



## **CALIFORNIA BRIDGE TO REFORM A SECTION 1115 WAIVER FACT SHEET November 2010**

On November 2, 2010, the federal government approved California's five-year, \$10 billion "Bridge to Reform" Section 1115 waiver proposal. Through the Section 1115 waiver, California has seized this moment in the history of health care reform to advance Medi-Cal program changes that will help the state transition to the federal reforms that will take effect in January 2014. Changes under the waiver involve expanding coverage today for those who will become "newly eligible" in 2014 under health care reform, implementing models for more comprehensive and coordinated care for some of California's most vulnerable residents, and testing various strategies to strengthen and transform the state's public hospital health care delivery system to prepare for the additional numbers of people who will have access to health care once health care reform is fully implemented.

### **WHAT DOES THE WAIVER DO FOR CALIFORNIA?**

- California will receive approximately \$10 billion in federal funds to invest in our health delivery system and support the state's preparation for and transition to the requirements of federal health care reform. These investments are also designed to help slow the rate of growth in health care costs within the Medi-Cal program.
  - \$3.3 billion for investments in California's public hospital safety net
  - \$2.9 billion for additional coverage for low-income individuals
  - \$3.9 billion for uncompensated care costs
- **Expands Coverage to More Uninsured Adults:** The waiver increases and expands health care coverage to as many as 500,000 low-income uninsured residents by taking advantage of the Coverage Expansion and Enrollment Demonstration (CEED) offered in the Patient Protection and Affordable Care Act. Eligible adults enrolled in a CEED project will be enrolled in a medical home and receive a core set of services, including inpatient and outpatient services, prescription drugs, mental health, and other medically necessary services.
  - The waiver immediately begins phasing in coverage for "newly eligible" adults 19 to 64 years of age with incomes up to 133 percent of the federal poverty level (FPL), approximately \$14,400 for an individual, who are not otherwise eligible for Medicaid. This coverage will be required for all states effective

- 2014, and California plans to build on its current county-based coverage initiative so that in 2014 enrollees can easily move to the new federally funded program.
- The waiver offers coverage for adults with incomes between 134 and 200 percent of the FPL, which is between \$14,400 and \$21,600 for an individual. The state will build on its county-based coverage initiative to offer benefits to this population, who beginning in 2014 will receive coverage through the health insurance exchange.
  - **Supports Uncompensated Care Costs:** The waiver expands the Safety Net Care Pool (SNCP), that is part of the state's existing waiver, to provide additional resources to support both safety net hospitals' uncompensated care costs and other critical state programs that are paid for through the SNCP.
  - **Improves Care Coordination for Vulnerable Populations:**
    - The waiver authorizes mandatory enrollment of seniors and persons with disabilities into managed care to achieve care coordination, better manage chronic conditions, and improve health outcomes.
      - Phased in enrollment over a 12-month period
      - Requires provider network assessment that includes specialty care access prior to implementation
      - Requires ongoing quarterly network assessment
      - Requires health plans to conduct a health risk assessment within 45 or 105 days based upon the member's health risk
      - Requires specific consumer protections
    - Under the 1115 waiver, DHCS proposes to test up to four health care delivery models for providing organized systems of care to children with special health care needs who are eligible for the California Children's Services program. The proposed pilot models of care are:
      - Enhanced Primary Care Case Management Program
      - Provider-Based Accountable Care Organization
      - Specialty Health Care Plan
      - Medi-Cal Managed Care Health Plan
  - **Promotes Public Hospital Delivery System Transformation:** The waiver implements a series of improvements to public hospital delivery systems to strengthen their infrastructure, prepare them for full implementation of reform and test strategies to slow the rate of growth in health care costs throughout the state.

Within the SNCP, a Delivery System Reform Incentive Pool is established to support the ability of California's public hospitals efforts to enhance the quality of care and health of the patients and families they serve. The process for distribution of these funds will be developed jointly by the state, public hospital

systems, and the federal Centers for Medicare and Medicaid Services. The four areas for which funding is available under the Incentive Pool are:

1. ***Infrastructure Development*** – Investments in technology, tools and human resources that will strengthen the organization's ability to serve its population and continuously improve its services.
2. ***Innovation and Redesign*** – Investments in new and innovative models of care delivery (e.g., medical homes) that have the potential to make significant improvements in patient satisfaction, cost and disease management.
3. ***Population-Focused Improvement*** - Investments in enhancing care delivery for the five to 10 highest burden conditions based upon the impact on beneficiaries or costs.
4. ***Urgent Improvement in Care*** – Broad dissemination of top-level performance on two or three interventions where there is deep evidence that major improvement in care is possible and meaningful for almost all hospital populations, such as those served by California public hospitals.

#### **BILLS SIGNED BY GOVERNOR SCHWARZENEGGER TO IMPLEMENT PROVISIONS OF THE WAIVER**

- **Senate Bill (SB) 208 / Steinberg/Alquist**
  - Improves health care delivery systems and health care outcomes for seniors and person with disabilities and persons dually eligible for both Medicare and Medi-Cal.
  - Establishes pilot programs to unify care management for children with special health care needs currently served under Medi-Cal and the California Children's Services program.
  - Provides the programmatic changes that lay the foundation for the budget neutrality justification for the state to request \$10 billion in federal funds to cover the demonstration projects for five years as proposed in the waiver.
- **Assembly Bill (AB) 342 / John Pérez**
  - Authorizes Coverage Expansion and Enrollment Demonstration projects in counties to provide health care coverage for the Medicaid Expansion Coverage population of uninsured adults aged 19 to 64 with incomes from 0 to 133% of the FPL who are not otherwise eligible for Medicaid.
  - Authorizes the Health Care Coverage Initiative population of uninsured adults 19 to 64 years of age, with incomes from 134 to 200 percent of the FPL and who are not otherwise eligible for Medicare or Medi-Cal.