

SENATE BILL 324

SUPPORTING OUR COMMUNITIES THROUGH CALAIM ACT

CBO Medi-Cal Coalition

SUMMARY

SB 324, the "Advancing Equity & Supporting Our Communities through CalAIM Act" aims to enhance support for community nonprofit organizations to actively participate in CalAIM. This bill aims to ensure that Community Supports and Enhanced Case Management services are accessible to all Medi-Cal members, especially those who are most vulnerable and challenging to assist.



PROBLEM

CalAIM seeks to improve health outcomes and reduce health disparities by expanding Medi-Cal to address health-related social needs such as housing and food. Locally based community nonprofit organizations (CBOs) are the culturally concordant and trusted providers of these services. However, in most cases, these organizations are new to operating in Medi-Cal, which requires significant capacity building – including operating under HIPAA and managing complex claims billing.

Since the launch of CalAIM three years ago, analyses of statewide contracting indicate that these challenges are preventing many CBOs from contracting with Managed Care Plans (MCP)[1]. Based on the Department of Health Care Services (DHCS) November 2024 Medi-Cal Local Assistance Estimate for 2025-2026[2] combined with a detailed analysis of contracting completed in the last six months of 2024 by the data analytics company Eviset,

for-profit companies will receive an estimated \$792 million, or 66.7% of the total spending for ECM and Community Supports, with just \$395 million and 33.3% going to community-based non-profit safety-net providers. Further, 14.6%, or \$116 million, of the total spent is being paid to for-profit organizations not based in California. In addition, smaller non-profits who are most likely to be reaching and serving marginalized and hard-to-reach segments of the Medi-Cal population are least likely to contract.

Without changes that support the sustainable participation of CBOs that are the experienced and trusted providers in communities, the CalAIM objective of integrating culturally concordant and community care will instead lead to disinvestment in the local safety net and an economic extraction from California communities. In addition, with less community integration, CalAIM's promise of improving health equity is less likely to be achieved.

PROPOSED SOLUTIONS IN SB 324

CBOs serving as ECM and CS providers have identified five key strategies for advancing the sustainable participation of these organizations in CalAIM:

- **For-Profit Competition.** At their core, CBOs are better able to fulfill culturally concordant and mission-driven care. The State must address the un-level playing field of for-profit competitors by creating a statutory requirement that MCPs contract with experienced CBOs where they exist; including allowing prospective payments to improve cash flow.

- **Ensure Adequate Rates.** Rate setting guidance should reflect the costs of CBOs in California who have historically provided these services, and cover full costs, including administrative overhead, outreach, travel, etc. Low rates jeopardize the sustainability of CalAIM programs, impact the quality of services, contribute to health inequities among Medi-Cal members, and make it challenging to ensure that there is a well-trained and adequately compensated workforce to meet the needs of the population and while addressing contract compliance and performance.
- **Streamline administrative complexity.** Plan-to-plan variation in process, reporting, and eligibility is challenging for CBOs that must contract with multiple plans, creating significant administrative complexity which ultimately requires taking time away from care.
- **Require Plans to Allow Subcontracting.** Barriers to entry are especially burdensome for small CBOs that are often closest to, and reflective of, the communities they serve, including providing services to populations who are often not reached by other providers. Requiring the ability to subcontract creates the opportunity for CBOs who can handle TAR approvals and claims billing to subcontract so that smaller CBOs can participate, ultimately creating administrative and operational efficiencies so CalAIM can do as intended, focus on serving the population in need, often complex and marginalized populations.
- **CBOs need a seat at the table with DHCS.** CBOs are the experienced providers of most CalAIM services and yet we lack an ongoing structure for them to provide input on implementation guidance. As a result, DHCS guidance often reflects a lack of awareness of logistical “realities on the ground” and risks the potential of further limiting the role of CBOs to the advantage of for-profit providers. These statutory requirements must be reinforced by DHCS at the State level.

SB 324 IS SUPPORTED BY

CBO Medi-Cal Coalition (sponsor)
 California Alliance of Child & Family Services
 (co-sponsor)
 California Association of NonProfits (co-sponsor)
 Ceres Community Project (co-sponsor)
 Corporation for Supportive Housing (co-sponsor)
 East Bay Innovations (co-sponsor)
 El Sol Neighborhood Center (co-sponsor)
 Institute on Aging (co-sponsor)
 San Diego Wellness Collaborative (co-sponsor)
 California Association of Area Agencies on Aging
 California Community Action Partnership
 Association
 Central California Asthma Collaborative
 California Food is Medicine Coalition
 Community HealthWorks
 Downtown Women’s Center

Family Voices of California
 Full Circle Health
 Housing Works
 Meals on Wheels California
 Medically Supportive Food and Nutrition
 Steering Committee
 Pacific Clinics
 Partners in Care Foundation
 Sourcewise
 The People Concern

***For more information, please contact
 Ryan Souza at RSouza@mosaicsol.com,
 advocate for Ceres Community Project,
 a Lead Organization of the
 CBO Medi-Cal Coalition.***

[1]<https://www.healthaffairs.org/content/forefront/cbo-health-plan-contracting-under-calaim-and-competitive-social-care-market>

[2]https://www.dhcs.ca.gov/dataandstats/reports/mceestimates/Documents/2024_November_Estimate/N24-Medi-Cal-Local-Assistance-Estimate.pdf