



Targeted Rate Increase (TRI)

Provider FAQ

What is the Medi-Cal Targeted Rate Increase (TRI)?

Effective January 1, 2024, the California Department of Health Care Services (DHCS) increased reimbursement rates for certain Medi-Cal covered physician services to no less than 87.5% of Medicare to advance access, quality, and equity for Medi-Cal members and promote provider participation in the Medi-Cal program.

Provider Eligibility

Which Providers are eligible to receive the Targeted Rate Increase?

Providers must meet the following criteria:

- Be contracted with IEHP or an affiliated IPA
- Render eligible Medi-Cal services as defined by DHCS
- Submit clean claims/encounters within timely filing standards.

IEHP recognizes Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) as included as plans are required to reimburse contracted FQHCs and RHCs at no less than the same level and amount of payments IEHP would make for the same scope of services per DHCS All Plan Letter (APL) 24-007

Are Providers on Letters of Agreements (LOAs) or Single Case Agreements (SCAs) eligible for TRI payments?

No, only network Providers meeting DHCS requirements are eligible.

Provider Eligibility (Continued)

<p>Which Providers are eligible to receive the Targeted Rate Increase?</p>	<p>Providers must meet the following criteria:</p> <ul style="list-style-type: none"> • Be contracted with IEHP or an affiliated IPA • Render eligible Medi-Cal services as defined by DHCS • Submit clean claims/encounters within timely filing standards. <p>IEHP recognizes Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) as included as plans are required to reimburse contracted FQHCs and RHCs at no less than the same level and amount of payments IEHP would make for the same scope of services per DHCS All Plan Letter (APL) 24-007</p>
<p>Are Providers on Letters of Agreements (LOAs) or Single Case Agreements (SCAs) eligible for TRI payments?</p>	<p>No, only network Providers meeting DHCS requirements are eligible.</p>

Payment Information

<p>What services are eligible?</p>	<p>Eligible services include procedure codes categorized as Primary/General Care, Obstetric, and Non-Specialty Mental Health Services. A complete list of codes is available on DHCS website's TRI Fee Schedule.</p>
<p>How will TRI rates be determined for services without a Medicare-established rate?</p>	<p>DHCS calculated an equivalent target rate.</p>

Payment Information (Continued)

Will Prop 56 Physician Services payments be included in the TRI calculation?	<p>The CY2024 TRI fee schedule was calculated at the greater of:</p> <ul style="list-style-type: none"> • 87.5% of the lowest 2023 Medicare locality rate effective in California • The existing rate on the Medi-Cal fee schedule plus any applicable Proposition 56 supplemental payment
How are TRI increment payments for FFS contracts calculated?	<p>For CY2024 date of service claims, IEHP will continue to pay the Prop 56 Physician Services payment amounts that are embedded in the Target Rate Increase as a separate payment. For CY2025 date of service claims, IEHP will not pay the Prop 56 Physician Services payment amounts in a separate payment but will include them in the TRI Increment Payment (Figure 1).</p>

Fee-for-service (FFS) TRI Payment Calculation		Represents a payment to the provider	Represents a payment to the provider
<i>Example 1</i>		CY2024 DOS Claims	CY2025 DOS Claims
Step 1	Calculate current contract payment	Billed = \$60, Contract = \$40 -> Lesser of = \$40	Billed = \$60, Contract = \$40 -> Lesser of = \$40
Step 2	Determine Prop 56 Physician Services payment	\$30.00	\$30.00
Step 4	Determine TRI fee schedule payment	\$50.00	\$50.00
Step 5	Determine if TRI fee schedule payment is greater than the current contract payment + Prop 56 Physician Services payment	N	N
Step 5	Calculate TRI Increment	\$0.00	\$30.00
Total Payment		\$70.00	\$70.00
<i>Example 2</i>		CY2024 DOS Claims	CY2025 DOS Claims
Step 1	Calculate current contract payment	Billed = \$20, Contract = \$10 -> Lesser of = \$10	Billed = \$20, Contract = \$10 -> Lesser of = \$10
Step 2	Determine Prop 56 Physician Services payment	\$30.00	\$30.00
Step 4	Determine TRI fee schedule payment	\$50.00	\$50.00
Step 5	Determine if TRI fee schedule payment is greater than the current contract payment + Prop 56 Physician Services payment	Y	Y
Step 5	Calculate TRI Increment	\$10.00	\$40.00
Total Payment		\$50.00	\$50.00

Figure 1: Sample Fee-for-service (FFS) TRI Payment Calculation

Payment Information (Continued)

<p>How are TRI increment payments for capitated contracts calculated?</p>	<p>IEHP engaged Edrington Health Consulting (EHC) to analyze all sub-capitation arrangements for compliance with DHCS' TRI reimbursement standards. EHC developed a prospective Per-Member, Per-Month (PMPM) floor for each sub-contracted Taxpayer Identification Number (TIN). The TRI-compliant floor was then compared against the 2024 sub-contracted rates paid to downstream providers to determine if the contracted rates met or exceeded the TRI reimbursement requirement.</p>
<p>How are TRI increment payments for case rate contracts calculated?</p>	<p>Given that case rate reimbursement provides a fixed payment to providers regardless of the number of individual services provided, it necessitates that the adequacy of the payments be evaluated in the aggregate. IEHP engaged Edrington Health Consulting (EHC) to analyze whether the case rate payments being made to each Taxpayer Identification Number (TIN) were sufficient to cover the cost of the underlying services evaluated at the new required reimbursement level (the TRI-compliant floor). The TRI-compliant floor was then compared against the 2024 case rate payments made to providers to determine if the contracted rates met or exceeded the TRI reimbursement requirement.</p>

Claims and Adjustments

<p>How will IEHP determine the payee for TRI payments?</p>	<p>Payments will be made based on the billing Provider and tax ID associated with eligible claims.</p>
<p>Does timely filing apply to TRI increment payments?</p>	<p>Yes, claims must be submitted within the timeframes specified in the Provider's contract.</p>

Claims and Adjustments (Continued)

Do Capitated or Fee-For-Service (FFS) Providers, with an IPA or Direct, need to resubmit claims/encounters for services dating to January 1, 2024?	No, IEHP is utilizing encounter and claim data received directly and from our IPAs to make TRI increment payments.
If a Provider submits a corrected claim for a previous denial, how will TRI adjustments be made?	Adjustments will be made in the monthly TRI increment payment process.

Payment Schedule and Processing

When will TRI increment payments be disbursed?	The first payment is targeted to go out before December 31, 2024, for encounters/claims received/adjudicated from January 1, 2024 to November 30, 2024 for DOS January – November 2024. Subsequent payments will be paid monthly beginning in January 2025.
Will providers receive a separate RA for TRI increment payments?	Yes, TRI increment remittance advice (RAs) will be posted on IEHP's secure portal.
What should Providers do if they have a grievance about their Targeted Rate Increase increment payment?	Providers can submit a TRI grievance utilizing the TRI Payment Grievance form, emailed to TargetedRateIncrease@iehp.org for review. Fillable forms are available on the IEHP Provider Website: providerservices.iehp.org > Resources > Resources for Providers > Claims > Targeted Rate Increase.

Contract Amendments

Do I need to sign a contract amendment with IEHP or my IPA to receive TRI increment payments?	No contract amendments are being extended at this time and TRI increment payments will be made according to the eligibility criteria cited above. Providers will be alerted regarding any future contract amendment requirements.
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