



MICHELLE BAASS  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

February 7, 2022

Ms. Judith Cash, Director  
State Demonstrations Group  
Center for Medicaid and CHIP Services  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

ACCEPTANCE OF THE CALIFORNIA MANAGED CARE RISK MITIGATION COVID-19  
PUBLIC HEALTH EMERGENCY SECTION 1115 DEMONSTRATION AND  
EXPENDITURE AUTHORITY FOR RETROACTIVELY ADDING OR MODIFYING A RISK  
SHARING ARRANGEMENT DURING THE PUBLIC HEALTH EMERGENCY

Dear Ms. Cash:

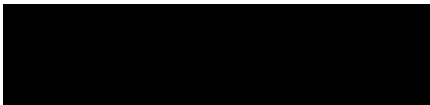
On January 28, 2022, the California Department of Health Care Services (DHCS) received approval from the Centers for Medicare and Medicaid Services (CMS) of the state's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) section 1115 demonstration, as an amendment to the "California Advancing and Innovating Medi-Cal" (CalAIM) section 1115 demonstration (Project Number 11-W-00193-9). The amendment provides expenditure authority for the state to add or modify a risk sharing arrangement with a Medicaid managed care plan after the start of the rating period for contracts beginning or ending during the PHE. This authority exempts the state from compliance with the current requirements in 42 CFR § 438.6(b)(1) until the end of the PHE, and would allow one or more retroactive risk mitigation arrangements to remain in place even if the state and the managed care plan agreed to the arrangements after the requirements in section 438.6(b)(1) became effective.

This letter serves as California's official acceptance of the amendment, associated STCs, and expenditure authority as requested in CMS' approval letter. This waiver amendment approval is a significant milestone for the state during these challenging times. We appreciate and thank the federal government for the continued partnership in addressing the COVID-19 pandemic and PHE.

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If you have any questions or need additional information, please contact Ms. Lindy Harrington, Deputy Director of Health Care Financing, by email at [Lindy.Harrington@dhcs.ca.gov](mailto:Lindy.Harrington@dhcs.ca.gov).

Sincerely,



Jacey Cooper  
State Medicaid Director  
Chief Deputy Director  
Health Care Programs

cc: Ms. Lindy Harrington  
Deputy Director  
Health Care Financing  
Department of Health Care Services  
[Lindy.Harrington@dhcs.ca.gov](mailto:Lindy.Harrington@dhcs.ca.gov)

Mr. Benjamin McGowan, JD  
Deputy Chief Counsel  
Office of Legal Services  
Department of Health Care Services  
[Benjamin.McGowan@dhcs.ca.gov](mailto:Benjamin.McGowan@dhcs.ca.gov)

Ms. Saralyn M. Ang-Olson, JD, MPP  
Chief Compliance Officer  
Office of Compliance  
Department of Health Care Services  
[Saralyn.Ang-Olson@dhcs.ca.gov](mailto:Saralyn.Ang-Olson@dhcs.ca.gov)

Mr. Aaron Toyama  
Senior Advisor  
Health Care Programs  
Department of Health Care Services  
[Aaron.Toyama@dhcs.ca.gov](mailto:Aaron.Toyama@dhcs.ca.gov)