



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



EDMUND G. BROWN JR.  
GOVERNOR

October 30, 2012

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RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) Amendment  
Children's Health Insurance Program Transition to Medicaid Program

Dear Ms. Gamer, Ms. Gibson, 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 Bridge to Reform Demonstration," pursuant to STC paragraph 7. The proposed amendments enable the transition of California's Children's Health Insurance Program, the Healthy Families Program (HFP) subscribers to California's Medicaid Program (Medi-Cal) commencing no sooner than January 1, 2013, and upon implementation of the transition, ceases any new enrollments into HFP and begins the coverage of newly eligible children under Medi-Cal.

The attached STC suggests new language under applicable section headings. The revisions for Expenditure Authority are on the current Expenditure Authority document. The Department of Health Care Services (DHCS) requests the Centers for Medicare and Medicaid Services (CMS) act on the amendments as quickly as possible to provide the federal approval to execute the transition of HFP subscribers to Medi-Cal with an effective date of January 1, 2013. The state is prepared to work diligently to respond to any questions or provide any information CMS may need in order to secure prompt approval of this amendment. DHCS will concurrently be sharing this information with our stakeholders and will offer them the opportunity to provide written comments and to meet and discuss the suggested amendments.

### **Background**

California Assembly Bill (AB) 1494, Chapter 28, Statutes of 2012, provides for the transition of HFP subscribers to Medi-Cal commencing no sooner than January 1, 2013, and upon implementation of the transition, ceases all new enrollments into HFP and begins the coverage and enrollment of these children under Medi-Cal. HFP, administered by the Managed Risk Medical Insurance Board (MRMIB), currently serves over 863,000 children with health, dental, and vision coverage.

Children enrolled in HFP will be transitioned into Medi-Cal's Targeted Low-Income Children's (TUC) Program, administered by the DHCS, where they will continue to receive health, dental, and vision benefits. TUC covers children with family incomes up to and including 200 percent of the federal poverty level (FPL). The state will use less restrictive income and resource methodologies to exempt all resources and disregard income at or above 200 percent up to and including 250 percent of the FPL for eligible children in TUC.

HFP subscribers will transition to Medi-Cal in the following phases:

Phase 1, Part A: No sooner than January 1, 2013, children enrolled in a HFP health plan, which is also a Medi-Cal managed care health plan in their county of residence, will be enrolled in the same plan.

Phase 1, Part B: No sooner than March 1, 2013, remaining children enrolled in a HFP health plan, which is also a Medi-Cal managed care health plan in their county of residence, will be enrolled in the same plan.

Phase 2: No sooner than April 1, 2013, children enrolled in a HFP health plan, which is also a subcontractor of a Medi-Cal managed health care plan in their county of residence, to the extent possible, will be enrolled into a Medi-Cal managed care health plan that includes the child's current plan.

Phase 3: No sooner than August 1, 2013, children enrolled in a HFP health plan, which is not a Medi-Cal managed care health plan and does not contract or subcontract with a Medi-Cal managed care health plan, will be enrolled in a Medi-Cal managed care health plan in their county of residence. The child's primary care provider (PCP) will be considered pursuant to state statutory authority.

Phase 4: No sooner than September 1, 2013, children residing in a county, which is not currently a Medi-Cal managed care county, will be transitioned into the Medi-Cal fee-for-service delivery system. To the extent DHCS is successful in its efforts to create managed care delivery systems in these counties, children shall be enrolled into the managed care health plans.

Families seeking coverage for children eligible as a new TLIC, effective upon implementation of the transition or no sooner than January 1, 2013, will be enrolled under Medi-Cal.

#### **Waiver Authority**

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

#### **Expenditure Authority**

The proposed waiver amendment will impact the existing expenditure authority. The state has included proposed amendments to the expenditure authority document.

#### **Public Notice**

As required by STC Paragraph 7, and 59 Fed. Reg. 49249 (Sept. 27, 1994), the proposed amendment has been shared publically as follows:

Public state budget processes.

- DHCS' HFP Transition website displays documents as it relates to the transition in draft and final versions; in addition, all comments from stakeholders on the documents are also posted on the website.  
<http://www.dhcs.ca.gov/services/Pages/HealthyFamiliesTransition.aspx>
- Webinars were held on August 21, 2012, September 13, 2012, October 23, 2012, and will be held on December 7, 2012; stakeholders are invited to participate in person or over the Internet; webinars are recorded and posted on the HFP transition website afterward.

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- Reoccurring conference calls are held with various stakeholder groups to discuss different aspects of the transition such as cost sharing, communication and notices to families, policy discussions, provider capacity, technical discussions with vendors, and continuity of care for dental services.
- Email communications with stakeholder to share items such as: draft documents, final documents, upcoming webinars, meetings, conference calls schedules, and other updates.

### **Tribal Notice**

The state distributed a notification to tribal organizations on August 24, 2012, and presented at the quarterly tribal webinar on August 29, 2012. The state presented information on the transition of HFP to Medi-Cal and amendments to the State Plan and "Bridge to Reform" Section 1115 Waiver. The State received questions regarding the transition process and cost sharing protection for American Indian or Alaska Native. The tribal notice along with the questions and DHCS responses are posted on the DHCS Indian Health Program's website at [http://www.dhcs.ca.gov/services/rural/Pages/Tribal\\_Notifications.aspx](http://www.dhcs.ca.gov/services/rural/Pages/Tribal_Notifications.aspx).

### **Analysis of Budget Neutrality**

Budget neutrality is not affected per conference call between the state and CMS on October 12, 2012. CMS please confirm.

### **CHIP Allotment Neutrality Worksheet**

CMS will complete the allotment neutrality per conference call between the state and CMS on October 12, 2012.

### **Evaluation Design**

The following criteria will be used as the standard for the network adequacy analysis:

- Knox Keene Act (KKA) pursuant to Health and Safety Code section 1380 full-service standards: 15 mi/30min, 1:2000 Primary Care Provider (PCP) ratio, 1:1200 physician ratio, access to specialists, timely access to care.
- KKA dental plan standards: 1:2000 Primary Care Dentist ratio.
- DHCS contract requirements: 10 mi/30 min. Physician extender ratios: no more than 1000 members assigned to a non-physician extender, one supervision physician to four nurse practitioners, one supervising physician to two physician assistants, and one supervising physician to three nurse midwives.

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The Medi-Cal dental provider adequacy standard is based on the KKA standard of a 1:2000 ratio as an initial assessment for provider adequacy for timely access to quality dental care. DHCS will ensure enrollees affected by the HFP transition are assisted and protected under California's strong patient rights laws. DHCS will enforce all KKA provisions related to the completion of covered services (section 1373.96).

After all phases of the transition are complete, the Department of Managed Health Care and DHCS will collectively do the following to monitor performance :

- Monitor networks on a quarterly basis to evaluate accessibility and availability of providers.
- Conduct medical surveys of all licensed health plans once every three years to assess availability of services in compliance with language assistance regulations.
- Conduct plan surveys once every three years to evaluate compliance with KKA provisions related to health care operations.
- Conduct plan member rights monitoring reviews every two years and medical audits annually to monitor all aspects of contractors operation for compliance with contract provisions and federal and state laws and regulations.

Thank you for your assistance. DHCS is available to assist you and your staff on reviewing the proposed amendments. If you have any questions, please contact: Rene Mollow, MSN, RN, Deputy Director, Health Care Benefits and Eligibility at (916) 440-7800 or by email at [rene.mollow@dhcs.ca.gov](mailto:rene.mollow@dhcs.ca.gov).

Sincerely,

/Toby Douglas/

Toby Douglas  
Director

**Enclosures**