



## MEDICAID SECTION 1115 WAIVER: CALIFORNIA BRIDGE TO REFORM DEMONSTRATION

### COVERAGE EXPANSION

The waiver builds on the existing Coverage Initiatives (CIs) and allows all counties to participate.

In 2005, the waiver included \$180 million a year for three years to create health Coverage Initiatives (CIs). This funding was included in the Safety Net Care Pool. Ten counties created these programs, including Alameda, Contra Costa, Kern, Los Angeles, Orange, San Diego, San Francisco, San Mateo, Santa Clara, and Ventura. The counties provide the match to draw down the federal funds using CPEs. The 10 programs have expanded coverage to more than 100,000 adults with incomes up to 200 percent FPL.

The new waiver provides \$180 million per year for Demonstration Years 6, 7, and 8 and \$90 million for Demonstration Year 9 to continue these projects for persons with incomes between 134-200 percent FPL. However, it is unclear whether counties will be able to access this funding to expand coverage for this patient population, due to requirements for the coverage expansion described below. Enrollees currently in existing CIs who have incomes between 134-200 percent FPL are anticipated to be grandfathered into coverage. For any funding not used for grandfathered enrollees or programs covering persons between 134-200 percent, it may be possible for the \$180 million to be rolled over to the SNCP for uncompensated uninsured costs or to increase the Delivery System Reform Incentive Pool, subject to CMS approval.

Please recall that AB 342, California's waiver implementing legislation that was passed in October 2010, renames the coverage initiatives the Coverage Expansion and Enrollment Demonstration (CEED) Projects, and this appears to be the term that the state will continue to use. However, the waiver as negotiated with CMS uses the following nomenclature:

**Low Income Health Program (LIHP).** This is the umbrella title for what is now a two-component program:

- **Medicaid Coverage Expansion (MCE).** Covers adults between 19 and 64 years of age with family incomes at or below 133 percent FPL. This program is considered early expansion of Medicaid for childless adults, which will start in 2014 with 100 percent federal funds for three years. Because of this early Medicaid expansion, federal funds will be uncapped (not part of the \$10 billion in total waiver funds) and program capacity will be contingent upon the availability of county matching funds. MCEs will also be subject to all Medicaid rules, except those explicitly waived through the terms and conditions.
- **Health Care Coverage Initiative (HCCI).** Covers adults between 19 and 64 years of age with family incomes between 134-200 percent FPL. Federal funds for the HCCI are capped at

\$180 million per year and included in the SNCP. Benefit requirements for the HCCI population are less than those for the MCE.

## Eligibility

**Terms and Conditions.** Each participating county must provide to the state (to be forwarded to CMS): (1) the actual upper income limit elected by the county for their MCE and HCCI program; (2) the projected enrollment under each program; and (3) the projected expenditure for each program, as well as any county-specific eligibility standards or methodologies used. Counties may make adjustments to income levels and establish enrollment caps and wait lists if, based on advance budget projections made by the county, funding will not be sufficient. However, counties may not serve the HCCI population if they have any eligibility restrictions on the MCE population (except for grandfathered current enrollees of HCCIs).

**State Law.** Sets eligibility at 0-133 percent of the federal poverty level, and allows the option to expand coverage to 134-200 percent of the federal poverty level if federal funds are available. The CEED project is not an entitlement. CEED projects will have the option to set eligibility levels. CEED projects may limit enrollment, to the extent the federal government allows it. If a project opts to change eligibility levels after projects begins, the county board of supervisors and the state must approve the change.

AB 342 also requires standardized eligibility and enrollment procedures that interface with Medi-Cal processes according to milestones to be developed in consultation with county representatives.

## Maintenance of Effort (MOE)

**Terms and Conditions.** The state must demonstrate that non-federal (i.e. county) expenditures for the LIHP is equal to or exceeds FY 2006 county expenditure levels for their Medically Indigent Adult (MIA) programs.

## Due Process

**Terms and Conditions.** The state must develop and implement standards and procedures for hearings and appeals for LIHP applicants and recipients.

## Benefit Package

**Terms and Conditions.** The waiver establishes baseline minimum packages for the MCE and HCCI populations:

<b>MCE Core Benefits</b>	<b>HCCI Core Benefits</b>
Medical equipment and supplies	Medical equipment and supplies
Emergency Care Services (including transportation)	Emergency Care Services
Acute Inpatient Hospital Services	Acute Inpatient Hospital Services
Laboratory Services	Laboratory Services
Outpatient Hospital Services	Outpatient Hospital Services
Physical Therapy	Physical Therapy
Physician services, including specialty care	Physician services
Prescription and limited non-prescription medications	Prescription and limited non-prescription medications
Prosthetic and orthotic appliances and devices	Prosthetic and orthotic appliances and devices
Radiology	Radiology
Mental Health Benefits, including <ul style="list-style-type: none"> <li>▪ Up to 10 days per year of acute inpatient hospitalization in an acute care hospital, psychiatric hospital or psychiatric health facility;</li> <li>▪ Psychiatric pharmaceuticals;</li> <li>▪ Up to 12 outpatient encounters per year.</li> </ul>	
Prior-authorized Non-Emergency Medical Transportation	
Podiatry	

Mental health services may be provided through a carve-out. Counties may receive matching federal funds for additional Medicaid-eligible services beyond those defined in the waiver, subject to approval of CMS. In addition, organ transplants, bariatric surgery and infertility-related services are explicitly excluded benefits.

**State Law.** Requires a scheduled package of services required under the terms and conditions.

### **Medical Homes**

**State Law.** Enrollees must be assigned to a medical home (as defined in AB 342).

### **Delivery Systems/Network Adequacy**

**Terms and Conditions.** CMS considers LIHP delivery systems with a closed network of providers to be a managed care delivery system, and, therefore, must meet network adequacy and timely access standards. The state will establish alternative access standards for rural areas. Office

hours are to be the same as for Medi-Cal as for other patients, including 24 hours a day, seven days a week when medically necessary.

**State Law.** AB 342 requires a provider network and service delivery system that seeks to promote the “viability of the existing safety net health care system that serves the population to be covered by the CEED project.”

#### Federally Qualified Health Centers (FQHCs)

**Terms and Conditions.** The waiver requires that LIHPs reimburse FQHCs at their Prospective Payment System (PPS) rates. Additionally, a LIHP must contract with or provide services through at least one FQHC.

#### Out-of-Network Emergency Coverage

**Terms and Conditions.** All LIHP programs must provide coverage for out-of-network emergency and post-stabilization care services. LIHP programs may pay out-of-network providers at 30 percent of applicable regulatory fee-for-service rates. Out-of-network providers must accept these rates as payment in full.

#### Prisoner/County Jail Inmate Coverage

**State Law.** AB 1628 (Chapter 729, Statutes of 2010) authorizes DHCS the option to require a county that submits an application for a CEED project to agree to include state prison inmates in their CEED project for inpatient hospital services. Essentially, prison inmates who leave the grounds of the prison for an inpatient stay at a community hospital would become eligible for Medi-Cal or a CEED project. The CEED project would be compensated by the Department of Corrections and Rehabilitation (CDCR) for these costs. The intent is that there will be no net increase in county expenditures; CDCR and federal funds would cover the county cost, including administrative costs. Eligibility would be based on the county of last legal residence prior to arrest.

In addition, counties will be able to seek federal reimbursement for the care of adult inmates incarcerated in county correctional facilities for expenditures incurred for inpatient services in community hospitals if the county determines the inmates to be eligible for Medi-Cal or the local CEED projects. Counties that choose this option will remain responsible for the non-federal share of the costs to serve county inmates eligible for Medi-Cal or CEED projects. In order to get the jail inmate benefit, the county must agree to include the state prison population in its CEED project.

#### Financing

CEED projects can be funded through an actuarially-based rate or through Certified Public Expenditures (CPEs), as done in the current CIs. CEED project funding will be based on funding

voluntarily provided by the participating entity, subject to any limitations imposed by the terms and conditions. Federal financial participation will be available for administrative activities.

## Timelines

**Terms and Conditions.** By January 1, 2011, the state must tell CMS which current CIs are going to continue their programs. The terms and conditions do not specify when new counties can initiate LIHP programs.

**State Law.** Allows existing coverage initiatives to remain in effect until the CEED project is in effect, but for no more than 180 days after DHCS provides notice to applicants of CEED projects.

Authorizes CEED projects to begin providing services on March 1, 2011 or 180 days after federal approval of the wavier, whichever occurs later. Counties or a consortium of counties can submit applications for a CEED project. The Department of Health Care Services must notify counties of the project requirements by January 1, 2011 or 60 days after federal approval, whichever is later. DHCS will have 60 days after it receives a project application to deny or approve the application. The legislation sets up an appeals process for applications that are denied.

## State Administrative Costs

**State Law.** AB 342 requires that participating counties must reimburse the state for the non-federal share of state staffing or administrative costs.