

AMENDED IN SENATE APRIL 7, 2025

AMENDED IN SENATE MARCH 24, 2025

SENATE BILL

No. 324

**Introduced by Senator Menjivar
(Principal coauthor: Senator McGuire)**

February 11, 2025

An act to amend Sections 14184.205 and 14184.206 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 324, as amended, Menjivar. Medi-Cal: enhanced care management and community supports.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions.

Existing law, subject to implementation of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, requires the department to implement an enhanced care management (ECM) benefit designed to address the clinical and nonclinical needs on a whole-person-care basis for certain target populations of Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans. Under existing law, target populations include, among others, high utilizers with frequent hospital admissions, short-term skilled nursing facility stays, or emergency room visits, and individuals experiencing homelessness.

Existing law, subject to CalAIM implementation, authorizes a Medi-Cal managed care plan to elect to cover community supports, as specified. Under existing law, community supports that the department

is authorized to approve include, among others, housing transition navigation services and medically supportive food and nutrition services.

This bill would require a Medi-Cal managed care plan, for purposes of covering the ECM benefit, or if it elects to cover a community support, to contract with community providers, as defined, whenever those providers are available in the respective county and have experience in providing the applicable ECM or community support, and can demonstrate that they are capable of providing access and meeting quality requirements in accordance with Medi-Cal guidelines.

The bill would require a managed care plan to honor member preference with regard to the applicable ECM or community support by authorizing service delivery to the contracted provider who is submitting a request for approval of services to the managed care plan.

Existing law requires the department to develop, in consultation with Medi-Cal managed care plans and other appropriate stakeholders, a monitoring plan and reporting template for the implementation of ECM or community supports. Existing law requires the department to annually publish a public report on reported ECM or community support utilization data, populations served, and demographic data, stratified by age, sex, race, ethnicity, and languages spoken, to the extent that statistically reliable data are available.

This bill would expressly include providers of ECM or community supports within the consultation process. The bill would require the department to publish the public report on a quarterly basis instead and would require additional demographic data.

The bill would also require the department to develop standardized and streamlined templates to be used by managed care plans or their contracted providers, as specified, and to develop guidance to allow community providers to act as a primary subcontractor with managed care plans and to subcontract with other community providers as a 3rd-tier subcontractor, as specified.

~~The bill would require the department to annually update rate guidance as a benchmark for managed care plans to use to reimburse for ECM or community supports, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14184.205 of the Welfare and Institutions
2 Code is amended to read:

3 14184.205. (a) Subject to subdivision (f) of Section 14184.102,
4 the department shall implement an enhanced care management
5 (ECM) benefit designed to address the clinical and nonclinical
6 needs on a whole-person-care basis for certain target populations
7 of Medi-Cal beneficiaries enrolled in Medi-Cal managed care
8 plans, in accordance with this section and the CalAIM Terms and
9 Conditions.

10 (b) (1) Subject to the effective dates listed in subdivision (c),
11 the ECM benefit shall be available on a statewide basis to an
12 eligible Medi-Cal beneficiary who is enrolled in an applicable
13 Medi-Cal managed care plan and who meets the criteria in the
14 CalAIM Terms and Conditions for one or more target populations,
15 as determined by the department. A Medi-Cal beneficiary is
16 excluded from ECM while enrolled in a 1915(c) waiver or the
17 Family Mosaic Project, or while receiving California Community
18 Transitions (CCT) Money Follows the Person (MFTP) services.
19 ECM shall be available to a qualifying dual eligible beneficiary,
20 as described under Section 14184.200, except for a dual eligible
21 beneficiary enrolled in a fully integrated program for members
22 who are dually eligible for Medicare and Medicaid, including Cal
23 MediConnect during the duration of the demonstration authorized
24 in former Section 14132.275, Fully Integrated Dual Eligible Special
25 Needs Plans (FIDE-SNPs), and the Programs of All-Inclusive Care
26 for the Elderly (PACE).

27 (2) ECM only shall be available as a covered Medi-Cal benefit
28 under a comprehensive risk contract with a Medi-Cal managed
29 care plan. A Medi-Cal beneficiary who is eligible for ECM shall
30 enroll in a Medi-Cal managed care plan in order to receive those
31 services.

32 (c) (1) A Medi-Cal managed care plan operating in counties in
33 which either the Whole Person Care pilot program, pursuant to
34 Section 14184.60, or the Health Home Program, pursuant to former
35 Article 3.9 (commencing with Section 14127), or both, were
36 implemented, as determined by the department, shall be required
37 to cover ECM under its comprehensive risk contract as follows:

1 (A) Commencing January 1, 2022, a Medi-Cal managed care
2 plan described in this paragraph shall be required to cover ECM
3 for existing target populations under either the Whole Person Care
4 pilot program or the Health Home Program, or both, as identified
5 by the department.

6 (B) (i) Commencing January 1, 2023, a Medi-Cal managed
7 care plan described in this paragraph shall be required to cover
8 ECM for other select target populations described in subdivision
9 (d), as identified by the department and in accordance with the
10 CalAIM Terms and Conditions.

11 (ii) Commencing July 1, 2023, a Medi-Cal managed care plan
12 described in this paragraph shall be required to cover ECM for all
13 target populations described in subdivision (d) and in accordance
14 with the CalAIM Terms and Conditions.

15 (2) A Medi-Cal managed care plan operating in counties in
16 which neither the Whole Person Care pilot program, pursuant to
17 Section 14184.60, or the Health Home Program, pursuant to former
18 Article 3.9 (commencing with Section 14127), was implemented,
19 as determined by the department, shall be required to cover select
20 ECM target populations, as identified by the department, under its
21 comprehensive risk contract, commencing July 1, 2022. All other
22 target populations, including the target population described in
23 paragraph (7) of subdivision (d), shall be covered commencing
24 January 1, 2023, or July 1, 2023, in accordance with the CalAIM
25 Terms and Conditions.

26 (d) Target populations shall include the following, consistent
27 with the department's eligibility criteria, and to the extent approved
28 in the CalAIM Terms and Conditions:

29 (1) Children or youth with complex physical, behavioral,
30 developmental, or oral health needs, including, but not limited to,
31 those eligible for California Children's Services, those involved
32 or with a history of involvement in child welfare or the juvenile
33 justice system, or youth with clinical high-risk syndrome or a first
34 episode of psychosis.

35 (2) Individuals experiencing homelessness.

36 (3) High utilizers with frequent hospital admissions, short-term
37 skilled nursing facility stays, or emergency room visits.

38 (4) Individuals at risk for institutionalization and eligible for
39 long-term care services.

1 (5) Nursing facility residents who want to transition to the
2 community.

3 (6) Individuals with serious mental illness (SMI), and children
4 with serious emotional disturbance (SED) or substance use disorder
5 (SUD).

6 (7) Individuals transitioning from incarceration requiring
7 immediate transition of services to the community.

8 (e) Notwithstanding any other law, for any time period in which
9 a Medi-Cal beneficiary is eligible to receive ECM services through
10 enrollment in their Medi-Cal managed care plan, the beneficiary
11 shall not receive duplicative targeted case management services
12 as described in Section 14132.44 or otherwise authorized in the
13 Medi-Cal State Plan, as determined by the department.

14 (f) Medi-Cal managed plans shall consult and collaborate with
15 Medi-Cal behavioral health delivery systems for the delivery of
16 ECM for beneficiaries with an SMI, SED, or SUD.

17 (g) (1) A managed care plan shall, for purposes of covering the
18 ECM benefit pursuant to this section, contract, directly or
19 indirectly, with community providers whenever those providers
20 are available in the respective county and have experience in
21 providing the applicable ECM, and can demonstrate that they are
22 capable of providing access and meeting quality requirements in
23 accordance with Medi-Cal guidelines. This requirement shall not
24 limit a managed care plan's ability to contract with ~~for-profit~~ *other*
25 *nonprofit, for-profit*, or local governmental providers for the same
26 ECM population of focus.

27 (2) If a Medi-Cal managed care plan proposes to keep some
28 level of ECM in house instead of contracting with direct providers,
29 the Medi-Cal managed care plan shall demonstrate to the state that
30 its ECM benefit is appropriately community based and shall
31 provide a rationale for not contracting with existing providers.

32 (3) A Medi-Cal managed care plan shall honor member
33 preference with regard to ECM by authorizing service delivery to
34 the contracted provider who is submitting a request for approval
35 of services to the managed care plan.

36 (h) The department shall develop, in consultation with Medi-Cal
37 managed care plans, providers of ECM, and other appropriate
38 stakeholders, all of the following:

39 (1) A monitoring plan and reporting template for the
40 implementation of ECM pursuant to this section. The department

1 shall quarterly publish a public report on reported ECM utilization
2 data, populations served, and demographic data, stratified by
3 county, age, sex, race, ethnicity, and languages spoken, with each
4 of those demographic categories disaggregated by type of provider
5 delivering the service, including, but not limited to, for-profit
6 providers, local governments, and community providers, to the
7 extent that statistically reliable data are available.

8 (2) Standardized and streamlined templates to be used by
9 managed care plans or their contracted providers to facilitate
10 inclusion of community providers with limited prior experience
11 in contracting with Medi-Cal managed care plans but who can
12 demonstrate that they are capable of providing access and meeting
13 quality requirements in accordance with Medi-Cal guidelines. The
14 department shall consult with managed care plans and providers
15 in developing these templates.

16 (3) Guidance to allow community providers to act as a primary
17 subcontractor with managed care plans and to subcontract with
18 other community providers as a third-tier subcontractor.
19 Community providers acting as a primary subcontractor may
20 provide administrative support to third-tier subcontractors,
21 including billing, training, coordination, and other ancillary
22 support, as necessary to meet the requirements of providing
23 Medi-Cal services. The department shall address in its guidance
24 how to resolve applicable concerns when using a primary
25 subcontractor that contracts with third-tier subcontractors.

26 ~~(i) The department shall annually update rate guidance as a~~
27 ~~benchmark for managed care plans to use to reimburse for ECM.~~
28 ~~The rate guidance shall be actuarially sound and be based on the~~
29 ~~provision of the actual cost of service in the state and by~~
30 ~~community providers. Rates shall include, but not be limited to,~~
31 ~~all related administrative expenses required for service approval~~
32 ~~and billing, such as outreach for referrals, gathering relevant~~
33 ~~medical data to support treatment authorization request (TAR)~~
34 ~~approvals, TAR management and claims billing, travel, and~~
35 ~~documentation time. The department shall consult with community~~
36 ~~providers on the development of methodologies for services used~~
37 ~~to inform rate guidance.~~

38 ~~(j)~~

39 (i) For purposes of this section, “community provider” means
40 a locally available, community-based nonprofit organization that

1 has direct experience with the Medi-Cal populations being served
2 and is generally embedded in the health care ~~and~~ *or* social services
3 ecosystem in the provider's county. A community provider offers
4 health-related social needs (HRSN) services that are covered under
5 Medi-Cal, and is authorized, rather than required, to provide
6 additional Medi-Cal services.

7 SEC. 2. Section 14184.206 of the Welfare and Institutions
8 Code is amended to read:

9 14184.206. (a) Commencing January 1, 2022, and subject to
10 subdivision (f) of Section 14184.102, a Medi-Cal managed care
11 plan may elect to cover those community supports approved by
12 the department as cost effective and medically appropriate in the
13 comprehensive risk contract that are in lieu of applicable Medi-Cal
14 state plan services, in accordance with the CalAIM Terms and
15 Conditions.

16 (b) (1) Approved community supports pursuant to this section
17 shall be available only to beneficiaries enrolled in a Medi-Cal
18 managed care plan under a comprehensive risk contract, subject
19 to paragraph (2).

20 (2) Approved community supports shall not supplant other
21 covered Medi-Cal benefits that are not the responsibility of the
22 Medi-Cal managed care plan under the comprehensive risk
23 contract, including, but not limited to, in-home supportive services
24 provided pursuant to Article 7 (commencing with Section 12300)
25 of Chapter 3, and Sections 14132.95, 14132.952, and 14132.956.

26 (3) An enrolled Medi-Cal beneficiary shall not be required by
27 their Medi-Cal managed care plan to use the community support.

28 (c) Subject to subdivision (f) of Section 14184.102, community
29 supports that the department may approve include, but need not
30 be limited to, all of the following when authorized by the
31 department in the comprehensive risk contract with each Medi-Cal
32 managed care plan and to the extent the department determines
33 that the community support is a cost-effective and medically
34 appropriate substitute for the applicable covered Medi-Cal benefit
35 under the comprehensive risk contract:

36 (1) Housing transition navigation services.

37 (2) Housing deposits.

38 (3) Housing tenancy and sustaining services.

39 (4) Short-term post-hospitalization housing.

40 (5) Recuperative care or medical respite.

1 (6) Respite.

2 (7) Day habilitation programs.

3 (8) Nursing facility transition or diversion to assisted living
4 facilities, including, but not limited to, residential care facilities
5 for the elderly or adult residential facilities.

6 (9) Nursing facility transition to a home.

7 (10) Personal care and homemaker services.

8 (11) Environmental accessibility adaptations or home
9 modifications.

10 (12) Medically supportive food and nutrition services, including
11 medically tailored meals.

12 (13) Sobering centers.

13 (14) Asthma remediation.

14 (d) (1) If a Medi-Cal managed care plan elects to cover a
15 community support pursuant to subdivision (a), the managed care
16 plan shall, for purposes of covering that community support,
17 contract, directly or indirectly, with community providers whenever
18 those providers are available in the respective county and have
19 experience in providing the applicable community support, and
20 can demonstrate that they are capable of providing access and
21 meeting quality requirements in accordance with Medi-Cal
22 guidelines. This requirement shall not limit a managed care plan's
23 ability to contract with ~~for-profit~~ *other nonprofit, for-profit*, or
24 local governmental providers for the same community supports.

25 (2) A Medi-Cal managed care plan shall honor member
26 preference with regard to community supports by authorizing
27 service delivery to the contracted provider who is submitting a
28 request for approval of services to the managed care plan.

29 (e) The department shall publicly post on its internet website a
30 list of which community supports are offered to enrollees by each
31 Medi-Cal managed care plan.

32 (f) A Medi-Cal managed care plan shall provide information
33 on the available community supports in its member handbook and
34 plan website, including any limitations on community supports on
35 the plan website. The managed care plan provider directory shall
36 highlight which entities are community providers, as defined in
37 subdivision ~~(k)~~ *(j)*.

38 (g) The department shall develop, in consultation with Medi-Cal
39 managed care plans, providers of community supports, and other
40 appropriate stakeholders, all of the following:

1 (1) A monitoring plan and reporting template for the
2 implementation of community supports pursuant to this section.
3 The department shall quarterly publish a public report on reported
4 community supports utilization data, populations served, and
5 demographic data, stratified by county, age, sex, race, ethnicity,
6 and languages spoken, with each of those demographic categories
7 disaggregated by type of provider delivering the service, including,
8 but not limited to, for-profit providers, local governments, and
9 community providers, to the extent that statistically reliable data
10 are available.

11 (2) Standardized and streamlined templates to be used by
12 managed care plans or their contracted providers to facilitate
13 inclusion of community providers with limited prior experience
14 in contracting with Medi-Cal managed care plans but who can
15 demonstrate that they are capable of providing access and meeting
16 quality requirements in accordance with Medi-Cal guidelines. The
17 department shall consult with managed care plans and providers
18 in developing these templates.

19 (3) Guidance to allow community providers to act as a primary
20 subcontractor with managed care plans and to subcontract with
21 other community providers as a third-tier subcontractor.
22 Community providers acting as a primary subcontractor may
23 provide administrative support to third-tier subcontractors,
24 including billing, training, coordination, and other ancillary
25 support, as necessary to meet the requirements of providing
26 Medi-Cal services. The department shall address in its guidance
27 how to resolve applicable concerns when using a primary
28 subcontractor that contracts with third-tier subcontractors.

29 (h) The department shall conduct an independent evaluation of
30 the effectiveness of community supports in accordance with the
31 parameters and timeframes specified in the CalAIM Terms and
32 Conditions.

33 (i) The department shall take into account the utilization and
34 actual cost of community supports in developing capitation rates.

35 ~~(j) The department shall annually update rate guidance as a~~
36 ~~benchmark for managed care plans to use to reimburse for~~
37 ~~community supports. The rate guidance shall be actuarially sound~~
38 ~~and be based on the provision of the actual cost of service in the~~
39 ~~state and by community providers. Rates shall include, but not be~~
40 ~~limited to, all related administrative expenses required for service~~

1 approval and billing, such as outreach for referrals, gathering
2 relevant medical data to support treatment authorization request
3 (TAR) approvals, TAR management and claims billing, travel,
4 and documentation time. The department shall consult with
5 community providers on the development of methodologies for
6 services used to inform rate guidance.

7 (k)

8 (j) For purposes of this section, the following definitions apply:

9 (1) “Community provider” means a locally available,
10 community-based nonprofit organization that has direct experience
11 with the Medi-Cal populations being served and is generally
12 embedded in the health care and or social services ecosystem in
13 the provider’s county. A community provider offers health-related
14 social needs (HRSN) services that are covered under Medi-Cal,
15 and is authorized, rather than required, to provide additional
16 Medi-Cal services.

17 (2) “Community supports” means those alternative services and
18 settings approved in the CalAIM Terms and Conditions and
19 administered according to paragraph (2) of subsection (e) of Section
20 438.3 of Title 42 of the Code of Federal Regulations.

21 (3) “Comprehensive risk contract” has the same meaning as set
22 forth in Section 438.2 of Title 42 of the Code of Federal
23 Regulations.