



Whole Person Care Pilot – Revised Budget Instructions Second Round Application

Applicants for new Whole Person Care (WPC) pilots and applicants for expansion of approved WPC Pilots shall develop a deliverables-based budget that includes detailed information regarding infrastructure, interventions, bundled services, pay-for-reporting/outcomes, and incentives for providers. The budget shall include a total detailed annual proposed budget. Please see Program Year (PY) breakdown below for timeframes and budget information specific to new WPC applicants and to expansion WPC applicants. Please note: each category and line item may adjust from year to year, but the total annual budget may not change over the life of the pilot. A justification of estimated costs or value associated with each deliverable must be included in the budget narrative. Pilot applications must include sufficient details regarding all components of the requested budget to ensure proposed funding amounts adhere to state guidelines and requirements. A budget will reinforce the framework in the pilot and help the State determine whether a pilot merits funding.

The budget will provide the associated payment amounts requested for each individual item (deliverable – e.g. service/metric) for which funding is proposed. Pilots will invoice, and the State will pay, based on completed deliverables, e.g. services actually provided, metric reported, or metric outcome achieved. The payment for any deliverable will not exceed the Department of Health Care Services (DHCS)-approved budget amount for that item, for that PY.

Pilots will have an opportunity to request approval of a budget adjustment for PYs 3-5 at a later time. No services otherwise covered by Medi-Cal will be funded by the WPC.

The applicant will develop the budget following these directions:

- The available remaining total statewide annual funding for second round is approximately \$120M.
- Annual total funds requested (both federal share and non-federal share) over the five PYs must be included in the budget. Please note: expansion applicants will show a \$0 budget for second round PY1 (PY1 – Exp).
- Budget requests must be based on five PYs. PYs will be based on the following dates:
 - First Program Year (six months) = January 1 – June 30, 2017
 - For New Applicants = PY 1- New
 - For Expansion Applicants = PY1-Exp
 - Second Program Year, limited (Ltd) (six months): PY 2 - Ltd = July 1 – December 31, 2017
 - Third Program Year, PY 3 = January 1 – December 31, 2018
 - Fourth Program Year, PY 4 = January 1 – December 31, 2019
 - Fifth Program Year, PY 5 = January 1 – December 31, 2020
- For new applicants, budgets for PY 1 – New and PY 2 – Ltd will each represent 50% of their annual budgets. PYs 3-5 will each represent 100% of their annual budgets.
- For Expansion Applicants, the budget for PY 1 – Exp will be \$0. The budget for PY 2 – Ltd will represent 50% of their annual budgets. PYs 3-5 will each represent 100% of their annual budgets.

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- For new applicants, PY 1 – New payments are based solely on the submission of the pilot’s approved application and timely submission of baseline data. For expansion applicants there will be no payment for PY 1-Exp.
- PYs 2-5 funding request must relate directly to activities described in the application and budget narrative.
- Budgets must not include costs (e.g. payments) for services reimbursable through Medi-Cal. In addition to the exclusion for Medi-Cal funded services, WPC cannot be used to fund local responsibilities for health care or social services that are specifically mandated by state or federal laws, or to fund specific services for which federal funding is already provided.
- The WPC budget and funding apply to Medi-Cal beneficiaries only; therefore, WPC budgets must not include payments for services for non-Medi-Cal beneficiaries. Individuals who are not Medi-Cal beneficiaries may participate in approved WPC pilots, but funding in support of services provided to such individuals is not eligible for federal financial participation (FFP). See Frequently Asked Questions (FAQ) D1 for additional information.

For further budget guidelines, see the Special Terms and Conditions (STCs), FAQ and WPC Application posted on [DHCS’ WPC Pilots website](#).

BUDGET NARRATIVE

The budget narrative provides additional information to explain and provide a rationale for the broad categories in an applicant’s budget model. The narrative justification must include a description of the funds requested and how their use will support the proposal. This is an opportunity for the applicant to describe the budget approach that they have taken (explaining why they have chosen a specific mix of deliverables, services and performance payments) and their rationale. The budget narrative will include the following categories (when applicable):

- Administrative Infrastructure
- Delivery Infrastructure
- Incentive Payments for Downstream Providers
- Bundled PMPM Services
- Fee for Service
- Pay for Metric Reporting
- Pay for Metric Outcomes Achievement
- Other

BUDGET DETAILS AND EXAMPLES

Follow these directions for developing the budget and for guidance on the level of detail required in the proposed budget.

Infrastructure Development:

Administrative Infrastructure – Applicants may include funding for developing the administrative infrastructure of their pilots in order to build the programmatic supports necessary to plan, build and run the pilot. Only costs allocated to the WPC pilot may be included in this administrative infrastructure

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category. For example, staff members who will be working 50% on WPC can only have 50% of their salary attributed to the WPC budget. A budget narrative on this section of the budget must be included to further describe and explain the rationale for inclusion of these costs in the budget.

Examples of administrative infrastructure could include such budget categories as: core program development and support, information technology (IT) infrastructure, administrative staffing (no service-related staffing), program governance, training, ongoing data collection, and marketing and materials.

- *Example of detail needed: Staffing costs associated with Administrative infrastructure of pilot*
 - The budget must include the number of projected full-time employees (FTEs) by type (the number of FTEs in the budget must align with the percent of time an FTE is expected to spend working on the WPC (e.g. 50% time = .5 FTE), assigned to administer the project, the salaries and employee benefits and the average per person costs of other projected costs such as travel, training, services, supplies, and overhead – maximum allowed for indirect/overhead may not exceed 5% of budget. (include also the high level aggregate summary of dollar amounts for each of these other projected costs).
 - Include a brief explanation of the role/responsibilities of the projected staffing model in the WPC initiative. Be sure to give specific examples as to why these staff positions are included in the administrative infrastructure of the pilot, since these staff positions are normally included in a Per Member/Per Month (PMPM) or Fee for Service (FFS) bundle.
 - Pilots will only be reimbursed based on actual employees hired/employed for the WPC pilot, and only up to the limit of the funding request in the approved budget. For example, if the pilot estimates it will need four staff but hires only three within a given PY, only three staff would be reported and paid for through the semi-annual reporting/invoicing process.

Delivery Infrastructure – Applicants may include funding for delivery infrastructure to fund the non-administrative infrastructure items needed to implement the pilot. Only costs allocated to the WPC pilot may be included in this delivery infrastructure category. For example, if the WPC will use a software system that is used for a larger population in which 40% are WPC enrollees and the other 60% are not WPC enrollees, then the budget must only include 40% of the system costs for supporting the WPC pilot. Applications can suggest other ways to allocate costs to WPC, but it must be clearly laid out in the budget. A budget narrative on this section of the budget must be included to further describe and explain the rationale for inclusion of these costs in the budget.

Examples of delivery infrastructure could include budget items such as developing: advanced medical home, mobile street team infrastructure, community resource data base, IT workgroup, care management tracking and reporting portal, and others.

Furthermore, if a specific item could logically be addressed under different funding request categories, such as including staffing costs within service rates vs. infrastructure, the pilot has flexibility to determine which category or mechanism to use. It is expected that any costs related to providing direct WPC enrollee services be included in a FFS or PMPM bundle.

- *Example of detail needed: Mobile street team infrastructure*
 - Describe the components needed to build or buy the necessary delivery infrastructure.

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- The budget must include estimated cost for related components (e.g., staffing, training, consulting/vendor costs, vehicle cost and amortized use, etc.).
- Provide a breakdown of the projected average annual amounts for each PY with anticipated trends. (E.g. data system development may be in PY 1 while ongoing maintenance or updates would be in subsequent PYs).
- Include information in the application and/or budget narrative that supports and provides your rationale for this approach, e.g. why you want to include a mobile street team and the value you intend to be provided in the pilot from this deliverable of the budget.
- A reasonable projection of minor miscellaneous infrastructure costs (e.g. x% on top of key component costs (indirect/overhead not to exceed 5%)) to account for smaller cost items that are not necessary to itemize in this budget.
- Pilots will only be reimbursed based on actual pilot expenditure for the final deliverable or outcomes, up to the limit projected or estimated costs in the approved budget.
- WPC pilot funds can only support capital and IT infrastructure allocated to the WPC enrollees during the PY in which the expense was incurred. For example, a component of the service deliverable funding request allocated for HIT enhancements, or building rehabilitation or maintenance must be proportional to the utility that one individual being served via the WPC pilot will receive during the single encounter.

Incentive Payments for Downstream Providers – The pilot funding request may include a defined amount (limit) associated with pilot payments to downstream providers for achievement of specific operational and quality deliverables that are critical for the pilot’s overall success. This funding request item is not developed according to the value associated with components of the deliverable, such as the costs required to deliver the various components of a service bundle, but rather this item is intended as an incentive payment for timely achievement of the deliverable. This funding item may be associated with deliverables in any of the other categories, but is intended for the pilot to use as encouragement for downstream providers. The budget must identify the total maximum amount of funding for the incentive payments for each applicable deliverable. The lead entity will only be permitted to invoice for actual incentive payments made. Incentive payments may also be applied in budget sections other than Infrastructure, such as Services and Interventions, and Reporting and Quality.

Targeted Case Management (TCM) Services Overlap

If the County/Lead Entity is approved for TCM services per the California State Plan, regardless if implemented in the county, the county must provide language, process to ensure non-duplication, and percentage of WPC funding that will be reduced in the WPC budget to allow for possible overlap of services between the two programs. This reduction must be shown as a line item deduction, in the budget detail, on all appropriate PMPM or FFS bundle(s). All calculations showing how this percentage is determined must be included in the application (Section 5.1) and budget narrative.

Services and Interventions:

Discrete Services – Applicants may include funding for services that will be provided with WPC pilot funding to support the WPC services provided to eligible WPC enrollees. (See also the [Whole Person Care FAQ document](#) for additional information on which types of services may be funded with WPC funding.) Services in FFS, as opposed to bundled PMPM services, are defined as a single per encounter payment for

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a discrete service, the example below being a mobile clinical visit. Applicants must provide adequate detail on components of that discrete service to demonstrate the cost or value of expected activities, the timeframe, and the frequency of the service provision. Applicants must also complete a budget narrative on this section of the budget in order to further describe and explain the rationale for inclusion of these costs in the budget.

Examples of services included in this budget category could include mobile clinical visit and care coordination, to the extent the services are not otherwise covered by Medi-Cal.

- *Example of detail needed: Mobile clinical visit*
 - The budget must identify any discrete services that are to be reimbursed on a per encounter basis, and all relevant billing requirements such as paying monthly, quarterly, or annually; required duration of the visit; required activities to be completed in order to receive the payment. E.g. the mobile clinical visit must be billed in 15, 30 or 45-minute increments depending on intensity of needs at X dollar amount per 15-minute increment.
 - The budget must include a calculated payment per encounter and the number of projected encounters for the proposed mobile clinical visit. The backup detail for this calculation must include projected aggregate component costs by category (e.g. salaries and employee benefits, services, supplies, overhead, equipment) used to develop the project cost per encounter.
 - Include information in the application and/or budget narrative that supports and provides rationale for this service, e.g. how this service will be used to support your WPC proposed approach.
 - WPC pilot funds can only support capital and IT infrastructure allocated to the WPC enrollees during the PY in which the expense was incurred. For example, a component of the service deliverable funding request allocated for HIT enhancements, or building rehabilitation or maintenance must be proportional to the utility that one individual being served via the WPC pilot will receive during the single encounter.
 - Pilots will only be reimbursed based on actual services provided and the approved per-service payment rate, and only up to the limit of the funding approved in the budget.

Bundled Per-Member-Per-Month (PMPM) services – Applicants may include funding for bundled PMPM services that will be provided in the pilot to support the whole person care provided to eligible WPC enrollees. Bundled PMPM services, as opposed to discrete services (above), are defined as more than one service or activity that would be offered to the target population, and described in the WPC pilot budget request, as a set value per PMPM bundled service deliverable. Applicants must also complete a budget narrative on this section of the budget in order to further describe and explain the rationale for inclusion of this bundle in the application.

If the pilot is requesting a PMPM/service bundle payment, include detail as described below. The WPC Pilot application must include a total maximum service bundle funding amount (limit) for each service bundle for each of PYs 2-5, which will be determined by the individual PMPM service bundle payment amount and the maximum number of PMPM service bundles provided in each PY.

Please include the following:

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- Detail on how each PMPM service bundle amount was determined. The PMPM service bundle amount is the monthly cost for each WPC enrollee for which the service bundle is made available. This will include itemizing the value associated with each individual service or activity that makes up the service bundle.
- Breakdown of the bundled PMPM calculation. The breakdown may include the estimated cost of each service within the bundle so that these services are sufficiently available to the target population. The backup detail for this calculation must include total allocated projected costs by category (i.e. salaries and employee benefits, services, supplies, overhead, equipment, travel, contracted services, and operational infrastructure necessary to deliver the identified services) and the estimated target population for which each service within the bundle will be made available. It may include a breakdown of anticipated ongoing IT and software expenses associated with delivering anticipated services to WPC enrollees during the term of the pilot. The resulting sum of the total projected costs is divided by the total anticipated target population to determine the proposed PMPM rate for a given bundle.
- WPC pilot funds can only support capital and IT infrastructure that represents the portion of the project that supports the WPC enrollees during the PY in which the expense was incurred. For example, if a pilot opts to build capital/infrastructure into a PMPM, the PMPM must include a cost proportional to the benefit of the infrastructure/capital received by the WPC target population during the time period associated with the PMPM payment.
- Information in the application and/or budget narrative that supports and provides a rationale for the bundled service, e.g. how this bundled service will be used to support your WPC proposed approach.
- Pilots will only be reimbursed for the number of eligible WPC enrollees receiving bundle services for each month of the PY based on the approved PMPM rate for a given bundle.
- The specific eligibility qualifications that allow a participant to begin receiving each PMPM bundle of services. If the pilot has more than one PMPM bundle, please list the specific eligibility qualifications for each bundle.
- The approximate expected length of time that the services will be provided. This may be a range. The pilot's rules and intent regarding how long the member will receive each PMPM service bundle, and how these assumptions align with the member months listed in the budget for the PMPM service bundle.
- Information about how and when each PMPM service bundle would be discontinued for an individual. The pilot's rules and intent regarding how and when each PMPM service bundle would be discontinued for an individual, and how these assumptions align with the member months listed in the budget for the PMPM service bundle.
- Clarification of whether any other WPC program services, including other FFS or PMPM bundles, could be received at the same time as the PMPM bundle in question, and what rules would govern the eligibility for these various bundles. For example, could the participant receive outreach/engagement bundle services, or housing tenancy supportive services, at the same time they are receiving care coordination bundle services? There can be no duplication of services or funding for participants who receive multiple service bundles at the same time. Verification of this must be detailed in the budget narrative. Separately, the pilot must attest that there will be no duplication of services.

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For care coordination PMPM service bundles, please include:

- Any available information about the acuity or attributes of the specific target population who will receive each specific PMPM service bundle, such as eligibility acuity criteria or other specific information about the population. The provided information will be used by DHCS to determine the appropriateness of the PMPM bundle's service intensity level, staffing allocation, and cost.
- The case manager-to-participant ratio staffing assumption that was used to develop each PMPM cost.

If the pilot or a participating entity experiences savings for a PMPM/bundled payment due to administrative implementation efficiencies, the pilot may utilize these savings to pay for services in its flexible housing pool; however, such flexible housing pool funds must not be listed in the applicant's budget.

If the application includes a flexible housing pool, DHCS requires the following points be considered and included or removed as appropriate:

- Provide a high-level description of the how the flexible housing pool will work;
- No flexible housing pool related administrative costs or positions are allowable in the WPC budget;
- Remove any reference regarding the use of WPC Pilot savings as a funding source for the flexible housing pool;
- Remove any description of source of funding for the flexible housing pool; and
- Language must be included that indicates that no WPC funds will be used for the flexible housing pool.

Bundled PMPM services in this budget category must include: comprehensive complex care management and housing support services; outreach and engagement bundle (for enrolled WPC members only; if provided to target population individuals prior to enrollment, this service must be included as an FFS bundle); and others.

Reporting and Quality:

Pay for Metric Reporting – Applicants may include funding in their budget for collecting and reporting on pilot metrics. Pilots are encouraged to propose the structure that they believe provides the most incentive, both to the pilot lead organization to the downstream providers. Pay for reporting deliverable funding requests must be based on the cost or value of the reported metric per WPC enrollee for which it will be reported.

Applicants must also complete a budget narrative to describe how the metrics are defined, why they were selected, and the level of incentive payments determined for each metric. Applicants must describe how the incentive payment is related to value generated by reporting the metric and other reasons for the recommended valuation of the metrics.

Examples of pay for metric reporting could include: reporting number of emergency department (ED) visits, reporting percentage of avoided hospitalizations, individuals with follow up after hospitalization, and others.

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- *Example of detail needed: report percentage with follow up after hospitalization for mental illness*
 - This cost must reflect the incentive payments made to the lead entity for reporting the specific metric, including any related incentive payments made to downstream providers.
 - In the budget, provide a breakdown of the incentive payment on a per-year-per-metric basis and the calculations used to arrive at that specific payment level.
 - The metrics selected must reflect requirements in Attachments GG and MM.
 - A description of the metrics selected and the rationale for selection must be described in full in the budget narrative.
 - These incentive payments shall reflect the amount of effort expended to develop the reporting mechanisms and the estimated value associated with the activities reflected in the metric. The rationale used to develop the associated reporting payment must be described in full in the budget narrative.
 - Pilots will only be reimbursed for reported metrics.

Pay for Metric Outcome Achievement – Pilots shall also focus on pay for metric outcome achievement with set goals being used to determine payment. Pilots must include at least one pay for metric outcome achievement item in their application. Pilots are encouraged to propose the structure that they believe provides the most incentive, both to pilot lead organization as well as to downstream providers. Pay for metric outcome funding requests shall be sized according to the estimated size of the target population to which the metric applies, and based on the value of the achievement for the target population.

Applicants must also complete a budget narrative on this section of the budget to describe how the metrics are defined, why they were selected, and the level of incentive payments determined for each metric. Applicants must describe how the incentive payment is related to value generated by achieving the metric outcome and other reasons for the recommended valuation.

Examples of pay for metric outcome achievement could include: reduction in the number of ED visits, increasing the percentage of avoided hospitalizations, increasing the percentage of follow up after hospitalization, and others.

- *Example of detail needed: 90% of WPC enrollees will have a follow up after hospitalization for mental illness*
 - This cost must reflect the incentive payments made to the lead entity for achieving specific outcomes metrics, including any incentive payments made to downstream providers.
 - In the budget, provide a breakdown of the incentive payment on a-per-year-per-metric basis and the calculations used to arrive at that specific payment level.
 - The metrics selected must reflect requirements as described in Attachment MM.
 - A description of the metric outcomes selected and the rationale for selection must be described in full in the application and/or budget narrative.
 - These incentive payments shall be proportional to the value of achieving the metric, in terms of cost reduction, quality improvements to WPC enrollees, or other measurable outcomes intended by the pilot. The rationale used to assign the associated outcomes payment must be described in full in the budget narrative.

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- Pilots will only be reimbursed for achieved outcomes based on proposed annual target and methodology.
- Goals must be included that progress each PY. Showing improvement of at least 5% over previous PY's improvement.