii. Plans must ensure that telehealth delivery of the service will meet HIPAA requirements and the methodology is accepted by the HIPAA compliance officer.
  - iv. Where there is insufficient or non-existent CBAS capacity in the plan's covered geographic service area and ADHC had been available prior to April 1, 2012, the plan shall arrange for the delivery of appropriate plan-covered benefits and coordinate with community resources to assist members, who have similar clinical conditions as CBAS recipients, to remain in the community.
  - v. Confirm that every contracted CBAS provider is licensed, certified, enrolled in Medi-Cal, operating, and meets the managed care plan's credentialing and quality standards, including required Medi-Cal enrollment of staff.
    - A. The managed care plan may exclude any CBAS provider, to the extent that the managed care plan and CBAS provider cannot agree to terms, the CBAS

provider does not meet the plan's credentialing, Medi-Cal enrollment, or quality standards, is terminated pursuant to the terms of the CBAS provider's contract with the managed care plan, or otherwise ceases its operations as a CBAS provider.

- B. The managed care plan shall provide the Department of Health Care Services a list of its contracted CBAS providers and its CBAS accessibility standards on an annual basis.
- b. Eligibility and Authorization: Develop and implement policies and procedures for CBAS eligibility determination and authorization that address the eligibility criteria set forth in STC 19, the processes and timelines in State law, and all of the following:
- i. Face-to-face eligibility determination (F2F) review requirements: the minimum standard is that the managed care plan will conduct an F2F eligibility determination for those beneficiaries who have not previously received CBAS through the plan, provided that the managed care plan has not already determined through another process that the member is clinically eligible for CBAS and in need for the start of CBAS to be expedited.
  - ii. Timeline for eligibility determination: the plan shall complete the F2F eligibility determination using the standard State-approved tool, as soon as feasible but no more than 30 calendar days from the initial eligibility inquiry request. The plan shall send approval or denial of eligibility for CBAS to the CBAS provider within one business day of the decision and notify the member in writing of his/her CBAS eligibility determination within two business days of the decision.
  - iii. Timeline for service authorization: After the CBAS eligibility determination and upon receipt of the CBAS treatment authorization request and individual plan of care (IPC), the plan shall:
    - A. Approve, modify or deny the authorization request within five business days of receipt of the authorization request, in accordance with State law.
    - B. Determine level of service authorization (i.e., days per week authorized) based on the plan's review of the IPC submitted by the CBAS provider, consideration of the days per week recommended by the CBAS multidisciplinary team, and the medical necessity of the member.
    - C. Notify the provider within one business day of the authorization decision. Notify the member within two business days of the authorization decision, including informing the member of his/her right to appeal and grievance processes in accordance with STC 19(f).
  - iv. Timeline, process, and criteria for expedited eligibility determination and authorization for CBAS such that an F2F will not be performed. At a minimum, expedited authorization shall occur within 72 hours of receipt of a CBAS authorization request for individuals in a hospital or nursing facility whose discharge plan includes CBAS, or when the individual faces imminent and serious threat to his or her health.
  - v. Written notices to the beneficiary shall include procedures and contacts for



- grievances and appeals.
  - vi. Guidelines for level of service authorization, including for the number of days per week and duration of authorization up to 12 months.
  - vii. Continuity of care: The managed care plan shall ensure continuity of care when members switch health plans and/or transfer from one CBAS center to another.
- c. Coordination with CBAS Providers: Coordinate member care with CBAS providers to ensure the following:
- i. CBAS IPCs are consistent with members' overall care plans and goals developed by the managed care plan.
  - ii. Exchange of participant discharge plan information, reports of incidents that threaten the welfare, health and safety of the participant, and significant changes in participant condition are conducted in a timely manner and facilitate care coordination.
  - iii. Clear communication pathways to appropriate plan personnel having responsibility for member eligibility determination, authorization, care planning, including identification of the lead care coordinator for members who have a care team, and utilization management.
  - iv. Written notification of plan policy and procedure changes, and a process to provide education and training for providers regarding any substantive changes that may be implemented, prior to the policy and procedure changes taking effect.

## **25. CBAS Center Provider Oversight, Monitoring, and Reporting.**

The state shall maintain a plan for oversight and monitoring of CBAS providers to ensure compliance and corrective action with provider standards, access, and delivery of quality care and services. Reporting of activity associated with the plan must be consistent with the Quarterly and Annual Progress Reports as set forth in this Waiver, Section XI, General Reporting Requirements and reported to CMS on a quarterly basis. Such oversight, monitoring and reporting shall include all of the following:

- a. Enrollment Information: to include the number of CBAS FFS and managed care beneficiaries in each county, the capacity of each county, total determined eligible and ineligible beneficiaries per county quarterly, and explanation of probable cause of any negative change from quarter to quarter of more than five percent and description of any steps taken to address such variances.
- b. The quarterly CBAS provider-reported data submitted to the CDA, identifying participant statistics, average daily attendance utilization at Centers, and capacity data.
- c. Summary of operational/policy development/issues, including complaints, grievances and appeals. The State shall also include any trends discovered, the resolution of complaints and any actions taken or to be taken to prevent such issues, as appropriate.

- d. Summary of all quality assurance/monitoring activity undertaken in compliance with STC 27, inclusive of all amendments.
- e. CBAS FFS and Managed Care Access Monitoring. The Department of Health Care Services will assure sufficient CBAS access/capacity, through the mechanisms listed below, in every county where CBAS existed as of April 1, 2012.
  - i. Review the total number of individuals receiving a new assessment for CBAS vs. the total number of individuals obtaining ongoing CBAS and the number of participants obtaining unbundled services. CMS requires the State to report and review these metrics quarterly and upon a negative change from quarter to quarter of more than 5%, the State must provide a probable cause for the negative change as well as an analysis that addresses such variances.
  - ii. Review of overall utilization of CBAS, including newly opened or closed Centers. CMS requires the State to report and review these metrics quarterly and upon a negative change from quarter to quarter of more than 5%, the State must provide a probable cause for the negative change as well as an analysis that addresses such variances.
  - iii. Review of FFS and managed care grievances and appeals by CBAS enrollees for areas including but not limited to: appeals related to requesting services and not able to receive services or receiving more limited services than requested, excessive drive/ride times to access CBAS, grievances around CBAS providers, grievances around FFS or managed care plan staff in assessment, any reports pertaining to health and welfare of individuals utilizing CBAS, and any reports pertaining to requesting a particular CBAS provider and unable to access that provider. CMS requires the State to report and review these metrics quarterly and upon a negative change from quarter to quarter of more than 5%, the State must provide a probable cause for the negative change as well as a corrective action plan that addresses such variances.
  - iv. A review of any other beneficiary or provider call center/line for complaints surrounding the provision of CBAS benefits through FFS or the managed care plans.
  - v. CMS requires the state to report and review these metrics quarterly and upon a negative change from quarter to quarter of more than 5%, the State must provide a probable cause for the negative change as well as a corrective action plan that addresses such variances.
  - vi. Review the CBAS provider capacity per county vs. the total number of beneficiaries enrolled for CBAS each quarter. CMS requires the State to report and review these metrics quarterly and upon a negative change from quarter to quarter of more than 5%, the State must provide a probable cause for the negative change as well as an analysis that addresses such variances. Evidence of sufficient access monitoring and a corrective action plan must be provided to the regional office annually and at any other time a significant impact to the Medi-Cal managed care plan's operations are administered.
  - vii. If it is found that the State did not meet the monitoring mechanisms listed above,

CMS reserves the right to withhold a portion or all of FFP related to CBAS until which time the State provides adequate documentation assuring sufficient access.

- 26. HCBS Electronic Visit Verification System.** For any in-home services provided to CBAS beneficiaries under the CBAS Emergency Remote Services, the state will demonstrate compliance with the Electronic Visit Verification System (EVV) requirements for personal care services (PCS) and home health services in accordance with section 12006 of the 21st Century CURES Act.
- 27. Quality Improvement Strategy for 1915(c) or 1915(i) Approvable HCBS Services:** For services that could have been authorized to individuals under a 1915(c) waiver or under a 1915(i) HCBS State plan, the state's Quality Assessment and Performance Improvement Plan must encompass long-term services and supports (LTSS) specific measures set forth in the federal managed care rule at 42 CFR 438.330 and should also reflect how the state will assess and improve performance to demonstrate compliance with applicable federal waiver assurances set forth in 42 CFR 441.301 and 441.302. The state will work on establishing the performance measures with CMS to ensure there is no duplication of effort and will report on the initial series within one year of finalization and from that point will report annually. The performance measures shall include the following components:
- a. **Administrative Authority:** A performance measure should be developed and tracked for any authority that the Department of Healthcare Services delegates to another agency, unless already captured in another performance measure.
  - b. **Level of Care or Eligibility based on 1115 Requirements:** Performance measures are required for the following: applicants with a reasonable likelihood of needing services receive a level of care determination or an evaluation for HCBS eligibility, and the processes for determining level of care or eligibility for HCBS are followed as documented. While a performance measure for annual levels of care/eligibility is not required to be reported, the state is expected to be sure that annual levels of care/eligibility are determined.
  - c. **Qualified Providers:** The state must have performance measures that track that providers meet licensure/certification standards, that non-certified providers are monitored to assure adherence to demonstration requirements, and that the state verifies that training is given to providers in accordance with the demonstration.
  - d. **Service Plan:** The state must demonstrate it has designed and implemented an effective system for reviewing the adequacy of service plans for HCBS participants. Performance measures are required for choice of waiver services and providers, service plans address all assessed needs and personal goals, and services are delivered in accordance with the service plan including the type, scope, amount, duration, and frequency specified in the service plan.
  - e. **Health and Welfare:** The state must demonstrate it has designed and implemented an effective system for assuring HCBS participants health and welfare. The state must have performance measures that track that on an ongoing basis it identifies, addresses and seeks to prevent instances of abuse, neglect, exploitation and unexplained death;

that an incident management system is in place that effectively resolves incidents and prevents further singular incidents to the extent possible; that state policies and procedures for the use or prohibition of restrictive interventions are followed; and, that the state establishes overall health care standards and monitors those standards based on the responsibility of the service provider as stated in the approved demonstration.

- f. **Financial Accountability:** The state must demonstrate that it has designed and implemented an adequate system for ensuring financial accountability of the HCBS program. The state must demonstrate actuarial soundness on an annual basis pursuant to 42 CFR 438.

**28. Monitoring and Reporting of HCBS Quality Assurance:** The state will submit a report to CMS which includes evidence on the status of the HCBS quality assurances and measures that adheres to the requirements outlined in the March 12, 2014, CMS Informational Bulletin, Modifications to Quality Measures and Reporting in 1915(c) Home and Community-Based Waivers as an attachment to its Annual Monitoring Report described in STC 87.

The state must report, as an attachment to its Annual Monitoring Reports (refer to STC 87) identified issues and gaps found during the oversight and monitoring of the HCBS demonstration assurances, an explanation of how these deficiencies have been or are being corrected, as well as the steps that have been taken to ensure that these deficiencies do not reoccur. The state must also report on the number of substantiated instances of abuse, neglect, exploitation and/or death, the actions taken regarding the incidents and how they were resolved. The state will work on establishing the performance measures with CMS to ensure there is no duplication of effort and will report on the initial series within one year of finalization and from that point will report annually.

**29. Beneficiary Protections:**

- a. **Person-centered planning.** The state assures there is a person-centered service plan for each individual determined to be eligible for HCBS. The person-centered service plan is developed using a person-centered service planning process in accordance with 42 CFR 441.301(c)(1) (1915(c)) or 42 CFR 441.725(c) (1915(i)), and the written person-centered service plan meets federal requirements at 42 CFR 441.301(c)(2) (1915(c)) or 42 CFR 441.725(b) (1915(i)). The person-centered service plan is reviewed and revised upon reassessment of functional need as required by 42 CFR 441.301(c)(3) or 42 CFR 441.365(e), at least every 12 months, when the individual's circumstances or needs change significantly, or at the request of the individual.
- b. **Conflict of Interest:** The state agrees that the entity that authorizes the services is external to the agency or agencies that provide the HCB services. The state also agrees that appropriate separation of assessment, treatment planning and service provision functions are incorporated into the state's conflict of interest policies.
- c. Each beneficiary eligible for long term services and supports will have informed choice on their option to self-direct LTSS, have a designated representative direct LTSS on their behalf, or select traditional agency-based service delivery. Both level of care

assessment and person-centered service planning personnel will receive training on these options (for use in MLTSS programs with self-direction).

- d. The state, either directly or through its managed care plan contracts, must ensure that participants' engagement and community participation is supported to the fullest extent desired by each participant.

### **30. CBAS Provider Reimbursement.**

- a. DHCS shall reimburse CBAS providers serving eligible Medi-Cal beneficiaries who are not enrolled in Medi-Cal managed care at an all-inclusive rate per day of attendance per beneficiary. DHCS shall publish such rates.
- b. Managed care plans shall reimburse contracted CBAS providers pursuant to a reimbursement structure that shall include an all-inclusive rate per day of attendance per plan beneficiary, or be otherwise reflective of the acuity and/or level of care of the plan beneficiary population served by the CBAS providers. Per Welfare and Institutions Code section 14184.201(d)(4), managed care plans shall reimburse contracted CBAS providers at the rate the CBAS provider would have been paid by DHCS for CBAS services under the fee-for-service delivery system (described in 19(b)(iii) above), unless the plan and contracted CBAS provider mutually agree to a different reimbursement amount. Managed care plans may include incentive payment adjustments and performance and/or quality standards in their reimbursement structure in paying CBAS providers.

### **31. CBAS Program Integrity**

- a. Following a determination that a credible allegation of fraud exists involving a CBAS provider, the state shall notify managed care plans promptly of the finding. The state must require managed care plans to report, in a timeframe and manner as specified by the state, but no less frequently than quarterly, to the state all payments made to the applicable CBAS provider for CBAS services provided after the date of notification; the state must disclose this information to CMS beginning with payments made on or after April 1, 2016.
- b. If the credible allegation of fraud is proven:
  - i. For purposes of claiming FFP, the state must adjust its claiming associated with payments to a managed care plan to account for an amount equal to what the managed care plan has paid to an applicable CBAS provider for dates of services occurring after the state has notified the managed care plan that the CBAS provider has been referred for investigation. The state shall refund the federal share associated with such payments in accordance with Attachment S.
  - ii. The state may recoup from its payment to a managed care plan an amount equal to what the managed care plan has paid to the applicable CBAS provider for dates of service after the state has notified the managed care plan that the CBAS provider has been referred for investigation.
  - iii. Additional specifications pertaining to these requirements including information about how payments and claiming will be adjusted and MCPs will be notified are

set forth in Attachment S in accordance with the Medicaid Managed Care rule at 80 FR 31097 or the finalized 42 CFR 438.

## **B. PROVIDING ACCESS AND TRANSFORMING HEALTH (PATH)**

- 32. Providing Access and Transforming Health (PATH) Overview.** The state is authorized up to \$1.44 billion (total computable) in expenditure authority for PATH, subject to the provisions in STC 34. PATH is one-time transitional funding that will support the state's efforts to maintain, build, and scale the capacity necessary to transition the Whole Person Care (WPC) and Health Home Pilots approved in the Medi-Cal 2020 demonstration to the CalAIM initiative. PATH funding will ensure Medi-Cal beneficiaries have continuous access to benefits and services previously covered by WPC Pilots as these activities are integrated into Medi-Cal managed care plans (MCPs). It will also support certain pre-release application planning and information technology (IT) investments for justice-involved activities. This expenditure authority is authorized over the five years of the demonstration from January 1, 2022 through December 31, 2026. This funding will be administered by DHCS or a Third Party Administrator (TPA) and the funding is considered an administrative cost.
- a. The state shall select Qualified Applicants, described in STC 37, to receive payments under PATH, as outlined in STC 31(d) below, to support counties, providers, and MCPs as they sustain, transition, and expand WPC and Health Home Pilot services and interventions initially authorized under the Medi-Cal 2020 demonstration to statewide services available through the Medi-Cal managed care delivery system. PATH funding will support the development of capacity, infrastructure, and systems across the state, including in those counties that did not participate in WPC.
  - b. The state and Qualified Applicants as defined in STC 37 will be subject to requirements around eligibility for funding, program integrity, and evaluation, as outlined in the PATH STCs, PATH Monitoring Protocol, CalAIM demonstration reporting, and the CalAIM demonstration evaluation approach in STC 96.
  - c. A former "WPC Lead Entity" refers to the cities, county agencies, designated public hospitals, district municipal public hospitals, or federally recognized tribes and tribal health programs that participated in the Whole Person Care Pilots as authorized and defined under the Medi-Cal 2020 demonstration.
  - d. For applicable initiatives, Qualified Applicants must provide DHCS or the TPA with a specific request and justification as part of an application for funding. DHCS will determine a target amount of funding to be allocated within each county as part of the Ensuring Access to Services During Transition and Delivery System and Innovation Program to promote appropriate distribution of funding across the state. Target funding amounts will likely be adjusted over time to meet varying demand and will be determined based on a combination of factors including, for example, enrollment, access/affordability and other indicators.
  - e. PATH funding must not supplant funding provided by other Federal, state or local funding sources. The PATH payments do not offset payment amounts otherwise

payable to and by MCPs for Medi-Cal beneficiaries, or replace provider payments from MCPs. The PATH funding must not supplant funding provided for the state's Department of Corrections (DOC) for the purchase of technology for state prisons, county jails, and youth correction facilities.

**33. PATH Programs Description.** Ensuring Access to Services During Transition and Delivery System Transformation and Innovation Program, which is comprised of five initiatives:

- a. **Support for Sustaining Services Through the Transition to Managed Care.** PATH funding is available for the Support for Sustaining Services through the transition to Managed Care Initiative for former WPC Pilot Lead Entities to sustain existing WPC Pilot services that will continue under CalAIM as Community Supports, as defined in Section VIII and the 1915(b) waiver. This funding is intended to ensure continuity of services for individuals when a Community Support is not adopted by the MCP on January 1, 2022, but there is a commitment from the MCP that it will elect to offer the Community Support before January 1, 2024. Allowable Services may assist in the continuity of access to WPC services that are transitioning to CalAIM and may not be covered on "day one". For example:
  - Housing transition navigation services, housing tenancy and sustaining services, or asthma remediation;
  - Sobering center services;
  - Recuperative care services.
- b. **The funding may not be used to initiate new services.** WPC services and infrastructure that will not continue under CalAIM (i.e., where there is no corresponding CalAIM Community Support) would not be eligible for this funding. Funding may not be used to fund WPC services indefinitely and may only be used to continue services until the services are picked up by MCPs no later than January 1, 2024. The payments do not offset payment amounts otherwise payable to and by MCPs for Medi-Cal beneficiaries, or supplant provider payments from MCPs.
- c. **Support for Sustaining Justice-Involved Services Through the Transition to Managed Care.** PATH will make funding available to former WPC Pilot Lead Entities to maintain justice involved services currently provided through former WPC Pilots that do not transition to managed care until January 1, 2023, or later. Direct funding is available for WPC Pilot Lead Entities, as well as ECM / Community Supports (ILOS) providers which work with jails, prisons, and youth correctional facilities to sustain existing WPC Pilot pre-release and re-entry services that map to required ECM and MCP-offered Community Supports. Funding may be used only to pay former WPC Lead Entities for services provided. Some WPC services will not be covered by MCPs until mid-2022 or 2023; this funding may be used to sustain these services until they are

transitioned to and paid for by MCPs. The funding may not be used to initiate new services, sustain services that were provided in WPC but are not transitioning to CalAIM, or sustain services indefinitely without a plan to transition them to the consolidated CalAIM Section 1915(b) waiver delivery system and other related authorities.

- d. **Technical Assistance Marketplace.** PATH will make funding available for the provision of technical assistance (TA) to Qualified Applicants that are contracted with or that intend to contract with one or more MCPs as an ECM or Community Supports provider. Qualified Applicants, as described in STC 37, can apply to the TPA for TA support. Allowable expenditures include, but are not limited to the following, and once finalized will be included as an Operational Protocol at Attachment O within the STCs:
  - i. Workforce training to support expansion of services to newly eligible populations or vulnerable populations (e.g., individuals who are experiencing homelessness);
  - ii. Technical assistance (e.g., through trainings, one on one consultations) mining EHR data to identify individuals newly eligible for ECM / Community Support (ILOS) services;
  - iii. Developing and distributing, in-depth guidance for implementing data sharing processes between providers and housing services organizations to connect members to housing community support services;
  - iv. Providing specific training to support the development, coordination, and implementation for regional learning collaboratives / learning networks; and
  - v. Detailed training on how to connect justice-involved individuals to housing services.
- e. **Collaborative Planning and Implementation for ECM and Community Supports.** Expenditure authority will make funding available to establish and facilitate regional collaborative planning efforts to support readiness for CalAIM implementation. Regional collaborative planning efforts will be organized and facilitated by a TPA or Vendor, and should include at a minimum: MCPs, city, county, and other government agencies, county and community-based providers (including but not limited to public hospitals), CBOs, and Medi-Cal Tribal and Designees of Indian Health Programs contracted with or that intend to contract with MCPs as ECM or Community Supports providers. As the implementers of ECM and Community Supports (ILOS), MCPs will not be eligible to receive funding through this initiative but are expected to participate in Collaborative Planning and Implementation initiatives ongoing in their service areas. Allowable expenditures include, but are not limited to the following, and once finalized will be included as an Operational Protocol at Attachment O in the STCs.
  - i. Support collaborative planning between MCPs and local stakeholders to identify and address gaps that may hinder implementation of ECM / Community Support (ILOS) services;



- ii. Development of implementation plans to operationalize CalAIM and address ECM / Community Support (ILOS) service gaps using PATH funding;
  - iii. Identify and resolve ongoing ECM / Community Supports (ILOS) service delivery challenges through regular meetings and collaboration throughout the five-year CalAIM demonstration period; and
  - iv. Support, development, coordination and implementation of virtual or in-person meetings to support ECM / Community Supports (ILOS) quality improvement efforts to ensure the delivery of high-quality services.
- f. **Support for Expanding Access to Services.** Expenditure authority will make funding available to enable the transition, expansion and development of capacity and infrastructure necessary for city, county, and other government agencies, county and community-based providers (including but not limited to public hospitals), CBOs, and Medi-Cal Tribal and Designees of Indian Health Programs contracted with or that intend to contract with MCPs as ECM or Community Supports providers. Allowable expenditures include, but are not limited to:
- i. Hiring staff that will have a direct role in the execution and expansion of ECM/Community Supports (ILOS) services to boost capacity to assure access to these services;
  - ii. Supporting implementation of a closed-loop referral system to ensure individuals referred to needed services were able to access those services;
  - iii. Purchasing billing systems for newly available services; and
  - iv. Providing up front funding needed by providers/community-based organizations to deliver ECM/Community Supports services (e.g., purchasing infrastructure that refrigerates fresh food).
- g. Eligible entities include, at a minimum, city, county and other government agencies, county and community-based providers (including but not limited to public hospitals), CBOs, and Medi-Cal Tribal and designees of Indian Health Programs.
- h. Qualified Applicants must provide the TPA with a specific request and justification as part of an application for funding. DHCS will determine a target amount of funding to be allocated within each county as part of the Ensuring Access to Services During Transition and Delivery System Transformation and Innovation PATH Program to promote equitable distribution of funding across the state. Target funding amounts will likely be adjusted over time to meet varying demand and will be determined based on a combination of factors including, for example: MCP revenue, enrollment, access/affordability and other indicators.

**34. The PATH Justice-Involved Planning and Implementation Program** will provide expenditure authority to fund supports needed for Medi-Cal pre-release application planning and purchase of certified electronic health record technology to support Medi-Cal pre-release applications. This investment will support collaboration and planning between DHCS, justice-involved facilities (e.g., state prisons, county jails, youth correctional

facilities), probation officers, peer support specialists, health plans, sheriff's offices, enrollment offices, and others. The specific use of this funding will be established by the entity submitting the application, as the extent of their funding needs will be determined by the technology and training needs of the entity. Allowable expenditures include, but are not limited to the following, and once finalized will be included an Operational Protocol at Attachment O within the STCs:

- a. **Technology and IT Services.** Expenditure authority for the purchase of technology for Qualified Applicants and enrollment officers, which are to be used for enrolling inmates onto Medicaid and to coordinate pre-release and post-release services for enrollees. This includes the development of an electronic interface for prisons, jails, and youth correctional facilities to communicate with Medicaid IT systems to support Medicaid enrollment and suspension and modifications and enhancements of existing IT systems to create and improve data exchange and IT linkages with local Medi-Cal eligibility offices.
- b. **Hiring of Staff and Training.** Expenditure authority for Qualified Applicants to hire additional enrollment staff to assist with the coordination of pre-release and post-release services for justice-involved individuals. Qualified Applicants may also require training for staff focused on working effectively and appropriately with justice-involved individuals.
- c. **Adoption of Certified Electronic Health Record Technology.** Expenditure authority for providers' purchase of certified electronic health record (EHR) technology and training for the staff that will use the EHR.
- d. **Purchase of Billing Systems.** Expenditure authority for the purchase of billing systems for Qualified Applicants.
- e. **Development of Protocols and Procedures.** Expenditure authority to support the specification of steps to be taken in preparation for and execution of the Medicaid enrollment process for eligible individuals and coordination of pre-release and post-release services for enrolled individuals.
- f. **Additional Activities to Promote Collaboration.** Expenditure authority for additional activity that will advance collaboration between California's county jails, county sheriff's departments, youth correctional facilities, and local Medi-Cal eligibility offices involved in supporting and planning for the Justice-Involved Initiative. This may include conferences and meetings convened with the agencies and organizations involved in the initiative.
- g. **Planning.** Planning to focus on developing processes and information sharing protocols to: (1) identify uninsured who are potentially eligible; (2) assisting with the completion of an application; (3) submitting an application to the county eligibility department; and (4) establishing on-going oversight and monitoring process upon implementation.

**35. PATH Funding Amounts.** PATH will be funded at the amounts described in the table below for each of the five (5) years of the CalAIM demonstration renewal, with funding phasing down over time as the CalAIM delivery system matures, totaling a maximum of

\$1.44 billion over five years. To the extent any of the funds associated with PATH are not fully expended or fully allocated in a given demonstration year, PATH funds may be reallocated across other PATH initiatives or years, subject to overall PATH expenditure limits. DHCS will detail within quarterly and annual reports when it reallocates PATH funding to a future DY and/or from one PATH initiative to another.

<b>Table 1. Annual Total Computable PATH Funding by Initiative (Amounts in Millions)</b>						
<b>Program</b>	<b>PY 1 (2022)</b>	<b>PY 2 (2023)</b>	<b>PY 3 (2024)</b>	<b>PY 4 (2025)</b>	<b>PY 5 (2026)</b>	<b>Total</b>
Ensuring Access to Services During Transition and Delivery System Transformation and Innovation	\$554	\$430	\$230	\$70	\$5	\$1,289
Justice-Involved Planning and Implementation	\$151	\$0	\$0	\$0	\$0	\$151
<b>Total</b>	<b>\$705</b>	<b>\$430</b>	<b>\$230</b>	<b>\$70</b>	<b>\$5</b>	<b>\$1,440</b>

**36. PATH Funding Administration.** Subject to the funding limits in Table 1, DHCS will review, approve, and make payments for PATH funding in accordance with the requirements in these PATH STCs. DHCS will make payments directly to awarded Qualified Applicants or via the TPA to Qualified Applicants. DHCS will monitor payments to ensure compliance with PATH program requirements, applicable statutory and regulatory requirements, and to prevent fraud, waste and abuse. DHCS will ensure that it has appropriate mechanisms and methodologies in place to ensure the appropriate amount of FFP is claimed for each PATH program and initiative.

**37. Payment to Qualified Applicants and the TPA is limited to the overall PATH funding limit stipulated in Table 1.** Qualified Applicants and the TPA must attest to DHCS that they have appropriate funds controls between PATH funding and billing for Medi-Cal applicable state plan covered services.

- a. DHCS will approve applicants, and administer and monitor funds for the Support for Sustaining Services Through the Transition to Managed Care, and Support for Sustaining Justice-Involved Services Through the Transition to Managed Care initiatives. A TPA may administer and oversee funding for the other PATH initiatives, including the Justice-Involved Planning and Implementation Program.
- b. For the Technical Assistance Marketplace, Collaborative Planning and Implementation of ECM and Community Supports, and Support for Expanding Access to Services initiatives, the TPA will be responsible for monitoring PATH payments to identify duplicate funding received by Qualified Applicants for covered Medi-Cal services or other payment programs, such as incentives. The TPA may also administer the Justice-Involved Planning and Implementation Program.
- c. To the extent that the intensity of needs shift, PATH funds may be reallocated across PATH initiatives or future demonstration years, subject to overall PATH expenditure limits.

**38. Qualified Applicants.** Criteria for Qualified Applicants will vary by PATH initiative.

- a. Qualified Applicants for the PATH Ensuring Access to Services During Transition and Delivery System Transformation and Innovation Program will also vary by initiative.
  - i. For the Support for Sustaining Services Through the Transition to Managed Care Initiative, former WPC Lead Entities, as defined under the Medi-Cal 2020 demonstration, will be eligible to become a Qualified Applicant to receive Support for Sustaining Services Through the Transition to Managed Care Initiative funding. Qualified Applicants may use funding from this initiative to sustain allowable WPC services until they transition to CalAIM.
  - ii. For the Support for Sustaining Justice-Involved Services Through the Transition to Managed Care Initiative, former WPC Lead Entities, as defined under the Medi-Cal 2020 demonstration that have previously offered justice-involved services as part of the WPC Pilots will be eligible to become a Qualified Applicant. Qualified Applicants may use funding from this initiative to sustain previously offered justice-involved services until they transition to CalAIM.
  - iii. For the Technical Assistance Marketplace Initiative, Collaborative Planning and Implementation of ECM and Community Supports Initiative and Support for Expanding Access to Services, the following entities, at a minimum, will be eligible to become a Qualified Applicant to receive TA support: city, county, and other government agencies; county and community-based providers including but not limited to public hospitals, CBOs, and Medi-Cal Tribal and the Designees of Indian Health Programs contracted with or that intend to contract with MCPs as ECM or Community Supports providers; and other entities as approved by DHCS or the TPA.
- b. Qualified Applicants for the Justice-Involved Planning and Implementation Program will include county jails, county behavioral health agencies, youth correctional facilities and probation offices, Sheriff's Offices, state prisons, and other entities as approved by DHCS.

**39. Invoice and Application Process for Qualified Applicants.** Qualified Applicants will be required to submit invoices and/or applications, to be processed and evaluated by DHCS or the TPA, in order to receive PATH dollars. Funding will vary by initiative and by Qualified Applicant. If a selected applicant fails to substantially comply with any of the terms of the approved application, DHCS will take corrective action and may terminate agreement and redirect applicable funds to other selected applicants who qualify for additional PATH funds or to other Qualified Applicants whose programs were not previously selected for funding, in that same demonstration year or a future demonstration year, as applicable.

- a. The invoice and/or application process for Qualified Applicants under the PATH "Ensuring Access to Services During Transition and Delivery System Transformation and Innovation" program will vary by initiative.

- i. For the Support for Sustaining Services Through the Transition to Managed Care Initiative, Qualified Applicants must submit a standardized invoice for spending on permissible services.
- ii. For the Support for Sustaining Justice-Involved Services Through the Transition to Managed Care Initiative, Qualified Applicants must submit a standardized invoice for spending on permissible services.
- iii. For the Technical Assistance Marketplace Initiative, Qualified Applicants must submit a standardized application to the TPA that outlines the request for TA or supporting resources, and other relevant information to be determined by DHCS.
- iv. For the Collaborative Planning and Implementation Initiative, Qualified Applicants must submit a standardized application to the TPA outlining their interest and intent to establish and support local collaborative planning in the region and in collaboration with other entities, along with other relevant information to be determined by DHCS.
- v. For the Support for Expanding Access to Services Initiative, the Qualified Applicant must submit a standardized application to the TPA outlining the intended purpose of the PATH funds, along with other relevant information to be determined by DHCS.
- b. For the Justice-Involved Planning and Implementation Program, Qualified Applicants must submit a standardized application for participation and invoice in the format specified by DHCS for spending on permissible activities.

**40. Treatment of PATH Funds.** PATH payments are available to Qualified Applicants. PATH Payments shall not be considered direct reimbursement for expenditures or payments for new services. PATH payments are intended to support infrastructure, interventions and non-Medicaid covered transitional services that support the transition from WPC Pilots and Health Home Program to CalAIM, expand access to needed services, and enable community-based providers to provide Community Supports.

PATH payments are not direct reimbursement for expenditures incurred by participating entities. PATH payments shall not be considered payments for services otherwise reimbursable under the Medi-Cal program, and therefore providers may continue to bill Medi-Cal and/or the Medi-Cal managed care plan for all applicable state plan covered services. PATH payments are not reimbursement for health care services that are recognized under these STCs or under the state plan. PATH payments should not be considered patient care revenue and should not be offset against the certified public expenditures incurred by government-operated health care systems and their affiliated government entity providers for health care services, disproportionate share hospital payments or administrative activities as defined under these STCs and/or under the state plan. The payments do not offset payment amounts otherwise payable to and by MCPs for Medi-Cal beneficiaries, or supplant provider payments from MCPs.

**41. PATH Progress Reports.** Qualified Applicants and the TPA receiving PATH funding shall submit progress reports in a manner and frequency specified by DHCS. Progress reports will include reporting on performance metrics that are standardized by PATH program and initiative. The state will work with the TPA to develop such performance metrics across PATH programs and initiatives. Qualified Applicants will also be responsible for determining entity-specific milestones related to their need for and use of PATH funding. These proposed milestones may be reviewed and approved by the state or the TPA, as appropriate, as a condition of funding receipt. In these cases, the Qualified Applicant will be expected to provide narrative reports in a frequency and manner established by the state and the TPA. Ongoing funding may be based on progress towards or achievement of those milestones and performance metrics, as determined by the state. Failure to adequately meet or report on milestones and performance metrics may preclude a Qualified Applicant from receiving future PATH funding.

Wherever possible, with respect to the two Support for Sustaining Services Initiatives, progress reports will seek to collect information that may be used to understand race, ethnicity, geographic location, and other characteristics of individuals who receive services associated with these two initiatives. For other PATH initiatives, the state will work to prioritize support for Qualified Applicants that have been historically underutilized and/or under-resourced, and/or that serve the diverse needs of the state's population.

**42. PATH Funding and Mechanics Protocol.** Within one hundred and twenty (120) days of CMS approval of the terms and conditions for the CalAIM renewal, CMS and the state will develop and finalize a PATH Funding and Mechanics Protocol that will outline additional detail on the milestones and award criteria for the Qualified Applicants.

**43. PATH Program Integrity.** DHCS will ensure that all PATH payments are made consistent with these STCs. Within one hundred and twenty (120) days of CMS approval of the STCs for the CalAIM renewal, CMS and the state will develop and finalize a PATH Operational and Monitoring Protocol that will outline DHCS' approach to PATH program integrity, oversight, monitoring, and performance metrics, including any required reporting to CMS. The state will ensure that PATH funding is subject to program integrity standards. Program integrity activities will include, at a minimum:

- a. **Completing progress reporting on PATH-funded activities.** All PATH funding recipients will be expected to submit progress reports that document PATH-funded activities. Recipients will be required to attest to non-duplication of funding with other federal, state and local funds. The state or its contracted TPA will monitor for funding irregularities and potential duplication across all PATH programs and initiatives.
- b. **Participating in audit processes.** The state or its contracted TPA will conduct spot-audits to ensure that PATH funds are being spent on permissible uses and are being documented and reported on appropriately.
- c. **Ensuring action is taken to address noncompliance.** The state or its contracted TPA will ensure that action is taken to address any identified non-compliance with PATH

funding parameters. If the state determines that a funding recipient has failed to demonstrate appropriate performance, DHCS may impose corrective actions which may include caps on funding, recoupment of funding, or discontinuation of PATH funding. The state may also impose corrective actions for a Qualified Applicant if it is determined that it is out of compliance with requirements as set forth in the STCs and attachments, the agreement between the Qualified Applicant and the state, and/or policy letters or guidance set forth by the state. Prior to initiating any corrective action on Qualified Applicants, the state shall provide the Qualified Applicants notice and an opportunity to comment regarding the identified area of non-compliance. CMS reserves the right to require DHCS to return FFP associated with recoupment of funding for Qualified Applicant and TPA noncompliance.

- 44. Sources of Non-Federal Share Funding for PATH Expenditures.** The state must have permissible sources for the non-federal share of all PATH expenditures, which may include, as applicable to a specific PATH initiative or program, permissible intergovernmental transfers (IGTs) from qualifying governmental entities, or state funds. Sources of non-federal share funding shall not include impermissible provider taxes or non-bona fide provider-related donations under Section 1903(w), impermissible IGTs from providers, or federal funds received from federal programs other than Medicaid (unless expressly authorized by federal law to be used for claiming purposes, and the federal Medicaid funding is credited to the other federal funding source). For this purpose, federal funds do not include GPP payments, PATH payments, or patient care revenue received as payment for services rendered under programs such as Medicare or Medicaid.
- 45.** For PATH expenditures derived from IGTs, the qualified funding entity shall certify that the funds transferred qualify for federal financial participation pursuant to 42 CFR part 433, subpart B, and not derived from the impermissible sources listed above.

### **C. Dually Eligible Enrollees in Medi-Cal Managed Care**

- 46.** Under the expenditure authority for the Duals Eligible Program, the state will align a dually eligible beneficiary's Medicaid plan with their Medicare Advantage (MA) Plan choice, to the extent the Medicare Advantage plan has an affiliated Medicaid plan. In counties where the state is authorizing exclusively aligned enrollment Dual Eligible Special Needs Plans (D-SNPs), the state will limit enrollment into D-SNPs without Medicaid managed care plans, further simplifying the health plan market for dually eligible individuals. The state is committed to implementing valuable aspects of integration, including integrated appeals and grievances, continuation of Medicare benefits pending appeal, integrated member materials, and care coordination that extends across Medicare and Medicaid benefits in counties where the state is authorizing the exclusively aligned enrollment D-SNP model. Aligned Medicare/Medicaid plans may also reduce inappropriate billing, improve alignment of Medicare and Medicaid networks, and improve access to care. This will include:

- a. The state will develop a process by which the enrollment broker can directly facilitate immediate Medicaid plan disenrollment should the beneficiary need be urgent/medically necessary, particularly during the last quarter of the calendar year. In addition, the Cal MediConnect Ombudsman, and any successor program, can make a warm handoff to the enrollment broker to facilitate immediate Medicaid plan disenrollment in the circumstances described above.
- b. With the consultation of stakeholders through the Duals & LTSS Workgroup, the state will implement continuity of care requirements to support beneficiary access to prior providers until, at a minimum, the beneficiary has the opportunity to change Medicaid plans.
- c. The state will ensure that beneficiary communications from the state and from plans in counties with exclusively aligned enrollment D-SNPs explain the benefits of enrollment in integrated care, and in all counties with Medicaid plan and MA alignment the beneficiary communications explain the opportunities, process, and timing for changing Medicaid plans. Beneficiary communications will include contact information for Health Insurance Counseling and Advisory Program (HICAP) and ombudsman services.
- d. DHCS will develop and implement the necessary system changes to effectuate exclusively aligned enrollment for D-SNPs aligned with the Medicaid managed care plans. The state will work collaboratively with advocates, health plans, and CMS to develop and implement a long-term system.

## VI. DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM

**47. Drug Medi-Cal and Organized Delivery System.** The Drug Medi-Cal Organized Delivery System (DMC-ODS) is a program for the organized delivery of substance use disorder (SUD) services to Medi-Cal-eligible individuals with SUD that reside in a county that elects to participate in the DMC-ODS (previously and hereafter referred to as DMC-ODS beneficiaries). Since the DMC-ODS pilot program began in 2015, all California counties had the option to participate in the program to provide their resident Medi-Cal beneficiaries with a range of evidence-based SUD treatment services in addition to those available under the Medi-Cal State Plan. Originally authorized by the Medi-Cal 2020 demonstration, most components of DMC-ODS are authorized under California's Section 1915(b) waiver (for service delivery within a regional managed care environment) and California's Medicaid State Plan (for benefits coverage), as of January 1, 2022. This CalAIM demonstration will continue to provide the state with authority to claim federal financial participation (FFP) for high quality, clinically appropriate SUD treatment services for DMC-ODS beneficiaries who are short-term residents in residential and inpatient treatment settings that qualify as an IMD. The CalAIM demonstration will continue to test whether this authority will increase access to evidence-based treatment services and improve overall health and long-term outcomes for those with SUD when a full continuum of care is provided. Critical elements of the DMC-ODS Program continue to include



providing a continuum of care and patient assessment and placement tools modeled after the American Society of Addiction Medicine (ASAM) Criteria.

During the demonstration period, the state seeks to continue achieving the following goals:

1. Increased rates of identification, initiation, and engagement in treatment;
2. Increased adherence to and retention in treatment;
3. Reductions in overdose deaths, particularly those due to opioids;
4. Reduced utilization of emergency departments and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services;
5. Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate; and
6. Improved access to care for physical health conditions among beneficiaries.

**DMC-ODS Program.** Under this demonstration, DMC-ODS beneficiaries will continue to have access to high-quality, evidence-based SUD treatment services including services provided in residential and inpatient treatment settings that qualify as an IMD, which are not otherwise reimbursable expenditures under section 1903 of the Act in the absence of the expenditure authority granted herein. The state will continue to be eligible to receive FFP for DMC-ODS beneficiaries residing in IMDs under the terms of this demonstration for coverage of medical assistance, including SUD benefits that would otherwise be reimbursable if the beneficiary were not residing in an IMD. California will continue to aim for a statewide average length of stay of 30 days or less in residential treatment settings, to be monitored pursuant to the SUD Monitoring Protocol as outlined in STC 50 below. The ASAM Criteria assessment shall continue to be used for all DMC-ODS beneficiaries to determine placement into the appropriate level of care.

In counties that do not opt into the DMC-ODS Program, beneficiaries receive only the “Substance Use Disorder Treatment Services” covered under California’s Medicaid State Plan, they are not eligible to receive the “Expanded SUD Treatment Services” covered under the State Plan which are limited to beneficiaries residing in DMC-ODS counties.

Beneficiaries under the age of 21 are eligible to receive coverable Medicaid services pursuant to the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) mandate. Under the EPSDT mandate, beneficiaries under the age of 21 are eligible to receive all appropriate and medically necessary services needed to correct and ameliorate health conditions that are coverable under section 1905(a) of the Act. Nothing in the DMC-ODS overrides any EPSDT requirements. Counties remain responsible for the provision of medically necessary DMC-ODS services pursuant to the EPSDT mandate.

As outlined in Table 2 below, DMC-ODS benefits reflect a continuum of care that ensures that beneficiaries can enter SUD treatment at a level appropriate to their needs and step up or down to a different intensity of treatment based on their responses. The ASAM Criteria Assessment shall be used for all beneficiaries to determine placement into the appropriate level of care. DMC-ODS counties must provide independent review for residential services within 24 hours of the submission of the request by the provider. Room and board costs are not considered allowable costs for residential treatment service providers unless they qualify as inpatient facilities under section 1905(a) of the Act.

**Table 2: ASAM Criteria Continuum of Care Services and the DMC-ODS System**

<b>Benefit</b>	<b>Medicaid authorities</b>	<b>Required or Optional for DMC-ODS Counties</b>
Screening, Assessment, Brief Intervention, and Referral to Treatment (SABIRT) and Early Intervention	<p>State plan (individual services covered)</p> <p>SABIRT is delivered through fee-for-service (FFS) and Managed Care Plan (MCPs) delivery systems for beneficiaries aged 11 years and older</p> <p>Early intervention services (excluding to SABIRT) are available in DMC-ODS and Drug Medi-Cal for beneficiaries under age 21</p>	<p>Required</p> <ul style="list-style-type: none"> <li>• Coordination with SABIRT delivered through FFS/MCPs</li> <li>• Additional early intervention services for beneficiaries under age 21</li> </ul>
Outpatient services (also known as Outpatient Drug Free)	State plan (individual services covered)	Required
Intensive outpatient services	<p>State plan (individual services covered)</p> <p>1115 expenditure authority for services provided to individuals in IMDs</p>	Required
Partial hospitalization services	State plan (individual services covered)	Optional

<b>Benefit</b>	<b>Medicaid authorities</b>	<b>Required or Optional for DMC-ODS Counties</b>
	1115 expenditure authority for services provided to individuals in IMDs	
Residential/inpatient services	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Required <ul style="list-style-type: none"> <li>• At least one ASAM level of care initially</li> <li>• ASAM Levels 3.5 available within two years</li> <li>• ASAM Levels 3.1 and 3.3 available within three years</li> <li>• Coordination with ASAM Levels 3.7 and 4.0 delivered through FFS/MCPs</li> </ul> Optional <ul style="list-style-type: none"> <li>• ASAM Levels 3.7 and 4.0</li> </ul>
Withdrawal management services	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Required <ul style="list-style-type: none"> <li>• Coordination with ASAM Levels 3.7-WM and 4.0-WM delivered through FFS/MCPs</li> <li>• At least one level of withdrawal management (ASAM Levels 1-WM, 2-WM, 3.2-WM, 3.7-WM, or 4-WM)</li> </ul> Optional <ul style="list-style-type: none"> <li>• Additional levels of withdrawal management</li> </ul>
Narcotic Treatment Program services	State plan (individual services covered)	Required

<b>Benefit</b>	<b>Medicaid authorities</b>	<b>Required or Optional for DMC-ODS Counties</b>
	1115 expenditure authority for services provided to individuals in IMDs	
Medications for Addiction Treatment for Alcohol Use Disorders and Other Non-Opioid Substance Use Disorders	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Required
Medications for Addiction Treatment for Opioid Use Disorders	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Required
Recovery Services	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Required
Peer Support Services	State plan (individual services covered)  1115 expenditure authority for services provided to individuals in IMDs	Optional
Contingency management services	1115 expenditure authority (individual services covered)	Optional
Care Coordination services	State plan  1115 expenditure authority for services provided to individuals in IMDs	Required
Clinician consultation services	State plan (reimbursable activity; not a distinct service)  1115 expenditure authority for services provided to	Required

Benefit	Medicaid authorities	Required or Optional for DMC-ODS Counties
	individuals in IMDs	

**48. DMC-ODS County Requirements.** The following requirements apply to counties that participated in DMC-ODS as part of the Medi-Cal 2020 demonstration and new DMC-ODS counties as outlined in their approved County Implementation Plan and managed care contract.

- a. **Access to Critical Levels of Care.** DMC-ODS counties are required to cover all mandatory DMC-ODS benefits and optional DMC-ODS it has elected to provide, as outlined in Table 2 above.
- b. **Use of Evidence-based SUD-specific Patient Placement Criteria.** DMC-ODS counties are required to ensure the ASAM Criteria is used for all beneficiaries to determine placement into the appropriate level of care.
- c. **Patient Placement.** DMC-ODS counties are required to implement a utilization management approach such that beneficiaries have access to SUD services at the appropriate level of care and that the interventions are appropriate for the diagnosis and level of care, including an independent process for reviewing placement in residential treatment settings.
- d. **Use of Nationally Recognized SUD-specific Program Standards to set Provider Qualifications for Residential Treatment Facilities.** DMC-ODS counties are required to contract with residential SUD treatment providers that are licensed by DHCS, the California Department of Social Services (CDSS), or the California Department of Public Health (CDPH), as applicable. Residential providers licensed by DHCS offering ASAM levels 3.1, 3.3, 3.5, and 3.2-WM must also have a DHCS Level of Care (LOC) Designation and/or an ASAM LOC Certification that indicates that the program is capable of delivering care consistent with the ASAM criteria. Residential providers are issued licenses and a DHCS LOC Designation for a two-year period that may be extended for subsequent two-year periods. During the licensure and designation period, DHCS shall conduct at least one onsite program visit for compliance and may conduct announced or unannounced site visits throughout the period. Residential providers must furnish MAT directly or facilitate access to MAT offsite. Residential providers licensed by CDPH or CDSS offering ASAM Levels of Care 3.1, 3.3, or 3.5 without a DHCS Level of Care Designation will be required to obtain an ASAM LOC Certification by January 1, 2024.
- e. **Sufficient Provider Capacity.** DMC-ODS counties are required to maintain and monitor a network of contracted, DMC-certified providers and that is sufficient to provide adequate access to all covered DMC-ODS services. Access for this purpose is defined as timeliness to care as specified below. In establishing and monitoring the network, each DMC-ODS county must consider the following:

- i. Require its providers to meet State Department standards for timely access to care and services as specified in the county implementation plan and state-county intergovernmental agreements (managed care contracts per federal definition). Medical attention for emergency and crisis medical conditions must be provided immediately.
  - ii. The anticipated number of Medi-Cal eligible beneficiaries.
  - iii. The expected utilization of services, taking into account the characteristics and substance use disorder needs of beneficiaries.
  - iv. The expected number and types of providers in terms of training and experience needed to meet expected utilization.
  - v. The number of network providers who are not accepting new beneficiaries.
  - vi. The geographic location of providers and their accessibility to beneficiaries, considering distance, travel time, means of transportation ordinarily used by Medi-Cal beneficiaries, and physical access for beneficiaries with disabilities.
- f. **Implementation of Comprehensive Treatment and Prevention Strategies to Address Opioid Abuse and SUD/OD.** To the extent applicable, DMC-ODS counties are required to comply with opioid prescribing guidelines, overdose prevention initiative, and other interventions to prevent prescription drug misuse and coverage of and access to naloxone for overdose reversal, including but not limited to those developed by DHCS and CDPH.
- g. **Improved Care Coordination and Transitions Between Levels of Care.** DMC-ODS counties are required to implement a care coordination plan to ensure that beneficiaries successfully transition between levels of SUD care (i.e. withdrawal management, residential, outpatient) without disruptions to services. In addition to specifying how beneficiaries will transition across levels of acute and short-term SUD care without gaps in treatment, DMC-ODS counties will describe how beneficiaries will access recovery supports and services immediately after discharge or upon completion of an acute care stay, with the goal of sustained engagement and long-term retention in SUD and behavioral health treatment.
- h. **SUD Health IT Plan.** Implementation of the milestones and Metrics as detailed in STC 48 or Attachment E.
- 49. SUD Health Information Technology Plan (“Health IT Plan”).** The Health IT Plan applies to all states where the Health IT functionalities are expected to impact beneficiaries within the demonstration. As outlined in SMDL #18-011 and #17-003, respectively, states must submit to CMS the applicable Health IT Plan, to be included as Attachment E to the STCs, to develop infrastructure and capabilities consistent with the requirements outlined in the SUD demonstration-type.

The Health IT Plan must detail the necessary health IT capabilities in place to support beneficiary health outcomes to address the SUD goals of the demonstration. The plan will also be used to identify areas of health IT ecosystem improvement. The plan must include implementation milestones and projected dates for achieving them (see Attachment E), and must be aligned with the state’s broader State Medicaid Health IT Plan (SMHP) and, if applicable, the state’s Behavioral Health (BH) IT Health Plan.

- a. The state must include in its Monitoring Protocol an approach to monitoring its SUD Health IT Plan which will include performance metrics to be approved in advance by CMS.
- b. The state must monitor progress, each DY, on the implementation of its SUD Health IT Plan in relationship to its milestones and timelines—and report on its progress to CMS in an addendum to its Annual Report.
- c. As applicable, the state should advance the standards identified in the ‘Interoperability Standards Advisory—Best Available Standards and Implementation Specifications’ (ISA) in developing and implementing the state’s SUD Health IT policies and in all related applicable State procurements (e.g., including managed care contracts) that are associated with this demonstration.
- d. Where there are opportunities at the state- and provider-level (up to and including usage in MCO or ACO participation agreements) to leverage federal funds associated with a standard referenced in 45 CFR 170 Subpart B, the state should use the federally-recognized standards, barring another compelling state interest.
- e. Where there are opportunities at the state- and provider-level to leverage federal funds associated with a standard not already referenced in 45 CFR 170 but included in the ISA, the state should use the federally-recognized ISA standards, barring no other compelling state interest.
- f. Components of the Health IT Plan include:
  - i. The Health IT Plan must describe the state’s goals, each DY, to enhance the state’s prescription drug monitoring program (PDMP).<sup>1</sup>
  - ii. The Health IT Plan must address how the state’s PDMP will enhance ease of use for prescribers and other state and federal stakeholders. This must also include plans to include PDMP interoperability with a statewide, regional or local Health Information Exchange. Additionally, the SUD Health IT Plan must describe ways in which the state will support clinicians in consulting the PDMP prior to

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<sup>1</sup> Prescription drug monitoring programs (PDMP) are electronic databases that track controlled substance prescriptions in states. PDMPs can provide health authorities timely information about prescribing and patient behaviors that contribute to the “opioid” epidemic and facilitate a nimble and targeted response.

prescribing a controlled substance—and reviewing the patients’ history of controlled substance prescriptions—prior to the issuance of a Controlled Substance Schedule II (CSII) opioid prescription.

- iii. The Health IT Plan will, as applicable, describe the state’s capabilities to leverage a master patient index (or master data management service, etc.) in support of SUD care delivery. Additionally, the Health IT Plan must describe current and future capabilities regarding PDMP queries—and the state’s ability to properly match patients receiving opioid prescriptions with patients in the PDMP. The state will also indicate current efforts or plans to develop and/or utilize current patient index capability that supports the programmatic objectives of the demonstration.
- iv. The Health IT Plan will describe how the activities described in (i), (ii) and (iii) above will support broader state and federal efforts to diminish the likelihood of long-term opioid use directly correlated to clinician prescribing patterns.<sup>2</sup>
- v. The Health IT Plan will describe the state’s current and future capabilities to support providers implementing or expanding Health IT functionality in the following areas: 1) Referrals, 2) Electronic care plans and medical records, 3) Consent, 4) Interoperability, 5) Telehealth, 6) Alerting/analytics, and 7) Identity management.
- vi. In developing the Health IT Plan, states should use the following resources:
  - a. States may use federal resources available on Health IT.Gov (<https://www.healthit.gov/topic/behavioral-health>) including but not limited to “Behavioral Health and Physical Health Integration” and “Section 34: Opioid Epidemic and Health IT” (<https://www.healthit.gov/playbook/health-information-exchange/>).
  - b. States may also use the CMS 1115 Health IT resources available on “Medicaid Program Alignment with State Systems to Advance HIT, HIE and Interoperability” at <https://www.medicaid.gov/medicaid/data-and-systems/hie/index.html>. States should review the “1115 Health IT Toolkit” for health IT considerations in conducting an assessment and developing their Health IT Plans.
  - c. States may request from CMS technical assistance to conduct an assessment and develop plans to ensure they have the specific health IT infrastructure with regards to PDMP interoperability, electronic care plan sharing, care

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<sup>2</sup> Shah, Anuj, Corey Hayes and Bradley Martin. *Characteristics of Initial Prescription Episodes and Likelihood of Long-Term Opioid Use — United States, 2006–2015*. MMWR Morb Mortal Wkly Rep 2017;66.



coordination, and behavioral health-physical health integration, to meet the goals of the demonstration.

**50. DMC-ODS Financing.** For claiming federal financial participation (FFP), Counties will certify the total allowable expenditures incurred in providing the DMC-ODS waiver services provided either through county-operated providers (based on actual costs, consistent with a cost allocation methodology if warranted), contracted fee-for-service providers or contracted managed care plans (based on actual expenditures). For contracted FFS providers, counties will propose county-specific rates except for the NTP/OTP modality and the State will approve or disapprove those rates. NTP/OTP reimbursement shall be set pursuant to the process set forth in Welfare and Institutions Code Section 14021.51. All NTP/OTP providers contracting with counties shall provide the state with financial data on an annual basis in a form and manner specified by the State. This data is to be collected for the purpose of setting the rates for NTP services. The provision in the Welfare and Institutions Code, Section 14124.24(h)) remains in effect and NTPs/OTPs will not be required to submit cost reports to the counties for the purpose of cost settlement.

- a. If during the State review process, the State denies the proposed rates, the county will be provided the opportunity to adjust the rates and resubmit to the State. The State will retain all approval of the rates in order to assess that the rates are sufficient to ensure access to available DMC-ODS waiver services. Rates will be set in the State and County intergovernmental agreement. For contracted managed care plans, counties will reimburse the managed care organizations the contracted capitation rate. A CMS-approved CPE protocol, based on actual allowable costs, is required before FFP associated with waiver services is made available to the state. This approved CPE protocol (Attachment I) must explain the process the state will use to determine costs incurred by the counties under this demonstration.
- b. Only state plan DMC services will be provided prior to the DHCS approval of the State/County intergovernmental agreement (managed care contract per federal definition) and executed by the County Board of Supervisors. State plan DMC services will be reimbursed pursuant to the state plan reimbursement methodologies until a county is approved to begin DMC- ODS services.
- c. SB 1020 (Statutes of 2012) created the permanent structure for 2011 Realignment. It codified the Behavioral Health Subaccount which funds programs including Drug Medi-Cal. Allocations of Realignment funds run on a fiscal year of October 1-September 30. The monthly allocations are dispersed to counties from the State Controller's Office. The Department of Finance develops schedules, in consultation with appropriate state agencies and the California State Association of Counties (CSAC), for the allocation of Behavioral Health Subaccount funds to the counties. The base has not yet been set, as the State assesses the expenditures by county for these programs. The state will continue to monitor the BH subaccount and counties to ensure that

SUD is not artificially underspent.

- d. Subject to the participation standards and process to be established by the State, counties may also pilot an alternative reimbursement structure for a DMC-ODS modality if both the provider of that modality and the county mutually and contractually agree to participate. This may include use of case rates. The State and CMS will have the final approval of any alternative reimbursement structure pilot proposed by the county, and such pilot structure must continue to meet the terms and conditions expressed herein, including but not limited to, the rate approval process described above.
- e. This STC will remain operative until the effective date for the State's implementation of behavioral health payment reform no sooner than July 1, 2023, which will include a shift from the CPE-based framework to a prospective reimbursement rate methodology. The state will provide CMS with at least 30 days written notice prior to the effective date for behavioral health payment reform and the sunset of CPE-based payments for DMC-ODS, but the State will not be required to seek a formal demonstration amendment.

**51. SUD Monitoring Protocol.** The state must submit a Monitoring Protocol for the SUD programs authorized by this demonstration within one hundred fifty (150) calendar days after approval of the demonstration. The Monitoring Protocol must be developed in cooperation with CMS and is subject to CMS approval. The state must submit a revised Monitoring Protocol within sixty (60) calendar days after receipt of CMS's comments. Once approved, the SUD Monitoring Protocol will be incorporated into the STCs, as Attachment J. Progress on the performance measures identified in the Monitoring Protocol must be reported via the Quarterly and Annual Monitoring Reports. Components of the Monitoring Protocol include:

- a. An assurance of the state's commitment and ability to report information relevant to each of the program implementation areas listed in these STCs;
- b. A description of the methods of data collection and timeframes for reporting on the state's progress on required measures as part of the General Reporting Requirements described in Section XII of the demonstration; and
- c. A description of baselines and targets to be achieved by the end of the demonstration. Where possible, baselines will be informed by state data, and targets will be benchmarked against performance in best practice settings.

**52. SUD Mid-Point Assessment.** The state must conduct an independent Mid-Point Assessment by December 31, 2024. This timeline will allow for the Mid-Point Assessment Report to capture approximately the first two-and-a-half years of program data during the CalAIM approval period, accounting for data run-out and data completeness. In the design, planning and conduction of the Mid-Point Assessment, the state will require that the independent assessor consult with key stakeholders including, but not limited to:

representatives of DMC-ODS counties, SUD treatment providers, beneficiaries, and other key partners.

The state must require that the assessor provide a Mid-Point Assessment Report to the state that includes the methodologies used for examining progress and assessing risks, the limitations of the methodologies, its determinations and any recommendations. The state must provide a copy of the Mid-Point Assessment Report to CMS no later than sixty (60) days after December 31, 2024 and the state must brief CMS on the report, if requested. The state must submit a revised Mid-Point Assessment Report within sixty (60) calendar days after receipt of CMS's comments, if any.

Elements of the Mid-Point Assessment Report include:

- a. A brief overview of how the state met each milestone outlined in the State Medicaid Director letter, SMD # 17-003 RE: Strategies to Address the Opioid Epidemic, dated November 1, 2017, through the implementation of California's DMC-ODC program under the Medi-Cal 2020 demonstration approval period, including any lessons learned for best practices and challenges in achieving the milestones. In addition, the Assessment must include an examination of progress toward meeting the targets for performance measures as approved in the SUD Monitoring Protocol;
- b. A determination of factors that affected progress in achieving desired targets and goals in performance measures, to date;
- c. A determination of factors likely to affect future performance on measure targets not yet met and an assessment about the risk of possibly missing those performance targets;
- d. For measure targets at medium to high risk of not being met, recommendations for adjustments to the state's DMC-ODS implementation and operational approaches or to pertinent factors that the state can influence that will help ameliorate those risks and support improvement; and
- e. An assessment of whether the state is on track to meet the budget neutrality requirements.

**53. Deferral of Federal Financial Participation (FFP) from IMD Claiming for Insufficient Progress Toward Performance Measure Targets and Failure to Report Measurement Data.** Up to \$5,000,000 in FFP for DMC-ODS services in IMDs may be deferred if the state is not making adequate progress in the required performance measures in the Monitoring Protocol agreed upon by the state and CMS. Once CMS determines the state has not made adequate progress, up to \$5,000,000 will be deferred in the next calendar quarter and each calendar quarter thereafter until CMS has determined sufficient progress has been made.

## **VII. CONTINGENCY MANAGEMENT SERVICES**

### **54. Contingency Management Overview**

55

- a. Beginning no earlier than July 1, 2022, DHCS will implement a new contingency management benefit for eligible DMC-ODS beneficiaries with a substance use disorder in DMC-ODS counties that elect and are approved by DHCS to pilot the benefit. The pilots will allow California to evaluate and assess the effectiveness of a contingency management benefit before determining whether it should be available statewide.
- b. Under the pilot, the contingency management benefit will be available in participating DMC-ODS counties, that opt and are approved by DHCS to provide this benefit, to qualified beneficiaries who meet the eligibility requirements described below and receive services from a non-residential DMC-ODS provider.

**55. Eligibility.** To qualify for the contingency management benefit, a Medi-Cal beneficiary must meet the following conditions:

- a. Be enrolled in a comprehensive treatment program that offers other services (e.g., group or individual therapy) delivered in person or via telehealth;
- b. Be assessed and determined to have a substance use disorder for which the contingency management benefit is medically necessary and appropriate based on the fidelity of treatment to the evidence-based practice. The presence of additional substance use disorders and/or diagnoses does not disqualify an individual from receiving the contingency management benefit;
- c. Reside in a participating DMC-ODS county that elects and is approved by DHCS to pilot the Contingency Management benefit;
- d. Not be enrolled in another contingency management program for substance use disorder;
- e. Receive services from a non-residential DMC-ODS provider that offers the contingency management benefit in accordance with DHCS policies and procedures; and
- f. Contingency management should never be used in place of medication treatment for addiction treatment (e.g., for opioid use disorder or alcohol use).

## **56. Service Description**

- a. The contingency management benefit consists of a series of motivational incentives for meeting treatment goals. The motivational incentives may consist of cash or cash equivalents, e.g., gift cards of low retail value, consistent with evidence-based clinical research for treating a substance use disorder and as described below. These motivational incentives are central to contingency management, based on the best available scientific evidence for treating a substance use disorder and not as an inducement to use other medical services.
- b. The contingency management benefit utilizes an evidence-based approach that recognizes and reinforces individual positive behavior change consistent with substance non-use or treatment/medication adherence. The contingency management benefit provides motivational incentives for treatment/medication adherence or non-use of substances as evidenced by, for example, negative drug tests.

- c. Contingency management is offered along with other therapeutic interventions, such as cognitive behavioral therapy, that meet the definition of rehabilitative services as defined by 1905(a) of the Social Security Act and 42 CFR 440.130(d).
- d. For purposes of this demonstration, these motivational incentives are considered a Medicaid-covered item or service and are used to reinforce objectively verified, recovery behaviors using a clinically appropriate contingency management protocol consistent with evidence-based research. Consequently, neither the Federal anti-kickback statute (42 U.S.C. § 1320a-7b(b), “AKS”) nor the civil monetary penalty provision prohibiting inducements to beneficiaries (42 U.S.C. 1320a-7a(a)(5), “Beneficiary Inducements CMP”) would be implicated.
- e. The contingency management benefit consists of a set of modest motivational incentives available for beneficiaries that meet treatment goals. Under the benefit, a beneficiary will be limited in motivational incentives during the course of a contingency management treatment episode as detailed in in the Procedures and Protocols in Attachment V, which will be submitted to CMS for review and approval before the program can be implemented.
  - i. To qualify for a contingency management motivational incentive, a beneficiary must demonstrate treatment/medication adherence or non-use of substances.
  - ii. The size, nature and distribution of all contingency management motivational incentives shall be determined in strict accordance with DHCS procedures and protocols, listed in Attachment V. These procedures and protocols will be based on established clinical research for contingency management. The following guardrails shall ensure the integrity of the contingency management benefit and mitigate the risk of fraud, waste or abuse associated with the motivational incentive:
    - 1. Providers have no discretion to determine the size or distribution of motivational incentives which will be determined by DHCS.
    - 2. Motivational incentives may be managed and disbursed through a mobile or web-based incentive management software program that includes strict safeguards against fraud and abuse that will be detailed in DHCS guidance and listed in the Procedures and Protocols Attachment V (as listed above).
    - 3. To calculate and generate the motivational incentives in accordance with the schedule in Attachment V, providers shall enter the evidence of the Medi-Cal beneficiary receiving the contingency management benefit into a mobile or web-based incentive management software program.

**57. DMC-ODS County Participation.** To participate in the contingency management pilot, a county must participate in DMC-ODS, submit an application, and be selected by DHCS.

- a. The application process shall identify counties that meet at least the following standards:
  - i. Participating counties shall establish a network of providers that can provide contingency management in accordance with DHCS requirements.

- ii. Participating counties shall monitor the ongoing performance, including fidelity of treatment to the evidence-based practice, of contingency management providers and work with DHCS to identify and support providers requiring further training or technical assistance in accordance with DHCS set standards, to be outlined in DHCS guidance.
- b. DHCS will provide training, technical assistance and monitoring to counties throughout the implementation process. The training and technical assistance will be provided through a qualified contractor designated by DHCS, and will include staff training, provider readiness reviews, and ongoing technical assistance during the first phase of the pilot.
- c. Participating counties and providers shall comply with any billing and data reporting requirements established by DHCS to support research, evaluation, and performance monitoring efforts, including but not limited to satisfactory claims submission, data and quality reporting, and survey participation.

#### **58. Eligible Contingency Management Providers**

- a. The contingency management benefit will be delivered by DMC-ODS providers that meet specified programmatic standards and agree to deliver the contingency management benefit in strict accordance with standardized procedures and protocols that will be detailed in DHCS guidance and listed in the Procedures and Protocols Attachment V (as listed above).
- b. To be eligible to offer the contingency management benefit, a provider shall offer the benefit in strict accordance with DHCS standards that will be outlined in DHCS guidance included in Attachment V and shall meet the following requirements:
  - i. Must serve beneficiaries residing in DMC-ODS counties that have been approved by DHCS for participation in the contingency management pilot;
  - ii. Must be enrolled in Medi-Cal, and certified to provide Medi-Cal and DMC-ODS services, and offer outpatient, intensive outpatient, narcotic treatment program, and/or partial hospitalization services;
  - iii. Require the staff providing or overseeing the contingency management benefit to participate in contingency management-specific training developed and offered by a qualified contractor designated by DHCS;
  - iv. Undergo a readiness review by DHCS and a qualified contractor designated by DHCS to ensure that they are capable to offer the contingency management benefit in accordance with DHCS standards that will be detailed in DHCS guidance; and
  - v. Participate in ongoing training and technical assistance as requested or identified by DMC-ODS counties or DHCS through ongoing monitoring to meet DHCS standards.
- c. The following practitioners delivering care at qualified DMC-ODS providers can deliver the contingency management benefit through activities, such as administering point-of-care urine drug tests, informing beneficiaries of the results of the

evidence/urine drug test, entering the results into the mobile or web-based application, providing educational information, and distributing motivational incentives, as part of the contingency management benefit:

- i. Licensed Practitioner of the Healing Arts (LPHAs);
  - ii. SUD counselors that are either certified or registered by an organization that is recognized by DHCS and accredited with the National Commission for Certifying Agencies;
  - iii. Certified peer support specialists; and
  - iv. Other trained staff under supervision of an LPHA.
- d. SUD providers will be required to offer accompanying DMC-ODS SUD treatment services and evidence-based practices for a substance use disorder and any other co-occurring substance use disorder in addition to contingency management services. These services may include individual, group and/or family counseling using a range of applicable evidence-based modalities and techniques, including but not limited to cognitive behavioral therapy, community reinforcement, motivational interviewing, care coordination, peer support services, medications for addiction treatment, recovery supports, withdrawal management, medication services, and patient education.
- e. Pilot Evaluation. In alignment with the CalAIM demonstration evaluation requirements outlined in Section XII of these STCs, CA will conduct an evaluation of the effectiveness of the Contingency Management program to assess its overall effectiveness, including cost-effectiveness of these services, and its effects on beneficiary health and recovery outcomes. To the extent feasible, the state will conduct the evaluation to support assessment stratified by stimulant use disorder and other types of SUD.

## **VIII. COMMUNITY SUPPORTS**

### **59. Community Supports Overview.**

- a. The state is authorized to use expenditure authority to provide recuperative care and short-term post-hospitalization housing through electing Medi-Cal managed care plans as part of an array of evidence-based, cost-effective, health-related “Community Supports” under the California Advancing and Innovating Medi-Cal (CalAIM) initiative. Under the 1115, recuperative care and short-term post-hospitalization housing will be referred to as “Community Supports”. The remaining other twelve (12) Community Supports, are authorized, subject to the conditions enumerated in the 1915(b) waiver, via the Medi-Cal managed care plan contracts as in lieu of services (ILOS) pursuant to 42 CFR 438.3(e)(2) as part of CMS’s review and consideration for approval of the managed care plan contracts for federal financial participation. By authorizing recuperative care and short-term post-hospitalization housing under the CalAIM demonstration, the state will be subject to the requirements detailed in the

1115 demonstration, outlined below and will include such requirements in contracts between the state and managed care plans, as the operational construct for these two services.

Recuperative care and short-term post-hospitalization housing authorized under the CalAIM demonstration must be administered in a manner that is: (1) cost effective and medically appropriate; (2) voluntary for the Medi-Cal managed care plans to offer and the beneficiary to use; and (3) offered exclusively through managed care plans and incorporated into the development of capitation rates for electing managed care plans.

**60. Service Delivery.** Consistent with the Medi-Cal managed care contract and DHCS guidance applicable to all Community Supports:

- a. Recuperative care and short-term post-hospitalization services authorized under the CalAIM demonstration will only be available from electing Medi-Cal managed care plans.
- b. Medi-Cal managed care plans have the option to provide one or both Community Supports authorized under this demonstration on a voluntary basis through contracted network providers, as further described in STC 60.
- c. Medi-Cal managed care plans that elect to offer these demonstration-based Community Supports do not need to offer the services or settings statewide or in all counties in which the Medi-Cal managed care plan operates.
- d. The state must require that each Medi-Cal managed care plan must report to DHCS the counties in which it intends to offer the Community Supports and any sub-county limitations on the availability of the service. Managed care plans must receive state approval and provide public notice of any such limitations on each Community Support, including specifying such limitations in the enrollee handbook.
- e. Medi-Cal managed care plans will have the option to newly offer these services or change their election to offer these services every six (6) months.
- f. Medi-Cal managed care plans may discontinue offering Community Supports annually with notice to DHCS, and beneficiaries as described in the Medi-Cal managed care plan contract.

**61. Contracted Providers.** Consistent with the Medi-Cal managed care contract and DHCS guidance and applicable to all Community Supports.

- a. Electing Medi-Cal plans will contract with Community Supports providers (“Contracted Providers”) to deliver the elected Community Supports authorized under the demonstration.
- b. Electing Medi-Cal plans must establish a network of providers and ensuring the Contracted Providers have sufficient experience and training in the provision of the Community Supports being offered. Contracted Providers do not need to be licensed, however, staff offering services through Contracted Providers must be licensed when appropriate and applicable.



- c. The Medi-Cal managed care plan and Contracted Provider must agree to a rate for the provision of applicable Community Supports, consistent with DHCS guidance for these services, and in compliance with all related federal requirements.
- d. Eligible settings must have appropriate clinicians who can provide medical and/or behavioral health care. The facility cannot be primarily used for room and board without the necessary additional recuperative support services. For example, a hotel room in a commercial hotel, where there are no medical or behavioral health supports provided onsite appropriate to the level of need, would not be considered an appropriate setting, but if a hotel had been converted to a recuperative care facility with appropriate clinical supports, then it would be an eligible setting.

**62. Provider Network Capacity.** Electing Medi-Cal managed care plans must ensure the two Community Supports authorized under the demonstration are provided to eligible beneficiaries in a timely manner, and shall develop policies and procedures outlining its approach to managing provider shortages or other barriers to timely provision of the Community Supports, in accordance with the Medi-Cal managed care plan contracts and other DHCS guidance.

**63. Eligibility Criteria for Community Supports.** In accordance with the Medi-Cal managed care plan contracts and DHCS guidance, these Community Supports services are available to people experiencing homelessness or who are at risk of homelessness, and who have been determined by a provider (at the plan or network level) to have medical needs significant enough to result in emergency department visits, hospital admissions or other institutional care.

- a. For this purpose, California is using the U.S. Department of Housing and Urban Development's (HUD) current definition of homeless and individuals who are at-risk of homelessness as codified at 24 CFR 91.5, with two modifications: (1) if exiting an institution, individuals are considered homeless if they were homeless immediately prior to entering that institutional stay, regardless of the length of the institutionalization and (2) the timeframe for an individual or family who will imminently lose housing is extended from fourteen (14) days for individuals considered homeless and 21 days for individuals considered at-risk of homelessness under the HUD definition to thirty (30) days. Additional detail on eligibility for these services are outlined in Attachment U.
- b. An electing Medi-Cal managed care plan will identify enrollees who may benefit from the Community Supports authorized under the demonstration, who meet these eligibility criteria, and for whom the Community Supports services will be medically appropriate as determined by a provider (at the plan or network level) and allow an individual to avoid institutionalization.
- c. Medi-Cal managed care plans must accept requests and referrals for the Community Supports from enrollees and on behalf of enrollees from providers and organizations that serve them, including community-based organizations.

- d. Community Supports shall supplement and not supplant services received by the Medi-Cal enrollee through other State, local, or federally-funded programs, in accordance with the CalAIM STCs and federal and DHCS guidance.

**64. Service Definitions.** Recuperative care and short-term post-hospitalization housing settings provide a safe and stable place for eligible individuals transitioning out of institutions, and who are at risk of incurring other Medicaid state plan services, such as inpatient hospitalizations or emergency department visits (as determined by a provider at the plan or network level), to receive treatment on a short-term basis. Electing Medi-Cal managed care plans will implement recuperative care and short-term post-hospitalization housing in accordance with the detailed service definitions, standards and requirements in Attachment U. Eligible settings must have clinicians who can provide appropriate medical and/or behavioral health care. Short-term post-hospitalization housing settings must also offer transitional supports to help enrollees secure stable housing and avoid future readmissions. Recuperative care may be offered for up to ninety (90) days in duration, and short-term post-hospitalization housing may be offered once during the demonstration period for no more than six (6) months in duration.

Requirements and limitations:

- a. Recuperative care and short-term post-hospitalization services must be medically appropriate and cost-effective such that the aggregate cost of providing the service does not exceed the aggregate cost of institutional care in a nursing or inpatient facility.
- b. Provision of these services will be optional both for the MCP to offer and the individual to receive the service.
- c. Provision of either service does not make an enrollee ineligible for allowable services under the state plan, including institutional care.

**65. General Guardrails and Reporting Requirements for Recuperative Care and Short-Term Post Hospitalization Housing Community Supports.** The following STCs are intended to assist the state with access and utilization for all/any programs authorized under this section 1115 demonstration. While recuperative care and short-term post-hospitalization services are not ILOS authorized under the 1915(b) waiver authority, to reduce administrative burden, the State may report on Recuperative Care and Short-Term Post Hospitalization, including but not limited to evaluations, assessments and work plans, through the process designated for 1915 (b) authorities rather than through deliverables under the section 1115 demonstration. Reporting through the 1915(b) authorities does not absolve the state from any reporting requirements outlined in the STCs that cannot be captured through the 1915(b). As appropriate, these requirements must be included within the state's contracts with its managed care plans. The state and CMS can work collaboratively to assure there is no redundancy in reporting efforts under the section 1115 and 1915(b) authorities.

**66. Compliance with Federal Requirements.** The state shall ensure Recuperative Care and Short-Term Post Hospitalization Housing Community Supports are delivered in accordance with all applicable federal statute, regulation or guidance.

**67. CMS Approval of managed care contracts.**

- a. As part of the state's submission of associated Medicaid managed care plan contracts to implement CalAIM, the state must provide documentation including, but not limited to:
  - i. Beneficiary and plan protections, including but not limited to:
    - A. Recuperative Care and Short-Term Post Hospitalization Housing Community Supports must not be used to reduce, discourage, or jeopardize Medicaid beneficiaries' access to Medicaid state plan covered services.
    - B. Medicaid beneficiaries always retain their right to receive the Medicaid state plan covered service on the same terms as would apply if Recuperative Care and Short-Term Post Hospitalization Housing Community Supports were not an option.
    - C. Medicaid beneficiaries always retain the right to file appeals and/or grievances if they request Recuperative Care and Short-Term Post Hospitalization Housing Community Supports offered by their Medicaid managed care plan, but were not authorized to receive the requested Recuperative Care and Short-Term Post Hospitalization Housing Community Supports services because of a determination that it was not medically appropriate or cost effective.
    - D. Managed care plans are not permitted to deny a beneficiary a medically appropriate Medicaid covered service on the basis that they are currently receiving Recuperative Care and Short-Term Post Hospitalization Housing Community Supports or have received these services in the past.
    - E. Managed care plans are prohibited from requiring a beneficiary to utilize Recuperative Care and Short-Term Post Hospitalization Housing Community Supports.
    - F. Managed care plans must timely submit any related data requested by the state or CMS, including, but not limited to:
      - I. Data to evaluate the utilization and effectiveness of the Recuperative Care and Short-Term Post Hospitalization Housing Community Supports.
      - II. Any data necessary to monitor health outcomes and quality metrics at the local and aggregate level through encounter data and supplemental reporting on health outcomes and equity of care. When possible, metrics must be stratified by age, sex, race, ethnicity, and language spoken to inform health equity efforts and efforts to mitigate health disparities.
      - III. Any data necessary to monitor appeals and grievances for beneficiaries.
        1. Documentation to ensure appropriate clinical support for the medical appropriateness of Recuperative Care and Short-Term Post Hospitalization Housing Community Supports, including but not limited to:

- a. A documented process to authorize Recuperative Care and Short-Term Post Hospitalization Housing Community Supports for beneficiaries for whom there is an assessed risk of a need for other Medicaid state plan services, such as inpatient hospitalizations or emergency department visits. This process must document that a provider using their professional judgment has determined it to be medically appropriate for the specific beneficiary as provision of the Recuperative Care and Short-Term Post Hospitalization Housing Community Supports is likely to reduce or prevent the need for acute care or other Medicaid services. This documentation could be included in a care plan developed for the beneficiary. In addition to this clinical documentation requirement, states may also impose additional provider qualifications or other limitations and protocols and these must be documented within the managed care plan contracts.
  - b. Any data determined necessary by the state or CMS to monitor and oversee the Recuperative Care and Short-Term Post Hospitalization Housing Community Supports.
2. All data and related documentation necessary to monitor and evaluate cost effectiveness, including but not limited to:
  - a. The managed care plans must submit timely and accurate encounter data to the state on Recuperative Care and Short-Term Post Hospitalization Housing Community Supports provided to members. The state must seek CMS approval on what is considered and appropriate and reasonable timeframe for plan submission of encounter data. This encounter data must include data necessary for the state to stratify services by age, sex, race, ethnicity, and language spoken to inform health equity efforts and efforts to mitigate health disparities undertaken by the state.
  - b. Any additional information requested by CMS, the state or oversight body to aid in on-going evaluation of the cost effectiveness of the Recuperative Care and Short-Term Post Hospitalization Housing Community Supports or any independent assessment or analysis conducted by the state, CMS, or an independent entity.
3. Any additional information determined reasonable, appropriate and necessary by CMS.

**68. On-Going Monitoring and Oversight.** The state must conduct critical monitoring and oversight of the Recuperative Care and Short-Term Post Hospitalization Housing Community Supports as well as associated operational activities, including but not limited to:

- a. The state must monitor the services, using appropriate quantitative and qualitative measures to ensure the services are medically appropriate and cost effective. CMS

reserves the right to require certain quantitative and qualitative measures for the state's monitoring and oversight activities. The state must provide its evaluation findings to CMS within the Annual Report on ILOS required under the 1915(b). CMS may require additional data and reporting based on these specific services offered by the state

- b. The state must ensure that it receives clean claims data from managed care plans to support ongoing monitoring efforts. The state is also required to randomly audit such claims to ensure accuracy.
- c. The state must provide routine data and analyses of the cost as determined appropriate and necessary by CMS. Examples may include, but not be limited to, supplemental data requirements on cost and utilization data.
- d. The state must submit timely, accurate and validated encounter data to T-MSIS. Failure to do so may jeopardize FFP. CMS has discretion on what it defines as timely submission for this purpose.

## **IX. Negative Balance**

**69. Repayment of Payment Management System (PMS) Negative Account Balances:** As of November 6, 2021, California has negative account balances in some of its Medicaid PMS accounts. In order to bring the accounts into balance, the state shall do the following:

- a. Issue Resolution. CMS and the state shall work collaboratively to resolve outstanding financial issues:
  - i. Delayed certified public expenditure reconciliations – The state should review all approved payment methodologies that require a final reconciliation and ensure that clear time frames are incorporated within the approved methodology. For any methodology not containing a clear timeline for completion of the final reconciliation, the state must submit a proposed revised methodology no later than December 31, 2022.
  - ii. Open deferrals – The state must immediately submit decreasing adjustments for any remaining placeholder claims after December 31, 2021. For all other open deferrals currently beyond the regulatory 120-day response period, the state must submit a timeline for resolving the deferral. This proposed timeline needs to be submitted no later than March 31, 2022. CMS will work collaboratively with the state to resolve each outstanding issue.
- b. Repayment Process.
  - i. Negative Account Balances - For any negative account balances unresolved as of June 30, 2022, CMS will issue a demand letter to the state identifying the final negative account balance amount and the state's right to appeal. The state may request a repayment schedule in Attachment R that ensures repayment of any remaining amount of the negative account balances identified through Federal Fiscal Year 2020 through regular quarterly installments, plus interest, by the end of the waiver period (12/31/2020) or in three years or less from

CMS' approval of the repayment schedule. Interest will begin on the date of the demand notice and end when the debt is paid in full. Additional repayment requirements are identified in section c through h below.

- ii. Deferred Claims - For any deferred claims 1) not paid by CMS by June 30, 2022, 2) for which the state has drawn FFP from its PMS account, and 3) for which the state has not returned all drawn FFP to its PMS account by June 30, 2022, CMS shall proceed by disallowance in accordance with 42 CFR 430 Subpart C. The state may request a repayment schedule in accordance with 42 CFR 430 Subpart C. This repayment is not subject to the provisions of subsection (c) through (h) below.
- c. Repayment Period Interest. Interest will accrue on the final unresolved negative account balance amount; at the Current Value of Funds Rate (CVFR) published by the U.S. Department of Treasury, beginning on the date of the demand letter issued by CMS pursuant to STC 68(b)(i) until the entire principle amount is repaid in full. Each payment will be applied first to accrued interest and then to principal. After each payment, interest will continue to accrue on the remaining principal balance until the debt is paid in full or otherwise resolved by CMS. CMS will adjust the repayment schedule to reflect any changes to the CVFR during the repayment schedule.
- d. Each payment will be applied first to accrued interest and then to principal. After each payment, interest will continue to accrue on the remaining principal balance until the debt is paid in full or otherwise resolved by CMS. CMS will adjust the repayment schedule to reflect any changes to the CVFR during the repayment schedule.
- e. Source of Repayment Funds. The funding source of repayment cannot be derived from federal funds, including any Medicaid or CHIP funds available to the state in FY 2014 or later PMS accounts.
- f. Mechanism of Repayment. The quarter payment amount due or payment in full may be sent via FedWire (preferred), Automated Clearing House (ACH), or check – specific instructions for FedWire or ACH may be obtained from your state's Division of Payment Management representative. The quarter payment amount due or in payment full via check should be made payable to: "The Department of Health and Human Services" and sent to the following address:

HHS Program Support Center  
P.O. Box 979132  
St. Louis, MO 63197

Please include your PMS account number and a brief description explaining the nature of the return. Please include a copy of this STC along with your payment.

- g. **PMS Draws for Deferred FFP.** When CMS issues a deferral of claims for FFP to the state in accordance with the timelines set forth in 42 CFR 430.40, the state must immediately return the deferred FFP to the applicable PMS subaccount while the deferral is being resolved. After CMS reviews the deferred claims, CMS will determine the allowability of the claims. If CMS determines that a deferred claims are allowable under federal requirements, CMS will release the deferred funds to the appropriate PMS subaccount and will notify California that the funds are available for draw.
- h. **Adjustments to Repayment Schedule.** The state may request a recalculation of the repayment schedule from CMS if the state decides to make accelerated repayment installments. CMS will work with the state to recalculate based on any existing positive amounts that may be available in the PMS subaccount(s) and/or any positive Medicaid grant awards issued that may reduce the outstanding negative PMS subaccount(s) balances. CMS will reissue the repayment schedule to reflect adjustments, if any.
- i. **Cash Management Improvement Act (CMIA) Agreement.** The Repayment of Payment Management System (PMS) Negative Account Balances section of these STCs does not preclude action by other federal agencies, including the United States Department of Treasury resulting from a violation of the CMIA agreement between the State of California and the United States Department of Treasury.

## **X. Global Payment Program**

- 70.** California will operate a global payment program (GPP) to assist public health care systems (PHCS) that provide health care for the uninsured. The GPP is meant to focus on value, rather than volume, of care provided. The purpose is to support PHCS for their key role in providing services to California's remaining uninsured and to promote the delivery of more cost-effective and higher-value care to the uninsured. Promoting more cost-effective and higher value care means that the payment structure will reward the provision of care in more appropriate venues, rather than through the emergency department or through inpatient hospital settings. In addition to providing value-based care, the GPP will incorporate services that are otherwise available to the state's Medi-Cal beneficiaries under different Medicaid authorities with the aim of enhancing access and utilization among the uninsured, and thereby advancing health equity in the state. The state will continue to test and assess this approach to assist PHCS, and will strengthen the GPP performance and effectiveness for potentially broader application.
- 71.** Under the GPP, participating PHCS will continue receiving GPP payments that will be calculated using a value-based point methodology that incorporates factors that shift the overall delivery of services for the uninsured to more appropriate settings and reinforce structural changes to the care delivery system that will improve the options for treating both Medicaid and uninsured patients. The methodology for setting service values will

incorporate measures of value for the patient in conjunction with the recognition of costs to the health care system. Care being received in appropriate settings will be valued relatively higher than care given in inappropriate care settings for the type of illness.

72. Payments will not exceed the limits in Attachment K (GPP Funding and Mechanics Protocol), but may be less if the thresholds are not achieved. Services will be grouped into categories that reflect where care is being provided. Within each category services will be grouped into tiers of similar service intensity. This will assist in modifying relative values of services, so that their long-term value is incorporated and no longer an externality. Service tiers across categories that aim to provide the same end result would have relative values of generally equivalent care. The intent of this framework is to provide flexibility in provision of services while encouraging a broad shift to more cost-effective care that is person-centered.
73. The total amount of annual funding available for the GPP in PY1-12 is a combination of a portion of the state's DSH allotment that would otherwise be allocated to the PHCS and the amount associated with the historical Safety Net Care Uncompensated Care Pool (UC Pool) that existed before the GPP.
74. **Entities Eligible to Receive Global Payments.** Payments under the GPP are available for PHCS that are comprised of a designated public hospital (DPH) identified in Attachment C that agrees to participate in the GPP and that DPH's affiliated and contracted providers (collectively, for purposes of the GPP only, Public Health Care System or "PHCS"). For purposes of the GPP, multiple DPHs and their affiliated and contracted providers may comprise a single PHCS in accordance with criteria established and set forth in Attachment K (GPP Funding and Mechanics Protocol). DHCS shall identify to CMS all PHCS that will participate in the GPP.

#### **75. General Overview of Global Payments**

- a. Global payments shall be available based on a GPP program year ("GPP PY"). The first GPP PY is for the period July 1, 2015 through June 30, 2016. GPP PY 6 aligned with the six-month period of July 1, 2020 through December 31, 2020. GPP PY7 aligned with the period of January 1, 2021 through December 31, 2021. GPP PYs 8 through 12 will continue to align with CY periods, beginning with GPP PY 8 aligning with the CY period of January 1, 2022 through December 31, 2022.
- b. An annual GPP budget for each participating PHCS shall be established in accordance with the parameters set forth in Attachment K (GPP Funding and Mechanics Protocol). For the purposes of GPP PY 6, the annual GPP budget shall be established for a six-month period; for GPP PY7 and all future PYs, the global budget shall be established for a full calendar year. The aggregate GPP budget among participating PHCS shall not exceed the total computable amount of GPP



funds available in a given GPP PY, as established by the limits set forth in STC 78(e).

- c. PHCS shall be required to provide a threshold amount of care, measured in points, to earn their entire annual GPP budget amount. Points for services will be assigned in a manner that incorporates measures of value for the patient and that achieves other programmatic goals, as set forth in Attachment L (GPP Valuation Methodology Protocol).
- d. Each PHCS annual threshold point amount is determined through a baseline analysis, accounting for factors such as its historical and projected volume, cost and mix of services to the uninsured and estimated need, determined in accordance with Attachment L (GPP Valuation Methodology Protocol). These thresholds will ensure that PHCS only receive full GPP payments if the PHCS provides levels of services to the uninsured population necessary to meet its threshold that has been set based on the level of services that would otherwise have been provided to the uninsured. For purposes of the GPP, care will be considered uninsured for individuals for whom there is no source of third-party coverage for the specific service furnished by the PHCS. Furthermore, an individual will not be considered uninsured with regard to a non-traditional service (as identified in Attachment L, GPP Valuation Methodology Protocol) he or she receives from the PHCS if the individual has a source of third party coverage for the category of service for which the non-traditional service is being used as a substitute.
- e. Interim GPP payments shall be made to PHCS on a quarterly basis, calculated as 25 percent of the PHCS's annual global budget, or, with respect to GPP PY 6, 50 percent of the PHCS's annual budget. Within nine months following the end of each GPP PY, the state shall reconcile interim payments to the amount earned for services as established by the reports submitted in accordance with f. below.
- f. Attachment K (GPP Funding and Mechanics Protocol) sets forth a reporting schedule by which each PHCS will report its actual services provided under the GPP and the corresponding points valuation to be used by DHCS to determine the payments due. The report shall at least include the GPP-related services furnished by the PHCS during the applicable year, reported by category, tier, and type, and shall serve as the basis for reconciling interim GPP payments with final amounts due. As payments for services under the GPP are based on point value, no cost reconciliation protocol will apply. PHCS shall not be subject to the reporting requirements of 42 C.F.R. Section 447.299.
- g. The full amount of a PHCS global budget shall be payable to the PHCS if it meets or exceeds its designated threshold for a given GPP PY. In the event a PHCS does not achieve or exceed its threshold for a given GPP PY, the PHCS's GPP payment shall

equal its global budget as reduced by the proportion by which it fell short of its threshold.

- h. The state, in accordance with procedures set forth in Attachment K (GPP Funding and Mechanics Protocol), shall redistribute unearned GPP funds that were available in a given GPP PY amongst other PHCS that have exceeded their respective threshold for that year.
- i. The non-federal share of GPP payments will be provided by PHCS through intergovernmental transfers (IGT), subject to the requirements of STC 112 (Sources of Non-Federal Share) below. Upon receipt of the IGTs, DHCS will draw the federal funding and pay both the non-federal and federal shares of the applicable GPP payments in accordance with the requirements and schedules described herein and in Attachment K (GPP Funding and Mechanics Protocol). In the event GPP payments are recouped upon reconciliation, DHCS will repay the corresponding federal share to CMS in accordance with federal regulations at 42 CFR 430.30, et seq.
- j. GPP payments determined annually for each eligible PHCS, after accounting for finalization of the applicable DSH allotment and subparagraphs (g) and (h) as applicable, represent the final amounts available for that GPP PY.

## **76. Valuation of Service**

- a. Services under the GPP shall be valued in accordance with the methodology set forth in Attachment L (GPP Valuation Methodology Protocol). The valuation methodology allows for the continuation of services provided by Public Health Care Systems that were reimbursed under the DSH and SNCP structure that existed for PHCS prior to the GPP, while encouraging more cost-effective and innovative care where appropriate. Point values shall also be developed for those innovative or alternative services where there is currently little to no reimbursement. The valuation methodology reflects the following programmatic goals:
  - i. Facilitate a shift away from the previous cost-based payment that was restricted to mostly hospital settings and subject to prolonged periods of cost reconciliation;
  - ii. Broaden the settings in which Public Health Care Systems receive payment for services furnished to the uninsured, and encourages Public Health Care Systems to provide greater primary and preventive services, as well as to create access to alternative modalities such as telehealth, group visits and health coaching;
  - iii. Emphasize coordinated care and alternative modalities by recognizing the higher value of access to primary care, ambulatory care, and other core components of care management, as compared to the higher cost of avoidable emergency room visits and acute care hospital stays;
  - iv. Recognize the value of services that typically are not directly or separately reimbursed by Medicaid or other payors (“non-traditional” services), and that

- substitute or complement services for which payment is typically available upon provision of the service (“traditional” services).
- v. Make GPP a potentially equity-enhancing program through valuation of additional services otherwise available for the state’s Medicaid beneficiaries such that the program can incentivize provision of such services to the uninsured population, potentially to begin addressing health inequities among populations these hospital systems serve.
- b. All services eligible for points under the GPP are grouped into the four categories described below in STC 79:
  - c. Services within the categories are further stratified into tiers based on similar service intensity, activity and/or effort. Relative point values are assigned to tiers for purposes of reporting and generating payments.
  - d. The valuation methodology incorporates a phased approach in which traditional services, over the course of the demonstration approval period, reflect reduced point values. High intensity services will continue to be recognized for their value and importance, including recognition in the point system that emergency room visits and inpatient stays may be necessary and appropriate.
  - e. Relative point values will be initially set based on cost and then adjusted to a limited degree based on other measures of value, in order to assist in maintaining accountability for the amount of services provided compared to the funding PHCS receive. Higher relative value points may be assigned to services, including non-traditional services that help promote one or more of the objectives from the list below; however, the relative point value of services, except for those services for which cost information is not readily available, such as non-traditional services, may not vary from their initial cost-based amounts by more than 40 percent at any time during the GPP.
    - i. Timeliness and convenience of service to patient;
    - ii. Increased access to care;
    - iii. Earlier intervention;
    - iv. Appropriate resource use for a given outcome;
    - v. Health and wellness services that result in improved patient; decisions and overall health status;
    - vi. Potential to mitigate future costs;
    - vii. Preventive services;
    - viii. Likelihood of bringing a patient into an organized system of care; and
    - ix. Additional criteria, to be designed by the state.
  - f. In GPP PYs in which point revaluation has occurred, point revaluation must be calibrated so that the overall impact would not lead to any PHCS receiving additional

total points in any given GPP PY if its utilization and the mix of services provided remained the same as in the baseline period used to determine the designated threshold. When DHCS develops for approval point values for additional services intended to increase health equity, this subparagraph shall not be interpreted to necessarily require revaluation of other existing services' values. However, the state must provide valuation for any additional services, as further described.

- g. The exact methodology for assigning points to the services is reflected in Attachment L (GPP Valuation Methodology Protocol), as approved by CMS on March 21, 2016. This Protocol remains in effect until the state introduces additional services to the GPP. Any updates to Attachment L, including introduction of additional services, and any modifications to the valuation methodology, will be subject to CMS approval, and will require CMS approval before it can be implemented. If the state proposes to change point valuations or add new services, it must obtain CMS approval before they may be implemented in the program.
- h. PHCS are not required to provide every service identified on Attachment LFF (GPP Valuation Methodology Protocol), but are allowed the flexibility to provide any combination of services, through their global payments budgets and service-related point thresholds, to address local needs.

**77. Global Payment Program Funding and Mechanics Protocol and Global Payment Program Service Valuation Methodology Protocol.** The GPP Funding and Mechanics Protocol (Attachment K) and the GPP Valuation Methodology Protocol (Attachment L) set forth in detail the parameters and procedures related to the operation of the GPP.

- a. **Global Payment Program Valuation Methodology Protocol** includes the following:
  - i. The master list of services and activities for which points apply under the GPP and their associated point values, including the placement of services within the categories and tiers and how point values will change over the course of the demonstration.
  - ii. Methodology for calculating and modifying the PHCS thresholds.
- b. **The Global Payment Program Funding and Mechanics Protocol specifies the following:**
  - i. How PHCS may be defined, including criteria for when multiple DPHs may comprise a single Public Health Care System.
  - ii. Methodology for establishing and modifying annual global budgets for each PHCS.

- iii. Technical guidance on how eligible services to the uninsured are defined, accounted for and reported.
- iv. Reporting schedule for PHCS to report services provided under the GPP.
- v. IGT, interim payment and final payment reconciliation mechanics and schedules.
- vi. Methods for redistributing unused portions of annual global budgets among PHCS that exceeded their point threshold.

Within 90 calendar days of CMS approval of the CalAIM demonstration, the state will submit an updated version of the GPP Funding and Mechanics Protocol (Attachment K) and the GPP Valuation Methodology Protocol (Attachment L). Updates to both protocols must accommodate, among other things, inclusion of additional services available to Medi-Cal beneficiaries that the state will introduce in the GPP services with the aim of supporting health equity considerations in the state. For both the deliverables, the state must submit a revised Protocol within sixty (60) calendar days after receipt of CMS's comments, if any. Once the updated Protocols are finalized and approved, these will replace any previous CMS-approved versions, and the updated versions will be incorporated into the STCs as Attachments K and L, respectively.

**78. Global Payment Program Health Equity Monitoring Metrics Protocol:** No later than ninety (90) calendar days after the approval of the CalAIM demonstration extension, the state will submit to CMS a GPP Health Equity Monitoring Metrics Protocol outlining a set of metrics focused on access to, utilization of, and quality of health care and/or health outcomes that the state will systematically calculate and report for understanding existing health inequities among the state's uninsured population who receive GPP services, and thereafter, for tracking progress in bridging any such inequities. The metrics will, to the extent possible, leverage the national established quality measures, including but not limited to, Medicaid Adult, Child, and Maternity Core Sets, and will in general be reported annually once available. The state can also propose other nationally recognized measures or appropriate metrics that are aligned with its demonstration goals pertinent to the GPP, the uncompensated care pool, and its health equity considerations.

The state will work collaboratively with CMS through iterations of the Protocol to finalize an approvable set of health equity metrics and prioritize collection of data on race, ethnicity, language, disability status and other factors to the extent feasible, and using the data to identify disparities in access, health outcomes and quality and experiences of care. The Health Equity Monitoring Metrics Protocol will outline for each of the selected metrics the reporting timeline, which might be impacted by the state's data systems readiness, the baseline reporting period, and the reporting frequency. The state will report the progress and metrics data through its Quarterly and/or Annual Monitoring Reports, per the reporting schedule that will be established in the Protocol. To the extent the state will require ramp-up time to set up data systems to be able to begin reporting the various metrics data overall

or for any of the key subpopulations of interest, the state should provide regular updates to CMS on progress with data systems readiness via the Monitoring Reports.

Once approved, the Health Equity Monitoring Metrics Protocol will be appended to these STCs as Attachment M.

#### **79. Funding and Annual Limits.**

- a. Under the GPP, a portion of the state's DSH funding and funding from the UC Pool are combined to make payments to participating PHCS that incur costs for services to the remaining uninsured. During each GPP PY, FFP will be available for such GPP payment expenditures up to the amount equal to the state's entire DSH allotment as set forth in section 1923(f) of the Act, adjusted as described in subparagraphs of this STC b and c below ("Adjusted DSH"), combined with the additional Demonstration UC funding amounts as set forth in subparagraph d below. For the purposes of GPP PY 6, only the Adjusted DSH shall be reduced by 50 percent. In order to align federal fiscal year DSH allotment amounts with the conversion to calendar year GPP PYs, GPP PYs 7 through 12 will be funded 50 percent of the Adjusted DSH for the FFY beginning prior to the first GPP PY, and 50 percent of the Adjusted DSH for the FFY beginning during the GPP PY.
- b. A portion of California's DSH allotment shall be set aside for those California DSH facilities that do not participate in the GPP. The amount set aside shall be identified in Attachment Q DSH Coordination Methodology.
- c. In any year to which reductions to California's DSH allotment are required by section 1923(f)(7) of the Social Security Act, the amount of the DSH allotment attributable to GPP in a given GPP PY shall be reduced consistent with CMS guidelines.
- d. The total computable amount available for the UC component shall equal \$472 million in GPP PY1. For GPP PYs two through five, the UC component was determined by CMS based upon the information contained in the Independent Report on Uncompensated Care. As approved by CMS on July 14, 2016, the total computable amounts available for the UC component shall equal \$472 million for each of GPP PYs two through five. For GPP PY 6 the total computable amount available for the UC component shall equal \$236 million. For GPP PY 7 through 12, the total computable amount available for the UC component shall equal \$472 million annually.
- e. Taken together, the total computable annual limits for GPP payments will not exceed the limits set forth below:  
GPP PY 1 (SFY 15-16) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 2 (SFY 16-17) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 3 (SFY 17-18) – Adjusted DSH + \$472 million = approximately \$2.9 billion

GPP PY 4 (SFY 18-19) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 5 (SFY 19-20) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 6 (July 1, 2020 – December 31, 2020) – Adjusted DSH at 50% + \$236 million  
= approximately \$1.45 billion

GPP PY 7 (CY 2021)- Adjusted DSH + \$472 million= approximately \$2.9 billion  
GPP PY 8 (CY 2022) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 9 (CY 2023) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 10 (CY 2024) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 11 (CY 2025) – Adjusted DSH + \$472 million = approximately \$2.9 billion  
GPP PY 12 (CY 2026) – Adjusted DSH + \$472 million = approximately \$2.9 billion

- f. The non-federal share of payments under the GPP shall be funded by voluntary intergovernmental transfers made by PHCS, or governmental agencies affiliated with PHCS. The funding entity shall certify that the funds transferred qualify for federal financial participation pursuant to 42 CFR part 433 subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as state match, impermissible taxes, and non- bona fide provider-related donations. The State must have permissible sources for the non-federal share of GPP expenditures, which may include permissible IGTs from government-operated entities and state funds. Sources of non-federal funding shall not include provider taxes or donations impermissible under section 1903(w), impermissible intergovernmental transfers from providers, or federal funds received from federal programs other than Medicaid or Medicare (unless expressly authorized by federal statute to be used for claiming purposes, and the federal Medicaid funding is credited to the other federal funding source). For this purpose, federal funds do not include GPP payments, PATH payments, or patient care revenue received as payment for services rendered under programs such as Medicare or Medicaid.
- g. The state will ensure that any lack of adequate funds from local sources will not result in lowering the amount, duration, scope or quality of Medicaid services available under the state plan or this demonstration. The preceding sentence is not intended to preclude the state from modifying the Medicaid benefit through the state plan amendment process.

**80. Categories.** Each service will be assigned into a category by the state that best reflects its characteristics of intensity and area delivered. These categories will assist in determining the point values of individual services. The categories listed below are intended to provide a broad overview of the categories and services. In addition to the categories below, the state will create a new category to include those services intended to address health equity; this new category will be in effect beginning in PY9. The full description of categories are

included in Attachment M and shall be updated to reflect any additional services intended to address health equity.

- a. **Category 1: Traditional Outpatient** - This category includes traditional outpatient services provided by a public hospital system facility:
  - i. Non-physician practitioner;
  - ii. Traditional, provider-based primary care or specialty care visit;
  - iii. Mental health visit;
  - iv. Dental;
  - v. Public health visit;
  - vi. Post-hospital discharge;
  - vii. Emergency room/Urgent Care; and
  - viii. Outpatient procedures/surgery, provider performed diagnostic procedures.
- b. **Category 2: Non-Traditional Outpatient** – This category includes non-traditional outpatient encounters, where care is provided by non-traditional providers or in non-traditional settings:
  - i. Community health worker encounters;
  - ii. Health coach encounters;
  - iii. Care navigation; and
  - iv. Health education & community wellness encounters.
- c. **Category 3: Technology-Based Outpatient** – This category includes technology- based outpatient encounters that rely mainly on technology to provide care:
  - i. Call line encounters;
  - ii. Texting;
  - iii. Telephone and email consultations between provider and patient;
  - iv. Provider-to-provider eConsults for specialty care; and
  - v. Telemedicine;
- d. **Category 4: Inpatient and Facility Stays** – This category includes traditional inpatient and facility stays by patients:
  - i. Recuperative/respite care days;
  - ii. Sober center days;
  - iii. Sub-acute care days; and
  - iv. Skilled nursing facility days;

**81. Service Threshold.** The threshold amounts for each PHCS will initially be constructed using the volume and cost of services occurring in participating providers, and will use the most recent complete state fiscal year data (Base SFY). Point values for each service will be consistent across all providers. The threshold amounts shall be determined in accordance with the methodology set forth in Attachment K (GPP Funding and Mechanics Protocol), which takes into account the following requirements and factors:



- a. Historic point values for each service category on a per unit of service basis across all Public Health Care Systems, taking into account at a minimum, the varying methods for identifying units and categories of services, cost per unit, cost trends and service mix;
- b. Base SFY utilization for each Public Health Care System; and
- c. Adjustments to account for changes in uninsured service needs since Base SFY, including the coverage expansions resulting from ACA implementation; and,
- d. Adjustments to account for public health emergencies or other state of emergency situations that impact the delivery of GPP services by a Public Health Care System.
- e. This threshold will require approval by CMS before it can be finalized.
- f. Thresholds for GPP PY2-PY12 will decline in proportion to reductions in annual limits.

## **82. Coordination with DSH**

- a. To maintain budget neutrality, the state will not make state plan-based DSH payments and uncompensated care payments to hospitals participating in the GPP.
- b. Hospitals that meet DSH eligibility criteria and which are not participating within a PHCS may receive DSH payments under the applicable provisions of Attachment 4.19-A of the state plan, as modified pursuant to Attachment Q (DSH Coordination Methodology).

## **83. Discontinuation of GPP**

DHCS may, in consultation with the participating PHCS, discontinue the GPP in any subsequent state fiscal year(s) for the remainder of the Demonstration and revert to financing uncompensated care costs for Medicaid and uninsured patients under the DSH program pursuant to the state plan. DHCS shall notify CMS no later than 30 calendar days prior to the start of the initial state fiscal year for which the GPP will be discontinued. DHCS will follow the appropriate processes as is necessary to facilitate DSH payments to affected PHCS under the State plan.

## **84. DSH Payments and FFY**

The state is not authorized to make a DSH payment under the Medicaid state plan for any hospital for any federal fiscal year (FFY) in which that hospital is eligible for a GPP payment for a GPP PY or portion thereof that is within that FFY. A DSH payment is considered to be made for a FFY if the payment would count against the DSH allotment for that FFY. In the event that the GPP is not authorized for a full PY, the state is prohibited from making duplicate GPP and DSH payments to GPP-eligible hospitals and must submit, subject to CMS approval, a method for allocating GPP and DSH payments to avoid duplication during the affected period.

# **XI. GENERAL REPORTING REQUIREMENTS**

- 85. Deferral for Failure to Submit Timely Demonstration Deliverables.** CMS may issue deferrals in accordance with 42 CFR part 430 subpart C, in the amount of \$5,000,000 per deliverable (federal share) when items required by these STCs (e.g., required data elements, analyses, reports, design documents, presentations, and other items specified in these STCs) (hereafter singly or collectively referred to as “deliverable(s)”) are not submitted timely to CMS or are found to not be consistent with the requirements approved by CMS. A deferral shall not exceed the value of the federal amount for the current demonstration period. The state does not relinquish its rights provided under 42 CFR part 430 subpart C to challenge any CMS finding that the state materially failed to comply with the terms of this agreement.

The following process will be used: 1) thirty (30) days after the deliverable was due if the state has not submitted a written request to CMS for approval of an extension as described in subsection (b) below; or 2) thirty days after CMS has notified the state in writing that the deliverable was not accepted for being inconsistent with the requirements of this agreement and the information needed to bring the deliverable into alignment with CMS requirements:

- a. CMS will issue a written notification to the state providing advance notification of a pending deferral for late or non-compliant submissions of required deliverable(s).
- b. For each deliverable, the state may submit to CMS a written request for an extension to submit the required deliverable that includes a supporting rationale for the cause(s) of the delay and the state’s anticipated date of submission. Should CMS agree to the state’s request, a corresponding extension of the deferral process can be provided. CMS may agree to a corrective action plan submitted by the state as an interim step before applying the deferral, if the state proposes a corrective action plan in the state’s written extension request.
- c. If CMS agrees to an interim corrective plan in accordance with subsection (b), and the state fails to comply with the corrective action plan or, despite the corrective action plan, still fails to submit the overdue deliverable(s) with all required contents in satisfaction of the terms of this agreement, CMS may proceed with the issuance of a deferral against the next Quarterly Statement of Expenditures reported in Medicaid Budget and Expenditure System/State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES) following a written deferral notification to the state.
- d. If the CMS deferral process has been initiated for state non-compliance with the terms of this agreement with respect to required deliverable(s), and the state submits the overdue deliverable(s), and such deliverable(s) are accepted by CMS as meeting the requirements specified in these STCs, the deferral(s) will be released.

As the purpose of a section 1115 demonstration is to test new methods of operation or service delivery, a state's failure to submit all required reports, evaluations and other deliverables will be considered by CMS in reviewing any application for an extension, amendment, or for a new demonstration.

- 86. Submission of Post-approval Deliverables.** The state must submit all deliverables as stipulated by CMS and within the timeframes outlined within these STCs, unless CMS and the state mutually agree to another timeline.
- 87. Compliance with Federal Systems Updates.** As federal systems continue to evolve and incorporate additional 1115 demonstration reporting and analytics functions, the state will work with CMS to:
- a. Revise the reporting templates and submission processes to accommodate timely compliance with the requirements of the new systems;
  - b. Ensure all 1115, T-MSIS, and other data elements that have been agreed to for reporting and analytics are provided by the state; and
  - c. Submit deliverables to the appropriate system as directed by CMS.
- 88. Monitoring Reports.** The state must submit three (3) Quarterly Monitoring Reports and one (1) Annual Monitoring Report each DY. The fourth quarter information that would ordinarily be provided in a separate report should be reported as distinct information within the Annual Monitoring Report. The Quarterly Monitoring Reports are due no later than sixty (60) calendar days following the end of each demonstration quarter. The Annual Monitoring Report is due no later than ninety (90) calendar days following the end of the DY. The state must submit a revised Monitoring Report within sixty (60) calendar days after receipt of CMS's comments, if any. The reports will include all required elements as per 42 CFR 431.428, and should not direct readers to links outside the report. Additional links not referenced in the document may be listed in a Reference/Bibliography section. The Monitoring Reports must follow the framework provided by CMS, which is subject to change as monitoring systems are developed/evolve, and be provided in a structured manner that supports federal tracking and analysis.
- a. Operational Updates. Per 42 CFR 431.428, the Monitoring Reports must document any policy or administrative difficulties in operating the demonstration. The reports shall provide sufficient information to document key challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed. The discussion should also include any issues or complaints identified by beneficiaries; lawsuits or legal actions; unusual or unanticipated trends; legislative updates; and descriptions of any public forums held. The Monitoring Report should also include a summary of all public

comments received through post-award public forums regarding the progress of the demonstration.

- b. Performance Metrics. Per applicable CMS guidance and technical assistance, the performance metrics will provide data support tracking the state's progress with the demonstration components towards their corresponding milestones and/or goals, and must cover all key policies under this demonstration. For example, these metrics will cover measures of enrollment, and policy-specific measures of access to care, utilization of services, quality of care and health outcomes.

Additionally, per 42 CFR 431.428, the Monitoring Reports must document the impact of the demonstration in providing insurance coverage to beneficiaries and the uninsured population, as well as outcomes of care, quality and cost of care, and access to care. This may also include the results of beneficiary satisfaction surveys, if conducted, and grievances and appeals.

The required monitoring and performance metrics must be included in the Monitoring Reports, and will follow the framework provided by CMS to support federal tracking and analysis.

- c. Budget Neutrality and Financial Reporting Requirements. Per 42 CFR 431.428, the Monitoring Reports must document the financial performance of the demonstration. The state must provide an updated budget neutrality workbook with every Monitoring Report that meets all the reporting requirements for monitoring budget neutrality set forth in the General Financial Requirements section of these STCs, including the submission of corrected budget neutrality data upon request. In addition, the state must report quarterly and annual expenditures associated with the populations affected by this demonstration on the Form CMS-64. Administrative costs for this demonstration should be reported separately on the CMS-64.
- d. Evaluation Activities and Interim Findings. Per 42 CFR 431.428, the Monitoring Reports must document any results of the demonstration to date per the evaluation hypotheses. Additionally, the state shall include a summary of the progress of evaluation activities, including key milestones accomplished, as well as challenges encountered and how they were addressed.

- 89. **Corrective Action Plan Related to Demonstration Monitoring.** If monitoring indicates that demonstration features are not likely to assist in promoting the objectives of Medicaid, CMS reserves the right to require the state to submit a corrective action plan to CMS for approval. This may be an interim step to withdrawing waivers or expenditure authorities, as outlined in STC 11. CMS will withdraw an authority, as described in STC 11, when metrics indicate substantial, sustained directional change, inconsistent with state targets and goals, as applicable, and the state has not implemented corrective action. CMS would

further have the ability to suspend implementation of the demonstration should corrective actions not effectively resolve these concerns in a timely manner.

- 90. Close-Out Report.** Within one hundred twenty (120) calendar days after the expiration of the demonstration, the state must submit a draft Close-Out Report to CMS for comments.
- a. The draft Close-Out Report must comply with the most current guidance from CMS.
  - b. The state will present to and participate in a discussion with CMS on the Close-Out report.
  - c. The state must take into consideration CMS's comments for incorporation into the final Close-Out report.
  - d. The final Close-Out report is due to CMS no later than thirty (30) calendar days after receipt of CMS's comments.
  - e. A delay in submitting the draft or final version of the Close-Out report may subject the state to penalties described in STC 84.
- 91. Monitoring Calls.** CMS will convene periodic conference calls with the state.
- a. The purpose of these calls is to discuss ongoing demonstration operation, to include (but not limited to) any significant actual or anticipated developments affecting the demonstration. Examples include implementation activities, trends in reported data on metrics and associated mid-course adjustments, enrollment and access, budget neutrality, and progress on evaluation activities.
  - b. CMS will provide updates on any pending actions, as well as federal policies and issues that may affect any aspect of the demonstration.
  - c. The state and CMS will jointly develop the agenda for the calls.
- 92. Post Award Forum.** Pursuant to 42 CFR 431.420(c), within six (6) months of the demonstration's implementation, and annually thereafter, the state must afford the public with an opportunity to provide meaningful comment on the progress of the demonstration. At least thirty (30) days prior to the date of the planned public forum, the state must publish the date, time and location of the forum in a prominent location on its website. The state must also post the most recent annual report on its website with the public forum announcement. Pursuant to 42 CFR 431.420(c), the state must include a summary of the comments in the Monitoring Report associated with the quarter in which the forum was held, as well as in its compiled Annual Monitoring Report.

## **XII. EVALUATION OF THE DEMONSTRATION**

- 93. Cooperation with Federal Evaluators.** As required under 42 CFR 431.420(f), the state must cooperate fully and timely with CMS and its contractors in any federal evaluation of the demonstration or any component of the demonstration. This includes, but is not limited to, commenting on design and other federal evaluation documents and providing data and analytic files to CMS, including entering into a data use agreement that explains how the data and data files will be exchanged, and providing a technical point of contact to support specification of the data and files to be disclosed, as well as relevant data dictionaries and record layouts. The state must include in its contracts with entities who collect, produce or maintain data and files for the demonstration, that they must make such data available for the federal evaluation as is required under 42 CFR 431.420(f) to support federal evaluation. The state may claim administrative match for these activities. Failure to comply with this STC may result in a deferral being issued as outlined in STC 84.
- 94. Independent Evaluator.** Upon approval of the demonstration, the state must arrange with an independent party to conduct an evaluation of the demonstration to ensure that the necessary data is collected at the level of detail needed to research the approved hypotheses. The state must require the independent party to sign an agreement that the independent party will conduct the demonstration evaluation in an independent manner in accordance with the CMS-approved Evaluation Design. When conducting analyses and developing the evaluation reports, every effort should be made to follow the approved methodology. However, the state may request, and CMS may agree to, changes in the methodology in appropriate circumstances.
- 95. Draft Evaluation Design.** The state must submit, for CMS comment and approval, a draft Evaluation Design with implementation timeline, no later than one hundred eighty (180) days after the approval of the demonstration. The draft Evaluation Design must be developed in accordance with Attachment A (Developing the Evaluation Design) of these STCs, CMS's evaluation design guidance for SUD, and other applicable CMS technical assistance on policy areas relevant for the demonstration and on applying robust evaluation approaches, including establishing valid comparison groups and assuring causal inferences in demonstration evaluations. The draft Evaluation Design also must include a timeline for key evaluation activities, including deliverables, as outlined in STCs 98 and 99.
- 96. Evaluation Design Approval and Updates.** The state must submit a revised draft Evaluation Design within sixty (60) calendar days after receipt of CMS's comments. Upon CMS approval of the draft Evaluation Design, the documents will be included as an attachment to these STCs. Per 42 CFR 431.424(c), the state will publish the approved Evaluation Design to the state's website within thirty (30) calendar days of CMS approval. The state must implement the Evaluation Design and submit a

description of its evaluation implementation progress in each of the Monitoring Reports. Once CMS approves the Evaluation Design, if the state wishes to make changes, the state must submit a revised Evaluation Design to CMS for approval if the changes are substantial in scope; otherwise, in consultation with CMS, the state may include updates to the Evaluation Design in monitoring reports.

- 97. Evaluation Questions and Hypotheses.** Consistent with Attachments A and B (Developing the Evaluation Design and Preparing the Interim and Summative Evaluation Report) of these STCs, the evaluation design must include a discussion of the evaluation questions and hypotheses that the state intends to test. In alignment with applicable CMS evaluation guidance and technical assistance, the evaluation must outline and address well-crafted hypotheses and research questions for all key demonstration policy components that support understanding the demonstration's impact and also its effectiveness in achieving the goals. For example, hypotheses for the DMC-ODS component of the demonstration must include an assessment of the core goals of the program, to include (but are not limited to): initiation and engagement with treatment, reduction in unnecessary and inappropriate utilization of emergency department and inpatient hospitalization through expanded utilization of DMC-ODS services, and reductions in key outcomes such as deaths due to overdose. In addition, the state will also evaluate the effectiveness of the Contingency Management benefits provided to qualifying DMC-ODS beneficiaries. Further, the state will evaluate its program goals to improve alignment and integration and to enhance beneficiary experience under the expenditure authority provided in the demonstration for dually eligible beneficiaries.

Similarly, in alignment with the overarching goals of PATH to support various infrastructure and capacity building efforts and the overall implementation and operationalization of CalAIM in the state, the evaluation of this demonstration component—for example—will analyze hypotheses focused on items such as how PATH, in conjunction with related CalAIM initiatives, promotes: access to community-based providers of ECM and Community Supports, and improved access and utilization of health care services at the community-level, with particular attention to historically under-resourced or marginalized populations. The evaluation will be informed by progress reports to be submitted to DHCS by Qualified Applicants on the need for and use of PATH funding and achievement of defined milestones.

Hypotheses for the evaluation of the recuperative care and short-term post-hospitalization housing Community Supports must focus on studying the impact on beneficiary health outcomes, and an assessment of whether the services lead to an avoidance of emergency department use and reductions in inpatient and long-term care. The state must also conduct a thorough cost-effectiveness analysis of provision of these community support services. For the Contingency Management and the recuperative care and short-term post-hospitalization housing community supports program

components, the state's evaluation must also align with pertinent requirements for data assessment and evaluation as outlined for similar program components in the state's 1915(b)(1)/(4) Waiver for California Advancing & Innovating Medi-Cal (CalAIM) special terms and conditions.

The demonstration's GPP evaluation must study hypotheses and research questions that help understand, for example, whether the program leads to improvements in care delivery in more appropriate settings and improvements in health equity via improvements in access, quality and experience of care, and health outcomes among the state's uninsured population.

The state must also investigate cost outcomes for the demonstration as a whole, including but not limited to: administrative costs of demonstration implementation and operation, Medicaid health service expenditures, and provider uncompensated costs. In addition, the state must use findings from hypothesis tests aligned with other demonstration goals and cost analyses together to assess the demonstration's effects on the fiscal sustainability of the state's Medicaid program. The evaluation should accommodate data collection and analyses stratified by key subpopulations of interest to inform a fuller understanding of existing disparities in access and health outcomes, and how the demonstration's various policies, and specifically GPP, PATH, and the two Community Support services, might support bridging any such inequities.

The hypothesis testing should include, where possible, assessment of both process and outcome measures. Proposed measures should be selected from nationally-recognized sources and national measures sets, where possible. Measures sets could include CMS's Core Set of Health Care Quality Measures for Children in Medicaid and CHIP, Consumer Assessment of Health Care Providers and Systems (CAHPS), the Core Set of Health Care Quality Measures for Medicaid-Eligible Adults and/or measures endorsed by National Quality Forum (NQF).

- 98. Evaluation Budget.** A budget for the evaluations must be provided with the draft Evaluation Design. It will include the total estimated cost, as well as a breakdown of estimated staff, administrative and other costs for all aspects of the evaluations such as any survey and measurement development, quantitative and qualitative data collection and cleaning, analyses and report generation. A justification of the costs may be required by CMS if the estimates provided do not appear to sufficiently cover the costs of the design or if CMS finds that the designs are not sufficiently developed, or if the estimates appear to be excessive.
- 99. Interim Evaluation Report.** The state must submit an Interim Evaluation Report for the completed years of the demonstration, and for each subsequent renewal or extension of the demonstration, as outlined in 42 CFR 431.412(c)(2)(vi). When submitting an



application for extension, the Interim Evaluation Report should be posted to the state's website with the application for public comment.

- a. The Interim Evaluation Report will discuss evaluation progress and present findings to date as per the approved Evaluation Design.
- b. For demonstration authority that expires prior to the overall demonstration's expiration date, the Interim Evaluation Report must include an evaluation of the authority as approved by CMS.
- c. If the state is seeking to extend the demonstration, the draft Interim Evaluation Report is due when the application for extension is submitted. If the state made changes to the demonstration in its application for extension, the research questions and hypotheses and a description of how the design was adapted should be included. If the state is not requesting an extension for the demonstration, the Interim Evaluation Report is due one (1) year prior to the end of the demonstration. For demonstration phase outs prior to the expiration of the approval period, the draft Interim Evaluation Report is due to CMS on the date that will be specified in the notice of termination or suspension.
- d. The state must submit a revised Interim Evaluation Report sixty (60) calendar days after receiving CMS's comments on the draft Interim Evaluation Report. Once approved by CMS, the state must post the final Interim Evaluation Report to the state's Medicaid website within thirty (30) calendar days.
- e. The Interim Evaluation Report must comply with Attachment B (Preparing the Interim and Summative Reports) of these STCs.

**100. Summative Evaluation Report.** The draft Summative Evaluation Report must be developed in accordance with Attachment B (Preparing the Interim and Summative Evaluation Reports) of these STCs. The state must submit the draft Summative Evaluation Report for the demonstration's current approval period within eighteen (18) months of the end of the approval period represented by these STCs. The Summative Evaluation Report must include the information in the approved Evaluation Design.

- a. Unless otherwise agreed upon in writing by CMS, the state must submit a revised Summative Evaluation Report within sixty (60) calendar days of receiving comments from CMS on the draft.
- b. The state must submit a revised Summative Evaluation Report sixty (60) calendar days after receiving CMS's comments on the draft Summative Evaluation Report. Once approved by CMS, the state must post the final Summative Evaluation Report to the state's Medicaid website within thirty (30) calendar days.

**101. Corrective Action Plan Related to Evaluation.** If evaluation findings indicate that demonstration features are not likely to assist in promoting the objectives of Medicaid, CMS reserves the right to require the state to submit a corrective action plan to CMS for approval. These discussions may also occur as part of an extension process when associated with the state's Interim Evaluation Report, or as part of the review of the Summative Evaluation Report. A corrective action plan could include a temporary

suspension of implementation of demonstration programs, in circumstances where evaluation findings indicate substantial and sustained directional change inconsistent with demonstration goals, such as substantial and sustained trends indicating increased difficulty accessing services. This may be an interim step to withdrawing waivers or expenditure authorities, as outlined in STC 11. CMS further has the ability to suspend implementation of the demonstration should corrective actions not effectively resolve these concerns in a timely manner.

- 102. State Presentations for CMS.** CMS reserves the right to request that the state present and participate in a discussion with CMS on the Evaluation Design, the Interim Evaluation Report, and/or the Summative Evaluation Report.
- 103. Public Access.** The state shall post the final documents (e.g., Monitoring Reports, Close Out Report, the approved Evaluation Design, Interim Evaluation Reports, and Summative Evaluation Reports) on the state's Medicaid website within thirty (30) calendar days of approval by CMS.
- 104. Additional Publications and Presentations.** For a period of twelve (12) months following CMS approval of the final reports, CMS will be notified prior to presentation of these reports or their findings, including in related publications (including, for example, journal articles), by the state, contractor, or any other third party directly connected to the demonstration. Prior to release of these reports, articles or other publications, CMS will be provided a copy including any associated press materials. CMS will be given ten (10) business days to review and comment on publications before they are released. CMS may choose to decline to comment on or review some or all of these notifications and reviews. This requirement does not apply to the release or presentation of these materials to state or local government officials.

### **XIII. GENERAL FINANCIAL REQUIREMENTS**

- 105. Allowable Expenditures.** This demonstration project is approved for expenditures applicable to services rendered during the demonstration approval period designated by CMS. CMS will provide FFP for allowable demonstration expenditures only so long as they do not exceed the pre-defined limits as specified in these STCs.
- 106. Standard Medicaid Funding Process.** The standard Medicaid funding process will be used for this demonstration. The state will provide quarterly expenditure reports through the Medicaid and CHIP Budget and Expenditure System (MBES/CBES) to report total expenditures for services provided under this demonstration following routine CMS-37 and CMS-64 reporting instructions as outlined in section 2500 of the State Medicaid Manual. The state will estimate matchable demonstration expenditures (total computable and federal share) subject to the budget neutrality expenditure limit and separately report these expenditures by quarter for each federal fiscal year on the

form CMS-37 for both the medical assistance payments (MAP) and state and local administration costs (ADM). CMS shall make federal funds available based upon the state's estimate, as approved by CMS. Within thirty (30) calendar days after the end of each quarter, the state shall submit form CMS-64 (Quarterly Medicaid Expenditure Report), showing Medicaid expenditures made in the quarter that just ended. If applicable, subject to the payment deferral process, CMS shall reconcile expenditures reported on form CMS-64 with federal funding previously made available to the state, and include the reconciling adjustment in the finalization of the grant award to the state.

- 107. Extent of Federal Financial Participation for the Demonstration.** Subject to CMS approval of the source(s) of the non-federal share of funding, CMS will provide FFP at the applicable federal matching rate for the demonstration as a whole for the following, subject to the budget neutrality expenditure limits described in Section XII:
- Administrative costs, including those associated with the administration of the demonstration;
  - Net expenditures and prior period adjustments of the Medicaid program that are paid in accordance with the approved Medicaid state plan; and
  - Medical assistance expenditures and prior period adjustments made under section 1115 demonstration authority with dates of service during the demonstration extension period; including those made in conjunction with the demonstration, net of enrollment fees, cost sharing, pharmacy rebates, and all other types of third party liability.
- 108. Program Integrity.** The state must have processes in place to ensure there is no duplication of federal funding for any aspect of the demonstration. The state must also ensure that the state and any of its contractors follow standard program integrity principles and practices including retention of data. All data, financial reporting, and sources of non-federal share are subject to audit.
- 109. Medicaid Expenditure Groups (MEG).** MEGs are defined for the purpose of identifying categories of Medicaid or demonstration expenditures subject to budget neutrality, components of budget neutrality expenditure limit calculations, and other purposes related to monitoring and tracking expenditures under the demonstration. The Master MEG Chart table below provides a master list of MEGs defined for this demonstration.

Table 3: Master MEG Chart					
MEG	To Which BN Test Does This	WOW Per Capita	WOW Aggregate	WW	Brief Description

	<b>Apply ?</b>				
<b>CBAS</b>	Hypo	X		X	
<b>OOS FFCY</b>	Hypo	X		X	
<b>DMC-ODS: IMD</b>	Hypo	X		X	
<b>IHS Chiropractic Services</b>	Hypo	X		X	
<b>Recuperative Care</b>	Non-Hypo			X	
<b>Short-Term Post-Hospitalization Housing</b>	Non-Hypo			X	
<b>PATH Supports</b>	Non-Hypo			X	Ensuring Access to Services During Transition and Delivery System Transformation and Innovation PATH program & Justice- Involved Planning and Implementation
<b>IP UPL PH</b>	Non-Hypo			X	
<b>GPP</b>	Non-Hypo			X	DSH & SNCP
<b>Contingency Management</b>	Non-Hypo			X	
<b>Deemed SSI Asset Test</b>	Hypo	X		X	

- 110. Reporting Expenditures and Member Months.** The state must report all demonstration expenditures claimed under the authority of title XIX of the Act and subject to budget neutrality each quarter on separate forms CMS-64.9 WAIVER and/or 64.9P WAIVER, identified by the demonstration project number assigned by CMS (11-W-00193/9). Separate reports must be submitted by MEG (identified by Waiver Name) and Demonstration Year (identified by the two-digit project number extension). Unless specified otherwise, expenditures must be reported by DY according to the dates of service associated with the expenditure. All MEGs identified in the Master MEG Chart as WW must be reported for expenditures, as further detailed in the MEG Detail for Expenditure and Member Month Reporting table below. To enable calculation of the budget neutrality expenditure limits, the state also must report member months of eligibility for specified MEGs.
- a. Cost Settlements. The state will report any cost settlements attributable to the demonstration on the appropriate prior period adjustment schedules (form CMS-64.9P WAIVER) for the summary sheet line 10b, in lieu of lines 9 or 10c. For any cost settlement not attributable to this demonstration, the adjustments should be reported as otherwise instructed in the State Medicaid Manual. Cost settlements must be reported by DY consistent with how the original expenditures were reported.
  - b. Premiums and Cost Sharing Collected by the State. The state will report any premium contributions collected by the state from demonstration enrollees quarterly on the form CMS-64 Summary Sheet line 9D, columns A and B. In order to assure that these collections are properly credited to the demonstration, quarterly premium collections (both total computable and federal share) should also be reported separately by DY on form CMS-64 Narrative, and on the Total Adjustments tab in the Budget Neutrality Monitoring Tool. In the annual calculation of expenditures subject to the budget neutrality expenditure limit, premiums collected in the demonstration year will be offset against expenditures incurred in the demonstration year for determination of the state's compliance with the budget neutrality limits.
  - c. Administrative Costs. The state will separately track and report additional administrative costs that are directly attributable to the demonstration. All administrative costs must be identified on the forms CMS-64.10 WAIVER and/or 64.10P WAIVER. Unless indicated otherwise on the Master MEG Chart table, administrative costs are not counted in the budget neutrality tests; however, these costs are subject to monitoring by CMS.
  - d. Member Months. As part of the Quarterly and Annual Monitoring Reports described in Section IX, the state must report the actual number of “eligible member months” for all demonstration enrollees for all MEGs identified as WOW Per Capita in the Master MEG Chart table above, and as also indicated in the MEG Detail for Expenditure and Member Month Reporting table below. The term “eligible member months” refers to the number of months in which persons enrolled in the demonstration are eligible to receive services. For example, a person who is eligible for three months contributes three eligible member months to the total. Two individuals who are eligible for two

months, each contribute two eligible member months, for a total of four eligible member months. Appropriate exceptions, as applicable, must be documented in the state's Budget Neutrality Specifications Manual referenced in STC 109(e) The state must submit a statement accompanying the annual report certifying the accuracy of this information.

<b>Table 4: MEG Detail for Expenditure and Member Month Reporting</b>								
<b>MEG (Waiver Name)</b>	<b>Detailed Description</b>	<b>Exclusions</b>	<b>CMS-64.9 Line(s) To Use</b>	<b>How Expend. Are Assigned to DY</b>	<b>MAP or ADM</b>	<b>Report Member Months (Y/N)</b>	<b>MEG Start Date</b>	<b>MEG End Date</b>
<b>CBAS</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026
<b>OOS FFCY</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026
<b>DMC-ODS: IMD</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026
<b>IHS Chiropractic Services</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026

<b>Recuperative Care</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026
<b>Short-Term Post-Hospitalization Housing</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	1/1/2022	12/31/2026
<b>PATH Supports</b>		See STC 109	Follow CMS-64.10 Base Category of Service Definition	Date of Service	ADM	N	1/1/2022	12/31/2026
<b>IP UPL PH</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	N	1/1/2022	12/31/2026
<b>GPP</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	N	1/1/2022	12/31/2026
<b>Contingency Management</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	N	7/1/2022	12/31/2026
<b>Deemed SSI Asset Test</b>		See STC 109	Follow CMS-64.9 Base Category of Service Definition	Date of Service	MAP	Y	7/1/2022	12/31/2026

CMS recognizes the state is implementing short-term post-hospitalization housing and recuperative care services through its managed care delivery system. In 2022, CMS will work with the state to explore alternative approaches for the treatment of short-term post-

hospitalization housing and recuperative care, including the assessment of the budget neutrality calculation.

- e. **Budget Neutrality Specifications Manual.** The state will create and maintain a Budget Neutrality Specifications Manual that describes in detail how the state will compile data on actual expenditures related to budget neutrality, including methods used to extract and compile data from the state’s Medicaid Management Information System, eligibility system, and accounting systems for reporting on the CMS-64, consistent with the terms of the demonstration. The Budget Neutrality Specifications Manual will also describe how the state compiles counts of Medicaid member months. The Budget Neutrality Specifications Manual must be made available to CMS on request.
- a. **Demonstration Years.** Demonstration Years (DY) for this demonstration are defined in the table below.

Table 5: Demonstration Years		
Demonstration Year 18	January 1, 2022 to December 31, 2022	12 months
Demonstration Year 19	January 1, 2023 to December 31, 2023	12 months
Demonstration Year 20	January 1, 2024 to December 31, 2024	12 months
Demonstration Year 21	January 1, 2025 to December 31, 2025	12 months
Demonstration Year 22	January 1, 2026 to December 31, 2026	12 months

- b. **Budget Neutrality Monitoring Tool.** The state must provide CMS with quarterly budget neutrality status updates, including established baseline and member months data, using the Budget Neutrality Monitoring Tool provided through the Performance Metrics Database and Analytics (PMDA) system. The tool incorporates the “Schedule C Report” for comparing demonstration’s actual expenditures to the budget neutrality expenditure limits described in Section XIV. CMS will provide technical assistance, upon request.<sup>3</sup>
- c. **Claiming Period.** The state will report all claims for expenditures subject to the budget neutrality agreement (including any cost settlements) within two years after the calendar quarter in which the state made the expenditures. All claims for services during the demonstration period (including any cost settlements) must be made within two years after the conclusion or termination of the demonstration. During the latter two-year period, the state will continue to identify separately net expenditures related to dates of service during the operation of the demonstration on the CMS-64 waiver forms in order to properly account for these expenditures in determining budget neutrality.
- d. **Future Adjustments to Budget Neutrality.** CMS reserves the right to adjust the budget neutrality expenditure limit:



- i. To be consistent with enforcement of laws and policy statements, including regulations and letters, regarding impermissible provider payments, health care related taxes, or other payments, CMS reserves the right to make adjustments to the budget neutrality limit if any health care related tax that was in effect during the base year, or provider-related donation that occurred during the base year, is determined by CMS to be in violation of the provider donation and health care related tax provisions of section 1903(w) of the Act. Adjustments to annual budget targets will reflect the phase out of impermissible provider payments by law or regulation, where applicable.
- ii. To the extent that a change in federal law, regulation, or policy requires either a reduction or an increase in FFP for expenditures made under this demonstration. In this circumstance, the state must adopt, subject to CMS approval, a modified budget neutrality agreement as necessary to comply with such change. The modified agreement will be effective upon the implementation of the change. The trend rates for the budget neutrality agreement are not subject to change under this STC. The state agrees that if mandated changes in the federal law require state legislation, the changes shall take effect on the day such state legislation becomes effective, or on the last day such legislation was required to be in effect under the federal law.
- iii. The state certifies that the data it provided to establish the budget neutrality expenditure limit are accurate based on the state's accounting of recorded historical expenditures or the next best available data, that the data are allowable in accordance with applicable federal, state, and local statutes, regulations, and policies, and that the data are correct to the best of the state's knowledge and belief. The data supplied by the state to set the budget neutrality expenditure limit are subject to review and audit, and if found to be inaccurate, will result in a modified budget neutrality expenditure limit.

**111. Supplemental Payments to IHS and 638 Facilities.** The state shall make supplemental payments to participating Indian Health Service (IHS) and tribal 638 facilities that incur costs associated with providing chiropractic services. Supplemental payments shall be computed based on the cost for chiropractic services that were eliminated from Medi-Cal coverage in July 2009 pursuant to state plan amendment 09-001, furnished by such facilities to individuals enrolled in the Medi-Cal program. Participating tribal facilities shall maintain policies for furnishing chiropractic services to non-IHS beneficiaries that are in place as of January 1, 2013. Payments shall be based on the approved methodology set forth in Attachment D. The annual limit for such supplemental payments shall be \$1,550,000 total computable per year (DY 18-22).

**112. Certified Public Expenditures (CPEs).** Total computable expenditures for patient care that are either directly payable under this Demonstration, or the basis for DSH, may be certified by government entities that directly operate health care providers as long as the expenditures are not funded using impermissible provider taxes or donations as defined under section 1903(w) of the Social Security Act or using Federal funds other than Medicaid or Medicare funds (unless the other Federal funding source by law allows use of federal funds for matching purposes, and the federal Medicaid funding is credited to the other

federal funding source). To the extent that the funding source for expenditures is a state program funded through this Demonstration, expenditures may be certified only as a total computable expenditure under such program. The State may not claim federal matching funds for a payment to a provider and also claim federal matching funds on the underlying expenditure certified by the provider, except to the extent that the State has an auditable methodology to prevent duplicate claims (such as one that limits claims for federal matching based on the certified expenditure to the shortfall after accounting for the claimed payment). For this purpose, Federal funds do not include GPP payments, PATH payments, or patient care revenue received as payment for services rendered under programs such as Medicare or Medicaid.

- 113. Sources of Non-Federal Share.** The state certifies that state and local monies are used as matching funds for the demonstration. The state further certifies that such funds shall not be used as matching funds for any other federal grant or contract, except as permitted by federal law or these STCs. All sources of the non-federal share of funding must be compliant with section 1903(w) of the Act and any applicable regulations, i.e., are not derived from impermissible provider taxes or donations or federal funds (unless the other federal funding source by law allows use of federal funds for matching purposes). Further, these sources and distribution of monies involving federal match are subject to CMS approval. Upon review of the sources of the non- federal share of funding and distribution methodologies, any sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS. For non- federal share funding using intergovernmental transfers, the funding entity shall certify that the funds transferred qualify for federal financial participation pursuant to 42 CFR part 433 Subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, federal money excluded from use as state match, impermissible taxes, and non- bona fide provider-related donations.

The state must have permissible sources for the non- federal share of demonstration expenditures, which may include CPEs or permissible Intergovernmental Transfers (IGTs) from government-operated entities and state funds. Sources of non-federal funding shall not include provider taxes or donations impermissible under section 1903(w), impermissible intergovernmental transfers from providers, or federal funds received from federal programs other than Medicaid or Medicare (unless expressly authorized by federal statute to be used for claiming purposes, and the federal Medicaid funding is credited to the other federal funding source). For this purpose, federal funds do not include GPP payments, PATH payments, or patient care revenue received as payment for services rendered under programs such Medicare or Medicaid.

- 114. Accounting Procedure.** The State has submitted and CMS has approved accounting procedures for CalAIM to ensure oversight and monitoring of demonstration claiming and expenditures. These procedures are included as Attachment H. The State shall submit a

modification to the “Accounting Procedures” within 90 days after the renewal approval to account for changes and expansions to the waiver as described within these STCs for the CalAIM Demonstration.

#### **XIV. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION**

- 115. Budget Neutrality Effective Date.** All STCs, waivers, and expenditure authorities relating to budget neutrality shall be effective beginning January 1, 2022. Notwithstanding this effective date, expenditures made for Uncompensated Care Pool payments under GPP during the temporary extension period of July 1, 2020 through December 31, 2021 are permitted.
- 116. Limit on Title XIX Funding.** California will be subject to a limit on the amount of Federal title XIX funding that California may receive on selected Medicaid expenditures during the period of approval of the Demonstration. The selected Medicaid expenditures consist of the expenditures for the range of services included in the managed care contracts and used to develop the without waiver per member per month limits under the Demonstration. The limit will consist of three parts, and is determined by using a per capita cost method combined with an aggregate amount based on the aggregate annual diverted upper payment limit determined for designated public hospitals in California and disproportionate share hospital (DSH) allotments. Spending under the budget neutrality limit is authorized for all spending related to approved expenditure authorities. Budget neutrality expenditure targets are calculated on an annual basis with a cumulative budget neutrality expenditure limit for the length of the demonstration extension (January 1, 2022 through December 31, 2026). Actual expenditures subject to the budget neutrality expenditure limit must be reported by California using the procedures described in the section for General Financial Requirements Under Title XIX. The data supplied by the State to CMS to calculate the annual limits is subject to review and audit, and if found to be inaccurate, will result in a modified budget neutrality expenditure limit. CMS’ assessment of the State’s compliance with these annual limits will be done using the Schedule C report from the MBES/CBES system.
- 117. Risk.** California will be at risk for the per capita cost for demonstration enrollees under this budget neutrality agreement, but not for the number of demonstration enrollees in each of the groups. By providing FFP for all demonstration enrollees, California will not be at risk for changing economic conditions which impact enrollment levels. However, by placing California at risk for the per capita costs for demonstration enrollees, CMS assures that the federal demonstration expenditures do not exceed the level of expenditures that would have occurred had there been no demonstration.
- 118. Budget Neutrality Annual Expenditure Limit.** For each DY, three annual limits are calculated.

- a. Limit A. For each year of the budget neutrality agreement an annual budget neutrality expenditure limit is calculated for each eligibility group (EG) described as follows:
  - i. An annual EG estimate must be calculated as a product of the number of eligible member months reported by the State for that EG under the section entitled General Reporting Requirements, times the appropriate estimated per member per month (PMPM) costs from the in table 6 below.
  - ii. Actual expenditures for the CBAS benefit will be included in the expenditure limit for the demonstration project. The amount of actual expenditures to be included will be the actual cost of providing the CBAS services (whether provided through managed care or fee-for- service) to the SPD Medicaid-only population and to dual eligible.
  - iii. Actual expenditures for the DMC-ODS benefit will be included in the expenditure limit for the demonstration project. The amount of actual expenditures to be included will be the actual cost of providing the DMC- ODS benefit to the eligible population;
  - iv. Actual expenditures for the Deemed SSI asset limit increase and elimination will be included in the expenditure limit for the demonstration project. The amount of actual expenditures to be included will be actual cost of increasing and eliminating the asset limit for the Deemed SSI populations;
  - v. The PMPMs for each EG used to calculate the annual budget neutrality expenditure limit for this Demonstration is specified below.

**Table 6:**

Eligibility Group (EG)	Trend Rate	DY 18 PMPM	DY 19 PMPM	DY 20 PMPM	DY 21 PMPM	DY 22 PMPM
<b>Hypothetical Populations</b>						
CBAS	0 %	\$6.90	\$6.90	\$6.90	\$6.90	\$6.90
OOS FFCY	5.2%	\$371.88	\$391.22	\$411.56	\$432.96	\$455.47
DMC-ODS: IMD	5.2%	\$2,795.87	\$2,941.26	\$3,094.21	\$3,255.11	\$3,424.38
IHS Chiropractic Services	4.7%	\$539.98	\$565.36	\$591.93	\$619.75	\$648.88
Asset Test	4.50%	\$980.94	\$1,025.08	\$1,071.21	\$1,119.41	\$1,169.78

These PMPMs are the trended baseline costs used for purposes of calculating the impact of the hypothetical populations on the overall expenditure limit. As described in paragraph (a)(ii) and (a)(iii) above, the actual expenditures for these hypothetical populations are included in the budget neutrality limit.

- b. Limit B. The amount of the designated public hospital spending as determined in the chart below. The state is prohibited from changing the reimbursement methodology or amounts of supplemental payments approved in the Medicaid state plan on January 1, 2022, that result in higher overall reimbursement without recalculating the Upper Payment Limit (UPL) for the period of the new or modified payments and adjusting the UPL diversion if necessary.

<b>Total Computable IP Unspent Public Hospital Amounts</b>	
<b>DY 18</b>	\$863,054,000
<b>DY 19</b>	\$863,054,000
<b>DY 20</b>	\$863,054,000
<b>DY 21</b>	\$863,054,000
<b>DY 22</b>	\$863,054,000
<b>5 Year Total</b>	<b>\$4,315,270,000</b>

- c. Limit C. Annual DSH allotments for California, as determined under section 1923(f) of the Act and 42 CFR 447 Subpart E. For each DY, Limit C will be the total computable equivalent of the DSH allotment for the federal fiscal year (FFY) that begins during the DY, calculated using the FMAP in effect for the largest portion of the FFY to which the DSH allotment pertains.

The annual budget neutrality expenditure limit for the Demonstration as a whole is the sum of limits A, B, and C. The overall budget neutrality expenditure limit for the Demonstration is the sum of the annual budget neutrality expenditure limits. The Federal share of the overall budget neutrality expenditure limit represents the maximum amount of FFP that California can receive for expenditures on behalf of demonstration populations as well as demonstration expenditure authorities under the demonstration programs described in these STCs.

- 119. Composite Federal Share Ratios.** The Composite Federal Share is the ratio that will be used to convert the total computable budget neutrality limit to federal share. The Composite Federal Share is the ratio calculated by dividing the sum total of FFP received by the state on actual demonstration expenditures during the approval period by total computable demonstration expenditures for the same period, as reported through MBES/CBES and summarized on Schedule C. Since the actual final Composite Federal Share will not be known until the end of the demonstration's approval period, for the purpose of interim monitoring of budget neutrality, a reasonable estimate of Composite Federal Share may be developed and used through the same process or through an alternative mutually agreed to method. Each Hypothetical Budget Neutrality Test has its own Composite Federal Share, as defined in the paragraph pertaining to each particular test.

- 120. Enforcement of Budget Neutrality.** CMS shall enforce the budget neutrality agreement over the life of the demonstration, which will be from January 1, 2022 through December 31, 2026. The budget neutrality test for the demonstration extension may incorporate net savings from the immediately prior demonstration period of January 1, 2016 to December 31, 2020 (but not from any earlier approval period). Historical information about the budget neutrality test for California's 1115 demonstration appears in Attachment P.
- 121. Exceeding Budget Neutrality.** If the budget neutrality expenditure limit defined in STC 117 has been exceeded at the end of the demonstration period (including Savings Phase-Out), the excess Federal funds must be returned to CMS. If the Demonstration is terminated prior to the end of the budget neutrality agreement, the budget neutrality test shall be based on the time elapsed through the termination date.
- 122. Mid-Course Correction.** If at any time during the demonstration approval period CMS determines that the demonstration is on course to exceed its budget neutrality expenditure limit, CMS will require the state to submit a corrective action plan for CMS review and approval.

## **Attachment A**

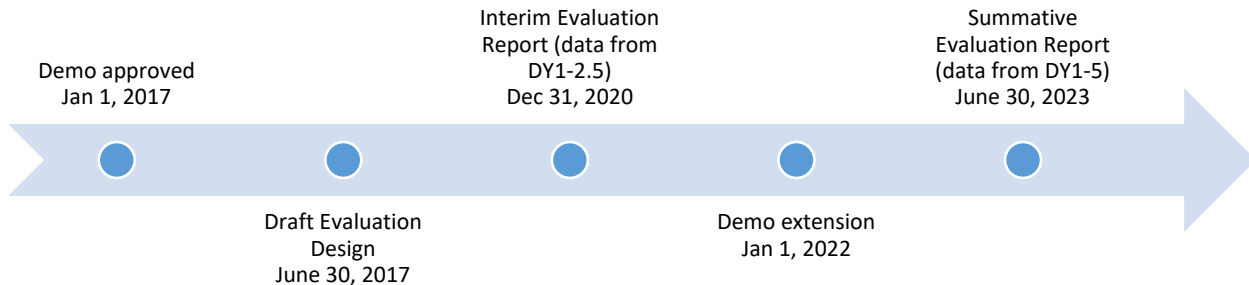
### **Developing the Evaluation Design**

#### **Introduction**

Both state and federal governments need rigorous quantitative and qualitative evidence to inform policy decisions. To that end, for states that are testing new approaches and flexibilities in their Medicaid programs through section 1115 demonstrations, evaluations are crucial to understand and disseminate information about these policies. The evaluations of new initiatives seek to produce new knowledge and direction for programs and inform Medicaid policy for the future. While a narrative about what happened during a demonstration provides important information, the principal focus of the evaluation of a section 1115 demonstration should be obtaining and analyzing data. Evaluations should include findings about the process (e.g., whether the demonstration is being implemented as intended), outcomes (e.g., whether the demonstration is having the intended effects on the target population), and impacts of the demonstration (e.g., whether the outcomes observed in the targeted population differ from outcomes in similar populations not affected by the demonstration).

#### **Submission Timelines**

There is a specified timeline for the state's submission of its draft Evaluation Design and subsequent evaluation reports. The graphic below depicts an example of this timeline for a 5-year demonstration. In addition, the state should be aware that section 1115 evaluation documents are public records. The state is required to publish the Evaluation Design to the state's website within thirty (30) calendar days of CMS approval, as per 42 CFR 431.424(e). CMS will also publish a copy to the Medicaid.gov website.



#### **Expectations for Evaluation Designs**

CMS expects Evaluation Designs to be rigorous, incorporate baseline and comparison group assessments, as well as statistical significance testing. Technical assistance resources for constructing comparison groups and identifying causal inferences are available on Medicaid.gov: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/1115-demonstration-monitoring-evaluation/1115-demonstration-state-monitoring-evaluation-resources/index.html>. If the state needs technical assistance using this outline or developing the Evaluation Design, the state should contact its demonstration team.

All states with section 1115 demonstrations are required to conduct Interim and Summative Evaluation Reports, and the Evaluation Design is the roadmap for conducting these evaluations.

The roadmap begins with the stated goals for the demonstration, followed by the measurable evaluation questions and quantifiable hypotheses, all to support a determination of the extent to which the demonstration has achieved its goals. When conducting analyses and developing the evaluation reports, every effort should be made to follow the approved methodology. However, the state may request, and CMS may agree to, changes in the methodology in appropriate circumstances.

The format for the Evaluation Design is as follows:

- A. General Background Information;
- B. Evaluation Questions and Hypotheses;
- C. Methodology;
- D. Methodological Limitations;
- E. Attachments.

**A. General Background Information** – In this section, the state should include basic information about the demonstration, such as:

1. The issue/s that the state is trying to address with its section 1115 demonstration and/or expenditure authorities, the potential magnitude of the issue/s, and why the state selected this course of action to address the issue/s (e.g., a narrative on why the state submitted an 1115 demonstration proposal).
2. The name of the demonstration, approval date of the demonstration, and period of time covered by the evaluation.
3. A description of the population groups impacted by the demonstration.
4. A brief description of the demonstration and history of its implementation, and whether the draft Evaluation Design applies to an amendment, extension, renewal, or expansion of, the demonstration.
5. For renewals, amendments, and major operational changes: a description of any changes to the demonstration during the approval period; the primary reason or reasons for the change; and how the Evaluation Design was altered or augmented to address these changes.

**B. Evaluation Questions and Hypotheses** – In this section, the state should:

1. Identify the state's hypotheses about the outcomes of the demonstration, and discuss how the evaluation questions align with the hypotheses and the goals of the demonstration.
2. Address how the hypotheses and research questions promote the objectives of Titles XIX and/or XXI.
2. Describe how the state's demonstration goals are translated into quantifiable targets for improvement, so that the performance of the demonstration in achieving these targets can be measured. Include a Driver Diagram to visually aid readers in understanding the rationale behind the cause and effect of the variants behind the demonstration features and intended outcomes. A driver diagram, which includes information about the goals and features of the demonstration, is a particularly effective modeling tool when working



to improve health and health care through specific interventions. A driver diagram depicts the relationship between the aim, the primary drivers that contribute directly to achieving the aim, and the secondary drivers that are necessary to achieve the primary drivers for the demonstration. For an example and more information on driver diagrams: <https://innovation.cms.gov/files/x/hciatwoaimsdrvrs.pdf>.

**C. Methodology** – In this section, the state is to describe in detail the proposed research methodology. The focus is on showing that the evaluation meets the prevailing standards of scientific and academic rigor, that the results are statistically valid and reliable, and that it builds upon other published research, using references where appropriate.

This section also provides evidence that the demonstration evaluation will use the best available data. The state should report on, control for, and make appropriate adjustments for the limitations of the data and their effects on results, and discuss the generalizability of results. This section should provide enough transparency to explain what will be measured and how, in sufficient detail so that another party could replicate the results. Table A below is an example of how the state might want to articulate the analytic methods for each research question and measure.

Specifically, this section establishes:

1. *Methodological Design* – Provide information on how the evaluation will be designed. For example, whether the evaluation will utilize pre/post data comparisons, pre-test or post-test only assessments. If qualitative analysis methods will be used, they must be described in detail.
2. *Target and Comparison Populations* – Describe the characteristics of the target and comparison populations, incorporating the inclusion and exclusion criteria. Include information about the level of analysis (beneficiary, provider, or program level), and if populations will be stratified into subgroups. Additionally, discuss the sampling methodology for the populations, as well as support that a statistically reliable sample size is available.
3. *Evaluation Period* – Describe the time periods for which data will be included.
4. *Evaluation Measures* – List all measures that will be calculated to evaluate the demonstration. The state also should include information about how it will define the numerators and denominators. Furthermore, the state should ensure the measures contain assessments of both process and outcomes to evaluate the effects of the demonstration during the period of approval. When selecting metrics, the state shall identify opportunities for improving quality of care and health outcomes, and controlling cost of care. The state also should incorporate benchmarking and comparisons to national and state standards, where appropriate.

Include the measure stewards (i.e., the organization(s) responsible for the evaluation data elements/sets by “owning”, defining, validating, securing, and submitting for endorsement, etc.) Proposed health measures could include CMS’s Core Set of Health Care Quality Measures for Children in Medicaid and CHIP, Consumer Assessment of Health Care Providers and Systems (CAHPS), the Initial Core Set of Health Care Quality Measures for Medicaid-Eligible Adults and/or measures endorsed by National Quality Forum. Proposed performance metrics can be selected from nationally recognized metrics, for example from sets developed by the Center for Medicare and Medicaid Innovation or for meaningful use under Health Information Technology.

5. *Data Sources* – Explain from where the data will be obtained, describe any efforts to validate and clean the data, and discuss the quality and limitations of the data sources. If the state plans to collect primary data (i.e., data collected specifically for the evaluation), include the methods by which the data will be collected, the source of the proposed questions and responses, and the frequency and timing of data collection. Additionally, copies of any proposed surveys must be provided to CMS for approval before implementation.
6. *Analytic Methods* – This section includes the details of the selected quantitative and/or qualitative analysis measures that will adequately assess the effectiveness of the demonstration. This section should:
  - a. Identify the specific statistical testing which will be undertaken for each measure (e.g., t-tests, chi-square, odds ratio, ANOVA, regression).
  - b. Explain how the state will isolate the effects of the demonstration from other initiatives occurring in the state at the same time (e.g., through the use of comparison groups).
  - c. Include a discussion of how propensity score matching and difference-in-differences designs may be used to adjust for differences in comparison populations over time, if applicable.
  - d. Consider the application of sensitivity analyses, as appropriate.
7. *Other Additions* – The state may provide any other information pertinent to the Evaluation Design for the demonstration.

**Table A. Example Design Table for the Evaluation of the Demonstration**

Research Question	Outcome measures used to address the research question	Sample or population subgroups to be compared	Data Sources	Analytic Methods
<b>Hypothesis 1</b>				
Research question 1a	-Measure 1 -Measure 2 -Measure 3	-Sample e.g. All attributed Medicaid beneficiaries -Beneficiaries with diabetes diagnosis	-Medicaid fee-for-service and encounter claims records	-Interrupted time series
Research question 1b	-Measure 1 -Measure 2 -Measure 3 -Measure 4	-Sample, e.g., PPS patients who meet survey selection requirements (used services within the last 6 months)	-Patient survey	Descriptive statistics
<b>Hypothesis 2</b>				
Research question 2a	-Measure 1 -Measure 2	-Sample, e.g., PPS administrators	-Key informants	Qualitative analysis of interview material

**D. Methodological Limitations** – This section provides more detailed information about the limitations of the evaluation. This could include limitations about the design, the data sources or collection process, or analytic methods. The state should also identify any efforts to minimize these limitations. Additionally, this section should include any information about features of the demonstration that effectively present methodological constraints that the state would like CMS to take into consideration in its review.

CMS also recognizes that there may be certain instances where a state cannot meet the rigor of an evaluation as expected by CMS. In these instances, the state should document for CMS why it is not able to incorporate key components of a rigorous evaluation, including comparison groups and baseline data analyses. For example, if a demonstration is long-standing, it may be difficult for the state to include baseline data because any pre-test data points may not be relevant or comparable. Other examples of considerations include:

1. When the demonstration is:
  - a. Non-complex, unchanged, or has previously been rigorously evaluated and found to be successful; or
  - b. Could now be considered standard Medicaid policy (CMS published regulations or guidance).
2. When the demonstration is also considered successful without issues or concerns that would require more regular reporting, such as:
  - a. Operating smoothly without administrative changes;

- b. No or minimal appeals and grievances;
- c. No state issues with CMS-64 reporting or budget neutrality; and
- d. No Corrective Action Plans for the demonstration.

#### **E. E. Attachments**

- 1) **Independent Evaluator.** This includes a discussion of the state's process for obtaining an independent entity to conduct the evaluation, including a description of the qualifications that the selected entity must possess, and how the state will assure no conflict of interest. Explain how the state will assure that the Independent Evaluator will conduct a fair and impartial evaluation and prepare objective Evaluation Reports. The Evaluation Design should include a "No Conflict of Interest" statement signed by the independent evaluator.
- 2) **Evaluation Budget.** A budget for implementing the evaluation shall be provided with the draft Evaluation Design. It will include the total estimated costs, as well as a breakdown of estimated staff, administrative, and other costs for all aspects of the evaluation. Examples include, but are not limited to: the development of all survey and measurement instruments; quantitative and qualitative data collection; data cleaning and analyses; and reports generation. A justification of the costs may be required by CMS if the estimates provided do not appear to sufficiently cover the costs of the draft Evaluation Design, if CMS finds that the draft Evaluation Design is not sufficiently developed, or if the estimates appear to be excessive.
- 3) **Timeline and Major Milestones.** Describe the timeline for conducting the various evaluation activities, including dates for evaluation-related milestones, including those related to procurement of an outside contractor, if applicable, and deliverables. The final Evaluation Design shall incorporate milestones for the development and submission of the Interim and Summative Evaluation Reports. Pursuant to 42 CFR 431.424(c)(v), this timeline should also include the date by which the Final Summative Evaluation Report is due.

## Attachment B

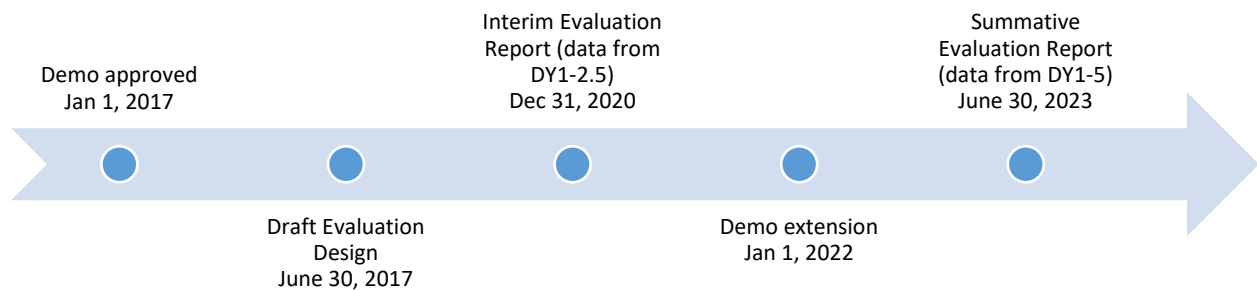
### Preparing the Interim and Summative Evaluation Reports

#### Introduction

Both state and federal governments need rigorous quantitative and qualitative evidence to inform policy decisions. To that end, for states that are testing new approaches and flexibilities in their Medicaid programs through section 1115 demonstrations, evaluations are crucial to understand and disseminate information about these policies. The evaluations of new initiatives seek to produce new knowledge and direction for programs and inform Medicaid policy for the future. While a narrative about what happened during a demonstration provides important information, the principal focus of the evaluation of a section 1115 demonstration should be obtaining and analyzing data. Evaluations should include findings about the process (e.g., whether the demonstration is being implemented as intended), outcomes (e.g., whether the demonstration is having the intended effects on the target population), and impacts of the demonstration (e.g., whether the outcomes observed in the targeted population differ from outcomes in similar populations not affected by the demonstration).

#### Submission Timelines

There is a specified timeline for the state's submission of Evaluation Designs and Evaluation Reports. These dates are specified in the demonstration Special Terms and Conditions (STCs). The graphic below depicts an example of a deliverables timeline for a 5-year demonstration. In addition, the state should be aware that section 1115 evaluation documents are public records. In order to assure the dissemination of the evaluation findings, lessons learned, and recommendations, the state is required to publish the Interim and Summative Evaluation Reports to the state's website within thirty (30) calendar days of CMS approval, as per 42 CFR 431.424(d). CMS will also publish a copy to the Medicaid.gov website.



#### Expectations for Evaluation Reports

All states with Medicaid section 1115 demonstrations are required to conduct evaluations that are valid (the extent to which the evaluation measures what it is intended to measure), and reliable (the extent to which the evaluation could produce the same results when used repeatedly). The already-approved Evaluation Design is a map that begins with the demonstration goals, then transitions to the evaluation questions, and to the specific hypotheses, which will be used to investigate whether the demonstration has achieved its goals. When conducting analyses and developing the evaluation reports, every effort should be made to follow

the methodology outlined in the approved Evaluation Design. However, the state may request, and CMS may agree to, changes in the methodology in appropriate circumstances.

When submitting an application for extension, the Interim Evaluation Report should be posted on the state's website with the application for public comment. Additionally, the Interim Evaluation Report must be included in its entirety with the application submitted to CMS.

CMS expects Interim and Summative Evaluation Reports to be rigorous, incorporate baseline and comparison group assessments, as well as statistical significance testing. Technical assistance resources for constructing comparison groups and identifying causal inferences are available on Medicaid.gov: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/1115-demonstration-monitoring-evaluation/1115-demonstration-state-monitoring-evaluation-resources/index.html>. If the state needs technical assistance using this outline or developing the evaluation reports, the state should contact its demonstration team.

### **Intent of this Attachment**

Title XIX of the Social Security Act (the Act) requires an evaluation of every section 1115 demonstration. In order to fulfill this requirement, the state's evaluation report submissions must provide comprehensive written presentations of all key components of the demonstration, and include all required elements specified in the approved Evaluation Design. This Attachment is intended to assist states with organizing the required information in a standardized format and understanding the criteria that CMS will use in reviewing the submitted Interim and Summative Evaluation Reports.

### **Required Core Components of Interim and Summative Evaluation Reports**

The Interim and Summative Evaluation Reports present research and findings about the section 1115 demonstration. It is important that the reports incorporate a discussion about the structure of the Evaluation Design to explain the goals and objectives of the demonstration, the hypotheses related to the demonstration, and the methodology for the evaluation. The evaluation reports should present the relevant data and an interpretation of the findings; assess the outcomes (what worked and what did not work); explain the limitations of the design, data, and analyses; offer recommendations regarding what (in hindsight) the state would further advance, or do differently, and why; and discuss the implications on future Medicaid policy.

- A. The format for the Interim and Summative Evaluation reports is as follows: Executive Summary;
- B. General Background Information;
- C. Evaluation Questions and Hypotheses;
- D. Methodology;
- E. Methodological Limitations;
- F. Results;
- G. Conclusions;
- H. Interpretations, and Policy Implications and Interactions with Other State Initiatives;
- I. Lessons Learned and Recommendations; and
- J. Attachment(s).

- A. Executive Summary** – A summary of the demonstration, the principal results, interpretations, and recommendations of the evaluation.
- B. General Background Information about the Demonstration** – In this section, the state should include basic information about the demonstration, such as:
1. The issue/s that the state is trying to address with its section 1115 demonstration and/or expenditure authorities, how the state became aware of the issue, the potential magnitude of the issue, and why the state selected this course of action to address the issues.
  2. The name of the demonstration, approval date of the demonstration, and period of time covered by the evaluation.
  3. A description of the population groups impacted by the demonstration.
  4. A brief description of the demonstration and history of the implementation, and if the evaluation is for an amendment, extension, renewal, or expansion of, the demonstration.
  5. For renewals, amendments, and major operational changes: A description of any changes to the demonstration during the approval period; whether the motivation for change was due to political, economic, and fiscal factors at the state and/or federal level; whether the programmatic changes were implemented to improve beneficiary health, provider/health plan performance, or administrative efficiency; and how the Evaluation Design was altered or augmented to address these changes. Additionally, the state should explain how this Evaluation Report builds upon and expands earlier demonstration evaluation findings (if applicable).
- C. Evaluation Questions and Hypotheses** – In this section, the state should:
1. Identify the state’s hypotheses about the outcomes of the demonstration, and discuss how the goals of the demonstration align with the evaluation questions and hypotheses.
  2. Address how the research questions / hypotheses of this demonstration promote the objectives of Titles XIX and XXI.
  3. Describe how the state’s demonstration goals were translated into quantifiable targets for improvement, so that the performance of the demonstration in achieving these targets could be measured.
  4. The inclusion of a Driver Diagram in the Evaluation Report is highly encouraged, as the visual can aid readers in understanding the rationale behind the demonstration features and intended outcomes.

**Methodology** – In this section, the state is to provide an overview of the research that was conducted to evaluate the section 1115 demonstration, consistent with the approved Evaluation Design. The Evaluation Design should also be included as an attachment to the report. The focus is on showing that the evaluation builds upon other published research, (using references), meets the prevailing standards of scientific and academic rigor, and the results are statistically valid and reliable.

An Interim Evaluation Report should provide any available data to date, including both quantitative and qualitative assessments. The Evaluation Design should assure there is appropriate data development and collection in a timely manner to support developing an Interim Evaluation Report.

This section provides the evidence that the demonstration evaluation used the best available data and describes why potential alternative data sources were not used. The state also should report on, control for, and make appropriate adjustments for the limitations of the data and their effects on results, and discusses the generalizability of results. This section should provide enough transparency to explain what was measured and how, in sufficient detail so that another party could replicate the results. Specifically, this section establishes that the approved Evaluation Design was followed by describing:

- 1) *Methodological Design* – Whether the evaluation included an assessment of pre/post or post-only data, with or without comparison groups, etc.
- 2) *Target and Comparison Populations* – Describe the target and comparison populations, describing inclusion and exclusion criteria.
- 3) *Evaluation Period* – Describe the time periods for which data will be collected.
- 4) *Evaluation Measures* – List the measures used to evaluate the demonstration and their respective measure stewards.
- 5) *Data Sources* – Explain from where the data were obtained, and efforts to validate and clean the data.
- 6) *Analytic Methods* – Identify specific statistical testing which was undertaken for each measure (t-tests, chi-square, odds ratio, ANOVA, regression, etc.).
- 7) *Other Additions* – The state may provide any other information pertinent to the evaluation of the demonstration.

**D. Methodological Limitations** – This section provides sufficient information for discerning the strengths and weaknesses of the study design, data sources/collection, and analyses.

**F. Results** – In this section, the state presents and uses the quantitative and qualitative data to demonstrate whether and to what degree the evaluation questions and hypotheses of the demonstration were addressed. The findings should visually depict the demonstration results, using tables, charts, and graphs, where appropriate. This section should include findings from the statistical tests conducted.

**G. Conclusions** – In this section, the state will present the conclusions about the evaluation results. Based on the findings, discuss the outcomes and impacts of the demonstration and identify the opportunities for improvements. Specifically, the state should answer the following questions:



1. In general, did the results show that the demonstration was/was not effective in achieving the goals and objectives established at the beginning of the demonstration?
  - a. If the state did not fully achieve its intended goals, why not?
  - b. What could be done in the future that would better enable such an effort to more fully achieve those purposes, aims, objectives, and goals?

**H. Interpretations, Policy Implications and Interactions with Other State Initiatives** – In this section, the state will discuss the section 1115 demonstration within an overall Medicaid context and long-range planning. This should include interrelations of the demonstration with other aspects of the state’s Medicaid program, interactions with other Medicaid demonstrations, and other federal awards affecting service delivery, health outcomes and the cost of care under Medicaid. This section provides the state with an opportunity to provide interpretations of the data using evaluative reasoning to make judgments about the demonstration. This section should also include a discussion of the implications of the findings at both the state and national levels.

**I. Lessons Learned and Recommendations** – This section of the evaluation report involves the transfer of knowledge. Specifically, it should include potential “opportunities” for future or revised demonstrations to inform Medicaid policymakers, advocates, and stakeholders. Recommendations for improvement can be just as significant as identifying current successful strategies. Based on the evaluation results, the state should address the following questions:

1. What lessons were learned as a result of the demonstration?
2. What would you recommend to other states which may be interested in implementing a similar approach?

**J. Attachment(s)**

- 1) Evaluation Design: Provide the CMS-approved Evaluation Design

**Attachment C**  
**Global Payment Program Participating Public Health Care Systems**

Public Health Care Systems participating in the GPP consist of the following designated public hospitals (DPHs), including any successor or differently named hospital as applicable, and their affiliated and contracted providers. The DPHs are operated by a county, a city and county, University of California, or special hospital authority described in Section 101850 or 101852, *et seq.*, of the California Health & Safety Code.

1. Los Angeles County (LA Co.) health system
  - a. LA Co. Harbor/UCLA Medical Center
  - b. LA Co. Olive View Medical Center
  - c. LA Co. Rancho Los Amigos National Rehabilitation Center
  - d. LA Co. University of Southern California Medical Center
2. Alameda Health System
  - a. Highland Hospital (including the Fairmont and John George Psychiatric facilities)
  - b. Alameda Hospital
  - c. San Leandro Hospital
3. Arrowhead Regional Medical Center
4. Contra Costa Regional Medical Center
5. Kern Medical Center
6. Natividad Medical Center
7. Riverside University Health System -- Medical Center
8. San Francisco General Hospital
9. San Joaquin General Hospital
10. San Mateo County General Hospital
11. Santa Clara Valley Medical Center
12. Ventura County Medical Center

## **Attachment D - Funding and Reimbursement Protocol for IHS**

**Funding and Reimbursement Protocol for Claiming IHS and 638 Facilities Uncompensated Care Payment Methodology** The methodology outlined below has been approved for structuring supplemental payments to IHS and 638 facilities from November 1, 2015 through December 31, 2020 as required by STC XX.b.iii. Using the methodology described below in section (A), the state shall make supplemental payments to Indian Health Service (IHS) and tribal facilities to account for the uncompensated costs of furnishing primary care services between April 5, 2013 and December 31, 2013 to uninsured individuals with incomes up to 133 percent of the Federal Poverty Level (FPL) who are not enrolled in a Low Income Health Program (LIHP). Using the methodology described below in section (A) and (B), the state shall also make supplemental payments to account for the uncompensated costs of furnishing services between April 5, 2013 and December 31, 2014 to individuals enrolled in the Medi-Cal program for benefits that were eliminated from the state plan pursuant to state plan amendment 09-001 and are not covered by Medi-Cal. Costs for optional dental and psychology, that were eliminated through SPA 09-001, but have been added back in through State Plan Amendments are not available for reimbursement through these supplemental payments.

- A. Provider Claiming Methodology for services provided November 1, 2015 through December 31, 2020
1. Participating IHS and tribal 638 facilities shall enter into a billing agent agreement with the California Rural Indian Health Board (CRIHB) consistent with the requirements of 42 C.F.R. 447.10.
  2. Participating facilities shall track qualifying uncompensated encounters by utilizing a tracking document or other electronic means to record the following:
    - a. The qualifying Medi-Cal service provided to a Medi-Cal beneficiary;
    - b. Whether the service was provided to an IHS eligible individual; and
    - e. The service date.
  3. Qualifying encounters shall not include encounters for which any payment was made under Medi-Cal at the IHS published rate.
  4. Participating IHS and tribal 638 facilities shall submit to CRIHB, on a quarterly basis, the number of qualifying uncompensated encounters, broken down by status of individual as IHS-eligible (Indian or Alaskan Native).
  5. Participating IHS and tribal 638 facilities shall submit to CRIHB, on a quarterly basis, the amount of third party payments received for Medi-Cal beneficiaries for qualifying uncompensated care. Third party payments received after the end of the quarter shall be reported as a prior period adjustment.
  6. CRIHB will process the reports from participating IHS and tribal facilities and submit to DHCS, within 60 working days after the end of each quarter, a

Quarterly Summary Aggregate Encounter Report (Exhibit 1.B) specifying the number of qualifying uncompensated encounters for each IHS/Tribal 638 facility broken down as reported by each facility. The submission will also include a summary page totaling the aggregate qualifying uncompensated encounters as well as the aggregate supplemental payments due based on the applicable IHS encounter rate offset by any third party payments received by each facility for the qualifying uncompensated encounters.

7. In support of the Quarterly Aggregate Encounter Rate, CRIHB shall submit a certification, signed by the Executive Director of CRIHB that the information contained therein is current, complete, and accurate.

#### State Payment Process

1. The state shall make supplemental payments to each participating facility through CRIHB within 30 days of receipt of each quarterly report, based on the reported uncompensated care costs as calculated by multiplying qualifying uncompensated encounters by the appropriate IHS published rate, offset by any third party payments received by each IHS/Tribal 638 facility for uncompensated encounters involving Medi-Cal beneficiaries, including third party payments reported as a prior period adjustment. If third party payments are reported as a prior period adjustment after the supplemental payment period, the state will offset other Medi-Cal payments to the facility by the amount of such payments.
2. The state shall terminate supplemental payments if the cap for the SNCP is met.
3. The CRIHB must maintain, and upon request provide DHCS, documentation sufficient to support the claims for supplemental payments.
4. CRIHB will disburse the supplemental payments received from the state to each IHS facility in accordance with its agreement with each facility, but no later than 20 business days after receipt from the state.
5. The State may claim federal matching funding for supplemental payments to IHS and tribal 638 at the 100 percent FMAP rate only to the extent that the supplemental payments reflect uncompensated care furnished to IHS eligible individuals.

### Exhibit 1.B: Aggregate Encounter Report for January 1, 2022 through October 31, 2026

[illegible]

Certification:

I HEREBY CERTIFY THAT:

1. I have examined this statement, for the period from XXX to XXX and that to the best of my knowledge and belief they are true and correct statements prepared from the books and records of the IHS/Tribal 638 facilities and CRIHB.
2. The information contained in this report is current, complete, and accurate.

\_\_\_\_\_  
Signature (officer of the governmental entity)

Date

\_\_\_\_\_  
Title

## Attachment E

### SUD Health IT Plan

#### California Progress on SUD HIT Plan

##### Overview

The state's Department of Justice (DOJ) manages the Controlled Substance Utilization Review and Evaluation System (CURES), the state's prescription drug monitoring program (PDMP). CURES is governed by strict statutory and regulatory requirements that limit the entities—licensed prescribers, pharmacists, regulatory agency officials, and law enforcement officials—who can access the database. CURES stores Schedule II-V controlled substance prescription information that is reported as dispensed in California. Prescribers must consult CURES to review a patient's controlled substance history no earlier than 24 hours, or the previous business day, before prescribing a Schedule II, Schedule III, or Schedule IV controlled substance to the patient for the first time and at least once every 6 months thereafter if the substance remains part of the treatment of the patient. In accordance with CMS' request, this document details the state of CURES for each functionality included in the SUD HIT.

##### Prescription Drug Monitoring Program Functionalities

- **Interstate sharing:** AB 1751 (Stats 2018, Ch 478, Low) authorized the DOJ, once final regulations addressing CURES access and use have been issued, to participate in interstate sharing. The DOJ is in the process of developing functionality within CURES to support interstate data sharing and plans to use both RxCheck and sPMPi to facilitate data sharing across states. Additionally, DOJ is actively working with potential data sharing partners. Data obtained from CURES may be provided to authorized users of another state PDMP if the entity operating the interstate data sharing hub, and the PDMP of that state, have entered into an agreement with the DOJ for interstate sharing of PDMP information. Implementation of this functionality is scheduled for Spring 2022.
- **Enhanced “ease of use” for prescribers and other state and federal stakeholders.** CURES launched the Information Exchange Webservice (IEWs) an interoperability platform in 2018 that allows for integration with providers' EHRs and with HIEs where users log into the data system. Currently, 50 health IT entities, including HIEs and large health systems, whose users are authorized to access CURES, use the platform. In addition, DOJ is engaged in a CURES optimization effort to update the “look and feel” of the web-portal and dashboard to promote ease of use. Additionally, interstate searches will be available through the IEWS. Implementation of the optimized CURES is scheduled for Spring 2022.
- **Enhanced connectivity between the state's PDMP and any statewide, regional or local health information exchange.** *See bullet immediately above*
- **Enhanced identification of long-term opioid use directly correlated to clinician prescribing patterns.** CURES presents daily patient safety alerts within the CURES dashboard to prescribers when their patient's aggregate prescription level exceeds certain thresholds, including:
  - Patient is currently prescribed more than 90 morphine milligram equivalents per day
  - Patient has obtained prescriptions from 6 or more prescribers or 6 or more pharmacies during last 6 months
  - Patient is currently prescribed more than 40 morphine milligram equivalents of methadone daily
  - Patient is currently prescribed opioids more than 90 consecutive days
  - Patient is currently prescribed both benzodiazepines and opioids

The CURES database also provides health care practitioners and pharmacists with a messaging

capability that allows a message to be sent to another health care practitioner regarding a mutual patient from within the secure CURES environment.

#### **Current and Future PDMP Query Capabilities**

- **Facilitate the state's ability to properly match patients receiving opioid prescriptions with patients in the PDMP (i.e. the state's master patient index (MPI) strategy with regard to PDMP query).** CURES uses an algorithm to de-duplicate patient entities and that considers various elements of a patient record. It is important to note that use of this algorithm is applied only when CURES generates daily patient safety alerts and for the production of CURES de-identified datasets.

#### **Use of PDMP – Supporting Clinicians with Changing Office Workflows / Business Processes**

- **Develop enhanced provider workflow / business processes to better support clinicians in accessing the PDMP prior to prescribing an opioid or other controlled substance to address the issues which follow.** The IEWS platform allows providers easy access to CURES through their EHR as detailed above. State statute requires prescribers to review a patient's history on CURES within 24 hours or one business day before prescribing a controlled substance. In accordance with state law, approved prescribers and pharmacists will be able delegate their authority to access CURES reports. This delegate functionality will become available within the web application in Spring 2022. Delegate access through IEWS is dependent on the National Council for Prescription Drug Programs (NCPDP) to adopt an update to the NCPDP SCRIPT Standard and is therefore on a longer timeframe.
- **Develop enhanced supports for clinician review of the patients' history of controlled substance prescriptions provided through the PDMP—prior to the issuance of an opioid prescription.** In addition to the CURES functionality described above and related to patient alerts, CURES includes links to resources on safe prescribing of controlled substances. For example, the CURES public website includes links to the CDC prescribing guidelines, Medical Board of California guidelines, California's Department of Public Health (CDPH) opioid overdose surveillance dashboard, as well as the CDPH Guidance Letter.

#### **Master Patient Index / Identity Management**

- **Enhance the master patient index (or master data management service, etc.) in support of SUD care delivery.** See bullet above on master patient index/patient matching.

#### **Overall Objective for Enhancing PDMP Functionality & Interoperability**

- **Leverage the above functionalities / capabilities / supports (in concert with any other state health IT, TA or workflow effort) to implement effective controls to minimize the risk of inappropriate opioid overprescribing—and to ensure that Medicaid does not inappropriately pay for opioids.** Key functionalities intended to help minimize the risk of inappropriate opioid overprescribing are described above. Additionally, in accordance with state statute and regulations, a public or private entity, including a Bona Fide Researcher, is eligible to obtain data from CURES, subject to the requirements of the data request process. Accordingly, there is no specific data transmittal that occurs between CURES and Medicaid. Related other state IT efforts, DHCS data and clinical staff regularly monitor inappropriate prescribing of opioids through its routine utilization monitoring, an effort that has increased in priority due to the current opioid crisis. Onsite reviews of suspect practitioners have resulted in Drug Code Limitation, a sanction restricting pharmacies from billing for prescriptions written by sanctioned practitioners, and suspension from the Medi-Cal program when there is evidence of potential fraud and/or patient harm. Fraud investigations are conducted and cases are referred to law enforcement for criminal investigation and prosecution when warranted.





## **Attachment F**

### **Accounting Procedures**

The following Accounting Procedures have been developed to ensure that no over claiming of expenditures occur and to provide for accurate reporting of mandated reports as required by CMS for the Demonstration. The Safety Net Financing Division's (SNFD) Hospital Contracts Unit (HCU), within the Inpatient Contract and Monitoring Section (ICMS), is responsible for preparing quarterly and annual reconciliation of program expenditures.

- I. STATE-ONLY PROGRAMS** - Reserved for State submission of accounting procedures for DY 6-10 DSHPs per paragraph 22.

## **II. CERTIFIED PUBLIC EXPENDITURES**

CPEs are expenditures certified by counties, university teaching hospitals, or other governmental entities within a state, as having been spent on the provision of covered services to Medi-Cal beneficiaries and uninsured individuals. CPEs are eligible for reimbursement at the federal medical assistance percentage in effect on the date the service is provided.

### **Cost Submission**

At least annually, designated public hospitals (DPHs) send to SNFD an estimate of their CPEs for the project (current) year, accompanied by an attestation of the costs. The CPEs are derived from the Medi-Cal 2552-96 cost report, a Workbook developed by SNFD, and other documentation to support the estimated CPEs. These CPEs are used to establish an interim per diem rate of reimbursement for the costs of providing inpatient care to Medi-Cal beneficiaries, and to determine DSH payments, and payments from the SNCP. In addition, the data is used as the basis of a tentative settlement made for inpatient services rendered to Medi-Cal beneficiaries.

#### **1. Review Process**

SNFD reviews all data submitted for accuracy and compliance with established procedures, and performs tests for reasonableness. If discrepancies or inconsistencies are identified, SNFD works directly with the DPH staff to resolve issues and correct data.

#### **2. Interim Payment Process**

##### ***Establish Inpatient Interim Rates***

SNFD establishes the inpatient interim rate for each DPH based on the most current filed Medi-Cal 2552-96 and Workbook. SNFD instructs Provider Enrollment Division (PED) to update the Provider Master File (PMF) to reflect the new interim rates. The new interim rates are not retroactive and are applied to all claims for services rendered effective with the update.

## **Attachment F**

### **Accounting Procedures**

#### ***Determine Interim Payment***

SNFD reviews the most current filed Medi-Cal 2552-96 cost report and Workbook filed by each DPH for the purpose of determining a tentative settlement. The tentative settlement is made to settle on an interim basis all claims paid to date to reflect the difference between the interim rate paid and actual costs. The actual claims paid are based on the most current Medi-Cal claims payment data generated by California's fiscal intermediary. Based on the review and application of the current payment data, SNFD generates a notice of tentative settlement to each DPH that includes schedules supporting the calculation and a copy of the payment data. A copy of the notice is forwarded to A&I for preparation of an action notice authorizing California's fiscal intermediary to pay or recover the tentative settlement amount. California's fiscal intermediary will prepare a Statement of Account Status which will inform the hospital of the date of payment or instructions for repayment.

#### **3. Final Reconciliation Process**

The final audit report of the Medi-Cal 2552-96 cost report generated by A&I will be used as the basis for final determination and settlement of the CPEs. SNFD will instruct A&I to prepare an action notice informing California's fiscal intermediary of the final settlement. California's fiscal intermediary will issue a Statement of Account Status which will incorporate the previous tentative settlement and inform the DPH of any further payment or recovery.

### **III. INTERGOVERNMENTAL TRANSFERS (IGTs)**

IGTs are transfers of public funds between governmental entities, such as from a county to the State. One source of the funding used for the transfer is local tax dollars. SNFD reviews the source of funding for each IGT that is proposed by a governmental entity to ensure that it meets state and federal requirements for permissible transfers.

#### **Pre-Transfer**

For IGTs used as the non-federal share of DSH payments, DHCS and the State Treasurer's Office (STO) are notified by the county or governmental entity, prior to the transfer of funds to ensure all arrangements are complete.

For IGTs used as the non-federal share of the supplemental payments under the provisions of section 14166.12 of the California Welfare and Institutions (W&I) Code, DHCS, the California Medical Assistance Commission (CMAC), and STO are notified by the county, or governmental entity, prior to the transfer of funds to assure that all arrangements are complete.

#### **Transfer**

1. IGTs used as the non-federal share of DSH payments.

## **Attachment F**

### **Accounting Procedures**

The amounts of the IGTs are determined by the data submitted to DHCS by the DPHs. Staff of the DSH Payment Unit will coordinate the amount and timing of transfers from the DPHs to STO.

2. IGTs used as the non-federal share of the supplemental payments.  
CMAC coordinates with HCU on the amount and timing of IGTs to the STO under the provisions of section 14166.12 of the W&I Code.

#### **Post-Transfer**

For all IGTs, the county, or governmental entity, notifies DHCS after the transfer is complete. The transfer is verified and documented, and DHCS deposits the transferred amount into the appropriate funds for payments.

#### **IV. SAFETY NET CARE POOL PAYMENTS**

DPHs receive SNCP payments for hospital and clinic costs associated with health care services provided to uninsured individuals.

#### **Payment Processes**

**The SNFD Program payment computation includes automated verification that the federal SNCP allotment, quarterly interim payments and the total SNCP funding level are not exceeded.**

The payment process includes three phases.

##### *Phase One*

Four quarterly interim payments are disbursed to hospitals during and immediately after the program year.

##### *Phase Two*

Interim reconciliation occurs based on hospital cost reports filed five months after the end of the fiscal year. Appropriate adjustments are made to either distribute an additional payment to a hospital or recover an overpayment amount.

##### *Phase Three*

The final reconciliation is based on audited hospital cost reports. Appropriate adjustments are made to either distribute an additional payment to a hospital or recover an overpayment amount.

HCU prepares a payment package for signatures. The package is reviewed by a peer

for verification prior to routing to management for signatures. Each package includes:

## **Attachment F**

### **Accounting Procedures**

- (i) A memorandum addressed to the Financial Management Branch Chief requesting authorization for payment.
- (ii) An invoice for the signatures of the Chiefs of ICMS and HCU.
- (iii) A copy of the support documents.

After internal signatures are obtained, HCU will:

- (i) Make a photocopy of payment package for program files.
- (ii) Record data on an internal spreadsheet, (including amount, date paid and annual totals).

The payment packages are submitted to Accounting. Accounting processes the payment request and submits it to SCO. After the payment is made, Accounting will send a claim schedule to HCU for confirmation.

## **V. DISPROPORTIONATE SHARE HOSPITAL PROGRAM**

DHCS disburses \$1.0325 billion of the federal DSH allotment to eligible DPHs and non-designated public hospitals (NDPHs) annually. Hospitals that satisfy federal criteria specified in the Social Security Act and determined by the California Medicaid State Plan (State Plan), are eligible to receive DSH program funding. The State Plan defines DPHs and NDPHs, specifies the funding level, and describes the distribution methodology.

The non-federal share of DSH payments to DPHs is comprised of CPEs and IGTs. DPHs use CPEs to claim DSH funding for up to 100 percent of their uncompensated care costs, and use IGTs to claim DSH funding for up to 175 percent of their uncompensated care costs, as permitted by the Omnibus Budget Reconciliation Act of 1993. By contract, the nonfederal share of DSH payments to NDPHs is the State General Fund.

Annually, the DSH Share Hospital Eligibility Unit submits a DSH Program audit report to CMS as required by the Social Security Act. The DSH Share Hospital Payment Unit (DSHPU) performs a final reconciliation of total DSH hospital-specific payments to ensure that funding provided during and after the project year does not exceed appropriate funding levels established by actual hospital uncompensated care costs, as required by the State Plan.

The DSH Program payment computations include automated verification that the federal DSH allotment, appropriate IGT funds invoiced for DSH payments, and the total DSH Program funding level are not exceeded.

The DSHPU protocol and procedures include quality audits to ensure that correct data is used appropriately and that correct amounts are disbursed to the appropriate hospitals.

## **A. DESIGNATED PUBLIC**

### **HOSPITALS Check Write**

#### **Memorandum**

The DSHPU generates a check write memorandum addressed to California's fiscal intermediary. The check write memorandum specifies the funding period, the payment amount, and the funding source.

The check write memorandum includes a payment authorization notice (PAN) and a memorandum to Accounting. The DSHPU uses a unique PAN sequence number to identify each payment transaction. For payments using IGTs as the non-federal share of the payments, the PAN provides Accounting with authorization to use the federal DSH allotment and IGT funds from the Medicaid Inpatient Adjustment Fund. The memorandum provides instructions for Accounting to draw federal funds using the appropriate non-federal share sources.

#### **Signature Authorization**

The DSH Program signature authorization document includes the DSHPU Chief and the DSH Financing & Non-Contract Hospital Recoupment Section Chief.

#### **Payment Process**

The payment process for DPHs includes three phases.

##### *Phase One*

Four quarterly interim payments are disbursed to hospitals during and immediately after the program year.

##### *Phase Two*

Interim reconciliation is based on hospital cost reports filed five months after the end of the fiscal year. Appropriate adjustments are made to either distribute an additional payment to a hospital or recover an overpayment amount.

##### *Phase Three*

The final reconciliation is based on audited hospital cost reports. Appropriate adjustments are made to either distribute an additional payment to a hospital or recover an overpayment amount.



EDS prepares the check write computer file for submission to SCO.

## NON-DESIGNATED PUBLIC HOSPITALS

### **Check Write Memorandum**

The DSHPU generates a check write memorandum addressed to California's fiscal intermediary. The check write memorandum specifies the funding period, the payment amount, and the funding source (50% General Fund and 50% federal DSH allotment).

The check write memorandum includes a PAN and a memorandum to Accounting. The DSHPU uses a unique PAN sequence number to identify each payment transaction.

The PAN provides Accounting with authorization to use the General Fund and federal DSH allotment. The memorandum provides instructions for Accounting to draw federal funds using the appropriate non-federal share sources.

### **Signature Authorization**

The DSH Program signature authorization document includes the DSHPU Chief and the DSH Financing & Non-Contract Hospital Recoupment Section Chief.

### **Payment Process**

The payment process for NDPHs includes two phases.

#### *Phase One*

During the first phase, interim payments are disbursed to hospitals during and immediately after the program year. Bimonthly payments are made based on tentative data. The first payment of the year is based on the prior year's data. As more current data becomes available, a recalculation is made and payments are adjusted based on current information.

#### *Phase Two*

Before the final payment is made, hospitals are given the opportunity to review the data used to calculate payment amounts. Final adjustments to payments are made in this phase after all discrepancies have been resolved. Appropriate adjustments are made to either distribute the final installment or recover any overpayment amounts.

EDS prepares the check write computer file for submission to SCO.

## **B. PRIVATE HOSPITALS**

DHCS disburses approximately \$465 million of DSH replacement funding to eligible private hospitals annually. Hospitals that satisfy federal criteria specified in the Social Security Act and determined by the State Plan, are eligible to receive DSH replacement funding. The State Plan

defines private hospitals, specifies the funding level, and describes the funding distribution methodology. In addition to the DSH replacement funding, DSH-eligible private hospitals receive their pro rata share of payments from a defined pool within the annual DSH allotment.

### **Check Write Memorandum**

The DSHPU generates a check write memorandum addressed to California's fiscal intermediary. The check write memorandum specifies the funding period, the payment amount, and the funding source (50% General Fund and 50% federal Medicaid funding).

The check write memorandum includes a PAN and a memorandum to Accounting. The DSHPU uses a unique PAN sequence number to identify each payment transaction.

The PAN provides Accounting with authorization to use the State General Fund and federal Medicaid funds. The memorandum provides instructions for Accounting to draw federal funds using the appropriate non-federal sources.

### **Signature Authorization**

The DSH Program signature authorization document includes the DSHPU Chief and the DSH Financing & Non-Contract Hospital Recoupment Section Chief.

### **Payment Process**

The payment process for private hospitals includes two phases.

#### *Phase One*

During the first phase, interim payments are disbursed to hospitals during and immediately after the program year. Bimonthly payments are made based on tentative data. The first payment of the year is based on the prior year's data. As more current data becomes available, a recalculation is made and payments are adjusted based on current information.

#### *Phase Two*

Before the final payment is made, hospitals are given the opportunity to review the data used to calculate payment amounts. Final adjustments to payments are made in this phase after all discrepancies have been resolved. Appropriate adjustments are made to either distribute the final installment or recover an overpayment amounts.

EDS prepares the check write computer file for submission to SCO.

## **VI. PRIVATE HOSPITAL SUPPLEMENTAL PAYMENTS**

CMAC negotiates contract amendments with hospitals participating in the Selective Provider Contracting Program (SPCP) to provide acute inpatient hospital care to Medi-

Cal patients. Eligible private hospitals receive supplemental payments funded with State General Funds and federal funds.

### **Payment Determination**

Approximately two times per year, CMAC forwards to HCU the contract amendments for supplemental payments from the Private Hospital Supplemental Fund. Each contract amendment indicates the amount and date to be paid.

### **Payment Process**

HCU prepares a payment package for signatures. The package is reviewed by a peer for verification prior to routing to management for signatures. Each package includes:

- (i) A memorandum addressed to the Financial Management Branch Chief requesting authorization for payment.
- (ii) An invoice for the signatures of the Chiefs of ICMS and HCU.
- (iii) A copy of the support documents.

After internal signatures are obtained, HCU will:

- (i) Make a photocopy of payment package for program files.
- (ii) Record data on an internal spreadsheet, (including amount, date paid, and annual totals).

The payment packages are submitted to Accounting. Accounting processes the payment request and submits it to SCO. After the payment is made, Accounting will send a claim schedule to HCU for confirmation.

## **VII. NON-DESIGNATED PUBLIC HOSPITAL SUPPLEMENTAL PAYMENTS**

CMAC negotiates contract amendments with hospitals participating in the SPCP to provide acute inpatient hospital care to Medi-Cal patients. Eligible NDPHs receive supplemental payments funded with State General Funds and federal funds.

### **Payment Determination**

Approximately two times per year, CMAC forwards to HCU the contract amendments for supplemental payments from the Non-designated Public Hospital Supplemental Fund.

Each contract amendment indicates the amount and date to be paid.

### **Payment Process**

HCU prepares a payment package for signatures. The package is reviewed by a

peer for verification prior to routing to management for signatures. Each package includes:

A memorandum addressed to Financial Management Branch Chief requesting authorization for payment.

- (i) An invoice for the signatures of the Chiefs of ICMS and HCU.
- (ii) A copy of the support documents.

After internal signatures are obtained, HCU will:

- (i) Make a photocopy of payment package for program files.
- (ii) Record data on an internal spreadsheet, (including amount, date paid, and annual totals).

The payment packages are submitted to Accounting. Accounting processes the payment request and submits it to SCO. After the payment is made, Accounting will send a claim schedule to HCU for confirmation.

## **VIII. DISTRESSED HOSPITAL FUND PAYMENTS**

CMAC negotiates contract amendments with participating SPCP hospitals that meet criteria for distressed hospitals. These hospitals must serve a substantial volume of Medi-Cal patients, be a critical component of the Medi-Cal program's health care delivery system, and be facing a significant financial hardship that may impair ability to continue their range of services for the Medi-Cal program.

The non-federal share of distressed hospital fund payments is funded by State Treasury funds that are 20% of the July 2005 balance of the prior supplemental funds (PFSs), accrued interest on the PFSs, and any additional amounts appropriated by the Legislature.

### **Payment Determination**

Approximately two times per year, CMAC forwards to HCU the contract amendments for payments from the Distressed Hospital Fund. Each contract amendment indicates the amount and date to be paid.

### **Payment Process**

HCU prepares a payment package for signatures. The package is reviewed by a peer for verification prior to routing to management for signatures. Each package includes:

- (i) A memorandum addressed to Financial Management Branch Chief requesting authorization for payment.
- (ii) An invoice for the signatures of the Chiefs of ICMS and HCU.

- (iii) A copy of the support documents.

After internal signatures are obtained, HCU will:

- (i) Make a photocopy of payment package for program files.
- (ii) Record data on an internal spreadsheet, (including amount, date paid, and annual totals).

The payment packages are submitted to Accounting. Accounting processes the payment request, and submits it to SCO. After the payment is made, Accounting will send a claim schedule to HCU for confirmation.

## **IX. CONSTRUCTION/RENOVATION REIMBURSEMENT PROGRAM (SB 1732)**

In 1989, Senate Bill (SB) 1732 was enacted to establish the Construction/Renovation Reimbursement Program (also known as the SB 1732 program) (Welfare and Institutions Code 14085.5). Under this program, reimbursement is provided to eligible hospitals for the debt service costs incurred on revenue bonds used to finance eligible hospital construction project(s).

### **Invoice Submission**

Invoices are submitted by participating hospitals to HCU no more than twice each year. The invoices consist of the following:

- (i) A cover letter from the hospital's Chief Financial Officer, or other appropriate representative.
- (ii) A reimbursement request that includes bond debt service payment (principal and/or interest).
- (iii) Support documents verifying payment by the hospital to the debt holder.

### **Review Process**

HCU verifies inclusion and accuracy of all required documents in the invoice package.

### **Payment Process**

HCU calculates reimbursement amounts on a spreadsheet by:

- (i) Determining the amount of debt service paid.
- (ii) Deducting interest earned in the hospital's SB 1732 account.
- (iii) Calculating the reimbursable amount based on the eligible portion of the construction project and the Medi-Cal Utilization Rate percentage.

HCU prepares a reimbursement payment package, which is reviewed and approved by the ICMS Chief, and submits it to California's fiscal intermediary.

HCU sends a notification letter to each eligible hospital and a copy of the notification letter is forwarded to CMAC.

California's fiscal intermediary forwards payment requests to SCO and sends copies of the payment requests to HCU.

SCO mails the payment to the hospital.

## **X. SELECTIVE PROVIDER CONTRACTING PROGRAM**

The SPCP was established in 1982 and operated under a two-year section 1915(b) waiver until August 31, 2005. On September 1, 2005, CMS approved the continuation of a restructured SPCP under California's new five-year section 1115 Medi-Cal Hospital/Uninsured Care Demonstration. The SPCP allows DHCS to selectively contract with acute care hospitals to provide inpatient hospital care to Medi-Cal beneficiaries. Under the SPCP, CMAC negotiates contract terms and conditions and per diem rates with participating hospitals on behalf of DHCS. This program has resulted in millions of dollars of savings each year which offset expenditures in this Demonstration to assist in achieving budget neutrality.

The non-federal share of SPCP payments is funded by amounts from the State General Fund.

### **Contract Process**

CMAC forwards proposed contract(s)/amendment(s) to HCU for review. After review, final proposed contracts/amendments are presented at a CMAC meeting for approval by the Commissioners. The approved contracts/amendments are signed by authorized hospital representatives and submitted by CMAC to HCU for processing. The HCU analyst prepares contract/amendment packages for processing and obtains the signature of DHCS's delegated Contract Officer (SNFD Chief) to fully execute the contracts/amendments.

### **Notification Process**

HCU notifies PED of new per diem rates and/or new Current Procedural Terminology codes, revenue codes, and Health Care Procedure Coding System codes, to update the Provider Master File with the hospital- specific information. This file is used by California's fiscal intermediary to process and pay claims submitted by all Medi-Cal providers, including those participating in the SPCP.

### **Distribution Process**

HCU distributes fully executed contracts/amendments to the following:

- (i) Contracted hospital
- (ii) CMAC Executive Director
- (iii) Medi-Cal Field Office
- (iv) A&I

i. **CMS-64 QUARTERLY EXPENSE REPORT**

After the end of every quarter, Accounting summarizes all payments and claims made relating to the Demonstration during the quarter and sends the summary to SNFD to verify the payment period, amount and funding source. After the confirmation, Accounting prepares and submits the CMS-64 Quarterly Expense Report to CMS.

**Attachment G**  
**Demonstration and Program Years**

**CalAIM: Demonstration and Program Years**

<b>Demonstration Year (DY)</b>	<b>Dates</b>
DY 18	January 1, 2022 through December 31, 2022
DY 19	January 1, 2023 through December 31, 2023
DY 20	January 1, 2024 through December 31, 2024
DY 21	January 1, 2025 through December 31, 2025
DY 22	January 1, 2026 through December 31, 2026

<b>Global Payment Program</b>	
<b>Program Year (PY)</b>	<b>Dates</b>
PY 6	July 1, 2020 through December 31, 2020
PY 7	January 1, 2021 through December 31, 2021
PY 8	January 1, 2022 through December 31, 2022
PY 9	January 1, 2023 through December 31, 2023
PY 10	January 1, 2024 through December 31, 2024
PY 11	January 1, 2025 through December 31, 2025
PY 12	January 1, 2026 through December 31, 2026



**Attachment H**  
**Community-Based Adult Services (CBAS)**  
**Provider Standards of Participation**

**A. General Provider Requirements**

To become a Medi-Cal Community-Based Adult Services (CBAS) provider, the prospective provider must first obtain an Adult Day Health Care (ADHC) center license, issued by the California Department of Public Health and apply for certification for enrollment in Medi-Cal to the Department of Health Care Services (DHCS) or its designee\*. Upon meeting the criteria for certification and Medi-Cal provider enrollment, the ADHC center licensee will be certified as a CBAS provider. This specific waiver provider designation will afford CBAS providers the opportunity to deliver outpatient CBAS center services to eligible Medi-Cal beneficiaries (referred to as CBAS participants) in a community setting.

CBAS providers shall:

1. Meet all applicable licensing and certification, as well as Medi-Cal and waiver program standards, as described or referenced in this document;
2. Adhere to these waiver Standards of Participation (SOPs);
3. Enter into contracts with Medi-Cal managed care plans within the provider's geographic area to provide CBAS center services to Medi-Cal plan members;
4. Provide services in accordance with the CBAS participant's Individual Plan of Care (IPC);
5. Adhere to the documentation, training, and quality assurance requirements identified in the Centers for Medicare and Medicaid Services (CMS)-approved 1115 waiver (#11-W-00193/9), inclusive of all the Special Terms and Conditions (STCs) contained therein; and
6. Demonstrate ongoing compliance with the requirements specified in these SOPs.

\*The California Department of Aging (CDA) is DHCS' designated representative for the certification of CBAS providers. Future reference in these SOPs will specify CDA.

**B. CBAS Center Services**

A CBAS provider shall provide services at the ADHC center, pursuant to a CBAS participant's IPC, developed by the center's multidisciplinary team. These services shall include all of the following, as specified in a CBAS participant's IPC, during a minimum of a four-hour stay at the center. Any length of stay under four hours will not be reimbursed. The CBAS provider is responsible for documenting the provision of at least four hours of CBAS to each participant at the center.

1. Core services: each CBAS participant shall receive ALL of these services on each day of attendance at the center:
  - a. Professional nursing.
  - b. Therapeutic activities.
  - c. Social services and/or personal care services.
  - d. One meal offered per day.

**Attachment H**  
**Community-Based Adult Services (CBAS)**  
**Provider Standards of Participation**

2. Additional services: each CBAS participant shall receive the following services as needed and as specified in his/her IPC:
  - a. Physical therapy.
  - b. Occupational therapy.
  - c. Speech therapy.
  - d. Mental health services
  - e. Registered dietitian services.
3. Transportation to and from the center and the participant's place of residence, shall be arranged or provided as needed.

**C. Legal Authority and Requirements.**

1. CBAS providers shall:
  - a. Deliver services in licensed ADHC centers in accordance with Health and Safety (H&S) Codes under Division 2, Chapter 3.3 and shall provide services in accordance with the California Code of Regulations (CCR), Title 22 under Division 5, Chapter 10 and with the CMS-approved waiver document(s).
  - b. Be certified and enrolled as Medi-Cal providers and shall meet the standards specified in the Welfare and Institutions Codes under Division 9, Chapter 8.7; in the CCR, Title 22 under Division 3, Chapter 5; and as set forth in these SOPs.
  - c. Apply for certification. The application review includes, but is not limited to, evaluation of the provider legal entity and associated individuals to ensure there are no restrictions on their Medi-Cal/Medicaid enrollment status.
  - d. Apply for recertification as Medi-Cal providers at least every 24 months and be subject to an application review as specified in Subsection C.1.c. and an onsite review. The onsite review includes, but is not limited to, evaluation of administrative systems and processes, staffing, and the appropriateness and quality of services delivered. Recertification is contingent upon the provider's demonstration of continuing compliance with standards for participation in the Medi-Cal program.
2. If there is a change in adopted laws or regulations governing the licensing of ADHC centers and/or the certification of CBAS providers, these SOPs shall be interpreted in such a manner as to be in conformance with such laws or regulations.

**D. Physical Plant and Health and Safety Requirements.**

To ensure the health and safety of the CBAS participants, the physical plant of each center shall conform to the requirements of applicable sections of Title 22 of the CCR as described in part by the following:

1. Physical accommodations – Designed, equipped, and maintained to provide for a safe and healthful environment. Each center shall:

- a. Comply with state and local building requirements and codes.

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- b. Be maintained in conformity with the regulations adopted by the State Fire Marshal.
  - c. Have a working, listed telephone number.
  - d. Have a working FAX number.
  - e. Have a working email address.
  - f. Have electronic equipment, including computers and software, adequate to comply with State CBAS reporting requirements.
  - g. Have a working heating and cooling system.
  - h. Have adequate lighting.
  - i. Have appropriate water supply and plumbing.
2. Space Requirements – Demonstrate all of the following, to include but not be limited to:
  - a. Available space sufficient to accommodate both indoor and outdoor activities and store equipment and supplies.
  - b. A multipurpose room large enough for all participants to gather for large group activities and for meals.
  - c. A secluded area that is set aside for participants who require bed rest and privacy during medical treatments or social service interventions.
  - d. Appropriate office area(s).
3. Maintenance and Housekeeping – Be clean, safe, and in good repair at all times; maintenance shall include provisions for cleaning and repair services.
4. Safety – Have appropriate protective devices to guard against hazards by means of supervision, instruction, and installation.
5. Supplies – Maintain sufficient supplies for functional operation and meeting the needs of the participants.
6. Solid Waste – Provide for the storage and disposal of solid waste according to the standards set forth in Title 22.

**E. CBAS Eligibility Determination and Authorization**

Eligibility determination and authorization for CBAS shall be determined as specified in the CBAS STCs and as follows:

1. A Treatment Authorization Request (TAR) or other agreed upon authorization document shall be prepared by the CBAS provider and submitted to the managed care plan, or to DHCS for beneficiaries exempt from enrolling in a managed care plan, for each beneficiary seeking CBAS. TARs for CBAS must be supported by the participant's IPC.
2. Reauthorization TARs for CBAS must be submitted to the appropriate reviewer at least every six months, or up to 12 months as specified in the STCs, and must

continue to be supported by the participant's IPC.

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3. Authorization timeframes shall be in accordance with H&S Code 1367.01 and State Medi-Cal regulations and policy.

**F. Individual Plan of Care (IPC)**

The participant's IPC shall:

1. Be developed by the CBAS center's multidisciplinary team and signed by representatives of each discipline required to participate in the multidisciplinary team assessment.
2. Be the result of a collaborative process among the CBAS provider, the participant, and if applicable, the participant's authorized representative(s) and/or managed care plan.
3. Be signed by either the CBAS provider's physician or the participant's personal health care provider. "Personal health care provider" may include a physician assistant or nurse practitioner within their scope of practice under the appropriate supervision of the physician.
4. Be based on a person-centered planning process and meet the requirements specified in the CBAS STCs.
5. Be based on assessment or reassessment conducted no more than 30 days prior to the start date of the IPC. If the CBAS participant is a Medi-Cal managed care member and the participant's plan requires submission more than 30 days prior to the IPC effective date, the CBAS provider must identify any change in condition requiring IPC amendment prior to implementation and amend it accordingly if a change to the IPC is needed.

**G. CBAS Staffing**

1. A CBAS provider shall employ or contract with a variety of staff and render required services as described in these SOPs. The staff providing CBAS center services shall meet all licensing requirements as specified in the California Business and Professions Code, as well as these SOPs, as appropriate to the individual staff person. A CBAS provider's staffing requirements shall be based on the provider's hours of service and the average daily attendance (ADA) from the previous three consecutive months. The ADA can also be tied to ADA levels on various days of the week so long as the CBAS provider can demonstrate that the ADA for those days are consistent.
  - a. "Hours of service" means the program hours for the provision of CBAS, which shall be no less than 4 hours excluding transportation. The hours of service shall be defined and posted by the adult day health care center.
2. Professional nursing coverage of the center shall include Registered Nurse (RN)

staffing at a ratio of one RN for every 40 participants in ADA, or one RN for the

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first 40 participants and a half-time Licensed Vocational Nurse (LVN) for every increment of 10 in ADA exceeding 40 participants.

- a. There shall be at least one licensed nurse physically present and performing nursing duties at the center at all times during the center's hours of service during which participants are present. The licensed nurse physically present may be an LVN, providing the LVN is under the supervision of the RN, is working within scope of practice, and the RN is immediately available by phone if needed.
3. Social services staffing must include social workers at a ratio of one medical social worker for every 40 participants in ADA, or one medical social worker for the first 40 participants and a half-time social worker assistant for every increment of 10 in ADA exceeding 40 participants.
4. The program aide staffing shall be at a ratio of one program aide on duty for up to and including 16 participants
  - a. "On duty" means physically present and performing duties at the center at all times during the center's hours of service in which participants are present.
  - b. Any number of participants up to the next 16 shall require an additional program aide (for example, 17 participants require two program aides).
5. Participants' needs supersede the minimum staffing requirements specified in these SOPs. The CBAS provider shall be responsible for increasing staffing levels as necessary to maintain the health and safety of all participants and to ensure that services are provided to all participants according to their IPCs.
6. Physical, occupational, and speech therapy, and mental health services shall be provided at a minimum monthly rate of 20 total therapy hours for each increment of five participants in ADA.

**H. Organization and Administration**

The CBAS center shall be organized and staffed to carry out the services and other requirements specified in the waiver. Such organization shall include:

1. An administrator and full-time program director. An administrator or program director must be on duty at all times
  - a. "On duty" means physically present and performing duties at the center at all times during the center's hours of service in which participants are present.
  - b. The CBAS provider shall have a written policy for coverage of the administrator and program director during times of absence.
2. Sufficient supportive staff to conduct the CBAS provider's daily business in an orderly manner.



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3. CBAS staffing that meets the individual professional requirements specified in relevant state laws and regulations and in these SOPs.
4. Financial and accounting records that fully disclose the disposition of all funds.
5. The maintenance of appropriate personnel and CBAS participant health records and personnel records.
6. Ability to comply with State reporting requirements as specified through Provider Bulletins, these SOPs, and as applicable, Medi-Cal managed care plan contract requirements. CBAS providers must report the following:
  - a. Discharge plan at time of disenrollment from the CBAS center:
    - i. Must be reported to CDA for fee-for-service CBAS participants and to the responsible managed care plan for managed care plan members.
  - b. Incident reports:
    - i. All incidents that threaten the welfare, safety, or health of the participant(s) shall be reported to CDA, and, if applicable, the CBAS participant's managed care plan within 48 hours of the incident and documented in writing in the required format. Such documentation shall be available to appropriate CDA/managed care plan staff at all times.
7. Written policies and procedures for center operations and the provision of services to CBAS participants.
8. Emergency Services – Maintenance of updated written procedures for dealing with emergency situations. Such procedures shall include, at a minimum all of the following:
  - a. Use of the local 911 system.
  - b. Appropriately trained personnel; at a minimum, all direct care staff shall be trained in first aid and certified in basic life support.
  - c. Written permission from all CBAS participants for transfer to and treatment by local hospitals or other treatment facilities as needed, which can be provided for in the participation agreement.
9. Grievance Procedures – A written grievance process whereby participants and family/caregivers can report and receive feedback regarding CBAS services.
10. Civil Rights and Confidentiality – Adherence to all laws and regulations regarding civil rights and confidentiality of both participants and CBAS staff. CBAS providers are subject to Federal and State laws regarding discrimination and abuse and the reporting of such, inclusive of the requirements of the Health Insurance Portability and Accountability Act (HIPAA) and the Information Practices Act (IPA).

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11. Quality Control/Quality Assurance – Quality control/quality assurance reviews that are in accordance with the Quality Assurance Plan, as described in the CMS-approved 1115 waiver (#11-W-00193/9).
12. Training Requirements – Training of all direct care CBAS staff regarding the care appropriate to each participant’s diagnoses and his/her individual care needs.

Provision of training to CBAS staff is a requirement to be enrolled in Medi-Cal as a CBAS provider and is not separately reimbursable outside of the CBAS provider’s rate by either Medi-Cal or the Medi-Cal managed care plans.

A Training of CBAS staff shall include an initial orientation for new staff; review of all updated policies and procedures; hands-on instruction for new equipment and procedures; and regular updates on State and Federal requirements, such as abuse reporting and fire safety.

- b. Training shall be conducted and documented on a quarterly basis and shall include supporting documentation on the information taught, attendees, and the qualifications of the instructor(s).

13. Documentation – Maintenance of a health record for each CBAS participant that shall be available to appropriate DHCS/CDA and managed care plan staff for any scheduled or unscheduled visits.
  - a. This health record shall include documentation of all services provided and refused, the current IPC, referral requests and outcomes of said referral(s).
  - b. Health record documentation shall be maintained in compliance with applicable Federal and State laws and shall be retained by the CBAS provider for a minimum of seven years. Health records shall be stored so as to protect against loss, destruction, or unauthorized use.
  - c. The CBAS provider shall maintain administrative records that document compliance with these SOPs.

## **Attachment I**

### **Drug Medi-Cal Organized Delivery System (DMC-ODS) County Certified Public Expenditures (CPE) Protocol (Updated September 16, 2020)**

#### **GENERAL**

Consistent with 42 CFR 433.51, a State or a unit of local government may use for its share in claiming federal financial participation (FFP) its public funds appropriated directly to the State or local Medicaid agency, transferred from other public agencies (including Indian tribes) to the State or local agency and under its administrative control, or certified by the contributing public agency as representing expenditures eligible for FFP. Public funds must not be federal funds unless specifically authorized by Federal law to be used for such purpose. The certified public expenditures of each Drug Medi-Cal (DMC) Organized Delivery System (ODS) County are comprised of expenditures incurred for payments made to contracted providers, payments made to contracted managed care plans, and expenditures incurred by county-operated providers, for the furnishing of DMC ODS waiver services specified in the special terms and conditions of this 1115 demonstration waiver, authorized under California's Section 1915(b) waiver, and California's Medicaid State Plan to eligible Medi-Cal beneficiaries. Services provided to beneficiaries residing in an IMD will be reported in the necessary 1115 line items within the CMS-64 report, separate and apart from all other services rendered to beneficiaries residing outside of an IMD.

DMC ODS county expenditures for contracted provider services are the payments made to the contracted providers for substance use disorder services rendered. For the NTP/OTP modality of service, each DMC ODS county pays contracted providers at the lower of the uniform statewide daily rate (USDR) or the provider's usual and customary charge to the general public for the same or similar services. For non-NTP/OTP modalities, each DMC ODS county pays contracted providers at county-specific negotiated rates, subject to contracted provider cost reconciliation as discussed below. The rates are proposed as part of the county fiscal plan that is submitted as addendum to the implementation plan and approved by the Department of Health Care Services (DHCS).

Each DMC ODS county that contracts with a managed care plan pays the managed care plan a county specific interim per utilizer per month (PUPM) rate for all substance use disorder services rendered by county and non-county providers to each user each month. Each county-specific PUPM rate is reviewed and approved by DHCS, and is subject to reconciliation as described below.

The county-specific negotiated rates are based on several criteria as required in the fiscal guidance that has been provided in Mental Health and Substance Use Disorders (MHSUDS) INFORMATION NOTICE NO: 15-034 and MHSUDS INFORMATION NOTICE NO: 16-050. The county will use the projected actual cost for services based on the most current prior fiscal year cost report data, where these services were previously available, with adjustments for

increased projected beneficiary counts and the resulting projected increase in units of service (projected utilization) that will result from participation in the pilot. In the cases where the services have not been previously available, the counties will project staff hours for providing the services and calculate a projected cost per unit. Additional adjustments can be applied for inflation, using an approved government inflation factor, in similar manner to the county interim rate development.

The county-specific interim PUPM rates are based on the following criteria.

- Total enrollment for each county multiplied by assumed prevalence rates and penetration rates by age group equals estimated utilizers for each county.
- Estimated utilizers multiplied by the percentage of utilizers in Marin County, Riverside County, and San Mateo County who used each mode of service.
- Estimated utilizers by mode of services multiplied by the average rate per mode of service paid in Marin County, Riverside County, and San Mateo County or the Fiscal Year 2015-16 county cost trended forward, if available, determined the total cost for each mode of service.
- Summed the total cost across all modes of service to determine the total cost for the estimated utilizers.
- Divided the total estimated cost by the total estimated utilizers to determine the service component of the interim PUPM rate.

As the State reviews proposed county interim rates and county interim PUPM rates, the additional information that is considered in the review includes data that illustrates the contract providers' or contract managed care plan's projected cost per unit for each DMC ODS service. The State is able to provide oversight to the contract provider rate or contract managed care interim PUPM rate development at this stage of the review. If the projected expenditure or the projected utilization appears to be excessive or unsubstantiated, the State will provide feedback in the review process and request additional justification and/or correction to the projections. DMC ODS county expenditures for county-operated provider services are determined through county provider cost reports. Section 14124.24(9) (1) of the Welfare and Institutions Code (WIC) requires that legal entities (i.e., counties and contracted providers), except for those contracted providers providing only narcotic treatment, submit substance use disorder (SUD) cost reports to DHCS by November 1 for the previous state fiscal year, unless DHCS grants a formal extension. A county-operated narcotic treatment facility will be required to submit the complete SUD cost report. A county with an approved PUPM rate will not be required to submit a cost report for non-county-operated providers. The reconciliation of those payments will be subject to a reconciliation based on payments and actual encounters. A county with an approved PUPM rate will be required to submit a county provider cost report for county-operated providers, and payments for services rendered by county-operated providers will be reconciled to county-operated provider cost.

The SUD cost report forms are structured to obtain each legal entity's methodology for allocating costs between the various services provided by the legal entity, separate by provider number. The provider must demonstrate in their cost report the allocation base they used to distribute their total program costs to specific SUD programs and modality types. There is one Excel file that must be

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completed by the legal entity for each service site that has its own DMC number and DMC certification and maintains its separate accounting records. There are 23 worksheet tabs with data entry areas identified in yellow; however, most of the worksheet areas are automatically populated.

The SUD cost reporting forms were reviewed and approved by the Centers for Medicare and Medicaid Services (CMS) as part of the Medicaid state plan amendment 09-022 review. Direct costs and indirect costs are recognized consistent with federal cost principles, including 2 CFR 200 Subpart E, Medicare cost principles (42 CFR 413 and Medicare Provider Reimbursement Manual Parts 1 and 2), and Medicaid non-institutional reimbursement policy. Any substantive modification to the approved cost reporting form is subject to review and approval by CMS. For the purposes of determining DMC ODS county certified public expenditures for county-operated and contract providers under the 1115 waiver, each county as contractor with the State receives and aggregates the legal entity cost reports into a cost report for all DMC ODS services provided under the contract to eligible Medi-Cal beneficiaries. The county is responsible for certification of public expenditures. DHCS is reconciling the county cost, based on the aggregate of costs incurred by the county for payments to all subcontracted providers and costs incurred by the county-operated providers. Cost reports completed by non-county (i.e., contracted) legal entities (which are required to file cost reports for non-NTP services under the Medicaid state plan), and cost reports completed by county-operated providers, are used to determine the DMC ODS expenditures under the 1115 waiver. These cost reports are used to determine if the reconciled amount was the lower of cost or customary charge (and in the case of dosing and individual/group sessions provided by county-operated NTP providers, the lowest of USDR or cost or customary charge). These cost reports are subject to audit by State and Federal authorities.

This attachment will remain operative until the effective date for the State's implementation of behavioral health payment reform no sooner than July 1, 2023, which will include a shift from the CPE-based framework to a prospective reimbursement rate methodology in DMC-ODS; DHCS will provide CMS with at least 30 days written notice prior to the effective date for behavioral health payment reform and the sunset of CPE-based payments for DMC-ODS, but the State will not be required to seek a formal demonstration amendment.

## **DEFINITIONS**

1. "CMS" means the Centers for Medicare and Medicaid Services.
2. "Cost center" means a department or other unit within an organization to which costs may be charged for accounting purposes.
3. "DHCS" means the California Department of Health Care Services.
4. "Direct costs" means those that are directly incurred, consumed, expended and identifiable for the delivery of the specific covered service, objective or cost center. Examples of direct costs include unallocated (i.e., directly assigned or directly charged) wages/salaries of employees for the time devoted and identifiable specifically to delivery of the covered services or the final cost objective such as intensive outpatient treatment, outpatient drug free treatment. Other direct costs may include direct materials, equipment, supplies, professional services and transportation that are directly acquired, consumed, or expended for the delivery of the specific covered service or objective.

5. “DMC” means Drug Medi-Cal.
6. “DMC unreimbursable costs” means costs that are not reimbursable or allowable in determining the provider’s allowable costs in accordance to the California’s Medicaid State Plan, the special terms and conditions of this 1115 demonstration waiver, federal and state laws and regulations, including 2 CFR Part 200 Subpart E, 42 CFR 413, Medicare Provider Reimbursement Manuals, CMS non-institutional reimbursement policy and California Code of Regulations Titles 9 and 22 (to the extent that they do not conflict with federal cost principles).
7. “Indirect costs” means those costs: a) incurred for a common or joint objective benefiting more than one cost center or objective, and b) are not readily identifiable and assignable to the cost center or objectives specifically benefited, without effort disproportionate to the particular cost center or objective.
8. “Indirect cost rate” means a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base. A provider’s indirect cost rate must be determined and approved by a cognizant agency (federal or state agency).
9. “IOT” means intensive outpatient treatment.
10. “Legal Entity” means each county alcohol and drug department or agency, each corporation and its subsidiaries, sole proprietors, partnerships, agencies, or individual practitioners providing alcohol and drug treatment services under contract with the county alcohol and drug department or agency or with DHCS.
11. “NTP” or “OTP” means narcotic treatment program treatment.
12. “ODF” means outpatient drug free treatment.
13. “Percent of Direct Costs” means a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of each modality or cost center’s direct costs to the total direct costs. Percent of Direct Costs is a variation of the Indirect Cost Rate which allows the allocation of indirect costs by line item rather than in aggregate.
14. “Interim Per Utilizer Per Month(PUPM) Rate” means the approved county specific monthly interim rate paid per beneficiary who utilized at least one substance use disorder service for the month in which the service(s) is rendered.
15. “PH” means partial hospitalization.
16. “SUD” means substance use disorder.
17. “Total Utilizer Months” means the number of months during which all beneficiaries utilized at least one substance use disorder service.

## **SUMMARY OF STATE-DEVELOPED COST REPORT**

### ***Modifications to the Current CMS Approved SUD Cost Report Forms***

In order to collect accurate cost data for the additional services offered in the DMC ODS, it will be necessary to insert sections into each of the four modality-specific worksheets to capture data for all of the added DMC ODS services that will be offered in each level of care. These include adding case management, physician consultation, withdrawal management, recovery services, and additional medication-assisted treatment. DHCS will also need to add new tabs for Partial Hospitalization (PH) services. These tabs will also include the additional DMC ODS services as

described above. These changes will not change how the forms calculate the amounts; they will just add the additional services into the current structure.

The other necessary modification is to remove the current statewide rates that are currently included on the forms. The Cost Allocation tab of the forms will calculate the cost per unit based on total allowable cost/total allowable units. This cost per unit will be used to reconcile the interim payments. The state will not use the current DMC Maximum Allowed for the ODS cost settlement. However, all other limits including the USDR for NTP services and customary charges will continue to apply as they do under the state plan for DMC services.

**Inpatient hospital-based residential and withdrawal management services include ASAM levels 3.7 and 4.**

These services are reimbursable in the DMC ODS when they are delivered by a licensed and certified chemical dependency rehabilitation hospital (CDRH) or a licensed and certified freestanding acute psychiatric hospital (FAPH). CMS requires the use of the form CMS 2552-10 for all hospital cost reporting. Contracted CDHRs and FAPHs must submit a copy of the CMS 2552-10 to the county for the purpose of DMC ODS cost reporting. The information from the CMS 2552-10 submitted to the county will be used to identify the relevant cost data that the county will enter into the cost report system.

**Cost Report Forms Description:**

***Provider Information and Certification Worksheet (Tab 1)***

This worksheet collects legal entity details, including entity name, address, other contact information, and all related legal entity information under the same county contract. This worksheet is also where the legal entity representative signs and certifies that the cost report is accurate and complies with all Federal and State requirements.

***Overall Cost Summary Worksheet (Tab 2)***

This worksheet displays a summary of the totals for all the cost centers being reported. No data entry is necessary in this worksheet; information will automatically populate from the Overall Detailed Costs worksheet.

***Overall Detailed Costs Worksheet (Tab 3)***

This worksheet requires the legal entity to enter all necessary data related to all direct and indirect costs being reported. This worksheet must reflect all costs incurred by the legal entity related to their SUD services and it must demonstrate the allocation methodologies used by the legal entity (in accordance with applicable cost reimbursement standards) to distribute their costs across various cost centers.

***Detailed Costs Worksheet (Tab 4 - ODF: Tab 1 - PH: Tab 12 - IOT: Tab 16 - Residential: Tab 20 - NTPI)***

This worksheet displays the results of all calculations for the cost reported for the specific modality. No data entry is necessary in this worksheet; information will automatically populate from other worksheets.

***Detailed Adjustments For DMC Unreimbursable & Direct Costs Worksheet (Tab 5 -***

**ODF: Tab 9 - PH: Tab 13 - IOT: Tab 17 - Residential: Tab 21 - NTP**

This worksheet allows the legal entity to enter the breakout of costs from the program's general ledger for each of the cost categories between the different services. This information automatically populates data in the Detailed Costs worksheet and the Cost Allocation worksheet.

**Cost Allocation Worksheet (Tab 6 - ODF; Tab 10 - PH: Tab 14 - IOT: Tab 18 Residential: Tab 22 - NTP)**

This worksheet further identifies the breakout of costs between the different services and between private pay, DMC and non-DMC. The legal entity will enter the units of service and the rates that have been charged for the services. The worksheet calculates the maximum reimbursement for DMC services. All other areas are automatically populated based on data entry in other worksheet tabs.

**Reimbursed Units Worksheet (Tab 7 - ODF: Tab 11 - PH: Tab 15 - IOT: Tab 19 Residential: Tab 23 - NTP)**

This worksheet requires the legal entity to enter the approved units of DMC service based on a report generated by DHCS. There are areas on this sheet that are automatically populated from other worksheets. The worksheet produces specific reimbursement amounts by funding source and aid code category. The county will use the amounts from this worksheet for data entry into the cost report system application.

**PUPM Reconciliation Report Description**

The PUPM Reconciliation Report reconciles costs eligible for reimbursement with the total PUPM payments the county made to the Managed Care Plan (i.e., Certified Public Expenditures). For non-NTP services provided by non-county-operated providers, cost eligible for reimbursement are equal to the lower of the amount the managed care plan paid the contract provider or the prevailing charge for the same or similar service. For non-NTP services provided by county-operated providers, costs eligible for reimbursement are equal to county-operated provider's allowable cost. Reimbursement for non-NTP inpatient hospital services, provided either by non-county-operated providers or county-operated providers, will not exceed the provider's customary charge for the service. For NTP services provided by non-county operated providers, the cost eligible for reimbursement is equal to the lower of the USDR, or the provider's usual and customary charge for the same or similar services. For NTP services provided by county-operated providers, the cost eligible for reimbursement is equal to the lower of county-operated provider's allowable cost, the USDR, or the provider's usual and customary charge for the same or similar service. The following describes each tab in the PUPM Reconciliation Report and how it is used to calculate costs eligible for reimbursement and to compare those costs eligible for reimbursement to the county's certified public expenditures.

***DMC ODS County Information Worksheet***

This worksheet captures detailed contact information for the DMC ODS County and its contracted managed care plan. Contact information includes the county code; county name; managed care plan; and name, phone number, and e-mail address of the person the county wants the state to contact with questions about the PUPM Reconciliation Report.

***Total Beneficiaries Served Worksheet***



The DMC ODS County or contracted managed care plan must enter the total unduplicated beneficiaries served by month and aid code group based upon a report generated by DHCS. This worksheet calculates Total Utilizer Months.

### ***Approved Units of Service Worksheet – Non-County-Operated Providers***

The DMC ODS County or contracted managed care plan must enter on this worksheet the total approved units of service rendered by non-county-operated providers for the reporting fiscal year by aid code group, modality, and population (i.e., perinatal or non-perinatal) based upon a report generated by DHCS.

### ***Cost Per Unit of Service Worksheet – Non-County-Operated Providers***

The DMC ODS County or contracted managed care plan must enter on this worksheet the cost of services for each DMC ODS covered service modality provided to Medi-Cal beneficiaries enrolled in the DMC ODS County for which the reconciliation report is submitted. This worksheet calculates the cost per unit of service for each service modality. This worksheet is also prepopulated with the prevailing charge for each service modality. The USDR is the prevailing charge for NTP services.

### ***Third Party Revenue Worksheet***

The managed care plan must enter any revenue it received from third parties for the units of service reported in the Approved Units of Service Worksheet.

### ***Eligible Cost Worksheet***

This worksheet calculates the managed care plan's eligible costs for each DMC ODS service modality. Eligible costs for each service modality is equal to the total units of service multiplied by the cost per unit of service minus third party revenue.

### ***Eligible Prevailing Charges Worksheet***

This worksheet calculates the total prevailing charges less third party revenue for each DMC ODS service modality. Eligible prevailing charges is equal to the total units of service multiplied by the prevailing charge per unit of service minus third party revenue.

### ***Cost Allocation Worksheet***

This worksheet calculates the proportion of eligible costs that are to be reimbursed by the federal government, state government, and county government by service modality.

### ***Prevailing Charges For Non-County-Operated Providers Allocation Worksheet***

This worksheet calculate the proportion of eligible prevailing charges that would be reimbursed by the federal government, state government, and county government by service modality.

### ***UPL/Budget Neutrality Demonstration Worksheet***

This worksheet compares the total actual cost to total prevailing charges by aid code group, selects the lower of total actual cost or prevailing charges, and calculates federal reimbursement based upon the lower of total actual cost or prevailing charges.

### ***County Contracted MCP Reconciliation Worksheet***

This worksheet reconciles contracted managed care plan's actual costs eligible for reimbursement with the County interim PUPM payments to the managed care plan. The County or the contracted managed care plan must enter actual costs eligible for reimbursement by aid code group for county-operated providers as determined in the cost report form described on page 5. The worksheet adds the actual costs eligible for reimbursement for non-county-operated providers to calculate the total costs eligible for reimbursement. The county must enter the total interim payments made to the managed care plan. The amount of total costs eligible for reimbursement less County interim payments to the contracted managed care plan equals the amount due to or from the contracted managed care plan.

### **DHCS County Reconciliation Worksheet**

This worksheet reconciles the DMC ODS County's final total payments to the contracted managed care plan for DMC ODS services with total interim payments made to the DMC ODS County for those services. The DMC ODS County received an overpayment when interim payments exceed the DMC ODS County's final total payments. DHCS will recoup any overpayments to the DMC ODS County and return the overpayment to the federal government. The DMC ODS County received an underpayment when its final total payments to the managed care plan exceed interim payments. DHCS will make additional interim payments to the DMC ODS County when there is an underpayment. DHCS will not pay a DMC ODS county more than the amount it paid the managed care plan for DMC ODS services rendered.

### **County Certification**

The County Auditor Controller must certify the final total payments to the managed care plan as reported in the Total Payments Worksheet.

## **INTERIM RATE SETTING METHODOLOGY**

Each county's interim CPE claim submitted to the state will be based on the services provided and the approved county interim rates or county interim PUPM rate for the covered services. Annual county interim rates for each covered service will be developed by the county and approved by the State. Annual county interim PUPM rates for the covered services will also be approved by the State. The approved interim rates will be specified in the State/County contract. These interim rates must conform to SSA §1903(w)(6) and §42 CFR 433.51. All interim payments for services rendered by contract providers and county operated providers will be subject to annual reconciliation and cost settlement consistent with Federal and State requirements. All interim payments for services rendered through contracts with a managed care plan will be subject to an annual reconciliation.

Proposed county interim rates must be developed for each required and (if indicated) optional service modality. The proposed county interim rates must be developed consistent with the terms and conditions of the Waiver, written guidance provided by DHCS, and federal certified public expenditure (CPE) requirements related to interim payments; and are subject to annual reconciliation and cost settlement.

Proposed county interim PUPM rates must be developed for all required and optional service modalities. The proposed county interim PUPM rates must be developed consistent with the terms and conditions of the Waiver, written guidance provided by DHCS, and federal certified

public expenditure (CPE) requirements related to interim payments; and are subject to annual reconciliation.

The proposed county interim rates and county interim PUPM rates should be based on the most recently calculated or estimated total county cost with adjustments for projected increases in utilization and the application of the Home Health Agency Market Basket inflation factor. The proposed interim rate should be calculated for each service including both county directly delivered (if appropriate), and subcontracted fee for service provider costs. For county-operated services the county will be reimbursed based on actual allowable costs. County payments to contracted fee for service providers and managed care plans are considered to be actual expenditures according to the terms and conditions of the waiver.

### **Uniform Statewide Daily Reimbursement Rate Methodology for DMC ODS Narcotic Treatment Programs**

The uniform statewide daily reimbursement (USDR) rate for the daily dosing service is based on the average daily cost of providing dosing and ingredients, core and laboratory work services as described in State Plan Amendment (SPA) 09-022, Section D. The daily cost is determined based on the annual cost per patient and a 365- day year, using the most recent and accurate data available, and in consultation with narcotic treatment providers, and county alcohol and drug program administrators. The uniform statewide daily reimbursement rates for NTP Individual and Group Counseling are based on the non-NTP Outpatient Drug Free Individual and Group Counseling SMA rates as described under SPA 09-022, Section E.1.a.

For interim rate purposes, county-operated NTP/OTP providers are reimbursed at the USDR for dosing, individual/group sessions. However, additional ODS services available to county operated NTPs (case management, physician consultation, recovery services) will be reimbursed at county interim rates discussed above.

For a county that contracts with a managed care plan, the USDR rates for NTP services will serve as the upper payment limit for reconciliation purposes. The managed care plan will pay the provider the lower of the USDR or the provider's usual and customary charge for NTP services.

### **INTERIM MEDICAID PAYMENTS**

The State makes interim payments of FFP to the DMC ODS counties based upon submitted expenditures. The DMC ODS counties will submit monthly CPE claims to the state for interim payments for services provided during the fiscal period. When submitting a claim for FFP for services provided by a county-operated or contracted provider, the DMC ODS county is required to certify that it has made expenditures on which the claim for FFP is based, that the expenditures are no greater than the actual county cost of providing services, and that the expenditures meet all federal and State requirements for claiming FFP. Interim payments for FFP for county contracts with county-specific rates by covered service will be available through claim adjudication for those expenditures the contracting county has officially certified. This certification must satisfy all federal Medicaid and State Medi-Cal CPE, full funds expenditure (federal and non-federal share expenditure), and claims integrity requirements. Claims will be reimbursed at the annual interim rates for each covered service developed by the county participating in the demonstration and approved by the State. All interim rates must conform to 42 CFR. 433.51, and all certified

public expenditures continue to be subject to annual reconciliation and cost settlement consistent with Federal and State requirements.

Interim payments of FFP for services rendered through county contracts with managed care plans will be available through claim adjudication at the county Interim PUPM rate for those expenditures the contracting county has officially certified. This certification must satisfy all federal Medicaid and State Medi-Cal CPE, full funds expenditure (federal and non-federal share expenditure), and claims integrity requirements. Claims will be reimbursed at the interim PUPM rate developed by the county participating in the demonstration and approved by the State. All interim PUPM rates must conform to 42 CFR. 433.51, and all certified public expenditures continue to be subject to annual reconciliation consistent with Federal and State requirements.

## **INTERIM RECONCILIATION OF INTERIM MEDICAID PAYMENTS – COUNTY SPECIFIC RATES**

Consistent with the cost report submission, acceptance, reconciliation, and settlement process outlined in the state plan for DMC services, DHCS will complete the interim settlement of the DMC ODS county cost report no later than eighteen months after the close of the State fiscal year. Each DMC ODS county's expenditures that are used to claim interim FFP payments are reconciled to its State-developed cost report package for the State fiscal year in which services were provided. Each DMC ODS county cost report package is an aggregate of expenditures incurred for payments made to contracted providers and expenditures incurred by county-operated providers as determined through individual legal entity cost reports. Reimbursement under the DMC ODS program is available only for allowable costs incurred for providing DMC ODS services during the fiscal year to eligible Medi-Cal beneficiaries as specified in the special terms and conditions of this 1115 waiver demonstration. If, at the end of the interim reconciliation process, it is determined that a county received an overpayment, the overpayment is properly credited to the federal government in accordance with 42 CFR 433.316. If, at the end of the interim reconciliation process, it is determined that a county received an underpayment, an additional payment is made to the county. The State uses the following process to complete its interim reconciliation of interim Medicaid payments of FFP.

Participating counties and their contracted non-NTP providers must maintain fiscal and statistical records for the period covered by the cost report that are accurate and sufficiently detailed to substantiate the cost report data. The records must be maintained for a period of ten years from the date of service for all claims for reimbursement. All records of funds expended and costs reported are subject to review and audit by DHCS and/or the federal government pursuant to the California Welfare and Institutions Code Section 14124.24(g)(2) and 14170.

Participating counties and their contracted non-NTP providers must compute allowable costs and determine their allocation methodology in accordance with applicable cost reimbursement principles in 42 CFR Part 413, CMS-Pub 15-1 and 15-2, 2 CFR Part 200 Subpart E, CMS noninstitutional reimbursement policy, and California Code of Regulations (CCR) Title 9 and Title 22 (to the extent that they do not conflict with federal cost principles). Direct and indirect costs are determined and allocated using a methodology consistent with that approved for DMC state plan services, except that the methodology is applied to waiver services. The cost allocation plan must identify, accumulate, and distribute allowable direct and indirect costs and identify the

allocation methods used for distribution of indirect costs. Although there are various methodologies available for determining actual direct costs and for allocating actual indirect costs, for consistency, efficiency and compliance with federal laws and regulations, the cost report identifies direct cost categories for each modality and establishes a standard methodology of percentage of total direct cost to allocate indirect costs. This methodology is a variation of the indirect cost rate methodology in 2 CFR Part 225 (OMB Circular A-87) and 2 CFR Part 230 (OMB Circular A-122). DHCS recognizes that there are other indirect cost allocation bases (such as percentage of direct salaries and wages) that result in an equitable distribution of indirect administrative overhead. However, if a provider wishes to use an indirect cost allocation basis other than the one prescribed in the cost report, the provider must obtain their respective county's prior approval. Before granting approval to the provider, the county must seek DHCS's approval and DHCS will make a final determination of the propriety of the methodology used. All allocation plans will still be subject to a review during a DHCS financial audit.

### **INTERIM RECONCILIATION OF INTERIM PUPM PAYMENTS**

DHCS will complete the interim reconciliation and settlement of DMC ODS counties' interim PUPM payments to managed care plans with which they contract no later than twelve months after the close of the State fiscal year. Each DMC ODS county that contracts with a managed care plan must submit a PUPM Reconciliation Report to DHCS by November 1st following the close of the fiscal year. DHCS staff will review the PUPM Reconciliation Report to validate the total beneficiaries served, total approved units of service, and rate per service modality. If the Interim Reconciliation Worksheet shows that the DMC ODS County made additional payments to the managed care plan, DHCS will make an additional payment of FFP to the DMC ODS County. If the Interim Reconciliation Worksheet shows that the DMC ODS County recouped a portion of the Interim PUPM payments already paid to the managed care plan, DHCS will recoup those funds from the DMC ODS County and return them to the federal government. Participating counties and their contracted managed care plan must maintain fiscal and statistical records for the period covered by PUPM Reconciliation report that are accurate and sufficiently detailed to substantiate the PUPM reconciliation data. The records must be maintained for a period of ten years from the date of service for all claims for reimbursement.

All records of funds expended and services rendered are subject to review and audit by DHCS and/or the federal government pursuant to the California Welfare and Institutions Code Section 14124.24(g)(2) and 14170.

### **FINAL RECONCILIATION OF INTERIM MEDICAID PAYMENTS**

Consistent with the cost report submission, acceptance, reconciliation, and settlement process outlined in the state plan for DMC services, the State will audit and complete the final reconciliation and settlement of the cost report or PUPM reconciliation within three years from the date of the interim settlement. The audit performed by the State determines whether the income, expenses, and statistical data reported on the cost report or reconciliation are reasonable, allowable, and in accordance with State and federal rules, regulations, and Medicare principles of reimbursement issued by the Department of Health and Human Services and CMS. The audit also determines that the county's cost report accurately represents the actual cost of operating the DMC program in accordance with Generally Accepted Accounting Principles (GAAP), Title 42,

Code of Federal Regulations (42 CFR), Office of Management and Budget (OMB) Circular A-87, Generally Accepted Auditing Standards (GAAS), Generally Accepted Governmental Auditing Standards (GAGAS) as published by the Comptroller General of the United States and other State and federal regulatory authorities. The State audit staff compares the FFP due to the county in the audited cost report with all interim payments, including the interim settlement and supplemental payments to eligible entities. The purpose of this comparison or review is for the State to determine if an overpayment or underpayment exists, and ensure that any overpayment of FFP is promptly returned to the federal government per 42 CFR 433.316 and 433.320. If the State determines that the county received an underpayment, the State makes an additional payment to the county.

## **COVID-19 PUBLIC HEALTH EMERGENCY**

**Notwithstanding any other provisions in this Attachment, the following modified requirements will apply for non-NTP services provided on or after March 1, 2020, until the COVID-19 public health emergency ends:**

- **Each DMC ODS county may pay contracted providers at up to 100 percent above the approved county-specific negotiated rates, subject to contracted provider cost reconciliation as discussed in this Attachment.**
- **For purposes of interim Medicaid payments, claims will be reimbursed at the lower of the county's billed amount or the approved annual interim rates for each covered service increased by 100 percent.**
- **For purposes of interim and final reconciliation, DHCS will settle interim payments for outpatient services to actual allowable cost. The limitation of customary charges is suspended.**
- **For inpatient hospital-based residential and withdrawal management services (including ASAM levels 3.7 and 4), DHCS will continue to settle interim payments to the lower of actual allowable cost or usual and customary charges.**

**To the extent necessary to implement these modified requirements, all conflicting provisions in this Attachment are suspended.**

**Attachment J**  
**SUD Monitoring Protocol**  
(Reserved)

## **Attachment K**

### **Global Payment Program Funding and Mechanics**

#### **A. Public Health Care Systems (PHCS)**

GPP Payments are available for PHCS, which are comprised of a designated public hospital and its affiliated and contracted providers. Each PHCS participating in the GPP is listed in Attachment CC. Where multiple designated public hospitals are operated by the same legal entity, the PHCS includes multiple designated public hospitals, as set forth in Attachment C.

The GPP provides support for the delivery of more cost-effective and higher value care for indigent, uninsured individuals. PHCS will provide an assurance that, to the extent the GPP exceeds the amount that is attributable to the state's Adjusted DSH (determined pursuant to STC 170), a percentage of GPP points earned by each PHCS will be associated with care and activities that are furnished through charity care and discount payment policies for financially qualified, uninsured individuals that adhere to California state law ability-to-pay requirements. The required percentage is equal to the amount of the GPP that is in excess of the Adjusted DSH divided by the total GPP for the year. For the first year of the GPP, each PHCS is required in the aggregate to satisfy the above assurance for at least 21.4% of GPP points earned.

Each PHCS shall identify to DHCS the affiliated and contracted providers that will constitute the PHCS, and shall notify DHCS of changes.

#### **B. Determination of GPP Annual Limits**

For each GPP PY, DHCS shall work with CMS to determine the annual limit for the GPP consistent with STC 170. The annual limit shall be calculated as the sum of the Adjusted DSH allotment and the Uncompensated Care Component for PY 1-7. F. The Adjusted DSH allotment shall be determined consistent with the provisions of Attachment Q (DSH Coordination Methodology).

#### **C. Establishment of Participating PHCS global budgets**

DHCS will determine for each PHCS a global budget for each GPP PY, which is the total amount of funding each PHCS will earn if it meets or exceeds its applicable threshold. Threshold amounts for each PHCS for GPP PY1 are set forth in Attachment L, section B. Threshold amounts for subsequent GPP PYs will be calculated through adjustments in proportion to changes in the size of the aggregate GPP annual limits, except where otherwise allowed during a public health emergency or other state of emergency, as set forth in Attachment L, section B.

To determine a PHCS' global budget for a GPP year, DHCS shall calculate the PHCS' allocation percentage, which is the PHCS's point threshold for a GPP PY divided by the sum of all PHCS point thresholds for the same GPP PY. The PHCS's global budget shall equal the allocation percentage multiplied by the total computable annual limit for the GPP, as set forth in 170 of the Special Terms and Conditions ("Funding and Annual Limits").

DHCS shall determine an initial total computable annual limit for a GPP PY based on the initial CA DSH allotment published by CMS for the applicable GPP PY and any uncompensated care funding allocated under the Medi-Cal 2020 Waiver. DHCS shall determine initial threshold amounts and annual budgets for each PHCS based on this information and publish the information on its GPP webpage within 10 days of the determination. DHCS shall determine the final total computable annual limit for a GPP PY once the final CA DSH allotment is published by CMS and shall publish the final amounts, and associated PHCS threshold amounts and annual budgets within 10 days of such determination.



#### D. Reporting Requirements

By August 15<sup>th</sup> following each GPP PY, or with respect to GPP PY6 and 7, by February 15<sup>th</sup> following the GPP PY, each PHCS shall submit an interim year-end summary report summarizing the aggregate number of uninsured units of service provided during the GPP PY, broken out by the service categories, tiers, and types as defined in Attachment L (Valuation Protocol). The summary report will also compute the number of points earned based on the corresponding point valuations for the services provided, and the payments due to the PHCS (net of any payments previously received for the GPP PY). Data contained in the interim year-end summary report will be based on the best data available through the close of the GPP PY. Revisions to the interim data will be reflected in the final reconciliation report.

By March 31<sup>st</sup> following the close of each GPP PY, or with respect to GPP PY 6 and 7, by September 30<sup>th</sup> following the GPP PY each PHCS shall submit a final year-end reconciliation summary report in the same format as the interim year-end summary report referenced above that includes the PHCS final submission with regard to the services, points, and funds earned for the GPP PY. The final reconciliation summary report shall reflect any necessary revisions to the interim data and shall serve as the basis for the final reconciliation of GPP payments for the GPP PY.

Starting with GPP PY 2, each PHCS shall submit encounter-level data on their uninsured services in order to provide auditable verification that the reported uninsured services were provided. For this purpose, encounter-level data may include line-level encounters or documentation of claims or other reliable methods for determining the number of contracted units of service to the uninsured by contracted providers. Such reporting shall be provided at the time of the final reconciliation summary reports. All reports shall be submitted in a manner and format as set forth by DHCS. In addition, for all GPP PYs, PHCS shall maintain documentation of services and shall make such information available to DHCS or CMS upon request.

DHCS shall review all summary reports and data submitted for accuracy and compliance with established procedures, and perform tests for reasonableness. If discrepancies or inconsistencies are identified, DHCS shall work directly with PHCS staff to promptly resolve issues and correct data and reporting. PHCS shall provide a formal response to DHCS inquiries within five (5) business days of receipt of an inquiry or question; additional time to respond may be requested by the PHCS and approved by DHCS.

The interim year-end summary report and the final year-end reconciliation summary report shall be due at the times specified in Table 1 below. If the identified date falls on a weekend or holiday, the report shall be due at the close of the following business day.

**Table 1: Reporting timeline**

<b>Report name</b>	<b>Reporting period</b>	<b>Report due date to</b>	<b>Reporting Period</b>	<b>Report Due Date to DHCS</b>	<b>Reporting Period</b>	<b>Report Due Date to DHCS</b>
Interim year-end summary report	July 1 – June 30	August 15 (following program year)	GPP PY 6A July 1 – December 31	February 15 (following program year)	GPP PY 7 January 1- December 31	February 15 (following program year)
Final year-end reconciliation	July 1 – June 30	March 31 (following program year)	GPP PY 6A July 1 – December 31	September 30 (following program year)	GPP PY 7 January 1 – December 31	September 30 (following program year)

#### E. Payment schedule.

##### Interim Payments

PHCS shall receive interim quarterly GPP payments based on 25% of their annual global budget for the first three quarters of the GPP PY. DHCS will notify PHCS of the IGT due dates and payment dates according to Table 2. For GPP PY 6, PHCS shall receive only two quarterly payments, each based on 50% of their annual budget. DHCS will notify PHCS of the IGT due dates and payment dates according to Table 2A. Payments will be made within 15 days after the quarter end as long as IGTs are submitted by the IGT due date as identified in Table 2. For a PHCS that is comprised of more than one DPH, payments will be made to the health system under which the DPHs operate.

For the fourth quarter of each GPP PY, an interim payment shall be made to each PHCS that is sufficient to bring the PHCS' interim payments for the GPP PY to the amount earned by the PHCS based on its interim year-end summary report. The total Interim payments earned by a PHCS shall be determined by multiplying the PHCS's annual global budget by the ratio of the value of the points earned during the GPP PY to the PHCS's threshold, as reported in the interim year-end summary report; however, no PHCS may earn more than its annual global budget prorated by the number of months in the reporting period. The fourth quarter interim payment shall be calculated based on the amount earned by the PHCS for the GPP PY, net of any GPP payments previously received by the PHCS for the GPP PY. If the PHCS' interim year-end summary report reflects an annual payment that is less than 75% of its total annual budget, no additional interim payment shall be made for the fourth quarter. DHCS shall calculate the amount of the required IGTs for the fourth quarter and make GPP IGT notifications to all PHCS no later than 30 calendar days after submission of the interim year-end summary report, as shown in Table 2. PHCS shall submit IGTs within 7 days of receiving notification. Interim payments will be made to all PHCS no later than one month following their respective IGT notification date, if IGTs are received within the required 7 days.

##### Final Reconciliation and Redistribution Process

There will be a final reconciliation annually following the submission of each PHCS' final reconciliation summary report and (beginning with GPP PY 2) the required supporting encounter data. DHCS shall determine the amount earned by each PHCS based on the total number of points earned by each PHCS for the GPP PY, as reported in the final year-end reconciliation summary reports. For PHCS that exceeded their threshold for the GPP PY, the amount earned is subject to adjustment in accordance with the following redistribution process set forth below.

DHCS will identify any GPP global budget amounts that PHCS were individually unable to claim and redistribute such unclaimed amounts to the PHCS that exceeded their point thresholds for the applicable GPP PY. To determine redistribution amounts, DHCS shall first calculate a dollar amount of funding per GPP point by dividing the total GPP annual limit for the GPP PY by the aggregate threshold points for all PHCS. DHCS will then multiply this dollar amount by the amount by which each PHCS has exceeded its threshold to determine the PHCS's maximum redistribution amount. Each PHCS that has exceeded its threshold will receive its maximum redistribution amount if there are sufficient unused funds for the year from other PHCS. If there are insufficient unused funds to pay all PHCS that exceeded their thresholds their maximum redistribution amount, then each PHCS will receive an adjusted redistribution amount, prorating the amount of unused funds available by the number of points each PHCS is above its applicable threshold. The redistributed amounts following this determination shall be added to the GPP amounts earned by the applicable PHCS for the purposes of the final reconciliation.

Based on the final reconciliation amounts determined as set forth above, DHCS shall adjust, as necessary, the interim payments previously made to the PHCS for the GPP PY. Within 90 calendar days of receiving the final reconciliation summary reports from the PHCS DHCS shall calculate the amount of the required IGTs for the reconciliation and make GPP IGT notifications to all PHCS, as shown in Table 2 . PHCS shall submit IGTs within 14 days of receiving notification. Final payments will be made to all PHCS no later than 45 days following their respective IGT notification date, if PHCS have submitted the IGTs within the 14 day requirement. If the necessary IGTs are submitted past the 14 day requirement, final payments, as well as any other associated payments, will be made no later than 45 days following submission of the necessary IGT amounts. If, at the end of the reconciliation process, it is determined that the interim GPP funds for a GPP PY exceeded the amounts due upon final reconciliation, DHCS shall recoup the amounts from the appropriate PHCS. In the event of any recoupments, DHCS shall return the associated IGT funds to the transferring entity within 14 calendar days.

#### Payment Summary Report to CMS

For each GPP PY, DHCS will submit a Payment Summary Report to CMS (following the schedule in Table 2) that summarizes all GPP transactions to date which pertain to that GPP PY and includes a list of entities that have provided IGTs during the report period and the amount of the IGTs provided.

Transactions include interim payments, final payments, and recoupments. Each transaction record will include the name of the PHCS to which the transaction pertains, whether the transaction is an interim, reconciliation, or redistribution payment, the interim year-end Summary Report or Final Reconciliation Summary Report that supports the transaction, and the Quarterly Expenditure Report on which the transaction was or will be reported. The Payment Summary Report following the Final Reconciliation Summary Report will show how the sum of all transactions for each PHCS matches the PHCS final reconciliation amount.

**Table 2: Interim and Final Payment timeline, GPP PY 1-5**

<b>Payment</b>	<b>Payment Amount</b>	<b>Payment Amount &amp; IGT Notification Date</b>	<b>IGT Due Date</b>	<b>Payment Date</b>	<b>Payment Summary Report to CMS</b>
Interim Quarter 1	25% of Annual	September 15	September 22	October 15	November 15
Interim Quarter 2	25% of Annual	December 15	December 22	January 15	February 15
Interim Quarter 3	25% of Annual	March 15	March 22	April 15	May 15
Interim Quarter 4	Final Interim based on interim year-end summary report	September 15 following the GPP PY end	September 22 following the GPP PY end	October 15 following GPP PY end	November 15 following GPP PY end
Final Reconciliation	Final reconciled amount	June 30 following the GPP PY end	July 14 after notification date	August 15 after notification date	September 15 after notification date

**Table 2A: Interim and Final Payment timeline, GPP PY 6**

<b>Payment</b>	<b>Payment Amount</b>	<b>Payment Amount &amp; IGT Notification Date</b>	<b>IGT Due Date</b>	<b>Payment Date</b>	<b>Payment Summary Report to CMS</b>
Interim Quarter 1	50% of Annual	September 15	September 22	October 15	November 15
Interim Quarter 2	50% of Annual	December 15	December 22	January 15	February 15
Final Recociliation	Final reconciled amount	December 31 following the GPP PY end	January 14 after notification date	February 15 after notification date	March 15 after notification date

**Table 2B: Interim and Final Payment timeline, GPP PY 7-12**

<b><u>Payment</u></b>	<b><u>Payment Amount</u></b>	<b><u>Payment Amount &amp; IGT Notification Date</u></b>	<b><u>IGT Due Date</u></b>	<b><u>Payment Date</u></b>	<b><u>Payment Summary Report to CMS</u></b>
<u>Interim Quarter 1</u>	<u>25% of Annual</u>	<u>March 15</u>	<u>March 22</u>	<u>April 15</u>	<u>May 15</u>
<u>Interim Quarter 2</u>	<u>25% of Annual</u>	<u>June 15</u>	<u>June 22</u>	<u>July 15</u>	<u>August 15</u>
<u>Interim Quarter 3</u>	<u>25% of Annual</u>	<u>September 15</u>	<u>September 22</u>	<u>October 15</u>	<u>November</u>
<u>Interim Quarter 4</u>	<u>Final Interim based on interim year-end summary report</u>	<u>March 15 following the GPP PY end</u>	<u>March 22 following the GPP PY end</u>	<u>April 15 following GPP PY end</u>	<u>May 15 following GPP PY end</u>
<u>Final Reconciliation</u>	<u>Final reconciled amount</u>	<u>December 31 following the GPP PY end</u>	<u>January 14 after notification date</u>	<u>February 15 after notification date</u>	<u>March 15 after notification date</u>

## **Attachment K**

### **Global Payment Program Valuation**

#### **A. Valuation of Services**

Each eligible uninsured service a PHCS provides will earn the PHCS a number of points based on this protocol. Each service has an identical point value for every PHCS, but the assigned point values per service shall vary by GPP Program Year (GPP PY) as described in detail below.

##### **1. Categories and tiers of service**

Services associated with points in the GPP are shown in Table 1 below, grouped into both categories (1-4) and tiers within categories (A-D). These groupings can contain both traditional and non-traditional services. The groupings were intended to better display the full range of services that may be provided to the uninsured under the GPP, to help develop initial point values for non-traditional services (for which cost data is not available), and to clarify which service types it made sense to revalue up or down for GPP purposes over time.

Categories 1 through 4 are groupings of health care services that are organized according to their similar characteristics. For example, Category 1 contains outpatient services in traditional settings, mostly “traditional” services provided by licensed practitioners. Category 2 is made up of a range of outpatient services provided by non-provider care team members, both inside and outside of the clinic, including health education, health coaching, group and mobile visits, etc. Category 3 services are technologically-mediated services such as real-time video consultations or e-Consults between providers. Category 4 services are those involving facility stays, including inpatient and residential services.

Grouping of services into tiers was based on factors including training/certification of the individual providing the service, time or other resources spent providing the service, and modality of service (in-person, electronic, etc.). Generally speaking, within each category, tier D is the most intensive and/or costly, and often requires individuals with the most advanced training or certifications, resulting in higher initial point values on average, whereas tier A is on the other end of the spectrum in intensity and resource use. However, there can still be significant point value variation within tiers, based on cost, resource utilization, or other relevant factors.

The services whose values would decline over time under the GPP (as described in section 4 below) are most service types in categories 1C (emergent outpatient) and 4B (inpatient medical/surgical and mental health), which are higher-cost and judged as the most likely to be reducible through efforts at coordination, earlier intervention, and increased access to appropriate care.

**Table 1: GPP Service Types by Category and Tier, with Point Values**

Category and description	Tier	Tier description	Service type	Traditional / non-traditional	Initial point value
1: Outpatient in traditional settings	A	Care by Other Licensed or Certified Practitioners	RN-only visit	NT	50
			PharmD visit	NT	75
			Complex care manager	NT	75
	B	Primary, specialty, and other non-emergent care (physicians or other licensed independent practitioners)	Primary/specialty <b>(benchmark)</b>	T	100
			Contracted primary/specialty (contracted provider)	T	19
			Mental health outpatient	T	38
			Substance use outpatient	T	11
			Substance use: methadone	T	2
			Dental	T	62
	C	Emergent care	OP ER	T	160
			Contracted ER (contracted provider)	T	70
			Mental health ER / crisis stabilization	T	250
	D	High-intensity outpatient services	OP surgery	T	776
2: Complementary patient support and care services	A	Preventive health, education and patient support services	Wellness	NT	15
			Patient support group	NT	15
			Community health worker	NT	15
			Health coach	NT	15
			Panel management	NT	15
			Health education	NT	25
			Nutrition education	NT	25
			Case management	NT	25
			Oral hygiene	NT	30
	B	Chronic and integrative care services	Group medical visit	NT	50
			Integrative therapy	NT	50
			Palliative care	NT	50
			Pain management	NT	50
	C	Community-based face-to-face encounters	Home nursing visit	NT	75
			Paramedic treat and release	NT	75
			Mobile clinic visit	NT	90
			Physician home visit	NT	125
3: Technology-based outpatient	A	Non-provider care team telehealth	Texting	NT	1
			Video-observed therapy	NT	10
			Nurse advice line	NT	10
			RN e-Visit	NT	10
	B	eVisits	Email consultation with PCP	NT	30

	C		Telehealth (patient - provider) - Store & Forward	NT	50
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		Store and forward telehealth	Telehealth (provider - provider) – eConsult / eReferral	NT	50
			Telehealth – Other Store & Forward	NT	65
	D	Real-time telehealth	Telephone consultation with PCP	NT	75
			Telehealth (patient - provider) - real time	NT	90
			Telehealth (provider - provider) - real time	NT	90
4: Inpatient	A	Residential, SNF, and other recuperative services, low intensity	Mental health / substance use residential	T	23
			Sobering center	NT	50
			Recuperative / respite care	NT	85
			SNF	T	141
	B	Acute inpatient, moderate intensity	Medical/surgical	T	634
			Mental health	T	341
	C	Acute inpatient, high intensity	ICU/CCU	T	964
	D	Acute inpatient, critical community services	Trauma	T	863
			Transplant/burn	T	1,131

## 2. Valuation of traditional services

Services for which payment typically is made available upon provision of the service, referred to herein as “traditional” services, will receive initial point valuations based on their cost per unit of service in the historical year SFY2013-14. These traditional services are grouped into categories that reflect generally where care is being provided and intensity. Gross costs incurred for services provided to the uninsured by PHCS in SFY 2013-14, as determined under the applicable claiming methodologies, are summed across all PHCS by service type, using the most complete and reliable data when available, to obtain an average cost per unit for each traditional service. All traditional services are assigned point values based on their relative cost compared to an outpatient primary and specialty visit, which serves as the benchmark traditional service. These initial points are shown in table 1; the relative costs per unit of service are shown in Appendix 1.

## 3. Valuation, non-traditional services

Non-traditional services typically are not directly or separately reimbursed by Medicaid or other payors, and are often provided as substitutes for or complementary to traditional services. These services are assigned initial point values based on their estimated relative cost compared to the benchmark traditional service, and their value in enhancing the efficiency and effectiveness of traditional services.

The non-traditional services in the table 1 provide value to the delivery of health care to the uninsured



population by enhancing the efficiency and effectiveness of traditional services, by improving uninsured individuals' access to the right care, at the right time, in the right place. For example, instead of needing to go to the emergency department, an uninsured individual could have telephone access to his or her care team, which would both help address and treat the presenting condition, as well as help connect the patient back to the entire breadth of primary care services. Likewise, a PHCS deploying eReferral/eConsult services would be able to better prioritize which uninsured individuals need early access to face-to-face specialty care expertise, or which can benefit from receipt of specialty care expertise via electronic collaboration between their PCP and a specialist. This collaboration enhances the PCPs' capacity to provide high-quality, patient-centered care, and allows the individual receiving that care to avoid specialty care wait times and the challenges of travelling to an additional appointment to a specialist who may be located far from where they live. This increased ability to provide timely access to specialty expertise will result in earlier treatment of complex conditions and help uninsured individuals avoid the need to seek emergent or acute care for untreated or partially treated sub-acute and chronic conditions. More detail on non-traditional services, including codes where available and descriptions, is in Appendix 2.

Individuals will be considered uninsured with respect to a non-traditional service if he or she has no source of third party coverage for a comparable traditional service. For example, an individual with coverage for outpatient visits would not be considered uninsured with regard to technology-based outpatient services, even if his or her insurance does not cover those services. DHCS shall, in consultation with the DPH systems, issue guidance letters addressing whether individuals shall be considered uninsured in specific factual circumstances, to ensure that the requirements are consistently applied.

#### 4. Point revaluation over time

Point values for services will be modified over the course of the GPP, from being linked primarily to cost to being linked to both cost and value. The provision of general medical/surgical acute inpatient services and emergent services will receive fewer points over time. The changing point structure will be designed to incentivize PHCS to provide care in the most appropriate and cost-effective setting feasible.

Point revaluation will be calibrated so that the overall impact would not lead to any PHCS receiving additional total points in any given GPP PY if utilization and the mix of services provided remained constant. Specifically, for any PHCS, if its utilization and mix of services does not change from the baseline year of SFY 2014-15, it will not earn any more points in GPP PY 1 than it earned under the baseline year, and in subsequent GPP PYs shall earn fewer points.

As points for certain services are revalued over the course of the GPP, PHCS will be incentivized to provide more of certain valued services and less of certain more costly and avoidable services. This revaluation will be phased in over time to enable PHCS to adapt to the change in incentives. In GPP PY 1, points will be identical to the initial cost-based point values. In GPP PY 2, 20% of the full change will be made to point values. In GPP PY 3, an additional 30% of the revaluation will be phased in, with the final 50% change occurring in GPP PY 4, except that in GPP PY 6A, an additional point value change will be made at the same average annual pace of changes from PY1 to PY5. This phase-in is illustrated in Table 2.

Point values will not vary from their initial cost-based amounts by more than 40% at any time during the GPP.

**Table 2: Revaluations to categories of service, by year, compared to initial point value**

Category of service	Initial point value	Point value (% change), GPP PY 1	Point value (% change),	Point value (% change),	Point value (% change),	Point value (% change),	Point value (% change),	Point value (% change),
OP ER	160	160 (0%)	158 (-1%)	156 (-2.5%)	152 (-5%)	152 (-5%)	151 (-5.5%)	<u>151</u> <u>(-5.5%)</u>

Mental health ER / crisis	250	250 (0%)	248 (-1%)	244 (-2.5%)	238 (-5%)	238 (-5%)	236 (-5.5%)	<u>236</u> <u>(-5.5%)</u>
IP med/surg	634	634 (0%)	630 (-0.6%)	624 (-1.5%)	615 (-3%)	615 (-3%)	613 (-3.3%)	<u>613</u> <u>(-3.3%)</u>
IP mental	341	341 (0%)	339 (-0.6%)	336 (-1.5%)	331 (-3%)	331 (-3%)	329 (-3.3%)	<u>329</u> <u>(-3.3%)</u>

Values for categories not listed are unchanged. Contracted IP and ER values are changed identically with other IP/ER.

#### B. PHCS-Specific Point Thresholds

DHCS established GPP PY 1 point thresholds for each PHCS by collecting utilization data for all traditional uninsured services (by each traditional table 1 category) provided in SFY 2014-15, and then multiplying those service counts by corresponding initial point values. The thresholds for PY1 are shown in Table 3.

For GPP PY 2 and onward, each threshold shall be adjusted proportionally to the total GPP funds available for that PY under STC 170, compared to the total GPP funds available in GPP PY 1, e.g. if total GPP funding in PY 2 is 5% less than PY 1 each PHCS threshold will be reduced by 5%.

During a period of public health emergency or other state of emergency only, thresholds may be further adjusted without modifying the applicable total GPP payments available for achieving such thresholds by a determined percentage based upon estimated impact to utilization rates. All threshold adjustment methodologies shall be approved by CMS. In response to the COVID-19 public health emergency GPP PY 5 PHCS thresholds will be reduced by 10%. PHCS threshold adjustment for GPP PY 6A will be proposed once the extent of the impact to the delivery of GPP services due to the public health emergency is determined.

**Table 3: GPP PY 1 PHCS Thresholds, Based on FY2014-15 Uninsured Services**

Public Health Care System	System Threshold, GPP PY1
Los Angeles County Health System	101,573,445
Alameda Health System	19,151,753
Arrowhead Regional Medical Center	7,525,819
Contra Costa Regional Medical Center	5,674,651
Kern Medical Center	3,633,669
Natividad Medical Center	2,959,964
Riverside University Health System – Medical Center	8,066,127
San Francisco General Hospital	12,902,913
San Joaquin General Hospital	3,021,562
San Mateo County General Hospital	8,733,292
Santa Clara Valley Medical Center	19,465,293
Ventura County Medical Center	9,213,731

# Appendix 1

**Table 4: Categories of Service and Point Values, Traditional**

Category	Tier	Service Name	Cost/unit	Initial point value
1: Outpatient	B	OP Primary / Specialty ( <b>benchmark, 100</b> )	587	<b>100</b>
	B	Dental	365	<b>62</b>
	B	MH Outpatient	225	<b>38</b>
	B	SU Outpatient	62	<b>11</b>
	B	SU Methadone	11	<b>2</b>
	B	Contracted Prim/Spec	110	<b>19</b>
	C	OP ER	942	<b>160</b>
	C	Contracted ER	411	<b>70</b>
	C	MH ER/Crisis Stabilization	1,470	<b>250</b>
	D	OP Surgery	4,554	<b>776</b>
4: Inpatient	A	SNF	829	<b>141</b>
	A	MH/SU Residential	138	<b>23</b>
	B	Med/surg	3,721	<b>634</b>
	B	MH Inpatient	2,000	<b>341</b>
	C	ICU/CCU	5,663	<b>964</b>
	D	Trauma	5,069	<b>863</b>
	D	Transplant/Burn	6,644	<b>1,131</b>

**Table 5: Categories of Service and Point Values, Non-Traditional**

Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
<b>Service Category 1: Outpatient</b>				
A	RN Visit <sup>84,85</sup> (includes Wound Assessment visits)	<b>99211</b> Office or other outpatient visit for the evaluation and management of an established patient that may not require the presence of a physician or other qualified health care professional. Usually, the presenting problem(s) are minimal.		50
A	PharmD Visit <sup>86</sup>	<b>99605, 99606, 99607</b> Medication therapy management service(s) provided by a pharmacist, individual, face-to-face with patient, with assessment, and intervention if provided;		75
A	Complex Care Manager <sup>87</sup>	<b>99490</b> Chronic care management services, at least 20 minutes of clinical staff time directed by a physician or other qualified health care professional, per calendar month, with the following required elements: <ul style="list-style-type: none"> <li>• Multiple (two or more) chronic conditions expected to last at least 12 months, or until the death of the patient,</li> <li>• Chronic conditions place the patient at significant risk of death, acute exacerbation/decompensation, or functional decline,</li> </ul> Comprehensive care plan established, implemented, revised, or monitored.		75
<b>Service Category 2: Complementary Patient Support and Care Services</b>				
A	Wellness <sup>88,89</sup>	<b>G0438</b> Annual wellness visit; includes a personalized prevention plan of service (PPPS),		15

<sup>84</sup> CMS Source: <https://www.cms.gov/medicare-coverage-database/staticpages/cpt-hcpcs-code-range.aspx?DocType=LCD&DocID=32007&Group=1&RangeStart=99211&RangeEnd=99215>, Accessed 11/14/2015

<sup>85</sup> Understanding When to Use 99211, Family Practice Management, <http://www.aafp.org/fpm/2004/0600/p32.html>, Accessed 11/10/2015

<sup>86</sup> Pharmacist Services Technical Advisory Coalition, <http://www.pstac.org/services/mtms-codes.html>, accessed 11/15/2015

<sup>87</sup> CMS Medicare Learning Network, <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/ChronicCareManagement.pdf>, Accessed 11/15/2015

<sup>88</sup> [https://www.careimprovementplus.com/pdf/PROVIDER\\_COMMUNICATION\\_WELLNESS\\_AND\\_PHYSICAL\\_EXAMINATION\\_CODES.pdf](https://www.careimprovementplus.com/pdf/PROVIDER_COMMUNICATION_WELLNESS_AND_PHYSICAL_EXAMINATION_CODES.pdf)

<sup>89</sup> [https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/AWV\\_Chart\\_ICN905706.pdf](https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/AWV_Chart_ICN905706.pdf)

Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
		initial visit G0439 Annual wellness visit, includes a personalized prevention plan of service (PPPS), subsequent visit S5190 Wellness assessment, performed by non-physician Z00.00, Z00.01x`		
A	Patient Support Group	<b>Non-physician Health Care Professional CPT Code</b> 98961 Education And Training For Patient Self-Management By A Qualified, Nonphysician Health Care Professional Using A Standardized Curriculum, Face-To-Face With The Patient (Could Include Caregiver/ Family) 2-4 Patients 98962 Education And Training as above; 5-8 Patients		15
A	Community Health Worker (CHW)		Encounters in which a Community Health Worker assists individuals and communities to adopt healthy behaviors. Conduct outreach for medical personnel or health organizations to implement programs in the community that promote, maintain, and improve individual and community health. May provide information on available resources, provide social support and informal counseling, advocate for individuals and community health needs, and provide services such as first aid and blood pressure screening. May collect data to help identify community health needs <sup>90</sup>	15
A	Health Education		Services provided for the purpose of promoting health and preventing illness or injury. These include risk factor reduction interventions, preventive medicine counseling and behavior change interventions.	25
A	Nutrition	97802 Medical nutrition therapy; initial assessment and intervention, individual, face-to-face with the patient 97803 Medical nutrition therapy; re-assessment and intervention, individual, face-to-face with the patient		25

<sup>90</sup> Bureau of Labor and Statistics, Standard Occupational Classification: 21-1094 Community Health Workers.



Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
	Education <sup>91,92</sup>			
A	Case management		<p>Case management is a collaborative process of assessment, planning, facilitation, care coordination, evaluation, and advocacy for options and services to meet an individual's and family's comprehensive health needs through communication and available resources to promote quality, cost-effective outcomes.<sup>93</sup></p> <p><b>Case manager is assigned</b> to the patient and engages in direct care <b>OR</b> coordination of care <b>OR</b> manages patient's access to care <b>OR</b> initiates and/or supervises other health care services needed by the patient<sup>94</sup></p>	25
A	Health coach		<p>Health and behavior intervention performed by non-provider member of the health care team to build the knowledge, skills, and confidence required to manage their chronic conditions and improve their health. Includes motivational interviewing, self-management goal setting, patient education and activation and chronic disease support<sup>95</sup></p>	15
A	Panel management		<p>Document in patient's medical record when staff proactively reach out to a patient and speak with them regarding preventive services, chronic illness management, their care plan, problem list, health goals, and/or treatment</p>	15

<sup>91</sup> National Coverage Determination (NCD) for Medical Nutrition Therapy (180.1), <https://www.cms.gov/medicare-coverage-database/details/ncd-details.aspx?NCDId=252&ncdver=1&NCAId=53&NcaName=Medical+Nutrition+Therapy+Benefit+for+Diabetes+%2526+ESRD&IsPopup=y&bc=AAAAAAAAIAAA&>, Accessed 11/24/2015

<sup>92</sup> CMS, DHHS: Medical Nutrition Therapy (MNT) Services for Beneficiaries With Diabetes or Renal Disease - POLICY CHANGE, November 1, 2002. <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/A02115.pdf>, Accessed 11/10/2015

<sup>93</sup> Case Management Society of America, <http://www.cmsa.org/Home/CMSA/WhatisaCaseManager/tabid/224/Default.aspx>, Accessed 11/15/2015

<sup>94</sup> Oregon APM Patient Touches, direct communication with Oregon Health Authority

<sup>95</sup> Per 11/30/2015 communication with Dr. Nwando J. Olayiwola, Associate Professor, Department of Family and Community Medicine, and Director of the [Center for Excellence in Primary Care \(CEPC\)](#), University of California San



Francisco. CEPC is a recognized national leader in [Health Coach training](#).

Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
			options <sup>96</sup>	
A	Oral Hygiene Encounters		Adult and Pediatric oral health services including dental varnishing, oral health education and other prevention services provided by dental hygienists	30
B	Group medical visits	<b>99411-99412</b> Preventive medicine counseling and/or risk factor reduction provided to individuals in a group setting <b>99078</b> Physician educational services rendered to patients in a group setting (eg, obesity or diabetic instructions)		50
B	Integrative medical therapies	<b>97810-97811:</b> Acupuncture, one or more needles, without electrical stimulation, personal one-on-one contact with the patient		50
B	Palliative Care	<b>0690-0699 Pre-hospice/Palliative Care Services:</b> Services that are provided prior to the formal election of hospice care. These services may consist of evaluation, consultation and education, and support services. No specific therapy is excluded from consideration. Care may be provided in the home, hospitals, skilled nursing facilities, or nursing homes by palliative care teams, hospice organizations, or palliative care specialists. Unlike hospice care, palliative care may include potentially curative treatments and there is no requirement for life expectancy parameters.	Encounters with non-provider care team members that focus on preventing and relieving suffering, and improving the quality of life of patients and their families facing serious illness. Palliative care is provided by an interdisciplinary team which works with primary and specialty care providers to identify and treat pain and other distressing symptoms, provide psychosocial and spiritual support, and assist in complex decision-making and advance care planning.	50
B	Pain management		Encounter provided by a non-provider caregiver or care team focused on enhancing self-management of chronic pain, implementing behavioral strategies for managing pain, discussing medication effectiveness and side effects, assessing treatment effectiveness, and adjusting treatment plan and goals. Chronic pain visits may also include assessment for signs of substance use or mental health disorder as well as motivational interviewing or other treatment strategies for these disorders	50
C	Physician Home	<b>99341 - 99347</b> Home visit, new patient; <b>99347 - 99350</b> Home visit, established patient		125



Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
	Visits <sup>97</sup>			
C	Home nursing visits	<b>G0162</b> Skilled services by a registered nurse (RN) for management and evaluation of the plan of care; (the patient's underlying condition or complication requires an RN to ensure that essential non-skilled care achieves its purpose in the home health or hospice setting)	Visits by RNs to patients at home for acute or chronic disease management. May include history taking, physical exam, phlebotomy for lab testing, assessment of ADL, and adjustment of diet, activity level, or medications.	75
C	Mobile Clinic Visits	<b>CPT Physician Code</b> <b>99050</b> Service(s) provided in office at times other than regularly scheduled office hours, or days when the office is normally closed (eg, holidays, Saturday or Sunday), in addition to basic service <b>99051</b> Service(s) provided in the office during regularly scheduled evening, weekend or holiday hours, in addition to basic service <b>99056</b> Services typically provided in the office, provided out of the office at request of patient, in addition to basic service  Use POS code 15 with the above codes to signify a services provided in a mobile setting <sup>98</sup>		90
C	Paramedic treat and release		Paramedic assessment, treatment if appropriate, and discharge of a patient without ambulance transport <sup>99</sup>	75
Service Category 3: Technology-Based Outpatient <sup>100</sup>				
A	Texting		Texting services provided by the care team to an established patient, parent, or guardian to support care management. Cannot focus on administrative tasks such as scheduling appointments. Must not originate from a related assessment and management service provided	1

<sup>97</sup> CMS Billing and Coding Guidelines - L31613 PHYS-081 - Home and Domiciliary Visits:  
[https://downloads.cms.gov/medicare-coverage-database/lcd\\_attachments/31613\\_1/L31613\\_PHYS081\\_CBG\\_050111.pdf](https://downloads.cms.gov/medicare-coverage-database/lcd_attachments/31613_1/L31613_PHYS081_CBG_050111.pdf), Accessed 11/10/2015

<sup>98</sup> <https://www.supercoder.com/my-ask-an-expert/topic/mobile-clinic>

<sup>99</sup> Millin, M. et al. EMS provider determinations of necessity for transport and reimbursement for ems response, medical care, and transport: Combined resource document for the national association of EMS physicians position statements, [http://www.naemsp.org/Documents/Position%20Papers/POSITION%20Determinationoftransport-Resource%20Doc-PEC\\_2011.pdf](http://www.naemsp.org/Documents/Position%20Papers/POSITION%20Determinationoftransport-Resource%20Doc-PEC_2011.pdf), Accessed 11/24/2015

<sup>100</sup> General resource for this section is the American Telemedicine Association Letter to CMS on Telehealth Services, December 31, 2013. <http://www.americantelemed.org/docs/default-source/policy/medicare-code->



Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
			within the previous seven days nor leading to an assessment and management service or procedure within the next 24 hours or soonest available appointment	
A	Video Observed Therapy		Observation of patients taking their tuberculosis medication in their homes. Observation is done using a live video telephone on both the patient and provider ends <sup>101</sup>	10
A	Nurse advice line <sup>102,103</sup>	<b>98966, 98967, 98968</b> Telephone assessment and management service provided by a <u>qualified non-physician health care professional to an established patient, parent, or guardian not originating from a related assessment and management service provided within the previous seven days nor leading to an assessment and management service or procedure within the next 24 hours or soonest available appointment</u>		10
A	RN e-Visit <sup>104</sup>	<b>98969</b> Online evaluation and management service provided by a <u>qualified non-physician health care professional to an established patient, guardian or health care provider not originating from a related assessment and management service provided within the previous 7 days, using the Internet or similar electronic communications network</u>		10
B	Email consultation with PCP <sup>105</sup>	<b>99444</b> Online evaluation and management service provided by a physician or other qualified health care professional who may		30

<sup>101</sup> California Department of Public Health Tuberculosis Control Branch - Guidance for Developing a Video Observed Therapy (VOT) - Policy and Procedures. <https://www.cdph.ca.gov/programs/tb/Documents/TBCB-SPM-Cert-Guidance-VOT-Policy-And-Procedures.doc>, Accessed 11/24/15

<sup>102</sup> CMS, DHHS: Summary of Policies in the 2008 Medicare Physician Fee Schedule and the Telehealth Originating Site Facility Fee Payment Amount, February 1, 2008. <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1423CP.pdf>, Accessed 10/20/2015

<sup>103</sup> American Academy of Pediatrics, Charging for Nurse Telephone Triage. <https://www.aap.org/en-us/professional-resources/practice-support/Telephone-Care/pages/Charging-for-Nurse-Telephone-Triage.aspx>, Accessed 10/20/2015

<sup>104</sup> CMS, DHHS: Summary of Policies in the 2008 Medicare Physician Fee Schedule and the Telehealth Originating Site Facility Fee Payment Amount, February 1, 2008. <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1423CP.pdf>, Accessed 10/20/2015



Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
		report evaluation and management services provided to an established patient or guardian, not originating from a related E/M service provided within the previous 7 days, using the internet or similar electronic communications network		
C	Telehealth (patient - provider) - Store & Forward <sup>106,107</sup>	<u>Digital Retinal Screening</u> <b>92250</b> (global) Fundus photography with interpretation and report		50
C	Telehealth – Store & Forward	+GQ modifier for distant site: <b>99241-99243</b> Office consultation, new or established patient <b>99251-99253</b> Initial inpatient consultation <b>99211-99214</b> Office or other outpatient visit <b>99231-99233</b> Subsequent hospital care OR <b>99446-99449</b> : Non-Face-To-Face Services: Interprofessional Telephone/Internet Consultations	Store and Forward services that include images, such as Teleophthalmology and Teledermatology	65
C	Telehealth (provider - provider) – eConsult/eReferral <sup>108</sup>	<b>99446-99449</b> , the new "Non-Face-To-Face Services: Interprofessional Telephone/Internet Consultations OR <b>99241-5</b> with GT modifier for distant site		50
D	Telephone consultation with PCP <sup>109</sup>	<b>CPT Physician Code 99441</b> through 99443. Telephone E&M service provided by a physician to an established patient, parent, or guardian not originating from a related E/M service provided within the previous 7 days nor leading to an E/M service or procedure within the next 24 hours or soonest available appointment	ALTERNATIVE DESCRIPTION: PCP speaks via telephone with patient about medical/dental/MH/substance use condition or medications AND discusses or creates care plan OR discusses treatment options	75
D	Telehealth (patient -	<b>99201-99215</b> with modifier <b>GT</b>		90

<sup>106</sup> July 2015, Medi-Cal Ophthalmology Update [https://mcweb.apps.prd.cammis.medi-cal.ca.gov/assets/0B578FE9-ED37-42F6-BCDF-B7C157751889/ophthal.pdf?access\\_token=6UyVkrRfByXTZEWH8j8QaYyIPyP5ULO](https://mcweb.apps.prd.cammis.medi-cal.ca.gov/assets/0B578FE9-ED37-42F6-BCDF-B7C157751889/ophthal.pdf?access_token=6UyVkrRfByXTZEWH8j8QaYyIPyP5ULO), Accessed 10/15/2015

<sup>107</sup> communication with Jorge Cuadros, OD, PhD, Director of Clinical Informatics Research, UC Berkeley School of Optometry, CEO of EyePacs

<sup>108</sup> RTR- ECONSULT CPT CODES, UC Davis.  
<https://static1.squarespace.com/static/52d9c6c5e4b021f2d93416db/t/534c2d9fe4b0d8ffdf288f5/1397501343957/CPT+Codes.pdf>, plus communication 10/27/2015 with Timi Leslie, BluePath Health and Rachel Wick, Blue Shield of CA Foundation in reference to BSCF eConsult grant program.

<sup>109</sup> CMS, DHHS: Summary of Policies in the 2008 Medicare Physician Fee Schedule and the Telehealth Originating Site Facility Fee Payment Amount, February 1, 2008. <https://www.cms.gov/Regulations-and->





Tier	Service	Relevant codes and description if available (CPT, ICD)	Definition [source] Where no nationally recognized code exists	Relative Points
	provider) - real time <sup>110,111</sup>	“Office or other outpatient visits” Claims for telehealth services should be submitted using the appropriate CPT or HCPCS code for the professional service along with the telehealth modifier GT, “via interactive audio and video telecommunications systems”		
D	Telehealth (provider - provider) - real time <sup>112</sup>		Communication between two providers for purposes of consultation, performed via interactive audio and video telecommunications systems	90
Service Category 4: Inpatient				
A	Sobering Center <sup>113</sup>		Nurse assessment and monitoring, to determine and ensure safety for individuals found intoxicated in public <sup>114</sup>	50
A	Recuperative/Respite Care <sup>115</sup>		Provision of acute and post-acute medical care for homeless persons who are too ill or frail to recover from a physical illness or injury on the streets but who are not ill enough to be hospitalized. Services may include recuperative care, completion of therapy (e.g, antibiotics, wound care), temporary shelter, and coordination of services for medically and psychiatrically complex homeless adults <sup>116</sup>	85

<sup>110</sup> CMS Medicare Learning Network: Telehealth Services: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/TelehealthSrvcsfctst.pdf>, Accessed 10/28/2015

<sup>111</sup> Medi-Cal Provider Manual: Telehealth, December 2013. [http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/mednetele\\_m01o03.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/mednetele_m01o03.doc), Accessed 10/28/2015

<sup>112</sup> *Ibid*

<sup>113</sup> San Francisco Department of Public Health, Housing and Urban Health, Medical Respite and Sobering Center. <https://www.sfdph.org/dph/comupg/oprograms/HUH/medrespite.asp>, Accessed 11/25/2015

<sup>114</sup> 12/23/2015 communication with Dr. Hali Hammer, Medical Director for Ambulatory Services, San Francisco Health Network.

<sup>115</sup> National Health Care for the Homeless Council, definition of Recuperative Care <https://www.nhchc.org/>

accessed 11/24/2015

<sup>116</sup> Ibid 12/23/2015 communication with Dr. Hammer.

**Attachment L**

**Global Payment Program Valuation  
Methodology Protocol  
(Reserved)**

**Attachment M**  
**Global Payment Program Health Equity Monitoring Metrics Protocol**  
(Reserved)

**Attachment N**  
**Providing Access and Transforming Health (PATH) Funding and Mechanics Protocol**  
(Reserved)

**Attachment O**  
**Providing Access and Transforming Health (PATH) Operational and Monitoring**  
**Protocol**  
(Reserved)

**Attachment P**  
**Historical Information-Budget Neutrality Test**  
(Reserved)



## **Attachment Q**

### **DSH Coordination Methodology**

During any year in which the State of California conducts the Global Payment Program (“GPP”), the state shall make the modifications listed in this Attachment Q to its methodologies for making disproportionate share hospital payments under the DSH State Plan provisions (Attachment 4.19-A, commencing with page 18).

1. The state shall not make disproportionate share hospital payments during a state fiscal year to any designated public hospital that participates in the Global Payment Program during that year.
2. Prior to the start of the applicable GPP PY, or as soon thereafter as possible, the full amount of the federal DSH allotment under SSA § 1923(f) for the FFY that commences in the applicable GPP PY shall be determined. For this purpose, the allotment identified for California for the applicable FFY in the Preliminary Disproportionate Share Hospital Allotments that is published by CMS shall be initially used.
3. Hospitals that meet DSH eligibility criteria and are “non cost-based DSH facilities,” as defined under the DSH State Plan provisions, will receive DSH payments pursuant to the applicable State Plan methodology. The state shall calculate the sum of the DSH payment amounts projected for non cost-based DSH facilities, less the non-federal share, which shall be the federal DSH allotment amount set aside for these DSH facilities.
4. Hospitals that meet DSH eligibility criteria and are “non-government operated hospitals,” as defined under the DSH State Plan provisions, will receive DSH payments pursuant to the applicable State Plan methodology. The state shall calculate the sum of the DSH payment amounts projected for non-government operated hospitals, less the non-federal share, which shall be the federal DSH allotment amount set aside for these DSH facilities.
5. The federal DSH allotment set-aside amounts determined above for non cost-based DSH facilities in paragraph 3, and for non-government operated hospitals in paragraph 4, will be subtracted from the full federal DSH allotment amount identified in paragraph 2.
6. Hospitals that meet DSH eligibility criteria, and are “cost-based DSH facilities” as defined under the DSH State Plan provisions, and which are licensed to the University of California, will receive DSH payments pursuant to the applicable State Plan methodology, subject to an annual aggregate cap on the associated federal DSH allotment for those payments. The annual aggregate cap is equal to an applicable percentage multiplied by the amount of the federal DSH allotment that is left after the set-asides for non cost-based DSH facilities and non-government operated hospitals, as calculated in paragraph 5, which shall be the DSH allotment amount set aside for the University of California DSH facilities. The applicable percentages for each GPP PY are as follows:

GPP PY 1:	26.296%
GPP PY 2:	24.053%
GPP PY 3:	23.150%
GPP PY 4:	21.896%
GPP PY 5:	21.896%
GPP PY 6A	21.896%

7. The full federal DSH allotment amount, less the aggregate DSH allotment set-aside amounts determined for non cost-based DSH facilities in paragraph 3, for non-government operated hospitals in paragraph 4, and for cost-based DSH facilities licensed to the University of California in paragraph 6, shall constitute the initial “Adjusted DSH” component of the funding for the GPP described in STC 167. For GPP PY 6A, the “Adjusted DSH” component shall reflect an additional reduction of 50%. The initial “Adjusted DSH” component is determined no later than May 15 prior to the start of each GPP program year.
8. The final Adjusted DSH component of the GPP shall be determined pursuant to the steps in paragraphs 1 – 7 above, which shall take into account the following:
  - a. The allotment identified for California for the applicable FFY in the Final Disproportionate Share Hospital Allotments that is published by CMS;
  - b. The actual amount of DSH payments paid or payable to the hospitals described in paragraphs 3, 4 and 6 for the applicable state fiscal year, and the results of the applicable DSH audits for the hospitals, including any adjustments that increase or decrease DSH payments to the hospitals.
9. Adjustments shall be made to the GPP total computable annual limit and GPP annual budgets to take into account the final Adjusted DSH component for the applicable GPP PY determined in paragraph 8, and, notwithstanding the final payment timeline set forth in Attachment K, all final reconciliation payments for the applicable GPP PY made pursuant to Attachment K shall be subject to these adjustments.
10. Within 30 days of its determination of the initial “Adjusted DSH” component discussed in step 7, the state will submit a report to CMS stating the amount of the initial “Adjusted DSH” component for the applicable GPP PY (with explanation for how “Adjusted DSH” component was calculated) and projected DSH payment amounts for all hospitals that will receive DSH payments.
11. Within 30 days of its determination of the final “Adjusted DSH” component discussed in step 7, the state will submit a report to CMS stating the amount of the final “Adjusted DSH” component for the applicable GPP PY, the actual and final amount of DSH payments paid or payable to the hospitals described in paragraphs 3, 4 and 6 for the applicable state fiscal year, and the final GPP total paid to each GPP hospital.
12. The state will report all DSH payments to “non cost-based DSH facilities,” “non-government operated hospitals,” “cost-based DSH facilities” licensed to the University of

California, and designated public hospitals not participating in the Global Payment Program, on Forms CMS-64.9 WAIVER, with waiver number 11-W-00193/9, under Waiver Name “DSH,” and with project number extension indicating the demonstration year corresponding to the federal fiscal year of the DSH allotment for which the payments were made.

**Attachment R**  
**Negative Balance**  
**Payment Schedule**  
(Reserved)

## **Attachment S**

### **CBAS Program Integrity**

Following a determination that a credible allegation of fraud exists with respect to a CBAS provider, and that there is no good cause not to suspend payments, the State will initiate an email notification within one business day to all contracted Managed Care Plans (MCPs) that have provider networks in which the CBAS provider participates. Commencing with payments made by an MCP on or after April 1, 2016, MCPs will be required to report to the State all payments made to a CBAS provider for whom a credible allegation of fraud exists for dates of services rendered after the date the MCP was notified. The procedures below outline details regarding the reporting and recoupment process:

- The State’s notification email to the MCPs will contain specific instructions for reporting requirements. MCPs will utilize the “Total MCP Payments to CBAS under Credible Allegation of Fraud” form to track total payments made to the applicable CBAS provider on a quarterly basis, commencing with the first quarter that the MCP was notified of the credible allegation of fraud. Reports for all subsequent quarters will indicate the total payments made for the given quarter, as well as the cumulative total payments made to the CBAS provider from the date following initial notification of the credible allegation of fraud.
- MCPs will submit quarterly reports to the State within seven business days from the end date of each quarter. The State will, in turn, submit quarterly reports to CMS reflecting all MCP payments made to applicable CBAS providers within fifteen business days from the end date of each quarter.
- Reporting requirements will remain in effect until the State notifies the MCP that the law enforcement agency investigating the credible allegation of fraud has either charged the CBAS provider with fraud or has informed the State that there is insufficient evidence to bring charges. Upon receipt of such information from the investigating agency, the State will notify the MCPs of the determination via email within three business days.
- The notification of the MCP by the State that there no longer exists a credible allegation of fraud against a CBAS provider will immediately extinguish the MCP’s responsibility for quarterly reporting to the State and the State’s responsibility for quarterly reports regarding payments to that CBAS provider to CMS.
- If, after investigation, the law enforcement agency brings charges against a CBAS provider for fraud, and the provider is either found guilty by the court or enters into a settlement agreement indicating fault by the provider occurs, the following actions will be required to ensure recovery of all payments made to the CBAS provider:

<b>Recoupment to the State</b>	<b>Recoupment to CMS</b>
<ol style="list-style-type: none"> <li>1. The MCP will submit to the State within 15 business days of notification of a final report reflecting payments for dates of services rendered up until the date the MCP was notified by the State that the law enforcement agency has charged the CBAS provider with fraud and the provider is either found guilty by the court or enters into a settlement agreement indicating fault by the provider occurs.</li> <li>2. Within 90 days of receiving the final report, the State will recoup the CBAS provider fraud amount from the MCP capitated payment. The statement issued to the MCP will reflect the CBAS provider fraud amount.</li> </ol>	<ol style="list-style-type: none"> <li>1. The State will submit to CMS within 15 business days of receipt of a final report reflecting MCP payments made to the applicable CBAS provider for dates of services rendered up until the date the MCP was notified by the State that the law enforcement agency has charged the CBAS provider with fraud and the provider is either found guilty by the court or enters into a settlement indicating fault by the provider occurs.</li> <li>2. The State will reimburse CMS in accordance with its established repayment system by: A. Setting up an Accounts Receivable to reimburse the State General Fund through the MCP's recoupment for the Total Computable (federal and state share), and B. When applicable, completing Federal repayment paper work to reimburse CMS from the State General Fund.</li> </ol>

**Attachment T**  
**CalAIM Evaluation Design**

(Reserved)

## Attachment U

### Community Supports Appendix

Service	Service Definition	Eligibility	Duration	Settings
Short-term Post-hospitalization Housing	<p>Services for eligible individuals who do not have a residence to continue their physical/psychiatric/substance use disorder recovery and need for appropriate medical care upon exiting an institution. Based on the individual's needs and a person's level of care, the services provided may include a appropriate physical, mental health, and SUD care, including psychiatric supports as determined by a qualified medical professional, as well as additional supports including:</p> <ul style="list-style-type: none"> <li>• Support for gaining/regaining ability to perform ADLs</li> <li>• Case management, including connections to Enhanced Care Management</li> </ul> <p>The Community Support of housing transition navigation services must be offered to all beneficiaries during the period of Short-Term Post-Hospitalization housing to prepare them or transition from this setting. These housing transition navigation services should include a housing assessment and the development of</p>	<p>An individual must be exiting an institution. An institution is described as including recuperative care, inpatient hospital (either acute or psychiatric or Chemical Dependency and Recovery hospital), residential SUD or mental health treatment facility, correctional facility, or nursing facility.</p> <p>An individual must have one of the following:</p> <ul style="list-style-type: none"> <li>• Receiving enhanced care management, or</li> <li>• Have one or more serious chronic conditions and/or serious mental illness and/or is at risk of institutionalization or requiring residential services as a result of a substance use disorder.</li> <li>• Individuals who meet the U.S. Department of Housing and Urban Development'</li> </ul>	<p>No more than 6 months during the course of the demonstration period.</p>	<p>Only facility types with appropriate clinical supports, consistent with the STCs, are eligible. These can include, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Health Centers and Other Clinics</li> <li>• Wellness/Respite Centers</li> <li>• Social Service Centers</li> <li>• Skilled Nursing Facilities</li> <li>• Assisted Living Facilities</li> <li>• Residential Group Homes or Small Apartment Buildings</li> <li>• Community Centers</li> </ul>



Service	Service Definition	Eligibility	Duration	Settings
	individualized housing support plan to identify preferences and barriers related to successful housing tenancy after Short-Term Post-Hospitalization.	s (HUD) current definition of homeless and individuals who are at-risk of homelessness as codified at 24 CFR 91.5, with two modifications: (1) if exiting an institution, individuals are considered homeless if they were homeless immediately prior to entering that institutional stay, regardless of the length of the institutionalization and (2) the timeframe for an individual or family who will imminently lose housing is extended from fourteen (14) days for individuals considered homeless and 21 days for individuals considered at-risk of homelessness under the current HUD definition to thirty (30)		

Service	Service Definition	Eligibility	Duration	Settings
		<p>days and who are receiving enhanced care management, or who have one or more serious chronic conditions and/or serious mental illness and/or is at risk of institutionalization or requiring residential services as a result of a substance use disorder. For the purpose of this service, qualifying institutions include hospitals, correctional facilities, mental health residential treatment facility, substance use disorder residential treatment facility, recovery residences, Institution for Mental Disease and State Hospitals; or</p> <ul style="list-style-type: none"> <li>• An individual must have on-going physical or behavioral health needs as determined</li> </ul>		

Service	Service Definition	Eligibility	Duration	Settings
		by a qualified health professional that would otherwise require continued institutional care if not for receipt of post-hospitalization housing.		
Re recuperative Care (Medical Respite)	<p>Short-term residential care and ongoing need of medical care, including monitoring of the individual's physical or behavioral health condition, such as:</p> <ul style="list-style-type: none"> <li>• monitoring of vital signs</li> <li>• assessments</li> <li>• wound care</li> <li>• medication monitoring</li> <li>• limited or short-term assistance with Instrumental Activities of Daily Living &amp;/or ADLs 2</li> <li>• Coordination of transportation to post-discharge appointments</li> <li>• Connection to any other on-going services an individual may require including mental health and substance use disorder services</li> <li>• Support in accessing benefits and housing</li> </ul>	<p>Individuals requiring on-going recovery in order to heal from an injury or illness and who meet the following criteria:</p> <ul style="list-style-type: none"> <li>• The U.S. Department of Housing and Urban Development's (HUD) current definition of homeless and individuals who are at-risk of homelessness as codified at 24 CFR 91.5, with two modifications: (1) if exiting an institution, individuals are considered homeless if they were homeless immediately prior to entering that institutional stay, regardless of the length of the</li> </ul>	No more than 90 days in duration.	<p>Only facility types, with appropriate clinical supports added, consistent with requirements in the STCs, are eligible. These can include, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Health Centers and Other Clinics</li> <li>• Wellness/Respite Centers</li> <li>• Social Service Centers</li> <li>• Skilled Nursing Facilities</li> <li>• Assisted Living Facilities</li> <li>• Residential Group Homes or Small Apartment Buildings</li> <li>• Community Centers</li> </ul>

Service	Service Definition	Eligibility	Duration	Settings
	<ul style="list-style-type: none"> <li>Gaining stability with case management relationships and programs</li> </ul>	institutionalization and (2) the timeframe for an individual or family who will imminently lose housing is extended from fourteen (14) days for individuals considered homeless and 21 days for individuals considered at-risk of homelessness under the current HUD definition to thirty (30) days.		

**Attachment V**  
**(Reserved for Contingency Management)**