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**
4260-077-BCP-2026-GB	3960010

Budget Request Title
Managed Care Operations

Budget Request Summary
The Department of Health Care Services, Managed Care Quality and Monitoring Division, and Health Care Delivery Systems, requests the conversion of 4 limited-term resources to permanent positions and expenditure authority of $607,000 ($236,000 General Fund; $371,000 Federal Fund) in fiscal year 2026-27 and ongoing. These positions will support the implementation, monitoring, and enforcement of federal and state requirements across a broad range of Medi-Cal Managed Care activities, including network adequacy and access.

Requires Legislation (submit required legislation with the BCP)	**Code Section(s) to be Added/Amended/Repealed**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**	**Date**

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. **Approval Date:**
Project Approval Document: **Total Project Cost:**

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), Managed Care Quality and Monitoring Division (MCQMD), and Health Care Delivery Systems (HCDS), requests the conversion of 4 limited-term (LT) resources to permanent positions and expenditure authority of $607,000 ($236,000 General Fund; $371,000 Federal Fund) in fiscal year (FY) 2026-27 and ongoing. These positions will support the implementation, monitoring, and enforcement of federal and state requirements across a broad range of Medi-Cal Managed Care activities, including network adequacy and access (NAA).

Complying with Federal Requirements

Network Adequacy and Access (NAA)
DHCS secured funding for LT resources equivalent to four positions through the following BCPs; 4260-169-BCP-2021-A1 (Managed Care Plan Statewide Procurement), 4260-193-BCP-2022-A1 (Interoperability Federal Rule Implementation), and 4260-162-BCP-2021-GB (Increased Access to Student Behavioral Health Services). These BCPs addressed workload associated with achieving compliance with federal requirements and improving access to care and quality outcomes for the Medi-Cal population. These resources supported efforts to establish and complete the Student Behavioral Health Incentive Program, strengthen access to preventive services, develop policy and enforce interoperability reporting requirements, and assess Managed Care Plans (MCPs) for network readiness as part of the 2024 MCP Contract Procurement (CP). Requirements and policy deployed as part of these efforts were incorporated into the MCP contract and became permanent requirements necessitating ongoing monitoring. Maintaining access to these services and the progress achieved during these efforts required the transition of these resources into ongoing NAA monitoring activities to meet Centers for Medicare and Medicaid Services (CMS) NAA reporting requirements.

Workload History

MCQMD - NAA					
Workload Measure	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Lead stakeholder development sessions and provide technical assistance (TA) to MCPs	N/A	1,000	600	400	400
Draft and update applicable policy letters, contract language, and any other relevant written guidance	N/A	1,300	1,300	1,300	700
Research, analyze, and respond to internal and external inquiries, communications, and stakeholder questions and concerns	N/A	1,600	1,600	1,400	700
Develop and formalize access expectations, design access monitoring processes, conduct monitoring, and document policies and procedures	N/A	1,000	1,200	1,400	3,600

Lead efforts in the implementation of or termination of MCP benefits, including communication with MCPs, development of deliverable lists, review and approval of deliverables, and post-implementation/termination monitoring	N/A	600	1,400	1,800	900
HCDS – NAA					
Workload Measure	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Coordinate with internal technical partners to improve managed care program data and develop data-driven monitoring processes	N/A	N/A	900	900	900
Translate technical findings and data to inform policy recommendations and independently analyze state and federal laws and policies to develop policy communications	N/A	N/A	450	450	450
Coordinate and collaborate with internal and external partners to support the development and review of managed care policy that is intended to provide quality and equitable services to Medi-Cal members	N/A	N/A	270	270	270
Provide support for managed care program data and other system improvements aligned with programmatic goals	N/A	N/A	90	90	90
Lead stakeholder engagement sessions and provide TA to MCPs	N/A	N/A	90	90	90

B. Justification

MCQMD (3 LT to Permanent Positions)
1 Health Program Specialist (HPS) I
2 Analyst II

Federal and state regulations require DHCS to verify MCP compliance with NAA standards. CMS oversees DHCS and holds DHCS accountable to verify timely and appropriate access to care for Medi-Cal members. CMS added requirements effective in 2023 relating to delegated entity networks and access. Those requirements and activities are ongoing and were added to the MCP contract to further develop the delegation oversight concept as part of the 2024 Statewide

MCP contract procurement. DHCS updated its MCP contract to further develop the delegation oversight concept to build upon the foundation CMS created. Delegation arrangements affect many aspects of benefit delivery in the Medi-Cal program and informs the experience of Medi-Cal members. In alignment with the enhanced delegation oversight requirements added to the MCP contract, DHCS developed monitoring and compliance review processes to operationalize ongoing activities to verify MCPs are properly monitoring delegated entities and confirm compliance with the MCP contract at all levels within their respective organizations. Confirming MCPs have adequate networks to support access to care irrespective of the model in which those services are delivered may improve health outcomes for Medi-Cal members.

The student behavioral health initiative and associated policy and monitoring process development activities provided MCQMD with valuable insights into the larger behavioral health delivery system, including MCPs' roles in providing comprehensive and timely access to behavioral health services. The staff expertise developed as part of this will support MCQMD's ongoing monitoring of behavioral health services for Medi-Cal members. DHCS is actively developing enhanced behavioral health monitoring processes to verify MCP compliance with access to behavioral health services, particularly for children. The work performed to date by this position and the experience gained will support these monitoring process enhancement efforts. The Analyst II resources are needed on a permanent basis to verify NAA compliance monitoring of the new components of the 2024 contract continues, including for behavioral health services and delegated entity oversight.

2 Analyst II

The Analyst II in the Network Adequacy Unit will continue to monitor utilization and compliance with network adequacy standards. The Analyst II monitors MCP compliance with network certification and the delegated entity certification requirements through data analysis, validation studies, contract review, and continual oversight to confirm MCPs comply with the delegated entity certification requirements. The Analyst II will continue to provide results of the validation studies to MCPs, certify correct remediation, and continually oversee the status of the certification. The Analyst II will continue to lead the development of network adequacy monitoring tools, facilitate timely collection of network adequacy data, coordinate with internal and external stakeholders, and conduct MCP network adequacy reviews. The Analyst II will develop processes and share network adequacy review information with internal and external stakeholders, research and resolve complaints regarding network adequacy from members, advocates, and other stakeholders, and as needed, develop, and enforce corrective action plans and sanctions for MCPs.

The Analyst II in the Access to Care Unit will continue to lead managed care policy development and issue formal Medi-Cal MCP guidance, and obtain, analyze, and incorporate stakeholder feedback. The Analyst II will continue to perform key oversight functions of the MCP contracting processes, efforts, and outcomes. The Analyst II will continue to provide key oversight functions including reviewing and approving MCP deliverables, verifying MCP contracting efforts and executed contracts, and working with the Audits and Investigations Division on expanding the audit tool. The Analyst II will continue to be responsible for researching and responding to inquiries pertaining to MCP guidance. The Analyst II will continue to lead the development and implementation of projects including but not limited to enhanced behavioral health monitoring efforts for the purpose of increasing access to behavioral health services. The Analyst II will continue to lead the development of network adequacy monitoring tools, facilitate timely collection of network adequacy data, coordinate with internal and external stakeholders, and conduct reviews of MCPs implementation of new benefits or provider types, including but not limited to the integration of behavioral health services in school settings. The Analyst II will continue to develop processes and share network adequacy review information with internal and external stakeholders, research and resolve complaints regarding network adequacy from

members, advocates, and other stakeholders, and as needed, develop, and enforce corrective action plans and sanctions for MCPs.

1 HPS I
The HPS I in the Managed Care Monitoring Branch provides subject matter expertise supporting the long-term care (LTC) carve-in resulting from the Managed Care Statewide Procurement and California Advancing and Innovating Medi-Cal (CalAIM). This position leads the development of ongoing monitoring activities related to the carve-in of Skilled Nursing, Subacute, and Intermediate Care Facilities in Managed Care, which includes oversight of LTC networks, member placements, and timely payments of provider claims. The position supports policy development for this population throughout the statewide transition.

HCDS (1 LT to Permanent Position)
1 HPS II

1 HPS II would continue to support managed care program data and other system improvements to help achieve programmatic goals by coordinating with technical internal partners to improve data quality and develop data-driven monitoring processes. They would also sustain essential coordination and project management functions across DHCS, MCPs, and stakeholders while supporting MCPs in interpreting policies and maintaining compliance. The HPS II will serve as an expert program advisor for the development and implementation of policy recommendations and program monitoring activities related to interoperability and prior authorizations. The HPS I will lead, organize, and facilitate internal workgroups and trainings to support the planning and implementation of interoperability and prior authorization related monitoring. The HPS II will analyze and evaluate areas of MCP performance and recommend corrective actions.

C. Departmentwide and Statewide Considerations

This proposal is consistent with the Department's purpose and goals to increase meaningful access and achieve excellence in health outcomes. DHCS is the single state agency responsible for financing and administering the Medi-Cal program. This proposal will support DHCS in maintaining compliance with federal NAA regulations, continuing progress improving access to behavioral health and preventive services, sustaining the statewide expansion of CalAIM's Community Supports, meeting the smart results outlined in DHCS's 2025 Annual Operational Plan (AOP), and remaining compliant with 1115 and 1915(b) waiver special terms and conditions.

DHCS will be able to sufficiently support the goals of CalAIM and DHCS' priorities in managed care, which include, but are not limited to initiatives such as the Health Equity Roadmap, the Birthing Care Pathway, and DHCS' AOP. This would allow MCQMD to support the development, publishing, and monitoring of managed care policy (e.g. All Plan Letters (APLs)).

D. Outcomes and Accountability

Approval of these resources will support the delivery of Medi-Cal services and assist DHCS in maintaining compliance with federal requirements.

If approved, the following outcomes will ultimately be achieved:

- Improved oversight and monitoring of MCPs;
- Increased member access to care and improved health outcomes;
- Strengthened relationships and communication with members, stakeholders, and the public; and
- Enhanced compliance with regulatory requirements.

Projected Outcomes

Workload Measure	2026-27	2027-28	2028-29	2029-30	2030-31
Conduct NAA monitoring, including network provider terminations monitoring, in accordance with CMS requirements	75	75	75	75	75
Submit network adequacy, access, community support, and other federally-required reporting to CMS	5	5	5	5	5
Respond to sensitive internal and external communications and facilitate resolution of specialized problems	50	50	50	50	50
Coordinate with internal technical partners to improve managed care program data and develop data-driven monitoring processes	100	100	100	100	100
Translate technical findings and data to inform policy recommendations & independently analyze state and federal laws and policies to develop policy communications	50	50	50	50	50
Coordinate and collaborate with internal and external partners to support the development and review of managed care policy that is intended to provide quality and equitable services to Medi-Cal members	75	75	75	75	75
Provide support for managed care program data and other system improvements aligned with programmatic goals	5	5	5	5	5
Lead stakeholder engagement sessions and provide TA to MCPs	10	10	10	10	10

E. Implementation Plan

Upon approval of this proposal, DHCS will promptly begin the recruitment process and hire the 4 permanent resources as soon as possible. All positions will be recruited and filled according to DHCS' standard recruitment process and in accordance with internal DHCS and broader state policies, procedures, and requirements for hiring qualified state staff. DHCS expects to begin training staff promptly upon hire and the staff will begin supporting managed care legislative analysis and managed care policy development.

The 4 permanent staff will retain their current responsibilities to support compliance with federal requirements.

F. Supplemental Information

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

G. Workload Standards

Workload Standards
Managed Care Quality and Monitoring Division
Managed Care Networks and Access Branch
2 Analyst II
805-146-5393-XXX
Permanent

Activities	Number of Items	Hours per Item	Total Hours
Conduct oversight and monitoring of MCP NAA	50	10	500
Conduct oversight and monitoring of MCP delegated subcontractor NAA	50	10	500
Review MCP submitted data, reports, procedures, transition plans, and other documentation	50	13	650
Draft APLs, memos, and network adequacy related documents and make recommendations to management	50	4	200
Conduct network provider and subcontractor termination impact assessments and enforce access to care requirements	25	10	250
Measure compliance and provide TA	50	5	250
Collaborate with internal and external stakeholders and implement recommendations	50	5	250
Research, categorize, and report on trends, concerns, and market developments relating to provider networks and access to care	10	25	250
Conduct enforcement actions on non-compliant MCPs including corrective action plan reviews and issuing monetary and administrative sanctions	25	10	250
Compile NAA results, conduct quality assurance reviews, and produce regulatory compliance reports for CMS	50	10	500
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
Managed Care Monitoring Branch
1 Health Program Specialist I
805-150-8338-XXX
Permanent

Activities	Number of Items	Hours per Item	Total Hours
Coordinate and collaborate with internal and external partners to support the development and review of managed care policy that is intended to provide quality and equitable LTC services to Medi-Cal members	50	5	250
Research, analyze, and respond to internal and external inquiries, communications, and stakeholder questions and concerns	100	3	300
Research and analyze state and federal regulations, statutes, contracts and other internal and external resources to inform policy development and bill analyses	40	5	200
Lead stakeholder engagement sessions and provide TA to MCPs and stakeholders	25	8	200
Develop ongoing monitoring tools for the oversight and utilization of the LTC benefit including measure and dashboard development	10	25	250
Lead the development of corrective action and other enforcement activities for noncompliance	20	10	200
Provide subject matter expertise on the analysis of ongoing monitoring deliverables and provide recommendations for enforcement and policy related to the LTC benefit	50	4	200
Establish tracking system to maintain program and project priorities	20	10	200
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

Attachment A

Workload Standards
Health Care Delivery Systems
1 Health Program Specialist II
805-050-8336-XXX
Permanent

Activities	Number of Items	Hours per Item	Total Hours
Coordinate and collaborate with internal and external partners to support the development and review of managed care policy that is intended to provide quality and equitable services to Medi-Cal members	10	40	400
Review managed care policy to provide alignment with applicable state and federal laws and the MCP contract	10	20	200
Research and analyze state and federal regulations to inform policy development	10	10	100
Research, analyze, and respond to internal and external inquiries, communications, and stakeholder questions and concerns	10	20	200
Coordinate with technical internal partners to improve managed care program data and develop data-driven monitoring processes	50	10	500
Provide support for managed care program data and other system improvements aligned with programmatic goals	10	20	200
Lead stakeholder engagement sessions and provide TA to MCPs	20	10	200
Total hours worked			**1,800**
1,800 hours = 1 Position			
Actual number of Positions requested			**1**

H. BCP Fiscal Detail Sheet

BCP Title: Managed Care Operations

BR Name: 4260-077-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
Positions - Permanent	0.0	4.0	4.0	4.0	4.0	4.0
Total Positions	**0.0**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**
Salaries and Wages Earnings - Permanent	0	353	353	353	353	353
Total Salaries and Wages	**$0**	**$353**	**$353**	**$353**	**$353**	**$353**
Total Staff Benefits	0	178	178	178	178	178
Total Personal Services	**$0**	**$531**	**$531**	**$531**	**$531**	**$531**

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	16	16	16	16	16
5302 - Printing	0	8	8	8	8	8
5304 - Communications	0	8	8	8	8	8
5322 - Training	0	4	4	4	4	4
5324 - Facilities Operation	0	36	36	36	36	36
5344 - Consolidated Data Centers	0	4	4	4	4	4
Total Operating Expenses and Equipment	**$0**	**$76**	**$76**	**$76**	**$76**	**$76**

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**	**$607**	**$607**	**$607**	**$607**	**$607**

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	236	236	236	236	236
State Operations - 0890 - Federal Trust Fund	0	371	371	371	371	371
Total State Operations Expenditures	**$0**	**$607**	**$607**	**$607**	**$607**	**$607**
Total All Funds	**$0**	**$607**	**$607**	**$607**	**$607**	**$607**

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	607	607	607	607	607
Total All Programs	**$0**	**$607**	**$607**	**$607**	**$607**	**$607**

Personal Services Details

Positions

Positions	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5393 – Analyst II	0.0	2.0	2.0	2.0	2.0	2.0
8336 - Hlth Program Spec II	0.0	1.0	1.0	1.0	1.0	1.0
8338 - Hlth Program Spec I	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	**0.0**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**

Salaries and Wages

Salaries and Wages	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5393 – Analyst II	0	166	166	166	166	166
8336 - Hlth Program Spec II	0	98	98	98	98	98
8338 - Hlth Program Spec I	0	89	89	89	89	89
Total Salaries and Wages	**$0**	**$353**	**$353**	**$353**	**$353**	**$353**

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	85	85	85	85	85
5150600 - Retirement - General	0	93	93	93	93	93
Total Staff Benefits	**$0**	**$178**	**$178**	**$178**	**$178**	**$178**

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**	**$531**	**$531**	**$531**	**$531**	**$531**