



August 25, 2023

To: Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations

Subject: Notice of Proposed Change to the Medi-Cal Program

The purpose of this letter is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

### **QUESTIONS AND COMMENTS**

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to [TargetedRateIncreases@dhcs.ca.gov](mailto:TargetedRateIncreases@dhcs.ca.gov) or by mail to the address below.

### **Contact Information**

Department of Health Care Services, Fee-For-Service Rate Development Division  
1501 Capitol Avenue MS 4600  
P.O. Box 997417  
Sacramento, CA 95899-7417

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Urban Indian Organizations

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In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may request a consultation on this proposal at any time as needed.

Sincerely,

Original Signed by

Andrea Zubiato, Chief  
Office of Tribal Affairs  
Department of Health Care Services

Enclosure



## **Department of Health Care Services (DHCS) Tribal and Designees of Indian Health Programs Notice**

### **PURPOSE**

To seek federal approval to increase Medi-Cal reimbursement rates for primary care, obstetric, and non-specialty outpatient mental health services effective for dates of service on or after January 1, 2024.

### **BACKGROUND**

Assembly Bill (AB) 119 (Chapter 13, Statutes of 2023) authorized a Managed Care Organization (MCO) Provider Tax, effective April 1, 2023 through December 31, 2026. Subject to federal approval, MCO tax revenues will be used to support the Medi-Cal program, including the reimbursement rate increases described herein.

Pursuant to the 2023 Budget Act and Assembly Bill (AB) 118 (Chapter 42, Statutes of 2023), and Welfare and Institutions Code section 14105.201, DHCS will provide reimbursement rate increases for specified services, as described further below, for dates of service on or after January 1, 2024.

### **SUMMARY OF PROPOSED CHANGES**

DHCS will establish rates for the services listed below at the greater of: 87.5% of the lowest maximum allowance as established by the federal Medicare program for the same or similar service in California; or the rate, inclusive of eliminating AB 97 provider payment reductions and incorporating applicable Proposition 56 supplemental payments into the base rate, in effect on December 31, 2023. For eligible services that do not have a rate established by Medicare, DHCS will determine the approximate rate of which to calculate 87.5%.

Services eligible for the rate increase:

- Primary care services, including those provided by nurse practitioners and physician assistants professionals, billed using the Health Insurance Claim Form (CMS-1500)
- Obstetric care services, including doula services
- Non-specialty outpatient mental health services

Providers eligible for the rate increase:

- Physician, nurse practitioners, and physician assistants with a primary care, psychiatric, obstetric, or related provider taxonomy established by the National Uniform Claim Committee providing primary care services
- Providers of obstetric and non-specialty outpatient mental health services

### **IMPACT TO TRIBAL HEALTH PROGRAMS (THPs)**

Tribal Health Program (THP) providers providing the services described above, when paid at the Fee-For-Service rate outside of the All-Inclusive Rate (AIR) or Tribal Federally Qualified Health Center (FQHC) Alternative Payment Methodology, will be able to receive the increased reimbursement rates described above for those services, contingent on federal approval.

**IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)**

FQHCs providing services described above, when paid at the Fee-For-Service rate outside of the Prospective Payment System, will be able to receive the increased reimbursement rates described above for those services, contingent on federal approval.

**IMPACT TO INDIAN MEDI-CAL BENEFICIARIES**

Indian Medi-Cal members may have increased access to these benefits which is expected to improve health outcomes for those receiving services.

**RESPONSE DATE**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of this notice. Comment may be sent by email to [TargetedRateIncreases@dhcs.ca.gov](mailto:TargetedRateIncreases@dhcs.ca.gov) or by mail to the address below.

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