

February 7, 2024

Targeted Provider Rate Increases in 2024

Dear provider,

Effective January 1, 2024, the Department of Health Care Services (DHCS) has launched a new program, Targeted Rate Increases (TRI), that may result in more reimbursement to contracted providers. These provider rate increases will impact certain contracted provider types (listed below) after January 1, 2024.

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

To comply with this new payment policy, the Health Plan of San Mateo (HPSM) will reimburse providers the higher limit of their current rate plus any contractual markups and Proposition 56 add-on for Physician Services or the published DHCS TRI amount.

Additional information to consider:

- This policy will not result in any rate decreases.
- The targeted provider rate increase fee schedule issued by DHCS equals the greater of 87.5% of the lowest 2023 Medicare locality rate in California or the current Medi-Cal rate plus Proposition 56 add-ons.
- Proposition 56 add-on payments will be blended into HPSM's reimbursement rate for fee-for-service paid providers effective January 1, 2024.
- Capitated providers will continue to receive a separate supplemental payment equivalent to the 2023 Proposition 56 amount in 2024. A follow-up notice with more information to be issued separately.
- Eligible providers include physicians, physician assistants, nurse practitioners, podiatrists, certified nurse midwives, licensed midwives, doula providers, psychologists, licensed professional clinical counselors, licensed clinical social workers, and marriage and family therapists.

- If you are contracted with HPSM and identified as one of the provider types listed above, billing on a CMS 1500 for a service listed on the TRI fee schedule may qualify for the targeted rate increase.
- HPSM's system will not be set up to begin paying providers the additional payments on January 1, 2024. HPSM will, however, be offering retroactive adjustments for any service that qualifies for additional payment as soon as the system is ready. There is no need to rebill or submit disputes.

We will continue to keep you updated as more details develop. In the interim, please direct questions to PSinquiries@hpsm.org.

Thank you,
The Health Plan of San Mateo