

**FAMILY HEALTH
MAY 2011
LOCAL ASSISTANCE ESTIMATE
for
FISCAL YEARS
2010-11 and 2011-12**

ASSUMPTIONS

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**FAMILY HEALTH ASSUMPTIONS
MAY 2011
FISCAL YEARS 2010-11 & 2011-12**

INTRODUCTION

The Family Health Estimate, which is based upon the Assumptions outlined in the following pages, provides information and state only costs for California Children's Services, the Child Health and Disability Prevention program, and the Genetically Handicapped Persons Program. The Estimate also includes costs for the Healthy Families Program Title XXI portion of California Children's Services. Costs for children eligible for Medi-Cal are not included. The Estimate can be segregated into two main components: (1) the base and (2) the adjustments to the base. The base estimate is the anticipated level of program expenditures assuming that there will be no changes in program direction, and is derived from a historical trend analysis of actual expenditure patterns. The policy changes are the estimated fiscal impacts of any program changes which are either anticipated to occur at some point in the future, or have occurred so recently that they are not yet fully reflected in the historical data base. The combination of these two estimate components produces the final Family Health Estimate.

California Children's Services

The California Children's Services (CCS) program provides diagnostic and treatment services, medical case management, and physical and occupational therapy health care services to children under 21 years of age with CCS-eligible conditions (e.g., severe genetic diseases, chronic medical conditions, infectious diseases producing major sequelae, and traumatic injuries) from families unable to afford catastrophic health care costs. A child eligible for CCS must be a resident of California, have a CCS-eligible condition, and be in a family with an adjusted gross income of \$40,000 or less in the most recent tax year. Children in families with higher incomes may still be eligible for CCS if the estimated cost of care to the family in one year is expected to exceed 20% of the family's adjusted gross income.

Base funding for the state only CCS program services and case management is composed of 50% county funds (CF) and 50% State General Fund (GF). Services and case management for Medi-Cal eligible children are funded by a combined 50% match of GF and Title XIX federal financial participation (FFP). Services and case management authorized for children who are enrolled in Healthy Families are funded by 65% federal Title XXI FFP and a combined 17.5% CF and 17.5% GF. In addition to the funding streams above, CCS is also supported by a fixed level of Federal Title V Maternal and Child Health (MCH) funding. In addition, GF expenditures are reduced by federal funding from the Safety Net Care Pool.

CCS benefit costs and administrative costs are budgeted on a cash basis.

Child Health and Disability Prevention

The Child Health and Disability Prevention (CHDP) program provides health screens (i.e., well child health assessments) and immunizations to Medi-Cal children under 21 years of age and non-Medi-Cal eligible children at or under 18 years of age whose family income is at or below 200% of the Federal Poverty Level (FPL).

Currently, the CHDP program is funded with a combination of State GF and Childhood Lead Poisoning Prevention (CLPP) funds.

Children from families with incomes at or below 200% of the FPL can pre-enroll in fee-for-service Medi-Cal under the presumptive eligibility for children provisions of the Medicaid program and the Healthy Families Program (HFP), the California Title XXI State Children's Health Insurance Program (SCHIP). This pre-enrollment will take place electronically over the Internet at CHDP provider offices at the time children receive health assessments. This process, known as the CHDP Gateway to Medi-Cal and Healthy Families, will shift most CHDP costs to the Medi-Cal program and to HFP. CHDP program funding will continue at a reduced level to cover services for children who are eligible for limited-scope Medi-Cal benefits.

The CHDP program is responsible for the screening component of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit of the Medi-Cal program. The health assessments, immunizations, and laboratory screening procedures for Medi-Cal children are funded 50% GF and 50% FFP. These screening costs funded through Medi-Cal are identified in the Medi-Cal estimate as EPSDT.

CHDP benefit costs and administrative costs are budgeted on a cash basis beginning in FY 2005-06.

Genetically Handicapped Persons Program

The Genetically Handicapped Persons Program (GHPP) provides comprehensive health care coverage for persons with specified genetic diseases including: cystic fibrosis; hemophilia; sickle cell disease and thalassemia; chronic degenerative neurological diseases including Huntington's Disease, Friedreich's Ataxia, and Joseph's Disease; and metabolic diseases including phenylketonuria. GHPP also provides access to social support services that may help ameliorate the physical and psychological problems attendant to genetically handicapping conditions. Persons eligible for GHPP must reside in California; have a qualifying genetic disease; and be otherwise financially ineligible for CCS. GHPP clients with adjusted gross income between 200% and 299% of the federal income guidelines pay an enrollment fee that is 1.5% of their adjusted gross income; clients of families at an income level of 300% or greater pay an enrollment fee equal to 3% of their adjusted gross income.

GHPP benefit and administrative costs are budgeted on a cash basis beginning in FY 2005-06.

BASE ESTIMATES

Historical cost data are used to make the base budget projections using regression equations. The general functional form of the regression equations is:

CASES	=	f(TND, S.DUM, O.DUM)
EXPENDITURES	=	f(TND, S.DUM, O.DUM)
TREATMENT \$	=	f(TND, S.DUM, O.DUM)
MTU \$	=	f(TND, S.DUM, O.DUM)

Where:

- TREATMENT \$ = Total quarterly net treatment expenditures for each county group.
- MTU \$ = Total quarterly medical therapy unit expenditures for each county group.
- TND = Linear trend variable.
- S.DUM = Seasonally adjusting dummy variable.
- O.DUM = Other dummy variables (as appropriate) to reflect exogenous shifts in the expenditure function (e.g. rate increases, price indices, etc.).

California Children’s Services

A nine year data base of summary claim information on CCS treatment services and medical therapy unit expenditures is used to make the base budget projections using regression equations. Independent regressions are run on net treatment services expenditures (TREATMENT \$) and medical therapy unit expenditures (MTU \$). These expenditure categories are estimated separately for Alameda, Contra Costa, Fresno, Los Angeles, Monterey, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, Santa Clara, other independent counties, and all other dependent counties as separate groups.

Following the estimation of coefficients for these variables during the base period, the independent variables are extended into the projection period and multiplied by the appropriate coefficients. The quarterly values for each expenditure category are then added together to arrive at quarterly expenditure estimates and summed to annual totals by county.

The net cost/savings for each Policy Change item is applied to the base estimate, after adjustment for the estimated percentage of each item reflected in the base.

Child Health and Disability Prevention

The estimate for CHDP screening consists of a base projection using the latest five years of monthly data to forecast average monthly screens and cost per screen. Separate forecasts utilizing multiple regression analysis are made for both screens and cost per screen for the CHDP program.

The net cost/savings for each Policy Change item is applied to the base estimate, after adjustment for the estimated percentage of each item reflected in the base.

Genetically Handicapped Persons Program

The most recent five years of actual GHPP caseload and expenditure data are used to make the budget projections using regression equations. The data system for GHPP includes only summary caseload and expenditure data for the base period. Independent regressions are run on each diagnosis category identified as follows: Cystic Fibrosis; Hemophilia; Sickle Cell; Huntington's Disease (includes Friedreich's Ataxia, and Joseph's Disease); and Metabolic Conditions.

Estimates for expenditures are based on a history of payment data which is projected into the budget year and a future year.

The net cost/savings for each Policy Change item is applied to the base estimate, after adjustment for the estimated percentage of each item reflected in the base.

CALIFORNIA CHILDREN'S SERVICES

CCS: NEW ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
CCS 12 (PC-12A) (PC-12B)	X	X	<p><u>CCS and CCS-HFP Rebates</u></p> <p>Effective September 1, 2005, the Special Terms and Conditions of the Medi-Cal Hospital/Uninsured Care Demonstration (MH/UCD), the Bridge to Reform Demonstration, and SB 1100 provide for the Department to claim federal reimbursement for expenditures for CCS services as certified public expenditures through the Safety Net Care Pool (SNCP). This federal reimbursement resulted in the program losing its SPAP status. However, it also enabled CCS participation in the Medi-Cal factor rebates. In order to capture utilization data and account for the federal reimbursement of any rebates collected for claims paid on or after September 1, 2005, modifications to the RAIS, the utilization accounting and rebate tracking system maintained and operated by the Medi-Cal FI contractor, have been completed.</p>
CCS 0.2 (PC- 13A) (PC- 13B)	X	X	<p><u>10% Provider Payment Reduction</u></p> <p>The Department proposed legislation to reduce CCS provider payments for specified providers by 10%.</p>
CCS 0.3 (PC-14B)		X	<p><u>Shift of Healthy Families Children to Medi-Cal</u></p> <p>Effective January 1, 2012, children in the Healthy Families Program who have attained 6 years of age but not attained 19 years of age, with incomes above 100% and up to and including 250% of the federal poverty level will be shifted to the Medi-Cal program. Coverage of this population under Medicaid programs is permissible pursuant to Section 1902(a)(10)(A)(ii)(XIV) of the federal Social Security Act (42 U.S.C. Sec. 1396a(a)(10)(A)(ii)(XIV)) to provide full scope Medi-Cal benefits with no share of cost to such eligible children who are optional targeted low-income children pursuant to 1905(u)(2)(B) of the Social Security Act (42 U.S.C. section 1396d(u)(2)(B)), with family incomes above 100% and up to and including 250% of the federal poverty level. Consistent with the Affordable Care Act of 2010, these children will be mandatorily enrolled into Medicaid programs beginning January 1, 2014.</p>

CCS: OLD ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
CCS 1 (PC-1)	X	X	<p><u>Enrollment and Assessment Fees</u></p> <p>Budget Act language requires that enrollment and assessment fee revenues be shared 50/50 with the counties. It also requires the State to offset 50% of the allocated fee revenues against the State's portion of reimbursements to the counties.</p>
CCS 2 (PC-2A) (PC-2B)	X	X	<p><u>County Administrative Costs</u></p> <p>Pursuant to Health and Safety Code §123955, the State and the counties share the cost of administering the CCS program. The State reimburses counties for 50% of county administrative costs required to meet State-established staffing standards for CCS clients in the county CCS caseload who are ineligible for Medi-Cal or do not subscribe to the Healthy Families Program (HFP).</p> <p>The HFP is California's Title XXI SCHIP. Since 1997 CCS has provided services to treat CCS medically eligible conditions of children enrolled in HFP plans. CCS services are "carved out" of the HFP plans' capitation. These treatment services are funded 65% by federal Title XXI funds, 17.5% by the State General Fund, and 17.5% by county funds for HFP subscribers who meet the financial eligibility requirements of the CCS program; and 65% Federal Title XXI funds and 35% State General Fund for HFP subscribers who are not financially eligible for CCS.</p> <p>CCS State-Only case management costs are funded 50% by the State and 50% by the counties. In order to maximize FFP, Title XXI FFP is being claimed for case management costs for CCS/HFP clients.</p>
CCS 3 (PC-3A) (PC-3B)	X	X	<p><u>Fiscal Intermediary Expenditures</u></p> <p>The FI Contractor adjudicates medical claims for the CCS program. The funding is based on actual claims and trends for CCS State Only and CCS Healthy Families clients</p>
CCS 4 (PC-4A) (PC-4B)	X	X	<p><u>Fiscal Intermediary Expenditures (Denti-Cal)</u></p> <p>Delta Dental adjudicates dental claims for the CCS program. The funding is based on actual claims and trends for aid codes 9K (CCS eligible child) and 9R and 9U (both CCS eligible HF child).</p>
CCS 5 (PC-5A) (PC-5B)	X	X	<p><u>Children's Medical Services Network (CMS Net)</u></p> <p>The CMS Net automated eligibility, case management, and service authorization system is used by the CCS program to provide administrative case management for CCS clients. CMS Net was implemented in 1992 in the State regional offices and several</p>

CCS: OLD ASSUMPTIONS

Applicable F/Y
C/Y B/Y

counties. Currently, **all** 58 CCS counties, three State CCS regional offices, and the GHPP program utilize the system. CMS Net utilizes software called Caché for an operating system, script language, and certain database management functions. The Department purchases Caché licenses based on the estimated number of CMS Net system users.

~~Orange County transitioned to CMS Net on March 5, 2007. Sacramento County transitioned to CMS Net in July 2008. Los Angeles County transitioned to CMS Net in April 2010.~~

CCS 6
 (PC-6)

X

Hospital Financing MH/UCD & BTR - Safety Net Care Pool

Effective for dates-of-service on or after September 1, 2005, based on SB 1100 (Chapter 560, Statute of 2005), federal funding from the Safety Net Care Pool (SNCP) can be made available for the CCS State-Only program. The Department may claim federal reimbursement for expenditures for CCS State-Only services as certified public expenditures. The GF savings that accrue will be available to the SNCP for deposit into the Health Care Support Fund to provide funding for safety net hospitals.

CCS 7
 (PC-7)

X

X

Shift of CCS State/County Costs to Medi-Cal

With implementation of the enhancements to the CMS Net system to utilize eligibility data from the Medi-Cal Eligibility Data System (MEDS), claims for CCS-Only children determined to be retroactively eligible for Medi-Cal, or for CCS/Medi-Cal children with a Medi-Cal share of cost (SOC), may be processed in the claim payment system as CCS-Only prior to the Medi-Cal eligibility determination or an obligation of SOC becoming effective in MEDS. In order to properly charge these costs to the Medi-Cal program, beginning in April 2006 these claims are being periodically reprocessed by the Medi-Cal FI. The reprocessing results in crediting the CCS Program for claims previously paid as CCS-Only and charging the costs to Medi-Cal. This reprocessing to appropriately charge these costs to CCS clients' Medi-Cal coverage is an ongoing process that occurs every year.

CCS 8
 (PC-8)
~~(PC-9)~~

X

X

Title V Reimbursement from CDPH

SB 162 (Chapter 241, Statutes of 2006) requires the reorganization of the California Department of Health Services into two departments, the California Department of Health Care Services (DHCS) and the California Department of Public Health (CDPH). The Maternal, Child, and Adolescent Health Title V grant is included in the CDPH budget. As part of the

CCS: OLD ASSUMPTIONS

Applicable F/Y
C/Y B/Y

reorganization, the Title V federal funding for the CCS Program will be shown as a reimbursement in the DHCS budget.

The amendments to the Budget Act of 2010 contained authorization for an additional \$300,000 in Federal Title V funds to replace the GF for a portion of the County Administration case management costs.

The Legislature authorized an additional \$1,666,000 in Federal Title V funds in FY 2011-12 to replace the GF for a portion of the County Administration case management costs.

CCS 9
(PC-10A)
(PC-10B)

X

Cedars-Sinai Medical Center Overpayment

In July 2010, the Department received a check in the amount of \$702,704.11 from Cedars-Sinai Medical Center for overpayments associated with implementation of the National Provider Identification (NPI) to CCS State-Only, and CCS-HFP-program clients. This is in addition to the January 13, 2010 payment of \$11,544,159.29 from Cedars-Sinai Medical Center.

CHILD HEALTH & DISABILITY PREVENTION PROGRAM

CHDP: NEW ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
CHDP 0.1 (PC- 3)	X	X	<u>10% Provider Payment Reduction</u> The Department proposed legislation to reduce payments to State Only CHDP specified providers by 10%.

CHDP: OLD ASSUMPTIONS

Applicable F/Y
C/Y B/Y

CHDP 1
(PC-1)

X

X

Fiscal Intermediary Expenditures

The FI Contractor routinely pays adjudicates medical claims for the CDHP program.

GENETICALLY HANDICAPPED PERSONS PROGRAM

GHPP: NEW ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
GHPP 0.1 (PC- 8)	X	X	<u>10% Provider Payment Reduction</u> The Department proposed legislation to reduce GHPP provider payments for specified providers by 10%.

GHPP: OLD ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
GHPP 1 (PC-1)	X	X	<p><u>Enrollment Fees</u></p> <p>Since July 1, 1993, families receiving GHPP services have been subject to enrollment fees if they meet certain requirements pursuant to Health and Safety Code section 125165. The mandate It is mandated to close cases on the 61st day for failure to submit fee payment has enhanced the program's cost effectiveness. As part of the upgrading and streamlining of services related to GHPP going online with the CMS Net System, enrollment of clients and collecting of the enrollment fee will occur on each client's anniversary date of the opening of their case. An assessment of the enrollment eligibility of each client will be performed on the anniversary date of the opening of their case. Eligibility will trigger an enrollment fee collection.</p> <p>GHPP enrollment fees are currently assessed based on a sliding scale. Effective December 1, 2009, the Department increased GHPP enrollment fees by requiring that GHPP clients with adjusted gross income between 200% and 299% of the federal income guidelines pay an enrollment fee that is 1.5% of their adjusted gross income; clients of families at an income level of 300% or greater pay an enrollment fee equal to 3% of their adjusted gross income.</p>
GHPP 2 (PC-2)	X	X	<p><u>Fiscal Intermediary Expenditures</u></p> <p>The FI Contractor routinely pays adjudicates claims for the GHPP program.</p>
GHPP 3 (PC-3)	X	X	<p><u>Blood Factor Drug Rebates and Contract Savings</u></p> <p>The Health Trailer Bill of 2002 (AB 442, Chapter 1161, Statutes of 2002) provided GHPP with the authority to collect rebates. This authority was reaffirmed in the Health Trailer Bill of 2003 (AB 1762, Chapter 230, Statutes of 2003). In addition, GHPP received certification as a State Pharmaceutical Assistance Program (SPAP) from the Centers for Medicare and Medicaid Services (CMS).</p> <p>Effective September 1, 2005, the Special Terms and Conditions of the Medi-Cal Hospital/Uninsured Care Demonstration (MH/UCD), the Bridge to Reform Demonstration, and SB 1100 provide for the Department to claim federal reimbursement for expenditures for GHPP State-Only services as certified public expenditures through the SNCP. This federal reimbursement resulted in the program losing its SPAP status. However, it also enabled GHPP participation in the Medi-Cal factor rebates. The program's manual rebate collection activities were discontinued until GHPP could begin participating in the Rebate Accounting Information System (RAIS) to document GHPP rebates retroactively for factor claims paid on or after September 1, 2005.</p>

GHPP: OLD ASSUMPTIONS

	Applicable F/Y		
	<u>C/Y</u>	<u>B/Y</u>	
			The RAIS system changes necessary to accommodate GHPP began in April 2009 and were completed in September 28, 2009.
GHPP 4 (PC-4)	X		<p><u>Hospital Financing MH/UCD & BTR- Safety Net Care Pool</u></p> <p>Effective for dates-of-service on or after September 1, 2005, based on SB 1100, federal funding from the SNCP can be made available for the GHPP State-Only program. The Department may claim federal reimbursement for expenditures for GHPP State-Only services as certified public expenditures. The GF savings that accrue will be available to the SNCP for deposit into the Health Care Support Fund to provide funding for safety net hospitals.</p> <p>In addition, the Department will claim additional federal reimbursement for the 2009-10 DPHs' SNCP 10% reduction and the increase in SNCP from ARRA funding.</p>
GHPP 5 (PC-5) (PC-7) (Reworded)	X	X	<p><u>GHPP Premium Payments</u></p> <p>Effective December 1, 2009, GHPP implemented a process for enrolling GHPP clients who are not eligible for employer-sponsored insurance or full-scope no share of cost Medi-Cal or Medicare into commercial insurance plans. The insurance premiums will be funded by the program and will cover the GHPP clients' full range of health care services.</p>

INFORMATION ONLY:

CALIFORNIA CHILDREN'S SERVICES

1. California Children's Services (CCS) Program Pilots

The Department will develop and implement four organized health care delivery models to serve CCS eligible children in at least four geographical locations within the State. This effort is a major component of ~~the DHCS 1115 Waiver renewal~~ **the California Bridge to Reform Waiver** with CMS and will result in securing additional federal financial participation for the five year life of the Waiver. The four organized health care delivery systems to be tested during the course of the Waiver are: an enhanced primary care case management model; an accountable care organization model; an existing Medi-Cal managed care organization; and a specialty health care plan. **In the pilot counties, administrative work traditionally performed by counties for these children will be performed by the pilot contractor. As a result of this shift, administrative funding provided to the counties will shift to the pilot contractor.** ~~They~~ **The pilots** are anticipated to become operational (enrollment begins) January 2012. It may be necessary to phase in operations for these models over a period of time.

CHILD HEALTH AND DISABILITY PREVENTION

GENETICALLY HANDICAPPED PERSONS PROGRAM

DISCONTINUED ASSUMPTIONS

Fully Incorporated Into Base Data/Ongoing

CALIFORNIA CHILDREN'S SERVICES

CHILD HEALTH DISABILITY PREVENTION

GENETICALLY HANDICAPPED PERSONS PROGRAM

1. GHPP Crowd Out

Effective December 1, 2009, the Department adopted procedures to prevent "Crowd Out" in GHPP as follows:

- Persons who voluntarily drop employer-sponsored health insurance coverage will be ineligible for GHPP services for a period of six months;
- Provide for exemptions for persons who have their insurance terminated for reasons beyond their control;
- Any person who fails to comply with the Department's procedures on the prevention of "Crowd Out" will be ineligible for GHPP services for up to six months;
- Persons can appeal a determination by the Department that the person is ineligible for GHPP services because of "Crowd Out;" and
- Provide the Department with authority to adopt these procedures by policy letter.

DISCONTINUED ASSUMPTIONS

Time-Limited/No Longer Applicable

CALIFORNIA CHILDREN'S SERVICES

CHILD HEALTH DISABILITY PREVENTION

GENETICALLY HANDICAPPED PERSONS PROGRAM

DISCONTINUED ASSUMPTIONS

Withdrawn

CALIFORNIA CHILDREN'S SERVICES

CHILD HEALTH DISABILITY PREVENTION

GENETICALLY HANDICAPPED PERSONS PROGRAM