Provider Bulletin

Molina Healthcare of California
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May 2, 2025

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Targeted Rate Increase: Capitated Subcontractors – Frequently Asked Questions

This is an advisory notification to Molina Healthcare of California (MHC) network providers applicable to the Medi-Cal line of business.

What you need to know:

On January 1, 2024, the Department of Health Care Services (DHCS) implemented a targeted rate increase (TRI) for Medi-Cal providers offering primary care, obstetric, and non-specialty mental health services.

Provider Action

Please review the attached frequently asked questions (FAQ) for guidance and clarification.

What if you need assistance?

If you have any questions regarding the notification, please contact your Molina Provider Relations Representative below.

Service County Area	Provider Relations Representative	Contact Number	Email Address
Los Angeles County	Clemente Arias Daniel Amirian Elias Gomez	562-233-1753 747-331-0150 562-723-9760	Clemente.Arias@molinahealthcare.com Daniel.Amirian@molinahealthcare.com Elias.Gomez@molinahealthcare.com
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San Bernardino / Riverside County	Vanessa Lomeli	909-419-3026	Vanessa.Lomeli2@molinahealthcare.com
Riverside County	Patricia Melendez	951-447-7585	Patricia.Melendez@molinahealthcare.com
San Diego / Imperial County	Lincoln Watkins Tan Do	619-972-9860 858-287-4869	Lincoln.Watkins@molinahealthcare.com Tan.Do@molinahealthcare.com

California Facilities (Hospitals, SNFs, CBAS, ICF/DD & ASC Providers)	Facility Representative	Contact Number	Email Address
San Diego, Sacramento, & Imperial California Facilities	Dolores Garcia	619-980-7984	Dolores.Garcia@molinahealthcare.com
Los Angeles, California Facilities	Laura Gonzalez	562-325-0368	Laura.Gonzalez3@molinahealthcare.com
Riverside & San Bernardino, California Facilities	MiMi Howard	562-455-3754	Smimi.Howard@molinahealthcare.com

If you are not contracted with Molina and your fax number is not shared with a contracted provider, and you wish to opt out of receiving the MHC Provider Bulletin, please email mhcproviderbulletin@molinahealthcare.com.

Please include the provider's name, NPI, county, and fax number, and you will be removed within 30 days.

Molina Healthcare of California: 200 Oceangate, Suite 100, Long Beach, CA 90802

TARGETED RATE INCREASE FREQUENTLY ASKED QUESTIONS: CAPITATED SUBCONTRACTORS

#	Question	Answer
1	Does this FAQ apply to RBO/IPA's?	Yes.
2	Why did Molina stop paying standalone prop56 as of November?	Molina issued advance payments to capitated provider groups for Proposition 56 Physician Payments (Prop 56 PS) until TRI was fully implemented, in accordance with TRI APL 24-007. As of December 2024, Molina implemented TRI enhanced cap rates, retroactive to January 1, 2024, and applied prospectively. Since the TRI cap rate increases include the value of the former Prop 56 PS, Molina stopped issuing Prop 56 advance payments and recouped the advance payments. **Example Scenario:** ***January 2024 - November 2024:*** • Advance Payments: Provider Group A received monthly advance payments of $500 for Prop 56 PS. • Base Capitation Rate: $800 per month. ***December 2024 onwards:*** • TRI Enhanced Cap Rate: Implemented at $1,500 per month, retroactive to January 1, 2024. • The new TRI rate includes the value of Prop 56 PS, so advance payments for Prop 56 PS are stopped. **Recoupment:** • Total Advance Payments (Jan-Nov 2024): $500 x 11 months = $5,500. • Recoupment Process: Molina recoups the $5,500 advance payments from future payments to Provider Group A. **Prospective Payments:**

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		From December 2024 Onwards: Provider Group A receives the new TRI enhanced cap rate of $1,200 per month, which includes the value of former Prop 56 PS.
3	When will we get an amendment to review? When will we get the new rates?	Providers should have received the Regulatory Amendment by 12/01/2024 and includes the TRI cap increment PMPM.
4	Will there be an administrative fee included in the payment passed down to the IPAs?	Yes, administrative/non-benefit expense is incorporated into the IPA TRI enhanced cap rate.
5	Can you point to the DHCS guidance as to the exclusion of modifiers? We have not seen this from other health plans.	DHCS provided clarification of “alternative conversion factor” via the FAQ to MCPs, which is as follows: “The TRI Minimum Fee Schedule does not apply to procedure codes when there is a modifier that effects pricing. For example, if the modifiers indicate another entity billed the professional component. For example, if a claim or encounter has either "TC" or "26" as a modifier then it should be excluded from the TRI Fee Schedule. Procedure codes with modifiers that effect payment should be treated as separate and distinct from the procedure code without modifier listed in the TRI Fee Schedule.”

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6	What is the expectation of IPAs for prospective payments to their downstream providers?	For providers that are reimbursed on a capitated basis, Molina has provided Regulatory Amendments to reflect TRI enhanced CAP rates by December 1st, 2024. Molina expects the sub-contractor to provide credible data, documentation, and methodology for developing payment rates to ensure that eligible network providers receive no less than the applicable minimum fee schedule for qualifying services: • In instances where reimbursement is on a capitated basis, the subcontractor must ensure that their downstream provider receives payment that is equal to, or projected to be equal to, the TRI Fee Schedule, at a minimum. • In instances where reimbursement is on a per-service basis, the TRI requirement applies at the procedure code level. Molina expects IPAs to complete retroactive payment adjustments where necessary, except for instances where payment would otherwise not be due by that date.
7	Can you provide the attestation we need to fill out?	The Provider Attestation was circulated by the end of November 2024. This does not apply to direct PCP Cap contracts. The provider attestation template may be found at molinahealthcare.surveymonkey.com/r/3H3JT3D &

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8	Will Molina continue to pay for other Prop 56 programs such as Adverse Childhood Experiences Screening Services Code (ACESS) and Developmental screenings (DSS) in 2024 and 2025?	There are currently no changes to Prop 56 programs outside of Prop 56 physician services program, and would continue to be paid separately
9	Did you use all the TRI codes / rates regardless of provider type for implementation of the TRI for networks?	Per the DHCS TRI APL 24-007 codes identified as: • Primary/general care services on the TRI Fee Schedule and billed using Health Insurance Claim Form (CMS-1500) are eligible for TRI only when rendered by the following types of eligible providers: Physicians, Physician Assistants, Nurse Practitioners, Podiatrists, Certified Nurse Midwife, Licensed Midwives, Doula Providers, Psychologists, Licensed Professional Clinical Counselors, Licensed Clinical Social Workers, and Marriage and Family Therapists • Obstetric care (OB) services and non-specialty outpatient mental health (NSMH) services are eligible for TRI when billed or rendered by a provider who is otherwise eligible to bill the code.
10	When paying a provider or RBO will Molina also include their payment methodology or actuary tables, so we know (or can compare) how to pay downstream providers, including FQHCs?	Molina has shared the CAP rate setting methodology during the CAP provider webinar and could share the presentation material and relevant details upon request. Molina is not prescribing the methodology that a subcontractor must follow to document their compliance with the TRI requirements. The subcontractor can determine their compliance with the TRI requirements but must clearly demonstrate how their methodology was sufficient to determine compliance.
11	Are these amendments with the rate info negotiable?	The TRI payments are add-on payments to existing rates in compliance with DHCS requirements. Rate negotiations would be handled separately following the regular negotiation channels (with Molina Network Contracting team).

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12	Are you differentiating those IPAs that are financially responsible?	Yes, risk bearing IPAs have been reimbursed TRI enhanced capitation rate through a Regulatory Amendment. It will be incumbent upon the IPAs to compensate their downstream providers.
13	How can provider groups distinguish the CAP rates from TRI payment in the month of capitation revenue? And are the funds intended for TRI?	TRI sets a minimum fee schedule and as such Molina has updated provider cap rates to include TRI increments as described in the Regulatory Amendment shared with the group in Dec 2024. Provider groups may confirm the TRI cap increase by utilizing the PMPM increases reflected in the Reg Amendment and utilizing their membership information. Molina expects that delegated groups ensure that the eligible downstream providers receive no less than the minimum TRI FS for qualifying services. TRI enhanced cap rates are intended to ensure that this DHCS requirement is met.
14	What are the “less advances” reflected in cap payments?	Molina has been ***advancing*** Prop56 physician services payments from January 2024 to November 2024 until Molina systems were configured to implement TRI. Upon configuration Molina applied the TRI enhanced cap rate which includes the value of Prop56 physician services and made ***retrospective*** to 1/1/2024. Consequently, Molina ***recouped*** the Prop56 physician services advances that were made.