IEHP | Targeted Rate Increase (TRI)

To: Medi-Cal Direct Provider Network

From: IEHP – Finance Department

Date: November 19, 2026

Subject: **Proposition 56 - Physician Services Payment Sunset and TRI Reimbursement Changes Effective January 1, 2027**

Effective January 1, 2027, IEHP will discontinue Prop 56 - Physician Services supplemental payments, as Targeted Rate Increase (TRI) has incorporated applicable rates into the base rate. TRI remains the regulatory reimbursement requirement, ensuring eligible providers receive the applicable minimum payment level.

IEHP will continue to ensure providers' reimbursement meets TRI requirements through the updated payment methodology.

Important: This change applies only to Proposition 56 - Physician Services. All other Proposition 56 programs will continue under their existing payment arrangements: *Adverse Childhood Experiences Screening (ACES) Services, Developmental Screening Services, Family Planning Services, Ground Emergency Medical Transport (GEMT) Payment, Private Services – HYDE.*

What Is Changing?

Direct Fee-for-Service (FFS) Providers

Eligible claims will be reimbursed directly through the claims system at the greater rate: the provider's contracted rate **or** the applicable TRI minimum rate.

Providers will no longer receive separate Proposition 56 - Physician Services add-on payments. Claim Adjustment Reason Code CARC 143 will appear on the remittance advice to help providers identify applicable TRI reimbursement.

Direct Capitated Primary Care Providers (PCPs)

Proposition 56- Physician payments **will be incorporated into a single TRI Add-On payment designated to meet the applicable TRI reimbursement level.**

Payments for Prior Dates of Service

IEHP will continue administering applicable TRI and Proposition 56 - Physician Services payments for eligible services rendered through December 31, 2026, under the previous reimbursement methodology, including payments disbursed in 2027, until all 2026 payments have been fulfilled.

Providers are encouraged to reference the **TRI Supplemental Payment Schedule for 2026 and 2027** on the IEHP TRI webpage for anticipated payment dates.

Provider Resources

TRI Resources, payment disputes, supplemental fee schedule, and a link to the DHCS TRI fee schedule are available on IEHP's Provider website: providerservices.iehp.org > Resources > Resources for Providers > Claims > Targeted Rate Increase.

If you have any questions, please contact the IEHP Provider Call Center at (909) 890-2054, (866) 223-4347, or email ProviderServices@iehp.org.

All IEHP communications can be found at: providerservices.iehp.org > News and Updates > Notices.