Health Net Community Solutions, Inc.
21281 Burbank Boulevard
Woodland Hills, California 91367-4975
Mailing Address: Post Office Box 9103
Van Nuys, California 91409-9103
Healthnet.com

Participating Physician Group
TRI Guiding Principles for Fee-for-Service and Capitation

Use of this document

This document is intended to provide guidance to Participating Physician Groups (PPGs) on Targeted Rate Increase (TRI) payment practices to ensure consistency across the various organizations that pay servicing providers.

This guidance is based on existing guidance from the Department of Health Care Services (DHCS) and reflects how Health Net understand DHCS intends TRI to be implemented. If DHCS publishes future guidance that conflicts with or supplements any of the items below, such guidance from DHCS will prevail. This document may be periodically updated.

Fee-for-service payment guidance

Fee-for-service (FFS) payments to providers will be calculated as follows:

1) For 2024 dates of service, Health Net is paying the Proposition 56 Physicians Services Payments directly to physicians. For 2025 dates of service, PPG will issue any necessary TRI add-on payments inclusive of Prop 56 physician services payment. Health Net FFS payment calculations apply a "Greater-of logic." FFS payments will be made on the greater of 1) the contract reimbursement amount + previously paid Proposition 56 payments; or 2) the TRI fee schedule established in Supplement 39 to Attachment 4.19-B of the California Medicaid State Plan. The TRI fee schedule is subject to certain adjustments as further detailed in the in the DHCS finalized All Plan Letter (APL) 24-007. For PPG's that pay providers, such as specialists, on an FFS basis Health Net will fund PPGs in a manner to allow them to pay servicing providers in this way as well.
2) The payment amount calculated under Section 1 above is capped at line billed charges.
3) Exclusion Criteria: Certain claims will be excluded based on criteria established in the Medicaid State Plan and guidance provided by DHCS including, but not limited to:
    - For professional claims: the eligible provider type list from the DHCS Medi-Cal TRI website list shall be followed for TRI codes in the "Primary/General" category.
    - Modifiers: If a claim line is billed with a modifier that affects payment, the claim line is not eligible for TRI (26, TC, 50, 51, 62, 80, AS, 82, UA, UB, SL).
    - Non-contracted: Providers not contracted during the dates of service are not eligible. This includes providers serving members under Letters of Agreement (LOA) and Memorandums of Understanding (MOU).

4) Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) do not qualify for reimbursement under the TRI Fee Schedule. However, FQHCs and RHCs are eligible for TRI contract parity pursuant to W&I section 14087.325(d). MCPs are required to reimburse contracted FQHCs and

RHCs "in a manner that is not less than the level and amount of payment that the [MCP] would make for the same scope of services if the services were furnished by another provider that is not a [FQHC] or [RHC]." Health Net's TRI Payments to the PPG account for the PPG making these parity payments to their downstream FQHCs and RHCs.

Sub-Capitation for non-FQHC Attestation

1) The payment calculation must be done at the TIN-level with historical, credible experience. PPG shall use credible encounter and eligible data from dates of service from July 1, 2022 through June 30, 2023. If credible experience is not available, best judgment may be used.
2) PPG shall document the calculation, including any assumptions made including those related to the use of best judgment, and share with the MCP.

Sub-Capitation Guidance (FQHC)

1) FQHCs and RHCs are not eligible for TRI under APL 24-007. However, they are eligible for contract parity pursuant to W&I section 14087.325(d) which requires MCPs to reimburse contracted FQHCs and RHCs in a manner that is no less than the level and amount of payment that the MCP would make for the same scope of services if the services were furnished by another provider type.
2) An attestation related to contracts established and paid directly to a FQHC, RHC, Cost Based Reimbursement Clinics (CBRCs), or Indian Health Service (IHS) is not required.

Potential DHCS Data request in 2025

DHCS may request data from MCPs to ensure compliance with TRI. To fulfill such a request, Health Net may require PPGs to provide data in a form and manner prescribed by DHCS.