



Policy: MA.3001
Title: **Payment Arrangements to Health Networks – Capitation Payments**
Department: Finance
Section: Accounting

CEO Approval: /s/ Michael Hunn 05/23/2024

Effective Date: 06/01/2005

Revised Date: 05/01/2024

Applicable to: ☐ Medi-Cal
☒ OneCare
☐ PACE
☐ Administrative

I. PURPOSE

This policy outlines the process for timely and accurate Capitation Payments to a Health Network as set forth in the OneCare Physician Group Service Agreement.

II. POLICY

- A. CalOptima Health shall make Capitation Payments to a Health Network, in accordance with the OneCare Physician Group Service Agreement and the provisions set forth in this policy.
- B. CalOptima Health shall adjust Capitation Payments made to a Health Network for retroactive additions and deletions of Members by the Centers for Medicare & Medicaid Services (CMS), in accordance with CMS regulations.
- C. If CalOptima Health contracts directly with Providers or vendors for services that are partially or fully the financial responsibility of a Health Network, CalOptima Health shall deduct the appropriate cost or percentage of cost from the Health Network's Capitation Payment on a quarterly basis.
- D. A Health Network shall report a dispute related to payments or enrollments in writing to the CalOptima Health Accounting Department within ninety (90) calendar days after the Health Network's receipt of payment. Failure to dispute within the established timeframe indicates acceptance by the Health Network.
- E. Notwithstanding anything to the contrary contained in the OneCare Physician Group Service Agreement or this policy, CalOptima Health's obligation to render payments shall be subject to CalOptima Health's receipt of funding from CMS.
- F. CalOptima Health may recoup any amounts improperly paid to a Health Network by an offset to the current or future month's Capitation Payment or any funds owed to a Health Network by CalOptima Health.
- G. CalOptima Health may adjust a Health Network's capitation rates during the contract period due to changes in CalOptima Health revenue received from CMS, or changes in CalOptima Health methodologies used to pay capitation to Health Networks.

1. CalOptima Health shall strive to notify Health Networks of adjustments in capitation rates when given advance notice of such adjustments by CMS.

III. PROCEDURE

A. Capitation Payment

1. CalOptima Health shall make the Capitation Payment, minus Sanctions or other adjustments, by the twentieth (20th) calendar day of a month for all Members eligible from the first (1st) of that month.
 - a. CalOptima Health shall generate the Capitation Payment in accordance with the OneCare Physician Group Service Agreement, utilizing eligibility information included in the Monthly Membership Report (MMR) from CMS and FACETS™.
 - i. MMR includes the current month and adjustments for any prior month, including both Retroactive Terminations of Eligibility with no limit on the look back.
 - ii. The Capitation Payment will be issued for the current and any prior month.
 - iii. Within three (3) business days of the check issuance, the CalOptima Health Information Technology Services (ITS) Department shall post a Member-level detail report to CalOptima Health's Secure File Transfer Protocol (SFTP) site, which the Health Network may use to reconcile the Capitation Payment.
2. It is the responsibility of the Health Network to handle any sub-capitation payments or other subcontractor arrangements.

B. Vendor Payment Deduction

1. CalOptima Health shall provide a written notification, including detailed information on the cost or percentage of cost, at least thirty (30) calendar days prior to applying the deduction to a Capitation Payment.

IV. ATTACHMENT(S)

Not Applicable

V. REFERENCE(S)

- A. CalOptima Health Contract with the Centers for Medicare & Medicaid Services (CMS) for Medicare Advantage
- B. OneCare Physician Group Service Agreement

VI. REGULATORY AGENCY APPROVAL(S)

None to Date

VII. BOARD ACTION(S)

None to Date

VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	06/01/2005	MA.3001	Payment Arrangements to Physician – Capitation Payments	OneCare
Revised	04/01/2013	MA.3001	Payment Arrangements to Physician – Capitation Payments	OneCare
Revised	12/01/2013	MA.3001	Payment Arrangements to Physician – Capitation Payments	OneCare
Revised	06/01/2016	MA.3001	Payment Arrangements to Physician Medical Groups – Capitation Payments	OneCare
Revised	05/01/2017	MA.3001	Payment Arrangements to Physician Medical Groups – Capitation Payments	OneCare
Revised	08/01/2018	MA.3001	Payment Arrangements to Health Networks – Capitation Payments	OneCare
Revised	09/01/2019	MA.3001	Payment Arrangements to Health Networks – Capitation Payments	OneCare
Revised	07/01/2020	MA.3001	Payment Arrangements to Health Networks – Capitation Payments	OneCare
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IX. GLOSSARY

Term	Definition
Capitation Payment	The monthly amount paid to a Health Network by CalOptima Health for the delivery of Covered Services to Members in that Health Network.
Centers for Medicare & Medicaid Services (CMS)	The federal agency under the United States Department of Health and Human Services responsible for administering the Medicare and Medicaid programs.
Centers for Medicare & Medicaid (CMS) Contract	CalOptima Health's written agreement with the Centers for Medicare & Medicaid Services (CMS) to provide Covered Services under OneCare.
Covered Services	Those medical services, equipment, or supplies that CalOptima Health is obligated to provide to Members under the Center of Medicare & Medicaid Services (CMS) Contract.
Health Network	A Physician Hospital Consortium (PHC), physician group under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima Health to provide Covered Services to Members assigned to that Health Network.
Member	A beneficiary enrolled in the CalOptima Health OneCare program.
Physician Group Service Agreement	The written agreement between CalOptima Health and a Health Network to provide Covered Services to OneCare Members.
Provider	Any Medicare provider (e.g., hospital, skilled nursing facility, home health agency, outpatient physical therapy, comprehensive outpatient rehabilitation facility, end-stage renal disease facility, hospice, physician, non-physician provider, laboratory, supplier, etc.) providing Covered Services under Medicare Part B. Any organization, institution, or individual that provides Covered Services to Medicare members. Physicians, ambulatory surgical centers, and outpatient clinics are some of the providers of Covered Services under Medicare Part B.
Sanction	Action taken by CalOptima Health including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Health Programs.