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

Fiscal Year	**Business Unit Number**	**Department**
FY 2026-27	4260	Health Care Services

Hyperion Budget Request Name	**Relevant Program or Subprogram**
4260-066-BCP-2026-GB	3960010

Budget Request Title
Advancing Interoperability and Improving Prior Authorization Processes Final Rule

Budget Request Summary
The Department of Health Care Services requests three-year limited term resources equivalent to 18 positions and expenditure authority of $3,479,000 ($523,000 General Fund (GF); $2,956,000 Federal Fund (FF)) in fiscal year (FY) 2026-27, $2,946,000 ($456,000 GF; $2,490,000 FF) in FY 2027-28 and FY 2028-29. The resources are needed to plan and implement the federal Centers for Medicare and Medicaid Services Advancing Interoperability and Improving Prior Authorization Processes final rule, published on February 8, 2024.

Requires Legislation (submit required legislation with the BCP)	**Code Section(s) to be Added/Amended/Repealed**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

Does this BCP contain information technology (IT) components? ☒ Yes ☐ No *If yes, departmental Chief Information Officer must sign.*	**Department CIO** Crystal Taylor	**Date** 1/10/2026

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. 4260-251 **Approval Date:** 9/6/2024
Project Approval Document: S1BA **Total Project Cost:** $4,771,085

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**
Raheem Muhammad-Terrell	1/10/2026	Erika Sperbeck	1/10/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Michelle Baass	1/10/2026	Brent Houser for Kim Johnson, CalHHS Secretary	1/10/2026

Department of Finance Use Only

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

Principal Program Budget Analyst	**Date submitted to the Legislature**
Nick Mills	1/10/2026

A. Problem Statement

The Department of Health Care Services (DHCS) requests three-year limited term (LT) resources equivalent to 18 positions and expenditure authority of $3,479,000 ($523,000 General Fund (GF); $2,956,000 Federal Fund (FF)) in fiscal year (FY) 2026-27, $2,946,000 ($456,000 GF; $2,490,000 FF) in FY 2027-28 and FY 2028-29. The resources are needed to plan and implement the federal Centers for Medicare and Medicaid Services (CMS) Advancing Interoperability and Improving Prior Authorization Processes final rule (CMS-0057-F), published on February 8, 2024.

As the single state agency responsible for administering the Medi-Cal Program, DHCS must comply and oversee compliance of Fee-For-Service (FFS), Managed Care Plans (MCPs), Dental MCPs, and County Behavioral Health Plans (BHPs) with enacted federal interoperability regulations, including but not limited to the CMS-0057-F. This proposal requests the resources and expenditure authority necessary to bring DHCS and contracted partners into compliance with CMS-0057-F.

The CMS-0057-F Final Rule requires implementation of standardized data exchange between payers and providers using secure, standard-based application programming interfaces (APIs). The final rule also requires enhancements to prior authorization processes through API data exchange, standardized prior authorization decision time frames, improved notifications, and public reporting on key prior authorization metrics.

Interoperability related efforts are eligible for enhanced federal funding through CMS at 90 percent federal financial participation (FFP) for planning and implementation and 75 percent FFP for maintenance and operations. The Interoperability Project manages the Advanced Planning Document (APD), which is used to request enhanced federal funding, and has maintained enhanced federal funding since the initial Planning-APD was approved. Additionally, DHCS has received previous state funding for interoperability related efforts through the following Budget Change Proposals (BCPs): FY 2021-22 (4260-168-BCP-2021-A1); FY 2022-23 (4260-193-BCP-2022-A1); FY 2023-24 (4260-203-BCP-2023-A1); and FY 2025-26 (4260-261-BCP-2025-MR).

The 2025 May Revision CMS Interoperability BCP (4260-261-BCP-2025-MR) included LT resources equivalent to six positions that will be converted to permanent positions in FY 2026-27, and two new permanent positions were approved for FY 2026-27 for the implementation of CMS-9115-F. DHCS requests approval of LT resources equivalent to nine positions and one contract services teams to support DHCS technical planning and operational enhancements required by CMS-0057-F that must be performed by DHCS. The Stage One Business Analysis for CMS-0057-F was approved 9/6/2024. DHCS also requests LT resources equivalent to nine positions to provide managed care oversight and monitoring of MCPs, Dental MCPs, and BHPs with respect to requirements of both CMS-9115-F and CMS-0057-F.

The table that follows provides a summary of the resources requested and the major activities supported under the scope of this BCP.

Positions Requested

Position Request	Workload
Behavioral Health Oversight and Monitoring Division (BHOMD): Three-Year LT Resources Equivalent to 3 Positions Effective 7/1/2026 through 6/30/2029 • 1 Health Program Specialist (HPS) II • 2 Analyst II	• Managed Care Oversight & Monitoring
Integrated Systems of Care Division (ISCD): Three-Year LT Resources Equivalent to 8 Positions Effective 7/1/2026 through 6/30/2029	• DHCS Technical Planning and Operational Enhancements

Position Request	Workload
• 2 HPS I • 1 Nurse Evaluator (NE) III • 5 NE II	
Managed Care Quality and Monitoring Division (MCQMD): Three-Year LT Resources Equivalent to 5 Positions Effective 7/1/2026 through 6/30/2029 • 2 Analyst II • 1 HPS I • 1 HPS II • 1 Supervisor I	• Managed Care Oversight & Monitoring
Medi-Cal Dental Services Division (MDSD): Three-Year LT Resources Equivalent to 2 Positions Effective 7/1/2026 through 6/30/2029 • 1 HPS I • 1 Analyst II	• Managed Care Oversight & Monitoring • DHCS Technical Planning and Operational Enhancements

Workload History

Workload Measure	2020-21	2021-22	2022-23	2023-24	2024-25
Develop and review MCP implementation plan and deliverables to achieve compliance with interoperability and prior authorization requirements set forth in laws and regulations that impact Medi-Cal interoperability, health information exchange, and prior authorization policies.	N/A	N/A	2,700	2,700	2,700
Escalate and impose enforcement actions for noncompliance with interoperability and prior authorization requirements in collaboration with Enterprise Data and Information Management (EDIM) divisions as needed, including remediation plans, Advance Warning Letters (AWL), Corrective Action Plans (CAP), sanctions, etc.	N/A	N/A	900	900	900
Develop and review internal and external implementation communications for APIs and prior authorization reporting, including development of DHCS-specific trainings, reference materials, Frequently Asked Questions (FAQs), fact sheets, and training packages.	N/A	N/A	2,700	2,700	2,700

Workload Measure	2020-21	2021-22	2022-23	2023-24	2024-25
Facilitate MCP communications for interoperability and prior authorization policy requirements, including stakeholder engagement events (workgroups, presentations, workshops, Technical Assistance calls, etc.), All Plan Letters (APLs), notices, and contract amendments.	N/A	N/A	900	900	900
Develop, review, and analyze monitoring deliverables to support MCP compliance, including monitoring API and prior authorization utilization.	N/A	N/A	1,800	1,800	1,800
Draft and submit memos, publications, emails, guidance, educational materials, FAQs etc. to internal and external stakeholders, including county BHPs.	N/A	N/A	2,800	2,800	2,800
Review county behavioral health plan policies, procedures, processes and any other required evidence to demonstrate compliance with interoperability and prior authorization requirements set forth in laws and regulations that impact Medi-Cal interoperability health information exchange and prior authorization policies.	N/A	N/A	2,800	2,800	2,800
Escalate enforcement actions for noncompliance with interoperability and prior authorization requirements, as needed, including remediation plans, CAPs, sanctions, etc.	N/A	N/A	950	950	950
Develop and implement processes, trainings and technical assistance to improve county behavioral health plan adherence with interoperability requirements.	N/A	N/A	2,700	2,700	2,700
Develop, review and analyze monitoring deliverables to support BHPs compliance, including monitoring API and prior authorization metrics.	N/A	N/A	1,800	1,800	1,800

B. Justification

To support DHCS and contracted partners in achieving compliance with CMS-0057-F, resources requested through this BCP will work collaboratively and cross-functionally across two major activities as described below.

Activity 1.0 - DHCS Technical Planning and Operational Enhancements:
Resources allocated to support this activity will conduct technical planning necessary to carry out operational enhancements and system changes to meet the requirements of the CMS-0057-F Final Rule. Under technical planning, resources from across the department will conduct alternatives analysis, solutions analysis, concept development, supporting capabilities, and implementation planning for three new standards-based APIs: the Payer-to-Payer API, Provider Access API, and Prior Authorization API. In addition, this activity includes planning for operational and system enhancements, e.g., updates to policies, procedures, contracts, source system and reporting processes to achieve readiness and compliance for prior authorization decision timeframes, public reporting, member/provider notifications, and standardized transactions.

Activity 2.0 - Managed Care Oversight and Monitoring:
As the state Medicaid agency, DHCS must oversee contracted MCPs, Dental MCPs, and BHPs compliance with federal regulations, including contractual compliance, readiness and monitoring, reporting and validation, corrective action and enforcement. Resources included in this proposal will work collaboratively to develop and publish all-plan notifications, amend contract language, develop an aligned strategy and schedule for compliance monitoring activities, develop and enforce remediation plans, AWLs, CAPs, sanctions, etc. These resources will also provide technical and policy assistance to partners, supporting their compliance with interoperability requirements.

ISCD (Three-year LT Equivalent to 8 Positions)
2 HPS I
1 NE III
5 NE II

ISCD is responsible for the administration, oversight, and compliance monitoring of Section 1915c Home and Community Based Services (HCBS) waivers and the Money Follows the Person California Community Transitions (CCT) program, which assists with transitioning from an acute care or institutional setting to the community and provides for in-home, long-term care services and supports to elderly and disabled individuals so that they can remain in the community rather than a skilled nursing facility or acute care hospital. Additionally, ISCD is responsible for the administration, oversight, and compliance monitoring of the California Children's Services (CCS) Program, including monitoring and oversight of CCS Counties. These waivers and programs are administered using statewide case management systems that interface with Medical Eligibility Data System, Service Utilization and Review Guidance Evaluation System, and others. ISCD is responsible for adjudicating prior authorizations for the CCS Program, 1915c HCBS waivers, and the CCT program and will require additional resources to support prior authorization requirements in the CMS-0057-F Final Rule. ISCD will develop deliverables for monitoring and oversight of interoperability requirements and provide communication and guidance to waiver service delivery contractors, and CCS counties implement interoperability requirements. To support DHCS compliance with the prior authorization and interoperability rules, ISCD is requesting three-year LT resources equivalent to eight positions to support Activity 1.0 - DHCS Technical Planning and Operational Enhancements:

2 HPS I
The HPS Is will serve as the Subject Matter Experts (SME) for the development and implementation of policy recommendations and program monitoring activities related to interoperability, two to work with the CCT Program and the 1915(c) Home and Community-Based Alternatives (HCBA) Waiver and the other to work with CCS. The HPS Is will serve as the primary liaisons and point-of-contact between the project team and waiver service delivery contractors, and CCS counties. In order to meet the API development and enhancement requirements in the CMS-0057-F Final Rule,

these positions within ISCD are required to assist the project tasks that include providing oversight of the waiver service delivery contractors, Counties, and case management system vendors on business and policy rules for the change management projects related to Interoperability, and reviewing the accuracy of business rules and contractual compliance, including drafting policy letters. The HPS Is will research and develop policy to assist in the identification and tracking of business requirements, stakeholder engagement, and project tracking, while advising the project team on Interoperability related program enhancements updates, changes, and risks. In addition, the HPS Is will review related deliverables, and advise with a thorough understanding of the CMS-0057-F Final Rule technical standards and implementation guides. The HPS I's will provide informed guidance to the project team to maintain alignment with regulatory expectations.

The CCT Program and HCBA Waiver dedicated HPS Is will support by overseeing the compliance of the CMS-0057-F Final Rule, creating job aids, providing training to internal staff and external providers and collaborating with the state and external technology resources that oversee the two systems that are used for verifying and adjudicating Treatment Authorization Requests (TAR).

1 NE III

The NE III will serve as the manager to the five NEs under the CCS Program. This position will be responsible for the daily monitoring and oversight of the Service Authorization Request (SAR) adjudication process and serve as the SME, working closely with the Medical Director and ISCD leadership to achieve compliance. This position will provide training, evaluating and mentoring to ISCD nurses, and technical assistance and guidance to county staff. The NE III will serve as the point of contact for stakeholders and other external partners and perform quality improvement efforts to update policies and implement correctly.

3 NE II

The NE IIs will serve as the primary adjudicators for the CCS Program that review approximately 2,000 or more SARs per month. CCS Health and Safety, Section 123929 describe prior authorization is contingent on determinations by DHCS and/or Counties of all of the following:

1. The client receiving the services is confirmed to be medically eligible for the CCS Program.
2. The provider of the services is approved in accordance with the standards of the CCS Program.
3. The services authorized are medically necessary to treat the child's CCS eligible medical condition.

In part, adjudicating a SAR is a manual process, which includes a review of the patients' eligibility details and CCS eligible medical condition, determination of whether the prescribing Physician is CCS-paneled, and a thorough medical review of medical/historical documentation. A review may also include contacting the provider and/or the CCS county for more documentation and researching or reviewing CCS policy and regulations. To comply with the federal requirement, additional staff is required to make sure the final rule does not create a backlog, ultimately impacting the efficiency and effectiveness of the adjudication process. The CCS Program NE IIs are the first point of contact to the counties; they provide policy guidance, technical assistance and training to counties to confirm proper adjudication. The nurses are also responsible for adjudication of SARs for 10 dependent counties after a first level and State Hearing appeal.

2 NE II

The NE IIs dedicated to the CCT and HCBA programs will be responsible for adjudicating approximately 800 or more TARs per month. Adjudicating a TAR is a manual process, which includes a review of the patients' eligibility details and medical condition and a thorough medical review of medical/historical documentation. A review may also include contacting the provider and researching/reviewing waiver and CCT policy. The review also includes making a determination regarding the medical necessity of the item or service being requested and validation that the provider conducted due diligence through the assessment process. The NE IIs is the first point of contact to waiver and CCT providers; they provide policy guidance, technical

assistance and training to counties to confirm proper adjudication. Providers in the CCT and waiver programs are often small businesses that do not have the capacity to make sweeping technology changes and may not have access to a robust electronic health records management mechanism.

MCQMD (Three-year LT Equivalent to 5 Positions)

2 Analyst II
1 HPS I
1 HPS II
1 Supervisor I

MCQMD leads policy development and monitoring of health plans operating in the Medi-Cal Managed Care Program with the goal of increasing transparency as it relates to managed care data, including but not limited to the requirements set forth in the CMS interoperability regulations. MCQMD will develop deliverables for monitoring and oversight of interoperability and prior authorization requirements and provide communication and guidance to MCPs to implement interoperability and prior authorization requirements set forth in the CMS-0057-F Final Rule. MCQMD currently leads these efforts to oversee managed care compliance with the CMS-9115-F Final Rule. Due to the expansive nature of the CMS-0057-F Final Rule, the requested positions are essential to the development of new managed care policy required by the additional APIs and non-technical prior authorization requirements, as well as validation requirements, including policy and quarterly reporting development, monitoring, enforcement, and the development of monitoring tools to oversee managed care prior authorization processes. MCP prior authorization processes is a critical indicator of access. Additionally, CMS requires States to report on prior authorization metrics starting with the 2025 Managed Care Program Annual Report (MCPAR) due in 2026. While CMS-0057-F requires MCPs to publicly report prior authorization data on their websites, they also require States to report this data as indicators within the MCPAR, requiring States to collect and report prior authorization data to CMS. To support DHCS compliance with interoperability and prior authorization requirements, specifically for MCP oversight and support, MCQMD requests the following three-year LT resources equivalent to five positions to meet the new workload associated with implementation, monitoring, compliance, and oversight of MCP compliance required by the CMS-0057-F Final Rule and in support of Activity 2.0 – Managed Care oversight and Monitoring:

2 Analyst II

The Analyst IIs will perform a variety of analytical activities related to being the primary contact between DHCS and MCPs. As program liaisons, the Analyst IIs will evaluate and monitor MCP compliance with federal interoperability requirements, including statutes and regulations for interoperability and prior authorization monitoring. The Analyst IIs will create, release, then review quarterly deliverable submissions and oversee CAP implementation for MCPs; provide technical assistance including monthly calls, webinars, and other trainings with MCPs; conduct desk reviews and site reviews, if necessary, to support compliance with federal requirements; develop validation checklists and trackers for monitoring, and establish benchmarks to analyze MCP performance to conduct risk assessments and early detection of prior authorization decision systemic issues via the collection of prior authorization data and subsequent analysis of data compared to established benchmarks and industry guidance and collaboration with DHCS clinical partners; collaborate with other DHCS units and divisions through regular and frequent cross-collaboration workgroups with EDIM, Behavioral Health, and Dental for alignment across delivery systems; and make recommendations to management regarding CAPs and administrative and monetary sanctions.

1 HPS I

The HPS I will serve as an expert program advisor and program consultant for the development and implementation of policy recommendations and program monitoring activities related to interoperability and prior authorization activities. The HPS I will lead, organize, and facilitate internal workgroups and trainings to support the planning, and implementation of interoperability

and prior authorization requirements and associated compliance monitoring. The HPS I will analyze and evaluate areas of MCP performance and recommend corrective actions to management. The HPS I will act as the internal program liaison on special projects related to managed care interoperability and prior authorization requirements within DHCS.

1 HPS II

The HPS II will work with external stakeholders, including MCP trade associations, to develop and publish MCP guidance on the implementation of prior authorization decisions and interoperability, including change requirements. The HPS II will lead the development of implementation and monitoring deliverables required to oversee plan compliance with interoperability requirements and prior authorization decisions, including the construction of numerous email communication templates. The HPS II will lead in coordinating policy for development of interoperability APL and notices to MCPs regarding prior authorization reporting including program analysis, coordination with SMEs, and solicitation of public feedback. The HPS II will lead the development of data exchange mechanisms for the collection of MCP prior authorization data. The HPS II will also lead legislative analyses affecting interoperability and prior authorization MCP data, and managed care policy support. The HPS II will collaborate with MCPAR SMEs to confirm MCP and State requirements are met and reported to CMS through the MCPAR, as well as make recommendations for enforceable actions and report findings and plan performance through the Managed Care Delivery Systems Enforcement Committee (MCDSEC).

1 Supervisor I

The Supervisor I will lead the unit responsible for the administration, implementation, and oversight of the interoperability and prior authorization programs, including resource planning, attending workgroup meetings in collaboration with other divisions, oversight and monitoring, and reporting. The Supervisor I will provide leadership and assistance in the monitoring and oversight processes conducted by the Analyst IIs and HPS I. The Supervisor I will review recommendations regarding administrative and monetary sanctions, and interoperability and prior authorization requirements provided by staff and make informed decisions to present enforcement escalation decisions to the MCDSEC.

BHOMD (Three-year LT Equivalent to 3 Positions)

2 Analyst II
1 HPS II

Non-specialty mental health services are provided by MCPs while specialty mental health services (SMHS) and substance use disorder (SUD) treatment services (Drug Medi-Cal Organized Delivery Systems (DMC-ODS) and Drug Medi-Cal (DMC)) are provided by the Medi-Cal behavioral health delivery system under the authority of a waiver approved by CMS under section 1915(b) of the Social Security Act. As the single state Medicaid agency, DHCS is responsible for administering the Medi-Cal SMHS Waiver Program, which provides SMHS to Medi-Cal members through County Mental Health Plans (MHPs). MHPs are required to provide or arrange for the provision of SMHS to Medi-Cal members in their counties who meet SMHS medical necessity criteria, consistent with the members' mental health treatment needs and goals. Additionally, the DMC-ODS and DMC are required to provide or arrange for the provision for the SUD services. Altogether, BHOMD oversees 96 Behavioral Health Plans (MHP and DMC-ODS) for compliance with interoperability requirements. To support DHCS compliance with the interoperability rules, specifically for County BHP oversight and to support the implementation of interoperability requirements into integrated behavioral health delivery systems, BHOMD requests the following positions to support Activity 2.0 – Managed Care Oversight and Monitoring:

2 Analyst II

The Analyst IIs will perform a variety of analytical and compliance monitoring activities related to the implementation of federal interoperability requirements. The Analyst IIs will research and analyze laws, rules, policies, and other information necessary to assist behavioral health programs with understanding and implementing interoperability requirements. The Analyst IIs will develop

Behavioral Health Information Notices (BHINs) announcing new interoperability requirements. The Analyst IIs will perform evaluation and monitoring of counties compliance with interoperability requirements, including statutes, regulations, contracts, and Behavioral BHINs. The Analyst IIs will provide oversight of CAPs. The Analyst IIs will provide technical assistance to behavioral health programs through webinars, technical assistance calls, researching and responding to questions, and developing supplementary resources and training, as needed. The Analyst IIs will conduct desk reviews and site reviews, if necessary, to support compliance with interoperability requirements.

1 HPS II

The HPS II will perform a variety of analytical activities related to providing high-level, technical expertise, coordination, training, and leadership for the development and implementation of complex policy recommendations and program monitoring activities related to interoperability requirements. The HPS II will serve as a highly specialized expert program advisor, SME, and program consultant. The HPS II will lead, organize, and facilitate highly sensitive complex external and internal stakeholder workgroups and training to support planning for and implementation of interoperability requirements. The HPS II will oversee the development and implementation of new behavioral health policy guidance and compliance monitoring processes. The HPS II will be responsible for tracking of compliance across all behavioral health programs; analyze performance trends; provide reports to management, and other divisions and units, as needed; monitor the status of CAPs; and make recommendations to management regarding financial sanctions. The HPS II will be responsible for coordination with other DHCS divisions and external stakeholders to implement interoperability requirements, including overseeing the implementation of technical assistance provided to internal and external stakeholders to establish an understanding of the requirements.

MDSD (Three-year LT Equivalent to 2 Positions)

1 HPS I
1 Analyst II

MDSD is responsible for administering the Medi-Cal dental benefit, including developing and implementing program policy related to the provision of dental services to Medi-Cal members. MDSD is also responsible for the contract oversight and monitoring of all dental FFS and Dental Managed Care contracts for the provision of dental services. This includes member and dental provider outreach functions, dental performance measures and public reporting, and dental provider enrollment. MDSD will work with the department to implement the necessary policies, procedures, and technical enhancements required by Fiscal Intermediary (FI), Dental Business Operations (DBO) vendors, and Dental Managed Care plans. To support DHCS compliance with the interoperability rules, MDSD requests the following positions to support Activity 1.0 - DHCS Technical Planning and Operational Enhancements and Activity 2.0 – Managed Care Oversight and Monitoring:

1 HPS I

The HPS I will serve as the SME for the development and implementation of policy recommendations and program monitoring activities related to interoperability. In order to meet the API development and enhancement requirements in the CMS-0057-F Final Rule, this position within the MDSD is required to assist the project tasks that include providing oversight of the FI and DBO vendors on business and policy rules for the change management projects related to interoperability, and reviewing the accuracy of business rules and contractual compliance, including drafting Dental Operating Instruction Letters (DOILS) which are used to create System Development Notices and end user acceptance testing. The HPS I will research and develop policy to assist in the identification and tracking of business requirements, stakeholder engagement, and project tracking, while advising the project team on interoperability related program enhancements updates, changes, and risks. In addition, the HPS I will review related deliverables, and advise with a thorough understanding of the CMS interoperability technical standards and implementation guides. The HPS I will provide informed guidance to the project

team to maintain alignment with regulatory expectations.

1 Analyst II
The Analyst II will perform a variety of analytical activities related to being the primary contact between MDSD and its FFS and Dental Managed Care contractors. As program liaisons, the Analyst II will evaluate and monitor FFS and Dental Managed Care Plans compliance with interoperability requirements pertaining to the CMS-0057-F Final Rule, including statutes and regulations. The Analyst II will oversee CAP implementation for FFS and Dental Managed Care Plans; coordinate technical assistance including monthly calls, webinars, and other trainings with Dental Managed Care Plans; conduct reviews to support compliance with interoperability requirements; analyze Dental Managed Care Plans' performance; collaborate with other DHCS units and divisions on policy guidance to FFS and Dental Managed Care Plans; confirm that policy guidance aligns across FFS and Dental Managed Care delivery systems; research, analyze, and provide recommendations on solutions to resolve issues, questions, concerns from FFS and Dental Managed Care Plan contractors.

Information Technology Strategy Services Division Business Analyst and Project Manager Contract (One-Year LT)
$371,000 ($43,000 GF; $328,000 FF) in FY 2026-27

The contractors will be responsible for managing all project activities, monitoring progress, submitting status reports, and ensuring the timely accomplishment of milestones, as well as facilitating effective communication between stakeholders for the Interoperability projects. Additionally, the contractors will be tasked with identifying and escalating potential risks, devising mitigation strategies, and upholding quality assurance standards. The contractors will be responsible for gathering and documenting requirements, analyzing current processes to identify gaps, and suggesting solutions to improve data exchange and integration. Moreover, the contractors will engage stakeholders, facilitate meetings, and provide clear communication and understanding of Interoperability deliverables for both technical and business stakeholders.

C. Departmentwide and Statewide Considerations

The CMS-0057-F Final Rule is a federal mandate with specific Medicaid and Children's Health Insurance Program requirements that builds on the infrastructure and capabilities of prior federal interoperability initiatives, including but not limited to the Health Information Technology for Economic and Clinical Health Act Meaningful Use program, CMS Interoperability and Patient Access Final Rule (CMS-9115-F), and 21st Century Cures Act Final Rule. Achieving compliance with CMS-0057-F advances California Advancing and Innovating Medi-Cal and the state's broader population health goals by enhancing the technological foundation for secure, real-time, standards-based, payer-provider and payer-payer data exchange, while also streamlining prior authorization processes. These investments may streamline operations across the Department, MCPs, BHPs, and providers – reducing administrative burden and supporting timelier, informed clinical decisions, all while enhancing the member experience, access to care, and shared decision-making.

This proposal aligns with DHCS' mission to provide Californians with affordable, integrated, high-quality health care and supports the California Health and Human Services Agency's (CalHHS) Guiding Principle to Use Data to Drive Action by implementing the HL7 FHIR APIs standards and developing initiatives that will continue advancing data management within DHCS and CalHHS, improve the electronic exchange of healthcare data, streamline prior authorization processes, and continue to support the activities under Assembly Bill 133 (Chapter 143, Statutes of 2021), which requires data exchange among health care entities and state agencies, such as DHCS.

D. Outcomes and Accountability

The primary goal for this BCP is to support DHCS, MCPs, and BHPs compliance with the CMS-0057-F Final Rule enabling advanced Payer-Payer and Payer-Provider data exchange, while also streamlining the prior authorization life cycle. Provided below are the projected outcomes and workload measures shared across the divisions impacted that DHCS is planning for.

Outcomes:

- DHCS and contracted partners can exchange federal, and state required member health data, via standards-based APIs, at the patient and population levels, efficiently and securely with attributed payers and providers in accordance with interoperability regulations.
- Providers can identify items and services requiring prior authorization, populate documentation templates, submit the request, and monitor for updates all within their electronic health records/electronic medical records using a standards-based Prior Authorization API.
- DHCS and contracted partners process prior authorization requests within 72 hours of receiving expedited requests and seven calendar days of receiving a standard request for items or services covered by Medi-Cal, except for covered drugs. Limited exceptions to these standardized timeframes apply.

Projected Outcomes

Workload Measure	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**
Plan, implement, monitor, and update as needed three new APIs and the supporting capabilities, including the (1) Payer-to-Payer API, (2) Provider Access API, and (3) Prior Authorization API.	N/A	3	3	3	3	3
Enhance, monitor, and maintain the existing Patient Access API to include Prior Authorization details and to align with updated technology standards and specifications, in accordance with the CMS final rule.	N/A	1	1	1	1	1
Plan for enhancements/replacement of prior authorization systems and business process, to achieve compliance with the CMS final rule.	1	5	5	5	5	5
Plan, implement, and maintain the reporting capabilities for the Patient Access API and Prior Authorization metrics.	1	2	2	2	2	2

Provide oversight and technical assistance to MCPs and County BHPs to maintain compliance with the CMS interoperability regulations.	N/A	150	175	200	150	150

E. Implementation Plan

Upon approval of this proposal, the impacted divisions will initiate the necessary steps to secure the positions with start dates of July 1, 2026**.** All positions will be recruited and filled according to DHCS' standard recruitment processes, which are outlined in both internal DHCS-produced and external California Department of Human Resources-produced policies, procedures, and requirements for hiring qualified state staff.

Provided in the table below is a summary of the major deliverables required to comply with the CMS-0057-F Final Rule and CMS deadlines.

Deliverable	**Deadline**
DHCS Technical and Operational Enhancements	
Adopt new technical standards and specifications for existing CMS mandated APIs	January 2026
Enhance provider and member communications with a reason for prior authorization denial	January 2026
Implement the CMS reporting for Patient Access API usage	March 2026
Implement the public reporting for prior authorization metrics	March 2026
Enhance the Patient Access API with prior authorization details	January 2027
Implement consent management and attribution policies, processes, and system capabilities to support Payer-Payer and Provider Access API exchange	January 2027
Implement a Payer-Payer API and supporting capabilities, policies, procedures, and member communications	January 2028
Implement a Provider Access API and supporting capabilities, policies, procedures, and member/provider communications	January 2028
Implement a Prior Authorization API and supporting capabilities, policies, procedures, and source system enhancements	January 2028
Achieve compliance with prior authorization decision timeframes for all items/services covered under Medi-Cal, except for requests for covered drugs: • 72-hours for expedited requests • 7-calendar days for expedited requests	June 2028
Managed Care Oversight and Monitoring	
Publish APLs and BHINs	November 2025
Execute contract amendments	July 2026
Complete MCP and BHP implementation validations	December 2027
Establish and enforce CAPs	As needed

F. Supplemental Information

- Attachment A: Workload Standards
- Attachment B: Fiscal Detail Sheet

G. Workload Standards

WORKLOAD STANDARDS
Integrated Systems of Care Division
Limited-Term Resources Equivalent to 2 Health Program Specialist I
805-076-8338-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Serve as the SME and program consultant. Lead, organize, facilitate, and participate in internal and external workgroup meetings to support the planning, implementation, and monitoring of interoperability by FFS waiver contractors, and CCS counties, and case management system vendors.	60	20	1,200
Research and develop policy to assist in the identification and tracking of business requirements, stakeholder engagement, and project tracking.	9	20	180
Analyze and evaluate interoperability requirements and advise the project team on Interoperability related program enhancements updates, changes, and risks.	9	15	135
Review related deliverables and advise with a thorough understanding of the CMS Interoperability and Prior Authorization Final Rule Technical Standards and Implementation Guides.	9	15	135
Manage contract updates that support interoperability requirements. Develop and release guidance to waiver contractors and CCS counties/MCPs.	91	10	910
Act as the program internal liaison on special projects within ISCD.	91	10	910
Oversight of MedCompass and CMSNet data requirements and development. Organize and participate in data use scenarios for case management systems and interfaces. Review all vendor deliverables and participate in risk management and business requirement development meetings with vendors.	10	13	130
Total hours worked			**3,600**
1,800 hours = 1 Position			
Actual number of Positions requested			**2**

Attachment A

WORKLOAD STANDARDS
Integrated Systems of Care Division
Limited-Term Resources Equivalent to 3 Nurse Evaluator II
805-068-8144-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Reviews medical histories, assessments and care plans, and assesses service needs of potential CCT and CCS participants.	672	1	672
Determines appropriate waiver/program eligibility for CCT and CCS participants.	450	1	450
Holds weekly/bi-weekly case study teleconferences with Lead Organizations, transition coordinators, and county staff.	365	4	1,460
Serves as a resource to resolve beneficiary and service delivery issues.	192	1.5	288
Maintains participant files according to the Health Insurance Portability and Accountability Act (HIPAA).	720	0.25	180
Reviews and adjudicates HCBS and CCS requests submitted through Medi-Cal TARs and SARs.	570	2	1,140
Assists project team in compiling required state and federal monthly, quarterly, semi-annual and final reports.	20	1	20
Consults with transition coordinators to design HCBS and CCS alternatives for participants with complex needs.	355	2	710
Provides monitoring and assistance to Lead Organizations.	210	1	210
Consults with Lead Organizations and counties to address quality management strategies concerning participants' health and safety.	72	0.5	36
Prepares for presentations, meetings and conferences.	2	45	90
Attends training and educational sessions.	6	24	144
Total hours worked			**5,400**
1,800 hours = 1 Position			
Actual number of Positions requested			**3**

WORKLOAD STANDARDS
Integrated Systems of Care Division
Limited-Term Resources Equivalent to 2 Nurse Evaluator II
805-076-8144-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Reviews medical histories, assessments and care plans, and assesses service needs of potential CCT and CCS participants.	442	1	442
Determines appropriate waiver/program eligibility for CCT and CCS participants.	290	1	290
Holds weekly/bi-weekly case study teleconferences with Lead Organizations, transition coordinators, and county staff.	200	4	800
Serves as a resource to resolve beneficiary and service delivery issues.	192	1.5	288
Maintains participant files according to HIPAA.	720	0.25	180
Reviews and adjudicates HCBS and CCS requests submitted through Medi-Cal TARs and SARs.	250	2	500
Assists project team in compiling required state and federal monthly, quarterly, semi-annual and final reports.	20	1	20
Consults with transition coordinators to design HCBS and CCS alternatives for participants with complex needs.	300	2	600
Provides monitoring and assistance to Lead Organizations.	210	1	210
Consults with Lead Organizations and counties to address quality management strategies concerning participants' health and safety.	72	0.5	36
Prepares for presentations, meetings and conferences.	2	45	90
Attends training and educational sessions.	6	24	144
Total hours worked			**3,600**
1,800 hours = 1 Position			
Actual number of Positions requested			**2**

Attachment A

WORKLOAD STANDARDS
Integrated Systems of Care Division
Limited-Term Resources Equivalent to 1 Nurse Evaluator III
805-068-8145-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Development, review, and implementation of unit policies and procedures, review tools, and technical documents related to CCS prior authorizations.	25	10	250
Reviews and assesses unit's reports and recommendations. Approves and provides feedback to review results.	40	10	400
Assists as a resource to the unit when additional oversight/expertise is necessary.	7	10	70
Reviews, revises, and submits reports and plans associated with CCS prior authorizations and medical reviews.	100	5	500
Directs development of review schedules for effective use of teams. Creates timelines and deadlines, assists with prioritizing, etc.	25	10	250
Advises on the response to beneficiary, provider, and county inquiries regarding CCS medical reviews and service delivery.	50	2	100
Directs and reviews technical assistance responses related to CCS prior authorizations for services.	100	2	200
Participates in leadership meetings for advancement of the CCS program.	10	2	20
Reviews, processes, and submits Human Resources related forms for the unit's staff.	10	1	10
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

WORKLOAD STANDARDS
Behavioral Health Oversight and Monitoring Division
Limited-Term Resources Equivalent to 1 Health Program Specialist II
806-472-8336-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Perform analytical activities providing high-level, technical expertise, coordination, training, and leadership for the development and implementation of complex policy recommendations and program monitoring activities related to interoperability requirements.	10	21	210
Perform advisement, SME, and program consultant.	10	21	210
Lead, organize, and facilitate highly sensitive complex external and internal stakeholder workgroups and training to support planning for and implementation of interoperability requirements.	10	7	70
Oversee the development and implementation of new behavioral health policy guidance and FAQs.	4	15	60
Track compliance across all behavioral health programs; analyze performance trends; provide reports to management, and other divisions and units, as needed.	92	5	460
Monitor the status of CAPs and make recommendations to management regarding financial sanctions.	96	5	480
Coordination with other DHCS divisions and external stakeholders to implement interoperability requirements.	10	3	30
Implement technical assistance provided to internal and external stakeholders to establish an understanding of the requirements.	112	2.5	280
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

WORKLOAD STANDARDS
Behavioral Health Oversight and Monitoring Division
Limited-Term Resources Equivalent to 2 Analyst II
806-474-5393-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Perform evaluation and monitoring of counties compliance with interoperability requirements, including statutes, regulations, contracts, and BHINs.	96	10	960
Provide oversight of CAPs.	96	10	960
Research and analyze laws, rules, policies, and other information necessary to assist behavioral health programs with understanding and implementing the interoperability requirements.	50	10	500
Provide technical assistance to behavioral health programs through webinars, technical assistance calls, researching and responding to questions, and developing supplementary resources and training, as needed.	59	10	590
Conduct desk reviews and site reviews to support compliance with requirements.	59	10	590
Total hours worked			**3,600**
1,800 hours = 1 Position			
Actual number of Positions requested			**2**

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Limited-Term Resources Equivalent to 1 Health Program Specialist I
805-480-8338-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Serve as the SME and program consultant. Lead, organize, facilitate, and participate in internal and external workgroup meetings to support the planning, implementation, and monitoring of interoperability by FFS and Dental Managed Care Plans.	52	22	1,144
Research and develop policy to assist in the identification and tracking of business requirements, stakeholder engagement, and project tracking.	32	15	480
Analyze and evaluate interoperability requirements and advise the project team on Interoperability related program enhancements updates, changes, and risks.	8	6	48
Review related deliverables and advise with a thorough understanding of the CMS Interoperability and Prior Authorization Final Rule Technical Standards and Implementation Guides.	32	4	128
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Limited-Term Resources Equivalent to 1 Analyst II
805-480-5393-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Act as the program internal liaison on special projects within MDSD.	15	24	360
Develop FFS and Dental Managed Care Plan policy communications, including DOILs, APLs, reports, and stakeholder informing materials.	200	4	800
Work with the contract teams to update, maintain and execute contract amendments relating to Interoperability requirements for FFS and Dental Managed Care Plan contracts.	12	10	120
Perform evaluation and monitoring of FFS and Dental Managed Care Plans compliance with interoperability requirements, including statute and regulations.	130	4	520
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

WORKLOAD STANDARDS
Managed Care Quality and Monitoring Division
Limited-Term Resources Equivalent to 2 Analyst II
805-150-5393-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Primary contact between DHCS and MCPs; respond to MCP inquiries and provide technical assistance.	26	4	104
Respond to public mailbox questions from stakeholders.	26	2	52
Evaluate and monitor MCPs to certify interoperability compliance with interoperability requirements, including statute, regulations, contracts, and policy information notices.	26	60	1,560
Oversee interoperability implementation for MCPs; provide technical assistance including monthly calls, webinars, and other trainings; conduct reviews, if necessary, to certify compliance with requirements.	26	50	1,300
Coordinate and facilitate meetings with MCPs to address their questions related to planning and implementation, provide technical assistance.	10	20	200
Analyze MCP performance to conduct risk assessments and analyze corrective actions if applicable.	30	5	150
Research interoperability regulations.	26	5	130
Collaborate with other DHCS units and divisions to advance the strategic goals of DHCS; and make recommendations to management regarding interoperability implementation.	26	4	104
Total hours worked			**3,600**
1,800 hours = 1 Position			
Actual number of Positions requested			**2**

Attachment A

WORKLOAD STANDARDS
Managed Care Quality and Monitoring Division
Limited-Term Resources Equivalent to 1 Health Program Specialist I
805-146-8338-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Serve as the SME and program consultant. Lead, organize, and facilitate internal workgroups and trainings to support the planning, implementation, and monitoring of interoperability by MCPs.	52	22	1,144
Analyze and evaluate interoperability crucial areas that impact MCPs and recommend corrective actions.	12	25	300
Act as the program internal liaison on special projects within the MCQMD Branch and DHCS.	52	5	260
Coordinate and facilitate meetings with Office of Legal Services for input on policy documents and assignments.	6.4	15	96
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

WORKLOAD STANDARDS
Managed Care Quality and Monitoring Division
Limited-Term Resources Equivalent to 1 Health Program Specialist II
805-150-8336-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Provides subject matter expertise regarding interoperability impacts within the Medi-Cal managed care delivery system, and to Medi-Cal managed care health plans.	100	5	500
Develops managed care policy communications, including APLs, memos, fact sheets, and stakeholder informing material.	4	250	1,000
Coordinates with external stakeholders, including MCP trade associations, to collaborate on policy development, policy dissemination, and solicitation of industry feedback.	4	50	200
Analyzes proposed state legislation related to interoperability and Medi-Cal managed care. Conducts legislative review of regulations on interoperability for impact to the managed care delivery system.	10	10	100
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

WORKLOAD STANDARDS
Managed Care Quality and Monitoring Division
Limited-Term Resources Equivalent to 1 Supervisor I
805-150-4800-XXX
(7/1/2026 - 6/30/2029)

Activities	Number of Items	Hours per Item	Total Hours
Lead a unit responsible for the administration, implementation, and oversight of the interoperability program.	25	8	200
Provide feedback on memos, fact sheets, and stakeholder informing material.	4	10	40
Provide leadership and assistance on oversight and monitoring activities conducted.	12	50	600
Review reports on monitoring and oversight analysis and provide recommendations on follow ups.	12	55	660
Review recommendations regarding administrative and financial sanctions, and interoperability requirements provided by staff and make informed decisions.	30	10	300
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

H. BCP Fiscal Detail Sheet

BCP Title: Advancing Interoperability and Improving Prior Authorization Processes Final Rule

BR Name: 4260-066-BCP-2026-GB

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Salaries and Wages Earnings - Temporary Help	0	1,688	1,688	1,688	0	0
Total Salaries and Wages	**$0**	**$1,688**	**$1,688**	**$1,688**	**$0**	**$0**
Total Staff Benefits	0	850	850	850	0	0
Total Personal Services	**$0**	**$2,538**	**$2,538**	**$2,538**	**$0**	**$0**

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
5301 - General Expense	0	108	72	72	0	0
5302 - Printing	0	36	36	36	0	0
5304 - Communications	0	36	36	36	0	0
5320 - Travel: In-State	0	66	66	66	0	0
5322 - Training	0	18	18	18	0	0
5324 - Facilities Operation	0	162	162	162	0	0
5340 - Consulting and Professional Services - External	0	371	0	0	0	0
5344 - Consolidated Data Centers	0	18	18	18	0	0
539X - Other	0	126	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$941**	**$408**	**$408**	**$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**	**$3,479**	**$2,946**	**$2,946**	**$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 - 0001 - General Fund	0	523	456	456	0	0
State Operations - 0890 - Federal Trust Fund	0	2,956	2,490	2,490	0	0
Total State Operations Expenditures	**$0**	**$3,479**	**$2,946**	**$2,946**	**$0**	**$0**
Total All Funds	**$0**	**$3,479**	**$2,946**	**$2,946**	**$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
3960010 - Medical Care Services (Medi-Cal)	0	3,479	2,946	2,946	0	0
Total All Programs	**$0**	**$3,479**	**$2,946**	**$2,946**	**$0**	**$0**

Personal Services Details

Salaries and Wages

Salaries and Wages	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
TH00 - Temporary Help (LT Term Exp. 06-30-2029)	0	1,688	1,688	1,688	0	0
Total Salaries and Wages	**$0**	**$1,688**	**$1,688**	**$1,688**	**$0**	**$0**

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150350 - Health Insurance	0	406	406	406	0	0
5150600 - Retirement - General	0	444	444	444	0	0
Total Staff Benefits	**$0**	**$850**	**$850**	**$850**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$2,538**	**$2,538**	**$2,538**	**$0**	**$0**