



January 3, 2024

Medi-Cal Targeted Provider Rate Increases and Investments

Dear Provider,

Assembly Bill (AB) 119 authorized a Managed Care Organization (MCO) Provider Tax effective April 1, 2023, through December 31, 2026. Subject to federal approval, MCO tax revenues will be used to support the Medi-Cal program including, but not limited to, new targeted provider rate increases and other investments that advance access, quality, and equity for Medi-Cal members and promote provider participation in the Medi-Cal program.

Pursuant to AB 118 and subject to federal approval, the Department of Health Care Services (DHCS) will develop provider investments across multiple domains in two phases:

Phase 1 – Effective for dates of service on or after January 1, 2024

- Primary care services, including those provided by physician and non-physician professionals
- Obstetric services, including doula services
- Non-specialty mental health services

Phase 2 – Effective January 1, 2025

- Additional investments in primary care, obstetric care, and non-specialty mental health services
- Specialty care services
- Community or hospital outpatient procedures and services
- Family planning and women's health services
- Hospital-based emergency and emergency physician services
- Ground emergency transport services
- Designated public hospitals
- Behavioral health care for beneficiaries in hospital and institutional long-term care settings
- Investments to maintain and grow the health care workforce

Targeted Rate Increases

The DHCS has developed primary care, obstetric and non-specialty mental health services provider rate increases for providers in the Medi-Cal fee-for-service delivery system and eligible KHS network providers. These provider rate increases are effective for **dates of services on or after January 1, 2024**. DHCS will, as applicable, increase rates for targeted services to no less than 87.5% of the Medicare rate, inclusive of eliminating AB 97 provider 41003 payment

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reductions and incorporating applicable Proposition 56 supplemental payments into the base rate.

Per the DHCS, KHS will have until July 1, 2024, to implement new rate adjustments. Once these adjustments are implemented KHS will conduct a retrospective review to reconcile payment discrepancies.

A list of specific codes defined by the regulation will be impacted, for more information regarding these codes please reference the Rate information Section. See link below:

- <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>

Additional information regarding the Medi-Cal Targeted Provider Rate Increases and Investments can be found on the DHCS website, please see link below:

- <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>

KHS posts all bulletins on the KHS website, www.kernfamilyhealthcare.com, choose Provider, then Bulletins.

For any questions, please contact your Provider Relations Representative at 1-800-391-2000.

Sincerely,

Melissa McGuire
Director of Provider Network
Kern Health Systems