



TOBY DOUGLAS
DIRECTOR APR 26 2013

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



EDMUND G. BROWN JR.
GOVERNOR

Ms. Gloria Nagle, PhD, M.P.A.
Associate Regional Administrator
Division of Medicaid & Children's Health Operations
Centers for Medicare and Medicaid Services, Region IX
90 7th Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Ms. Nagle: [REDACTED]

The State of California proposes to amend the Special Terms and Conditions (STC) of Waiver 11-W-00193/9, "California Bridge to Reform Demonstration," pursuant to STC paragraph 7. This proposed amendment seeks to reallocate funds within the Safety Net Care Pool (SNCP). This amendment also seeks a technical change to the percentage used to account for non-qualified aliens for uniformity throughout the STCs.

Health Care Coverage Initiative (HCCI)

Under the Bridge to Reform Demonstration (BTR), the state may spend up to \$360 million (total computable) in demonstration year (DY) 6 – DY 8 and \$180 million (total computable) in DY 9, on expenditures associated with services for the HCCI population. HCCI programs, which are components of the Low Income Health Program (LIHP), are voluntary local programs that provide benefits for eligible individuals with family incomes above 133 percent through 200 percent of the federal poverty level.

As required by the STCs, the state determined the HCCI allocations for expenditures in each local program in each year of the Demonstration. These allocations were submitted to and approved by the Centers for Medicare & Medicaid Services (CMS). The allocations did not fully expend the \$360 million for DY 6 – DY 8 or the \$180 million in DY 9. This was based on the state's determination and verification with local LIHPs.

The state submitted a prior waiver amendment requesting that the BTR STCs be amended to allow the total computable amounts that would not be expended by the HCCI allocations in DY 6 and DY 7, to be rolled over to the SNCP to be claimed in DY 7 or later DYs if the certified public expenditures were not sufficient to claim the full amount of the SNCP Uncompensated Care limit.

Under this amendment, the state is requesting that the total computable amounts that will not be expended by the HCCI allocations (\$97 million and \$26 million in DY 8 and DY 9 respectively), be rolled over to the SNCP to be claimed in their respective years of

DY 8 and DY 9. If the certified public expenditures are not sufficient to claim the full amount of the SNCP Uncompensated Care limit in their respective years, we are requesting the authority to be carried over to later demonstration years.

Technical Change

The state would like to correct the percentage used to account for non-qualified aliens in Attachment F – Supplement 4. This attachment notes the 17.79 percent that was used in the Medi-Cal/Hospital Uninsured Care Demonstration for DY 1 – DY 5. However in the BTR, the percentage was changed to 13.95. The updated percentage is used throughout the STCs of the BTR, however in Attachment F – Supplement 4, the updated percentage is not reflected. The state would like to amend this percentage to the 13.95 for consistency and uniformity throughout the demonstration.

Waiver Authority

We believe the existing waivers for freedom of choice, statewideness, and comparability can encompass the proposed amendment. To the extent necessary, we ask that our authority to operate under these waivers extend to amendments contained in this request.

Expenditure Authority

The proposed waiver amendment will not impact the existing expenditure authority.

Public Notice

The proposal to rollover the unclaimed funds from HCCI to SNCP was discussed in public hearings conducted by the Department and budget committees in the Assembly and Senate of the California Legislature in 2011. The discussions did not limit the rollovers to specific DYs.

Tribal Notice

HCCI-

The state issued a tribal notice with the prior HCCI rollover amendment, which noted that the state was seeking to redirect the unused HCCI allocation to the SNCP. Because the original tribal notice did not specify the DYs, we believe that this tribal notice is still sufficient for this waiver amendment.

Additionally, the requested reallocation of unused HCCI funds to SNCP will not affect the Indian Health Programs or the Indian Medi-Cal beneficiaries.

Technical Change –

No tribal notice or public notice is necessary for this change.

Analysis of Budget Neutrality

HCCI-

There are no changes to the cumulative year budget neutrality margin for the complete demonstration. However, there will be changes to the “with waiver” expenditures on an annual basis, since we will be rolling unused HCCI funds to SNCP for claiming in later

years. We have amended and included the revised budget neutrality as an attachment in this waiver amendment submission.

Technical Change –

This technical change has no impact on the budget neutrality of the demonstration.

CHIP Allotment Neutrality Worksheet

There is no need for a CHIP Allotment Neutrality Worksheet, as both the reallocation of unused HCCI funds to SNCP and the technical change, will not affect CHIP beneficiaries.

Evaluation Design

The requested amendment will not require any modifications to the evaluation design for the Demonstration Project.

Thank you for your assistance. We are happy to assist you and your staff in any way as you review the changes we are proposing. If you have any questions, please contact: Pilar Williams, Chief of Safety Net Financing Division at: **Pilar.Williams@dhcs.ca.gov**



Toby Douglas
Director

Enclosures:
Revised Special Terms and Conditions
Revised Budget Neutrality

cc's: See Next Page

cc:

Mr. Robert Nelb
Project Officer
Division of State Demonstrations and Waivers
Center for Medicaid and CHIP Services, CMS
7500 Security Boulevard, Mail Stop S2-02-26
Baltimore, MD 21244-1850

Ms. Angela Garner
Deputy Director
Division of State Demonstrations and Waivers
Center for Medicaid and CHIP Services, CMS
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850

Mari Cantwell
Chief Deputy Director, Health Care Programs
Department of Health Care Services
1501 Capitol Avenue
P.O. Box 997413, MS 4000
Sacramento, CA 95899-7413

Pilar Williams
Chief, Safety Net Financing Division
Department of Health Care Services
1501 Capitol Avenue, Suite 71.2112
P.O. Box 997436, MS 4518
Sacramento, CA 95899-7419