



TOBY DOUGLAS  
Director

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
Governor

**DATE:** August 4, 2014

**Ms. Mehreen Hossain**

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**Mr. Paul J. Boben, Ph.D.**

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**Ms. Angela Garner**

Deputy Director  
Division of State Demonstrations and Waivers  
Center for Medicaid and CHIP Services, CMS  
7500 Security Boulevard, Mail Stop S2-01-16  
Baltimore, MD 21244-1850

**RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) Amendment  
Mandatory Enrollment of Seniors and Persons with Disabilities in Rural Managed  
Care Counties.**

Dear Ms. Hossain, Mr. Boben, and Ms. Garner:

The State of California proposes to mandatorily enroll Seniors and Persons with Disabilities (SPDs) into managed care plans in 19 of our rural counties, effective December 1, 2014. This proposal was a component of the state's amendment request to the Section 1115 Waiver to expand mandatory managed care in 28 rural counties, submitted to the Centers for Medicare and Medicaid Services (CMS) on May 3, 2013. Special Terms and Conditions (STCs) to effectuate this change were submitted to CMS on Friday, August 1, 2014.

The State is prepared to work diligently to respond to any questions or provide any information that the CMS may need in order to secure prompt approval of this amendment.

## **Background**

Pursuant to Assembly Bill 1467 (Chapter 23, Statutes 2012), the 2012-13 State budget authorized the expansion of Medi-Cal managed care to Medi-Cal beneficiaries residing in 28 rural California counties. The 28 Medi-Cal managed care rural expansion counties are Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Lake, Lassen, Mariposa, Modoc, Nevada, Mono, Placer, Plumas, San Benito, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba.

On May 3, 2013, DHCS submitted a Demonstration Waiver amendment proposal to CMS to expand Medi-Cal managed care to beneficiaries who at the time were receiving Medi-Cal through the Medi-Cal fee-for-service (FFS) system. CMS approved this proposal on August 29, 2013 and on September 1, 2013 in COHS counties and November 1, 2013 in non-COHS counties<sup>1</sup>, DHCS began transitioning beneficiaries from Medi-Cal FFS to Medi-Cal managed care in these rural counties. However, based on discussions with CMS at the time of the transition, SPDs in the non-COHS counties remained a voluntary population in Medi-Cal managed care for the time being, and therefore were not mandatorily enrolled in managed care. The delay in instituting mandatory enrollment for this population allowed for DHCS and CMS to solicit further stakeholder input on this transition to ensure a thoughtful transition for SPDs in these counties. DHCS has since chosen a revised implementation date of December 1, 2014.

DHCS has been in multiple conversations with CMS to address any concerns regarding mandatory enrollment of SPDs in the rural counties. These conversations included an evaluation of lessons learned from previous mandatory SPD transitions to ensure that this population will transition safely from Medi-Cal FFS to managed care in the rural counties.

## ***Waiver Authority***

DHCS believes the existing waivers of freedom of choice, statewideness, and comparability encompass this proposed Demonstration Waiver amendment. To the extent necessary, DHCS requests that its authority to operate under these waivers extends to the amendments contained in this request.

## ***Expenditure Authority***

This proposed Demonstration Waiver amendment will not impact the existing Waiver Expenditure Authority.

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<sup>1</sup> Not including San Benito County

***Budget Neutrality***

An updated Budget Neutrality worksheet that adjusts for the transition to mandatory enrollment of this population effective December 1, 2014, accompanies this submission.

***Public Notice and Tribal Notice***

As required by STC Paragraph 7 and STC Paragraph 14, DHCS conducted Public Notice and Tribal Notice on the Demonstration Waiver amendment as follows:

DHCS believes that the previous public noticing for the initial 28 county rural managed care expansion meets the public noticing and tribal noticing requirement. The 28 county rural managed care expansion. Public Notice and Tribal Notice were conducted as follows:

Public Notice:

- Stakeholder meetings. Meeting agendas and summaries are available on DHCS's Medi-Cal Managed Care Rural Expansion website at: <http://www.dhcs.ca.gov/provgovpart/Pages/MMCDRuralExpansion.aspx>.
- Webinars. Stakeholders are invited to participate in person or over the internet. Webinars are recorded and posted on DHCS's website (see link above).

Tribal Notice:

- On February 22, 2013, DHCS issued a Tribal Notice regarding this Demonstration Waiver amendment and the Medi-Cal managed care rural county expansion.
- On March 7, 2013, DHCS conducted a presentation on this Demonstration Waiver amendment and the Medi-Cal managed care rural county expansion at the annual Tribal and Designees Advisory meeting/training.

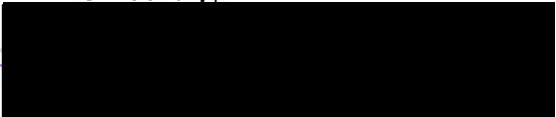
***Monitoring and Reporting***

DHCS will collect data and information on the Medi-Cal managed care mandatory enrollment of SPDs in rural counties in order to monitor, measure, and report on this transition.

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Thank you for your assistance and consideration. DHCS is happy to assist you and your staff in any way as you review the proposed Demonstration Waiver amendment. If you have any questions, please contact: Margaret Tatar, Acting Deputy Director, Health Care Delivery Systems at [Margaret.Tatar@dhcs.ca.gov](mailto:Margaret.Tatar@dhcs.ca.gov).

Sincerely,



Karen Johnson  
Chief Deputy Director  
Policy and Program Support

Cc:

Mari Cantwell  
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Margaret Tatar  
Acting Deputy Director  
Health Care Delivery Systems