

Background

Medicaid waivers from the federal government grant states permission to experiment with their Medicaid programs in ways they believe can make their programs more efficient and effective. California is currently seeking a 5-year renewal and expansion of its existing §1115 Medicaid waiver. Our current waiver expires on August 31, 2010.

In June, the Department of Health Care Services (DHCS) submitted an initial waiver proposal¹ to the federal Centers for Medicare and Medicaid Services (CMS). CMS is currently reviewing the proposal and will offer feedback to DHCS who will then submit a final waiver application no later than September 1, 2010.

Concurrently, our elected officials in Sacramento are moving forward with legislation that will make the necessary changes in law so that the state implements the new waiver once it receives CMS approval. Two identical bills, AB 342 (Perez) & SB 208 (Steinberg), were recently amended to comport with the requests made in the June proposal to CMS. The bills will likely be amended multiple times before final passage as California's waiver proposal gets more refined, advocates' requests are incorporated, and CMS offers further guidance and parameters.

Below are brief summaries of the substantive topics covered in AB 342 and SB 208, including the most recent amendments to the bills.

Dual Eligibles

- DHCS to establish pilot projects to give those eligible for Medicare and Medicaid (a.k.a. Dual Eligibles, a.k.a. Medis-Medis) a continuum of services and maximize coordination benefits between Medicare and Medi-Cal. Goal for pilot projects includes improving continuity of acute care and maximizing the ability of dual eligibles to remain in their homes in lieu of institutions.
- Pilot projects to be established in up to four (4) counties, with specific requirements, including dual eligibles assigned as mandatory enrollees into managed care contracts. Any dual eligible has choice not to participate in a pilot project for receiving their Medicare benefits.
- DHCS required to identify health care models to be included and develop completed planning process by Jan. 1, 2012. DHCS required to report to the Legislature after the first full year.

Seniors & Persons with Disabilities

- DHCS permitted to enroll Seniors and Persons with Disabilities (SPDs) as mandatory enrollees into new or existing managed care health plans or county alternative models of care. Counties required to select this option prior to the start of mandatory enrollment of SPDs, no later than January 1, 2012.

¹ Available at <http://www.dhcs.ca.gov/provgovpart/Documents/A%20Bridge%20to%20Reform%206-10-2010.pdf>

- DHCS must follow certain requirements when establishing mandatory managed care for SPDs, including compliance with existing continuity of care requirements under the Knox-Keene Act and three-month notice to SPDs prior to implementation of changes.
- Managed care health plans or county alternative models of care must comport with certain requirements prior to enrollment of SPDs, including the development of medical homes into which SPD enrollees will be assigned. Enrollment of SPDs will be phased-in and will not begin until necessary federal approval acquired.
- Beneficiaries will have the choice to continue an established patient-provider relationship and fee-for-service will remain until enrollee is assigned to a provider through the enrollment process.
- DHCS will work with counties to develop a method to determine an appropriate contribution to cover the nonfederal share of inpatient hospital expenses for SPDs.
- DHCS will provide the fiscal and policy committees of the Legislature with semiannual updates. In addition, DHCS, in collaboration with the Department of Social Services and county welfare departments, will monitor the In-home Supportive Services program and the adequacy of provider networks on a quarterly basis.

California Children's Services

- DHCS will be required to establish organized health care delivery models for children eligible for the California Children's Services program (CCS) using the following four options:
 - (1) An enhanced primary care case management program;
 - (2) A provider-based accountable care organization;
 - (3) A specialty health care plan; or
 - (4) A Medi-Cal managed care plan that includes payment and coverage for CCS-eligible conditions.
- Regardless of which model is used, the model must comply with a list of requirements outlined and must support medical homes that meet specified principles.
- Children enrolled in Healthy Families will be authorized to enroll in the organized delivery models.
- DHCS will conduct an evaluation as specified in the bill.

Coverage Expansion and Enrollment Demonstration Projects

- Expand the existing 10 Coverage Initiatives (CIs) to all 58 counties, creating Coverage Expansion and Enrollment Demonstration Projects (CEEDs) that will provide health care benefits for uninsured adults 19 to 64 with incomes up to 200% FPL not eligible for Medicare or Medi-Cal. 56 counties are expected to participate.
- Counties, not the state, would provide the match and may limit enrollment to meet funding limits.
- Projects must help facilitate the transition of eligible individuals to Medi-Cal coverage or to coverage through the state health insurance exchange by 2014.

- Authorizes county outreach and enrollment activities to target populations for these projects.
- DHCS required to ensure that CEED projects are evaluated.