

DEPARTMENT OF HEALTH CARE SERVICES (DHCS) TRIBAL AND DESIGNEES OF INDIAN HEALTH PROGRAMS QUARTERLY WEBINAR ON PROPOSED CHANGES TO THE MEDI-CAL PROGRAM

February 27, 2026

Questions and Answers

California Advancing & Innovating in Medi-Cal (CalAIM) Section 1115 Demonstration Renewal

1. **Question:** How will the housing component be covered under recuperative care?

DHCS Response: As recuperative care transitions from the Section 1115 waiver to the In Lieu of Services (ILOS) authority, room and board can no longer be explicitly covered as part of the service. Under the 1115 waiver, room and board were included in the service definition and reflected in the payment rate. Under ILOS, those costs cannot be directly incorporated into the rate.

However, as DHCS makes this transition, the department is also updating and redesigning several components of the service. This work includes reviewing national standards, engaging with recuperative care and short-term post-hospitalization housing providers, and evaluating current program requirements. DHCS is also considering updates such as additional clinical standards, defined clinical staffing requirements, enhanced care coordination, and medical monitoring.

As a result, although room and board will no longer be included, the remaining service components may become more clinically intensive than they are today. DHCS will update the overall payment rate to reflect these changes.

DHCS does not set payment rates for these services. Instead, Managed Care Plans (MCPs) negotiate rates directly with community supports providers. To support these negotiations, DHCS publishes non-binding pricing guidance that plans and providers may use as a benchmark when developing payment rates.

2. **Question:** During your presentation on traditional healing and natural helpers, you mentioned that the state would like to retain the authority to expand the benefit beyond substance use disorder (SUD) services within the Drug Medi-Cal Organized Delivery System (DMC-ODS). Could you provide more information about what the state intends by that? Tribal leaders and organizations, including the California Rural Indian Health Board (CRIHB) and California Consortium for Urban Indian Health (CCUIH), have expressed strong interest in this area, so it would be helpful to understand the state's thinking.

DHCS Response: Under the current Section 1115 waiver Special Terms and Conditions (STCs) and the federal approval letter, DHCS is authorized to implement traditional healers and natural helpers within DMC-ODS for individuals receiving services for substance use disorder.

However, the STCs also provide federal authority that could allow DHCS to expand eligibility for traditional healer and natural helper services to additional populations or health conditions beyond the DMC-ODS program. DHCS intends to retain this authority and flexibility so that the state has the option to explore potential future expansion outside of the DMC-ODS delivery system.

At this time, DHCS is not proposing to expand the benefit beyond DMC-ODS. Instead, the department plans to continue testing the benefit within the DMC-ODS program. DHCS recognizes the strong interest from tribes and tribal organizations in expanding access to traditional healing services across other delivery systems and conditions. Retaining this authority would allow the state to consider such expansion in the future, subject to the state budget and policy decision-making process.

3. **Question:** Regarding the uncompensated care language, is there an opportunity to expand it to include services that may be eliminated due to the state's potential budget constraints? For example, if future benefits are reduced or eliminated

following the May Revision or other budget decisions, could those services be incorporated into the uncompensated care waiver?

DHCS Response: At this time, the department cannot commit to expanding the language to include future eliminated benefits. However, the department strongly encourages Tribal Partners to submit written feedback if they would like to further develop this proposal. DHCS will also note this comment as feedback received during today's discussion.