

CALIFORNIA DEPARTMENT OF AGING
Community-Based Adult Services Branch
1300 National Drive, Suite 200
Sacramento, CA 95834
www.aging.ca.gov
TEL 916-419-7545
FAX 916-928-2507
TTY 1-800-735-2929



ACL 20-01

Date: February 5, 2020

To: Community-Based Adult Services (CBAS) Center Administrators and Program Directors

From: California Department of Aging (CDA) CBAS Branch

Subject: **Proposition 56 Supplemental Payments to CBAS**

Purpose

This All Center Letter (ACL) is to notify CBAS providers that the enacted 2019-2020 State budget signed by the Governor on June 27, 2019, included \$13.7 million of the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56), supplemental funding for CBAS providers through December 31, 2021.

Implementation of the CBAS Supplemental Payments

Fee-for-service (FFS) Medi-Cal

Pursuant to AB74, the Budget Act of 2019, the Department of Health Care Services (DHCS) was authorized to develop the structure and parameters for supplemental payments for CBAS in FY 2019-20 restoring the AB97 10% reduction for the CBAS fee-for-service rates.

Effective retroactively for dates of service on or after July 1, 2019, through June 30, 2020, the service codes H2000, S5102, and T1023 for CBAS are subject to a 10% supplemental payment in addition to the established rate. The rate paid is the established usual and customary rate for that service, paid by the State in the provision of those services. An Erroneous Payment Correction (EPC) will be implemented to reprocess affected claims. No action is required of providers. Updated manual pages reflecting this change will be released in a future Medi-Cal Update. Please be on the lookout for future communication from Medi-Cal regarding the implementation date.

Medi-Cal Managed Care

Reimbursement for CBAS services provided to beneficiaries enrolled in a Medi-Cal managed care plan (MCP) will be pursuant to each CBAS facility's contracts with MCPs. As part of MCP rate development, DHCS has accounted for anticipated higher reimbursement from MCPs to CBAS facilities impacted by the AB97 rate reduction. Actuarial equivalent rate increases have been provided to MCPs who are paying CBAS providers contracted rates that are lower than the new CBAS FFS rates post AB97 restoration. MCPs who are paying CBAS providers contracted rates that are equal to or higher than the new CBAS FFS rates post AB97 restoration did not receive a rate increase related to this policy.

These supplemental payments will "suspend" on December 31, 2021 if the California Department of Finance (DOF) determines that projected General Fund expenses exceed revenue. If the General Fund revenues are projected to exceed expenses, the Director of DHCS would extend these supplemental payments by one year at a time.

CBAS Provider Reimbursement

CBAS provider reimbursement information for eligible Medi-Cal FFS and Medi-Cal managed care beneficiaries is included in the 1115 "Medi-Cal 2020" Waiver, Special Terms and Conditions (STC) 54. "CBAS Provider Reimbursement" as follows:

- a. DHCS shall reimburse CBAS providers serving eligible Medi-Cal beneficiaries who are exempt from enrollment in Medi-Cal managed care at an all-inclusive rate per day of attendance per beneficiary. DHCS shall publish such rates.
- b. Managed care plans shall reimburse contracted CBAS providers pursuant to a rate structure that shall include an all-inclusive rate per day of attendance per plan beneficiary or be otherwise reflective of the acuity and/or level of care of the plan beneficiary population served by the CBAS providers. Plan payments must be sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services were available to the respective Medi-Cal population as of April 1, 2012. Managed care plans may include incentive payment adjustments and performance and/or quality standards in their rate structure in paying CBAS providers.

Reimbursement rates for CBAS Medi-Cal FFS beneficiaries are published in the CBAS sections of the [DHCS Medi-Cal Provider Manual](#) at the following link:

http://files.medi-cal.ca.gov/pubsdoco/manuals_menu.asp

Proposition 56 supplemental payments to CBAS will not change the published reimbursement rates to CBAS providers for CBAS Medi-Cal FFS beneficiaries.

The published Medi-Cal Fee-For-Service (FFS) reimbursement rate for service code S5102 (per diem rate) is \$76.27 minus the 10% resulting from the AB97 10% rate reduction effective April 1, 2012. Proposition 56 supplemental payments will be an “add on” payment to the Medi-Cal FFS rate.

CBAS Background on Proposition 56

The California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56), passed by the voters in November 2016, increased the excise tax rate on cigarettes, electronic cigarettes and other tobacco products. Proposition 56 funds are appropriated to the Department of Health Care Services (DHCS) for continual use as the nonfederal share of health care expenditures. Additional information about [California Proposition 56](#) is posted on the DHCS website at the following link:

<https://www.dhcs.ca.gov/provgovpart/Pages/Proposition-56.aspx>

In addition to the Proposition 56 supplemental funding resulting from the enacted 2019-2020 State budget, some CBAS centers were awarded one-time funding by DHCS in October 2018 due to Proposition 56. This supplemental funding was distinctive from the CBAS per diem rate. Information about this funding including the list of CBAS centers that received this supplemental funding is posted on the [DHCS website](#) at the following link: <https://www.dhcs.ca.gov/services/Pages/Prop-56-CBAS-Funding-Allocation.aspx>

Questions

Please contact the CBAS branch if you have any questions: (916) 419-7545; cbascda@aging.ca.gov.