



Community Health Councils, Inc.



FACT SHEET:

California's Bridge to Reform:

The Section 1115 Waiver Proposal

November 2010

The Obama Administration approved a 1115 Waiver on November 2nd, 2010 that provides California with approximately \$2 billion annually in federal funding for the next five years to help prepare for health reform. The \$10 billion agreement, negotiated by state and federal officials over the past year, will extend the current county-based Health Care Coverage Initiatives, transition seniors and persons with disabilities into managed care plans, increase support for public hospitals through the Safety Net Care Pool and secure roughly \$500 million in General Fund relief through federal support for state health care and workforce development programs. The new waiver more than doubles existing waiver investments. It includes \$3.3 billion for California's public hospital safety net, \$2.9 billion for additional coverage for low-income individuals and \$3.9 billion for uncompensated care costs. The key elements of the waiver are described below.

Expands the Coverage Initiatives and Medi-Cal

The waiver allows all counties to participate in the county-based Health Care Coverage Initiative (HCCI) that offers benefits for low-income adults currently ineligible for Medi-Cal coverage. In 2014, individuals at or below 133% of the Federal Poverty Level (FPL) will transition into full Medi-Cal coverage and individuals between 134% and 200% FPL will transition into the new California Health Benefit Exchange. The Department of Health Care Services (DHCS) estimates that the new waiver will expand coverage to as many as 500,000 low-income uninsured adults.

Expands the Safety Net Care Pool

The waiver expands the former Safety Net Care Pool (SNCP) to provide additional resources to support both safety net hospitals' uncompensated care costs and other critical state programs that are compensated through the SNCP. The SNCP helps ensure continued government support for the provision of health care to the uninsured by hospitals, clinics and other safety-net providers.

Transitions High-Risk Populations into Managed Care

Under the waiver, up to 400,000 seniors and persons with disabilities (SPD) will be enrolled in managed care plans, with the potential to provide better care coordination and chronic disease management. In later years of the waiver, California will pilot organized care systems for children with special health care needs to improve care coordination, health outcomes and cost effectiveness.

Creates the Delivery System Reform Incentive Pool

The waiver implements a series of investments in the public hospital delivery system through infrastructure improvements and systems innovation and redesign. The waiver establishes a Delivery System Reform Incentive Pool to invest in California's public hospitals that can show simultaneous improvements in health outcomes, patient experience and reduced costs.

Demonstration Years

Each Demonstration Year (DY) of the waiver is 12 months long with the exception of DY 6 at eight months and DY 10 at 16 months. The DY periods are:

- DY 6: November 1, 2010 through June 30, 2011
- DY 7: July 1, 2011 through June 30, 2012
- DY 8: July 1, 2012 through June 30, 2013
- DY 9: July 1, 2013 through June 30, 2014
- DY 10: July 1, 2014 through October 31, 2015

Timeline: Waiver Terms & Conditions

December 2010: The State and CMS must finalize methods for determining an adequate provider network for the SPD population and the State must develop an outreach and education strategy for the SPD population.

January 1, 2011: The State must identify the Counties that intend to offer Medicaid Coverage Expansion (MCE) and HCCI coverage and submit implementation plans to CMS. California must release its outreach, enrollment and education strategy for coverage options. The blueprint for the *Delivery System Reform Incentive Pool* will be developed by the State, CMS and the CA Hospital Association.

February 1, 2011: The State must begin presentations on the 1115 Waiver to community stakeholders and must complete the presentations by May 2011.

March 1, 2011: California must complete network adequacy certifications for counties, ensure that each participating plan has sufficient resources to provide coordinated care for high-risk individuals, and conduct *SPD Sensitivity Trainings with all appropriate plan and State staff*.

April 1, 2011: California must be prepared with a default selection process for SPD patients who do not select a provider. California must demonstrate information technology readiness for data exchange needs and must submit an alternative plan to address potential insufficient provider network issues.

May 1, 2011: California must explain how plans intend to provide continuous care to SPD-patients with existing providers for at least 12 months after enrollment and submit procedures to bring providers into network. For individuals with complex medical conditions, California must specify an exception process to allow for an extended period of care. Lastly, the State must implement a hearing and appeals process for demonstration beneficiaries.

June 1, 2011: The State will implement mandatory enrollment into managed care for all SPDs affected by the Waiver if at least two health plans meet readiness requirements (non-COHS).

July 1, 2011: California must demonstrate that counties meet the Medicaid Coverage Expansion requirements and that expenditures can be claimed.

July 1, 2012: California must submit a plan to transition all individuals enrolled in the Waiver Demonstration into full-scope Medi-Cal or the Exchange in 2014. The State must conduct an assessment on access to care for California Medicaid beneficiaries.

July 15, 2012: The State must submit an analysis of SPD enrollment in managed care.

October 1, 2012: A behavioral health service plan must show how the State plans to coordinate with the Department of Mental Health and Alcohol and Drug Programs.

January 15, 2013: The State must submit an analysis of SPD enrollment in managed care.

July 1, 2013: The process begins for transitioning eligible enrollees from the waiver demonstration to Medi-Cal or the Exchange without need for additional determinations of enrollees' eligibility.

December 31, 2013: Demonstration enrollees transition to full-scope Medi-Cal and California's Insurance Exchange.

With at least 180 days notice: The State may submit a plan to test up to four pilot projects to improve the care of children enrolled in the California Children's Services (CCS) Program, which will be eligible for payments through December 31, 2015.



For more information, contact
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