

April 11, 2024

RE: Equity and Practice Transformation Payments Program (EPT) Medi-Cal Managed Care Plan (MCP) Initial Planning Incentive Payments

To EPT MCP Stakeholders:

As part of our ongoing commitment to transparency and effective communication, DHCS would like to share and provide clarity on the criteria and methodology followed to determine the EPT Initial Planning Incentive Payments to MCPs.

The two milestones for the Initial Planning Incentive Payments were allocated leveraging two different statewide pool amounts based on the total available incentive dollars of \$25,000,000. Milestone one was allocated one third of the dollars and milestone two was allocated two thirds of the dollars. The data leveraged to determine MCP's milestone achievement was data directly provided by MCPs to DHCS. The criteria to determine qualifying providers that MCPs partnered with for each milestone in the MCP EPT Initial Planning Incentive Payments are:

**Milestone 1:** Complete the standard provider readiness assessment tool (1/3<sup>rd</sup> of total available incentive dollars)

Qualifying providers were the small- to medium-sized independent practices, as defined below, who shared their phmCAT with MCPs in CY 2023. Each site level or individual phmCAT results shared with MCPs qualified regardless of whether the provider ultimately applied to the EPT Provider Directed Payment Program.

**Milestone 2:** Submit an EPT Provider Directed Payment Program formal application. (2/3<sup>rd</sup> of total available incentive dollars)

Qualifying providers were the small- to medium-sized independent practices, as defined below, who applied to the EPT Provider Directed Payment Program. Providers who were in HPI Index Quartile 1 zip codes were allocated an additional weight of 25%.

Small- to medium-sized independent practices were defined as independent providers who have under 50 full time equivalent clinicians and are not associated with a health care system.

“Associated with a health care system” means wholly owned, governed, and/or operated by any of the following:

- i. Designated Public Hospitals (DPHs),
- ii. County operated healthcare systems
- iii. Level I or II trauma centers
- iv. Federally Qualified Health Centers (not including Indian Health Services or rural practices as defined below), and/or
- v. Cost-Based Reimbursement Clinics.

“Independent” is defined as a practice that does not meet the above definition defined in the above definition of a practice “associated with a health care system”.

Indian Health Services are defined as tribal health programs broadly and rural practices may include (1) Rural Health Centers (as designated by CMS), (2) FQHCs in rural areas (thus an exception to the FQHC exclusion), and/or (3) practices located in rural areas.

Thank you for your continued commitment to the EPT program.