Decision-Making Guide for Homeless Service Providers:

CalAIM Community Supports & Managed Care Plan Opportunities

Nonprofit Finance Fund®

Contents

Background and Context

Background

[California Advancing and Innovating Medi-Cal](#) (CalAIM) is a five-year systems transformation project led by the California Department of Health Care Services intended to better meet the whole person health needs of Medi-Cal consumers. Part of this transformation includes new funding for services that meet consumer needs related to the social determinants of health. Many homeless service providers are exploring this funding opportunity for services that they either already provide or that would be beneficial to their communities, including **enhanced care management** and **community supports**. To provide services under CalAIM, providers must enter contracts with Medi-Cal Managed Care Plans (MCPs) that use healthcare sector models of service delivery, funding, and contract administration. Many providers have never worked with these models of care and administration and have reported significant difficulty accessing the information and securing the funding they need to adapt to this new model.

This Guide's Purpose

This tool is designed to help homeless service providers decide whether to move forward with contracting with MCPs under CalAIM. While CalAIM officially launched in 2022, requirements, processes, and systems continue to be built, and the concept of provider "readiness" continues to shift. Nonprofit Finance Fund (NFF) developed this tool through its expertise in partnerships between community-based organizations and healthcare entities, analysis of available information from the state and MCPs about contracting requirements, and consultation with providers approaching this decision.

CalAIM contracting requires significant operational shifts and investment of resources. This tool will help organizations explore the broad topics they should consider before engaging in CalAIM contracting within the context of their mission, vision, values, and financial realities. This tool does not provide an exhaustive list of everything providers must do to enter their first contract. Rather, it helps facilitate important conversations within organizations as they consider CalAIM.

Equity & Access Considerations

Current CalAIM requirements and processes include significant barriers to entry for many of the organizations that are best positioned to respond to their communities' needs – community-centered organizations led by and serving people of color. These barriers include:

- Information gaps around the structure of the services.
- Complex contracting processes that require significant unfunded time and expenses.
- Operational challenges in getting the programs running.
- Lack of access to necessary infrastructure to work with healthcare payors.
- Significant risks related to the sustainability of the program.

These barriers, paired with existing capacity constraints and operational challenges for California, make it unlikely that smaller organizations without significant access to capital and experience working with MCPs will be able to access this funding source. NFF believes that it is the responsibility of those with the power to do so (both in government and MCPs) to reduce these barriers as well as to provide the capital necessary for these organizations to continue serving their communities. Therefore, NFF will continue to offer direct support to, and advocate alongside, these organizations for a more just funding system.

Using This Tool

The following pages include summaries of experiences NFF has heard in the field to date as well as lists of questions that organizations should consider as they plan for CalAIM contracting. These summaries and questions are divided into four major categories of considerations:

- Service Delivery/Fit
- Data/Outcomes
- People
- Relationships

Questions are then broken down by whether they are **Operational Considerations** or **Financial Considerations**. Ultimately, all questions should be considered in the context of the organization's **Mission and Long-term Goals**, guided by its vision and values.

We do not expect organizations to have clear answers to all these questions before they are ready to contract, but rather that these questions will elicit thought around various dynamics of the contracting process and serve as a discussion guide for organizations considering contracting. Ultimately, each organization will need to make decisions based on their own situation and needs. Many of the questions include references that provide additional information to help leaders explore context and approaches.

CalAIM Community Supports & Managed Care Opportunities

Best fit for my organization and communities served today?

Considerations for the future?

Operational Considerations

Financial Considerations

SERVICE DELIVERY/FIT

DATA/OUTCOMES

PEOPLE

RELATIONSHIPS

Alignment with Mission and Long-term Goals

Service Delivery/Fit

Whether or not providers already offer services eligible under CalAIM, they should consider how CalAIM contracts will affect the way their programs are run and funded. Providers reported that while CalAIM may eventually become a significant and consistent funding source for their organization, it will require considerable changes to the way organizations operate, and does not cover the full cost of transitioning to CalAIM or the ongoing costs of providing services. Providers also reported difficulties getting information from MCPs about program details and requirements specific to their organization (e.g., staffing, eligibility, service duration, and expected volumes). Contracting and program ramp-up was significantly slower than leaders expected, especially around unfunded or underfunded outreach and enrollment activities.

Operational Considerations

- How do the proposed services **align with the services we provide** and believe we should provide to the community?

- How will contracting with new MCPs force us to **change our programmatic and administrative workflows/processes**? Are these workflows/processes sufficiently documented to meet contracting requirements? What new systems are needed to meet new administrative, IT, and financial requirements?

For workflow requirements, see "L.A. County: Community Supports Provider Certification Tool," which can be requested from MCPs.

- How will the referral process affect **how we serve our current clients and community**? Where else, in addition to MCPs, will we find clients to work with?

- How will a future contract enable or inhibit our **ability to engage our community** on service design and implementation? How will entering a CalAIM contract enable or inhibit our **ability to pivot** if community needs change in the future?

- What **other opportunities will we not be able to pursue** if we move forward with this new program?

Financial Considerations

- Will we be able to **meet our community's needs without this funding source**? How sustainable are our other funding sources?

- Is there **sufficient demand for the proposed services** in our target population to justify investments necessary for contracting? How many clients will we need to break even?

- What are the **full costs** of providing our services, including program administration, overhead, working capital, savings, and other long-term needs? In the likely case that MCPs will not cover these full costs, how will we subsidize them?

See NFF's Full Cost Toolkit for more information on overhead and longer term needs and Strategic Cost Allocation guide for ideas on how to calculate costs.

See DHCS' Nonbinding Pricing Guidance for information around how MCPs will determine rates for services.

- How much will it **cost to adapt our services and operations** to new requirements?

Learn how NFF's concept of "Change Capital" can help organizations think through covering the full costs of change.

- What **financial risks may arise** from entering a CalAIM contract?

- How will our financial planning needs change by entering a CalAIM contract? Will it increase or decrease **our ability to predict our financial situation**?

Alignment with Mission and Long-term Goals

Data/Outcomes

Entering CalAIM contracts entails significant investment in data infrastructure including HIPAA compliance, health records, and billing systems that meet MCP requirements (which may vary from plan to plan). It also requires learning new systems and allotting staff time to train on, use, and maintain these new systems. Organizations should consider how these data requirements will affect their current internal evaluation and quality improvement efforts. The upfront and ongoing costs should also inform the financial feasibility of entering contracts.

Operational Considerations

- **Do we currently track the right data** to comply with the mandates of a MCP? (Consider data required for client/case management, billing, and reporting.)

See required area 1J of "L.A. County: Community Supports Provider Certification Tool," which can be requested from MCPs.

- What **data systems/data sharing capabilities, policies, and procedures will we need to update** to comply with data sharing and privacy requirements of new funding sources?

See required area 1J of "L.A. County: Community Supports Provider Certification Tool," which can be requested from MCPs.

See Data CalAIM Data Sharing Authorization Guidance for details on requirements.

- How will the data we collect inform **evaluation** and improvements of service delivery? What **outcomes** will we track and how will they be communicated with our MCP?

Financial Considerations

- How will **documentation/data entry requirements affect our staff's workload** and capacity?

- **How much will it cost to build up and maintain** data infrastructure and staff? **How will we fund** these upfront and ongoing upkeep costs?

See NFF's "A Look at Data Systems" for considerations on data infrastructure costs.

Current funding opportunities for data infrastructure include PATH (Providing Access and Transforming Health Initiative) and CalAIM Incentive Payment Program (requires a CalAIM contract in place) as well as private philanthropy.

- Will we need **different data/systems for different MCPs**? If so, how will we integrate/coordinate them, and how much will this cost?
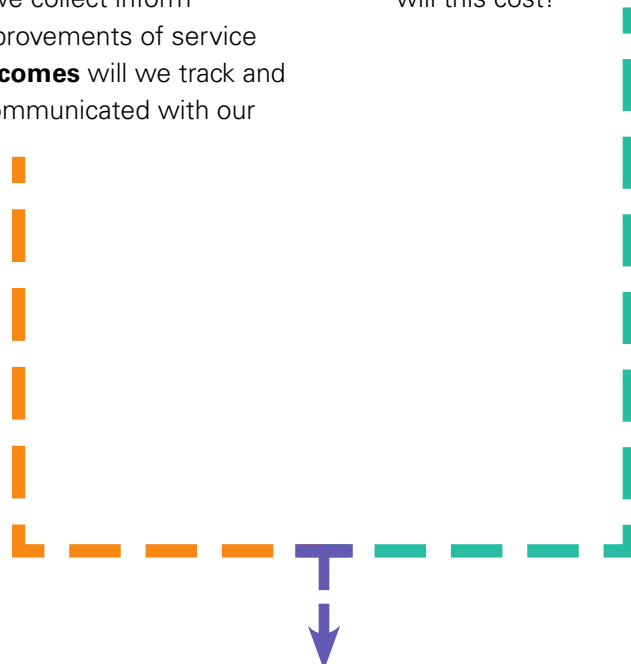
Alignment with Mission and Long-term Goals

People

Participating in CalAIM often requires organizations to add new roles and staff to take on more responsibilities, acquire new expertise, and apply a new approach to capacity management. Providers reported often needing to make workforce decisions despite a lack of clarity around critical operational parameters from MCPs such as billing requirements, expected referral volume, and timelines for program implementation. Other workforce planning challenges included longer than expected (and underfunded or unpaid) outreach and enrollment periods, as well as contracts that include per-member per-month payment structures. While these challenges are specific to the ramp-up period, providers should expect significant, ongoing engagement across leadership teams to administer contracts, manage relationships with MCPs, and remain abreast of CalAIM developments.

Operational Considerations

- Does **our team have the experience/ expertise** to deliver on the proposed programmatic services and meet the MCP's administrative, billing/financial, and data needs? If not, how will we recruit the necessary staff?

- What **new roles and responsibilities** will staff take on due to entering these contracts? How might these new responsibilities affect **staff morale and turnover**?

- What **additional training** will be necessary across the organization? How will staff balance training requirements with their current responsibilities?

- Should we set up a new team within a new program or use this as a funding source for an existing program? How will this affect job descriptions?

Financial Considerations

- How will we track demand and capacity? What is the **expected client volume and caseloads** during ramp up and over the long term? How does this compare to the client volume and **caseloads required** to make CalAIM financially viable for our organization?

- In the likely case that contracts do not cover the **full cost of hiring and retaining both program and administrative staff** with competitive livable wages, where will we source funding to fill this gap?

See NFF's Full Cost Toolkit for more information on overhead and longer term needs and Strategic Cost Allocation guide for ideas on how to calculate costs

See DHCS' Nonbinding Pricing Guidance for information around how MCPs will determine rates for services.

- Will **new outreach and administrative requirements** for program staff affect the caseloads they can manage?

- Will we require the help of **outside expertise** (e.g., related to data systems, billing) during the contracting and implementation process? How will we pay for this support?

Alignment with Mission and Long-term Goals

Relationships

Participating in CalAIM comes with significant reputational and relational risks and opportunities. Providers reported that preparing for CalAIM took significant time away from other priorities and relationships in the community. At the same time, there is a perception that CalAIM represents "the future" of government funding and that not participating could endanger future opportunities. Providers also reported significant challenges developing and maintaining strong relationships and lines of communication with MCPs.

Operational Considerations

- Do we currently have **relationships with MCPs or similar partners/funders**? If so, what has led to successes and pain points? If not, what is needed to develop a strong relationship?

- Have we been able to articulate our **values and goals** with MCPs? How do we plan to communicate effectively with MCPs in the future?

For more considerations on partnership relationships, see NFF's Partner Assessment Tool for Health.

- How might engaging in CalAIM (or not) **affect our reputation and status in the community**? Will participation endanger or inhibit our ability to participate in future opportunities?

- Might a **new partnership with a network or other providers** allow us to work with MCPs if we do not currently fulfill requirements on our own (e.g., contracting as a network, subcontracting with larger providers)? If not, how will we maintain relationships with other providers to share knowledge and experiences?

Case studies around building networks for health partnerships can be found here: Advancing Resilience & Community Health (ARCH).

Financial Considerations

- Do we have **experience negotiating with partners/funders**? If so, what did we learn from this experience? If not, how might we prepare for this process?

- How might participating in CalAIM (or not) affect our relationships with our other funders and our **ability to steward those relationships**? How might this affect our future financial health?

Alignment with Mission and Long-term Goals

Deciding to Enter a Contract is Not Linear

Providers reported that, to date, it has been very difficult to predict financial and operational needs before starting the CalAIM contracting process. To help navigate this uncertainty, leaders strongly recommended engaging directly with peers that have gone through or are currently engaged in the CalAIM contracting process. Establishing direct relationships with MCPs and finding a champion/advocate would be most helpful, though leaders reported challenges in doing so.

While the steps below should all be addressed, parts of this list will likely happen concurrently. Organizations may be at different stages with different MCPs, and you may need to repeat parts of the process as you learn new information from MCPs during the certification, negotiation, and contracting process. Both the contracting and implementation process took longer than most providers anticipated.

If you decide to pursue a contract now:

Engage with MCPs to learn about their application and contracting requirements (note that providers have reported varying experiences and requirements with different MCPs and that providers must individually contract with each MCP). DHCS publishes a **list of participating plans**.

Estimate and secure the capital necessary to pursue the contracts, including initial investments, working capital, and risk capital.

> Opportunities for funding include PATH-CITED, Incentive Payment Program (IPP), philanthropy, and internal savings.

Begin making internal changes needed to comply with contracting requirements (e.g., building out new data and billing systems, working toward HIPAA compliance, writing internal policies). Where needed, bring in outside support/expertise.

Determine reimbursement rates, caseloads, and client volumes needed to fund the full cost of services including overhead and upkeep costs for new systems. Because rates will likely not cover full costs, determine the expected gap in funding and plan for how contracts will be subsidized through other sources of revenue.

Submit a Letter of Interest to MCPs.

Become a certified provider. (The process may be different at each MCP.) Provides must negotiate the terms and reimbursement rates separately with each MCP.

Make a final determination on each contract and whether to pursue others.

MCP Contracting

Finances

Operations

If you decide NOT to pursue a contract now:

Consider re-evaluating for a future cycle. This may include:

- Staying current with recent CalAIM updates via the **Path Collaborative Planning and Implementation (CPI)** webpage, DHCS website, and other forums.

- Monitoring other providers' progress through the contracting process and the shifting policy landscape. Engaging directly with peers will support learning about the process and future decision making, and begin to establish important relationships whether or not you decide to pursue CalAIM in the future.

- Engaging outside expertise around MCP contracting, IT, finance, HIPAA compliance, etc. to help evaluate feasibility or begin taking steps toward being ready for a contract.

- Evaluating whether other funding sources will fit your organization's needs better than CalAIM.

Consider remaining involved in the conversation if you have the resources to do so. Policy/decision makers need to hear ways this program is – or isn't – meeting the needs of organizations and the communities they serve, and what adjustments are needed. This may include:

- Joining a coalition.
- Signing on to a public letter.
- Meeting with state policymakers and politicians.
- Sharing your experiences with other providers and funders.
- Participating in various learning tables.

Additional Resources

Additional Health Partnership Resources from NFF

- **Resources For Community Based Organization And Healthcare Partnerships**
- **Nonprofit Readiness for Health Partnership**
- **Partnership Assessment Tool for Health**
- **Advancing Resilience for Community Health (ARCH)**
- **Billing Better in CalAIM: How to Improve Reimbursement for Enhanced Care Management and Community Supports**

Other Helpful Resources Around CalAIM

- **Path Collaborative Planning and Implementation (CPI)**
- **DHCS ECM and ILOS Guidance**
- **PATH-CITED Info**
- **PATH-CITED Guidance**

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