STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	4150	Department of Managed Health Care

Hyperion Budget Request Name	Relevant Program or Subprogram
4150-037-BCP-2026-MR	3870-Health Plan Program

Budget Request Title
California Managed Care Complaint System Resources and Project Implementation

Budget Request Summary
The Department of Managed Health Care (DMHC) requests $3,336,000 in 2026-27 from the Managed Care Fund to support the health plan member and provider complaint California Managed Care Complaint System in the DMHC's Help Center.

The resources requested in the proposal will allow the DMHC to commence with initial project implementation to meet required timeframes for reviewing consumer and provider complaints and to support the DMHC's customer service efforts to assist Californians.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	N/A

Does this BCP contain information technology (IT) components? ☒ Yes ☐ No	Department CIO	Date
	Ralph Cesena Jr	5/14/2026

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No.4150-035 **Approval Date:** 9/17/2024

Project Approval Document: S1BA **Total Project Cost:** TBD

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Rita Pearson	5/14/2026	Gita Mehirdel	5/14/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Mary Watanabe	5/14/2026	Sara Nelson for Kim Johnson	5/14/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	5/14/2026

A. Problem Statement

The Department of Managed Health Care (DMHC) requests $3,336,000 in 2026-27 from the Managed Care Fund to address the health plan member and provider complaint California Managed Care Complaint System (CalMaCCS) in the DMHC's Help Center.

The resources requested in the proposal will allow the DMHC to commence with initial project implementation to meet required timeframes for reviewing health plan members and provider complaints and to support the DMHC's customer service efforts to assist Californians.

This request includes limited-term resources of $2,872,000 in 2026-27 for IT project consultants to help with the development of the new CalMaCCS (formerly called the Customer Relationship Management [CRM] Modernization).

This request also includes annual platform licensing costs of $107,000 in 2026-27 to access the new CalMaCCS system.

The resources requested in this proposal are for the initial implementation phase of the CalMaCCS IT project. The DMHC will submit future budget change proposals as the project transitions into the maintenance and operations phase.

Background/History

The DMHC's mission is to ensure health plan members have access to equitable, high-quality, timely, and affordable health care within a stable health care delivery system. The DMHC Help Center is the first point of contact for health plan members and providers with complaints and concerns related to health care and health care service plans licensed by the DMHC in accordance with the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act). The DMHC regulates the majority of health care coverage in California including 97 percent of state regulated commercial and government markets. Health plans licensed by the DMHC provide coverage for over 30 million Californians.

The DMHC Help Center educates health plan members about their health care rights, resolves health plan member complaints, helps health plan members navigate and understand their coverage and assists health plan members in getting timely access to appropriate health care services. Through a team of health care analysts, nurses and attorneys, the Help Center uses a variety of mechanisms to assist health plan members. Common complaints include cancellation of coverage, billing issues, quality of service, denied health care services, coverage disputes and access complaints.

The Help Center's Quick Resolution process addresses health plan member issues through a three-way call between the DMHC, the health plan member and the health plan. Complaints involving serious or urgent medical issues are routed to the DMHC staff who provide immediate assistance 24 hours a day, seven days a week. The DMHC is also required to resolve standard health plan member complaints within 30 days and expedited complaints in a shorter timeframe.

In addition to assisting health plan members, the Help Center also assists providers with timely and accurate claim payments, handling various complaints, including individual complaints, complaints with multiple claims, emergency service complaints and non-emergency service complaints. In recent years, the DMHC has seen an increase in the number of inquiries and complaints from both health plan members and providers.

The DMHC currently operates two separate complaint case management systems to manage and process the health plan member and provider complaints. The Provider Complaint System

(PCS) was implemented in 2015 as a custom software application developed by the DMHC within the Microsoft .NET framework. This custom framework has led to increased challenges when trying to implement any major upgrades or modernization of the PCS.

The current PCS cannot handle the long-term needs for processing all provider complaints and the underlying technology is outdated and requires modernization to both the infrastructure, as well as the software's capacity to streamline and automate workflows. Implementing functionality within the PCS custom .NET application architecture requires custom .NET coding (specialized code) and large projects (complex system with extensive requirements), makes it difficult for the DMHC's OTI staff to keep current with changing program needs.

The DMHC's current Customer Relationship Management (CRM) was implemented in approximately 2001. At that time, the Help Center's CRM was a leading solution in the industry. To sustain its CRM legacy system, the DMHC chose to implement a proprietary sustaining technology that provides a more modern web-interface while retaining the legacy infrastructure. The DMHC began the implementation of the current proprietary technology in May of 2017 and it was rolled out to users in October 2018. Implementing functionality within the current CRM software requires time-consuming custom .NET coding, which makes it difficult for the DMHC's OTI staff to keep up with the changing program needs.

Health plan members or providers may also submit their complaint electronically or on paper through various other methods (online complaint portal, email, mail and fax). The complaints are then manually entered into the complaint systems, triaged to the appropriate program areas and analyzed by case analysts. The analysis may require communication with health plan members, providers, or health plans for additional information.

In addition, the Help Center receives correspondence (which may include complaint/Independent Medical Review (IMR) form submissions from health plan members and or providers), status calls (for health plan members and or providers to check on the status of their case), and Helpline inquiries (emails to submit additional information and attachments to existing cases) related to all these case types.

The DMHC received planning resources in 2025-26 to modernize the health plan member and provider CRM system.

This proposal requests the necessary resources for the initial implementation of a new CalMaCCS, to provide timely health plan member and provider assistance, address the increase in complaint volume and expedited complaints, improve processing times and comply with data reporting and auditing requirements. Automating the complaint management process reduces the administrative burden, allowing staff to focus on critical tasks. This optimization of resources can lead to cost savings and more efficient use of personnel.

Additionally, CalMaCCS provides robust analytics capabilities allowing the DMHC to track and analyze complaint data. The CalMaCCS efforts will benefit the licensed health plans, health care providers and third-party review organizations as users of the system and improve health plan member access to quality health care services. Implementing a CalMaCCS for complaint management is a strategic investment that aligns with the DMHC commitment to high quality healthcare, operational excellence and regulatory compliance.

B. Justification

The DMHC is requesting resources for the initial implementation of a CalMaCCS replacement platform that would provide solutions to the following business, technical and risk issues:

- Remediate information security risks inherent to operating the existing legacy systems on an archaic infrastructure and architecture that will continue to be more susceptible to cyberattack as it continues to age.

- Remediate the operational risks of trying to maintain archaic architecture and support scalability and availability to meet the needs of the DMHC programs.

- Provide more robust workflow automation that will allow existing case workers to process more complaints and

- Reduce time to implement a more modern case management framework by using industry-leading low-code technologies that significantly reduce the time it takes to implement new system features and functionality beyond the scope of an initial project systems.

- Reduce manual data entry of mail-in cases by leveraging Optical Character Recognition (OCR) technology to automate the process of creating cases submitted to the DMHC via printed / mailed forms (approximately 3,000 cases a year).

- Enable rapid low-code workflow automation that currently requires months or years of software development, to days or weeks using low-code technology.

- Reduce the amount of time and resources that OTI requires to maintain and operate the existing PCS and CRM, to allow staff to focus on modernization of other DMHC critical applications.

- Foster a more efficient complaint resolution, enhanced communication and transparency in the resolution process.

- Centralized system for tracking, managing and resolving complaints.

- Comprehensive analytics to identify trends and recurring issues, detailed reports for internal DMHC reviews, audits and compliance documentation.

- Scalability to handle increasing volumes of complaints.

Implementing the solution within a configurable, modern application cloud framework would enable the DMHC to scale the infrastructure dynamically to meet increased demand. It will also allow for application configuration to meet future business needs without the expense of custom software development, providing a consolidated case management framework for both health plan members and provider complaint management. It will also address the end-of-life technology issues of the current legacy systems.

As the most public-facing DMHC office, the Help Center must continue striving to provide accurate, quality and timely assistance to health plan members, providers and health plans.

The DMHC is requesting the following resources to implement the CalMaCCS IT Project:

Consultant Funding

The DMHC is requesting limited-term resources of $2,872,000 in 2026-27 for the following IT project consultants to help with the initial implementation and development of the new system and maintenance and operations activities during the project:

- Senior Technical Lead (architect)
- Senior Project Manager
- Business Solutions Analyst
- Senior Programmer (platform developer) (2)
- Senior Quality Assurance Analyst (2)
- Maintenance and Operations

The use of limited-term consultant funding in lieu of civil service classifications is requested due to the immediate high-level expertise needed to perform the system enhancements and the short-term duration of the workload needed. The workload is not ongoing and is not sufficient to support permanent civil service resources.

Annual Licensing Costs

Additionally, the DMHC requires annual platform licensing resources of $107,000 in 2026-27.

The DMHC plans to redirect $290,000 from the existing annual platform licensing budget to partially offset the new annual CalMaCCS (formerly CRM) platform licensing costs.

Total Costs

DMHC estimates the OTI costs to be $3,336,000 in 2026-27.

This cost includes $108,000 in 2026-27 for the CDT Cost Distribution and Procurement fees.

This cost also includes $49,000 in 2026-27 for the non-IT Project-related Department of General Services (DGS) administrative fees.

C. Departmentwide and Statewide Considerations

This proposal supports the California Health and Human Services Agency goal of addressing the needs of health care consumers by dedicating resources to strengthen and support the DMHC's customer service efforts to assist Californians.

The CalMaCCS efforts will benefit the licensed health plans, health care providers and third-party review organizations as users of the system and improve health plan members' access to quality health care services. Additionally, the Help Center data can be used to identify adverse data trends in health plan service delivery and quickly and accurately identify systemic trends in health care service delivery and unfair payment patterns and address those trends with health plans, leading to not only improved health plan members access to quality health care services, but also more timely and accurate payments to providers.

This proposal also supports the DMHC's mission to ensure health plan members have access to equitable, high-quality, timely and affordable health care within a stable health care delivery system. This proposal also meets the DMHC's Strategic Business Goal of improving data quality by standardizing the quality assurance process and providing regular feedback to team members on data quality and by automating much of the data entry points to help support consistency and decrease data errors due to manual entry.

D. Outcomes and Accountability

This proposal requests the necessary resources for the initial implementation needed to support timely assistance for health plan members and providers, address the increase in complaint/IMR volume and expedited complaints, improve processing times and comply with data reporting and auditing requirements. The resources requested in this proposal will address the IT project initial implementation of the new CalMaCCS project.

E. Implementation Plan

The DMHC will plan to initiate the process of executing the platform and or implementation service contracts in late 2025-26.

F. Supplemental Information

This request will be funded through annual assessments of the health plans that are regulated by the DMHC. The fiscal impact of this request to full-service health plans would be approximately $0.07 per enrollee in 2026-27.

Attachment A: BCP Fiscal Detail Sheet

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: California Managed Care Complaint System Resources and Project Implementation

BR Name: 4150-037-BCP-2026-MR

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5340 - Consulting and Professional Services - Interdepartmental	0	249	0	0	0	0
5340 - Consulting and Professional Services - External	0	2,872	0	0	0	0
5344 - Consolidated Data Centers	0	108	0	0	0	0
5346 - Information Technology	0	107	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$3,336**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$3,336**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0933 - Managed Care Fund	0	3,336	0	0	0	0
Total State Operations Expenditures	**$0**	**$3,336**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$3,336**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3870 - Health Plan Program	0	3,336	0	0	0	0
Total All Programs	**$0**	**$3,336**	**$0**	**$0**	**$0**	**$0**