

California Department of Health Care Services (DHCS)

California Advancing & Innovating in Medi-Cal (CaAIM)
Section 1115 Demonstration Renewal Update

CaAIM Overview



- » DHCS is transforming Medi-Cal to ensure Californians can get the care they need to live healthier lives.
- » This includes new initiatives and services that go beyond the traditional doctor's office or hospital setting to address social, physical, and mental health needs.
- » CaAIM is a multi-year initiative to build a more coordinated, person-centered, and equitable health system that works for everyone.
- » CaAIM is authorized through a variety of federal Medicaid authorities, including the **CaAIM Section 1115 demonstration, the CaAIM 1915(b) waiver, Medicaid State Plan, and managed care contracts.**
- » In 2021, DHCS received authority for the CaAIM Section 1115 demonstration.
- » On May 11, DHCS submitted a five-year renewal request to the Centers for Medicare and Medicaid Services (CMS) to continue the CaAIM Section 1115 demonstration for another five years to **build upon and consolidate the successes of the CaAIM initiative.**

Updated CalAIM 1115 Demonstration Goals

The CalAIM Section 1115 demonstration renewal proposes three updated primary goals that seek to expand the reach and impact of CalAIM. These goals are aligned with California's broader vision for Medi-Cal and were informed by robust stakeholder engagement.

Updated CalAIM Goals



Strengthen the ability of DHCS, plans, and providers to identify and intervene early to manage member risk and need through whole person care approaches that optimize member experience and outcomes.



Continue to move Medi-Cal to a more consistent and seamless system by further reducing complexity, strengthening accountability, and improving program efficiency.



Continue to improve quality outcomes and drive delivery system transformation and innovation through value-based initiatives that allow members to receive the right care, at the right time, in the right place, at the right cost.

Section 1115 CalAIM Renewal Approach (1 of 2)

California seeks to continue and strengthen its existing efforts to transform Medi-Cal through the renewal of a subset of existing key and new CalAIM 1115 initiatives.

Renew Authority

- Reentry Services for Justice-Involved Populations 90-Days Pre-Release
- Drug Medi-Cal Organized Delivery System (DMC-ODS) – Waiver of Institutions for Mental Disease (IMD) Exclusion for Substance Use Disorder (SUD) Services
- County Option to Cover Select Outpatient SUD Services
- Contingency Management (Recovery Incentives)
- Traditional Healers and Natural Helpers
- Coverage for Out-of-State Former Foster Care Youth
- Chiropractic Services from Indian Health Service (IHS) and Tribal Facilities
- Modification of Asset Test for Deemed Supplemental Security Income (SSI) Populations
- Align Dually Eligible Enrollees' Medi-Cal Managed Care Plan (MCP) and Medicare Advantage (MA) Plan
- Managed Care Authority to Limit Plan Choice in Certain Counties
- Global Payment Program

Section 1115 CalAIM Renewal Approach (2 of 2)

California is also requesting to transition coverage of select CalAIM initiatives to alternative Medi-Cal coverage authority and sunset 1115 authority for some initiatives. The proposed approach below may change based on policy developments at the federal and state levels.

Request New Authority

- Employment Supports
- BridgeCare Pilots

Transition Authority

- Recuperative Care*
- Community-Based Adult Services

Sunset Authority

- Short-Term Post-Hospitalization Housing*
- Providing Access and Transforming Health (PATH) Initiative
- Designated State Health Program
- Low-Income Pregnant Women**

**Section 1115 authority is not needed to continue Enhanced Care Management (ECM) and 12 of the 15 Community Supports. ECM is authorized under federal Medicaid managed care regulations regarding care coordination and continuity of care responsibilities of managed care plans. The 12 Community Supports are authorized as In Lieu Of Services under managed care authority. The 15th Community Support—Transitional Rent—is authorized under the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) 1115 waiver through 2029.*

***To note, there is no loss in coverage for this population. The authority transitioned to the Medicaid State Plan in 2022.*

Section 1115 Demonstration Request: Continuing Section 1115 CalAIM Initiatives



Reentry Services for Justice-Involved Populations 90-Days Pre-Release

- » **Objective:** Address the significant health care needs experienced by justice-involved populations by ensuring they receive needed coverage and health care services prior to release into the community, supporting successful reintegration and reducing the risk of emergency room use, costly institutional care, and severe health consequences.
- » **Request:** Continue to cover **targeted Medi-Cal services for justice-involved individuals for up to 90 days prior to release** from a state prison, county jail, or youth correctional facility.
- » **Covered Services:**
 - Comprehensive reentry care management.
 - Medications for Addiction Treatment (MAT).
 - Physical and behavioral health clinical consultation.
 - Laboratory and radiology.
 - Medications and administration of covered medications.
 - Services provided by Community Health Workers and/or Peer Support Specialists with lived experience.
 - Provision of medically necessary durable medical equipment (DME) and medications in-hand upon release.

DMC-ODS – Waiver of IMD Exclusion for SUD Services



- » **Objective:** Improve access, quality, and coordination of care for SUD services provided in participating counties, including for residential treatment services.
- » **Request:** Renew authority to waive the IMD exclusion* and permit federal reimbursement of short-term residential treatment services provided to eligible individuals with a SUD.

** The IMD exclusion prohibits use of federal Medicaid funds to pay for treatment delivered to individuals ages 21 through 64 residing in qualifying institutions with more than 16 beds.*

Contingency Management (Recovery Incentives)

- » **Objective:** Promote recovery among Medi-Cal members living with stimulant use disorder by promoting longer retention in treatment and reduced drug use to:
 - Improve members' health outcomes.
 - Reduce rates of ED utilization and inpatient stays.
 - Increase community engagement.
- » **Request:** Continue authority for Recovery Incentives, which are an evidence-based practice to reward participants with stimulant use disorder for meeting treatment goals, for DMC-ODS counties and request new authority to allow DMC State Plan Counties to opt in.

County Option to Cover Select Outpatient SUD Services

- » **Objective:** Expand access to and coverage of SUD services across the state to connect more Medi-Cal members to care and further reduce drug-related overdose deaths.
- » **Request:**
 - Continue authority to allow counties to opt-in to provide Peer Support Services, which are culturally competent services that promote recovery, to Medi-Cal members receiving care in the Drug Medi-Cal (DMC) delivery system*.
 - Request new authority for DMC counties to opt-in to cover Mobile Crisis Services.
 - Request new authority to allow DMC counties to opt in to cover certain outpatient SUD services that are currently limited to the DMC-ODS delivery system:
 - Care Coordination
 - Recovery Services
 - Partial Hospitalization
 - Withdrawal Management

* Delivery system authorities for SMHS and DMC-ODS are authorized through California's CalAIM 1915(b) waiver. DHCS will seek to renew these authorities in the state's forthcoming 1915(b) waiver submission.

Traditional Healers and Natural Helpers

- » **Objective:** Improve access to SUD treatment for American Indians and Alaska Natives through Indian Health Care Providers (IHCP) and to promote access to culturally responsive and evidence-based SUD treatment.
- » **Request:**
 - Continue to provide **coverage for culturally responsive SUD treatment** through IHCPs under the DMC-ODS delivery system.
 - Retain authority to cover Traditional Healer and Natural Helper services for other conditions beyond SUD and for other delivery systems.
- » **Covered Services:**
 - **Traditional Healer services**, which may use an array of interventions, including music therapy (such as traditional music and songs, dancing, drumming), spirituality (such as ceremonies, rituals, herbal remedies) and other integrative approaches.
 - **Natural Helper services** may assist with navigational support, psychosocial skill building, self-management, and trauma support to individuals that restore the health of eligible Medi-Cal members.

Global Payment Program (GPP)

- » **Objective:** Increase access to, stabilize, and strengthen providers and provider networks that serve Medicaid and low-income populations, while increasing efficiency and quality of care.
- » **Request:** Continue GPP, which is a pool of funding used to **compensate designated public hospital systems** for services provided to the uninsured **through a value-based methodology**.

Existing GPP Goals:

- » Move away from payments restricted to acute and costly hospital and emergency settings.
- » Encourage preventive care, primary care, chronic disease management, and care coordination.
- » Encourage the use of technology-enabled care.

New GPP Proposed Changes:

- » Add new GPP services that expand the program's focus on prevention, chronic disease management, and behavioral health.
- » Introduce risk to earning GPP funding.
- » Incentivize investment in system transformation efforts.

Other Existing Initiatives Continuing Under CalAIM

Initiative	Description
Coverage for Out-of-State Former Foster Care Youth	Medi-Cal coverage for former foster care youth who are under age 26 and who were in foster care in another state on their 18 th birthday.
Chiropractic Services from IHS and Tribal Facilities	Chiropractic services furnished by Tribal providers to Medi-Cal members.
Modification of Asset Test for Deemed SSI Populations	Medi-Cal eligibility for individuals in select Deemed SSI populations (Pickle Group, Disabled Adult Child group, Disabled Widow/Widower group) by increasing the asset test.
Align Dually Eligible Enrollees' Medi-Cal Managed Care Plan and Medicare Advantage Plan	Aligns a dually eligible beneficiary's Medicaid plan with their Medicare Advantage (MA) Plan choice, to the extent the MA plan has an affiliated Medicaid plan.
Managed Care Authority to Limit Plan Choice in Certain Counties	Enables the state to limit choice of MCPs in metro, large metro, and urban counties operating under the County Organized Health System (COHS) and Single Plan models.

Section 1115 Demonstration Request: Transitioning and Sunsetting Section 1115 CalAIM Initiatives



Update on Recuperative Care and STPHH

- » The following Community Supports authorized under the Section 1115 demonstration will be transitioned or sunset:
 - **Recuperative Care:** Short-term residential setting in which members recover from an injury or illness while obtaining access to primary care, behavioral health services, case management, and other supportive social services.
 - **STPHH:** Ongoing supports necessary for recuperation and recovery after exiting an institution.
- » Section 1115 or 1915(b) authority is not needed to continue ECM and 12 of the 15 Community Supports.
 - **ECM** is authorized under federal Medicaid managed care regulations regarding care coordination and continuity of care responsibilities of managed care plans.
 - The **12 Community Supports** are authorized as In Lieu Of Services under managed care authority. The 15th Community Support—Transitional Rent—is authorized under the BH-CONNECT 1115 waiver through 2029.
- » DHCS is currently engaging with stakeholders and developing guidance on the Recuperative Care service definition and the wind down of STPHH.

Note on DHCS' Recuperative Care Approach

- *DHCS aims to create a recuperative care model that combines the levels of care currently offered under both recuperative care and STPHH, and to sunset STPHH as a separate Community Support.*
- *Due to sensitivities to federal policy, California plans to shift federal authority for recuperative care from Section 1115 waiver authority to Medicaid managed care In Lieu of Services authority, consistent with other Community Supports.*
- *As Medicaid policy does not permit the coverage of room and board outside of 1115 authority, California is pursuing modifications, as necessary, to cover Recuperative Care in alignment with federal requirements.*

Transitioning Section 1115 CalAIM Initiatives

As part of the CalAIM 1115 renewal, California is seeking to transition coverage of the following services effective January 1, 2027.

Initiative	Description	Updated Approach
Community-Based Adult Services (CBAS)	Services and supports for older adults and adults with disabilities to restore or maintain their optimal capacity for self-care and delay or prevent institutionalization.	<ul style="list-style-type: none">Transition to 1915(i) State Plan authority to strengthen this benefit as an entitlement.
Recuperative Care	Short-term residential care setting that provides onsite clinical and supportive services to members who require continued medical oversight to safely recovery from an illness or injury following discharge from an inpatient or institutional setting.	<ul style="list-style-type: none">Create a recuperative care model that combines the levels of care currently offered under both recuperative care and Short-Term Post Hospitalization Housing (STPHH), and to sunset STPHH as a separate Community Support.Transition federal authority for recuperative care to Medicaid managed care In Lieu of Services (ILOS) authority, consistent with other Community Supports.
STPHH	Short-term residential setting in which members can continue their medical, psychiatric, SUD recovery immediately after exiting an institution.	

Sunsetting Section 1115 CalAIM Initiatives

California will not be renewing the following initiatives under the CalAIM Section 1115 demonstration renewal.

Initiative	Description	Rationale for Not Renewing
Providing Access and Transforming Health (PATH)	Time-limited funds (authorized from 2022-2026) to support the capacity and infrastructure of community partners to successfully participate in the Medi-Cal delivery system and offer ECM, Community Supports, and pre-release services.	DHCS and partners across the state have achieved the goals of the PATH initiative, evidenced by the broad availability of ECM and Community Supports across California and the launch of pre-release services in the state.
Low-Income Pregnant Women	Postpartum benefits for pregnant women with incomes between 109-138% of the FPL, which includes all benefits that would otherwise be covered for women with incomes below 109% of the FPL.	DHCS transitioned the authority for these services from Section 1115 authority to the Medi-Cal State Plan.
Designated State Health Programs (DSHP)	DSHP financing was used to support portions of the PATH program.	DSHP financing is no longer needed as PATH Funding was time-limited; CMS has indicated it will no longer approve DSHPs.

Section 1115 Demonstration Request: New Section 1115 CalAIM Initiatives



Overview of BridgeCare Pilots Initiative (1 of 2)

- » **Objective:** Support older adults to remain in their homes and communities, prevent costly institutionalization and impoverishment that leads to Medicaid enrollment, improve health outcomes, and reduce avoidable Medicare and Medicaid healthcare spending.

- » **Approach:**
 - Provide a set of **home and community-based services (HCBS)** and caregiver supports (e.g., personal care services, home modifications, caregiver respite) for “near duals.”
 - “**Near duals**” are Medicare members age 65 and older with significant health needs, limited income above Medi-Cal limits, and who lack resources for adequate care.
 - Participants will be **required to pay cost-sharing** up to a specified percent of the average monthly cost of the participant’s BridgeCare services.
 - **Local entities** opt-in to implement and administer the pilot in their region and support the non-federal share of Medicaid funding.
 - Subject to DHCS review and approval, a local entity may establish an enrollment cap and develop a waitlist.
 - California requests federal approval to **reinvest state-designated shared Medicare savings** that may result from the BridgeCare Pilots towards applicable demonstration expenditures.

Overview of BridgeCare Pilots Initiative (2 of 2)

BridgeCare Pilots will provide a set of HCBS and caregiver supports to eligible participants in regions where a local entity elects to participate.

Eligibility	Services	
<ul style="list-style-type: none">» Be age 65 or older.» Be enrolled in traditional Medicare.» Require the level of care that is typically provided in a skilled nursing facility.» Live at home or in the community.» Meet the following financial eligibility criteria:<ul style="list-style-type: none">• Have countable income between 138 and 220% of the federal poverty level (FPL).• Have countable assets within Medi-Cal asset limits. <p><i>Individuals who meet the above criteria and are eligible for Medi-Cal Share of Cost but have not met their Share of Cost, or do not have enough medical expenses to meet their Share of Cost, are also eligible for BridgeCare Pilots.</i></p>	<p>Core Services (<i>provided to all participants</i>):</p> <ul style="list-style-type: none">» Assessments.» Individualized care planning.» Care management.» Personal Care Services.» Respite for Caregivers.» CAPABLE program: a home-based program integrating services from an occupational therapist (OT), registered nurse (RN), and a handy worker team.	<p>Discretionary Services (<i>may be available in certain regions if elected by the local entity</i>):</p> <ul style="list-style-type: none">» Homemaker Services.» Adult Day Care.» Assistive Technology.» Communication: Device and Translation/Interpretation.» Community Transition Services.» Consultative Clinical Services.» Nutritional Services.» Social Support.» Transportation.

Overview of Employment Supports (1 of 2)

» **Objective:** Assist individuals in meeting work and community engagement reporting requirements to support continued eligibility for Medi-Cal coverage at application and renewal.

» **Approach:**

- **Provide pre-employment and employment sustaining services** to address barriers to employment, support sustained workforce participation, and **promote economic stability among Medi-Cal members.**
- **Infrastructure and capacity development funding resources to support the initial start-up activities.**
- Counties or county-based entities may voluntarily opt-in to make these services available for eligible members and to support the non-federal share for federal Medicaid funding.
- Subject to DHCS review and approval, counties may establish a cap on number of expansion adults served and develop a waitlist.

Overview of Employment Supports (2 of 2)

DHCS seeks to provide Employment Supports to Medi-Cal members in the expansion group who need additional supports to comply with work and community engagement requirements and reside in counties that opt in to provide the service. Employment Supports include, but are not limited to:

Pre-Employment Services

- » Helping individuals find and apply for jobs (e.g., resume writing workshops, interview coaching).
- » Supporting individuals to connect to high school graduation, General Education Programs, vocational training, and college degree programs.
- » One-on-one job coach coaching.

Employment Sustaining Services

- » Supporting individuals who have secured a job to maintain their employment (e.g., financial and health literacy support, linking to high quality childcare, transportation assistance).

Preliminary Evaluation Plan



Preliminary Evaluation Plan

As part of the CalAIM 1115 renewal application, California included a preliminary plan to evaluate the CalAIM demonstration and measure achievement of the demonstration's goals, per federal regulations. These hypotheses will be further defined as California works with CMS to develop an evaluation design.

- » **Section 1115 Demonstration Evaluation Requirements:**
 - DHCS will contract with independent third parties to conduct evaluations and develop evaluation design plans for CMS review.
 - New hypotheses will be tested and evaluated in the CalAIM 1115 demonstration renewal.
- » **Draft Hypotheses:**
 - Over the course of the CalAIM demonstration renewal period, DHCS anticipates the proposed CalAIM 1115 initiatives will:
 - Improve coverage, continuity, and access to care.
 - Reduce avoidable high-cost utilization.
 - Strengthen coordination and integration across systems and implementation partners.

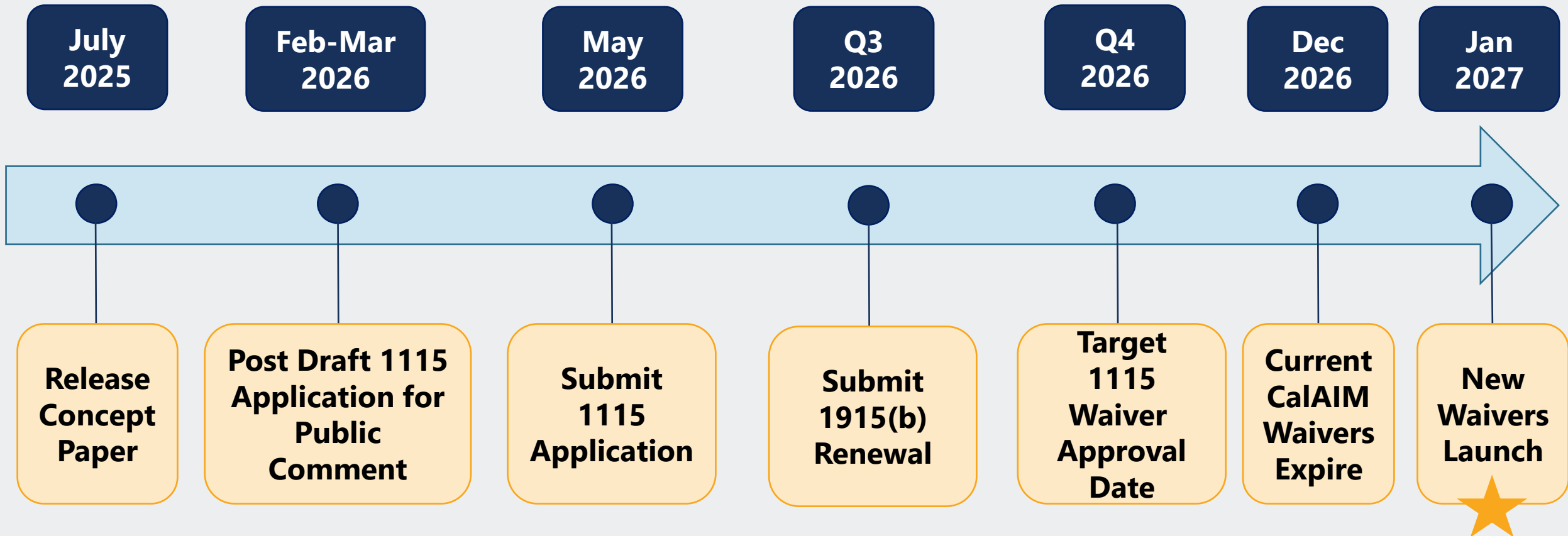
The proposed hypotheses for evaluation in the CalAIM 1115 demonstration renewal are available in Section 6 of the [application](#).

Timeline and Next Steps



Waiver Renewal Timeline

To build upon and continue the successes of the CalAIM initiative, DHCS is seeking five-year renewals of the CalAIM 1115 and 1915(b) waivers. The current waivers expire on December 31, 2026. The renewed waivers would be effective from January 1, 2027 – December 31, 2031.



Next Steps

- » DHCS is committed to engaging with stakeholders on an ongoing basis throughout the design and implementation of the CalAIM Renewal.
- » The CalAIM 1115 Renewal Application submitted to CMS is available on the [CalAIM 1115 Demonstration & 1915\(b\) Waiver webpage](#).
- » A renewal of the CalAIM 1915(b) waiver, which authorizes California's managed care delivery systems, will be submitted this summer.
 - A summary of the 1915(b) waiver renewal application is [available for public comment](#) from May 21 through June 20. Comments may be sent by email to CalAIMWaiver@dhcs.ca.gov or by mail to the address below:

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Thank You!