

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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## State Demonstrations Group

December 12, 2024

Tyler Sadwith  
State Medicaid Director  
California Department of Health Care Services  
1501 Capital Avenue, 6th Floor, MS 0000  
Sacramento, CA 95814

Dear Director Sadwith:

California submitted a Designated State Health Programs (DSHP) List on April 26, 2023, in accordance with the special terms and conditions (STCs), specifically, STC 10.1(e). The Centers for Medicare & Medicaid Services (CMS) is approving the programs submitted, as an attachment to the STCs for California's section 1115 demonstration project entitled, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project Numbers 11-W-00193/9 and 21-W-00077/0), effective through December 31, 2026. A copy of the approved attachment is enclosed and will be incorporated into the STCs as Attachment Y in the next demonstration action.

California also submitted a Designated State Health Programs (DSHP) Claiming Protocol on May 2, 2023, in accordance with the special terms and conditions (STC), specifically, STC 10.4. CMS is approving the protocol for the approved DSHP programs as an attachment to the STCs for the state's section 1115 demonstration CalAIM, effective through December 31, 2026. A copy of the approved attachment is enclosed and will also be incorporated into the STCs as Attachment Z in the next demonstration action.

This approval is conditioned upon compliance with the previously approved STCs, which set forth in detail the nature, character, and extent of anticipated federal involvement in the project. In addition, as stipulated in the STCs, the state must continue conducting monitoring and evaluation of all DSHP-funded initiatives.

We look forward to our continued partnership on the CalAIM section 1115 demonstration. If you have any questions, please contact your CMS project officer, Diona Kristian. Diona can be reached by email at [Diona.Kristian@cms.hhs.org](mailto:Diona.Kristian@cms.hhs.org).

Sincerely,



Angela D. Garner  
Director  
Division of System Reform Demonstrations

cc: Cheryl Young, State Monitoring Lead, Medicaid and CHIP Operations Group

Enclosures:

Attachment Y Approved List of Designated State Health Programs (DSHPs)

Attachment Z Designated State Health Program (DSHP) Claiming Protocol

**Attachment Y**  
**Approved List of Designated State Health Programs (DSHPs)**

The DSHP-eligible expenditures in this list exclude prohibited costs, in accordance with STC 10.1(e).

<b>Program</b>	<b>Description</b>	<b>DSHP-Eligible Expenditures</b>
Department of Developmental Services (DDS or Lanterman)	The Lanterman Act provides for the coordination and provision of services and supports to enable people with intellectual and developmental disability to lead more independent, productive, and integrated lives.	\$1,950,977,576
Genetically Handicapped Persons Program (GHPP)	Health care program for adults with specific genetic diseases. GHPP helps beneficiaries with their health care costs. GHPP works with doctors, nurses, pharmacists, and other members of the health care team in providing many types of health services. DSHP-eligible expenditures are for GHPP only member and do not include Medicaid eligible individuals.	\$541,856,000
Medically Indigent Long-Term Care (LTC)	Covers long-term care services only for individuals in skilled nursing or an intermediate care facility who do not have other linkage to the Medi-Cal program.	\$83,451,730
Prostate Cancer Treatment Program (PCTP)	The PCTP, named Improving Access, Counseling & Treatment for Californians with Prostate Cancer (IMPACT), was developed to expand and ensure, high-quality prostate cancer treatment to uninsured and underinsured men with incomes at or below 200 percent of the federal poverty level.	\$12,042,000
California Children Services (CCS)	Provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children with CCS-eligible medical conditions, including but not limited to chronic medical conditions such as cystic fibrosis, hemophilia, cerebral palsy, heart disease, cancer, traumatic injuries, and infectious diseases producing major sequelae. DSHP-eligible expenditures are for CCS only members and do not include Medicaid eligible individuals.	\$343,546,000
Song Brown HealthCare Workforce	Provides grant funds to organizations to support the education and training of primary care professionals. Priority for funding is given to programs that demonstrate success in the following areas:	\$310,624,000

Program	Description	DSHP-Eligible Expenditures
Training Program (Song Brown)	graduating individuals who practice in medically underserved areas; enrolling members of underrepresented groups in medicine to the program; locating the program's main training site in a medically underserved area; and operating a main training site where the majority of the patients are Medi-Cal recipients.	
Steven M. Thompson Physical Corp Loan Repayment Program (STLRP)	This program aims to increase the number of appropriate trained physicians providing direct patient care in a qualified facility or area in California.	\$17,119,492
<b>Total Allowable DSHP-Eligible Expenditures</b>		\$3,259,616,799
<b>Total Allowable DSHP-Eligible Expenditures with 5% Adjustment</b>		\$3,096,635,959
<b>Total DSHP Cap.</b> The state must not claim more than the capped amount of DSHP.		\$1,292,850,000

**Attachment Z**  
**Designated State Health Programs (DSHP) Claiming Protocol**

**I. CERTIFIED PUBLIC EXPENDITURES – DETERMINATION OF ALLOWABLE COSTS FOR STATE ONLY MEDICAL PROGRAMS**

**A. General Provisions**

Program costs, for each program described in Attachment Y, mean the total expenditures incurred in the Demonstration Year (DY) from all the funding sources. Allowable DSHP expenditures will be applied against each DY using the date of service information from each paid claim. Allowable DSHP costs are DSHP costs for health care services which are allowable under section 1905(a) of the Social Security Act, rendered to the uninsured population.

Net program costs are program costs for health care services only. DSHP costs, for each program described in Attachment Y, are net program costs funded by the State and/or local funds.

Costs associated with providing non-emergency services to individuals who do not meet citizenship or immigration status requirements to be eligible for Medicaid. cannot be claimed. To implement this limitation, 5 percent of total certified public expenditures for services to uninsured individuals will be treated as expended for non emergency care to individuals who do not meet citizenship or immigration status requirements.

**B. Program Funding and Claiming**

**CCS, GHPP, MIA/LTC, and BCCTP**

Services are Medicaid-like services funded by the State General Fund. The State fiscal intermediary pays the program claims. Program costs will be compiled from the State fiscal intermediary Paid Claims Data using the specific Aid Codes to identify eligibility and the specific Billing Provider Type to identify the service types by date of services. The total program costs for each program funded by the State General Fund for the uninsured population will be used to determine allowable DSHP costs for reimbursement.

**Prostate Cancer Treatment Program (PCTP)**

PCTP is funded by State General Fund. Eighty seven percent of the total contract funding shall be used for direct patient care. No less than 70 percent of the total contract funding shall be expended on direct patient care treatment, which is defined as funding for fee-for-service providers for Medi-Cal eligible services at established MediCal rate.

PCTP services for direct patient care treatment are Medicaid-like services. PCTP is the payer of last resort for men who are not eligible for Medi-Cal or Medicare and have no access to local or county resources. PCTP total program costs incurred for direct patient care treatment will be used to determine allowable DSPH costs for reimbursement. PCTP program costs will be compiled from PCTP Paid Claims Data by treatment category and by the eligible population.

## **Department of Developmental Services (DDS)**

DDS Community-Based Services are funded by the following funding sources:

- State Funds
  - State General Fund
  - Mental Health Services Fund
  - California Children and Family Trust Fund (Proposition 10 funding to create a comprehensive and integrated system of information and services to promote early childhood development (from prenatal to age 5) and school readiness, including community health care, quality childcare, and education programs for young children)
- Federal Funds
  - Medicaid (e.g., Home and Community Based Services Waiver (HCBS), Medicaid Administration, Targeted Case Management, 1915(i) State Plan Amendment, and Money Follows the Person Grant)
  - Title XX Block Grant (no State match or MOE is required)
  - Early Start Program Grant for infants and toddlers age 0 to 36 months
  - Foster Grandparents Program (administrative funding supports the volunteer program that establishes person-to-person relationship between low-income senior, age 55 years or older, and children with intellectual disabilities)
  - Homeland Security Grant (funding to regional centers for equipment, training, and exercise to prevent, respond to, and recover from acts of terrorism and other catastrophic events)
- Others
  - Program Development Fund (fees assessed to parents of children under the age of 18 who receive 24-hour out-of-home services purchased with State funds through a regional center)
  - Vocational Rehabilitation (funding by HCBS and GF for transportation expenditures)
  - Developmental Disabilities Services Account (application fees paid by housing developers to reimburse DDS' costs for review and approval of the housing proposals)

The above represents all funding received by DDS for community-based services. The federal funds are deposited into the State General Fund as reimbursement for appropriate claims initially paid from the State General Fund. DDS services to individuals not eligible for Medi-Cal are Medicaid-like services in that they are the same services as State plan approved services and services provided under approved HCBS waivers for Medi-Cal beneficiaries. DDS services applicable to this claiming protocol include uninsured Medicaid-like services provided under Community Based Services to individuals age 3 years and older, including assessment, evaluation and diagnostic services.

Allowable DSHP costs will be the community-based Purchase of Services (POS) expenditures, which exclude administrative expenditures, adjusted for the following exclusions:

- DDS community-based POS costs that are not related to Medicaid-like healthcare services, including:
  - POS contract costs
  - Expenditures for Community Placement Plan (funds paid to regional centers for permanent housing placement)
  - Expenditures for Medical Facilities (payments to Intermediate Care Facilities and Developmentally Disabled Continuous Nursing Care for services not eligible for Medi-Cal).
  - Proposition 10/California & Family Trust Fund expenditures (funds paid to regional centers for development of comprehensive and integrated system of information and services to promote early childhood development and school readiness)
- DDS community-based POS costs related to Medicaid-like healthcare services funded by other payers, including:
  - Expenditures for Early Start program (including federal funds and State matching/MOE funds)
  - Expenditures for services to Medi-Cal beneficiaries (including federal funds, State matching funds, and Vocational Rehabilitation funds)
  - Expenditures related to services eligible for Federal Title XX funds
  - Program Development Fund

DDS program costs will be compiled from DDS POS Claims Data file using Eligibility Codes to identify the uninsured population, Budget Codes to identify the funding sources, and Service Codes to identify the eligible services.

## **II. CERTIFIED PUBLIC EXPENDITURES – DETERMINATION OF ALLOWABLE COSTS FOR WORKFORCE DEVELOPMENT PROGRAMS**

### **A. General Provisions**

Program costs, for each HCAI program described below, mean the total expenditures incurred in the Demonstration Year (DY) from all the funding sources.

Program costs are the expenditures necessary to maintain and support WDPs, including State operation expenditures, loan repayment, and award payments. Net program costs are program costs for award or loan repayments funded by the State or local only. Allowable costs, for each HCAI program described below, are limited to the net program costs paid in the months of each DY per the STCs.

WDP costs will be compiled from the statewide financial system which identifies the actual State expenditures for award payments. All costs claimed must be reasonable, allowable, and allocable under OMB Circular A-87.

### **B. Program Funding and Claiming**

#### **Song-Brown Healthcare Workforce Training Program (Song-Brown Program)**

The Song-Brown Program is currently funded by the California Health Data and Planning Fund (CHDPF), a special fee charged to CA licensed health facilities, and the State General Fund (GF). The State pays the program claims.

#### **Steven M. Thompson Physician Corps Loan Repayment Program (STLRP)**

STLRP is funded through \$25 surcharge for renewal of allopathic physician licenses in CA and through the Managed Care Administrative Fines and Penalties Fund.