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Center for Health Care Strategies

Braiding Medicaid Funds to Support Person-Centered Care: Lessons from Medi-Cal

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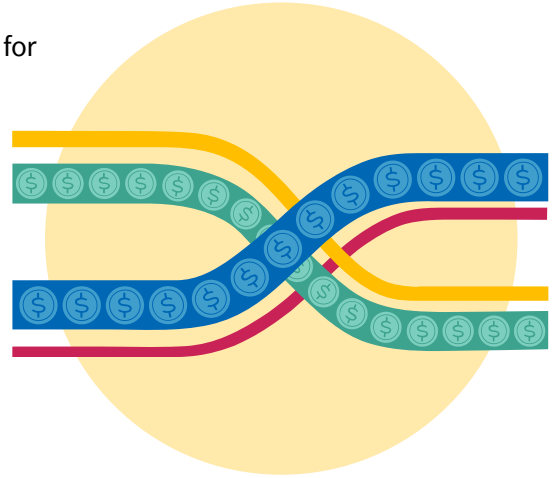
TAKEAWAYS

- Braiding Medi-Cal and non-Medi-Cal funds can help health care and social service organizations maximize funding and sustainably provide person-centered care.
- Social service and health care organizations can follow several promising approaches to braid funds effectively and mitigate the risks of braiding.
- This brief explores strategies for optimizing braided funding to enhance integrated, person-centered care for Medicaid enrollees, featuring profiles of three organizations that successfully implemented strategies to braid funds.

Braiding different funding streams is a promising strategy for health care and social service organizations to maximize funding and deliver integrated services for clients with multiple health and social needs. Braided funds refer to an organization bringing funds together from various sources to support a unified goal or program with careful accounting of how each funding source is used and spent.[1] Funding sources are independently tracked from planning to service delivery, reimbursement, and reporting, to ensure that each funding source is only supporting allowable activities. Organizations typically braid funds to fill gaps in services, expand service offerings, and/or increase program and staff capacity.[2]

California has been a leading-edge state in using Medicaid dollars for health-related social needs (HRSN) through its CalAIM initiative. Specifically, CalAIM's Enhanced Care Management and Community Supports have created new opportunities for social service organizations to tap into Medi-Cal funding to provide person-centered care, offering more comprehensive services to their clients. However, to do this effectively, social service organizations may need to braid multiple Medicaid funding sources or Medicaid funding with other funding streams.



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Note: At the time of this publication's release, the California Department of Health Care Services had not issued guidance on how providers need to document the use of braided funds.

The braiding of Medicaid funding is relatively new for many service delivery organizations in California and across the country, bringing new opportunities, but also new challenges.

With support from the California Health Care Foundation, the Center for Health Care Strategies interviewed health care and social service organizations in California to:

- Understand how organizations are braiding Medi-Cal and non-Medi-Cal funding sources together to deliver integrated care;
- Identify strategies used to manage challenges and mitigate risks of braiding; and
- Highlight opportunities for Medi-Cal managed care and specialty mental health plans to make it easier for organizations to braid funds.

This brief defines various approaches to braided funding and describes opportunities to optimize braided funding to improve integrated care. It includes profiles exploring how three organizations braided funds to advance person-centered care and the strategies they used to mitigate the risks of braiding.

Background on Braiding and Key Definitions

Braiding involves combining funds from multiple sources to support a common goal while ensuring that each funding source maintains its specific program identity and can be tracked independently.[3] The funds remain distinct and are only used for their specific purpose. The term "braiding" is often used in tandem with "blending," yet there are key differences between these two approaches. This brief focuses specifically on braiding. Blending refers to mixing funds from multiple sources to support a single program such that activities and costs are not allocated or tracked back to individual funding sources.[4] Typically, states or regions need authorization by statute or regulation to allow the blending of funds.

Braiding Medi-Cal and non Medi-Cal funds allows organizations to maximize funds to enhance existing integral programs and offer new services for people with multiple health and social needs. Under CalAIM, California's initiative to transform Medicaid services, organizations are encouraged to integrate Medi-Cal funding to deliver new social services to eligible Medi-Cal enrollees. When braiding is successful, health care and social service organizations can fill gaps in services to provide more comprehensive care, serve more individuals, and build program sustainability.[5]

Acknowledgements

The Center for Health Care Strategies thanks representatives from the following organizations who participated in interviews that informed this brief: **Arcata House Partnership**, **Community Health Center Network**, **Partners in Care Foundation**, **PATH Los Angeles**, and **PATH San Diego**.

Braiding funds, however, can be complex and challenging for organizations to do effectively. The multiple programmatic, financial, compliance, and reporting requirements increase the administrative burden for organizations that employ braiding. In addition, concerns around *supplantation*, especially in the context of Medicaid-financed HRSN services, create an additional layer of risk and complexity for organizations. Federal and state rules prohibit organizations braiding funds to use Medicaid funding to replace existing funds.[6] In California, CalAIM guidance specifies that, "[new services] shall supplement and not supplant services received by Medi-Cal beneficiary through other State, local, or federally funded programs, in accordance with the CalAIM [special terms and conditions] and federal and DHCS guidance."[7]

While health and social service organizations serving Medi-Cal members cannot *supplant* funds, they are encouraged to braid multiple funding sources to *supplement and sequence* services to provide person-centered care.

Key Definitions

Braiding: Involves combining funds from multiple sources to support a common goal while ensuring that each funding source maintains its specific program identity and can be tracked independently.[8]

Blending: Refers to mixing funds from multiple sources to support a common goal and funding sources are indistinguishable and not tracked separately.[9]

Supplanting: Occurs when an original ongoing funding stream is replaced with a new funding source to deliver the same service.[10]

Supplementing: Occurs when funds are used to *enhance and/or complement* the services provided, either by providing new services or by using new funds to increase the size, scope and/or quality of programs being offered.[11]

Sequencing: Happens when multiple funding streams separately and sequentially provide specific services.[12]

Enhanced Care Management (ECM): A statewide California benefit available to certain Medi-Cal members with complex needs. It is a person-centered, community-based comprehensive care management service that includes intensive coordination of the Medi-Cal members' health and health-related care, including physical, mental, and dental care, and social services.[13]

Community Supports: Are 14 optional Medi-Cal services that address members' HRSN, such as housing and food. Medi-Cal managed care plans have the option to provide some or all 14 services.[14]

Braiding Considerations: Four Key Themes

The three organizations interviewed for this brief — **Arcata House Partnership**, **Community Health Center Network**, and **PATH San Diego** — are each braiding Medi-Cal funds in different ways and from different programs and/or services to enhance their offerings for people with complex health and social needs. Key themes from these organizations' experiences include the range of braiding approaches, strategies to address the risk of supplantation, the value of flexible capacity-building funds, and challenges faced by multiple reporting and billing requirements from Medi-Cal managed care plans (MCPs). More information about each organization and their approaches can be found in the profiles in the next section of this brief.

1. Distinct Braiding Approaches

The three organizations each identified distinct funding approaches that reflect their existing services, populations served, and previous experience with Medi-Cal. Organizations designed braiding approaches to identify a single funding source for each staff person, a single funding source for each service, or robust systems to track funding for staff working across multiple programs or delivering multiple services. The braiding approaches used by the three organizations are summarized below:

- **Single Funding Source Staffing Model:** Arcata House Partnership (AHP) historically used federal and state housing funding sources to provide services. AHP now braids in Medi-Cal funds to deliver more intensive support, through ECM and two Community Supports to clients who need a higher level of service. The team providing these ECM and Community Supports are the only staff in the organization who are fully paid through Medi-Cal funding.
- **Single Client, Single Source Braiding Model:** Community Health Center Network (CHCN) uses two distinct funding sources, an MCP and the county behavioral health agency to provide their Community Transition Nursing (CTRN) Program. These services are provided by the same team, and since these respective funding sources have different eligibility requirements, CHCN must carefully document and track eligibility at the client level to ensure that these services can be traced back to the appropriate funding source.
- **Sequencing Model:** PATH San Diego uses CalAIM funding to provide two separate Community Supports, Recuperative Care and Short-Term Post-Hospitalization Housing. These services can be provided sequentially and require very similar infrastructure and staffing models. These services are provided in the same facility with the same staff.

2. Identify and Address Supplantation Risks

Each of the three organizations interviewed shared similar risk mitigation strategies to address supplantation risks and ensure successful braiding, including a strong fund accounting system (i.e., an accounting system that accurately tracks expenditures and revenues by funding source), service documentation, verification of client eligibility, and appropriate billing. Additionally, AHP avoided supplantation by declining to offer CalAIM's Housing Deposits Community Supports service, since they were already providing a very similar service under a different funding source.

3. Leverage Capacity Building Funds to Implement Risk Mitigation Strategies

Interviewees highlighted the importance of CalAIM's flexible capacity-building funds, such as the Capacity and Infrastructure Transition Expansion and Development (PATH CITED), the Incentive Payment Program, and the Housing and Homelessness Incentive Program, in enabling their braiding efforts. Organizations used capacity-building funds to establish the infrastructure required to implement risk mitigation strategies, such as dedicated CalAIM billing systems, service documentation tools, and staffing to verify client eligibility.

4. Opportunities for Medi-Cal Payers to Reduce the Burden of Braiding

Interviewees identified multiple and differing billing and reporting requirements as challenges of braiding with Medi-Cal funds. In counties with multiple MCPs, organizations are often required to manage differing requirements for the same service and must navigate the complexities of referrals, service authorizations, and billing across multiple MCP provider portals and systems. Claims denials, differing reimbursement rates, and delayed payments also affect organizations' ability to effectively braid. MCPs can reduce the burden of braiding by aligning authorizations, billing and reporting requirements, and streamlining claims reviews and payment approaches.

Three Profiles of Organization Braiding Approaches

1. Arcata House Partnership

Arcata House Partnership (AHP), a nonprofit community-based organization in Humboldt County, California, provides "advocacy for and services to the homeless and food insecure with compassion, dignity and empowerment." AHP's services include permanent housing, emergency shelter, case management, CalFresh outreach, food pantry, and drop-in services to individuals and families. The organization, with an annual budget of $6 million, braids 21 different funding sources to provide their comprehensive person-centered services.

Approach to Braid Medi-Cal Funding: Single Funding Source Staffing Model

Traditional federal and state housing-related funding sources enable AHP to provide basic case management services to its clients. However, existing service funding is insufficient for clients who need more intensive services or require additional support to find housing or retain their housing. Through braiding, AHP has been able to offer these additional services and provide a continuum of services responsive to client needs.

In 2021, AHP began contracting with Partnership Health Plan to provide CalAIM services, including ECM and two Community Supports, Housing Transition Navigation Services and Housing Tenancy and Sustaining Services, to eligible clients. Under CalAIM, AHP braids in Medi-Cal funds to deliver ECM and Community Supports for clients who need a higher level of service. For example, clients who have recently been housed after numerous years of being unsheltered require substantial support to remain housed. Through Housing Tenancy and Sustaining Services, AHP can provide the needed services to help clients stay in their homes.

AHP uses CalAIM reimbursements to staff its internal Pathway Program team responsible for providing ECM and Community Supports. Clients needing more intensive case management are referred to the Pathway Program team for services. The Pathway Program team coordinates with AHP's other housing service team for internal referrals and ensures seamless services.

Separate from CalAIM ECM and Community Supports reimbursements, AHP used funding through PATH CITED to hire and train administrative staff dedicated to referrals, authorizations, and billing for ECM and Community Supports. Unlike Medi-Cal reimbursements, which are payments from payers for contracted services provided, PATH CITED funds specifically support capacity building. Using PATH CITED funding, AHP contracts with an online clearinghouse to submit invoices to Partnership Health

Plan for reimbursements. The clearinghouse converts ECM and Community Supports invoices into 837P claims, a standard electronic format required by the health plan.

Braiding Success Factors and Risk Mitigation

AHP's primary concern in introducing Medi-Cal funding to provide ECM and Community Supports was to avoid supplanting existing funding and services. AHP needed to demonstrate that Medi-Cal reimbursements resulted in supplemental and enhanced services beyond what its existing housing service funds covered. As an example, to avoid supplantation AHP declined to offer CalAIM's Housing Deposits Community Support since it was already providing a very similar service under a different funding source.

AHP's leadership cited three key strategies in addressing supplantation risks.

- ✓ **A strong fund accounting system**. Given the organization's multiple state and federal funding streams, AHP's leadership carefully monitors and tracks requirements and allowable costs for each funding source. Each month, AHP leadership reviews staff timesheets and service documentation to ensure activities meet funding guidelines.
- ✓ **Single funding source staffing model**. AHP uses CalAIM ECM and Community Supports funding to provide Housing Transition Navigation and Housing Tenancy and Sustaining services. AHP has dedicated staff, called the Pathway Program team, to provide both ECM and Community Supports and this team is separate from other teams that provide service coordination and housing-related services.
- ✓ **Client engagement tracker**. Staff members use detailed case notes and service documentation to ensure service descriptions aligned with funding source. For the Pathway Program team, time and service case notes are logged on an internally developed Excel spreadsheet, referred to by staff as the client monthly engagement tracker (CMET). The CMET is organized by clients so the billing team can use this data to populate invoices for ECM and Community Supports.

Challenges and Next Frontier

AHP has seen a positive impact of ECM and Community Supports for its clients, specifically for those with the most complex needs and most at risk of losing their housing. Braiding CalAIM funds with existing service dollars enhances AHP service offerings and enables AHP to comprehensively meet clients' needs. One area for improvement identified by AHP is in working with Medi-Cal MCPs to streamline and expedite claims review and payment and reduce time lags between service provision and payment. In the future, AHP hopes to increase its ECM and Community Supports capacity. AHP plans to build an ECM/Community Supports workforce pipeline program by identifying additional funding sources to train and hire peer support workers to become community health workers to expand its ECM and Community Supports team.

2. Community Health Center Network

The Community Health Center Network (CHCN) is a consortium of eight federally qualified health centers serving communities in Alameda and Contra Costa counties in California. CHCN, which provides centralized business administrative support to the health centers within the consortium, receives funding from 11 different sources to provide services.

Approach to Braid Medi-Cal Funding: Single Client, Single Source Braiding Model

CHCN braids funds from Alameda Alliance, a Medi-Cal MCP, with funds from Alameda County Behavioral Health (ACBH), to provide services through the care transition nursing program (CTRN) to eligible patients. The primary populations for the CTRN program include: (1) patients at high risk of hospital readmissions with chronic health conditions; and (2) patients with behavioral health or substance use disorder needs requiring integrated behavioral health services. The CTRN program is designed to improve overall health for patients and reduce hospital readmission rates by facilitating seamless transitions from inpatient care settings to other care settings, such as primary care.

CHCN's original CTRN program began with a single funding source and supported care transition services between one inpatient setting and a subset of CHCN's member health centers. The CTRN program has achieved measurable outcomes; it has been shown to decrease 30-day readmissions and increase primary care provider follow-up visits after inpatient discharge. The success of the original CTRN program and desire to expand the program to additional sites and serve more patients required CHCN to bring in MCP and county behavioral health funding.

Braiding Success Factors and Risk Mitigation

Enablers of CHCN's success and risk mitigation strategies in braiding funds to support its CTRN program include:

- ✓ **Braiding funds to expand a program**. CHCN uses multiple funding sources to increase the size, scope, and quality of its care transitions program. Through the expansion of the CTRN program across multiple sites, the increase in patients served and the quality outcomes achieved, CHCN was able to demonstrate that multiple funding sources were used to expand, rather than supplant services. CHCN allocates funding for distinct needs: funds from Alameda Alliance cover CTRN services for patients at high risk of hospital readmissions with chronic health conditions while funding from ACBH covers CTRN services for clients with

behavioral health needs requiring integrated behavioral health services in the primary care setting.

- ✓ **Clear client eligibility and funding criteria**. Only patients who meet the inpatient eligibility criteria for CTRN receive services. CHCN uses an eligible member list provided by each funding source to monitor appropriate patient assignments. Time spent with patients that meet criteria established by Alameda Alliance is attributed to the health plan, and time spent with patients that meet criteria established by ACBH is attributed accordingly. Thus, CHCN can verify that funds from each source are used for allowable services for eligible clients.
- ✓ **Dedicated staffing and service documentation**. CHCN uses funding from Alameda Alliance and ACBH to hire and train dedicated staff to deliver CTRN services, including training on trauma-informed and "whole-person" care to help CTRN staff support patients with behavioral health needs. A dedicated staffing model enables CHCN to align staffing costs with allowable funding sources. CTRN staff document services provided in patient encounter charts so services can be traced back to the allowable funding source.

Challenges and Next Frontier

Braiding multiple Medi-Cal funding sources enabled CHCN to provide effective care transition services for its patients. CHCN cites some key challenges in working with multiple Medi-Cal funds, namely, the additional staff time and resources required to meet unique reporting requirements and differing reporting and submission timelines. Alameda Alliance and ACBH can help alleviate this burden by aligning on reporting requirements and timelines. CHCN hopes to bring in additional funding sources, beyond Medi-Cal, to further expand the program by hiring more staff and serving more patients. CHCN is also working on standardizing internal data tracking and documentation processes to improve reporting for multiple funding sources.

3. PATH San Diego

PATH is a nonprofit housing and homeless service organization focused on ending "homelessness for individuals, families, and communities by building affordable housing and providing supportive services throughout California." PATH operates in five regions across California, Greater Los Angeles, Greater San Diego, Orange County, Santa Barbara/Central Coast, and Santa Clara. Services provided in the Greater San Diego region include outreach, housing navigation, interim housing, rapid rehousing, permanent supportive housing, community care coordination, veteran employment services, and HUD-Veterans Affairs Supportive Housing. PATH San Diego's annual budget is around $28 million and the organization braids over 21 different funding sources to provide services throughout San Diego County.

Approach to Braid Medi-Cal Funding: Sequencing Model

PATH San Diego leverages braided funding to offer Recuperative Care and Short-Term Post-Hospitalization Housing Community Supports and contracts with two Medi-Cal MCPs in San Diego County — Molina Healthcare of California Partner Plan and Blue Shield of California Promise Health Plan — to provide these services to each plan's eligible members. To offer these Community Supports, PATH used its existing housing units and partnership with Family Health Center San Diego HealthCare for the Homeless Program to provide additional interim housing and clinical care support.

PATH San Diego had already begun providing some Medi-Cal services under Califorina's Health Homes Program and the Whole Person Care Program, which were precursors to CalAIM. Through CalAIM, PATH San Diego expanded the services originally developed under the Health Homes and Whole Person Care Programs. PATH San Diego selected Recuperative Care and Short-Term Post-Hospitalization Housing since these services can be provided sequentially and require very similar infrastructure and staffing models. These services are provided in the same facility with the same staff. Medi-Cal's Community Supports Policy Guide defines eligible client populations for Short-Term Post-Hospitalization Housing to include individuals exiting from recuperative care.[15] The policy allows clients receiving recuperative care services, and requiring residential recovery care beyond the allowable 90 continuous days, to transition directly to Short-Term Post Hospitalization Housing services.

Braiding Success Factors and Risk Mitigation

Enablers of PATH San Diego success and risk mitigation in braiding funds include:

- ✓ **A strong fund accounting system**. PATH San Diego's previous experience providing Medi-Cal services through the Whole Person Care and Health Homes programs bolstered the organization's confidence in braiding funds appropriately. Quarterly, PATH San Diego's leadership reviews funding reports to track and monitor how funds are being allocated.
- ✓ **Sequencing funding model for staff and service documentation**. PATH San Diego uses CalAIM Community Supports reimbursements to fund the team providing Recuperative Care and Short-Term Post-Hospitalization Housing services. Program staff use an internally developed spreadsheet and a cloud-based data management system to document and track services provided to each client. This allows the organization to trace costs to allowable uses.
- ✓ **Defined client eligibility and funding criteria**. Each Community Supports service has distinct eligibility criteria so that only clients meeting those requirements receive services. PATH San Diego uses membership lists available from each Medi-Cal MCP and service records from staff to ensure appropriate funding allocation. For example, PATH San Diego will invoice an MCP for Recuperative Care services only if clients who receive services meet eligibility criteria and are members of the plan.

Challenges and Next Frontier

Sequencing funds allow PATH San Diego to offer a continuum of services to meet the complex needs of their clients. PATH San Diego's clients who receive the sequential Community Supports of Recuperative Care and Short-Term Post-Hospitalization Housing benefit from an extended stay in a stable recovery care setting with services necessary for healing and recuperation. PATH San Diego must navigate multiple payer requirements and manage the complexity of tracking and billing for services across different payer systems. Medi-Cal payers can reduce burdens for organizations by aligning on referral, contracting, and billing requirements. PATH San Diego hopes to bring on more Community Supports to expand their service offerings and serve additional clients.

Conclusion

Organizations can braid Medi-Cal and non-Medi-Cal funds, or multiple Medi-Cal funding sources, to deliver integrated services for clients with complex health and social needs. However, braiding funds is complex and can be challenging for organizations to do effectively.

Using a strategic braiding approach and strong systems to support fund accounting, service documentation, verification of client eligibility with MCPs, and appropriate billing are key strategies to mitigate risks of supplantation and ensure successful braiding across different approaches. Medi-Cal MCPs can alleviate the burden of braiding by aligning billing and reporting requirements for health care and social service organizations.

ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a policy design and implementation partner devoted to improving outcomes for people enrolled in Medicaid. CHCS supports partners across sectors and disciplines to make more effective, efficient, and equitable care possible for millions of people across the nation. For more information, visit **www.chcs.org**.

ENDNOTES

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