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**DATE:** February 7, 2020

**TO:** ALL MEDI-CAL DENTAL MANAGED CARE PLANS

**SUBJECT: APL 20-001: EXTENSION OF ONE-YEAR SUPPLEMENTAL PAYMENT FOR CERTAIN DENTAL SERVICES USING PROPOSITION 56 TOBACCO TAX FUNDS ALLOCATED FOR STATE FISCAL YEAR 2019-20**

**PURPOSE:**

The purpose of this All Plan Letter (APL) is for the Department of Health Care Services (DHCS) to: (1) inform Medi-Cal Dental Managed Care (DMC) plans of the extension of Proposition 56 (Prop 56) funding allocated for supplemental payments for certain dental services from July 1, 2019 through December 31, 2021, (2) direct DMC plans to continue making supplemental payments to providers through SFY 2019-20, and (3) remind DMC plans to continue submitting quarterly reports to DHCS documenting Prop 56 payments.

**BACKGROUND:**

On November 8, 2016, California voters approved the California Healthcare, Research and Prevention Tobacco Tax Act (commonly known as Prop 56) to increase the excise tax rate on cigarettes and tobacco products. Under Prop 56, a specified portion of the tobacco tax revenue is allocated to DHCS for use as the non-federal share of health care expenditures in accordance with the annual state budget process. In accordance with Assembly Bill 120 (Chapter 22, §3, Item 4260-101-3305, Statutes of 2017) and Senate Bill 856 (Chapter 30, §3, Item 4260-101-3305, Statutes of 2018), DMC plans provided supplemental payments during SFYs 2017-18 and 2018-19 as an increase to the current dental Schedule of Maximum Allowances (SMA) for specific dental procedures. For SFY 2017-18, the supplemental payment was at a rate equal to 40 percent of the SMA for specific restorative, endodontic, prosthodontic, oral and maxillofacial, adjunctive, and visits and diagnostic services. For SFY 2018-19, the supplemental payments for existing codes were continued with the exception of 8 codes that were increased and 23 new codes that were added (including general anesthesia, periodontal, and orthodontia) to receive supplemental payments which varied between 20-60 percent of the SMA, or a specific dollar increase. DHCS previously issued APLs 17-007<sup>1</sup>, 18-010<sup>2</sup>, and 19-002<sup>3</sup> to inform DMC plans of Prop 56 funding allocated for

<sup>1</sup> [http://www.dhcs.ca.gov/services/Documents/MDSD/2017%20DAPLs/APL%2017-007\\_One\\_Year\\_Supplemental\\_Payment\\_Prop\\_56.pdf](http://www.dhcs.ca.gov/services/Documents/MDSD/2017%20DAPLs/APL%2017-007_One_Year_Supplemental_Payment_Prop_56.pdf)

SFYs 2017-18 and 2018-19 and direct DMC plans to making supplemental payments to providers.

Pursuant to Assembly Bill 74 (Chapter 23, §3, Item 4260-101-3305, Statutes of 2019), DHCS was authorized to continue the supplemental payments for the specified codes identified for SFY 2018-19, for an additional 30 months effective July 1, 2019 through December 31, 2021. In January 2020, DHCS received approval from the Centers for Medicare and Medicaid Services (CMS) to continue the directed payment arrangement for DMC plans through SFY 2019-20.

## **POLICY:**

### Continuation of Directed Payments

For SFY 2019-20, DMC plans shall continue making supplemental payments to certain dental services in the following dental categories restorative, endodontic, prosthodontic, oral and maxillofacial, adjunctive, visits and diagnostic services.

The supplemental payment rates for the existing categories stated above remain between 20-60 percent of the SMA. For the previously identified 26 utilized dental services, including general anesthesia, periodontal and orthodontia, the supplemental payment will continue to either reflect a specific dollar increase per the identified code or will be a percentage increase above the existing Medi-Cal SMA rate.

The Prop 56 Supplemental Dental Payments webpage<sup>4</sup> of the DHCS website continues to contain updated resources for DMC plans including hyperlinks to:

- The “Current Dental Terminology (CDT) Codes and SMAs for Prop 56 Supplemental Payments” table<sup>5</sup>
- The Provider Bulletin (June 2019, Volume 35, Number 21)<sup>6</sup>

In addition, the Medi-Cal Dental Program Provider Handbook<sup>7</sup> (Section 5, pages 5-106 through 5-126) publishes the SMA for all dental procedures.

### Continuation of Quarterly Reporting

DMC plans shall continue reporting all Prop 56 directed payments made to providers using the Prop 56 Directed Payment Report (P56 Report). P56 Reports shall be submitted by the plan to DHCS no less than 45 days following the end of the calendar year (CY) reporting quarter. DMC plans shall ensure that each quarterly P56 Report is inclusive of all dates of services for which supplemental payments were paid to providers during the CY reporting quarter. Dates of service should be filtered from oldest to most recent and delineate not only the supplemental payment made for each

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<sup>2</sup> [http://www.dhcs.ca.gov/services/Documents/MDSD/2018%20DAPLs/APL\\_18-010\\_Prop\\_56\\_FINAL.pdf](http://www.dhcs.ca.gov/services/Documents/MDSD/2018%20DAPLs/APL_18-010_Prop_56_FINAL.pdf)

<sup>3</sup> [https://www.dhcs.ca.gov/services/Documents/MDSD/2019%20DAPLs/APL\\_19-002\\_Prop\\_56.pdf](https://www.dhcs.ca.gov/services/Documents/MDSD/2019%20DAPLs/APL_19-002_Prop_56.pdf)

<sup>4</sup> <https://www.dhcs.ca.gov/services/Pages/Proposition-56-Dental.aspx>

<sup>5</sup> <https://www.dhcs.ca.gov/services/Documents/MDSD/Prop%2056/Prop56DentalFY19-21Codes.pdf>

<sup>6</sup> <https://www.dhcs.ca.gov/services/Documents/MDSD/Prop%2056/Volume-35-Number-21.pdf>

<sup>7</sup> [https://www.denti-cal.ca.gov/Dental\\_Providers/Denti-Cal/Provider\\_Handbook/](https://www.denti-cal.ca.gov/Dental_Providers/Denti-Cal/Provider_Handbook/)

line entry, but also the total supplemental payments made during the CY reporting quarter.

If you have any questions, please contact [dmcdeliverables@dhcs.ca.gov](mailto:dmcdeliverables@dhcs.ca.gov).

Sincerely,

*/s/ Carolyn Brookins*

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