

California's Waiver Renewal Legislation: ITUP's Summary of AB 342 (Perez) & SB 208 (Steinberg)

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 (in print as of Aug. 2, 2010).

Coordination Pilot for Dual Eligibles

- DHCS will 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 Medi-Cal, Medicare, or both .
- Pilot projects will be established in up to four 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 without receiving a reduction of the benefits available in the Medi-Cal or Medicare program.
- The pilot projects will attempt to: (1) improve continuity of acute care, long-term care, and home- and community-based services, (2) coordinate access to acute and long-term care services, (3) maximize the ability of dual eligibles to remain in their homes in lieu of institutions, and (4) increase the availability of and access to home- and community-based alternatives.
- DHCS will be required to identify health care models to be included in pilot projects while also developing a complete planning process and timeline by April 1, 2011. The planning process and timeline must be delivered to the appropriate fiscal and policy committees of the state legislature. DHCS may implement the projects in phases then must report to the Legislature after the first full year on the operations of these pilots.

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

Managed Care for the SPD Population

- DHCS will be granted permitted to enroll Seniors and Persons with Disabilities (SPDs) who do not have other health coverage² into new or existing managed care health plans³ or county alternative models of care. Counties will be required to select this option prior to the start of mandatory enrollment of SPDs, no later than January 1, 2012.
- DHCS will be required 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.
- DHCS will be required to ensure **plan readiness** before mandatorily enrolling the SPD population in managed care plans. Managed care health plans or county alternative models of care must comport with these 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 plans are deemed ready and the necessary federal approval has been 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. Assignments are based on an enrollee's utilization of a provider, plan quality, and the inclusion of safety net providers within the health plan's network. DHCS must also establish a process for assigning enrollees, who have not made a care selection, into an organized delivery system.
- 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.

Organized Delivery Care Models for 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.

² "Other health coverage" is defined as coverage providing the same or partial benefits as the Medi-Cal program, coverage under another state or federal program, or coverage under contractual or legal entitlement, including private group and indemnification insurance programs.

³ "Managed care health plans" are defined as individuals, organizations, or entities that enter into a contract with DHCS for purposes of health coverage.

- Regardless of which is used, the models must:
 - Establish clear standards for participation, exemption, enrollment, and disenrollment;
 - Provide care coordination linking children with special health care needs to appropriate services and resources;
 - Establish networks of providers to ensure timely access for CCS children;
 - Coordinate out-of-network access if appropriate;
 - Use CCS-approved providers;
 - Participate in a statewide quality improvement collaborative; and
 - 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 for Medically Indigent Adults

- The state will build upon the existing 10 Coverage Initiatives (CIs) established via the existing waiver, and expand coverage to all 58 counties, creating Coverage Expansion and Enrollment Demonstration Projects (CEEDs).
- The CEEDs will provide health care benefits for the population of medically indigent adults (MIAs), uninsured adults 19 to 64 with incomes up to 200% FPL not eligible for Medicare or Medi-Cal.
- CEEDs will engage in county outreach and enrollment activities to target populations, including, but not limited to, the homeless, individuals frequently using hospital inpatient or emergency services (for avoidable reasons), and individuals with mental health or substance abuse treatment needs.
- Counties, not the state, would provide the match and may limit enrollment to meet funding limits.
- CEEDs will be designed to help facilitate the transition of eligible individuals to Medi-Cal coverage or to coverage through the state's Health Benefits Exchange by January 1, 2014.
- Beginning January 1, 2014 California must implement comprehensive health care reform for the populations target by CEED while including a prospective payment system reimbursement for qualified health centers and rural health clinics.
- DHCS will be required to evaluate all CEED projects.