



March 12, 2026

Tyler Sadwith, State Medicaid Director
Department of Health Care Services
1501 Capitol Avenue
Sacramento, CA 95814

Submitted Via Email: 1115waiver@dhcs.ca.gov

RE: CalAIM Section 1115 Demonstration Renewal Application

Dear Director Sadwith,

On behalf of the Local Health Plans of California (LHPC), the statewide trade association representing all 17 of California's non-for-profit and community-based health plans who collectively cover over 9.1 million Medi-Cal members, we appreciate the opportunity to submit comments on the renewal request for California's Section 1115 demonstration waiver. Local plans are committed to working in close partnership with the California Department of Health Care Services (DHCS) to ensure that the next phase of CalAIM builds upon the significant progress already achieved while maintaining operational feasibility and sustainability for the Medi-Cal delivery system.

Local plans commend DHCS for its leadership in advancing CalAIM and for seeking to extend this important work through the proposed five-year Section 1115 Demonstration Renewal. CalAIM has catalyzed meaningful transformation within the Medi-Cal program by strengthening care coordination, expanding access to community-based services, and integrating traditional health care with the social supports to address the underlying drivers of poor health outcomes. Local plans have served as key partners throughout implementation, including in advancing initiatives such as Enhanced Care Management (ECM) and Community Supports (CS), and we remain committed to continuing these efforts to ensure Medi-Cal members receive coordinated, high-quality care that addresses the needs of the whole person. The continuation of CalAIM through this waiver renewal represents an important opportunity to stabilize and refine these initiatives while incorporating lessons learned from the initial implementation period. With that goal in mind, we provide comments below on key aspects of the renewal.

Global Payment Program

LHPC is in strong support of continuing and building upon the successes achieved through the Global Payment Program (GPP). GPP has demonstrated to be effective in incentivizing high-quality, value-based, cost-effective care, as well as having proven to be an important source of funding for our designated public hospital system partners. We appreciate DHCS' vision to put additional focus on preventive care, primary care, and disease management in the next demonstration period.

Recuperative Care and Short-Term Post-Hospitalization Housing

Local plans support DHCS's proposal to create a model for recuperative care that incorporates the levels of care offered under both recuperative care and short-term hospitalization housing by sunseting short-term post-hospitalization housing as a separate CS and transitioning federal authority for recuperative care from Section 1115 waiver authority to Medicaid managed care ILOS authority. These services play a critical role in helping members safely transition from acute care settings while addressing housing instability that can undermine recovery and long-term health outcomes.

Given the operational complexity associated with these services, it is critical that managed care plans be actively engaged in the development and refinement of these policies. Some operational considerations for local plans include ensuring feasibility of the recuperative care operational framework, assessing the potential plan impact in terms of contractual obligations, and necessitating further guidance for reimbursement structures, documentation standards, and program oversight. Early collaboration with plans will help ensure that implementation approaches are administratively workable, aligned with program requirements, and capable of supporting consistent access to services for Medi-Cal members.

Justice-Involved Reentry Services

Local plans strongly support the continuation of reentry services for justice-involved individuals beginning 90 days prior to release from incarceration. These services are critical to ensuring continuity of care upon release, including timely activation of Medi-Cal coverage and uninterrupted access to essential medications, behavioral health services, and care coordination. However, ECM providers have reported ongoing challenges when attempting to engage justice-impacted members immediately following release. In some cases, a member's Medi-Cal eligibility appears to remain on hold, as though the individual were still incarcerated. Changes to anticipated release dates may contribute to delays in updating eligibility systems, which in turn can delay access to essential care and create administrative barriers for providers working to support these individuals during a critical transition period.

Local plans commend DHCS for its commitment to cross-system coordination and respectfully request the DHCS' assistance in reviewing the Justice-Involved portal to ensure it is properly interfacing with county eligibility systems. Addressing these system alignment issues in the next iteration of the initiative will help ensure that justice-impacted individuals can access care without delay upon returning to their communities.

Employment Supports Benefit

The proposed employment supports benefit presents an important opportunity to strengthen economic stability and long-term health outcomes for Medi-Cal members. To support successful implementation, we respectfully request additional clarification from DHCS regarding:

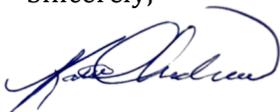
- The anticipated entity to administer the employment supports benefit;
- Clarification on the role of Medi-Cal managed care plans in authorizing, coordinating, and/or referring members to these services; and
- How the benefit will align with and support the community engagement objectives and requirements within H.R. 1.

Providing clarity on program administration and integration with existing care coordination supports will help ensure that the benefit complements ongoing CalAIM initiatives and can be implemented efficiently across the Medi-Cal delivery system.

Local plans strongly support the continuation of CalAIM through the Section 1115 demonstration renewal and recognize the significant progress DHCS has achieved in transforming the Medi-Cal program. We also look forward to working with the Department as you conceptualize the continuation and expansion of the dental integration pilot currently being conducted in San Mateo County. We encourage DHCS to engage local plans as collaborative thought partners to inform the restructuring, development, and implementation of the initiatives, new and continuing, included within the renewal. Local plans can offer important insights on population-level service coordination strategies, operational implementation considerations, data sharing and oversight infrastructure, and approaches to promote program sustainability and improved member outcomes. By leveraging the experience and infrastructure of local plans, the state can strengthen program implementation, support effective coordination across delivery systems, and maximize the impact of CalAIM's investments in whole-person care. As the state moves into the next phase of CalAIM, sustained collaboration between DHCS and local plans will be essential to ensure policies are operationally feasible, fiscally sustainable, and capable of delivering meaningful improvements in health outcomes for Medi-Cal members.

Local plans remain committed to partnering with DHCS to ensure that the next phase of CalAIM continues to advance California's leadership in innovative, person-centered care while maintaining a strong and sustainable delivery system for the communities we serve. Thank you for the opportunity to provide these comments, and we look forward to continued collaboration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Katie Andrew", with a large, stylized flourish at the end.

Katie Andrew
Director of Government Affairs, Quality & Behavioral Health
Local Health Plans of California