



Michelle Baass | Director

DATE: April 24, 2026

ALL PLAN LETTER 26-007
SUPERSEDES ALL PLAN LETTER 19-001

TO: ALL MEDI-CAL MANAGED CARE PLANS

SUBJECT: MEDI-CAL MANAGED CARE PLAN GUIDANCE ON NETWORK PROVIDER AGREEMENTS

PURPOSE:

The purpose of this All Plan Letter (APL) is to provide guidance to Medi-Cal managed care plans (MCPs) regarding how the Department of Health Care Services (DHCS) evaluates Network Provider status in order to promote consistency between federal regulations, the MCP Contract, state law, APLs, and similar instructions. It is the general intention of DHCS to apply this policy related to Network Provider contracting requirements in a standardized manner, to the extent appropriate, across relevant contexts, including Network Provider Agreements, Subcontractor Agreements, and Downstream Subcontractor Agreements; Provider directory reporting; Network adequacy certification; and directed payments pursuant to Title 42 of the Code of Federal Regulations (CFR) Section 438.6(c).¹

BACKGROUND:

In federal regulations, the Centers for Medicare & Medicaid Services (CMS) separately defines Subcontractors and Network Providers.² The MCP Contract further differentiates between Subcontractors, who enter into Subcontractor Agreements directly with MCPs, and Downstream Subcontractors, who enter into Downstream Subcontractor Agreements with Subcontractors or other Downstream Subcontractors. The MCP Contract also sets out subtypes of Subcontractors based on the duties that they assume, namely Fully Delegated Subcontractors, who assume all contractual duties and obligations of the MCP³; Partially Delegated Subcontractors, who assume some, but not

¹ 42 CFR, Part 438 is available at: <https://www.ecfr.gov/cgi-bin/text-idx?SID=1e1bce051e31df7ab188a92eff8209bf&mc=true&node=pt42.4.438&rgn=div5>.

² See 42 CFR 438.2, "Definitions."

³ However, as set out in the MCP Contract, some contractual duties and obligations cannot be delegated. The boilerplate MCP Contract is available at: <https://www.dhcs.ca.gov/provgovpart/Documents/Managed-Care-Boilerplate-Contract.pdf>.



all, contractual duties and obligations of the MCP; and Administrative Subcontractors, who only assume administrative contractual obligations of the MCP.⁴

Additional guidance on what constitutes an eligible Network Provider for directed payment programs is set forth on the DHCS Directed Payments web page.⁵

POLICY:

Effective 90 days from the publication date of this APL, MCPs must ensure that their Network Provider Agreements comply with the requirements in this superseding APL (a) at the next opportunity to renew the Network Provider Agreement, or (b) by December 31, 2027, whichever is earlier. To the extent applicable, MCPs must ensure that their Subcontractors and Downstream Subcontractors are also in compliance.

I. Required Characteristics of Network Providers

Network Providers, as defined in 42 CFR section 438.2 and the MCP Contract in Exhibit A, Attachment I, Article 1.0 (Definitions), are:

- Enrolled in the Medi-Cal program and credentialed and recertified as applicable in accordance with APL 22-013⁶ and the Medi-Cal Managed Care Provider Enrollment Frequently Asked Questions (FAQ) document attached to that APL, unless enrollment is not required as specified by DHCS; and
- Holders of an executed written Network Provider Agreement with an MCP, Subcontractor, or Downstream Subcontractor that meets all the requirements set forth in the MCP Contract, Attachment A to this APL, and all other relevant authorities.

MCPs must meet specific reporting requirements pertaining to Network Providers, including:

- The MCP's 274 file submitted to DHCS, for all applicable filings, must include all Network Providers in accordance with APL 16-019 and the most recent DHCS 274 Companion Guide; and

⁴ The terms "Network Provider", "Network Provider Agreement", "Subcontractor", "Subcontractor Agreement", "Fully Delegated Subcontractor", "Partially Delegated Subcontractor", "Administrative Subcontractor", "Downstream Subcontractor", "Downstream Subcontractor Agreement", "Downstream Fully Delegated Subcontractor", "Downstream Partially Delegated Subcontractor", and "Downstream Administrative Subcontractor" are defined in the MCP Contract at Exhibit A, Attachment I, Article 1.0 (Definitions).

⁵ The DHCS directed payment web page is available at:

<https://www.dhcs.ca.gov/services/Pages/DirectedPymts.aspx>.

⁶ APLs are available at: <https://www.dhcs.ca.gov/formsandpubs/Pages/AllPlanLetters.aspx>.

- Network adequacy filings must include all relevant Network Providers that are within the effective dates of their Network Provider Agreements for the Network adequacy assessment period, in accordance with APL 23-001.

When DHCS references “Network Providers” in guidance, information, instruction, or communications, it refers to Providers who meet the criteria outlined in this APL, unless expressly noted otherwise. MCPs must use the guidance provided in this APL and the checklist provided in Attachment A to ensure compliant Network Provider Agreement templates before submitting to DHCS for review and approval. Note that this APL, including its attachment, is not an exhaustive list of all MCP duties related to Network Providers, and it is not intended to alter or limit an MCP’s statutory and/or contractual obligations, nor does it limit an MCP’s oversight obligations. MCPs are responsible for complying with all applicable state and federal law and MCP Contract requirements as well as DHCS guidance, including all applicable APLs and Policy Letters (PLs).

A Provider who does not meet the criteria for a Network Provider must not be reported on the 274 file or as part of the MCP’s Network adequacy filings.

II. Written Network Provider Agreement Requirements

In order to ensure alignment with the DHCS criteria for Network Providers across applicable settings, all MCPs must ensure that their Network Provider Agreements comply with applicable MCP Contract requirements.^{7,8}

In accordance with the MCP Contract and 22 California Code of Regulations (CCR) section 53250, MCPs must submit to DHCS all Network Provider Agreement templates, and any proposed amendments thereto, for review and approval before use.⁹ A checklist of required elements for these agreements is included as Attachment A of this APL. Where an MCP’s relationship with a Network Provider includes one or more Subcontractors, Downstream Subcontractors, or a hospital to hospital agreement, each Subcontractor

⁷ In addition, model contract language for Intermediate Care Facility for Developmentally Disabled (ICF/DD) is available at: <https://www.dhcs.ca.gov/Documents/MCQMD/ICFDD-Model-Contract-Language-11-2023.pdf>.

⁸ In addition, contract template provisions for Enhanced Care Management and Community Supports are available at: <https://www.dhcs.ca.gov/Documents/MCQMD/MCP-ECM-and-ILOS-Contract-Template-Provisions-05282021.pdf>.

⁹ The CCR is searchable at: <https://govt.westlaw.com/calregs/Search/Index>.

Agreement and Downstream Subcontractor Agreement that links the MCP to the Network Provider must also comply with all applicable state and federal law and MCP Contract requirements as well as DHCS guidance, including all applicable APLs and PLs, in particular, but not limited to, those in the MCP Contract at Exhibit A, Attachment III, Section 3.1 (Network Provider Agreements, Subcontractor Agreements, Downstream Subcontractor Agreements, and Contractor's Oversight Duties) and APL 23-006.

III. DHCS Review and Approval of Network Provider Agreement Template Compliance

As stated above, MCPs must submit Network Provider Agreement templates to DHCS for review and approval prior to use in accordance with the requirements in this APL and the MCP Contract. MCPs must also comply with all applicable state and federal laws and regulations, MCP Contract requirements, and other DHCS guidance, including APLs and PLs, as they relate to Network Provider requirements and Network Provider Agreements.

Within 60 calendar days of receipt, DHCS will make all reasonable efforts to approve in writing the use of all Network Provider Agreement templates.

IV. Directed Payment Impacts

All MCPs must comply with the terms of all directed payments approved by CMS in accordance with 42 CFR section 438.6(c), as documented in CMS-approved preprints, state law, and/or as implemented by DHCS through APL or other similar guidance. All such guidance is available on the DHCS Directed Payments web page.¹⁰ If a Network Provider Agreement does not meet the Network Provider criteria set forth in this APL and/or in DHCS guidance regarding directed payments for directed payments applicable only to Network Providers, the services provided under that agreement will not be eligible for directed payments. For pooled directed payments where DHCS retrospectively calculates final payments based on the actual reported utilization of eligible services, MCPs must continue to provide supplemental Encounter/service-level data, in a manner and at times specified by DHCS. This information will aid in identifying the subset of services provided under a Network Provider Agreement that meet the Network

¹⁰ The DHCS Directed Payments web page is available at:
<https://www.dhcs.ca.gov/services/Pages/DirectedPymts.aspx>.

Provider criteria set forth in this APL, the MCP Contract, and/or in DHCS guidance regarding directed payments.

MCP Responsibilities for Policies and Procedures, Subcontractors, and Enforcement Actions

MCPs must review their contractually required policies and procedures (P&Ps) to determine if amendments are needed to comply with this APL. If the requirements contained in this APL, including any updates or revisions to this APL, necessitate a change in an MCP's contractually required P&Ps, the MCP must submit its updated P&Ps to the Managed Care Operations Division (MCP Submission Portal)¹¹ within 90 calendar days of the release of this APL. If an MCP determines that no changes to its P&Ps are necessary, the MCP must attach an attestation to the Portal within 90 calendar days of the release of this APL, stating that the MCP's P&Ps have been reviewed and no changes are necessary. The attestation must include the title of this APL as well as the applicable APL release date in the subject line.

MCPs are responsible for ensuring that their Subcontractors, Downstream Subcontractors, and Network Providers comply with all applicable state and federal laws and regulations, MCP Contract requirements, and other DHCS guidance, including APLs and PLs. These requirements must be communicated by each MCP to all Subcontractors, Downstream Subcontractors, and Network Providers. DHCS may impose enforcement actions, including Corrective Action Plans (CAP), as well as administrative and/or monetary sanctions for non-compliance. MCPs should review their Network Provider Agreements, Subcontractor Agreements, and/or Downstream Subcontractor Agreements to ensure compliance with this APL.

For additional information regarding enforcement actions, see APL 25-007. Any failure to meet the requirements of this APL may result in enforcement actions.

¹¹ The MCP Submission Portal is located at: <https://cadhcs.sharepoint.com/sites/MCPSubmissionPortal/SitePages/Home.aspx>.

If you have any questions regarding this APL, please contact your MCO Contract Manager.

Sincerely,

Original Signed by Dennis Hsieh

Dennis Hsieh, Chief
Managed Care Quality and Monitoring Division