June 22, 2012

Ms. Gloria Nagle, PhD, M.P.A.
Associate Regional Administrator
Division of Medicaid & Children’s Health Operations
Centers for Medicare and Medicaid Services, Region IX
90 7th Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) Amendment Delivery System Reform Incentive Pool Category 5 HIV Transition Projects

Dear Ms. Nagle:

The State of California (State) proposes to amend the Special Terms and Conditions (STCs) and the Expenditure Authority of Waiver 11-W-00193/9, “California Bridge to Reform Demonstration,” pursuant to STC paragraph 7. The proposed amendment would establish Category 5 HIV Transition Projects under the Delivery System Reform Incentive Pool (DSRIP) for eligible Designated Public Hospital (DPH) systems to develop programs of activity that support efforts to provide continual access to high-quality, coordinated, integrated care to patients diagnosed with the human immunodeficiency virus (HIV) infection, particularly Low Income Health Program (LIHP) enrollees who previously received services under the Ryan White Act programs. The proposed Waiver amendment will assure that persons diagnosed with HIV make the transitions of coverage from Ryan White Act programs to the local LIHPs without loss of core medical or other critical services.

As a core element of the DSRIP Category 5 HIV Transition Projects, participating DPH systems would develop individualized HIV Transition Plans that are specifically designed to strengthen the ability of their directly-operated health care delivery systems to serve persons diagnosed with HIV, with a particular focus on outpatient medical services. The DPH systems implementing approved DSRIP Category 5 HIV Transition Projects would receive federal payments intended to support and reward them for improvements in their delivery systems that meet the special needs of LIHP enrollees diagnosed with HIV. These payments are not direct reimbursement for expenditures incurred by the DPH systems in implementing project reforms and are not considered reimbursement for health care services allowable under the Waiver or the State Plan.
Health care for individuals diagnosed with HIV is complex, and if transitions in coverage and care provision are not managed carefully, poor patient outcomes and increased health system costs can result. As a result, it is critical that DPH systems, as a primary provider of care to LIHP enrollees, focus delivery system reforms so as to secure the infrastructure needed to optimally coordinate services for this vulnerable population. Incentivizing such investments will help support the ongoing transformation of ambulatory care services, including an emphasis on prevention and continuity of care, within the DPH systems. Through careful development of individualized plans, the DPH systems can intentionally tailor their proposed DSRIP Category 5 Transition Projects to align with the most pressing needs within their system of care for patients diagnosed with HIV, and align DSRIP Category 5 HIV Transition Projects to the priorities in local service plans for the Ryan White Act programs.

Each DSRIP Category 5 HIV Transition Incentive Project must include milestones and metrics, where applicable, for improvements in infrastructure and program design, and in clinical and operation outcomes. The clinical milestones and metrics must be aligned with the Health Resources and Services Administration (HRSA) HAB HIV Core Clinical Performance Measures.

The State is requesting that the Waiver amendment have an effective date of July 1, 2012. In order to secure prompt approval of the amendment, the State is prepared to work with the Centers for Medicare & Medicaid Services (CMS) to provide any additional information as required.

Background

People diagnosed with HIV living in California have received coordinated medical outpatient care (primary and specialty) through Ryan White Parts A, B, C and D, under the Ryan White Act, with pharmaceuticals provided largely from the California AIDS Drug Assistance Program (ADAP), funded by Ryan White Part B, State General Fund, and rebates. In addition, persons diagnosed with HIV have received case management, and a variety of other Ryan White Act services, including, but not limited to, dental, substance abuse treatment or counseling, home health, and mental health services.

In the summer of 2011, HRSA provided guidance to the State regarding the Ryan White statutory “payer of last resort” requirement in relationship to the LIHP. Specifically, HRSA has stated that Ryan White Parts A, B, C and D, including ADAP, must be the payer of last resort, so these programs cannot pay for any services covered by the LIHP for a person who is eligible for and enrolled in the local LIHP. Additionally, such low-
income persons diagnosed with HIV who otherwise meet LIHP eligibility standards may not be excluded by the LIHP. This means that low-income persons diagnosed with HIV previously covered through the Ryan White Act system of care, will, upon enrollment in a LIHP, be required to receive their outpatient medical care, pharmaceuticals, and mental health services from providers within their county LIHP network. All other remaining services not covered by the local LIHP could continue to be provided through Ryan White Act programs, where available. Beginning January 1, 2014, these low-income persons diagnosed with HIV will be served through a combination of Medi-Cal (Medicaid expansion) or California Health Benefits Exchange, and Ryan White Act programs.

Proposed Amendments to the STCs

The State requests the following changes to the STCs:


- STC paragraph 103, “Reporting Expenditures under the Demonstration,” subparagraph b: add new subparagraphs for the HIV Transition Projects, and make corresponding changes to the paragraph.

These changes are noted in the enclosed document, “DSRIP HIV Transition Amendment June 22, 2012.”

Waiver Authority

The existing waiver authority for freedom of choice, statewideness, and comparability encompasses the proposed amendment. To the extent necessary, the State requests that this authority to operate these waivers continue for the DSRIP Category 5 HIV Transition Projects.

Expenditure Authority

The State requests that the Expenditure Authority of the Waiver be changed to identify the specific period of time when the DSRIP Category 5 HIV Transition Projects will be effective. The proposed change is noted in the enclosed document titled, “DSRIP HIV Transition Amendment Expenditure Authority June 21, 2012.”
Public Notice

Pursuant to a State Plan Amendment approved June 15, 2012, tribal notice or consultation on waiver amendments is not required if it is determined that the proposal will have no impact on Indian health programs. The State has determined that this amendment does not directly impact Indian health programs.

As required by STC paragraph 7 and 59 Fed. Reg. 49249 (September 27, 1994), the DSRIP HIV Transition Projects proposal has been shared publicly, as follows:

- During June 1 - September 9, 2011, the draft concept for the proposal was developed in collaboration with HIV/AIDS stakeholders and with representatives from the local Low Income Health Programs.

- On September 12, 2011, the Department of Health Care Services (DHCS) provided copies of the proposal submitted to CMS, HIV/AIDS stakeholders, local LIHPs, and key CA legislative staff.

- On November 3, 2011, and April 23, 2012, the proposal was discussed at the DHCS Stakeholder Advisory Committee (SAC) meeting in Sacramento, CA which was open to the public and allowed for public comment. The presentation by State staff and a summary of the meeting are posted on the DHCS SAC website and are accessible through the following links:
  

- On December 14, 2011, and February 17, 2012, DHCS, in collaboration with the California Department of Public Health, conducted briefings to key legislative staff regarding the status of the transition of eligible Ryan White Act clients to the local LIHPs, and provided the proposal for discussion and feedback during the briefings.

- The proposal was discussed at CA Budget Hearings on March 8, 2012, and March 26, 2012, which were open to the public and allowed for public testimony.

- On March 14, 2012, the California Health and Human Services Agency provided the proposal to congressional staff in the offices of U.S. Senator Barbara Boxer, and
U.S. House of Representatives Nancy Pelosi, and Howard Waxman, and briefed them on the purpose of the proposal.

- Beginning March 20, 2012, DHCS provided updates on the proposal and addressed questions and concerns regarding the proposal in the weekly Ryan White/LIHP transition advocate calls, in collaboration with CDPH, with participants from the California Conference of Local AIDS Directors, the California Association of Public Hospitals & Health Systems, and local LIHP administrators, and in monthly calls with Ryan White Part B AIDS Directors, Project Coordinators, AIDS Drug Assistance Program Coordinators, and local LIHP administrators.

- On April 25, 2012, the proposal was distributed to key HIV/AIDS stakeholders for discussion and feedback.

- The proposal is included in the Governor's May revision of the 2012-13 Budget under the California Health and Human Services Agency, which is available for public consumption on the CA Department of Finance website. [http://www.ebudget.ca.gov/pdf/Revised/BudgetSummary/HealthandHumanServices.pdf](http://www.ebudget.ca.gov/pdf/Revised/BudgetSummary/HealthandHumanServices.pdf)

- On June 19, 2012, DHCS and CDPH convened a teleconference with HRSA and CMS officials, HIV advocate groups, representatives from local LIHPs and local Ryan White programs, and CA legislative staff, to discuss the status of the transition of eligible Ryan White Care Act clients to the local LIHPs.

**Analysis of Budget Neutrality**

The total computable amount of $110 million in DSRIP Category 5 HIV Transition Projects payments will be available for State Fiscal Year 2012-2013, and the total computable amount of $55 million in DSRIP Category 5 HIV Transition Projects payments will be available for the subsequent six-month period, July 1, 2013 – December 31, 2013. The total available payments will be consistent with the Waiver budget neutrality limit. The revised budget neutrality was previously submitted to CMS.

**CHIP Allotment Neutrality Worksheet**

No revisions to the CHIP Allotment Neutrality Worksheet are necessary since the proposed changes do not affect children.
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Evaluation Design

The requested amendment will not require any modification to the evaluation design for the Demonstration.

Thank you for your assistance. We are happy to assist you and your staff in any way as you review the changes proposed. Please contact Jalynne Callori, Chief, Low Income Health Program Division at Jalynne.Callori@dhcs.ca.gov, if you have any questions regarding this request.

Sincerely,

Toby Douglas
Director

Enclosures:
DSRIP HIV Transition STCs
DSRIP HIV Transition Expenditure Authority

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