

August 29, 2024

Update Regarding Targeted Rate Increase Payments for Providers

Dear Providers,

The Health Plan of San Mateo (HPSM) is writing to inform you of important updates related to the Medi-Cal Targeted Rate Increases (TRI) Fee Schedule, applicable for each qualifying service provided by an eligible network provider for dates of service on or after January 1, 2024. These changes are part of our ongoing efforts to enhance reimbursement rates and ensure that HPSM's providers receive fair compensation for the vital services you provide to members.

With the implementation of the TRI Fee Schedule, several key changes have been introduced:

- **TRI Fee Schedule Rate Adjustments:** The TRI Fee Schedule now establishes rates for specified services at no less than 87.5% of the lowest California-specific Medicare locality rate. This includes the elimination of previous payment reductions and the incorporation of supplemental payments.
- **Further Adjustments:** The Fee Schedule is subject to further adjustments for specified codes, including:
 - A 39.7% payment augmentation for certain physician services provided to Medi-Cal members eligible under the California Children's Services (CCS) program.
- **Minimum Payment Requirements:** Network providers will receive no less than the TRI Fee Schedule rates for qualifying services. Compliance with this requirement includes retroactive payment adjustments where necessary. HPSM has begun the retroactive adjustments and plans to have all impacted claims adjusted by the end of the year.

Please note that the TRI Fee Schedule does not apply to the following services:

- **Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs):** These services are reimbursed differently and are not eligible for TRI Fee Schedule rates.

- **Cost-Based Reimbursement Clinics:** These clinics are excluded from the TRI Fee Schedule, as their reimbursement follows a different methodology.
- **Assistant Surgeons:** The TRI Fee Schedule does not apply to services billed or rendered by Assistant Surgeons.
- **Services with Greater Net Reimbursement:** If a service receives a higher reimbursement amount under HPSM in effect on December 31, 2023 or through your contractual arrangement with HPSM, it will not be reduced to the TRI Fee Schedule rates.

HPSM encourages all providers to review these updates and ensure your billing and reimbursement practices align with the new requirements.

Learn more about Medicare locality rates here: <https://www.cms.gov/medicare/payment/fee-schedules/physician-fee-schedule/locality-key>

Learn more about TRI here:

<https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL%202024/APL24-007.pdf>

Please direct questions to HPSM Provider Services at PSInquiries@hpsm.org.

Thank you,

The Health Plan of San Mateo