



TOBY DOUGLAS  
Director

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



EDMUND G. BROWN JR.  
Governor

DATE:

**Mr. Robert Nelb**

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**Ms. Angela Garner**

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**RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) Amendment  
Medi-Cal Managed Care Rural County Expansion**

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

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

This amendment would allow the Department of Health Care Services (DHCS) to expand Medi-Cal managed care to beneficiaries currently receiving Medi-Cal services on a Fee-For-Service (FFS) basis in 28 rural California counties (listed below).

The State is requesting that this Demonstration Waiver amendment have an effective date of September 1, 2013 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**

Pursuant to Assembly Bill 1467 (Chapter 23, Statutes 2012), the 2012-13 State budget authorized the expansion of Medi-Cal managed care to Medi-Cal beneficiaries residing in 28 rural California counties. Currently beneficiaries in these counties are receiving Medi-Cal on a FFS basis. On September 1, 2013, approximately 470,000 Medi-Cal beneficiaries will make the transition from FFS to Medi-Cal managed care in these rural counties.

The 28 Medi-Cal managed care rural expansion counties are Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Lake, Lassen, Mariposa, Modoc, Nevada, Mono, Placer, Plumas, San Benito, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba.

Previous legislation enacted in 2005, authorized expansion of Medi-Cal managed care into 13 counties. The counties of San Benito and Lake were part of this previous expansion effort. These counties to date still remain FFS counties. As a result, these counties are now part of the 28 rural county expansion effort.

In March 2012, DHCS issued a Request for Information to solicit health plan interest in providing health care services to Medi-Cal beneficiaries in the remaining rural FFS counties. In November 2012, a Request for Application (RFA) was issued inviting interested health plans to submit formal applications to DHCS. Health plans that submitted applications were required, among other things, to have previous experience serving Medicaid beneficiaries, including diverse populations, experience partnering with public and traditional safety net health care providers, and experience working with local stakeholders, including consumers, providers, advocates, and county officials on health plan oversight and in the delivery of care. Health plans were required to show recent successful experience with the expansion of managed care into a rural area.

On February 27, 2013, DHCS issued a RFA bulletin announcing the exclusion of the seven (7) counties of Del Norte, Humboldt, Lassen, Modoc, Shasta, Siskiyou, and Trinity from the RFA. These will become County Organized Health System (COHS) counties. As previously decided during the 13 county expansion, Lake will also become a COHS county. On February 27, 2013, DHCS issued a notice of Intent to Award, stating that the eighteen (18) counties of Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, and Yuba were awarded to Anthem Blue Cross of California and California

Health and Wellness Plan. These counties will operate as a Regional Model following the enrollment process and mandatory populations rules of the Geographic Managed Care (GMC) Model. Additionally, DHCS will contract with Kaiser Foundation Health Plan in three (3) of these counties (Amador, El Dorado, and Placer) to assure continued access to care.

DHCS, in collaboration with the Imperial County Public Health Department and consultants working with Imperial County, participated in a community meeting for stakeholders that was publically noticed in Imperial County on December 6, 2012. The purpose of this meeting was to discuss the managed care model options with stakeholders and to answer questions and obtain information about the geography of Imperial County and its effect on access to services. Imperial County selected a plan model and DHCS has approved their operation as a single plan model, using GMC enrollment and mandatory population rules.

San Benito County, originally planned as a COHS Model, will instead operate as a single plan model, similar to Imperial.

***Waiver Authority***

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

***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 7 and STC Paragraph 14, DHCS conducted Public Notice and Tribal Notice on the Demonstration Waiver amendment as follows:

Public Notice and processing:

- Stakeholder meetings. Meeting agendas and summaries are available on DHCS's Medi-Cal Managed Care Rural Expansion website at: <http://www.dhcs.ca.gov/provgovpart/Pages/MMCDRuralExpansion.aspx>.
- Webinars. Stakeholders are invited to participate in person or over the internet. Webinars are recorded and posted on DHCS's website (see link above).
- Public budget hearings in 2012 and 2013, as well as inclusion in the state budget in these years.

Tribal Notice:

- On February 22, 2013, DHCS issued a tribal notice regarding this Demonstration Waiver amendment and the Medi-Cal managed care rural county expansion.
- On March 7, 2013, DHCS conducted a presentation on this Demonstration Waiver amendment and the Medi-Cal managed care rural county expansion at the annual Tribal and Designees Advisory meeting/training.

***Budget Neutrality***

DHCS is in the process of compiling five-year historical FFS data by Medicaid Eligibility Groups (MEGs) in the expansion counties: Seniors and Persons with Disabilities (SPDs), Adult/Families, and beneficiaries who are eligible for both Medi-Cal and Medicare (Duals). Per Member Per Month (PMPM) and member months will be developed for the eight COHS expansion counties and the 20 non-COHS counties.

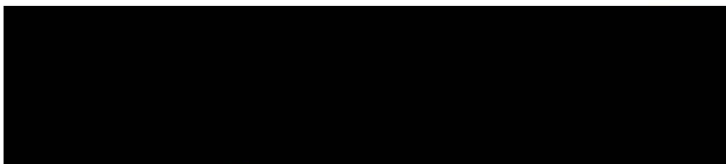
DHCS will work in collaboration with CMS on a phased-in approach to enrollment in the expansion counties. In the COHS counties, it is anticipated that the Adult/Family, SPDs, and Duals MEGs will be mandatorily enrolled. In non-COHS counties it is anticipated that Adult/Family and SPDs will be mandatorily enrolled and Duals may enroll voluntarily.

A total of six (6) new rows for the SPDs, Adults/Families, and Duals MEGs for the COHS expansion counties and the non-COHS counties will be added to both the "With Waiver" and "Without Waiver" side of the Waiver Budget Neutrality worksheet (Attachment K) to account for the expansion.

***Evaluation Design***

DHCS will collect data and information on the Medi-Cal managed care rural county expansion in order to monitor, measure and report on this expansion.

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



Toby Douglas  
Director