

# Frequently Asked Questions

<b>What is the Medi-Cal Targeted Rate Increase (TRI)?</b>	<p>Effective January 1, 2024, the California Department of Health Care Services (DHCS) increased reimbursement rates for certain Medi-Cal (MCL) covered physician services to no less than 87.5% of Medicare to advance access, quality, and equity for Medi-Cal members and promote provider participation in the Medi-Cal program under <a href="#">All Plan Letter (APL) 24-007</a>.</p>
<b>PROVIDER ELIGIBILITY</b>	
<b>Which Providers are eligible to receive the Targeted Rate Increase?</b>	<p>Providers must meet the following criteria:</p> <ul style="list-style-type: none"> <li>– Be contracted with IEHP or an affiliated IPA</li> <li>– Render eligible Medi-Cal services as defined by DHCS</li> <li>– Submit clean claims/encounters within timely filing standards.</li> </ul> <p>IEHP recognizes Federally Qualified Health Centers (FQHCs), and Rural Health Clinics (RHCs) as included entities.</p>
<b>Are Providers on Letters of Agreements (LOAs) or Single Case Agreements (SCAs) eligible for TRI payments?</b>	<p>Providers under an LOA or SCA are inapplicable to the DHCS eligibility requirements.</p>
<b>PAYMENT INFORMATION</b>	
<b>What services are eligible?</b>	<p>Eligible services include procedure codes categorized as Primary/General Care, Obstetric, and Non-Specialty Mental Health Services. A complete list of codes is available on <a href="#">DHCS website's TRI Fee Schedule</a>.</p>
<b>How will TRI rates be determined for services without a Medicare-established rate?</b>	<p>DHCS calculated an equivalent target rate.</p>
<b>Will Prop 56 Physician Services payments be included in the TRI calculation?</b>	<p>The CY2024 TRI fee schedule was calculated at the greater of:</p> <ul style="list-style-type: none"> <li>– 87.5% of the lowest 2023 Medicare locality rate effective in California.</li> <li>– The existing rate on the Medi-Cal fee schedule plus any applicable Proposition 56 supplemental payment</li> </ul>

PAYMENT INFORMATION (Continued)	
How are TRI increment payments for FFS contracts calculated?	<p>For the CY2024 date of service claims, IEHP will continue to pay the Prop 56 Physician Services payment amounts that are embedded in the Target Rate Increase as a separate payment.</p> <p>For the CY2025 date of service claims, IEHP will combine the Prop 56 Physician Services payments in the TRI Payment (Figure 1).</p>

Fee-for-Service (FFS)  
TRI Payment Calculation

	Step 1	Step 2	Step 3	Step 4	Maximum of (\$0 or c-a-b)	Maximum of (c or a+b)
Example 1	Determine Paid Amount (a)	Determine Prop56 Physician Services Payment (b)	Determine TRI Fee Schedule Payment (c)	Determine if (c) > (a) + (b)	Calculate TRI Increment	Final Payment after TRI
CY2024 DOS Claims	Billed = \$60, Contract = \$40 -> Lesser of = \$40	\$30.00	\$50.00	No	\$0.00	\$70.00
	Billed = \$20, Contract = \$10 -> Lesser of = \$10	\$30.00	\$50.00	Yes	\$10.00	\$50.00

	Step 1	Step 2	Step 3	Step 4	Maximum of (b or c-a)	Maximum of (c or a+b)
Example 2	Determine Paid Amount (a)	Determine Prop56 Physician Services Payment (b)	Determine TRI Fee Schedule Payment (c)	Determine if (c) > (a) + (b)	Calculate TRI Increment	Final Payment after TRI
CY2025 DOS Claims	Billed = \$60, Contract = \$40 -> Lesser of = \$40	\$30.00	\$50.00	No	\$30.00	\$70.00
	Billed = \$20, Contract = \$10 -> Lesser of = \$10	\$30.00	\$50.00	Yes	\$40.00	\$50.00

Figure 1: Sample Fee-for-service (FFS) TRI Payment Calculation

### PAYMENT INFORMATION (Continued)

<p><b>My contract is to be paid at a percentage of the Medi-Cal rate. Is this applicable to the TRI fee schedule or only the legacy Medi-Cal fee schedule?</b></p>	<ul style="list-style-type: none"> <li>– The percentage of the Medi-Cal rate is only applicable to the legacy Medi-Cal fee schedule.</li> <li>– DHCS has retained the Legacy Fee Schedule rates on the main Medi-Cal rates website.</li> <li>– TRI Fee Schedule rates are indicated by procedure type “X”, while Legacy Medi-Cal Fee Schedule rates are indicated by all other procedure types.               <ul style="list-style-type: none"> <li>▪ <a href="#">Medi-Cal Rates   Medi-Cal Providers</a></li> <li>▪ <a href="#">TRI Fee Schedule   Medi-Cal Provider</a></li> </ul> </li> </ul>
<p><b>How are TRI increment payments for case rate contracts calculated?</b></p>	<ul style="list-style-type: none"> <li>– The case rate reimbursement provides a fixed payment to Providers regardless of the number of individual services provided, it necessitates that the adequacy of the payments be evaluated in the aggregate.</li> <li>– IEHP engaged Edrington Health Consulting (EHC) to analyze whether the case rate payments being made to each Taxpayer Identification Number (TIN) were sufficient to cover the cost of the underlying services evaluated at the new required reimbursement level (TRI-compliant floor).</li> <li>– The TRI-compliant floor was then compared against the 2024 case rate payments made to Providers to determine if the contracted rates met or exceeded the TRI reimbursement requirement.</li> </ul>
<p><b>How are TRI increment payments for capitated contracts calculated?</b></p>	<ul style="list-style-type: none"> <li>– IEHP engaged Edrington Health Consulting (EHC) to analyze all sub-capitation arrangements for compliance with DHCS’ TRI reimbursement standards.</li> <li>– EHC developed a prospective Per- Member, Per-Month (PMPM) floor for each sub- contracted Taxpayer Identification Number (TIN).</li> <li>– The TRI-compliant floor was then compared against the 2024 sub-contracted rates paid to downstream Providers to determine if the contracted rates met or exceeded the TRI reimbursement requirement.               <ul style="list-style-type: none"> <li>▪ Example Data:                   <ul style="list-style-type: none"> <li>▪ <i>TRI Cap Increase Calculations: No TRI Increment</i></li> <li>▪ <i>TRI Cap Increase Calculations: TRI increment</i></li> </ul> </li> </ul> </li> </ul>

# Targeted Rate Increase (TRI) Provider FAQ

April 30, 2025

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## TRI Cap Increase Calculation: No TRI Increment

CY23 Repriced Data								Adjustments						
								Credibility Adjusted		Trend Adjusted CY23 to CY24		Non-Medical Load Adjusted		Final
Provider TIN	Broad Cohort	Gender	Member Months	TRI Claims Amount	Non-TRI Claims Amount	TRI Claims PMPM	Non-TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	CY24 TRI-Compliant Floor PMPM
123456789	Child	M	250	\$ 8,000	\$ 500	\$ 32.00	\$ 2.00	\$ 35.00	\$ 3.00	\$ 36.75	\$ 3.15	\$ 37.50	\$ 3.21	\$ 40.71
123456789	Child	F	500	\$ 8,888	\$ 1,234	\$ 17.78	\$ 2.47	\$ 17.78	\$ 2.47	\$ 18.66	\$ 2.59	\$ 19.05	\$ 2.64	\$ 21.69
123456789	Adult	M	1,600	\$ 20,000	\$ 5,678	\$ 12.50	\$ 3.55	\$ 12.50	\$ 3.55	\$ 13.13	\$ 3.73	\$ 13.39	\$ 3.80	\$ 17.20
123456789	Adult	F	1,800	\$ 40,000	\$ 2,345	\$ 22.22	\$ 1.30	\$ 22.22	\$ 1.30	\$ 23.33	\$ 1.37	\$ 23.81	\$ 1.40	\$ 25.21
123456789	Total		4,150	\$ 76,888	\$ 9,757	\$ 18.31	\$ 2.38	\$ 18.46	\$ 2.43	\$ 19.39	\$ 2.55	\$ 19.78	\$ 2.61	\$ 22.39
			(a)					(b)			(c)			(d)

- Note:
- (a) Every claim line was repriced by applying TRI rates to TRI-eligible claims and Legacy Medi-Cal rates to TRI-ineligible claims.
- (b) For member months below 500, PMPM rates are credibility adjusted by blending provider-specific experience with with the weighted average PMPM rate across all Direct PCP Providers.
- (c) Applied Medical Trend from CY23 to CY24
- (d) Applied 2% Non-Medical Load onto the PMPM to account for non-medical expenses, such as case management and care coordination activities.
- (e) A negative TRI Increment PMPM Add On indicates that the base capitation revenue is sufficient to cover minimum TRI reimbursement levels. A TRI settlement is not required in these instances.

January-July 2024 Revenue			
Member Months	Base Cap PMPM	Prop 56 PMPM Estimate	CY24 Provider Revenue PMPM
200	\$ 16.50	\$ 6.00	\$ 22.50
550	\$ 16.50	\$ 5.00	\$ 21.50
1,500	\$ 21.00	\$ 4.00	\$ 25.00
1,600	\$ 20.00	\$ 4.00	\$ 24.00
3,850	\$ 19.71	\$ 4.25	\$ 23.95

Final TRI Increment PMPM Add on Calculation			
CY24 TRI-Compliant Floor PMPM	CY24 Provider Revenue PMPM	TRI Increment PMPM Add On	Final TRI Increment PMPM Add On
\$ 22.39	\$ 23.95	\$ (1.57)	\$ -

(e)

## TRI Cap Increase Calculation: TRI Increment

CY23 Repriced Data								Adjustments						
								Credibility Adjusted		Trend Adjusted CY23 to CY24		Non-Medical Load Adjusted		Final
Provider TIN	Broad Cohort	Gender	Member Months	TRI Claims Amount	Non-TRI Claims Amount	TRI Claims PMPM	Non-TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	TRI Claims PMPM	Non TRI Claims PMPM	CY24 TRI-Compliant Floor PMPM
123456789	Child	M	250	\$ 8,000	\$ 500	\$ 32.00	\$ 2.00	\$ 35.00	\$ 3.00	\$ 36.75	\$ 3.15	\$ 37.50	\$ 3.21	\$ 40.71
123456789	Child	F	500	\$ 10,000	\$ 3,000	\$ 20.00	\$ 6.00	\$ 20.00	\$ 6.00	\$ 21.00	\$ 6.30	\$ 21.43	\$ 6.43	\$ 27.86
123456789	Adult	M	1,600	\$ 25,000	\$ 10,000	\$ 15.63	\$ 6.25	\$ 15.63	\$ 6.25	\$ 16.41	\$ 6.56	\$ 16.74	\$ 6.70	\$ 23.44
123456789	Adult	F	1,800	\$ 45,000	\$ 5,000	\$ 25.00	\$ 2.78	\$ 25.00	\$ 2.78	\$ 26.25	\$ 2.92	\$ 26.79	\$ 2.98	\$ 29.76
123456789	Total		4,150	\$ 88,000	\$ 18,500	\$ 21.00	\$ 4.55	\$ 21.15	\$ 4.60	\$ 22.21	\$ 4.83	\$ 22.66	\$ 4.93	\$ 27.59
			(a)					(b)			(c)			(d)

- Note:
- (a) Every claim line was repriced by applying TRI rates to TRI-eligible claims and Legacy Medi-Cal rates to TRI-ineligible claims.
- (b) For member months below 500, PMPM rates are credibility adjusted by blending provider-specific experience with with the weighted average PMPM rate across all Direct PCP Providers.
- (c) Applied Medical Trend from CY23 to CY24
- (d) Applied 2% Non-Medical Load onto the PMPM to account for non-medical expenses, such as case management and care coordination activities.
- (e) A negative TRI Increment PMPM Add On indicates that the base capitation revenue is sufficient to cover minimum TRI reimbursement levels. A TRI settlement is not required in these instances.

January-July 2024 Revenue			
Member Months	Base Cap PMPM	Prop 56 PMPM Estimate	CY24 Provider Revenue PMPM
200	\$ 16.50	\$ 6.00	\$ 22.50
550	\$ 16.50	\$ 5.00	\$ 21.50
1,500	\$ 21.00	\$ 4.00	\$ 25.00
1,600	\$ 20.00	\$ 4.00	\$ 24.00
3,850	\$ 19.71	\$ 4.25	\$ 23.95

Final TRI Increment PMPM Add on Calculation			
CY24 TRI-Compliant Floor PMPM	CY24 Provider Revenue PMPM	TRI Increment PMPM Add On	Final TRI Increment PMPM Add On
\$ 27.59	\$ 23.95	\$ 3.64	\$ 3.64

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For questions regarding TRI, please contact IEHP Provider Call Center at 909-890-2054, 1-866-223-IEHP (4347) or email [Providerservices@iehp.org](mailto:Providerservices@iehp.org).

Label	Description
CY23 Repriced Data	Provider-specific encounter data from Calendar Year 2023.
Member Months	Total number of months that members are enrolled with a provider in Calendar Year 2023.
TRI Claims Amount	Subset of each provider's Calendar Year 2023 data that is eligible for TRI reimbursement. IEHP repriced TRI-eligible lines using the TRI fee schedule.
Non-TRI Claims Amount	Subset of each provider's Calendar Year 2023 data that is not eligible for TRI reimbursement. IEHP repriced Non-TRI lines using the Legacy Medical fee schedule.
TRI Claims PMPM	TRI Claims Amount divided by Member Months. A metric to determine how much each providers' TRI-eligible encounters were worth on average, per member per month in Calendar Year 2023.
Non-TRI Claims PMPM	Non-TRI Claims Amount divided by Member Months. A metric to determine how much each provider's Non-TRI encounters were worth on average, per member per month in Calendar Year 2023.
Credibility Adjusted	An adjustment to account for sample size concerns. For member months below 500, TRI Claims PMPM and Non-TRI Claims PMPM are credibility adjusted by blending provider-specific experience with the weighted average PMPM rate across all Direct PCP Providers.
Trend Adjusted CY23 to CY24	An adjustment to capture any anticipated changes in utilization or unit cost going from the base data time period (Calendar Year 2023) to the evaluation time period (Calendar Year 2024).
Non-Medical Load Adjusted	An adjustment to account for non-medical expenses, such as case management and care coordination activities.

CY24 TRI-Compliant Floor PMPM	Calendar Year 2023 encounter data is used to develop a prospective PMPM floor for each sub-contracted TIN. The TRI floor PMPM is established by repricing the encounters underlying each arrangement, dividing that amount by the corresponding membership and projecting it to be on the same time basis as the contracted rates. Following DHCS' sub-capitation attestation guidance, the following adjustments will be made to project the Calendar Year 2023 base data to Calendar Year 2024: Credibility, Trend, and Non-Medical Load.
Base Cap PMPM	Calendar Year 2024 capitation payments on a per member per month basis.
Prop 56 PMPM Estimate	An estimate of Calendar Year 2024 Prop 56 Physician payments on a per member per month basis.
CY24 Provider Revenue PMPM	The sum of Base Cap PMPM and Prop 56 PMPM Estimate.
TRI Increment PMPM Add On	The difference between the CY24 TRI-Compliant Floor PMPM and the CY24 Provider Revenue PMPM. A negative TRI Increment PMPM Add On indicates that the base capitation revenue is sufficient to cover minimum TRI reimbursement levels. A TRI settlement is not required in these instances.
Final TRI Increment PMPM Add On	The Final TRI Increment PMPM Add On reflects the final TRI payment for providers. If the TRI Increment PMPM Add On is positive, the Final TRI Increment PMPM Add On is equal to the TRI Increment PMPM Add On. If the TRI Increment PMPM Add On is negative, the Final TRI Increment PMPM Add On is zero, reflecting that a TRI settlement is not required in these instances.

## CLAIMS AND ADJUSTMENTS

<b>How will IEHP determine the payee for TRI payments?</b>	Payments will be made based on the billing Provider and tax ID associated with eligible claims.
<b>Does timely filing apply to TRI increment payments?</b>	Yes, claims must be submitted within the timeframes specified in the Provider's contract.
<b>Do Delegated or Direct FFS Providers need to resubmit claims/encounters for services dating back to January 1, 2024?</b>	No, IEHP is utilizing encounter and claim data received directly and from our IPAs to make TRI increment payments.
<b>If a Provider submits a corrected claim for a previous denial, how will TRI adjustments be made?</b>	Adjustments will be made to the monthly TRI increment payment.

## CONTRACT AMENDMENTS

<b>Do I need to sign a contract amendment with IEHP or my IPA to receive TRI increment payments?</b>	No contract amendments are being extended at this time and TRI increment payments will be made according to the eligibility criteria cited above. Providers will be alerted regarding any future contract amendment requirements.
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## PAYMENT SCHEDULE AND PROCESSING

<b>When will TRI increment payments be disbursed?</b>	<ul style="list-style-type: none"> <li>– Refer to IEHP's <a href="#">TRI Supplemental Payment Schedule</a> available on the Provider Website.</li> <li>– IEHP released the first TRI Increment payment December 23, 2024, for encounters   claims received   adjudicated from January 1, 2024 - November 30, 2024.</li> <li>– The payment released pertained to DO: January 2024 – November 2024.</li> <li>– Subsequent payments were paid monthly beginning in January 2025.</li> </ul>
<b>Will Providers receive a separate RA for TRI increment payments?</b>	Yes, TRI increment remittance advice (RAs) will be posted on IEHP's secure portal.