State of California—Health and Human Services Agency
Department of Health Care Services

DHCS

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

PATH Guidance: Capacity and Infrastructure Transition Expansion and Development (CITED) Initiative
Draft for Public Distribution: July 2022

Introduction

CalAIM is designed to build a whole system, person-centered approach to care, in which clinical and social services are integrated to support people's health and wellbeing throughout their lives. As a statewide, population health initiative, CalAIM will reach Medi-Cal members focusing particularly on advancing health equity by expanding resources available to populations and communities that have been historically under-resourced and under-served. CalAIM is an evolution of the work DHCS and its partners have been supporting in providing whole person care. California has been innovating in the delivery of integrated physical, behavioral and social services particularly through the Whole Person Care (WPC) and Health Homes Pilots in select regions of the state. Based on the success of these pilots and experience in Home and Community Based Services (HCBS) programs, a first stage of CalAIM implementation involves scaling impactful services from these initiatives statewide through Enhanced Care Management (ECM) and Community Supports (California's nomenclature for the proposed list of state-approved In Lieu of Services/ILOS).

California has received targeted expenditure authority for the "Providing Access and Transforming Health" (PATH) initiative as part of its Section 1115 demonstration renewal to scale whole person approaches to care statewide with a clear equity lens, a strong foundation for integrated, comprehensive care, and a smooth transition from WPC and Health Homes that retains investments made by the state, local partners, and the federal government. PATH will provide funding for services to members during the transition to CalAIM and will also provide tools and resources to county and community-based providers including public hospitals, county, city and other government agencies, justice agencies, community-based organizations (CBOs), Medi-Cal Tribal and Designees of Indian Health Programs and others to ensure a successful implementation.

PATH is comprised of multiple aligned initiatives that will support implementation of ECM and Community Supports services in varying ways. See the DHCS Funding Opportunities summary document here and California's approved 1115 Waiver Special Terms and Conditions for additional detail on the various PATH initiatives.

This document is focused on the PATH Capacity and Infrastructure Transition Expansion and Development (CITED) initiative. This guidance captures the latest

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

program design elements of this initiative as of June 2022; however, some aspects of the program design described here may change prior to initiative launch. Updated guidance for this initiative may be disseminated in future webinars, guidance memos, FAQs, or application/registration forms for this initiative. Any future guidance related to this initiative will supersede guidance described in this document and will be posted on the PATH section of the DHCS CalAIM website. Stakeholders are encouraged to visit the PATH website here in order to view the latest guidance available for this initiative.

Capacity and Infrastructure Transition, Expansion and Development Initiative

Overview

The Capacity and Infrastructure Transition, Expansion and Development (CITED) Initiative will provide funding to enable the transition, expansion, and development of ECM and Community Supports capacity and infrastructure. Applicants (described further below) will be encouraged to coordinate applications with local Managed Care Plans (MCPs) that they contract with or intend to contract with to provide ECM/Community Supports services. Entities who receive CITED funding will be invited to participate in the PATH Collaborative Planning and Implementation initiative, which may be ongoing in their county or region. Applicants who wish to receive CITED funding must submit an application and funding request to DHCS' Third-Party Administrator (TPA) describing how they intend to use CITED funding. The DHCS-contracted PATH TPA will support the administration and management of the CITED initiative.

Eligibility Criteria

Applicants may include, but are not limited to:

- County, city, and local government agencies;
- Public hospitals;
- CBOs;
- Medi-Cal Tribal and Designees of Indian Health Programs; and
- Others as approved by DHCS.

Applicants must be actively contracted with an MCP, county, delegated provider or other entity authorized to contract with the Applicant for the provision of ECM/Community Supports, or have a signed attestation letter from an MCP, county, delegated provider or other entity authorized to contract with the Applicant that they intend to contract with the Applicant to provide ECM/Community Supports in a timely manner. MCPs are not eligible to receive CITED funding.

State of California—Health and Human Services Agency

Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

Application Process and Approach

Applicants that wish to receive CITED funding must submit an application with a specific funding request describing how they intend to use PATH CITED funds. Applications and funding requests should consider needs identified in local MCP Needs Assessment and Gap Filling Plans (developed as part of the Incentive Payment Program), needs identified in local homelessness plans (developed as part of the Housing and Homelessness Incentive Program), and needs identified in the PATH collaborative planning initiative. Applications should also include strategies to avoid duplication and supplantation[1] of other funding sources (e.g., CalAIM Incentive Payment Program or other state/local funds). Applicants are encouraged to coordinate applications with local MCPs that they contract with or intend to contract with to provide ECM/Community Supports services. The applications will collect the following information from Applicants, at a minimum:

- Relevant experience providing ECM/Community Supports (or equivalent services prior to the start of CalAIM);
- Funding request and intended uses of CITED funds;
- Detailed justification for why funds are needed to support transition, expansion, development and delivery of and/or bolster capacity to support ECM and/or Community Support services;
- Description of projected milestones and deliverables for the requested CITED funding;
- Description of how the Applicant intends to coordinate with MCPs to ensure alignment and avoid duplication of funding;
- Description of approach to sustaining items/activities funded via CITED after CITED funding ends;
- Description of how funding request will align with CalAIM goals; and,
- Copy of at least one, executed contract in the State of California for activities related to the provision of ECM/Community Supports or a copy of a signed letter from an MCP, county, delegated provider or other entity authorized to contract with the Applicant, stating the intent to contract with the Applicant in a timely manner for activities related to the provision of ECM/Community Supports.

---

[1] Other Federal, state or local funding sources and programs that are complementary to or enhance PATH funds will not be considered supplanted by PATH funds or duplicate reimbursement. If applicable, applicants must describe how similar or related services and activities supported by other Federal, state or local funding sources are complemented or enhanced by efforts funded by PATH. For example, if other funding 1) does not fully reimburse activities, 2) may allow additional/different populations to be served or 3) may allow additional/different services to be provided beyond those funded by PATH. To the extent otherwise allowable PATH activities are reimbursed by other Federal, state or local programs, PATH funding must not duplicate such reimbursement.

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

Applications will be reviewed and approved during specified "application windows" established by DHCS. Application windows will occur at a minimum semi-annually from 2022 – 2025. Entities are permitted to apply for funding during multiple open application periods. If Applicants do not receive an award during one application window, they may be encouraged to apply in a subsequent application window.

During open application windows, the PATH TPA will collect, review, and evaluate applications according to criteria developed by DHCS and will make application recommendations for DHCS approval. DHCS will ultimately determine which applications are approved. In the event that an application is not approved, the PATH TPA will provide written feedback to the applicant describing why their application was not approved. DHCS may consider permitting some organizations to revise and resubmit applications within the same application window on a case-by-case basis. Criteria for evaluation may include but are not necessarily limited to:

- How CITED funds will be used and strength of justification;
- How the applicant intends to coordinate with MCPs to ensure alignment and avoid duplication of funds;
- Potential breadth of impact; and
- Whether the Applicant serves a population that has been historically underrepresented or underserved.[2]

The TPA will distribute funding to approved Applicants following achievement of milestones described in program applications. Applicants must include at least one milestone in their CITED application. For some funding requests, it may be appropriate to only have one milestone related to application approval. For large funding requests, DHCS expects the Applicant to articulate thoughtful milestones that can be used to assess progress in implementing the activities described in the application. When appropriate, funding may be disbursed in a phased approach upon completion of project-specific milestones documented in CITED applications.

---

[2] Examples of populations that have been historically underrepresented or underserved may be found in the White House "Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government", and include for example: Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

Sample Uses of Funding

The below table provides select examples of activities that may be funded using CITED funding. The table is meant to be illustrative and is non-exhaustive.

Category	Sample Activities (not exhaustive)
Increasing Provider Workforce	• Assessment of current organizational capabilities, infrastructure and systems, and capacity to deliver ECM/Community Supports • Identification of critical gaps and needs to be addressed for seamless provision of services to enrollees to ensure successful ECM/Community Supports participation • Hiring, recruiting, onboarding, and training staff that will have a direct role in the execution of ECM/Community Supports responsibilities (described further below) • Increasing capacity to deliver new services/programs above and beyond current capabilities (e.g., offering a new Community Supports not previously offered under WPC)
Modifying, purchasing and/or developing the necessary clinical, referral, billing, data reporting or other infrastructure and IT systems, to support integration into CalAIM	• Supporting health information exchange between entities responsible for providing ECM and/or Community Supports services • Supporting the implementation of a closed-loop referral system • Enhancing existing systems to support core monitoring/data reporting needs • Transitioning former WPC Pilot infrastructure for integration into ECM/Community Supports and other managed care contracted services
Providing upfront funding needed to support capacity and infrastructure necessary to	• Modifying existing physical infrastructure of ECM/Community Supports provider sites that are essential for an organization's capacity to deliver

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

deliver ECM and Community Supports services	ECM/Community Supports (e.g., replacing infrastructure that refrigerates fresh food) • Purchasing hardware or office equipment necessary to support delivery of ECM and Community Support services
Evaluating and Monitoring ECM/Community Supports service capacity to assess gaps and identifying strategies to address gaps	• Staff time devoted to evaluating and monitoring (e.g., conducting a community health needs assessment to identify where there are gaps in capacity for one or more Community Supports)
Developing a plan to conduct outreach to populations who have traditionally been under-resourced and/or underserved to engage them in ECM/Community Supports	• Staff time devoted to development of an outreach plan • Funding to hire contractors or vendors to support plan development

CITED funding may be used to support staff salaries for administrative or service-related positions necessary to support delivery of ECM or Community Supports within certain guardrails as outlined below:

- CITED funding may only be used to support salaries for new positions or existing positions with new responsibilities where **at least 60% of the FTE** is directly pertinent to supporting delivery or administration of ECM or Community Supports.
- Funding for salary support may only be requested for the portion of FTE that is directly pertinent to supporting delivery or administration of ECM or Community Supports. For example, an applicant may not request funding for 100% FTE for a position where only 75% of the FTE is pertinent to delivery or administration of ECM or Community Supports.
- CITED funding for salary support will be capped **at 18 months in duration** for new positions or **12 months in duration** in most cases for positions with new responsibilities**.**
  - If an entity is seeking salary support for a particular position with new responsibilities for more than 12 months, then they must submit a justification and include in their application a financial analysis that describes when the entity anticipates to break even on the new position.
- Indirect rates **will be capped at 5**%.

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

- Requests for salary support must be **reasonable relative to salaries for similar positions** within the region.
- CITED funding for direct salary support may include costs associated fringe benefits, subject to guardrails enumerated above.

DHCS reserves the right to place additional guardrails on CITED funding for salary support.

In addition, CITED may provide retroactive funding to support investments in infrastructure and capacity made by eligible organizations from January 1st, 2022 until the release of applications for the first round of CITED funding. Please note that DHCS will review such requests on a case-by-case basis and reserves the right to reject retroactive funding requests or to approve them at a lesser amount than the entity's initial investment or the Applicant's requested amount. Retroactive funding requests will be subject to strict guardrails and requirements. Retroactive funding requests must:

- Be submitted during the first CITED open application window;
- Be limited to the same permissible uses as other CITED funding;
- Be vetted against the same evaluation criteria as other CITED funding requests;
- Not be provided for investments that were made prior to January 1st, 2022;
- Include attached receipts, invoices, or other documentation of the historical investments for which retroactive funding is sought; and
- Be subject to the same oversight principles as other CITED requests as described in the Initiative Oversight section below, including not duplicating or supplanting other federal, state, or local funding sources.

Allocation Methodology

DHCS will define target allocation amounts for each county for each application window of this initiative. These targets will encourage an equitable distribution of PATH funding for entities across the state. Allocations will be based on a variety of factors assessed at the county level, including Medicaid enrollment, managed care plan revenue, and measures of housing access. Non-WPC counties will receive an upward allocation adjustment to account for historical administrative and delivery system infrastructure funding provided to WPC counties. Retroactive funding requests made during the first CITED open application window will count towards the target allocation amounts for the first round of CITED funding. The TPA will be responsible for monitoring the amount of funding administered to each county and will proactively support entities in counties that are not on track to hit target allocations.

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

In the event that funding requests in a county exceed target allocations, DHCS will meet with the TPA and consider whether exceeding the target allocation is justified. If exceeding the target allocation is justified, then DHCS may choose to re-allocate funding from counties that are below their allocation targets. DHCS may also elect to pause funding to new applicants in the county exceeding target allocations until the next open application period. DHCS will work with the TPA to consider circumstances on a case-by case basis. Allocation targets will be reset and re-evaluated preceding each application window, and DHCS may elect to adjust the underlying allocation strategy in each application window (e.g., re-weighting measures or adding additional measures to calculate target allocations).

Role of the TPA

DHCS intends to contract with a Third-Party Administrator (TPA) to support the administration and management of the CITED initiative. The TPA will serve the following CITED responsibilities:

- **Designing and reviewing applications and funding requests.** The TPA will develop a standardized CITED application and will review all applications that are submitted. The TPA will assess the strength of applications using a standardized rubric and the criteria established by DHCS and based on those assessments the TPA will recommend to DHCS which applications should receive CITED funding. DHCS will ultimately determine which applications will be funded.
- **Marketing the opportunity to apply for CITED funds.** The TPA will be responsible for coordinating with DHCS to market and publicize the opportunity and application process for CITED funds. This may be accomplished through the use of existing channels (e.g., the CalAIM or TA Marketplace websites) or through the creation of new channels focused solely on CITED funding.
- **Maintaining public-facing documentation.** The TPA will make information on approved CITED applications publicly available.
- **Submitting progress reports.** The TPA will be responsible for collecting progress reports from approved entities and submitting them to DHCS. Progress reports are expected to include activities that have been carried out under the terms of the grant and any required performance metrics.
- **Serving as the fiscal administrator.** Funding should be made available upon application approval and/or achievement of application-specific milestones. Funds must be disbursed within 30 days of application approval.
- **Troubleshooting Issues as they arise**. The TPA will be responsible for troubleshooting issues as they arise and elevating problems to DHCS as required.

State of California—Health and Human Services Agency

Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

- **Reporting on best practices and use of CITED funds.** The TPA will be responsible for sharing with DHCS and interested stakeholder best practices gleaned from the administration of the CITED program.
- **Reporting on funding disbursements and monitoring target allocations.** The TPA will provide reports to DHCS on disbursed funding in each funding window. The TPA will also be responsible for assessing whether counties are on track to hit target funding levels in each funding period. If the TPA identifies counties that did not hit target funding allocations in a particular funding window, then the TPA will proactively reach out to eligible entities in those counties to encourage entities to apply for funding in future rounds. If funding requests in a particular county exceed the target funding amount in a given funding period, then the TPA will be responsible for working with DHCS to assess whether target funding amounts will be adjusted or whether funding to a particular county needs to be paused.

Initiative Oversight

DHCS is committed to the robust oversight of all PATH initiatives and programs, including the CITED initiative. CITED funds cannot be used to support infrastructure and capacity that are duplicative of other sources of PATH funding, or other federal, state, or local funding sources. CITED funds also cannot be used to supplant funding from other federal, state, or local programs. Other Federal, state or local funding sources and programs that are complementary to or enhance PATH funds will not be considered supplanted by PATH funds or duplicate reimbursement. In addition, CITED funds may complement but should not duplicate funding received from MCPs via IPP. When Applicants apply for CITED funding, they will be required to attest that they will not use CITED funding to duplicate or supplant other funding sources or programs. Funding recipients will also be required to attest to non-duplication and supplantation on an ongoing basis as part of regular progress reports submitted to the PATH TPA and/or DHCS. Applicants will be required to explain how CITED funding will complement and enhance but not duplicate other federal, state and local programs in the CITED applications and regular progress reports. DHCS or the PATH TPA may conduct spot audits as needed to ensure that CITED funds are being used and reported appropriately.

Funding recipients will provide progress reports, in a frequency and manner specified by DHCS, detailing progress towards milestones/metrics documented in CITED applications. These progress reports will include the following at a minimum, in addition to other information requested by DHCS:

State of California—Health and Human Services Agency
Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

- Narrative description of achieved milestones, as defined in the Applicant's application, or progress towards milestones during the reporting period;
- Reporting to inform progress towards standardized performance metrics;
- High-level summary of how funds were spent during reporting period;
- Description of activities/milestones that were not achieved as expected during the reporting period, and an explanation indicating why they were not achieved, and how they will be in subsequent progress reports;
- Requests to modify activities/milestones and the budget, as needed, including the rationale for modification;
- Attestation of non-supplantation of CITED funding with other federal, state and local funds on an ongoing basis, and how PATH funds complement or enhance existing programs but does not supplant existing funding; and,
- Attestation of non-duplication of CITED funding with other federal, state and local funds on an ongoing basis.

The TPA will also track and report funding on a routine basis to DHCS. The TPA will report the following performance measures to DHCS, including, at a minimum:
- Total funding dispersed to entities by county (to ensure fair distribution of resources);
- Outreach efforts to entities in counties that are not on schedule to provide target funding disbursements;
- Number of Applicants that met self-defined milestones during the performance period;
- Number of Applicants that failed to meet self-defined milestones during the performance period;
- Number of Applicants that received funding, and amount of funding received by type of entity;
- Number of Applicants that are under-resourced and/or serve historically underserved communities (as defined by DHCS), and amount of funding received by type of entity;
- Number of Applicants that were denied funding, and rationale indicating why;
- Summary of uses of funds, including by allowable use type;
- Number of Applicants that reported using funds for purposes that were not documented in applications;
- Summary of complaints/grievances received related to the initiative; and,
- Other metrics as defined by DHCS.

State of California—Health and Human Services Agency

Department of Health Care Services

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

DHCS or the TPA, as appropriate, may perform spot check audits of CITED funding disbursements. DHCS and the TPA may utilize a Corrective Action Plan process for CITED funding recipients who are not meeting progress reporting or other requirements for receipt of PATH CITED funding.

Next Steps

DHCS continues to refine program design elements of the PATH CITED initiative. Updated design elements will be communicated in PATH All-Comer webinars and may be memorialized in future guidance documents, FAQs, or released alongside application templates. These documents will be publicly posted on the DHCS CalAIM web page when available. If you have questions regarding the PATH CITED initiative, please email 1115path@dhcs.ca.gov and include 'PATH CITED' in the email subject line.

Draft Timeline for PATH CITED Round 1

Activity	Jul	Aug	Sep	Oct	Nov	Dec
Draft guidance released	■					
Round 1 application period open		■	■			
Round 1 application review and contract development				■	■	
Round 1 funds disbursed						■