



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

**DATE:** February 11, 2019

**TO:** ALL MEDI-CAL DENTAL MANAGED CARE PLANS

**SUBJECT: APL 19-002: EXTENSION OF ONE-YEAR SUPPLEMENTAL PAYMENT FOR CERTAIN DENTAL SERVICES USING PROPOSITION 56 TOBACCO TAX FUNDS ALLOCATED FOR STATE FISCAL YEAR 2018-19**

**PURPOSE:**

The purpose of this All Plan Letter (APL) is for the Department of Health Care Services (DHCS) to inform Medi-Cal Dental Managed Care (DMC) plans of the extension of additional Proposition 56 funding allocated for supplemental payments for certain dental services for State Fiscal Year (SFY) 2018-19, and to remind DMC plans of the continuation of directed supplemental payments to providers and quarterly reporting to DHCS.

**BACKGROUND:**

Proposition 56 increases the excise tax rate on cigarettes and tobacco products and allocates the resulting revenue, in part, to increase funding for existing health care programs administered by DHCS. For SFY 2017-18, Assembly Bill 120 (Chapter 22, §3, Item 4260-101-3305, Statutes of 2017) appropriated a portion of Proposition 56 funds to be used for directed payments for dental services in DMC.

DHCS previously issued APL 17-007<sup>1</sup> in November 2017 to inform DMC plans of funding allocated for Proposition 56 supplemental payments for SFY 2017-18. DHCS subsequently issued APL 18-010<sup>2</sup> in May 2018 to inform DMC plans that the Centers for Medicare and Medicaid Services (CMS) approved the directed payment arrangement for DMC plans. As instructed, DMC plans have since been making directed Proposition 56 supplemental payments to providers and reporting these payments to DHCS on a quarterly basis.

Senate Bill 856 (Chapter 30, §3, Item 4260-101-3305, Statutes of 2018) appropriated additional Proposition 56 funds for specified DHCS health care expenditures for SFY 2018-19. In September 2018, DHCS received CMS approval to continue Proposition 56

<sup>1</sup> [http://www.dhcs.ca.gov/services/Documents/MDS/2017%20DAPLs/APL%2017-007\\_One\\_Year-Supplemental\\_Payment\\_Prop\\_56.pdf](http://www.dhcs.ca.gov/services/Documents/MDS/2017%20DAPLs/APL%2017-007_One_Year-Supplemental_Payment_Prop_56.pdf)

<sup>2</sup> [http://www.dhcs.ca.gov/services/Documents/MDS/2018%20DAPLs/APL\\_18-010\\_Prop\\_56\\_FINAL.pdf](http://www.dhcs.ca.gov/services/Documents/MDS/2018%20DAPLs/APL_18-010_Prop_56_FINAL.pdf)

supplemental payments for certain dental services provided on or after July 1, 2018 through June 30, 2019. In November 2018, CMS additionally approved the directed payment arrangement for DMC plans for SFY 2018-19.

**POLICY:**

Continuation of Directed Payments

Effective for dates of services on or after July 1, 2018 through June 30, 2019, DMC plans shall continue to make directed Proposition 56 supplemental payments to DMC providers for certain dental services in the following categories: restorative, endodontic, prosthodontic, oral and maxillofacial, adjunctive, visits and diagnostic services.

For SFY 2018-19, the supplemental payment rates for the categories stated above will remain at a rate equal to 40 percent of the Schedule of Maximum Allowances (SMA), unless a proposed change to the procedure code is identified. For the top 26 utilized dental services, including general anesthesia, periodontal, and orthodontia, the supplemental payments will either reflect a specific dollar increase per the identified code or will be a percentage increase above the existing SMA rate. Retroactive payments shall be made to providers as necessary.

The Proposition 56 Supplemental Dental Payments webpage<sup>3</sup> of the DHCS website continues to contain updated resources for DMC plans including hyperlinks to:

- The “Current Dental Terminology (CDT) codes for Proposition 56 Supplemental Payments” table<sup>4</sup> which includes a legend identifying changes in SFY 2018-19.
- The Provider Bulletin (September 2018, Volume 34, Number 21)<sup>5</sup> which includes a comparison of Proposition 56 CDT codes and SMAs for SFYs 2017-18 and 2018-19.

In addition, the Medi-Cal Dental Program Provider Handbook<sup>6</sup> (Section 5) publishes the SMA for all dental procedures.

DMC plans shall communicate information contained within this APL to all DMC providers.

Continuation of Quarterly Reporting

DMC plans shall continue reporting all directed payments made to providers using attached Proposition 56 Directed Payment Report. Reports shall be submitted to DHCS no less than 45 days following the end of the calendar year (CY) quarter. DMC plans shall ensure that each quarterly report is inclusive of all dates of services for which supplemental payments were paid to providers during the CY quarter. Dates of service

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<sup>3</sup> <https://www.dhcs.ca.gov/services/Pages/Proposition-56-Dental.aspx>

<sup>4</sup> [https://www.dhcs.ca.gov/services/Documents/MDSD/Prop%2056/Prop\\_56\\_Codes\\_FY\\_2018-2019.f\\_rs.pdf](https://www.dhcs.ca.gov/services/Documents/MDSD/Prop%2056/Prop_56_Codes_FY_2018-2019.f_rs.pdf)

<sup>5</sup> [https://www.denti-cal.ca.gov/DC\\_documents/providers/provider\\_bulletins/Volume\\_34\\_Number\\_21.pdf](https://www.denti-cal.ca.gov/DC_documents/providers/provider_bulletins/Volume_34_Number_21.pdf)

<sup>6</sup> [https://www.denti-cal.ca.gov/Dental\\_Providers/Denti-Cal/Provider\\_Handbook/](https://www.denti-cal.ca.gov/Dental_Providers/Denti-Cal/Provider_Handbook/)

should be sequenced from oldest to most recent and delineate not only the supplemental payment made for each line entry, but also the total supplemental payments made during the CY reporting quarter.

If you have any questions, please contact [dmcdeliverables@dhcs.ca.gov](mailto:dmcdeliverables@dhcs.ca.gov).

Sincerely,

*Original signed by:*

Alani C. Jackson, MPA  
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