

# Targeted Rate Increases (TRI)



## TO: L.A. Care Direct Network Contracted Providers

First and foremost, we would like to thank you for your continued participation in the L.A. Care Direct Network.

As you know, the Department of Health Care Services (DHCS) released its final version of the All Plan Letter (APL 24-007), regarding the Targeted Rate Increases, on June 20, 2024. This APL describes the steps the Plan must take to ensure its compliance with this APL, retroactively to January 1, 2024.

As such, we are hereby providing you with the steps the Plan is taking to ensure your compensation is compliant with the TRI requirements:

### **2024:**

For dates of service (DOS) in 2024, the Plan is conducting an analysis to determine the difference (if any) between the rates paid to you, against the newly published TRI rates for the applicable TRI CPT codes. The TRI CPT codes published by the state are inclusive of the old Prop 56 payments, therefore, L.A. Care is calculating the appropriate "Add-On TRI Amount."

**Example:** if a service for an applicable TRI CPT code was paid by L.A. Care according to your contract at \$95, and the new TRI rate for that code is \$110, then L.A. Care is required to pay the difference (\$15), MINUS any Prop 56 equivalent payments already made.

If it is determined that L.A. Care's contracted rate, plus Prop 56 equivalent payments made, were less than the TRI published rate, then L.A. Care will make a one-time true-up payment of the difference on all 2024 clean claims submitted for applicable TRI CPT codes no later than December 31, 2024.



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**2025:**

For DOS beginning January 1, 2025, L.A. Care will no longer make the Prop 56 equivalent payments directly to providers as these amounts have been included in the newly published TRI rates/fee schedule. As such, L.A. Care will configure its claims system to pay the greater of your contracted rate, or the TRI rate for all clean claims with applicable TRI CPT Codes submitted in 2025 and beyond.

An amendment to your contract is not necessary, as we have herein confirmed that for 2024, there will be a one-time adjustment made for DOS 2024, by December 31, 2024, and our claims system will be configured to pay the greater of contracted rate or TRI published rate in 2025 and beyond.

Please be reminded the DHCS has the discretion to make changes to their policies. If at any time the DHCS, makes any such changes, we will inform you accordingly.

<u>Example 1</u>	
Contract Rate	\$120
Prop 56 Equivalent	\$20
Contract Rate + Prop 56	\$140
TRI Rate	\$110
Prop 56 payment made, no additional payment	

<u>Example 2</u>	
Contract Rate	\$60
Prop 56	\$20
Contract Rate + Prop 56	\$80
TRI Rate	\$110
TRI Add On	\$30



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Example 3

Contract Rate	\$80
Prop 56	N/A
Contract Rate + Prop 56	\$80
TRI Rate	\$110
TRI Add On	\$30

Example 4

Contract Rate	\$100
Prop 56	\$20
Contract Rate + Prop 56	\$120
TRI Rate	\$110
No payment due	\$30



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