



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



EDMUND G. BROWN JR.
GOVERNOR

November 10, 2016

Mr. Eliot Fishman, Director
Division of State Demonstrations Group
Centers for Medicare and Medicaid Services
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Ms. Sandra E. Phelps, MSN, RN
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Ms. Henrietta Sam-Louie
Associate Regional Administrator
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Mr. Fishman, Ms. Phelps, and Ms. Sam-Louie:

**CALIFORNIA MEDI-CAL 2020 DEMONSTRATION (NO. 11-W-00193/9)
AMENDMENT: ADD ACA SECTION 2703 HEALTH HOMES PROGRAM TO THE
MEDI-CAL MANAGED CARE PROGRAM**

The State of California proposes to amend the Special Terms and Conditions (STCs) of Waiver 11-W-00193/9, California Section 1115 "Medi-Cal 2020" Demonstration (Demonstration Waiver), pursuant to STC paragraph 7.

This proposed amendment would allow a freedom of choice waiver to provide Health Home Program (HHP) services through the Medi-Cal managed care delivery system to members enrolled in managed care. The State is requesting that this Demonstration Waiver amendment have an effective date of March 1, 2017, and is prepared to work

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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. The March 1, 2017, effective date will allow California to complete preparations for implementation of the first phase of HHP implementation on July 1, 2017.

Background

Department of Health Care Services (DHCS) will move forward with California's HHP State Plan Amendment (SPA) 16-007 as well as a companion 1115 amendment for a freedom of choice waiver to implement the HHP. HHP implementation is currently planned in 29 counties. Additional counties may be added at a later date. The first 11 counties are scheduled to begin implementation on July 1, 2017, and the remaining 18 counties will implement over the following 18 months.

The program assigns care managers, such as nurses or other trained professionals, to help members find the right health care or other services in their communities. HHP services include:

- Comprehensive care management;
- Care coordination;
- Health promotion;
- Comprehensive transitional care;
- Individual and family support; and
- Referral to community and social supports.

Impact on Beneficiaries

HHP services will be provided through the Medi-Cal managed care delivery system to members enrolled in managed care. Fee-For-Service (FFS) members who meet HHP eligibility criteria may choose to enroll in a Medi-Cal Managed Care Plan (MCP) to receive HHP services as well as all other state plan services that are provided through MCPs. HHP services will not be provided through a FFS delivery system.

Waiver Authority

DHCS believes the existing waivers of freedom of choice, statewide, 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.

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Expenditure Authority

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

Public Notice and Tribal Notice

As required by STC Paragraph 8 and STC Paragraph 14, DHCS conducted Public Notice and Tribal Notice through the following means:

Public Notice and Processing:

On September 26, 2016, DHCS provided public notice for this proposed amendment through a notice emailed to the DHCS General Stakeholder list, which includes approximately 4,500 individuals who have joined the list to receive significant Medi-Cal updates. (See attachment.)

Tribal Notice:

On September 20, 2016, DHCS issued a notice to all Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations regarding this proposed amendment in accordance with California's State Plan requirements for Tribal notice of Medi-Cal program proposed changes (35 days prior to submission of this amendment request to CMS). See attachment or web link below:

http://www.dhcs.ca.gov/services/rural/Documents/1115MC2020WaivAmend_92016.pdf

On November 30, 2016, DHCS will present on this proposed amendment at the "Medi-Cal Tribal and Designee Quarterly Webinar Regarding Proposed Changes to the Medi-Cal Program."

Budget Neutrality

The State estimates that the cost of providing this service to the HHP eligible population will be approximately \$65.00 per member per month in fiscal year 2017/18 through fiscal year 2019/20. Please note that the HHP rates and enrollment projections reflected in these revisions are still under development. Once finalized, DHCS will account for budget neutrality using actual HHP costs and enrollment figures for both the "With Waiver" and the "Without Waiver" budget neutrality calculations (HHP costs are not currently included in the "Without Waiver" calculation). Actual HHP costs will be added to both sides of the budget neutrality calculation, and therefore the waiver amendment will have no impact on either costs or savings.

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Evaluation Design

This proposed Demonstration amendment will not impact the Waiver Whole Person Care evaluation design as stated in STC 123. The HHP will be evaluated by DHCS, but HHP evaluation requirements are not included under the Medi-Cal 2020 Demonstration STC requirements.

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 amendment. If you have any questions, please contact Sarah Brooks, Deputy Director of Health Care Delivery Systems, at sarah.brooks@dhcs.ca.gov.

Sincerely,



Mari Cantwell
Chief Deputy Director
Health Care Programs

Enclosures