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State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

DATE: October 3, 2022

TO: ALL MEDI-CAL DENTAL MANAGED CARE PLANS

SUBJECT: APL 22-012: CONTINUED SUPPLEMENTAL PAYMENT FOR CERTAIN DENTAL SERVICES USING PROPOSITION 56 TOBACCO TAX FUNDS

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 continued Proposition 56 (Prop 56) funding allocated for supplemental payments for certain dental services from January 1, 2022 until further notice, (2) direct DMC plans to continue making supplemental payments to providers until further notice, 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 State Fiscal Years (SFY) 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 certain dental services in the following dental categories: visits and diagnostics, preventive, restorative, endodontic, periodontic, prosthetic, oral and maxillofacial surgery, orthodontic, and adjunctive 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. For SFY 2019-20 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.

Pursuant to Assembly Bill 74 (Chapter 23, § 3, Item 4260-101-3305, Statutes of 2019) and approved State Plan Amendment (SPA) 19-0038¹, DHCS was authorized to continue the supplemental payments for the specified codes identified for SFY 2018-19, for an additional 29 months effective July 1, 2019 through December 31, 2021. In June 2020, the Centers for Medicare and Medicaid Services (CMS) approved SPA 20-0015², which specified the removal and addition of certain Current Dental Terminology (CDT) codes eligible for supplemental payments using Prop 56 funds.

In June 2021, DHCS received approval from CMS to continue the directed payment arrangement with DMC plans for CY 2021.

Pursuant to SB 154 (Chapter 43, Statutes of 2022) and approved SPA 21-0030³, DHCS is authorized to continue the supplemental payments for the specified codes until further notice.

POLICY:

Continuation of Directed Payments

For SFY 2022-23 and until further notice, DMC plans must continue making supplemental payments to certain dental services in the following dental categories: restorative, endodontic, prosthodontic, oral and maxillofacial, adjunctive services, and visits and diagnostic services.

The supplemental payment rates for the existing categories set forth 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 webpage⁴ of the DHCS website contains updated resources for DMC plans including hyperlinks to:

- The CDT Codes and SMAs for Prop 56 Supplemental Payments table⁵, including the new procedure codes in the approved SPA 20-0015, that are effective March 14, 2020 until further notice
- Provider Bulletin (December 2021, Volume 37, Number 28)⁶

Continuation of Quarterly Reporting

DMC plans must continue reporting all Prop 56 directed payments made to providers using the Prop 56 Directed Payment Report (P56 Report). P56 Reports must be submitted by the plan to DHCS no less than 45 days following the end of the Calendar Year (CY) reporting

¹ <https://www.dhcs.ca.gov/formsandpubs/laws/Documents/SPA-19-0038-Apv.pdf>

² <https://www.dhcs.ca.gov/formsandpubs/laws/Documents/20-0015.pdf>

³ <https://www.dhcs.ca.gov/formsandpubs/laws/Documents/SPA-21-0030-Approval.pdf>

⁴ <https://www.dhcs.ca.gov/provgovpart/Prop-56/Pages/Prop56-Provider-Dental.aspx>

⁵ <https://www.dhcs.ca.gov/provgovpart/Prop-56/Documents/Prop-56-Dental-FY19-Codes.pdf>

⁶ https://www.dental.dhcs.ca.gov/MCD_documents/providers/provider_bulletins/Volume_37_Number_28.pdf

quarter. DMC plans must 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 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.

Sincerely,

Original signed by:

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