

July 1, 2024

**Statement on the State Budget Agreement on Managed Care Organization Tax (MCO)
Community Based Adult Services (CBAS) Rate Increase Approved but Tentative for 1/1/2025**

CAADS' multiyear effort to obtain a long-overdue rate increase for CBAS providers finally succeeded this year when budget negotiations over the MCO Tax expanded the breadth of providers eligible to access MCO tax revenue.

The Legislature recognized the widening gap between reimbursement and cost that CBAS providers have experienced since 2009, the last year the Medi-Cal rate was increased – and then, by just five cents. Without rate relief, centers around the state were facing closure by year's end.

CAADS is grateful and encouraged to know that heartfelt messages from CBAS providers were heard. In particular, **Senator Caroline Menjivar**, who chairs the Senate Subcommittee #3 on Health and Human Services, provided small community-based providers such as CBAS a seat at the budget table this year. She saw firsthand how accessing CBAS leads to improved health and well-being of low-income vulnerable older adults and people living with disabilities while keeping them out of higher-cost settings and supporting family caregivers.

We are thankful to Senator Menjivar, the entire Legislative Leadership of both houses, and the Governor for supporting our participants, their families, and their providers in this difficult budget year.

1. The rate increase is intended to begin no sooner than January 1, 2025, and MCO Tax funding is being committed for the 2024-25, 2025-26, and 2026-27 fiscal years.
2. The amount of funding included for CBAS providers is \$4 million MCO Tax proceeds in 2024-25 and \$8 million MCO Tax proceeds in both 2025-26 and 2026-27. This should be matchable to federal Medicaid funds in the same amount as General Fund dollars. The actual Medi-Cal rate increase amount is unknown at this time because actuaries are required to perform capitation rate calculations before a rate a CBAS rate number can be established that does not exceed the appropriation.
3. DHCS is required to work with stakeholders to develop processes and communicate these increases to the field and Managed Care Plans.
4. The current language in AB 159, the Health Trailer Bill makes these rate increases contingent on the November ballot, meaning, if voters pass a November ballot budget measure on the MCO tax, the rate increase for CBAS (as well as increases for several other provider types) would not occur.

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