



Department of Health Care Services
MEMORANDUM

DATE: April 8, 2011
TO: California Indian Health Programs and Urban Indian Organizations
FROM: Sandra "Sam" Willburn, Chief, Primary and Rural Health Division
SUBJECT: Notice of Proposed Change to the Medi-Cal Program

Sandra Willburn

The purpose of this memo is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

SPA 11-012 – Establish Hearing Aid Benefits Cap Summary: The SPA will amend the State Plan to implement Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011), Section 100. AB 97, Section 100 established a \$1,510 annual spending cap on Medi-Cal hearing aid benefits. DHCS is required to submit a SPA that will provide federal authority to establish the hearing aid benefits cap. Please see the attached summary of SPA 11-012 for a detailed description and contact information for questions or comments regarding this proposal.

QUESTIONS AND COMMENTS:

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of this letter. Please do not send comments later than May 8, 2011. Comments may be sent by email to Kathryn.Waje@dhcs.ca.gov or by mail to:

Administrative Support Unit
Utilization Management Division
Department of Health Care Services
1501 Capitol Avenue, MS 4506
Sacramento, CA 95814
Attention: Kathryn Waje

Enclosure

**Benefits, Waiver Analysis and Rates Division
Department of Health Care Services
State Plan Amendment No. 11-012**

Background:

State Plan Amendment (SPA) 11-012 will amend the State Plan to implement Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011), Section 100. AB 97, Section 100 established a \$1,510 annual spending cap on Medi-Cal hearing aid benefits. The cap applies to each beneficiary on a fiscal year basis. The Department of Health Care Services (DHCS) is required to submit a SPA that will provide federal authority to establish the hearing aid benefits cap. Medi-Cal, California's Medicaid program, pays for hearing aids as an optional benefit when supplied by a hearing aid dispenser through the prescription of an otolaryngologist or attending physician.

Description of the SPA, Waiver, or Demonstration Project:

DHCS plans to submit SPA 11-012 by June 30, 2011 to amend the State Plan and establish the hearing aid benefits cap. Hearing aid benefits include hearing aids, hearing aid supplies and accessories, molds or inserts, and repairs. Replacement of hearing aids that are lost, stolen, or irreparably damaged due to circumstances beyond the beneficiary's control are not included in the cap.

The following are exempt from the hearing aid benefits cap:

- Beneficiaries under the Early and Periodic Screening, Diagnosis, and Treatment Program.
- Beneficiaries receiving long-term care in a nursing facility that is both of the following:
 - A skilled nursing facility or intermediate care facility as defined in subdivisions (c), (d), (e), (g), and (h), respectively, of Section 1250 of the Health and Safety Code, and facilities providing continuous skilled nursing care to developmentally disabled individuals pursuant to the program established by Section 14132.20; and
 - A licensed nursing facility pursuant to subdivision (k) of Section 1250 of the Health and Safety Code.
- Beneficiaries receiving contracted managed care with Senior Care Action Network and AIDS Healthcare Foundation, and through the Program of All-Inclusive Care for the Elderly.

The cap is scheduled to take effect either November 1, 2011 (the first month following 210 days after AB 97 was signed), or the first day of the first month following 60 days after DHCS receives federal approval, whichever is later. In the first year, the full value of the \$1,510 cap will be available from the implementation date through June 30, 2012.

Impact to Indian Health Programs and Urban Indian Organizations:

- **Impact on Indian Health Programs**

To implement this SPA, DHCS will develop and implement a new hearing aid benefit claims process that limits programs to providing only \$1,510 in hearing aid benefits per fiscal year per beneficiary. To receive reimbursements for hearing aid benefit claims, programs will need to utilize the new process. If an Indian Health Program improperly utilizes the new hearing aid benefit claims process, DHCS may deny payments for hearing aid benefit claims submitted by the program.

- **Impact on Indian Medi-Cal Beneficiaries**

This SPA will impact American Indian Medi-Cal beneficiaries who need more than \$1,510 in hearing aid benefits per fiscal year. Beneficiaries will not be able to exceed \$1,510 in hearing aid benefits unless they qualify for an exemption (see above).

Response Date:

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this SPA within 30 days from the receipt of notice. Comments or a request for a copy of the full text of the SPA may be sent by mail to the address below:

Contact Information:

Kathryn Waje
Administrative Support Unit
Utilization Management Division
1501 Capitol Avenue, MS 4506
Sacramento, CA 95814

**For a full copy of the full text, please contact Kathryn Waje at
Kathryn.Waje@dhcs.ca.gov**