DHCS

Equity and Practice Transformation (EPT) Payment Program

Technical Assistance Guide for Primary Care Providers and Medi-Cal Managed Care Plans

DECEMBER 2025

DHCS

CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

DOCUMENT REVISION HISTORY

Status	Version	Author	Review/ Approval Date
Initial version focused on Initial Planning Incentive Payments (filename "FINAL EPT Planning Payment Process and Procedures")	1.0	**DHCS**	7/6/2023
Expanded version with guidance on all aspects of program	2.0	**DHCS**	8/29/2023
Final milestones replaced previous "example steps" from version 2.0. Appendix A updates based on newest FAQ.	2.1	**DHCS**	10/11/2023
Focus of document changed to be on Provider Directed Payment Program	3.0	**DHCS**	12/04/2025

TABLE OF CONTENTS

BACKGROUND

The Department of Health Care Services (DHCS) is implementing an Equity and Practice Transformation (EPT) Program, which is an initiative to advance health equity, invest in evidence-based models of care, and incentivize primary care practice transformation aligned with improving value in the Medi-Cal system. DHCS recognizes substantial disparities remain in multiple health outcomes, access to care, and quality measures for many groups of Californians. EPT will enable Medi-Cal providers to better serve the state's diverse Medi-Cal members.

To align with the goals of the [DHCS Comprehensive Quality Strategy](), these funds push Primary Care Providers to engage in specific, structured practice transformation activities. The targeted types of Primary Care Providers include those with the following provider types: Primary Care Pediatrics, Family Medicine, Internal Medicine, OB/GYN, and Integrated Behavioral Health Providers. These efforts will help advance DHCS' equity goals in the "50 by 2025: Bold Goals" Initiative.

PROVIDER DIRECTED PAYMENT PROGRAM

Overview

Equity and Practice Transformation (EPT) Program is a $140 million program for over 3 years. This program supports primary care delivery system transformation, specifically targeting Primary Care Providers of any size that provide Pediatric, Family Medicine, Internal Medicine, Primary care OB/GYN services, or Behavioral Health integrated into primary care to Medi-Cal members. Recognizing the wide variation in primary care infrastructure, capacity, and ability to pursue a value-based payment, this program is a multiyear transformation process that begins with foundational infrastructure payments and advances to outcomes-based milestones. Applicants must prospectively commit to specific activities and milestones, and funding will be disbursed based upon achievement of milestones. Additionally, all participants must complete a standardized assessment tool (https:/phminitiative.com/phmcat/) on an annual basis and participate in Population Health Learning Center (Learning Center) activities. Partnership with contracted managed care plans (MCPs) is important to maximizing Providers' success in this program.

This program is a directed payment program, which means DHCS will direct MCPs to make specific payments to Providers that qualify for payments. Directed payment programs are a CMS-approved payment methodology to Network Providers (see 42 CFR 438.6). MCPs must pay Providers as directed by DHCS, and MCPs cannot adjust the amounts. DHCS submitted a "pre-print" to CMS in December 2023 and in December 2024. This program is subject to approval by CMS. This is not a grant program.

Eligibility and Application Process

Eligibility includes primary care Providers with active Medi-Cal MCP contracts with assigned members. At the time of application in 2023, Providers were required to have at least 1,000 assigned members (inclusive of D-SNP members[1]), except for rural areas (see our FAQ for definition), where a minimum of 500 assigned members (inclusive of D-SNP) was required. Independent Provider Associations (IPAs), Clinically Integrated Networks (CINs), and functionally similar organizations may participate (see our FAQ for more); however, a practice may not concurrently participate independently and under

---

[1] Payment calculations for 2024–2026 are in accordance with CMS guidelines issued in March 2025 and based on November 2024 Medi-Cal member counts, excluding D-SNP members (as required by CMS).

one of these umbrella organizations. Each single entity is only allowed to submit a single application and participate once.

After an application process in Q3 and Q4 2023, the list of accepted Providers in Cohort 1 was announced in January 2024. A detailed overview of the Cohort 1 selection process is on the DHCS website.

Funding

All aspects of fund distribution are subject to CMS review and approval given this program includes a federal drawdown.

Achievement of milestones is a requirement of CMS, and funding cannot be provided upfront prior to the completion of achievement of milestones. This is not a grant program. The concept of allowable costs or an award agreement is not relevant.

The maximum amount of payment a practice may receive is based on November 2024 assigned Medi-Cal members under an active Medi-Cal Managed Care Plan contract. If the number of assigned members changes, that change in members will not be included in the payment calculation unless required by CMS as part of the approval process. Larger Providers were able to apply for a limited number of locations within the larger organization (e.g. two physical sites across all physical sites); only the locations specified in the EPT application are committed to the expectations of the Provider Directed Payment Program. The practice cannot receive funding in this program for an activity already paid for by federal funds. Federally Qualified Health Centers in the Population Health Management Initiative (PHMI) may not receive payment for EPT deliverables and milestones already covered in that program. All CMS approved payment methodology and calculation documents will be published on the DHCS EPT website upon approval.

Submission of Milestone Completion

Payment is based on completion of milestones. The frequency of milestone reporting and of payments to Providers is twice per year at predefined dates as in *Appendix A – 2026* EPT Payment . DHCS reserves the right to determine which milestones and how many may be submitted for a given submission date. The Learning Center will communicate with Providers on the deliverables that will count as proof of completing a milestone. The Learning Center will perform the review to determine if a milestone is met; if approved by the Learning Center, DHCS will then evaluate and, at its sole discretion, determine if a payment was earned. If a payment was earned, payments will be issued twice per year.

DHCS reserves the right to weight certain activities or milestones more than others. DHCS also reserves the right to modify activities and milestones to ensure they align with DHCS's strategic goals and based on CMS feedback and approval processes.

Participation Requirements

EPT practices must meet specific milestones and attendance benchmarks for continued participation in the program. Milestone attainment requirements include:

» Annual completion of the PhmCAT in 2024, 2025 and 2026. The PhmCAT milestone completion and technical assistance attendance are considered "gates" to access payments for activities completed for each spring payment cycle.

» Submitting the following milestones by November 2025:

- 2025 PhmCAT; and
- At least 1 other 2024 deliverable

» Submitting the following milestones by May 2026:

- 2026 PhmCAT
- Data Policy & Procedure;
- Empanelment Policy & Procedure;
- Data Implementation Plan;
- Disparity Reduction Plan; and
- At least one Model of Care deliverable (e.g., Care Team Assessment, Clinical Guidelines, Outreach & Engagement, or Pre-Visit Planning).

Additionally, attendance at EPT learning activities and events (e.g., Learning Communities, Practice Tracks, Office Hours, and PopHealth+ eModules) is required for continued participation in the program. Providers who do not meet these requirements will no longer be able to participate in the program. The Learning Center will reach out to Providers at risk of not meeting requirements.

Payment Calculations

Subject to future budgetary authorization and appropriation by the California Legislature and the necessary federal approvals of the directed payment arrangement, DHCS and the Learning Center develop and communicate the following for payment cycles: (1) the deliverables that a practice can submit for milestones; (2) which milestones can be submitted with each cycle; and (3) exact amounts Providers can earn for each milestone.

Provider Expectations

EPT includes 25 milestones, which will demonstrate Providers' population health management capabilities. These milestones are in the core domains of the following: assessment (PhmCAT), access and empanelment, data to enable population health management, care delivery models, value-based payment, and key performance indicators. Payment will be made based on completion of deliverables, which provide evidence of EPT milestone attainment.

In May 2024, the Learning Center provided an opportunity for Providers to "attest out" of the access, empanelment, and data milestones, or demonstrate pre-existing population health management capabilities. Providers who attested out of milestones are not eligible to complete those milestones to receive EPT directed payment. The Learning Center formally evaluated all attested milestones. If the Provider has not attested out of these milestones based on Learning Center evaluation, then the Provider must work on completing those milestones during the EPT program. The milestones can be found at the [Learning Center Milestones and Deliverables webpage](#) and the [DHCS EPT website](#).

Regular communication with the Learning Center and its technical assistance partners is required of Providers to assess progress toward completing milestones. The Learning Center also communicates with Providers about the status of milestones and deliverables through email updates, as well as through the deliverable submission portal. Individualized feedback is provided to Providers following deliverables

submission. Additionally, Providers and MCPs are encouraged to meet as needed to support completion of milestones.

DHCS or the Learning Center may request, at any time, that the Providers list which Medi-Cal MCPs they contract with for primary care. The Provider must provide that information within 5 business days.

If a Provider is not meeting stated expectations in the program, the Learning Center will issue written notice to the Provider. Additionally, DHCS may remove Providers not meeting expectations from the program (for example but not limited to not completing the required annual PhmCAT milestone). Providers have the option to appeal DHCS' decision as outlined in *Dispute Process*, starting with the section on appealing to DHCS.

Milestones

EPT milestones are tied to financial payments. The deliverables and milestones can be found on the [PopHealth Learning Center website](#) (milestones can be found on the [EPT Milestones Overview and Timeline Resource](#). DHCS chose these milestones to improve Providers' foundational population health and quality improvement infrastructure and strategy.

For the "Care Delivery Model" and "Key Performance Indicator" category of milestones, each practice committed to working with a focus population. The focus populations are limited to:

- » Pregnant people (prenatal care and up to 12 months postpartum)
- » Children and youth
- » Adults with preventive care needs
- » Adults with chronic conditions
- » People living with behavioral health conditions

DHCS allowed a one-time opportunity for Providers to change their population of focus in September 2024. DHCS will not allow Providers to change their population of focus for the remainder of the program, unless approved on a case-by-case basis.

If Providers face extreme and unforeseen circumstances that impact their ability to participate in EPT, they should discuss these with the Learning Center.

Providers will be asked to provide specific deliverables as proof of completion of milestones. Providers should speak with the Learning Center about any questions they have about deliverables.

MCP Expectations

All contracted MCPs, not just those the practice applied through, are encouraged to work with Providers to support completion of milestones. Many milestones will require strong partnership with MCPs, and MCP engagement is key to drive practice transformation and achieve EPT program goals. Partnership may involve (but is not limited to):

  » Facilitating more comprehensive data exchange such as quality measure performance rates, enrollment files and rosters, ADT data, gaps in care files, and other data elements outlined in the APL 25-015,
  » Providing Providers with regular data reports including quality measures according to APL 25-15,
  » Supporting process changes,
  » Engaging Provider leadership and staff,
  » Engaging and problem solving with Providers when questions and challenges arise,
  » Active engagement at EPT TA opportunities open to MCPs, such as Learning Communities and All MCP Calls.
  » Providing in-kind technical assistance from the MCP, and/or financial support (which is at the discretion of each MCP).

DHCS requires MCPs to report on EPT Key Performance Indicator metrics for all contracted Providers, whether they sponsored practice or not. DHCS has developed an All Plan Letter (APL) setting forth MCP expectations for all directed payment programs, including the EPT program. Section 3.3.19 (page 186) of the MCP boilerplate contract indicates MCPs must report provider-level data in a form and manner specified by DHCS for directed payment programs.

Related to requirements in the APL-25-015 "Data Sharing and Quality Rate Production for Directed Payment Initiatives and Alternative Payment Methodology Programs", MCPs are required to do the following:

1. Provide EPT Providers with **enrollment files and rosters** as outlined in the APL
2. For **quality measures** (note that each Provider only works to improve a specific subset of measures in EPT, and Learning Center shall provide details to MCPs on which measures each Provider is working on and the NPIs for each EPT Provider):
   a. As outlined in the APL, **provide gaps in care files** to each EPT Provider
   b. As outlined in the APL, for each EPT Provider and on a quarterly basis, **calculate quality measure performance rates** on measures that MCP is

responsible for calculating, including immediate mathematical components used to calculate rates (performance rates must be rolling 12 months to allow trending over time); measure data should be provided to each EPT Provider (for their respective practice) and the Learning Center (subject to each MCP's data release processes)

c. The list of measures MCPs must produce rates on for EPT Providers is a subset (depending on the EPT Provider) of the following:

KPI	Measure Type	Population of Focus	Stratify*
Prenatal and Postpartum Care (PPC) - Postpartum Care	HEDIS®-Like	Pregnant	Yes
Prenatal and Postpartum Care (PPC) - Timeliness of Prenatal Care	HEDIS®-Like	Pregnant	Yes
Postpartum Depression Screening and Follow-up (PDS-E)	HEDIS®-Like	Pregnant	Yes
Child Immunization Status (CIS)	HEDIS®-Like	Child/Youth	Yes
Well Child Visits in First 30 Months of Life (W30)	HEDIS®-Like	Child/Youth	Yes
Child and Adolescent Well-Care Visits (WCV)	HEDIS®-Like	Child/Youth	Yes
Colorectal Cancer Screening (COL)	HEDIS®-Like	Adult Preventive	Yes
Breast Cancer Screening (BCS)	HEDIS®-Like	Adult Preventive	Yes
Cervical Cancer Screening (CCS)	HEDIS®-Like	Adult Preventive	Yes
Controlling High Blood Pressure (CBP)	HEDIS®-Like	Adult Chronic Care	Yes
Glycemic Status Assessment for Patients with DM >9% (GSD)	HEDIS®-Like	Adult Chronic Care	Yes
Depression Screening and Follow-Up for Adolescents and Adults (DSF)	HEDIS®-Like	All Except Pregnant	Yes

KPI	Measure Type	Population of Focus	Stratify*
Depression Remission or Response for Adolescents and Adults (DRR)	HEDIS®-Like	Behavioral Health	Yes
Pharmacotherapy for Opioid Use Disorder (POD)	HEDIS®-Like	Behavioral Health	Yes
Empaneled Patients	Administrative	All	No
Patient-Side Continuity	Administrative	All	No
Third Next Available Appointment (TNAA)	Administrative	All	No
Assigned Patients Seen in a 12-Month Period	Administrative	All	No

For measures that require stratification, MCPs and Practices should stratify measures by race and ethnicity as well as one additional characteristic.

> d. Percentage of members who had at least one primary care visit with their assigned provider in a 12-month period. Please refer to the PHM Policy Guide Technical Specifications found at the DHCS CalAIM Population Health Management (PHM) Initiative website. For any quality measures that are in EPT and are listed in the California Technical Specifications (CaTS), the MCP must use CaTS for attribution

The first quality measures rate production by MCPs under CaTS must be completed by November 1, 2025. Future rate production due dates for MCPs are May 1, 2026, November 1, 2026, and May 1, 2027. DHCS may request, at any time, that MCPs produce a report on the number of members assigned to each Provider in EPT (to be used by DHCS for operationalizing the EPT program); this requirement is separate from any requirements in APL-25-015 "Data Sharing and Quality Rate Production for Directed Payment Initiatives and Alternative Payment Methodology Programs". The report must show the number of assigned members for primary care by NPI number. MCP must provide this report within 30 calendar days of request by DHCS. DHCS may delegate this request of MCPs to the Learning Center.

Note that the Learning Center has developed a technology solution for MCPs to produce quality rates for each practice as an alternative to MCP producing these rates themselves. If this solution meets specific requirements of this Technical Assistance Guide and APL 25-015, then this approach allows MCPs to be in compliance with those specific requirements. Please note that MCPs are not required to use the Learning

Center technology solution. Rather, the Learning Center has provided this as an option to MCPs if it is helpful.

The Learning Center serves as the program office for EPT. The Learning Center manages day-to-day program operations, coordinates the program (across Providers, MCPs, and other stakeholders), designs and implements the technical assistance strategy for Providers, and facilitates continuous learning across all stakeholders. Providers accepted into the program must participate in Learning Center activities.

DHCS also recognizes that most Primary Care Providers do not contract with Medi-Cal MCPs only. Providers often have a payor mix that includes Medicare and commercial payors (including Covered California and CalPERS plans). DHCS and the Learning Center intend for EPT to serve as a platform for improving population health and health equity not just for Medi-Cal members but for all the individuals seen at the Providers in EPT. DHCS and the Learning Center are actively working with outside entities to achieve this larger primary care systems transformation.

Coaching Pool

The Learning Center has developed a practice coaching pool, which Providers are encouraged (but not required) to participate in. Coaching is not a standard part of the Provider Directed Payment program. The coaching pool is not funded by DHCS. Instead, Providers can either pay for this service themselves, or MCPs may choose to cover the cost on the Providers' behalf. DHCS recognizes that Providers and MCPs may be engaged in other pre-existing coaching services. The Learning Center will coordinate, where possible, with pre-existing coaching services.

Dispute Process

If a practice disputes a Learning Center determination, the practice may request a reconsideration from the Learning Center using the following process:

1. Within 7 calendar days of the practice being notified of the Learning Center's determination, the practice must email the Learning Center (info@pophealthlc.org) a written request specifying the reason for the reconsideration, including the legal authority or other basis for the reconsideration and the remedy sought. The practice must also submit any evidence that the Learning Center should reconsider.
2. Within fourteen (14) working days after receipt of the written request for reconsideration, the Learning Center will review the evidence and respond to the request in writing with its decision and rationale (which may include no

change to the original determination), or with a notice for additional time to reach a decision.

3. If the Learning Center provides a decision and rationale, it shall be known as the Learning Center's "final response." However, if the Learning Center requests additional time, the request shall be known as the "interim response", and the Learning Center must provide the practice a final response within a reasonable time.

4. Once the Learning Center has provided its final response, the practice will then have fourteen (14) working days to accept the Learning Center's response or request DHCS' reconsideration of the Learning Center's final response in accordance with the process specified below.

If a practice disputes the Learning Center's final response, the practice may request a reconsideration from DHCS using the following process:

1. The practice must request a reconsideration in writing by emailing ept@dhcs.ca.gov.

2. The written request for reconsideration must state the reason for reconsideration, including the legal authority or other basis for reconsideration and the remedy sought. The practice must also include any evidence that DHCS should consider in the email.

3. The practice must CC the Learning Center's staff responsible for the Learning Center's final response.

4. Within fourteen (14) working days after receipt of the written request for reconsideration, DHCS will review the evidence and respond to the request in writing with its decision and rationale, or with a notice for additional time to reach its decision. If insufficient information was submitted with the original written request for reconsideration to DHCS, then DHCS can issue a default denial of the reconsideration.

5. If DHCS provides a notice for additional time, DHCS will review the evidence and respond to the request in writing with its decision and rationale within a reasonable time from the date of the notice.

6. DHCS *will not* reconsider a Learning Center determination without the practice first requesting a reconsideration from the Learning Center and receiving the Learning Center's final response.

APPENDIX A – 2026 EPT PAYMENT CYCLES

Payment Cycle	MCP Produces Quality Measure Rates	Practice Submits Deliverable(s) to Learning Center	Learning Center Completes Review of Deliverable(s)	DHCS Operationalizes Payments	MCPs Receive Monthly Capitation Payments	Estimated MCP Payments to Providers
Spring	May 1	May 1	May 31	June - August	Monthly	October
Fall	November 1	November 1	November 30	December - February	Monthly	April

All dates in this table may be subject to change by DHCS based on operational needs.