The Department of Health Care Services (DHCS) is pleased to share this bimonthly update of important events and actions at the Department. If you are not a subscriber and would like to receive these updates, please sign up on the DHCS website. Check out the Calendar of Events for specific meetings and events, or visit the Stakeholder Engagement Directory for listings by program. You also can view our State Plan Amendments (SPA), and find the most recent data on Medi-Cal enrollment here. For questions, concerns, or suggestions, contact us at DHCSPress@dhcs.ca.gov. And be sure to follow DHCS on social media, too. Thanks!

**Status Updates on Proposition 56**
The Budget Act of 2018 appropriates a specified portion of the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56) revenue to DHCS for use as the nonfederal share of health care expenditures per the annual state budget process for the 2018-19 state fiscal year (SFY). Senate Bill (SB) 849 (Chapter 47, Statutes of 2018), established the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act Program and appropriates $220 million for a loan assistance program for recently graduated physicians and dentists. The selection of physicians and dentists for participation will be based on the Department’s eligibility criteria, ensuring quality care in the Medi-Cal program, and requiring minimum years of commitment.

DHCS posted public notices announcing its intent to submit State Plan Amendments (SPAs) to the Centers for Medicare & Medicaid Services (CMS) proposing extension of supplemental provider payments for dental services (SPA 18-0024), physician services (SPA 18-0033), the Family Planning, Access, Care, and Treatment (FPACT) program (SPA 18-0031), and Intermediate Care Facilities for Developmentally Disabled (ICF-DD) (SPA 18-0029), all for dates of service of July 1, 2017, through June 30, 2019, except for ICF-DD, which is effective from August 1, 2017, through July 31, 2019. For the abortion and FPACT services, there will be no changes to applicable procedure codes subject to Proposition 56 for 2018-19 state fiscal year. Additionally, DHCS has proposed:
• Increasing reimbursement rates by 50 percent for State Plan Home Health Agency (HHA) services (and sunset the current 1 percent payment reduction) and certain Pediatric Day Health Center (PDHC) services (18-0037), effective July 1, 2018. The proposed rate increase would also apply to HHA services under the approved 1915(i) Home- and Community-Based Services (HCBS) SPA, and the applicable 1915(c) HCBS waivers. In July, DHCS submitted an amendment to CMS for the Home- and Community-Based Alternatives (HCBA) Waiver, In-Home Operations Waiver, and HCBS Developmentally Disabled Waiver.

• Supplemental payments for ICF-DD – Continuous Nursing Care (CNC), which would receive a per-day supplemental payment accounting for an 8.8 percent increase to the ICF DD-CNC ventilator and non-ventilator rates. DHCS has submitted an amendment to the 1915(c) HCBA waiver to implement the supplemental payment as a rate increase. These services are only available through the HCBA waiver, and payments would occur once DHCS receives CMS approval of the amendment, with a proposed effective date of July 1, 2018.

On June 29, 2018, DHCS submitted several managed care directed payment proposals to CMS, two of which requested to extend the physician’s and dental services Proposition 56 supplemental payments for SFY 2017-18 into SFY 2018-19. These proposals are under review at CMS, and DHCS hopes to receive approval by the end of 2018.

Per SB 856 (Chapter 30, Statutes of 2018), Section 44, provision 6, DHCS is developing the qualifying criteria to allocate additional one-time funds to eligible Program of All-Inclusive Care for the Elderly (PACE) organizations. The qualifying criteria will consider administrative and licensing delays during the second year of the transition to the new experience-based rate setting methodology. Also, per SB 856, Section 44, provision 7, DHCS is evaluating the allocation of one-time funding to qualified Community-Based Adult Services (CBAS) programs that demonstrate a need for the one-time funds based upon criteria that include, but are not limited to, operating costs in high-cost areas of the state.

For SFY 2017-18 Proposition 56 payments that continue into SFY 2018-19, providers would continue to receive these payments, however, changes proposed in SFY 2018-19 would be implemented once federal approval is given and applicable system changes are made. For more information on Proposition 56, please visit the DHCS website.

**Medicaid State Plan and State Plan Amendments (SPA)**

Additional SPA proposals, including those related to Proposition 56 supplemental payments, have been posted to the DHCS website. DHCS maintains a public website featuring California’s Medicaid State Plan, as well as SPAs and related public notices. DHCS posts SPA information on three key pages: SPAs recently submitted to CMS are on the Pending State Plan Amendments page; public notices of proposed SPAs that would change statewide methods and standards for Medicaid payment rates are on the
Proposed SPAs page; and SPAs approved by CMS on are the Approved SPAs page. DHCS also maintains the Children’s Health Insurance Program (CHIP) State Plan (Title XXI), which includes pending, approved, and withdrawn CHIP SPAs. For questions or comments, please email publicinput@dhcs.ca.gov.

**United Healthcare**
United Healthcare (UHC) notified DHCS that it intends to exit Sacramento County as a Medi-Cal managed care plan, effective October 31, 2018. There are 4,400 Medi-Cal beneficiaries enrolled in Sacramento County with UHC. UHC agreed to notify enrolled beneficiaries of its withdrawal from Sacramento County via mail by August 1, 2018. DHCS and UHC outreach will inform beneficiaries of their choices, provide continuity of care, and assist them in making the transition. UHC will continue to provide Medi-Cal managed care services in San Diego County.

**Medi-Cal Children’s Health Advisory Panel (MCHAP)**
The next MCHAP meeting is scheduled for October 18, 2018 in Sacramento. The June 28, 2018 meeting included DHCS Director Jennifer Kent’s updates on federal and state developments, a presentation on the Medi-Cal Managed Care Office of the Ombudsman, and continued discussion of how Medi-Cal managed care health plans communicate with beneficiaries. The MCHAP is a 15-member independent statewide advisory body that advises DHCS on matters relevant to children enrolled in Medi-Cal. To view meeting information, materials, or historical documents, please visit the DHCS website.

**Stakeholder Advisory Committee (SAC)**
DHCS will host the next SAC meeting on October 25, 2018, in Sacramento. DHCS held the regularly scheduled SAC meeting on July 18, 2018. The meeting provided updates on the latest federal developments, key components of the network adequacy and managed care final rule implementation, California Children Services and the Whole Child Model, and the Care Coordination Advisory Group. The meeting also provided information on the implementation of the Health Homes Program, Global Payment Program, Home- and Community-Based Alternatives waiver, and Drug Medi-Cal-Organized Delivery System waiver. The purpose of the SAC is to provide DHCS with feedback on health care policy issues affecting the Department, including Section 1115 waiver implementation efforts. SAC members are recognized stakeholders/experts in their fields, including, but not limited to, member advocacy organizations and representatives of various Medi-Cal provider groups. To view meeting information, materials, or historical documents, please visit the DHCS website.

**Medi-Cal Dental Stakeholder Meeting**
The next quarterly Sacramento Medi-Cal Dental Advisory Committee meeting is scheduled for August 2, 2018, and the next Medi-Cal Dental Los Angeles Stakeholder meeting is scheduled for August 16, 2018. Additional stakeholder information is available on the DHCS website.
Dental Transformation Initiative (DTI)
The second payment for Program Year (PY) 2 in Domain 1 (preventive care) is expected to be released by August 10, 2018. Domain 2 (caries risk assessment) outreach continues in collaboration with Delta Dental, the California Dental Association, and other interested parties from the DTI small stakeholder workgroup. The ongoing outreach includes physical office visits, letters, and phone conversations with providers. Domain 3 (continuity of care) outreach efforts continue to focus on increasing safety net clinic participation, including clinics that participate in Domain 1 and are eligible to participate in Domain 3. Domain 3 PY 2 payments were issued on July 9, 2018. For Domain 4, DHCS has executed 13 Local Dental Pilot Project (LDPP) contracts. Invoices continue to be submitted, and payments are being distributed. Currently, $6.46 million has been paid to LDPPs for PY 2017 and $2.5 million has been paid for PY 2018. Teleconferences with all LDPPs continue as an opportunity to educate, provide technical assistance, offer support, and address concerns. The total DTI payments issued to date is approximately $125 million. Additional information about the DTI is available on the DHCS website.

CHHS Open Data Portal
On August 8 and September 6, 2018, DHCS is conducting webinars on How to Find Medi-Cal Dental Data on the Open Data Portal. DHCS continues to add data to the California Health and Human Services Open Data Portal. The portal includes new data sets, such as dental sealant utilization for Medi-Cal beneficiaries and Medi-Cal enrollment data for former foster youth. During these webinars, DHCS will offer a walkthrough of the Open Data Portal to stakeholders, including county representatives, local dental societies, and other interested parties, who register to participate on how to navigate and use the Open Data Portal to obtain Medi-Cal dental data. Webinar registration information is available on the DHCS website.

Network Certification Update
DHCS submitted four network adequacy certification documents to the CMS by the July 1, 2018 submission deadline. These four documents include network certification assurances for Medi-Cal managed care health plans (MCPs), dental managed care plans (DMCs), Drug-Medi-Cal Organized Delivery Systems (DMC-ODS), and mental health plans (MHP). Of the approved MCPs, DMCs, DMC-ODS and MHPs, several were granted conditional approval and have been (or will be) placed under corrective action plans (CAP). The network adequacy standards, certification letters to CMS, alternative access standards, and CAP report can be found on the DHCS website.

Health Homes Program (HHP)
On July 1, 2018, HHP implementation began in San Francisco County for members with eligible chronic physical conditions and substance use disorders. HHP is expected to be fully implemented across 29 counties by January 2020, and will provide services in the following core areas: comprehensive care management; care coordination (physical health, behavioral health, community-based long-term services and supports); health promotion; comprehensive transitional care; individual and family support; and referral
Whole Person Care (WPC) Pilot Program
On July 31, 2018, the WPC lead entities (LE) submitted their Program Year (PY) 3, Quarter 2, enrollment and utilization report. As of March 2018, the WPC program has served a total of 62,269 Medi-Cal beneficiaries. The Q2 report is scheduled to be posted to the WPC web page in August. The WPC program provides locally-based comprehensive care to specific patient groups, coordinating physical health, behavioral health, and social services in a patient-centered manner, improving the health and well-being of beneficiaries through an efficient and effective use of resources. Services target Medi-Cal beneficiaries who are high users of multiple health systems and traditionally have poor health outcomes. Populations served include those who are released from institutions or incarceration, have mental illness or a substance use disorder, or are currently homeless or at risk of homelessness. For more information about the WPC pilot program, please visit the above web page.

Assembly Bill (AB) 340 Trauma Screening Advisory Workgroup
On September 13, 2018, DHCS will host the third meeting of the Trauma Screening Advisory Workgroup in Sacramento. AB 340 (Chapter 700, Statutes of 2017) requires DHCS, in consultation with the California Department of Social Services and other partners, to convene a workgroup to update, amend, or develop, if appropriate, tools and protocols for screening children for trauma as defined within the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit. To view meeting information, materials, or historical documents, please visit the DHCS website. For any questions or comments, please email AB340@dhcs.ca.gov.

Medicaid Managed Care Quality Strategy Report (QSR)
DHCS submitted the final version of the July 2018 managed care QSR to CMS by the July 1, 2018 deadline. The final version of the QSR incorporates stakeholder feedback received during the public comment and tribal review process held from March 26 through April 27, 2018. DHCS developed this report in response to the federal Medicaid Managed Care Final Rule, which requires states to develop a comprehensive managed care quality strategy report. This report covers all Medi-Cal managed care delivery systems, including Medi-Cal managed care plans, county mental health plans, Drug Medi-Cal Organized Delivery Systems, and dental managed care plans. DHCS intends to update the QSR annually to reflect any significant changes. The QSR is posted on the DHCS website.

Global Payment Program (GPP) Midpoint Evaluation Report
On June 29, 2018, DHCS submitted the first of two (midpoint and final) independent evaluation reports to CMS that are required as part of the GPP. The evaluations assess progress toward the GPP goals of promoting value, not volume, by each individual public health care system (PHCS). California’s GPP is a pilot program to support PHCS efforts to provide services to California’s uninsured and to promote the delivery of cost-effective and high-quality care. The GPP establishes a new payment structure that
rewards the provision of care in more appropriate venues, rather than primarily through the emergency department or inpatient hospital settings. The GPP midpoint evaluation report is posted on the DHCS website.

**Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver**

Eight additional counties have been approved to deliver services in the DMC-ODS. The DMC-ODS provides a continuum of care modeled after the American Society of Addiction Medicine (ASAM) criteria for substance use disorder treatment services. Currently, 19 counties are approved to deliver DMC-ODS services. The most recent counties to receive approval are Alameda, Monterey, Orange, Imperial, San Diego, Nevada, Yolo, and San Joaquin. Reports for the first three external quality reviews are being evaluated and include information on the implementation achievements for San Mateo, Riverside, and Marin counties - the first counties to receive reviews from Behavioral Health Concepts, the DMC-ODS external quality review organization. The University of California, Los Angeles (UCLA) is finalizing the year three evaluation of the DMC-ODS, examining access, quality, cost, and integration and coordination of care. ASAM designations continue to be processed for licensed residential alcohol and other drug program providers, with approximately 400 facilities currently holding ASAM designations. More information about the DMC-ODS is available on the DHCS website.

**Medication Assisted Treatment (MAT) Expansion Project**

California’s MAT Expansion Project strategically focuses on populations with limited access to MAT for treating opioid abuse, including rural areas and American Indian and Alaskan Native (AI/AN) communities, and increasing statewide access to buprenorphine. The California Hub and Spoke System (CA H&SS) has expanded the network of contracted spokes to more than 150 providers across 36 counties, and delivered prevention and treatment services to approximately 2,500 patients. The Tribal MAT Project for AI/AN populations is launching in Summer 2018, and includes UCLA’s Project ECHO, tele-MAT with academic detailing, suicide prevention, and MAT Champions. UCLA is also performing an evaluation of all CA H&SS activities and collaborating with the University of Southern California to perform a needs assessment of the Tribal MAT Project. Additionally, DHCS is partnering with Health Management Associates Inc. for the Expanding MAT in County Criminal Justice Settings project, which has selected 23 counties to expand MAT services statewide. Counties will form teams to participate in learning collaboratives and provide technical assistance to jails, drug courts, and diversion programs. More information about the MAT Expansion Project is available on the DHCS website.

**State Opioid Response (SOR) Project**

California’s SOR grant (approximately $138 million over a two-year period) will fund services for the California MAT Expansion Project 2.0 beginning fall 2018. The funding aims to address the opioid crisis by increasing access to MAT by using the three FDA-approved medications - buprenorphine, methadone, and naltrexone - for the treatment of opioid use disorder (OUD) and reducing unmet treatment needs and opioid overdose deaths (ODs). California's populations of focus for the SOR grant are AI/ANs, perinatal, service members/veterans, and youth. All populations of focus have unique cultural and
other needs requiring specific treatment and recovery services. The goal of the project is to increase prevention, treatment, and recovery service activities that include development of additional MAT locations through strategic access points; providing MAT services to special populations; transforming entry points for individuals with an OUD to create effective referrals into treatment; development of coordinated referral systems to better manage high-risk transitions of care (e.g., jail or hospital reentry); engaging prospective and current prescribers to increase provisions of MAT; and enacting overdose prevention activities to prevent opioid misuse and OD deaths. A projected 2,900 uninsured and underinsured individuals will receive direct treatment services for OUDs across the state. More than 270,000 individuals will also be impacted by the grant through efforts to prevent opioid misuse and ODs. Other project activities will concentrate on key points in systems where individuals with an OUD may intersect including primary care, hospitals, substance use disorder providers, county touch points, and criminal justice settings. More information about the MAT Expansion Project 2.0 is available on the DHCS website.

Care Coordination Assessment Project
DHCS began a Care Coordination Assessment Project in 2018 with a systemic review of care coordination across the Medi-Cal delivery system, including an internal review of rules and regulations, and a series of site visit interviews with key informants across the state. The project encompasses the full spectrum of care coordination, including screenings, health assessments, case management, care management (provider and plan driven), data, transitions in care, communication, governance, training, monitoring through meaningful metrics, and other issues. DHCS is convening advisory committee meetings to discuss DHCS’ findings and formulate policy recommendations. After completing the meetings, DHCS will draft a concept paper of proposed policy changes, vet the proposals with stakeholders, and develop timeframes to implement specific policy changes. The advisory committee members were announced in July, and include Medi-Cal stakeholders, such as Medi-Cal managed care plans, counties, providers, sister departments, and Medi-Cal consumer advocates. A list of the advisory committee members is available on the DHCS website. The advisory committee meetings will be held from August through October 2018 in Sacramento. Each meeting will address a specific aspect of care coordination. The public will be able to attend in person, and DHCS will receive public comment. DHCS will post advisory committee materials in advance of the meetings on the above website. For questions or comments, please contact coordinatedcare@dhcs.ca.gov.

California Children’s Services (CCS) Advisory Group (AG) Meeting
On July 11, 2018, DHCS hosted a CCS AG quarterly meeting with stakeholders, including parents and family advocates, to discuss the Phase I implementation of the Whole Child Model (WCM), in six counties. (See related item, below.) Phase I counties and health plans shared their experiences to include best practices contributing to the successful implementation of the WCM, including: frequent and open communications between counties, health plans, and providers; community forums; outreach to families, and provider training. DHCS will host the next quarterly CCS AG meeting on October 10, 2018. This meeting will include discussion topics focused on improving the delivery
of health care to CCS beneficiaries and their families, and improvements to the CCS program statewide. To view CCS AG meeting agendas, presentations, and meeting materials, please visit the DHCS website.

**Whole Child Model (WCM) Implementation**

Combined care services for children under the WCM began on July 1, 2018 in six counties. Under SB 586 (Chapter 625, Statutes of 2016), the WCM program was established for children enrolled in both Medi-Cal and the CCS program. The program will ultimately be implemented in 21 counties that are served by five county organized health systems (COHS). Managed care plans impacted by the WCM program will assume full financial responsibility, which includes service authorization, claims processing and payment, case management, and quality oversight. The program will be implemented in two phases among the five managed care plans. Phase I WCM implemented on July 1, 2018, in three managed care plans: Central California Alliance for Health, CenCal, and Health Plan of San Mateo. Currently, DHCS is completing readiness activities for Phase II with the two remaining COHS plans, Partnership Health Plan and CalOptima, for an anticipated implementation date of January 1, 2019. More information about the WCM can be found on the DHCS website.

**CCS Performance Measures Quality Subcommittee Webinar**

The CCS Performance Measures Quality Subcommittee completed a review of technical data specifications for performance measures and will share a finalized document with stakeholders for comment in the fall. Beginning in January 2018, DHCS hosted the first of seven monthly CCS performance measure quality subcommittee webinars. The subcommittee's goal is to create standardized technical data specifications for a menu of performance measures that could be considered for use across multiple programs to include the 1115 waiver, CCS plan and fiscal guidelines, and the WCM. Over the course of the webinars, committee members and stakeholders discussed standardized technical data specifications in the following categories: access to care, coordination of care, family participation, quality of care, and transition services. Technical specifications will be finalized in fall 2018 and distributed to stakeholders. To view all webinar agendas and presentations, or for more information, please visit the DHCS website.

**Transition for Pediatric Palliative Care (PPC) Waiver Services**

DHCS is working with CMS on an extension of the PPC waiver, with the intent to terminate the waiver on December 31, 2018. DHCS is implementing a transition plan that facilitates a warm handoff for PPC waiver beneficiaries to either the managed care or fee-for-service (FFS) delivery systems prior to January 1, 2019. The transition plan ensures freedom of choice while educating beneficiaries about managed care benefits, and notifies them of the upcoming transitions. Pediatric palliative care services are available for Medi-Cal beneficiaries under EPSDT services. DHCS is working directly with stakeholders, including current PPC waiver providers, county PPC waiver staff, and local FFS providers to facilitate these transitions.
Assisted Living Waiver (ALW)

The fiscal year 2018-19 Budget Act authorized DHCS to add 2,000 additional slots to the ALW, at a 60/40 ratio of institutional transitions to community transitions. The ALW was developed to test the efficacy of assisted living as a Medi-Cal benefit. DHCS is submitting a technical waiver amendment to CMS to secure federal approval to add 2,000 slots to the ALW, bringing the total to 5,744 slots available for beneficiaries who are able to remain in a community setting with assistance but otherwise might have to receive institutionalized care. The amendment will be effective on July 1, 2018, upon CMS approval. More information about the ALW waiver can be found on the DHCS website.

Non-Medical Transportation (NMT)

Beginning on July 1, 2018, NMT became available for FFS beneficiaries with appointments for medical, dental, mental health, and substance use disorder services, or who need to pick up prescriptions or medical supplies or equipment, and who attest they do not have other forms of transportation available to them. DHCS continues to encourage and assist non-emergency medical transportation providers and other transportation providers by offering technical assistance on how to submit their supplemental provider application to DHCS to be added as NMT providers. Medi-Cal beneficiaries with managed care receive NMT services from their health plan for both plan-covered and carved-out benefits.

Diabetes Prevention Program (DPP)

AB 1810 (Chapter 34, Statutes of 2018) mandated changes to the DPP eligibility criteria to align with the federal Centers for Disease Control and Prevention. DHCS has made the appropriate policy changes to conform to AB 1810 and expects the policy to be published in a Provider Bulletin and in the Medi-Cal Provider Manual by fall 2018. Additional information about the DPP is available on the DHCS website.

Pharmacy FFS Reimbursement Changes for Covered Outpatient Drugs

As outlined in California’s State Plan Amendment 17-002, DHCS is implementing a new FFS reimbursement methodology for covered outpatient drugs. Although the policy effective date mandated by CMS is April 1, 2017, it will take the state’s fiscal intermediary additional time to update the claims processing system to reimburse using the new methodology. DHCS anticipates that the system changes will be implemented in late 2018. After system implementation, DHCS intends to make retroactive adjustments for all claims with dates of service between the policy effective date of April 1, 2017 and the date of system implementation. DHCS will engage stakeholders in the upcoming months regarding how these claim adjustments will be rolled out. Additional information is available on the DHCS website.

Rady Children’s Hospital – San Diego Pilot Demonstration

On July 1, 2018, Rady Children’s Hospital-San Diego (RCHSD) and DHCS implemented a pilot demonstration for seriously ill children. Through this demonstration,
RCHSD will provide comprehensive health care services through an Accountable Care Organization (ACO) model to CCS-eligible beneficiaries in San Diego County with five specific diagnoses – hemophilia, cystic fibrosis, sickle cell disease, acute lymphoblastic leukemia, and diabetes types 1 and 2 (ages 1-10 years).

**Medi-Cal Local Assistance Appropriation Estimate for Fiscal Year 2018-19**
Both the Medi-Cal and Family Health Estimates have been updated to reflect the approved budget for fiscal year 2018-19. The May 2018 Estimate, as submitted to the Legislature, and the Appropriation Estimate, which include the changes made in the final budget and summary tables, can be found on the DHCS website.

**Mobile Vision Pilot Program**
Through SB 870 (Chapter 40, Statutes of 2014), DHCS established a three-year mobile vision pilot program in Los Angeles County to expand vision services at school sites using mobile vision service providers. Since ending the pilot in January 2018, DHCS conducted an evaluation of the program. To view the evaluation, please visit the DHCS website.

**Medi-Cal Monthly Enrollment Fast Facts**
DHCS produces the Fast Facts document to disseminate information about Medi-Cal’s certified eligible population on a monthly basis. Fast Facts presents a high-level graphical overview of certified eligible Medi-Cal enrollment in the most recent reportable month by basic demographic and administrative characteristics, such as age group, race/ethnicity, eligibility pathway, and delivery system participation. The Fast Facts document was designed to provide Medi-Cal stakeholders with the most current reportable eligibility information, making use of visual displays to convey meaningful information. The certified counts presented in the Fast Facts document are considered preliminary and subject to change. The counts incorporate three months of Medi-Cal eligibility updates, and approximately 99.2 percent of all Medi-Cal-certified eligibles for the most recent month displayed. A specific month’s enrollment count is considered complete for statistical reporting purposes 12 months after the month’s end. For example, the January 2018 month of eligibility would be reported in April 2018, which allows the January 2018 month of eligibility to be updated in February, March, and April. This may include retroactive adjustments as well as other eligibility adjustments that occur throughout the three-month period. To view Fast Facts and other research produced by DHCS, please visit the DHCS website.