THE MCP-HUB TOOLKIT

A Resource for MCPs and CalAIM Providers

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

OVERVIEW

In partnership with the Department of Health Care Services (DHCS) and the California Health Care Foundation (CHCF), Aurrera Health Group developed a toolkit with guidance applicable to Medi-Cal Managed Care Plans (MCPs) and "community care hub" organizations (Hubs). Hubs are entities that serve as intermediaries between Medi-Cal MCPs and community-based organizations (CBOs) and Providers that deliver services to address health related social needs (HRSNs).

DHCS encourages the use of Hubs to the extent it reduces barriers for CBOs, community-based Providers, and other Providers that address HRSNs to contract with MCPs and participate in the Medi-Cal delivery system. Partnering with Hubs can create operational efficiencies for MCPs and Providers, expand Networks by enabling community-based, diverse Providers to participate in Medi-Cal, and support coordinated delivery of Medi-Cal benefits.

TOOLKIT USER GUIDE

This toolkit is intended for MCPs, existing Hubs, and organizations interested in becoming Hubs to support the delivery of Medi-Cal services. It includes a series of modules that highlight opportunities, basic requirements, considerations, and provide practical tools to support MCPs and Hubs to operationalize voluntary contracting partnerships.

This toolkit includes the following sections:

After reading the toolkit, readers will understand:

- The value of Hubs in facilitating connections between MCPs and Networks of Providers and individual Providers and reducing the burden of contracting.
- General functions offered by Hubs.
- Existing requirements MCPs must adhere to when contracting with Hubs.
- MCP compliance and oversight responsibilities.

Notes

- DHCS encourages but does not require MCPs to contract with Hubs.
- The toolkit **does not include new policy or introduce new requirements** for MCPs but elevates existing guidance relevant to MCPs and Hubs interested in partnering for the administration and delivery of a host of Medi-Cal services including, but not limited to, Enhanced Care Management (ECM), Community Supports, Community Health Worker (CHW) services, and Doula services.

- DHCS acknowledges that it may take time for existing Hubs and MCPs with established relationships to ensure all Subcontractor, Downstream Subcontractor, and Network Provider requirements are met, as applicable. MCPs are encouraged to contact their DHCS Contract Managers to request technical assistance for ensuring prompt compliance with Subcontractor, Downstream Subcontractor, and Network Provider requirements as outlined in the MCP's contract with DHCS (MCP Contract), as applicable. If you have any other related questions, please contact your DHCS Contract Manager.

Webinar

MCP-Hub Partnerships: Toolkit for Plans and CalAIM Providers Informational Webinar

January 16, 2026, 1:00–2:30pm

- Presentation Slides
- Webinar Recording (Aurrera Health Group)

Resource Library

- Managed Care All Plan Letters (APLs)
- APL 23-032: Enhanced Care Management Requirements
- APL 21-017: Community Supports Requirements
- APL 24-006: Community Health Worker Services Benefit
- APL 23-024: Doula Services
- Exploring Emerging Medi-Cal Community Care Hubs: Describes the current landscape of existing and emerging Hubs in Medi-Cal.
- 2024 MCP Boilerplate Contract
- PHM Policy Guide
- Medi-Cal Provider Manual
    - Community Health Worker Preventive Services
    - Doula Services
- DHCS Resources for Community Health Workers
- DHCS Resources for Doula Services
- ECM Policy Guide
- Community Supports Policy Guide
- Community Supports Policy Guide Volume 2
- MCP ECM and Community Supports Contract Template Provisions
- ECM and Community Supports Provider Standard Terms and Conditions
- ECM and Community Supports Billing and Invoicing Guidance
- Member-Level Information Sharing Between MCPs and ECM Providers
- ECM Referrals Standards and Form Templates
- Community Supports Member Information Sharing Guidance
- Closed-Loop Referral Implementation Guidance
- Flexible Housing Subsidy Pools Technical Assistance Resource
- CalAIM Data Sharing Authorization Guidance

MODULE 1: FUNCTIONS OF A HUB

Section 1: Overview

Module 1 describes example Hub functions and spotlights existing Hubs in California to demonstrate how Hubs can facilitate connections between Medi-Cal Managed Care Plans (MCPs) and Providers.[1]

After reviewing Module 1, Medi-Cal MCPs and Hubs will have a better understanding of:

- Organizations that may function as a Hub.
- Example functions offered by Hubs.
- Examples of Hubs currently operating in California.

Module 1 Key Takeaways

- Hubs are entities that centralize administrative functions for Medi-Cal Providers that address Health-Related Social Needs (HRSNs).
- Many kinds of organizations may function as a Hub.
- Functions offered by Hubs vary by organization and are ultimately determined through discussions between MCPs, Providers, and the Hub.
- **Note:** Hubs operate within the existing Medi-Cal Managed Care contracting structure and DHCS does not certify Hub organizations. See Module 2 for more information.

Section 2: Example Hub Organizations and Functions

Example Hub Organizations

Entities that may function as a Hub include, but are not limited to:

- Community-Based Organizations (CBOs)
- County health departments
- Administrative Services Organizations (ASOs)/Third Party Administrators (TPAs)/Management Services Organizations (MSOs)

[1] Per the MCP Contract, Provider means any individual or entity that is engaged in the delivery of services, or ordering or referring for those services, and is licensed or certified to do so.

- Independent Physician Associations (IPAs)
- Medical Groups
- Federally Qualified Health Center (FQHC) consortia
- Non-profit organizations
- For-profit organizations

Example Hub Functions

The functions offered by Hubs vary by organization and are ultimately determined through discussions between MCPs, Providers, and the Hub. While many Hubs hold direct contracts with MCPs, others provide centralized services to organizations downstream from service delivery. Some Hubs also offer direct services to Medi-Cal Members in addition to their administrative functions.

Table 1 below outlines examples of functions that Hubs provide. Beyond these functions, many Hubs offer additional services, including but not limited to, advanced operational standardization, technical capabilities such as integrated electronic health records (EHRs), Member engagement, and the provision of direct services to Medi-Cal Members.

Table 1.1: Example Hub Functions

Function	Example
Centralized Provider Contracting and Network Management	Supports centralized contracting and Network management, such as to: - Hold contracts with multiple Provider organizations. - Provide readiness and onboarding support to Provider organizations. - Engage, recruit, and manage the Network to ensure the quality of services delivered to Members across the Network, including engaging Providers through participatory governance structures. - Build Provider capacity by providing training and technical assistance. - Foster partnerships between the MCP, Providers, and CBOs to coordinate care delivery and advance health equity.

Function	Example
Streamlined Payment Operations for Medi-Cal Direct Service Providers	Supports efficient billing and payment process for contracted Providers, such as to: » Support contracted Providers to submit compliant electronic claims. » Streamline Provider billing and payment processes.
Data Infrastructure	Supports MCPs to conduct performance monitoring and improvement activities, such as to: » Establish quality and performance metrics, a system for monitoring performance, and quality assurance tools and processes. » Provide clinical support and training designed to improve quality of care. » Facilitate peer learning opportunities to promote cross-sector collaboration.
Performance and Quality Management	Supports MCPs to conduct performance monitoring and improvement activities, such as to: » Establish quality and performance metrics, a system for monitoring performance, and quality assurance tools and processes. » Provide clinical support and training designed to improve quality of care. » Facilitate peer learning opportunities to promote cross-sector collaboration.

Section 3: Hub Spotlight

Hubs operating in California currently offer an array of functions and add-on services. Figure 1 spotlights organizations serving as a Hub that have existing contracts or Business Associate Agreements (BAAs) with one or more MCPs and Providers to support the provision of Medi-Cal benefits. For more information about Hubs, including examples of Hubs currently operating in the state, please refer to the California Health

Care Foundation (CHCF) publication Exploring Emerging Medi-Cal Community Care Hubs.

Figure 1: Hub Spotlight

Los Angeles County leverages existing county infrastructure, including a care management system and referral management processes, to administer ECM and Community Supports services to eligible Medi-Cal Members within the county system. The county is contracted with all six county MCPs to administer Community Supports, and with two county MCPs to administer ECM. This program initially relied on braiding and blending funds from initiatives like Measure H and the Whole Person Care pilot and is sustained by new investments through the Incentive Payment Program and Providing Access and Transforming Health Capacity and Infrastructure Transition, Expansion, and Development Initiative in addition to ongoing braided funding that includes Measure H/A and CalAIM Community Supports.

Integrated Health Partners of Southern California (IHP) is a clinically integrated Network of Federally Qualified Health Centers providing ECM services in Riverside and San Diego counties. IHP contracts with three of the local MCPs and centralizes contracting, referrals, claims, billing, and training for FQHCs in their Network. As a risk-bearing organization, IHP is focused on improving quality measures and Member outcomes.

Aliados Health is a non-profit regional consortium that supports community health centers across six Northern California counties. Operating as an Administrative Services Entity since 2023, Aliados Health has a BAA with an MCP and contracts with 13 organizations, including health centers, local government and community-based social service Providers that provide ECM and/or Community Supports services, to support onboarding, training, documentation, invoicing, reporting, quality oversight, audits, and advocacy. Aliados is developing similar support services for the Medi-Cal CHW benefit.

MODULE 2: OPERATIONALIZING MCP-HUB PARTNERSHIPS

Section 1: Overview

Module 2 describes existing Medi-Cal Managed Care Plan (MCP) contracting requirements in the context of MCP-Hub relationships, and includes information on:

- Contracting considerations for MCPs and Hubs.
- Delegation.
- Types of contracts between MCPs and Hubs.
- Legal authorities.
- Considerations specific to Enhanced Care Management (ECM), Community Supports, Community Health Care Worker (CHW) services, and Doula services.

After reviewing Module 2, MCPs and Hubs will have a better understanding of:

- Existing requirements that apply to MCP-Hub partnerships.
- How to determine the appropriate contracting relationship.
- How to work through contracting discussions.

Module 2 Key Takeaways

If an MCP and Hub pursue a partnership:

- The Hub is subject to the same requirements as other Subcontractors, Downstream Subcontractors, and/or Network Providers, as applicable, based on the type of agreement(s) the Hub and the MCP pursue.
- MCPs must adhere to the requirements set forth in the MCP Contract, respective program requirements, and All Plan Letter (APL) guidance, as applicable.

See Section 5: References and Additional Resources for a list of applicable guidance and additional resources for this module.

Section 2: MCP-Hub Delegation and Contracting

Delegation

Delegation occurs when certain MCP duties and obligations under the MCP Contract—such as utilization management, credentialling, or claims processing—are delegated to a Subcontractor or Downstream Subcontractor.[2,3] MCP-Hub contracting arrangements often entail the MCP directly or indirectly delegating some (but not all) of their duties and obligations to the Hub. These Hubs are considered **administrative** or **partially delegated entities** and are subject to the same contracting and oversight processes MCPs use for other subcontractors, as applicable. The MCP remains ultimately accountable for ensuring compliance with state and federal requirements. Oversight of administrative and partially delegated Hubs is critical to protect Medi-Cal Members by ensuring that Subcontractors and Downstream Subcontractors meet Medi-Cal standards and requirements, as applicable.

A Hub that does not take on duties and obligations of the MCP but supports Network Providers in completing administrative activities may be considered a **third-party vendor** rather than a Subcontractor or Downstream Subcontractor (*see reference to Aliados Health in Module 1*). It is the responsibility of the MCP and Hub to determine the Hub's role and ensure that agreements or contracts reflect the requirements of that role.

MCP-Hub Contracting

Hubs may fall into different contractor categories depending on the scope of work set forth in their direct or indirect contracts with the MCP. MCPs will *typically* contract with Hubs as Subcontractors, but some Hubs may be other entity type(s):

- **Subcontractors (Subcontractor Agreement with the MCP):**
    a. Administrative Subcontractors:[4] These entities handle administrative functions such as credentialing or claims processing.

[2] See APL 23-006 (or any superseding APL).

[3] Subcontractor means an individual or entity that has a Subcontractor Agreement with an MCP that relates directly or indirectly to the performance of the MCP's obligations under the MCP Contract.

[4] Per the MCP Contract, Administrative Subcontractor means a Subcontractor that contractually assumes administrative obligations of MCP under the MCP Contract. Administrative obligations include functions such as credentialing verification or claims processing.

b. Partially Delegated Subcontractors:[5] These entities take on broader responsibilities, including obligations tied to specific Medi-Cal Member groups or certain service areas.

- **Downstream Subcontractors (Downstream Subcontractor Agreement with a Subcontractor or Downstream Subcontractor):**[6] Some Hubs are Downstream Administrative Subcontractors or Downstream Partially Delegated Subcontractors to the MCP. This would include, for example, an Independent Physician Association (IPA) with a partially delegated contract with an MCP entering into a Downstream Subcontractor Agreement with another organization (Organization A) to provide claims processing support. In that case, Organization A would be considered a Downstream Subcontractor of the MCP.
- **Network Providers (Network Provider Agreement with MCP or MCP's Subcontractor or Downstream Subcontractor):**[7] Some Hubs order, refer, or render Covered Services in addition to their other Hub functions. These Hubs would be Network Providers in addition to being a Subcontractor or Downstream Subcontractor. Contracts with these Hubs would need to comply with the requirements for both (1) Subcontractor Agreements or Downstream Subcontractor Agreements, as applicable, and (2) Network Provider Agreements.
- **Third Party Vendors (Agreements with MCP Vary)**: Some Hubs centralize administrative functions for Network Providers without a direct or downstream contract with an MCP. These arrangements vary and may require vendors to

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[5] Per the MCP Contract, Partially Delegated Subcontractor means a Subcontractor that contractually assumes some, but not all, duties and obligations of the MCP under the MCP Contract, including, for example, obligations regarding specific Member populations or obligations regarding a specific set of services. Individual physician associations and medical groups often operate as Partially Delegated Subcontractors.

[6] Per the MCP Contract, Downstream Subcontractor means an individual or an entity that has a Downstream Subcontractor Agreement with a Subcontractor or Downstream Subcontractor. A Network Provider is not a Downstream Subcontractor solely because it entered into a Network Provider Agreement.

[7] Per the MCP Contract, Network Provider means any Provider or entity that has a Network Provider Agreement with the MCP, the MCP's Subcontractor, or the MCP's Downstream Subcontractor, and receives Medi-Cal funding directly or indirectly to order, refer, or render Covered Services under the MCP Contract. A Network Provider is not a Subcontractor or Downstream Subcontractor by virtue of the Network Provider Agreement.

enter into a Business Associates Agreement (BAA) with the MCP to meet Medi-Cal requirements.

Types of Contracts Between MCPs and Hubs

Subcontractors/Downstream Subcontractors

MCPs may directly enter into Subcontractor Agreements with Hubs as Administrative Subcontractors or Partially Delegated Subcontractors. In addition, Subcontractors or Downstream Subcontractors may enter into Downstream Subcontractor Agreements with Hubs as Downstream Administrative Subcontractors or Downstream Partially Delegated Subcontractors.

- **Subcontractor Agreements.** Per the MCP Contract, MCPs may directly enter into Subcontractor Agreements with qualified Subcontractors to delegate certain functions. Subcontractor Agreements must meet certain requirements outlined in detail below and in the MCP Contract.

  DHCS defines three types of Subcontractors for direct contracts with MCPs:

  - Administrative Subcontractors
  - Partially Delegated Subcontractors
  - Fully Delegated Subcontractors

- **Downstream Subcontractor Agreements.** MCPs may contract with Subcontractors who then enter into Downstream Subcontractor Agreements with entities for downstream services, as applicable. Downstream Subcontractors may also contract directly with entities for certain downstream services. Although the MCP would not hold the direct contract with the entity, the MCP maintains ultimate responsibility for that entity's performance and compliance with applicable regulations, regardless of the layers of subcontracting.

  DHCS defines three types of Downstream Subcontractors for MCPs:

  - Downstream Administrative Subcontractors
  - Downstream Partially Delegated Subcontractors
  - Downstream Fully Delegated Subcontractors

  For example, a Hub would be a Downstream Subcontractor if it contracted with a Provider organization to support Provider training, claiming, reporting, and other administrative functions for Medi-Cal Members enrolled with the MCP. If

the Provider organization is ordering, referring, or rendering Covered Services in addition to administrative services, it would also be a Network Provider.

Hubs would not be a Fully Delegated Subcontractor or Downstream Fully Delegated Subcontractor. Fully Delegated Subcontractors and Downstream Fully Delegated Subcontractors are responsible for all MCP Contract functions except those that are prohibited in the MCP Contract, such as the provision of all covered Medi-Cal services to eligible Medi-Cal Members. Therefore, these entities would not be Hubs. Fully Delegated Subcontractors are typically other MCPs.

- **Network Providers.** A Hub would contract both as (1) a Network Provider and (2) a Subcontractor or Downstream Subcontractor, as applicable, if the Hub is ordering, referring, or rendering covered Medi-Cal services in addition to its other duties as a Hub. If that is the case, MCPs must ensure the roles, functions, and payment structures for the Hub are clearly defined and documented in the MCP's contracts and reporting to DHCS. Contracts with these Hubs would need to comply with the requirements for both (1) Subcontractor Agreements or Downstream Subcontractor Agreements, as applicable, and (2) Network Provider Agreements. See definitions below and refer to the MCP Contract and APL 19-001 or any superseding APL for more information on Network Provider Status. See below for Network Provider and Subcontractor/Downstream Subcontractor definitions.[8]

    - **Network Provider**

      Network Provider means any Provider or entity that has a Network Provider Agreement with the MCP, the MCP's Subcontractor, or MCP's Downstream Subcontractor, and receives Medi-Cal funding directly or indirectly to order, refer, or render Covered Services under the MCP Contract. A Network Provider is not a Subcontractor or Downstream Subcontractor by virtue of the Network Provider Agreement.

    - If a Hub orders, refers, or renders Covered Services under the MCP Contract, in addition to its other duties as a Hub, it would be considered both (1) a Network Provider and (2) a Subcontractor or Downstream Subcontractor, as applicable.

[8] See 2024 MCP Boilerplate Contract.

- **Subcontractor or Downstream Subcontractor**

  A **Subcontractor** means an individual or entity that has a Subcontractor Agreement with the MCP that relates directly or indirectly to the performance of the MCP's obligations under the MCP Contract. A Network Provider is not a Subcontractor solely because it enters into a Network Provider Agreement.

  A **Downstream Subcontractor** means an individual or an entity that has a Downstream Subcontractor Agreement with a Subcontractor or a Downstream Subcontractor. A Network Provider is not a Downstream Subcontractor solely because it enters into a Network Provider Agreement.

- If the Hub only provides services such as Network management, including Provider contracting, credentialing or training, and does not order, refer, or render Covered Services under the MCP Contract, then the Hub would only be considered a Subcontractor or Downstream Subcontractor, as applicable, and not also a Network Provider.

Hubs as Third-Party Vendors

Hubs that centralize administrative functions for Network Providers may contract under Third-Party Vendor agreements. These arrangements may require vendors to enter into a BAA with the MCP to safeguard and protect the confidentiality, integrity, and availability of protected health information (PHI) and other confidential data, and meet other requirements under the MCP Contract.[9]

Hub-MCP Contracting Relationship Tool

Instructions: This tool can be used by MCPs and Hubs to determine the appropriate contracting relationship category for a given Hub organization. It can also be helpful in determining additional requirements for Hub organizations providing certain functions.

Organization Function	Yes	No
Does the organization centralize administrative functions for organizations that	Organization may be a Hub. It may be (1) a third-party vendor, (2) a Subcontractor, (3) a Downstream Subcontractor, (4) a	Organization might not be suited to be a Hub.

[9] Refer to the MCP Contract, Exhibit G for more information and requirements.

Organization Function	Yes	No
provide direct services?	Subcontractor and a Network Provider, or (5) a Downstream Subcontractor and a Network Provider, depending on whether it is a direct contract with the MCP and the types of services provided.	
Does the Hub organization contract directly with the MCP?	The Hub is either (1) a Subcontractor or (2) a Subcontractor and a Network Provider, depending on the types of services provided.	The Hub is (1) a Downstream Subcontractor, (2) a Downstream Subcontractor and a Network Provider, or (3) a third-party vendor.
Does the Hub organization provide administrative support only?	The Hub is (1) a third-party vendor, (2) Administrative Subcontractor, or (3) Downstream Administrative Subcontractor, depending on whether it is a direct contract with the MCP and on the types of services provided.	The Hub is a (1) Partially Delegated Subcontractor, (2) Downstream Partially Delegated Subcontractor, and/or (3) Network Provider, depending on whether it is a direct contract with the MCP and on the types of services provided.
Does the Hub organization assume financial risk for a population, such as through a capitated payment arrangement?	Additional requirements may apply to the Hub: » Financial Viability » Medical Loss Ratios (MLRs) » Subcontractor Network Certification (SNC) *(See Module 3 for additional information)*	No additional requirements.

Organization Function	Yes	No
Is the Hub organization assigned a specific Medi-Cal Member population?	Additional requirements may apply to the Hub: » Population Needs Assessment (PNA) *(See Module 3 for additional information)*	No additional requirements.

For more information on Subcontractor, Downstream Subcontractor, and Network Provider types and definitions, see Section 5: References and Additional Resources.

Section 3: MCP-Hub Subcontracting Legal Authority and Requirements

Legal Authority and Requirements

Federal law and state policy allow Medi-Cal MCPs to delegate functions to Subcontractors or Downstream Subcontractors, including Hubs, provided the MCP maintains ultimate responsibility for the Hub's performance and compliance with applicable regulations, regardless of the layers of subcontracting.[10] Required MCP duties and obligations for working with Subcontractors and Downstream Subcontractors are outlined in Section 3.1 of Exhibit A, Attachment III of the MCP Contract. Federal law requires contracts or written arrangements between an MCP and any Subcontractor or Downstream Subcontractor, including Hubs, to meet requirements set forth in the MCP Contract.[11]

Requirements for contracting, oversight, and monitoring of subcontracted Hubs vary depending on the specific functions delegated and whether the subcontracted Hub assumes financial risk on behalf of the MCP.

Subcontracting Requirements for MCPs and Hubs

MCP requirements for Subcontractors and Downstream Subcontractors are outlined in the MCP Contract Exhibit A, Attachment III, Subsection 3.1[12] *(Network Provider*

[10] See 42 C.F.R. §§ 438.230 and 438.3[k].

[11] See 42 C.F.R. § 438.230.

[12] See MCP Contract Exhibit A, Attachment III, Subsection 3.1, pgs. 153-168.

Agreements, Subcontractor Agreements, Downstream Subcontractor Agreements, and Contractor's Oversight Duties) and Exhibit J[13] *(Delegation Reporting and Compliance Plan)* that must be submitted to DHCS. MCPs must complete Exhibit J for each Hub in each county in which they operate.

For any MCP obligation delegated to a Hub, whether directly or indirectly through additional layers of contracting or delegation, the Subcontractor Agreement or Downstream Subcontractor Agreement[14] with the Hub must contain certain provisions, including, but not limited to:[15]

- Specifying all delegated activities, obligations, and related reporting responsibilities.
- Including the Hub's agreement to perform the delegated activities, obligations, and reporting responsibilities in compliance with all applicable Medicaid laws and regulations, including sub regulatory guidance and contract provisions, and applicable state and federal laws.[16]
- Providing for the revocation of the delegation of activities or obligations or specify other remedies where DHCS or the MCP determines the Hub is not performing satisfactorily.

In addition to the requirements outlined above, MCPs must ensure that Hubs adhere to all requirements outlined in the MCP Contract Exhibit A, Attachment III and APL 23-006, or any superseding APL.

MCP-Hub Subcontracting Tools

Checklist for Subcontractor Agreements and Downstream Subcontractor Agreements with Hubs

[13] See MCP Contract Exhibit J, pgs. 586-612.

[14] Subcontractor Agreement means a written agreement between an MCP and a subcontractor. Downstream Subcontractor Agreement means a written agreement between a Subcontractor and a Downstream Subcontractor or between any Downstream Subcontractors.

[15] See APL 23-006 (or any superseding APL).

[16] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 3.1.5(B).

Subcontractor Agreements and Downstream Subcontractor Agreements with Hubs follow the same rules that apply to other MCP subcontracting relationships. As with any Subcontractor or Downstream Subcontractor, MCPs are required to report all contracted services with Hubs to DHCS. Subcontractor Agreement and Downstream Subcontractor Agreement templates must be submitted to DHCS for review and approval.[17]

Instructions: Use the checklist below when developing a Subcontractor Agreement or Downstream Subcontractor Agreement with a Hub. Please note that this checklist is not exhaustive and that MCPs must still comply with all Subcontractor Agreement and Downstream Subcontractor Agreement requirements in the MCP Contract and other authorities.

Each Subcontractor Agreement and Downstream Subcontractor Agreement must:

- Clearly outline all delegated activities, responsibilities, and required reporting.
- Specify that the Subcontractor or Downstream Subcontractor is bound by the same obligations and requirements as the MCP per its contract with DHCS, as applicable.
- Include language ensuring the Subcontractor or Downstream Subcontractor complies with all applicable Medicaid laws and regulations.
- Provide a process for revoking delegation if the Subcontractor or Downstream Subcontractor fails to meet performance expectations.
- Include the Subcontractor's or Downstream Subcontractor's ownership and control disclosures per APL 23-006 or any superseding APL.
- Specify the Subcontractor's or Downstream Subcontractor's required data reporting responsibilities to the MCP.
- Specify policies and procedures for resolving disagreements or disputes between the MCP and Hub.

[17] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 3.1.2(B).

- Describe corrective action and/or financial sanctions on Subcontractors or Downstream Subcontractors upon discovery of noncompliance with the terms of their agreement or any Medi-Cal requirements.

After the Subcontractor Agreement or Downstream Subcontractor Agreement is in place, MCPs must:

- Submit the template agreement to DHCS for review and approval.
- Meet with the Subcontractor or Downstream Subcontractor to review key policies and procedures.
- Clearly communicate how the MCP will monitor compliance with contract requirements.
- If the Subcontractor or Downstream Subcontractor is taking on financial risk, ensure there is a system in place to regularly assess and monitor financial viability.
- Ensure the Subcontractor or Downstream Subcontractor complies with nondiscrimination requirements under federal and state law.
- Monitor the quality and compliance of all shared data, including Encounter Data, Provider Network files, and required reports (e.g., quarterly submissions).
- Adhere to public records requirements, including transparency expectations for contracted entities.
- Report the delegation relationship in Exhibit J of the MCP Contract.
- Post the delegation model publicly on the MCP's website, as required.

Assessment Tool: MCP Pre-Subcontracting Considerations

The following series of questions outline considerations for MCPs for assessing and operationalizing partnerships with Hub organizations.

Contracting Considerations:

1. What type of organization is the Hub (MSO/ASO, IPA, Medical Group, nonprofit, County health department, etc.)?

2. Is the Hub an organization that would take on risk of administering aspects of the covered benefit or service on behalf of the MCP?
3. What are the demonstrated capabilities of the Hub? Does the Hub have the administrative capacity, experience, and budgetary resources to fulfill delegated contractual obligations (e.g., credentialing and/or payment processing)?
4. What functions will be delegated to the Hub and which will be retained by the MCP?
5. Does the Hub have existing contracts and/or BAAs with other MCPs and Providers for the delivery of Medi-Cal services, such as ECM, Community Supports, CHW and/or Doula services?
6. Does the Hub have a clear organizational structure with defined leadership roles and decision-making processes?
7. What is the Hub's staffing model and capacity to provide Medi-Cal services?
8. Will the Hub agree to Compliance Audits by the MCP?
9. Does the Hub have a designated Compliance Officer?

Operations and Services

10. What administrative functions does the Hub offer (e.g., centralized contracting, referral management, reporting, etc.)?
11. What direct services does the Hub offer (if any)? If so, which populations do they serve?
12. Does the Hub have standardized policies and procedures and workflows?
13. What is the Hub's process for handling Network Provider and Medi-Cal Member complaints?

Network Management

14. What is the capacity of the Hub to address health-related social needs (HRSNs) via its Network?
15. If the Hub is delegated to conduct credentialling on behalf of the MCP, what credentialing process does the Hub have in place to ensure quality across its Network?

16. How does the Hub assess and onboard new Providers to its Network?
17. What process does the Hub have in place to support small, diverse, and/or locally owned Network Providers to contract more easily with MCPs?
18. What training and technical assistance does the Hub offer to its Network?
19. How does the Hub ensure its Network reflects the populations of the communities and county or counties it serves?
20. How does the Hub monitor Network Provider performance/address underperformance or noncompliance?

Data Management

21. What data sharing capabilities does the Hub have (e.g., integrated Electronic Health Record, case management platform, etc.)?
22. What systems does the Hub have in place for closed-loop referral management and reporting to MCPs?
23. Can the Hub integrate its technology and exchange data with the MCP's existing data systems?
24. How does the Hub monitor data quality, security, transparency, and compliance?

Financial Models and Sustainability

25. What payment models does the Hub utilize to pay Network Providers?
26. How does the Hub support capacity building for Network Providers?
27. How does the Hub's payment model support the financial sustainability of Network Providers?

Community Engagement

28. How does the Hub engage and support community members?
29. Does the Hub have a process for incorporating Medi-Cal Member and community feedback into its operations?
30. What relationships does the Hub maintain with other health care agencies; local governmental entities, such as county behavioral health or local health jurisdictions; and other community partners?

Section 4: Considerations for ECM, Community Supports, Community Health Worker (CHW) Services, and Doula Services

MCPs are permitted to contract with Hubs to administer Enhanced Care Management (ECM), Community Supports, and CHW and/or Doula benefits. For all programs, MCPs contracting with Hubs to deliver these services must ensure Hubs adhere to all requirements set forth in the MCP Contract, respective program requirements, and related APL guidance.

Enhanced Care Management (ECM) is a whole-person, interdisciplinary approach to care that addresses the clinical and non-clinical needs of high-cost and/or high-need eligible Medi-Cal Members who meet ECM Populations of Focus (POF) eligibility criteria through a systematic coordination of services and comprehensive care management that is community-based, interdisciplinary, high-touch, and person-centered. For more information, see the MCP Contract and the ECM Policy Guide.

Community Supports are substitute services or settings to those required under the California Medicaid State Plan that Medi-Cal MCPs may select and offer to their Members when the substitute service or setting is medically appropriate and more cost-effective than the service or setting listed in the California Medicaid State Plan, such as emergency department visits, hospital or skilled nursing facility admission, or a discharge delay. Community Supports are optional services that MCPs may choose to offer to eligible Medi-Cal Members, with the exception of Transitional Rent, which MCPs will be required to provide starting January 1, 2026. A complete list of DHCS-approved Community Supports can be found in the MCP Contract, Community Supports Policy Guide Volume 1, and Community Supports Policy Guide Volume 2.

CHW Services are an integral part of ECM and Community Supports that consist of an array of preventative health services aimed at preventing or managing disease, disability, and other health conditions and promoting physical and behavioral health and well-being for Medi-Cal Members. CHWs may include service professionals known by a variety of job titles, including promotoras, community health representatives, navigators, and other non-licensed public health workers, including violence prevention professionals, and as set forth in APL 24-006 or any superseding APL. See the DHCS website and the MCP Contract for more information about CHW services.

Doula Services provide health education advocacy, and physical, emotional and nonmedical support to Medi-Cal Members and their families throughout pregnancy,

labor, birth and the postpartum period, including support for and after miscarriage and abortion. See the DHCS website, APL 23-024 or any superseding APL, and the MCP Contract for more information about the Doula benefit.

Considerations for ECM

MCPs that contract with Hubs for partial or full administration of ECM services must ensure Hubs adhere to all relevant program requirements for which they are contracted. Regardless of the presence of a contracted Hub, the MCP remains responsible for ensuring that ECM Providers address the clinical and non-clinical needs of Medi-Cal Members and provide all core service components. MCPs may contract with Hubs to provide:[18]

- Outreach and engagement to eligible Medi-Cal Members.
- Comprehensive assessment and care management plans.
- Enhanced coordination of care.
- Health promotion.
- Comprehensive transitional care.
- Medi-Cal Member and family supports.
- Coordination and referral to community and social support services.

In addition to providing one or more of these core components, the contracted Hub may coordinate with the MCP to identify and offer ECM to the MCP's Medi-Cal Members who meet the Populations of Focus (POF) criteria[19] and ensure compliance with the ECM Provider Standard Terms and Conditions (STCs),[20] the MCP's ECM Model of Care (MOC), and ECM Encounter Data reporting requirements.[21]

Some ECM Providers may not have a dedicated state-level enrollment pathway. These Providers must be vetted by the MCP in order to participate as ECM Providers.

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[18] See APL 23-032 (or any superseding APL) for complete list of ECM requirements.

[19] See Attachment 1 of APL 23-032 (or any superseding APL) for POF criteria.

[20] See ECM Provider STCs.

[21] See ECM and Community Supports HCPCS Coding Guidance.

ECM Providers serving the Individuals Transitioning from Incarceration POF are the only ECM Providers subject to additional Provider requirements.[22]

MCPs that contract with Hubs for administration of ECM must update their MOC to describe the contracting arrangement. MCPs must ensure that the contracts reflect:

- MCP Contract requirements.
- Requirements outlined in the ECM and Community Supports Contract Template.[23]
- ECM and Community Supports Provider Standard Terms and Conditions (STCs).[24]
- APL 23-032 or any superseding APL, as applicable.

MCPs should collaborate with contracted Hubs on the approach to administering ECM benefits to ensure consistent, high-quality care for Medi-Cal Members, tailored to individualized care needs.

See the ECM Policy Guide for additional information. See Module 3 for more information on compliance for contracted Hubs that assume risk or cover populations for specific Medi-Cal Members.

Considerations for Community Supports

MCPs that contract with Hubs for partial or full administration of Community Supports services must ensure contracted Hubs adhere to all relevant program requirements for which they are contracted. Core service components include:

- All program and reporting requirements specified by DHCS, applicable state and federal laws and regulations, the MCP Contract, and APL requirements, including appeal rights.
- Reporting requirements for all Community Supports encounters.[25]

All MCPs are encouraged, but not required, to offer Community Supports to eligible Medi-Cal Members, with the exception of Transitional Rent, which is mandatory for

[22] See Policy and Operational Guide for Planning and Implementing the CalAIM Justice-Involved Initiative, Section 13.2.

[23] See MCP ECM and Community Supports Contract Template Provisions.

[24] See ECM and Community Supports Provider STCs.

[25] See ECM and Community Supports HCPCS Coding Guidance.

MCPs to offer beginning January 1, 2026, for specific POF. Contracted Hubs interested in partnering with MCPs to administer Community Supports should coordinate with the MCP to confirm which Community Supports are offered by the MCP.

MCPs that contract with Hubs for administration of Community Supports must update their MOC to describe the contracting arrangement. MCPs must ensure that the contracts reflect:

- MCP Contract requirements.
- Requirements outlined in the ECM and Community Supports Contract Template.[26]
- ECM and Community Supports Provider STCs.[27]
- APL 21-017 or any superseding APL, as applicable.

MCPs should collaborate with contracted Hubs on the approach to administering Community Supports benefits to ensure consistent, high-quality care for Medi-Cal Members, tailored to individualized care needs.

See the Community Supports Policy Guide Volume 1 and Community Supports Policy Guide Volume 2 for additional information. See Module 3 for more details around compliance for contracted Hubs that assume risk or cover specific Medi-Cal Member populations.

Considerations for CHW Services

MCPs that contract with Hubs for the administration and/or delivery of CHW benefits must adhere to requirements set forth in APL 24-006 or any superseding APL, as well as the Medi-Cal Provider Manual[28] and MCP Contract, as applicable, including with respect to:

- **CHW Provider Requirements and Qualifications.** Supervising Providers[29] must ensure that CHWs meet the requirements and qualifications outlined in Medi-Cal policy and APL 24-006, or any superseding APL. MCPs must ensure

[26] See MCP ECM and Community Supports Contract Template Provisions.

[27] See ECM and Community Supports Provider STCs.

[28] See Medi-Cal Provider Manual for CHW.

[29] Supervising Providers are enrolled Medi-Cal Provider(s) employing or otherwise overseeing the CHW with whom the MCP contracts.

that Supervising Providers, or their Subcontractors or Downstream Subcontractors contracting with or employing CHWs to provide covered CHW services to Medi-Cal Members, verify that CHWs have adequate supervision and training. MCPs must also have a process for verifying qualifications and experience of Supervising Providers.

MCPs must develop and submit policies and procedures to ensure that CHW Supervising Providers are certifying that their CHWs have the appropriate training, qualifications, and supervision.

- **Medi-Cal Member Eligibility Criteria for CHW Services.** MCPs must ensure that Supervising Providers comply with eligibility requirements for the provision of CHW services, including those related to facilitating data driven approaches to determine and understand priority populations eligible for CHW services.
- **Provider Enrollment.** Network Providers, including those operating as Supervising Providers of CHW services, are required to enroll as Medi-Cal Providers consistent with the MCP Contract and APL 22-013 or any superseding APL.
- **Access to CHW Services.** MCPs are responsible for ensuring that contracted Hubs promote access to and monitor sufficient Networks within their service areas for CHW services.

Considerations for Doula Services

For the administration and/or delivery of Doula services, MCPs that contract with Hubs must adhere to the requirements outlined in APL 23-024 or any superseding APL as well as the Medi-Cal Provider Manual[30] and the MCP Contract, as applicable, including:

- **Doula Provider Requirements and Qualifications.** MCPs must provide Doulas with initial and ongoing training and resources regarding relevant MCP services and processes, including any available services through the MCP for prenatal, perinatal, and postpartum Members. In addition, MCPs are required to provide technical support in the administration of Doula services, ensuring accountability for all service requirements contained in the MCP Contract, and any associated guidance issued by DHCS.

[30] See Medi-Cal Provider Manual for Doula Services.

- **Medi-Cal Member Eligibility Criteria for Doula Services.** MCPs must ensure that contracted Hubs comply with eligibility requirements for the provision of Doula services to Medi-Cal Members.
- **Provider Enrollment.** Network Providers who operate as Providers of Doula services are required to enroll as Medi-Cal Providers consistent with APL 22-013, or any superseding APL.
- **Access to Doula Services.** MCPs must ensure that contracted Hubs promote access to Doula care and help monitor the Networks to ensure there are a sufficient number of Doulas to meet the needs of their Members. Meeting Network adequacy requirements is the responsibility of the MCP.

Section 5: References and Additional Resources

Key References

- 2024 MCP Boilerplate Contract
- Managed Care All Plan Letters (APLs)
  - APL 23-006: Delegation and Subcontractor Network Certification
  - APL 23-032: Enhanced Care Management Requirements
  - APL 21-017: Community Supports Requirements
  - APL 24-006: Community Health Worker Services Benefit
  - APL 23-024: Doula Services
  - APL 19-001: Medi-Cal Managed Care Health Plan Guidance on Network Provider Status
- PHM Policy Guide
- ECM Policy Guide
- Community Supports Policy Guide Volume 1
- Community Supports Policy Guide Volume 2
- MCP ECM and Community Supports Contract Template Provisions
- ECM and Community Supports Provider Standard Terms and Conditions
- ECM and Community Supports Billing and Invoicing Guidance (Updated April 2023)
- Member-Level Information Sharing Between MCPs and ECM Providers

- » ECM Referrals Standards and Form Templates
- » Community Supports Member Information Sharing Guidance
- » DHCS Resources for Community Health Workers
- » DHCS Resources for Doula Services

Additional Resources

Subcontractor Types and Definitions

Subcontractor Type	2024 MCP Contract[31] Definition
Administrative Subcontractor	A Subcontractor that contractually assumes administrative obligations of the MCP under the MCP Contract. Administrative obligations include functions such as Credentialing verification or claims processing. However, functions related to coordinating or directly delivering health care services to Medi-Cal Members, such as Care Coordination, are not administrative functions.
Partially Delegated Subcontractor	A Subcontractor that contractually assumes some, but not all, duties and obligations of the MCP under the MCP Contract, including, for example, obligations regarding specific Medi-Cal Member populations or obligations regarding a specific set of services. Individual physician associations and medical groups often operate as Partially Delegated Subcontractors.
Fully Delegated Subcontractor	A Subcontractor that contractually assumes all duties and obligations of the MCP under the MCP Contract, except for those contractual duties and obligations where delegation is legally or contractually prohibited. An MCP can operate as a Fully Delegated Subcontractor. ***Note: A Hub would not take on this role.**

[31] See 2024 MCP Boilerplate Contract.

Subcontractor Type	2024 MCP Contract[31] Definition
Downstream Administrative Subcontractor	A Downstream Subcontractor that contractually assumes administrative obligations of a Subcontractor under the MCP Contract. Administrative obligations include functions such as credentialing verification or claims processing. However, functions related to coordinating or directly delivering health care services for Medi-Cal Members, such as Utilization Management (UM) or Care Coordination, are not administrative functions.
Downstream Partially Delegated Subcontractor	A Downstream Subcontractor that contractually assumes some, but not all, duties and obligations of a Subcontractor under the MCP Contract, including, for example, obligations regarding specific Medi-Cal Member populations or obligations regarding a specific set of services. Individual physician associations and medical groups often operate as Downstream Partially Delegated Subcontractors.
Downstream Fully Delegated Subcontractor	A Downstream Subcontractor that contractually assumes all duties and obligations of the MCP under the MCP Contract, through the Subcontractor, except for those contractual duties and obligations where delegation is legally or contractually prohibited. A managed care plan can operate as a Downstream Fully Delegated Subcontractor. *__Note: A Hub would not take on this role.__

MODULE 3: OVERSIGHT AND MONITORING OF HUBS

Section 1: Overview

Module 3 describes existing oversight and monitoring requirements that Medi-Cal Managed Care Plans (MCPs) must adhere to for all Administrative Subcontractors, Administrative Downstream Subcontractors, Partially Delegated Subcontractors, and Partially Delegated Downstream Subcontractors, including Hubs.

After reviewing Module 3, MCPs and Hubs will have a better understanding of:

- Compliance requirements.
- Data and quality improvement requirements.
- Considerations for Hubs assuming financial risk or serving specific Medi-Cal Member populations on behalf of an MCP.

Module 3 Key Takeaways

- MCPs may not delegate to a Subcontractor or Downstream Subcontractor their responsibility to ensure compliance with the MCP Contract.
- MCPs must:
    - Ensure that subcontracted Hubs comply with requirements associated with their subcontracting type.
    - Demonstrate that they have robust compliance, monitoring, and oversight programs for subcontracted Hubs to ensure Medi-Cal Members can access and receive quality care.
- Subcontracted Hubs that assume financial risk on behalf of the MCP are subject to a heightened level of oversight and monitoring to ensure compliance with Medi-Cal requirements, including ensuring financial viability and reporting Subcontractor and Downstream Subcontractor medical loss ratios (MLRs) for Subcontractor and Downstream Subcontractor delegated risk via a capitated payment arrangement.

See Section 6: Key References for a list of applicable guidance for this module.

Section 2: MCP Oversight and Monitoring Requirements for Hubs

MCPs must regularly monitor all subcontracted Hubs, according to the MCP Contract,[32,33] APL 23-006 or any superseding APL, and all relevant program requirements. At minimum, MCPs must:

- Maintain and be responsible for oversight of compliance with all provisions and Covered Services of the MCP Contract as applicable, regardless of the number of layers of subcontracting.
- Specify all delegated activities, obligations, and related reporting responsibilities, as applicable.
- Document in Subcontractor Agreements and Downstream Subcontractor Agreements[34] the Hub's agreement to perform the delegated activities, obligations, and reporting responsibilities, as applicable.
- Develop and maintain DHCS-approved policies and procedures to ensure subcontracted Hubs meet required responsibilities and functions.
- If the subcontracted Hub also provides direct care services and is therefore also a Network Provider in addition to being a Subcontractor or Downstream Subcontractor, ensure the Hub's Provider capacity is sufficient to serve all eligible Medi-Cal Members.
- Report to DHCS required information for all subcontracted Hubs via Exhibit J of the MCP Contract, including the names of all subcontracted Hubs, service(s) provided, and county or counties in which Medi-Cal Members are served.[35]
- Collect and review subcontracted Hubs' ownership and control disclosures.[36]

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[32] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 3.1.1(B).

[33] See 2024 MCP Boilerplate Contract Exhibit J, Template C.

[34] Subcontractor Agreement means a written agreement between an MCP and a subcontractor. Downstream Subcontractor Agreement means a written agreement between a Subcontractor and a Downstream Subcontractor or between any Downstream Subcontractors.

[35] See 2024 MCP Boilerplate Contract Exhibit J.

[36] See 42 C.F.R. § 455.104 and APL 23-006 (or any superseding APL).

- Ensure all contracts with subcontracted Hubs are available to DHCS upon request.

MCPs must provide for the revocation of the delegation of activities or obligations, or specify other remedies, including corrective action and/or financial sanctions, where DHCS or the MCP determines a contracted Hub is not performing satisfactorily with the terms of their contract or any Medi-Cal requirements delegated to them.

In addition, to the extent applicable, MCPs must consider and flow down provisions pertaining to the MCPs' Memorandums of Understanding (MOUs) with third-party entities[37] in its contracts with subcontracted Hubs. The intent of this requirement is to ensure that all parties—including third-party entities, such as Local Health Jurisdictions, or Child Welfare Departments, are aware of what services MCPs have arranged to cover under subcontracting agreements. MCP are required to train, as applicable, Subcontractors, Downstream Subcontractors, and Network Providers on the MOU requirements and services provided by the third-party entity. This provision is intended to ensure the MCP provides its Subcontractors, Downstream Subcontractors, and Network Providers with information necessary for them to coordinate care with, and make referrals to, or receive referrals from, the third-party entity. For example, a Hub which includes ECM Providers for Children and Youth POF in its Network should be made aware of and help support relevant activities outlined in the MOU between the MCP and the Child Welfare Department to the extent it is applicable. See APL 23-029 or any superseding APL for additional detail.

Table 3.1: MCP Oversight and Compliance Requirements by Subcontracting Type

Subcontracting Type	MCP Oversight and Compliance Requirements
Administrative Subcontractor or Downstream Administrative Subcontractor	» Document in the Subcontractor Agreement or Downstream Subcontractor Agreement the Hub's agreement to perform the **administrative** activities, obligations, and reporting responsibilities. To the extent applicable, consider and flow down provisions pertaining the MCPs' MOUs with third-party entities. » Monitor the Hub's administrative performance, maintain oversight, and ensure compliance with relevant MCP Contract terms, regardless of the layers subcontracting.

[37] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 3.1.1(B).

Subcontracting Type	MCP Oversight and Compliance Requirements
	» Meet the minimum requirements under Exhibit A, Attachment III, Section 3.1.1(B) and Exhibit J of the MCP Contract.
Partially Delegated Subcontractor or Downstream Partially Delegated Subcontractor	» Document in the Subcontractor Agreement or Downstream Subcontractor Agreement the Hub's agreement to perform **delegated** functions, obligations, and reporting responsibilities. To the extent applicable, consider and flow down provisions pertaining the MCPs' MOUs with third-party entities. » Monitor the Hub's performance for all delegated functions, maintain oversight, and ensure compliance with relevant MCP Contract terms, regardless of the layers subcontracting. » Meet the minimum requirements under Exhibit A, Attachment III, Section 3.1.1(B) and Exhibit J of the MCP Contract.

Table 3.2: Example Compliance Activities Between MCPs and Hubs

Example	Requirements for Compliance
MCP delegates claims adjudication and payments to a Hub	MCPs must have mechanisms to ensure that claims processing is conducted timely and accurately in accordance with the MCP Contract, APL 23-020 and any superseding guidance, and applicable state and federal requirements, including a Provider Dispute Resolution Mechanism. Ultimately, responsibility falls to the MCP to ensure that the Hub is maintaining compliance with rules pertaining to timely and accurate payment of claims to Providers rendering services to Medi-Cal Members. MCPs can monitor compliance by requesting monthly reports of claims adjudicated by the Hub and conducting periodic audits.

Example	Requirements for Compliance
MCP delegates Provider enrollment and credentialing to a Hub	MCPs must ensure Hubs set and adhere to enrollment and credentialing policies in accordance with the MCP Contract, APL 19-004 and any superseding guidance, and the Medi-Cal Provider Manual. The MCP is responsible for ensuring that the Hub is maintaining compliance with enrollment and credentialing requirements. MCPs can monitor compliance by requesting reports of the Providers that the Hub enrolls/credentials and conducting periodic audits.

MCP-Hub Compliance Requirements Checklist

MCPs must regularly monitor all functions delegated to Subcontractors and Downstream Subcontractors, including Hubs, according to the MCP Contract,[38] APL 23-006 or any superseding APL, and all relevant program requirements.

At minimum, MCPs must:

- Oversee compliance with the MCP Contract.
- Include clear provisions in Subcontractor Agreements and Downstream Subcontractor Agreements that outline all delegated activities, obligations, and related reporting responsibilities, as applicable.
- Develop and maintain DHCS-approved policies and procedures to ensure Subcontractors and Downstream Subcontractors meet required responsibilities and functions.
- Report to DHCS required information for all subcontracted Hubs via Exhibit J of the MCP Contract, including the names of all subcontracted Hubs, service(s) provided, and county or counties in which Medi-Cal Members are served.
- Train Subcontractors, Downstream Subcontractors, and Network Providers on relevant provisions and activities outlined in the MCPs' MOUs with third-party entities, as applicable.

[38] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 3.1.1(B).

- If the Hub accepts risk on behalf of the MCP, ensure compliance with financial viability, Population Needs Assessment (PNA), and Medical Loss Ratios (MLRs) requirements.
- If the Hub provides direct care services in addition to its other Hub services, and is therefore also a Network Provider in addition to being a Subcontractor or Downstream Subcontractor, ensure the Hub's Provider capacity is sufficient to serve all eligible Medi-Cal Members.
- Collect and review Subcontractors' or Downstream Subcontractors' ownership and control disclosures.
- Ensure all Subcontractor Agreements and Downstream Subcontractor Agreements are available to DHCS upon request.
- Revoke delegation or provide other corrective actions if the Subcontractor's or Downstream Subcontractor's performance is not satisfactory.

Section 3: Data and Quality Improvement Requirements for Hubs

MCPs that contract with Hubs for the administration and/or delivery of Medi-Cal benefits must adhere to data reporting and Quality Improvement (QI) requirements set forth in the MCP Contract and APL 23-006 (or any superseding APL). Additional program-specific data reporting and QI requirements may also apply.

Data Reporting Requirements

MCPs must have mechanisms in place to monitor subcontracted Hub's adherence to data reporting, including systems to validate data are complete, accurate, reasonable and timely. This may include, but is not limited to data that can support MCP reporting of Encounter Data,[39] monthly 274 Provider Network data files, Managed Care Program Data (MCPD),[40] data reported via quarterly templates, electronic visit verification reporting, and any other ad hoc data requests required by DHCS, to the extent it is relevant to the subcontracted Hub.

[39] See APL 23-006 (or any superseding APL) for encounter data requirements.

[40] See APL 20-017 (or any superseding APL) for program data reporting obligations.

Quality Improvement Requirements

MCPs are accountable for any QI and Health Equity functions delegated to subcontracted Hubs as specified in their Subcontractor Agreements or Downstream Subcontractor Agreements, as applicable.[41] MCPs must maintain adequate oversight and monitoring to ensure compliance with all delegated QI activities, including to, at minimum:

- Evaluate subcontracted Hub's ability to perform the delegated activities, including an initial determination that a subcontracted Hub has the administrative capacity, experience, and budgetary resources to fulfill contractual obligations.
- Ensure the subcontracted Hubs meet QI and Health Equity requirements set forth in the MCP Contract.
- Ensure the MCP's continuous monitoring, evaluation, and approval of its delegated functions to subcontracted Hubs, including making the findings from this monitoring and evaluation process available at least annually or when requested by DHCS.

MCPs must also ensure subcontracted Hub's compliance with its Quality Improvement and Health Equity Transformation Program Policies and Procedures (QIHETP).[42]

MCP-Hub Quality Improvement Tool

Quality Improvement Requirements Checklist

MCPs are accountable for any quality improvement (QI) and Health Equity functions delegated to Subcontractors and Downstream Subcontractors as specified in their Subcontractor Agreements and Downstream Subcontractor Agreements, as applicable.[43] MCPs must maintain adequate oversight and monitoring to ensure compliance with all delegated QI activities. MCPs that

[41] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 2.2.5(B).

[42] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 2.2.6.

[43] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 2.2.5(B).

maintain an NCQA health plan accreditation must ensure to follow all applicable NCQA standards and guidelines regarding subcontracting relationships.[44]

At minimum, MCPs must:

- Prior to delegating any functions to a Subcontractor or Downstream Subcontractor, evaluate the Subcontractor's or Downstream Subcontractor's ability to perform the delegated activities, including an initial determination that the Subcontractor or Downstream Subcontractor has the administrative capacity, experience, and budgetary resources to fulfill contractual obligations.
- Ensure that Subcontractors and Downstream Subcontractors meet QI and Health Equity Transformation Program (QIHETP) requirements set forth in the MCP Contract, to the extent applicable.[45]
- Ensure the MCP's continuous monitoring, evaluation, and approval of its delegated functions to Subcontractors and Downstream Subcontractors, including to make the findings from this monitoring and evaluation process available at least annually or when requested by DHCS.

Section 4: Additional Considerations for Hubs That Assume Financial Risk or Cover Specific Medi-Cal Member Populations

A Hub assumes financial risk for an MCP through risk-sharing and risk-shifting arrangements.[46] Subcontracted Hubs that assume financial risk on behalf of the MCP are subject to a heightened level of oversight and monitoring to ensure compliance with Medi-Cal requirements. This includes requirements related to:

- Financial Viability
- Population Needs Assessment
- Medical Loss Ratios (MLRs)

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[44] See NCQA Toolkit and 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Subsections 1.1.9(f) and 2.2.8.

[45] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 2.2.6.

[46] See Cal. Code Regs. Tit. 28, § 1300.75.4(d).

Financial Viability Requirements

MCPs must maintain a system to evaluate and monitor the financial viability of all subcontracted Hubs that accept financial risk for the provision of Covered Services. Subcontracted Hubs that assume financial risk must comply with MCP's evaluation and monitoring protocols.

Population Needs Assessment Requirements

The Population Health Management (PHM) program ensures all Medi-Cal Members have appropriate access to comprehensive services based on their needs across the continuum of care. Under the PHM program, MCPs, their Networks, and their partners, including applicable Subcontractors and Downstream Subcontractors, are responsible for Medi-Cal Member needs within the communities they serve based on a standardized framework and set of expectations. This includes providing Medi-Cal stakeholders with access data on:

- Medi-Cal Member health history, needs, and risks, and other program information to support risk stratification; assessment and screening procedures.
- Medical, behavioral, and social supports.
- Analytics and reporting processes.

The Population Needs Assessment (PNA) helps MCPs identify Medi-Cal Member and community needs and health disparities. MCPs meet the PNA requirements through meaningful participation in the Community Health Assessments (CHAs) and Community Health Improvement Plans (CHIPs) conducted by Local Health Jurisdictions (LHJs). MCPs must ensure that any Medi-Cal Member populations covered by a Subcontractor or Downstream Subcontractor, including Hubs, are included in the PNA process.[47] Subcontractors and Downstream Subcontractors do not participate in the PNA separately; the MCP is responsible for including these populations in the PNA process. See the PHM Policy Guide and MCP Contract for additional information.

Medical Loss Ratios (MLRs)

Federal regulations require MCPs to annually calculate and report a medical loss ratio (MLR).[48] Per Welfare and Institutions Code section 14197.2, DHCS established a minimum MLR standard of 85 percent and imposed a remittance requirement for MCPs

[47] See 2024 MCP Boilerplate Contract Exhibit A, Attachment III, Section 4.3.2(D).

[48] See 42 C.F.R. § 438.8.

that do not achieve this standard.[49] Section 1915(b) California Advancing & Innovating Medi-Cal (CalAIM) Waiver Special Terms and Conditions (STCs) A11[50] requires DHCS to provide increased oversight of MLR reporting in the context of any Subcontractor or Downstream Subcontractor arrangements that assume risk, which may include Hubs, as applicable.

As of January 1, 2023, MCPs must impose MLR reporting requirements equivalent to the federally required standard on their applicable Subcontractors and Downstream Subcontractors that assume financial risk. In addition, as of January 1, 2025, MCPs must impose MLR remittance requirements equivalent to DHCS' minimum standard for MCPs on those Subcontractors and Downstream Subcontractors. See APL 24-018 or any superseding APL for guidance on the MLR requirements applicable to Subcontractors and Downstream Subcontractors.

Table 3.3: Entities Subject to MLR Reporting and Remittance Requirements

Entity Type	Definition	Subject to MLR?
Subcontractor or Downstream Subcontractor Plans	Plans that assume fully or partially delegated risk from an MCP, or its Subcontractor or Downstream Subcontractor, in a Service Area.	Maybe – see materiality threshold info below
Other Applicable Subcontractors or Downstream Subcontractors	Subcontractors or Downstream Subcontractors, except Subcontractor or Downstream Subcontractor Plans, that assume risk and receive payment from an MCP, or its Subcontractor or Downstream Subcontractor, for services provided beyond their own entity (i.e., services which they do not directly deliver to Medi-Cal Members). This may include IPAs, medical groups, hospital systems, or other entities.	Maybe – see materiality threshold info below

[49] W&I Code § 14197.2.

[50] See California's 1915(b)(1)(4) CalAIM Waiver, STC A11.

Entity Type	Definition	Subject to MLR?
Non-Reporting Entities	Network Providers, purely Administrative Subcontractors or Downstream Administrative Subcontractors, and non-applicable Subcontractors or Downstream Subcontractors that do not assume risk or assume risk only for services provided within their own entity.	No - exempt

Note: The distinction between reporting and non-reporting entities outlined in Table 3.3 is based the capitated risk for services that an entity does not directly provide. In accordance with STC A11, and subject to consideration of a materiality threshold, as discussed below, MCPs must require Subcontractor and Downstream Subcontractor Plans and other applicable Subcontractors and Downstream Subcontractors to satisfy MLR reporting and remittance requirements. Non-Reporting Entities are exempt from having to calculate and report MLR in accordance with STC A11. A single entity may be both a Non-Reporting Entity in some instances (e.g., for certain services or arrangements) and an Other Applicable Subcontractor or Downstream Subcontractor in other instances.

Materiality Threshold

MCPs must utilize a materiality threshold established by DHCS for determining whether a contracted Hub is subject to the STC A11 reporting and remittance requirements.

For the CY 2023 MLR reporting year, and until modified by DHCS, applicable subcontracted Hubs that receive a certain amount[51] in Medi-Cal capitation annually, from a single upstream entity, as payment for services rendered in a single county or rating region, for which they assume risk and are not directly providing will be subject to MLR reporting requirements. Subcontracted Hubs that fall below the annual threshold amount will not be subject to reporting for the given MLR reporting year, except as required by DHCS on a case-by-case basis. For the CY 2023 MLR reporting year, and until modified by DHCS, the materiality threshold is $30,000,000 in Medi-Cal capitation annually, from a single upstream entity, as payment for services rendered in a single county or rating region, for which the applicable Subcontractor or Downstream Subcontractor assumes risk and is not directly providing.

[51] See APL 24-018 (or any superseding APL) for the current threshold amount.

For more information about exemptions for newly contracted entities, and other details, see APL 24-018 or any superseding APL.

Section 5: Summary of MCP Oversight Responsibilities

For all subcontracted Hubs:

- Oversight and monitoring
- Compliance
- Data and reporting
- Quality Improvement

For subcontracted Hubs that cover Medi-Cal Member populations:

- Financial viability
- Include in PNA

For subcontracted Hubs that assume risk:

- Check if MLR applies

Section 6: Key References

- 2024 MCP Boilerplate Contract
- Managed Care All Plan Letters (APLs)
  - APL 23-001: Network Certification Requirements
  - APL 23-006: Delegation and Subcontractor Network Certification
  - APL 23-020: Requirements for Timely Payment of Claims
  - APL 23-029: Memorandum of Understanding Requirements for Medical Managed Care Plans and Third-Party Entities
  - APL 20-017: Requirements For Reporting Managed Care Program Data
  - APL 19-001: Medi-Cal Managed Care Health Plan Guidance on Network Provider Status
  - APL 24-018: Medical Loss Ratio Requirements for Subcontractors and Downstream Subcontractors
- PHM Policy Guide
- ECM Policy Guide

- Community Supports Policy Guide Volume 1
- Community Supports Policy Guide Volume 2

ADDITIONAL INFORMATION

Flexible Housing Subsidy Pools and Hubs

Flexible Housing Subsidy Pools **("Flex Pools")** are a mechanism to organize and administer funding from various housing support programs and financing mechanisms including Transitional Rent and other Community Supports; Behavioral Health Services Act (BHSA); and other county, state, and federal housing programs to efficiently and effectively connect Medi-Cal Members to housing. Hubs contracted by MCPs to provide support to Community Supports Providers, particularly those providing Recuperative Care and Short-Term Post-Hospitalization Housing, are well-positioned to administer Flex Pools. The Venn diagram below illustrates the unique functions of each model and the overlap. See the DHCS Flexible Housing Subsidy Pools Technical Assistance Resource for additional information and guidance on Flex Pools and Hubs.

Figure 1: Venn Diagram of Flex Pools and Community Care Hubs