

# Targeted Rate Increase (TRI)

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10/31/2024

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# Background

- Assembly Bill (AB) 119: Authorized a managed care organization (MCO) provider tax (April 1, 2023 - December 31, 2026).
- Purpose: Support Medi-Cal program, enhance access, quality, equity, and provider participation.
- Legislation: AB 118 and AB 97.
- Managed Care Organization Tax:
  - Revenues support Medi-Cal programs, including targeted rate increases and investments to enhance access, quality, and equity.
  - CMS formally approved the MCO Tax on December 15, 2023.

# Program overview

## Targeted Rate Increases (TRI):

- Effective January 1, 2024.

## Scope:

- Applies to specific procedure codes for various provider types (e.g., Physicians, Nurse Practitioners, Psychologists).

## Goals:

- Increase provider rates to at least 87.5% of the lowest California-specific Medicare locality rate.
- Eliminate AB 97 payment reductions.
- Incorporate Proposition 56 supplemental payments.

## Proposition 56 Payments:

- Effective for dates of service on or after January 1, 2024, the CY 2024 TRI Fee Schedule rates are inclusive of the former Proposition 56 Physician Services supplemental payments for applicable codes.
- The CY 2024 TRI Fee Schedule does not include procedure codes related to Proposition 56 dental, Proposition 56 family planning, or Proposition 56 abortion services. Proposition 56 supplemental payments applicable to these services will not change effective January 1, 2024.

# Expectations from Managed Care Plans (MCPs)

## Compliance

- Ensure eligible providers receive no less than TRI Fee Schedule rates.

## Documentation

- Attest to compliance and provide supporting documentation.

## Use specified HCPCS and CPT codes

- Ensure codes match the services provided.
- Report to DHCS in Encounter Data.

## Communication

- Inform providers about requirements, payment processes, and grievance procedures.

## Timeline

- Achieve full compliance, including retroactive adjustments, by December 31, 2024.
  - Payment Exceptions: Payment may not be due by December 31, 2024, if:
    - MCP has not received a clean claim.
    - Less than 30 days have passed since receiving the clean claim.
    - MCP and Network Provider have agreed to an alternative payment schedule.

## Attestation

- MCPs must attest to compliance and provide supporting documentation upon request.
- MCPs can require similar attestations and supporting documentation from their Subcontractors and Downstream Subcontractors.
- Additional guidance from DHCS on attestation and documentation will be forthcoming.

# Subcontractor requirements

Ensure claims and encounters are submitted timely following Molina Healthcare Plan of California, Inc. (MCA) guidelines.

Provide required attestation and supporting documentation upon request.

Achieve compliance with the TRI APL by **December 31, 2024**, including retroactive payment adjustments where necessary, except for instances where payment would not otherwise be due by that date.

# Eligibility criteria

**Codes identified as primary/general care services on the TRI Fee Schedule and billed using Health Insurance Claim Form (CMS-1500) are eligible for TRI only when rendered by the following types of eligible providers:**

- Physicians, Physician Assistants, Nurse Practitioners, Podiatrists, Certified Nurse Midwife, Licensed Midwives, Doula Providers, Psychologists, Licensed Professional Clinical Counselors, Licensed Clinical Social Workers, and Marriage and Family

**Codes identified as obstetric care (OB) services and non-specialty outpatient mental health (NSMH) services are eligible for TRI when billed or rendered by a provider who is otherwise eligible to bill the code.**

**Contracted network providers**

**Exclusions:**

- Assistant Surgeons
- If a claim line is billed with a modifier that affects payment, the claim line is not eligible for TRI e.g. TC,26.
- Services by FQHCs, RHCs, Indian Health Care Providers, and Cost-Based Reimbursement Clinics.

**Other Rate Adjustments:**

- 20% payment reduction for specified procedures performed in outpatient facilities.

# Additional details

- **FQHC/RHC Services:**
  - Do not qualify for TRI Fee Schedule rates.
  - MCPs must reimburse contracted FQHCs and RHCs at levels comparable to other provider types.
- **Network Status:**
  - Providers must meet criteria in APL 19-001 to be considered “In Network.”
  - One-Time Agreements and Letters of Agreement generally do not qualify.
- **MCP Capitation Rate Increases:**
  - Base capitation rates increased to reflect TRI rates or historical payment levels, including Proposition 56 payments.
  - CAP rates that are based on % of premium will be amended to reflect the latest DHCS rates as of Sep 2024.



# Payment process and timeline

## CAP

### CAP Contract Amendments:

- By **December 1<sup>st</sup>, 2024**, CAP contracts amended to reflect new CAP rate.
- New rate includes the greater of TRI and Prop 56 Physician Services.
- Single rate per provider effective in 2025 unless further amendments are required.

### Implementation:

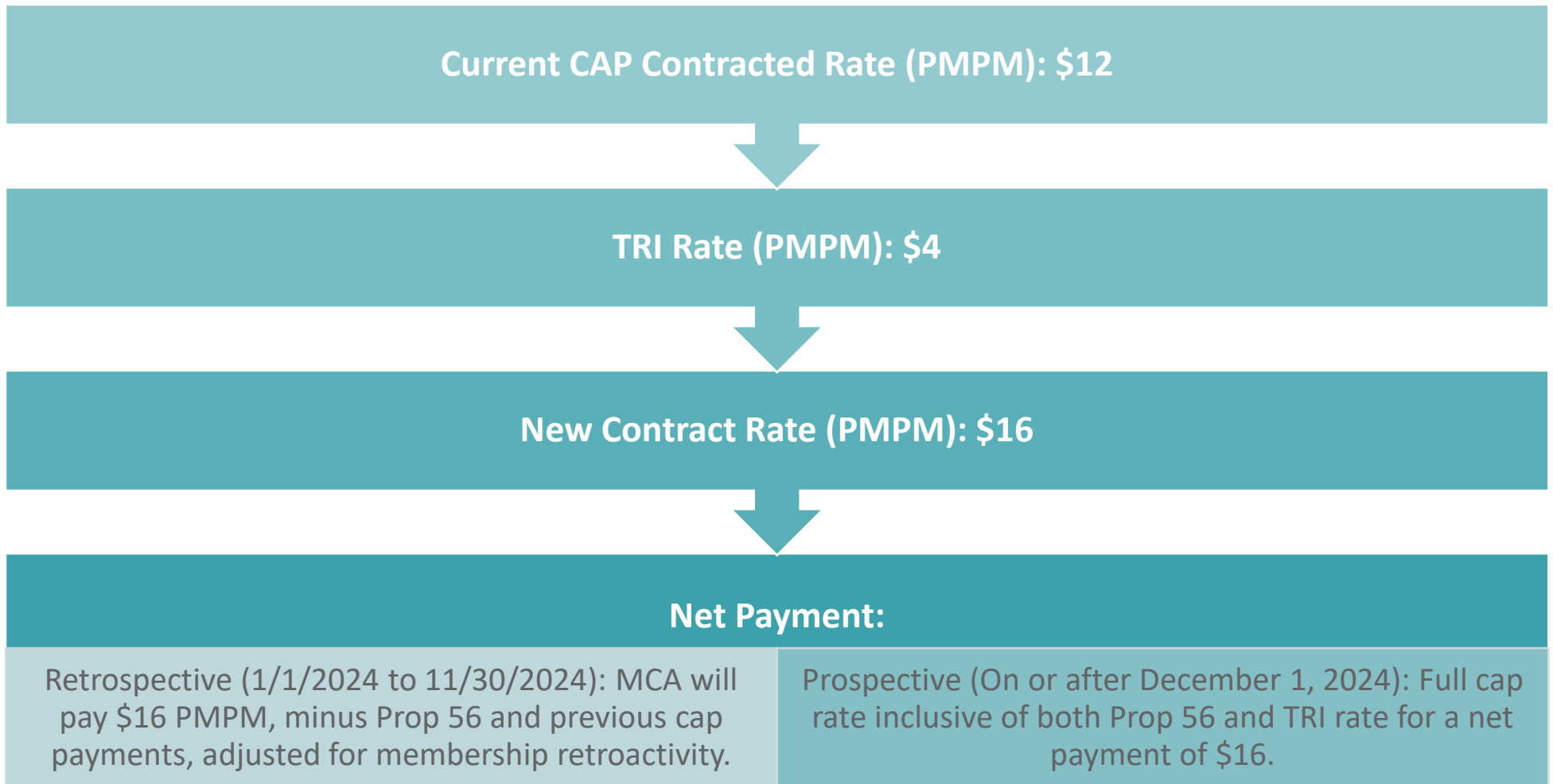
- **Jan – Nov 2024** DOS: Manual adjustment to apply new cap rate minus previously paid Prop 56 physician services by MCA.
- No Prop 56 standalone payments processed by MCA after Nov 2024 encounter received cut-off.
- IPAs to process run-outs for Prop 56 payments for Jan-Nov 2024 accordingly.
- New cap rate effective from Dec 2024.
- Complete retroactive payment payments adjustments where necessary by **Dec 31<sup>st</sup>, 2024**, except for instances where payment would not otherwise be due by that date.

**Note:** Manual payments continue until new cap rates are fully configured in MCA's system.

# Payment scenario

**Capitated Basics:** MCPs must ensure Network Providers reimbursement must be equal to or projected to be equal to the TRI Fee Schedule rate for applicable services.

Example:



# Provider CAP Rate Setting Method

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# Resources

- **TRI Website:** <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>
- **APLs:**
  - APL 24-007:  
<https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL%202024/APL24-007.pdf>
  - APL 19-001:  
<https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2019/APL19-001.pdf>
- **MCA TRI Provider Bulletins:**  
<https://www.molinahealthcare.com/providers/ca/medicaid/comm/bulletin.aspx>
- **MCA Medi-Cal Provider Manual:** [MCA 2024 Medi-Cal Provider Manual](#)

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