



**Direct Network**  
A Direct Partnership for all of L.A.

October 10, 2024

**RE: Targeted Rate Increases (TRI)**

Dear Contracted Providers,

First and foremost, L.A. Care Health Plan (L.A. Care) would like to thank you for your continued participation in the L.A. Care Direct Network.

As you may be aware, the Department of Health Care Services (DHCS) released the final version of All Plan Letter (APL 24-007) on June 20, 2024, regarding the Targeted Rate Increases (TRI). This APL outlines the steps that L.A. Care must take to comply with these requirements, retroactive to January 1, 2024.

We are providing you with the steps L.A. Care is taking to ensure that your compensation is compliant with the TRI requirements:

**2024:**

For dates of service (DOS) in 2024, L.A. Care is conducting an analysis to determine any discrepancies between the rates paid to you and the newly published TRI rates for the applicable TRI Current Procedural Terminology (CPT) codes.

The TRI CPT codes published by the state, include the previous Prop 56 payments. Therefore, L.A. Care will calculate the appropriate “Add-On TRI Amount.”

**Example:** If a service for an applicable TRI CPT code was paid by L.A. Care according to your contract at \$95, and the new TRI rate for that code is \$110, then L.A. Care is required to pay the difference (\$15), MINUS any Prop 56 equivalent payments already made.

**2025:**

For DOS beginning January 1, 2025, L.A. Care will no longer make the Prop 56 equivalent payments directly to providers as these amounts have been included in the newly published TRI rates/fee schedule. As such, L.A. Care will configure its claims system to pay the greater of your contracted rate, or the TRI rate for all clean claims with applicable TRI CPT Codes submitted in 2025 and beyond.



An amendment to your contract is not required. For 2024, a one-time adjustment for DOS in 2024 will be made by December 31, 2024. Beginning in 2025, our claims system will ensure that the higher of the contracted rate or the TRI published rate is paid.

To further clarify how the TRI will be applied, please refer to the following examples below. These illustrate different scenarios based on contracted rates, previous Prop 56 payments, and the applicable TRI rates:

<u>Example 1</u>	
Contract Rate	\$120
Prop 56 Equivalent	\$20
Contract Rate + Prop 56	\$140
TRI Rate	\$110
Prop 56 payment made, no additional payment	

<u>Example 2</u>	
Contract Rate	\$60
Prop 56	\$20
Contract Rate + Prop 56	\$80
TRI Rate	\$110
TRI Add On	\$30

<u>Example 3</u>	
Contract Rate	\$80
Prop 56	N/A
Contract Rate + Prop 56	\$80
TRI Rate	\$110
TRI Add On	\$30

<u>Example 4</u>	
Contract Rate	\$100
Prop 56	\$20
Contract Rate + Prop 56	\$120
TRI Rate	\$110
No payment due	\$30

Please be reminded that DHCS has the discretion to modify its policies. If any such changes are made, we will promptly inform you. If you have any questions, please contact [DirectNetwork@lacare.org](mailto:DirectNetwork@lacare.org) or your assigned Account Manager.

Sincerely,

L.A. Care Health Plan