

**March 14, 2025**

Welcome to America's Physician Groups' *California Update*. Each week APG reports the latest on health care happenings in the Golden State.

Here's what you'll find in this week's edition:

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Status Of the Restricted/Limited License NCQA Accreditation Requirement Under DMHC

We have held further conversations with NCQA and DMHC recently on the status of the accreditation requirement that was mandated in AB 133 (2020) and is being implemented under DMHC's All Plan Letter [APL 23-029](#) (12/27/2023 & 5/13/2024). The statute required full-service health plans to be accredited by NCQA by January 1, 2026. NCQA accredits in the following functional areas:

- Utilization Management
- Credentialing
- Provider Networks
- Case Management
- Case Management for LTSS
- Population Health Program
- Wellness and Health Promotion

Because the Department treats Limited and Restricted licensees as full-service health plans, the AB 133 statutory requirement ([HSC section 1399.872\(d\)](#)) applies to all such entities. However, subsequent to the release of the APL 23-029 the Department [clarified in May 2024](#) that it would only require those entities to obtain accreditation for the areas in which they had been delegated administrative functions by the parent plan. For example, if the DOFR between a parent plan and a subcontracted Restricted licensee only included delegation for UM,

Credentialing and Network Management, the Restricted plan would only need to apply with NCQA for those three accreditations, and not the other four listed above.

DMHC has issued [updated FAQs](#) concerning the accreditation requirement on May 13, 2024 at pages 11-12. Question and Answer 27 states:

What are accreditation requirements for a restricted plan that does not perform any delegated function and further delegates those functions to a medical group/Management Services Organization (MSO)? For any plan that is subcontracted to deliver hospital, medical, or surgical services and/or behavioral health care services to enrollees of Commercial, Medi-Cal, or Exchange product line(s), the subcontracted plan remains responsible for seeking NCQA accreditation by January 1, 2026. Furthermore, a subcontracted plan that further subdelegates to another entity does not waive its obligations under HSC section 1399.870 et seq. (See Section 1399.873(b)) to obtain NCQA accreditation. Pursuant to Revised APL 23-029, the NCQA offers accreditation in certain functional areas that may be delegated to a subcontracted plan. The DMHC recommends that health plans contact the NCQA directly to confirm available accreditation options and for questions related to the applicable accreditation processes and products.

APG members have expressed some confusion over how they can achieve accreditation when they have a DMHC-approved business structure that allows them to subdelegate administrative functions to an MSO or RBO. The confusion is related to NCQA's eligibility policy that states a plan that delegates 50 percent or more of an administrative function is not eligible for accreditation. In some recent instances, NCQA has considered whether the Restricted plan's contracted MSO or RBOs could be accredited for those functions. However, DMHC has confirmed in a call with us on March 11, 2025 that such an arrangement may not be compliant with the statutory requirement. During our call, DMHC stressed that each applicant should address their particular situation and compliance questions with the Department through its inbox email: HEQ@dmhc.ca.gov email address. The Department has stated that it recognizes good faith efforts at compliance and understands that the complexities of existing sub-delegation in the Restricted and Limited plan community may require case-by-case review. APG encourages its members to reach out to the Department to get clarification on their compliance requirements for accreditation.

In addition, some APG members that are in the process of obtaining a Restricted license for commercial and/or Medi-Cal business have inquired

whether they must obtain accreditation by the January 1, 2026 deadline, if their licensure is likely to be approved some time this year. The two DMHC all plan letters and the FAQs are silent on this issue, and so our best advice is to contact the DMHC licensing counsel responsible for their application.



2025 APG California Policy & Advocacy Meeting Dates

Members, please mark your calendars for APG's California Policy Forum and California Medi-Cal Forum meetings. You can download APG's 2025 events calendar [here](#).

California Policy Forum

2:00 - 3:00 pm

- April 10
- June 12
- November 12

California Medi-Cal Forum

10:30 am - 12:30 pm

- May 20
- October - TBD



APG California Advocacy Member Resources

- **Tracked Health Care Bills [2025-26](#)**: bills we're following in the California State Legislature
- **Digital Exchange Framework** [APG member tool kit](#), [QHIO webinar](#) and [DxF Program summary slide deck](#)
- **Office of Health Care Affordability** [regulations](#) and [explanatory slide deck](#)
- APG, Moss Adams, Sheppard Mullin **CMIR Regulation** [webinar](#) and [slides](#)
- **DMHC SB 510** [All Plan Letter](#) on Health Plan payment responsibilities
- **DMHC Quality and Equity Reporting** program [All Plan Letter](#)
- **DHCS Medi-Cal Medical Loss Ratio** [Implementation Summary](#)
- **DHCS Medi-Cal Connect** [Population Health Program](#) Information

For more news and resources, please visit APG's [website](#) or contact a member of APG's California advocacy team.

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