



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

June 13, 2014

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**RE: California "Bridge to Reform" Demonstration (Waiver No. 11-W-00193/9)
Amendment Request for Community-Based Adult Services (CBAS)**

Dear Mr. Boben, Ms. Garner, and Dr. 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 paragraphs 98 through 101, relating to Community-Based Adult Services (CBAS). This amendment will assure continuation of the services being received by approximately 28,000 current CBAS recipients.

California is fully committed to the ideals of health care reform and continuing CBAS as a managed care benefit beyond August 31, 2014. This amendment would allow for a seamless transition of CBAS to continue beyond the initial Waiver implementation and transitional phase from Adult Day Health Care that was effective on April 1, 2012.

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The State is requesting that this Demonstration Waiver amendment be approved prior to the end of the current CBAS STCs, to allow for ongoing services that begin on September 1, 2014. DHCS is prepared to collaborate in the coming months with the Centers for Medicare and Medicaid Services (CMS) in order to secure prompt approval of this amendment.

BACKGROUND

The CBAS program was developed when the Adult Day Health Care (ADHC) program was being eliminated from the Medi-Cal program as an Optional State Plan benefit under Assembly Bill 97 (Chapter 3, Statutes of 2011). A class action lawsuit, *Esther Darling, et al. v. Toby Douglas, et al.*, (Case No. C-09-0798-SBA) challenged the elimination, and a Settlement Agreement was reached in March 2012. The ADHC benefit being eliminated under the Medi-Cal program was replaced with a new CBAS program and CMS granted authority for the amendment as part of the BTR Waiver beginning April 1, 2012 through August 31, 2014 (which is also the end date of the Settlement Agreement).

The Waiver amendment included CBAS as a managed care benefit with transitional services for moving participants from ADHC services to a higher level of medical eligibility criteria in the CBAS program. Transitional services were also approved for enhanced case management for those participants that did not meet the medical eligibility for CBAS, but needed assistance with community connections, socialization services, and/or care management.

During this Waiver period, the CBAS program has rolled out as a viable managed care benefit. This was a three-phase transition consisted of Phase 1 (in July 1, 2012), with approximately 10 percent of CBAS recipients participating into a County Organized Health System (COHS) managed care county; then, Phase 2 (in December 1, 2012) with approximately 90 percent of the CBAS eligible population transitioned to the Geographic Managed Care (GMC) plan or the Two-Plan Model counties. Phase-three occurred in 2014, with the 28 remaining Rural counties transition to managed care with CBAS as a benefit in four of those counties.

Given the medical eligibility criteria and available services and supports to this vulnerable population, the State is seeking to continue CBAS in the BTR Waiver as an ongoing managed care benefit beyond the August 2014 end date. CBAS has matured into a functional and key part of the Coordinated Care Initiative (CCI) and Managed Long-Term Services and Supports (MLTSS), with CBAS benefits continuing to be offered as a managed care benefit under the BTR Waiver.

IMPACT TO SERVICES

Eliminated:

- Enhanced Case Management due it being transitional services for ADHC to CBAS, as part of the Settlement Agreement. Participants that did not qualify for CBAS at the time of the transition from ADHC, or any time after that, were able to receive case management for connecting to other viable community services in their local area.
- Unbundled Services as these services are available as part of the Managed Care plan's oversight of their participants. Services are coordinated if CBAS is not an option due to a site closure, assisting individuals either with getting into another Center or providing the needed services and care under their managed care benefits.

WAIVER AUTHORITY

DHCS believes the existing waiver of freedom of choice, statewideness, and comparability encompasses this proposed Demonstration Waiver amendment. To the extent necessary, DHCS requests that its authority to operate under this waiver extends to the amendments contained in this request.

EXPENDITURE AUTHORITY

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

BUDGET NEUTRALITY

Budget Neutrality for CBAS remains consistent with the 1115 Demonstration Waiver.

PUBLIC NOTICE AND TRIBAL NOTICE

As required by STC Paragraph 7 and STC Paragraph 14, Tribal Notice on the Demonstration Waiver amendment took place as follows:

- DHCS' Primary, Rural, and Indian Health Division submitted a request to CMS and received approval on March 27, 2014, for no Tribal Notice.

DHCS provided, and continues to provide, Public Notice and input through the following:

- Stakeholder Meetings beginning in October 2013, including Stakeholder Workgroup meetings, through April 2014. Meetings conducted were in-person meetings, webinars, and teleconferences. All information and PowerPoints have been posted on the CDA website, available at:
www.aging.ca.gov/ProgramsProviders/ADHC-CBAS/Stakeholder_Process/

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- A two-week Public Comment period was available for comments on the draft STCs and SOPs from April 24 through May 8, 2014. A summary of comments is also posted on the CDA website at the above link.
- June 10, 2014, a webinar review of updates made from Public Comment period was presented, with a public posting of all submitted Amendment draft documents available after being submitted to CMS.

Thank you for your assistance and continued support of California's commitment to improving health care delivery and innovation. DHCS is happy to assist CMS in any way as the proposed CBAS Demonstration Waiver amendment is reviewed. If you have any questions, please contact: Danielle Stumpf, at (916) 440-7400.

Sincerely,

/s/

Toby Douglas
Director

Enclosures:

- Special Terms and Conditions language
- Standards of Participation language

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