



TOBY DOUGLAS
Director

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



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**CALIFORNIA BRIDGE TO REFORM DEMONSTRATION (No. 11-W-00193/9)
AMENDMENT COORDINATED CARE INITIATIVE**

Dear Mr. Nelb, Ms. Garner, and Ms. Nagle:

The State of California proposes to amend the Special Terms and Conditions (STC) and Expenditure Authority of Waiver 11-W-00193/9, California Section 1115 "Bridge to Reform" Demonstration (Waiver), pursuant to STC paragraph 7.

The amendments would allow the Department of Health Care Services (DHCS) to carry out the State of California's Coordinated Care Initiative (CCI) in eight select counties to integrate Medicare and Medicaid benefits for dual eligibles, mandatorily enroll dual eligibles, and integrate long term services and supports (LTSS) as managed care benefits.

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The State is requesting that this waiver amendment have an effective date of: January 1, 2014, and is prepared to work diligently to respond to any questions, or provide any information the Centers for Medicare and Medicaid Services (CMS) may need in order to secure prompt approval of this amendment.

Background

In January 2012, Governor Brown announced his Coordinated Care Initiative (CCI) to enhance health outcomes and beneficiary satisfaction for low-income seniors and persons with disabilities (SPDs) by shifting service delivery away from institutional care, and into the home and community. Governor Brown enacted the CCI by signing Senate Bill (SB) 1008 (Chapter 33, Statutes of 2012) and SB 1036 (Chapter 45, Statutes of 2012). The CCI is authorized in the following eight counties: Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara and is effective no sooner than January 1, 2014.

There are three major components of the CCI:

1. **Cal MediConnect:** A voluntary three-year demonstration program for Medicare and Medi-Cal dual eligible beneficiaries that will coordinate medical, behavioral health, long-term institutional and home- and community-based services through a single health plan.

The framework for the Cal MediConnect program was approved by CMS and documented in a Memorandum of Understanding (MOU) between CMS and DHCS. This waiver amendment requests approval of all provisions of the MOU as necessary to implement and operate the Cal Medi-Connect program. The MOU was signed on March 27, 2013, and is available at the following link:
<https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/CAMOU.pdf>

2. **Mandatory Enrollment of Dual Eligibles into Medi-Cal Managed Care:** All dual eligible beneficiaries, subject to certain exceptions, will be mandatorily enrolled in a Medi-Cal managed care organization to receive their Medi-Cal benefits. This includes beneficiaries who opt out or are excluded from enrollment in a Cal MediConnect plan.

3. **Inclusion of Long Term Services and Supports in Managed Care (MLTSS):** Beneficiaries enrolled in a Medi-Cal managed care health plan or a participating Cal MediConnect plan will receive their long-term services and supports through the plan. LTSS includes the following:
- In-Home Supportive Services (IHSS) – personal care for people who need help to live safely at home.
 - Community Based Adult Services (CBAS) – adult day health care provided at special centers. This service is currently available through the health plans.
 - Multipurpose Senior Services Program (MSSP) – provides social and health care coordination services for people 65 and older. Health plans will work with MSSP providers to provide this service.
 - Nursing home care – long-term care provided in a facility.

Description of Waiver and Effective Date

To enable the state to comply with state law establishing the CCI, DHCS proposes changes to California's existing Waiver in order to waive the requirements of the federal Medicaid program regarding payment to providers, freedom of choice, statewideness, amount, duration and scope of services, and comparability. These changes to the Waiver will do the following:

- Allow the state to implement a Medi-Cal and Medicare combined product, capitated reimbursement rate, and passively enroll (if beneficiaries do not make a choice) duals in a participating Cal MediConnect plan for their Medicare and Medi-Cal benefits.
- Allow the state to expand mandatory Medi-Cal managed care enrollment to Duals in the eight CCI counties.
- Allow the state to require Duals and Medi-Cal only beneficiaries receiving long term services and supports to receive those benefits through Medi-Cal managed care health plans.

The above changes would be in effect in the eight participating counties in 2014. Specified categories of beneficiaries would be exempt from these requirements.

Waiver Authority

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

Special Terms and Conditions and Expenditure Authority

This proposed waiver amendment will impact the existing Waiver expenditure authority. Applicable changes to the Waiver STCs and the expenditure authority documents will be developed in conjunction with CMS during the consultative period of the amendment.

Public Notice and Tribal Notice

As required by STC Paragraph 7 and STC Paragraph 14, DHCS conducted public notice of this amendment to the Waiver through:

1. Public Notice and Processing:

- Public budget hearings in 2012 and 2013, as well as inclusion in the state budget in these years.
- Numerous stakeholder meetings regarding the policy development of CCI with beneficiaries, advocates, health plans, providers and their representatives, and county representatives. DHCS sponsored stakeholder meetings included:
 - Beneficiary Enrollment, Notification, Appeals, and Protections (met April 12, April 25, May 10, May 24, June 7, June 21 and August 7, 2012).
 - Provider Outreach and Engagement (met April 19 and June 13, 2012).
 - IHSS Coordination (met May 11, May 17, November 30, 2012 and April 2, 2013.)
 - LTSS Integration (met May 3, June 28 and August 8, 2012).
 - Behavioral Health Integration (met April 18, May 16, June 20, August 15, October 3 and December 19, 2012).
 - Fiscal and Rate Setting (met June 5, 2012).
 - Signed MOU review (conference calls held on March 27 and 28, 2013)
 - Stakeholder meeting events, agendas and summaries are maintained on the DHCS's website at:
<http://www.dhcs.ca.gov/Pages/DualsDemonstration.aspx>.
- The development of a stakeholder distribution list:
 - DHCS has developed and is maintaining a stakeholder list that includes beneficiaries, advocates, health plan representatives and other interested parties. This list currently has over 3,500 participants and is ongoing.
 - DHCS will continue to augment the stakeholder list as it receives new contact information and will continue to send notices to these stakeholders as needed (ongoing).

2. Tribal Notice:

- On April 13, 2012, DHCS issued a Tribal Notice regarding the first major component of the CCI.
- On August 24, 2012, DHCS issued a second notice discussing the second and third components of CCI, which are the mandatory enrollment of Duals into Medi-Cal managed care, and the inclusion of MLTSS as a Medi-Cal managed care benefit.
- On February 22, 2013, DHCS issued a third notice with updates on the status the CCI Waiver resulting from the development of MOU with CMS.

Budget Neutrality

The CCI will be occurring in the eight selected counties and impacts the “With Waiver” and “Without Waiver” for all managed care enrollees in these eight counties beginning the effective date of the CCI program. Due to additional MLTSS benefits that will be offered to beneficiaries in these eight counties, beneficiaries currently counted under certain existing MEGs of the Budget Neutrality worksheet will need to be separated out from the existing MEGs from the effective date of the CCI, as they will have different PMPMs than non-demonstration COHS and TPM/GMC counties. DHCS proposes the addition of eight new Medicaid Eligibility Groups (MEGs) in order to include the CCI population and benefits.

There will be four distinct population categories within the CCI, with two new MEGs for each category for the COHS and the TPM/GMC CCI counties, respectively. This results in the need for eight additional MEGs to the budget neutrality. The additional CCI MEGs are further described below:

- Create two distinct rows for full-benefit duals that are eligible for the Demonstration in COHS and TPM/GMC counties. Services include Medicare and Medi-Cal benefits. These individuals/expenditures will neither add to, nor subtract from, the Budget Neutrality margin and will be treated similarly to the Adults Newly Eligible, CBAS/ECM populations where the “With Waiver” and the “Without Waiver” costs will be equal.
- Create two distinct rows for full-benefit duals that Opt-out of Cal MediConnect or are excluded from Cal MediConnect, and are mandatorily enrolled in managed care for their Medi-Cal only and LTSS benefits.
- Create two distinct rows for SPDs¹ in the eight CCI counties as they will now be receiving LTSS benefits through managed care. This population includes

¹ SPDs include Medi-Cal only and partial Duals (member has Medicare Part A or B, but not both)

Medi-only SPDs that were not previously mandatorily enrolled and partial duals (beneficiary has Medicare Part A or B, but not both). Prior to the effective date of the CCI, the populations in these MEGs would be included in the “Existing SPDs” and the “Special Population – SPDs” MEGs.

- Create two distinct rows for the population in the “Family” MEGs in the eight CCI counties, which would receive LTSS benefits through Medi-Cal Managed Care. Prior to the effective date of the CCI, this population would be included under the existing “Family COHS” and “Family TPM/GMC” MEGs

Concurrent with the approval of this amendment, DHCS requests the addition of two MEGs for dual eligibles back to the beginning of the Waiver, as a correction to the original Waiver budget neutrality worksheet. The two MEGs would account for:

- All dual eligibles that are mandatorily enrolled in all COHS counties
- Dual eligibles who voluntarily enrolled in TPM/GMC counties

It should be noted that the addition of these two rows is outside of the CCI and rather, is a necessary correction to the Budget Neutrality worksheet. Starting on the effective date of the CCI, beneficiaries in these two groups who are in the eight CCI counties will be placed in the appropriate CCI MEGs described above.

DHCS is in the process of developing capitation rates for the populations in the proposed new eligibility groups and anticipates discussions with CMS on the proposed changes to Budget Neutrality and potential impacts in the coming weeks.

Evaluation Design

DHCS will develop processes and protocols for evaluating the overall impact of the CCI program. The evaluation will include monitoring changes in person-level health outcomes, experience of care, costs by sub-population(s), and changes in patterns of primary, acute, and long-term care and social support services use and expenditures, using principles of rapid-cycle evaluation and feedback. For the Cal MediConnect program, California will collaborate with CMS throughout all monitoring and evaluation activities phases. Participating Plans will be required to submit all data required for the monitoring and evaluation of this initiative according to the data and timeframe requirements identified in the contracts with Participating Plans.

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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 amendment. If you have any questions, please contact Margaret Tatar, Chief, Medi-Cal Managed Care Division at (916) 449-5000.

Sincerely,

Toby Douglas
Director

Enclosures

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