

THIS CA UPDATE HAS BEEN SENT TO THE FOLLOWING:**COUNTIES:**

- Imperial
- Riverside/San Bernardino
- Los Angeles
- Orange
- Sacramento
- San Diego

LINES OF BUSINESS:

- Molina Medi-Cal Managed Care
- Molina Medicare Options Plus
- Molina Dual Options Cal MediConnect Plan (Medicare-Medicaid Plan)
- Molina Marketplace (Covered CA)

PROVIDER TYPES: **Medical Group/ IPA/MSO****Primary Care**

- IPA/MSO
- Directs

Specialists

- Directs
- IPA

 Hospitals**Ancillary**

- CBAS
- SNF/LTC
- DME
- Home Health
- Other

FOR QUESTIONS CALL**PROVIDER SERVICES:**

(855) 322-4075, Extension:

Los Angeles/Orange CountiesX111113 X123071
X127657**Riverside/San Bernardino Counties**X127684 X121805
X120618**Sacramento County**

X121360

San Diego CountyX121599 X121401
X127709 X121413
X123006**Imperial County**

X125682 X125666

Amendment to the Risk Bearing Organization Regulation

This is an advisory notification to Molina Healthcare of California (MHC) network providers as a reminder regarding the amendment to the risk bearing organization regulations.

This notification is based on an All Plan Letter (APL) 19-016 (OFR), which can be found in full on the Department of Managed Health Care (DMHC) website at:

[http://www.dmhca.ca.gov/Portals/0/Docs/OPL/APL%2019-016%20\(OFR\)%20-%20Amendment%20to%20the%20Risk%20Bearing%20Organization%20Regulations%20\(9_6_19\).pdf?ver=2019-09-06-125730-597](http://www.dmhca.ca.gov/Portals/0/Docs/OPL/APL%2019-016%20(OFR)%20-%20Amendment%20to%20the%20Risk%20Bearing%20Organization%20Regulations%20(9_6_19).pdf?ver=2019-09-06-125730-597)

BACKGROUND

DMHC issued All Plan Letter 19-016 to notify health care service plans (health plans) about recent amendments to the Risk-Bearing Organization regulations. The amendments clarify Organization reporting standards and requirements to ensure organizations comply with the financial solvency standards.

POLICY AND REQUIREMENTS

The new requirements as part of the amendments take effect October 1, 2019, however, Organizations have a phase-in period for the amended cash-to-claims ratio and positive tangible net equity (TNE) requirements that take effect October 1, 2020.

The new requirements as part of the amended regulations:

- Clarify the definition of an Organization, which includes an Organization that contract directly with a health plan, as well as an Organization that arranges for the health care services of a health plan's enrollees but does not contract directly with a health plan.
- Update the quarterly and annual financial survey report forms and the corrective action plan form.
- Requires all Organizations, regardless of the number of lives assigned to submit quarterly and annual financial survey reports.
- Clarifies when an Organization and its affiliate must provide financial survey reports on a combined basis.
- Defines terms such as cash-to-claims ratio, sponsoring organization, sub-delegating organization, working capital and TNE.
- Restricts Organization use of a "sponsoring organization" for reducing liabilities or increasing cash for purposes of calculating TNE, working capital, and cash-to-claims ratio.

The DMHC and Molina recommends organizations impacted by these changes review the amended sections 1300.75.1, 1300.75.4.1, 130075.4.2, 1300.75.4.5, 1300.75.4.7, 1300.75.4.8, and 1300.76 of title 28, California Code of Regulations.

Please note that MHC is subject to State regulatory audits and is responsible for ensuring downstream compliance with State program initiatives and requirements. As such, PCPs and Independent Physician Associations (IPAs) must ensure that internal operations are consistent and compliant with these requirements. MHC may conduct periodic audits and request copies of applicable policies and procedures and/or documentation that demonstrates compliance within your organization. Failure to submit any requested documents may result in a Corrective Action Plan.

QUESTIONS

If you have any questions regarding the notification, please contact your Molina Provider Services Representative at (855) 322-4075. Please refer to the extensions on page one.