



To: Alabama Certified CCBHCs

From: ADMH CCBHC Office

Date: July 9, 2026

Re: Prospective Payment System Re-base Schedule

As a state participant in the CCBHC Demonstration program, Alabama is held to the federal CCBHC Demonstration requirements outlined in the CMS Prospective Payment System (PPS)¹ and Cost Report Guidance for CCBHCs.²

To assist CCBHCs in Alabama with planning and to support program transparency, the Alabama Department of Mental Health and Alabama Medicaid are jointly sharing the PPS update/re-base schedule that CCBHCs can expect based on their implementation start date.

Annual Cost Report Submission

Please note, regardless of whether a CCBHC's rate is being re-based, an annual Cost Report with actual costs/visits is due at the end of each Demonstration Year. Alabama Medicaid is establishing a due date for these Cost Reports within 90 days of the end of each Demonstration Year. **Therefore, all CCBHCs operating in Alabama are expected to submit their annual Cost Report (along with any requested supporting documentation) by September 30th of each year.**

This includes CCBHCs who began implementation in a quarter that does not coincide with the start of the Demonstration Year. These CCBHCs will submit Cost Reports for their first partial year (e.g., October 1st through June 30th), and their subsequent Cost Reports will then coincide with Alabama's Demonstration Year period of July 1st – June 30th.

¹ <https://www.medicaid.gov/medicaid/financial-management/downloads/updated-ccbhc-pps-guidance-02152024.pdf>

² <https://www.medicaid.gov/medicaid/financial-management/downloads/ccbhc-cost-rpt-instr.pdf>

PPS Rate Update and Re-base Schedule

Alabama CCBHCs will have their rate re-based according to actual cost and visit information after their second Demonstration Year (regardless of whether their first Demonstration Year was a full year or not) using their second CCBHC Cost Report submission. After each CCBHC's first re-base period, rates will be re-based using actual costs/visits every three years thereafter.

In other words, the re-base schedule for CCBHCs who begin CCBHC Demonstration operations on July 1st will include the following:



The re-base schedule for CCBHCs who begin CCBHC Demonstration operations on a quarter that does not align with the start of the Alabama Demonstration Year (e.g., October 1st, January 1st, or April 1st) will include the following:



To support planning, please see the accompanying CCBHC Re-base Schedule Tool, which will allow an agency to input their planned Demonstration Start date and view the anticipated Cost Report due dates and re-base timelines.

Interim Rate Prior to Finalizing Re-based Rate

During years when the CCBHC's PPS rate is scheduled to be re-based, Alabama Medicaid will initially pay the CCBHC an interim rate that is the previous year's rate trended forward by the Medicare Economic Index (MEI), until the CCBHC's Cost Report can be reviewed and the final re-based rate can be calculated.

Once the re-based rate is established, all claims for CCBHC Demonstration services paid at the interim rate for the current Demonstration Year will be reconciled against that Demonstration Year's final PPS rate set through the cost reporting and re-base process. This will result in the final calculated clinic-specific PPS rate paid for all CCBHC Demonstration services rendered by the CCBHC for the entirety of the current Demonstration Year.

Note that utilization of the MEI to trend the rate forward with the MEI for the next full Demonstration Year should be included in the CCBHC cost reporting process.

For example, if a CCBHC's rate is being re-based for the Demonstration Year that runs from July 1, 2027 – June 30, 2028:

- The CCBHC's interim rate beginning on July 1, 2027 will be their previous year's rate trended forward by MEI
- The CCBHC will submit a Cost Report for the previous Demonstration Year (July 1, 2026 – June 30, 2027) on or before September 30, 2027
- Medicaid will review and work with the CCBHC to finalize the Cost Report (assuring accurate cost/visit data), and establish a final PPS rate for the current year within 90 days of receiving the CCBHC's Cost Report
- Once the final re-based rate for the Demonstration Year is established, Medicaid will reconcile previously paid claims to the new rate, resulting in the CCBHC's final calculated PPS rate paid for all Demonstration services rendered for the entirety of the applicable Demonstration Year (July 1, 2027 – June 30, 2028 in the case of this example)

As another example, a CCBHC who plans to start on April 1, 2026, would include all current/anticipated costs for the period of April 1, 2026 – June 30, 2026, but the MEI update to their rate would be trending the rate forward for the period of July 1, 2026 – June 30, 2027. In this case, an MEI update would not be applied to their rate on July 1, 2026, because it was already applied in the Cost Report process.

Rate Updates During Years When No Re-base is Occurring

Each CCBHC's PPS rates will be updated annually to allow the rates to keep pace with changes to healthcare costs. Therefore, during years when no re-base is occurring for the CCBHC, the CCBHC's rate will be trended forward by the MEI.

Moving forward to support planning, Alabama Medicaid will send a notice to each CCBHC whose rate will be updated using MEI, informing them of the MEI factor (the percentage by which their rate will be adjusted) and their updated rate at least 30 days prior to the start of the Demonstration Year (on or before June 1 of each year). Following the notice, the updated rate will be loaded in the Medicaid claims system and go into effect on July 1st.