

**Department of Health Care Services
Proposed Trailer Bill Legislation**

CalAIM: Designated State Health Programs and Delayed Carve-In of ICF-DD and Subacute Services into Medi-Cal Managed Care

FACT SHEET

Issue Title: California Advancing and Innovating Medi-Cal (CalAIM): Designated State Health Programs (DSHP) and Delay of the Carve-In of Intermediate Care Facility, Developmentally Disabled (ICF-DD) and Subacute Services into Medi-Cal Managed Care. The Department of Health Care Services (DHCS) proposes to 1) authorize reimbursement levels for primary care, obstetric care, and behavioral health services to the extent required by the federal Centers for Medicare and Medicaid Services (CMS) as a condition of claiming federal financial participation for DSHP; and 2) delay the transition of ICF-DD and subacute services into the Medi-Cal managed care delivery system from July 1, 2023, to January 1, 2024.

Background:

DSHP

Under the CalAIM initiative, and pursuant to Welfare and Institutions Code (WIC) Section 14184.102(k), DHCS may claim federal financial participation for expenditures associated with the Designated State Health Programs identified in the CalAIM Terms and Conditions.

ICF-DD and Subacute Care Facilities Carve-In to Medi-Cal Managed Care

Currently, long-term care (LTC) facility benefits are carved into managed care in County Organized Health Systems (COHS) and Coordinated Care Initiative (CCI) plans. (Note: For CCI counties, adult subacute care is currently carved-in to managed care, but pediatric subacute care is carved out.) In non-COHS and non-CCI counties, Medi-Cal Managed Care Plans (MCP) are responsible for the month of admission and the following month. Subsequently, the member is disenrolled from the MCP into the fee-for-service (FFS) delivery system and LTC services are covered under FFS.

Under the current CalAIM timeline, all MCPs will be required to cover LTC in ICF-DD and subacute care facilities (adult and pediatric) effective July 1, 2023. This means that members who reside in an ICF-DD home and subacute facility as of July 1, 2023, would be transitioned to the managed care delivery system.

The LTC facility benefits to be carved-in to MCPs statewide include the following:

- ICF-DD, ICF-DD-Habilitative, and ICF-DD-Nursing
- Adult Subacute Care Services
- Pediatric Subacute Care Services

DHCS, in collaboration with the Department of Developmental Services (DDS), convened a stakeholder workgroup to address transition specifically for ICF-DD facilities and beneficiaries, pursuant to WIC Section 14184.201(b)(4). Through stakeholder feedback, DHCS identified various policy and operational considerations that require additional planning and deliberation.

Justification for the Change:

DSHP

As a condition of approval for new DSHP funding, CMS has provided new conditions that states are required to meet. One such condition requires minimum average Medicaid to Medicare provider reimbursement rate ratio for specific service categories. If states do not meet this minimum ratio, states are required to provide defined provider rate increases. DHCS proposes to update the CalAIM statute that requires DHCS to maintain or increase reimbursement rates in the Medi-Cal program for primary care, obstetric care, and behavioral health service codes to meet federally imposed minimum ratio levels as a percentage of Medicare for dates of service on or after January 1, 2024, to the extent required by CMS as a condition to gain DSHP approval.

ICF-DD and Subacute Care Facilities Carve-in to Medi-Cal Managed Care

DHCS proposes to delay the transition of ICF-DDs and subacute care facilities into Medi-Cal managed care from July 1, 2023, to January 1, 2024 (WIC Section 14184.201(c)).

The ICF-DD carve-in will require complex policy considerations due to the ICF-DD facilities' regulatory and oversight structure that must take into consideration the specific roles of DDS and regional centers, as well as Lanterman Act rights and protections for the ICF-DD residents.

Further, patients receiving care in subacute care facilities must meet subacute level of care. These individuals are medically fragile and require specialized services, such as inhalation therapy, tracheotomy care, intravenous tube feeding, and complex wound management care. Many are ventilator-dependent and require subacute care for long periods of time. Additional time for careful planning, network development, and other operational readiness is needed to ensure minimum disruption for this population.

Summary of Arguments in support:

- The CalAIM DSHP proposal allows DHCS to claim additional federal funding at minimal state investment while providing additional reimbursement for services.
- The delay of the transition of ICF-DDs and subacute care facilities into Medi-Cal managed care provides DHCS more time to develop and provide operational guidance to MCPs, ICF-DD homes, subacute care facilities, and providers that serve these populations.