



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: MAY 14, 2026

PROPOSED STATE PLAN AMENDMENT TO ESTABLISH RATES FOR HIGH FIDELITY WRAPAROUND SERVICES

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA establishes a monthly bundled rate for High Fidelity Wraparound (HFW) services provided to members through the Medi-Cal Specialty Mental Health delivery system. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed SPA #26-0032, which is attached.

DHCS estimates that the annual aggregate Medi-Cal expenditures for HFW services paid through the monthly bundled rate will increase by \$448 Million in total funds.

The effective date of the proposed SPA is July 1, 2026. All proposed SPAs are subject to approval by the Federal Centers for Medicare and Medicaid Services (CMS).

Public Review and Comments

The proposed changes included in draft SPA #26-0032 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of proposed SPA #26-0032 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2026.aspx>.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA #26-0032 or a copy of submitted public comments related to SPA #26-0032 by requesting it in writing to the mailing or email address listed below. Please indicate SPA #26-0032 in the subject line or message.



Written comments may be sent to the following address:

Department of Health Care Services
Local Governmental Financing Division
Attn: Charles Anders
P.O. Box 997413, MS 2692
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #26-0032 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than June 15, 2026. Please note that comments will continue to be accepted after June 15, 2026, but DHCS may not be able to consider those comments prior to the initial submission of SPA #26-0032 to CMS.

PAYMENT FOR REHABILITATIVE MENTAL HEALTH AND TARGETED CASE MANAGEMENT SERVICES

A. GENERAL APPLICABILITY

Payment for rehabilitative mental health and targeted case management services provided by Eligible Providers will be limited to the fee schedule developed by the State.

B. Definitions

“County Cost of Labor Index” means a county specific index calculated on an annual basis pursuant to Section H.

“Day Services” means Day Treatment Intensive, Day Rehabilitation, Crisis Stabilization, and Clubhouse Services as those services are defined in Supplement 3 to 3.1-A.

“Eligible Provider” means a public or private provider enrolled in the Medi-Cal program and certified to provide one or more Rehabilitative Mental Health or Targeted Case Management service as those services are defined in Supplement 1 and Supplement 3 to Attachment 3.1-A of this State Plan.

“Full-Day” means a beneficiary received a face-to-face service in a Day Treatment Intensive or Day Rehabilitation program with services available for more than four hours, or received face-to-face Clubhouse Services for at least three hours in a day.

“Full Month of Service” means an Eligible Provider delivered a service in an Assertive Community Treatment (ACT) or Multisystemic Therapy (MST) program to the same beneficiary on at least six separate days in a month, delivered a service in a Coordinated Specialty Care (CSC) program to the same beneficiary on at least four separate days in a month, or delivered a service in a High Fidelity Wraparound (HFW) program to the same beneficiary on at least one separate day in a month. At least four of the services delivered in an ACT or MST program must have been face-to-face with the beneficiary, and at least three of the services delivered in a CSC program must have been face-to-face with the beneficiary. Other services may be collateral contacts. If an Eligible Provider delivered a face-to-face service and a collateral contact on the same day, it is counted as two separate days.

“Half-Day” means a beneficiary received face-to-face service in a Day Treatment Intensive or Day Rehabilitation program with services available from three to four hours.

“High Fidelity Wraparound (HFW)” means a bundle of rehabilitative mental health services and Targeted Case Management services provided to youth beneficiaries by a multidisciplinary high fidelity wraparound team of providers. The bundle of services includes Targeted Case Management Services as those services are defined in Supplement 1 to Attachment 3.1-A and the following rehabilitative mental health services as those services are defined in Supplement 3 to Attachment 3.1-A: Peer Support Services, Psychosocial Rehabilitation Services, and Crisis Intervention Services.

“HFW Team Annual Salaries and Wages” means the sum of the Licensed Psychologists Annual 75th Percentile Team Wage, the Other Qualified Provider Annual 75th Percentile Team Wage and the Peer Support Specialist Annual 75th Percentile Team Wage.

“Home Health Agency Market Basket Index” means the IHS Global Inc. CMS Market Basket Index Levels for Home Health Agencies.

“Hourly 75th Percentile Wage” means the hourly 75th percentile wage for California in the Bureau of Labor Statistics Occupational Employment and Wage Statistics.

“Licensed Mental Health Professional (LMHP)” means Licensed Physicians, Licensed Psychologists (includes waived psychologists); Licensed Clinical Social Worker (LCSW) (includes Waivered/Registered clinical social workers), Licensed Professional Clinical Counselor (LPPC) (includes Waivered/Registered professional clinical counselors), Licensed Marriage and Family therapist (LMFT) (includes Waivered/Registered marriage and family therapists); Registered Nurses (includes certified nurse specialists and nurse practitioners); Licensed Vocational nurses; Licensed Psychiatric Technicians; and Licensed Occupational Therapists as those terms are defined in Supplement 3 to Attachment 3.1-A.

“Licensed Psychologists Annual 75th Percentile Team Wage” means the Hourly 75th Percentile Wage for Clinical and Counseling Psychologists with Occupational Code 19-3033 multiplied by 2,080 hours.

“Monthly Service” means Assertive Community Treatment (ACT) and Coordinated Specialty Care (CSC), as those services are defined in Supplement 3 to Attachment 3.1-A of this State Plan; and Multisystemic Therapy (MST) and HFW.

“Multisystemic Therapy” (MST) means a bundle of rehabilitative mental health services provided to youth beneficiaries and their families. The bundle of rehabilitative mental health services includes Assessment, Treatment Planning, Therapy, Crisis intervention, and Referral and Linkages, as defined in Supplement 3 to Attachment 3.1-A of this State Plan.

“Other Qualified Provider Annual 75th Percentile Team Wage” means the Hourly 75th Percentile Wage for Substance Abuse, Behavioral Disorder, and Mental Health Counselors with 21-1018 multiplied by 2080 hours and by 20 team members.

“Other Qualified Provider Hourly 75th Percentile Wage” means the Hourly 75th Percentile Wage for Substance Abuse, Behavioral Disorder, and Mental Health Counselors with SOC 21-1018.

“Outpatient Services” means Mental Health Services, Medication Support Services, Crisis Intervention Services, and Targeted Case Management Services as those services are defined in Supplement 3 and Supplement 1 to Attachment 3.1-A.

“Partial Month of Service” means an Eligible Provider delivered a service in an ACT or MST program to the same beneficiary on four or five separate days in a month or delivered a service in a CSC program to the same beneficiary on two or three separate days in a month. At least three of the services delivered in an ACT or MST program must have been face-to-face with the beneficiary, and at least one of the services delivered in a CSC program must have been face-to-face with the beneficiary. Other services may be collateral contacts. If an eligible provider delivered a face-to-face service and a collateral contact on the same day, it is counted as two separate days.

“Peer Support Specialist Annual 75th Percentile Team Wage” means the Other Qualified Provider Hourly 75th Percentile Wage increased by five percent then multiplied by 2080 hours and by 7 team members.

“Peer Support Specialist Hourly 75th Percentile Wage” means the Other Qualified Provider Hourly 75th Percentile Wage increased by five percent.

“Provider Type” means Clinical Trainee, Licensed Mental Health Professional, Mental Health Rehabilitative Specialist (MHRS), Medical Assistant, Physician Assistant (PA), Pharmacist, Peer Support Specialists, Alcohol and Drug (AOD) Counselor, and Other Qualified Provider as those terms are defined in Supplement 3 to Attachment 3.1-A of this State Plan.

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“Rehabilitative Mental Health and Targeted Case Management Services” means Outpatient Services, Day Services, and Twenty-Four Hour Services as those services are defined in Supplement 3 to Attachment 3.1-A of this State Plan.

“Services Provided in a Treatment Foster Home” means a bundle of rehabilitative mental health services provided to children and youth up to 21 years of age who have been placed in a Residential Treatment Foster Home and who meet medical necessity criteria for this service as established by the State. The bundle of rehabilitative mental health services includes Treatment Planning, Psychosocial Rehabilitation, and Crisis Intervention, as those services are defined in Supplement 3 to Attachment 3.1-A of this State Plan.

“Twenty-Four Hour Services” means Adult Residential Treatment, Crisis Residential Treatment, and Psychiatric Health Facility Services as those services are defined in Supplement 3 to Attachment 3.1-A; and Services Provided in a Treatment Foster Home.

G. Monthly Services Rate Methodology

1. The State establishes a county-based bundled rate for a Full Month of Services and a county-based bundled rate for a Partial Month of Service for each Monthly Service, except the State does not establish a county-based bundled rate for a Partial Month of Service for HFW. Except as otherwise noted in the State Plan, State-developed fee-schedule rates are the same for both governmental and private providers. The county-based bundled rates effective for services provided on or after January 1, 2025, July 1, 2025, and annually thereafter are posted to the following webpage: <https://www.dhcs.ca.gov/services/MH/Pages/medi-cal-behavioral-health-fee-schedules.aspx>.
2. The State pays all Eligible Providers the county-based bundled rate for each Full Month of Services and Partial Month of Service based upon the county where the provider is located.
3. The county-based bundled rate for ACT is paid for the following service components as those components are defined in Supplement 3 to Attachment 3.1-A of this State Plan.
 - Assessment
 - Crisis Intervention
 - Employment and Education Support Services
 - Medication Support Services
 - Psychosocial Rehabilitation
 - Referral and Linkages
 - Therapy
 - Treatment Planning
4. The county-based bundled rate for CSC is paid for the following service components as defined in Supplement 3 to Attachment 3.1-A of this State Plan.
 - Assessment
 - Crisis Intervention
 - Employment and Education Support Services
 - Medication Support Services
 - Psychosocial Rehabilitation
 - Referral and Linkages
 - Therapy
 - Treatment Planning
5. The county-based bundled rate for MST is paid for the following service components as defined in Supplement 3 to Attachment 3.1-A of this State Plan
 - Assessment

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- Crisis Intervention
 - Referral and Linkages
 - Therapy
 - Treatment Planning
6. Any provider delivering services through a bundle will be paid through that bundled payment rate and cannot bill services provided through the bundle separately. Providers delivering separate services outside of the bundle may bill for those separate services in accordance with the State's Medicaid billing procedures.
 7. The July 1, 2025 rate for all monthly services, except for HFW, will be equal to the January 1, 2025 rate increased by the percentage change in the Home Health Agency Market Basket Index from Q1 of 2025 to Q3 of 2025. Beginning on July 1, 2025, the State will annually increase the county-based bundled rates for a Full Month of Services, except for HFW, and a Partial Month of Services by the percentage change in the four-quarter average Home Health Agency Market Basket Index.
 8. The State will periodically monitor the actual provision of services paid under a bundled rate to ensure that beneficiaries receive the types, quantity, and intensity of services required to meet their medical needs and to ensure that the rates remain economic and efficient based on the services that are actually provided as part of the bundle.
 9. HFW Rate Methodology
The State will establish a county-based bundled rate for HFW on an annual basis pursuant to the formula in G.9.a below:
 - a. $\text{HFW Team Annual Salaries and Wages} + \text{Cost of Labor Adjustment} + \text{Swing Shift Adjustment} + \text{Inflation Adjustment} / 960 * \text{Overhead Adjustment}$
 - b. The state will calculate each component in G.9.a. above pursuant to the following methodology:
 - i. Cost of Labor Adjustment is equal to the HFW Team Annual Salaries and Wages multiplied by the County's Cost of Labor Index.
 - ii. Swing Shift Adjustment is equal to One Other Qualified Provider Hourly 75th Percentile Wage plus the Peer Support Specialist Hourly 75th Percentile Wage increased by 5.8%.
 - iii. Inflation Adjustment is equal to the HFW Team Annual Salaries and Wages plus the Swing Shift Adjustment Multiplied by the percentage change in the Home Health Agency Market Basket Index from the quarter in which the Bureau of Labor Statistics Occupational and Employment Wage Statistics were published to the first quarter of the rate fiscal year.

iv. The Overhead Adjustment is equal to 1.67.

H. Cost of Labor Index Calculation

1. For each county and Occupational Codes 21-0000 and 29-0000, divide the BLS metropolitan or non-metropolitan area estimated 75th Percentile Hourly Wage by the California 75th Percental Hourly Wage.
2. Multiply the result in Step 1 for Occupational Code 21-0000 by 90% and the result in Step 1 for Occupational Code 29-0000 by 10%.
3. The County Cost of Labor Index is equal to the sum of the result in Step 2 for Occupational Code 21-0000 and 29-0000.

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