

TWO PLAN MODEL

BASE POLICY CHANGE NUMBER: 49
IMPLEMENTATION DATE: 7/2000
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 56

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$3,300,821,000	\$3,338,138,000
- STATE FUNDS	\$1,658,067,000	\$1,676,738,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$3,300,821,000	\$3,338,138,000
STATE FUNDS	\$1,658,067,000	\$1,676,738,000
FEDERAL FUNDS	\$1,642,754,000	\$1,661,400,000

DESCRIPTION

This policy change (PC) reflects the impact of the Two-Plan Model. Each designated county has two managed care plans, a local initiative and a commercial plan, which provide medically necessary services to Medi-Cal beneficiaries residing within the county.

The capitation rates include the provider payment restoration, effective January 1, 2007, and the August 2006 AB 1629 and non-AB 1629 long term care (LTC) rate increases. Costs for the August 2007 AB 1629 and non-AB 1629 LTC rate increases are shown in a separate line item within FY 2007-08 costs. Previously, those adjustments were shown in other PCs.

The Department increased payments to managed care plans by drawing down federal matching funds to reimburse plans for a 6% Quality Improvement Assessment Fee (QIF). Managed care plan rates were adjusted to include the QIF in their rates on their anniversary dates beginning July 1, 2005. Effective January 1, 2008, the QIF will drop from 6% to 5.5%. The capitation rate adjustment due to the reduced QIF is shown as a separate line item in FY 2007-08.

TWO PLAN MODEL
BASE POLICY CHANGE NUMBER: 49

	Costs	Eligible Months	Average Monthly Enrollment
FY 2006-07			
Alameda	\$180,324,000	1,232,169	102,681
Contra Costa	\$87,807,000	642,983	53,582
Fresno	\$240,159,000	2,041,697	170,141
Kern	\$161,254,000	1,370,519	114,210
Los Angeles	\$1,610,726,000	14,163,793	1,180,316
Riverside	\$199,774,000	1,829,088	152,424
San Bernardino	\$249,054,000	2,185,924	182,160
San Francisco	\$73,849,000	530,473	44,206
San Joaquin	\$117,012,000	1,005,213	83,768
Santa Clara	\$168,322,000	1,264,549	105,379
Stanislaus	\$93,235,000	709,493	59,124
Tulare	\$119,305,000	1,025,709	85,476
Totals	\$3,300,821,000	28,001,610	2,333,468

	Costs	Eligible Months	Average Monthly Enrollment
FY 2007-08			
Alameda	\$182,500,000	1,233,474	102,790
Contra Costa	\$89,345,000	648,832	54,069
Fresno	\$242,570,000	2,045,321	170,444
Kern	\$163,982,000	1,383,709	115,309
Los Angeles	\$1,628,381,000	14,233,754	1,186,146
Riverside	\$206,260,000	1,874,831	156,236
San Bernardino	\$251,993,000	2,198,897	183,241
San Francisco	\$74,404,000	529,810	44,151
San Joaquin	\$119,091,000	1,015,339	84,612
Santa Clara	\$172,018,000	1,276,098	106,342
Stanislaus	\$93,887,000	711,189	59,266
Tulare	\$121,355,000	1,033,935	86,161
August 2007 AB1629 and Other LTC Rate Increases	\$836,000		
QIF Adjustment to 5.5%	-\$8,484,000		
Totals	\$3,338,138,000	28,185,189	2,348,766

COUNTY ORGANIZED HEALTH SYSTEMS

BASE POLICY CHANGE NUMBER: 50
IMPLEMENTATION DATE: 12/1987
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 57

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$1,522,623,000	\$1,594,863,000
- STATE FUNDS	\$762,711,000	\$798,829,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,522,623,000	\$1,594,863,000
STATE FUNDS	\$762,711,000	\$798,829,000
FEDERAL FUNDS	\$759,912,000	\$796,034,000

DESCRIPTION

This policy change reflects the impact of the County Organized Health Systems in eight counties.

The capitation rates for all plans include the provider payment restoration, effective January 1, 2007, and the August 2006 AB 1629 and non-AB 1629 long term care (LTC) rate increases. Costs for the August 2007 AB 1629 and non-AB 1629 LTC rate increases are shown in a separate line item within FY 2007-08 costs. Previously, those adjustments were shown in other PCs

Additionally, Central Coast Alliance for Health and Santa Barbara Regional Health Authority rates reflect adjustments for Part D of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, retroactive to January 1, 2006 and AB 1629 and non-AB 1629 long term care increases, retroactive to August 1, 2004. This Policy Change also reflects a retroactive rate change in CalOPTIMA rates, effective October 1, 2006. Retroactive and prospective payments to CalOPTIMA, based on the revised rates, will begin in July 2007.

Santa Barbara Regional Health Authority (SBRHA) is carving out the remaining drugs associated with the treatment of AIDS, since they are no longer in the plan's scope of service, effective January 1, 2007. The Department is adjusting the rates accordingly, and the shift of costs from managed care to fee-for-service will be shown in the SBRHA Carve-Out of AIDS Drugs policy change.

The Department increased payments to managed care plans by drawing down federal matching funds to reimburse plans for a 6% Quality Improvement Assessment Fee (QIF). Managed care plan rates were adjusted to include the QIF in their rates on their anniversary dates beginning July 1, 2005. Effective January 1, 2008, the QIF will drop from 6% to 5.5%. The capitation rate adjustment due to the reduced QIF is shown as a separate line item in FY 2007-08.

COUNTY ORGANIZED HEALTH SYSTEMS

BASE POLICY CHANGE NUMBER: 50

FY 2006-07	Costs	Eligible Months	Average Monthly Enrollment
CalOPTIMA (Orange)	\$731,475,000	3,517,644	293,137
Monterey	\$151,679,000	648,816	54,068
Napa	\$39,708,000	128,686	10,723
San Mateo	\$124,184,000	592,629	49,386
Santa Barbara	\$163,272,000	645,528	53,794
Santa Cruz	\$96,252,000	364,369	30,364
Solano	\$134,864,000	618,048	51,504
Yolo	\$67,045,000	279,284	23,274
Retroactive AB 1629 and Other LTC Rate Increases, FYs 2004-05 through 2005-06	\$14,144,000		
Total	\$1,522,623,000	6,795,004	566,250

FY 2007-08	Costs	Eligible Months	Average Monthly Enrollment
CalOPTIMA (Orange)	\$767,567,000	3,542,341	295,195
Monterey	\$152,344,000	651,168	54,264
Napa	\$39,858,000	130,478	10,873
San Mateo	\$125,400,000	599,357	49,947
Santa Barbara	\$164,106,000	647,007	53,917
Santa Cruz	\$97,637,000	369,935	30,828
Solano	\$137,506,000	629,519	52,460
Yolo	\$67,777,000	282,291	23,524
August 2007 AB 1629 and Other LTC Rate Increases	\$20,774,000		
CalOPTIMA Retroactive Rate Increase, FY 2006-07	\$22,216,000		
QIF Adjustment to 5.5%	-\$322,000		
Total	\$1,594,863,000	6,852,096	571,008

GEOGRAPHIC MANAGED CARE

BASE POLICY CHANGE NUMBER: 51
IMPLEMENTATION DATE: 4/1994
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 58

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$511,368,000	\$566,664,000
- STATE FUNDS	\$256,607,000	\$284,254,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$511,368,000	\$566,664,000
STATE FUNDS	\$256,607,000	\$284,254,500
FEDERAL FUNDS	\$254,761,000	\$282,409,500

DESCRIPTION

Geographic Managed Care (GMC), as authorized by AB 336 (Chapter 95, Statutes of 1991), was implemented in Sacramento County on April 1, 1994. Enrollment will average 163,158 in FY 2006-07 and 162,817 in FY 2007-08.

A second GMC program was implemented in San Diego beginning in July 1998. Enrollment for this GMC will average 169,460 in FY 2006-07 and 171,589 in FY 2007-08.

Both GMCs require mandatory enrollment of most AFDC PA/MN, MIC, and Refugee beneficiaries, and Poverty Aid codes 47, 72, 7A, 8P, and 8R. Aid Codes that can voluntarily enroll are Family codes 03, 04, 40, 42, 45, 4A, 4C, 4F, 4G, 4K, 4M, 5K, 7J, Disabled codes 20, 24, 26, 28, 2E, 36, 60, 64, 66, 68, 6A, 6C, 6E, 6H, 6J, 6N, 6P, 6V, Aged codes 10, 14, 16, 18, 1E, 1H, Adult code 86, and BCCTP codes ON and OP.

This Policy Change (PC) includes negotiated Sacramento and San Diego rates for FYs 2006-07 and 2007-08, including an adjustment for rate changes that are retroactively effective January 1, 2006. The retroactive payments to the Sacramento plans for FY 2005-06 will be made in May 2007. The retroactive payments to the San Diego plans for FY 2005-06 and FY 2006-07 will be made in July 2007.

The Capitation Rates include the provider payment restoration, effective January 1, 2007, and the August 2006 AB 1629 and non-AB 1629 long term care (LTC) rate increases. Costs for the August 2007 AB 1629 and non-AB 1629 LTC rate increases are shown in a separate line item within FY 2007-08 costs. Previously, those adjustments were shown in other PCs.

The Department increased payments to managed care plans by drawing down federal matching funds to reimburse plans for a 6% Quality Improvement Assessment Fee (QIF). Managed care plan rates were adjusted to include the QIF in their rates on their anniversary dates beginning July 1, 2005. Effective January 1, 2008, the QIF will drop from 6% to 5.5%. The capitation rate adjustment due to the reduced QIF is shown as a separate line item in FY 2007-08.

GEOGRAPHIC MANAGED CARE

BASE POLICY CHANGE NUMBER: 51

FY 2006-07	Costs	Eligible Months	Average Monthly Enrollment
San Diego GMC	\$244,170,000	2,033,525	169,460
Sacramento GMC	\$253,521,000	1,957,899	163,158
Sacramento GMC Retro Rate Adjustment, FY 2005-06	\$13,677,000		
Total	\$511,368,000	3,991,424	332,618

FY 2007-08	Costs	Eligible Months	Average Monthly Enrollment
San Diego GMC	\$281,781,000	2,059,072	171,589
Sacramento GMC	\$256,504,000	1,953,807	162,817
August 2007 AB 1629 and Other LTC Rate Increases	\$223,000		
San Diego GMC Retro Rate Adjustments, FY 2006-07	\$33,371,000		
San Diego GMC Retro Rate Adjustments, FY 2005-06	-\$3,928,000		
QIF Adjustment to 5.5%	-\$1,287,000		
Total	\$566,664,000	4,012,879	334,406

SENIOR CARE ACTION NETWORK (Other M/C)

BASE POLICY CHANGE NUMBER: 53
IMPLEMENTATION DATE: 2/1985
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 61

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	\$102,156,000	\$154,545,000
- STATE FUNDS	\$51,078,000	\$77,272,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$102,156,000	\$154,545,000
STATE FUNDS	\$51,078,000	\$77,272,500
FEDERAL FUNDS	\$51,078,000	\$77,272,500

DESCRIPTION

The Senior Care Action Network (SCAN) project in Los Angeles, San Bernardino, and Riverside Counties provides services on a capitated basis for persons with both Medicare and Medi-Cal coverage who become certified for SNF and ICF level of care. This project provides medical, social, and case management services. Total enrollment is projected to be 7,675 in June 2007 and increase to 9,575 by June 2008.

These budgeted amounts reflect current rates, a one-time retroactive payment for the *Orthopaedic Hospital* settlement, a one-time retroactive payment for annual AB 1629 and non-AB 1629 facility rate changes not paid during the first three months of each fiscal year from FY 2003-04 through FY 2006-07, and the anticipated AB 1629 and non-AB 1629 long term care rate increases that will occur in August 2007.

The substantial increase in costs from FY 2006-07 to FY 2007-08 is due to the anticipated increased numbers of enrollees expected due to various outreach programs instituted by the plans beginning in January 2006.

SENIOR CARE ACTION NETWORK (Other M/C)

BASE POLICY CHANGE NUMBER: 53

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2006-07			
Los Angeles	\$65,296,000	50,806	4,234
Riverside	\$22,195,000	14,160	1,180
San Bernardino	\$10,316,000	6,701	558
Total	<u>\$97,807,000</u>	<u>71,667</u>	<u>5,972</u>
Ortho Retroactive Payments FY 2003-04 – FY 2005-06	\$156,000		
AB 1629 and Other LTC Retroactive Adjustments FY 2003-04 – FY 2004-05	\$4,193,000		
Total	<u>\$102,156,000</u>		
FY 2007-08			
Los Angeles	\$95,737,000	73,964	6,164
Riverside	\$32,320,000	20,695	1,725
San Bernardino	\$15,044,000	9,791	816
Total	<u>\$143,101,000</u>	<u>104,450</u>	<u>8,704</u>
AB 1629 and Other LTC Retroactive Adjustments FY 2005-06 – FY 2006-07	\$3,563,000		
AB 1629 and Other LTC Rate Increase, August 2007	\$7,881,000		
Total	<u>\$154,545,000</u>		

PACE (Other M/C)

BASE POLICY CHANGE NUMBER: 54
IMPLEMENTATION DATE: 7/1992
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 62

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	\$101,650,000	\$140,842,000
- STATE FUNDS	\$50,825,000	\$70,421,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$101,650,000	\$140,842,000
STATE FUNDS	\$50,825,000	\$70,421,000
FEDERAL FUNDS	\$50,825,000	\$70,421,000

DESCRIPTION

The Department has four contracts under the Program of All-Inclusive Care for the Elderly (PACE) for risk-based capitated life-time care for the frail elderly. The PACE program provides all medical, home and community-based and long-term care services (including adult day health care) to Medi-Cal and Medi-Cal/Medicare crossover beneficiaries who are certified by the Department for skilled nursing facility or intermediate care facility level of care. A one-time retroactive payment is budgeted for FY 2006-07 for the *Orthopaedic Hospital Settlement* (Ortho). Other one-time retroactive payments are budgeted for both FY 2006-07 and FY 2007-08 for prior year AB 1629 and non-AB 1629 long term care (LTC) rate increases.

FY 2007-08 funding also reflects the anticipated August 2007 AB 1629 and non-AB1629 LTC rate increases.

St. Paul's Homes and Services for the Elderly, a non-profit corporation, has submitted a PACE application for its subsidiary corporation, Community Elder Care of San Diego (CESD), which has been approved. CESD is expected to be operational beginning January 1, 2008.

PACE (Other M/C)
BASE POLICY CHANGE NUMBER: 54

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2006-07			
Centers for Elders Independence	\$22,175,000	4,928	411
Sutter Senior Care	\$6,512,000	1,910	159
Alta Med Senior Buena Care	\$17,722,000	4,422	369
OnLok Senior Health	\$48,973,000	11,417	951
Total Capitation Payments	<u>\$95,382,000</u>	<u>22,677</u>	<u>1,890</u>
Ortho Retroactive Payments			
FY 2003-04 – FY 2005-06	\$146,000		
AB 1629 and Other LTC			
Retroactive Adjustments			
FY 2003-04 – FY 2005-06	<u>\$6,122,000</u>		
Total	<u>\$101,650,000</u>		
FY 2007-08			
Centers for Elders Independence	\$36,191,000	8,027	669
Sutter Senior Care	\$9,753,000	2,852	238
Alta Med Senior Buena Care	\$21,697,000	5,319	443
OnLok Senior Health	\$58,710,000	13,633	1,136
St. Paul's Homes (CESD)	\$2,978,000	636	53
Total Capitation Payments	<u>\$129,329,000</u>	<u>30,467</u>	<u>2,539</u>
AB 1629 and Other LTC			
Retroactive Adjustments			
FY 2005-06 – FY 2006-07	\$3,816,000		
August 2007 AB 1629 and			
Other LTC Rate Increases	<u>\$7,697,000</u>		
Total	<u>\$140,842,000</u>		

DENTAL MANAGED CARE (Other M/C)

BASE POLICY CHANGE NUMBER: 56
 IMPLEMENTATION DATE: 7/2004
 ANALYST: Beverly Yokoi
 FISCAL REFERENCE NUMBER: 1029

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$42,247,000	\$43,722,000
- STATE FUNDS	\$21,123,500	\$21,861,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$42,247,000	\$43,722,000
STATE FUNDS	\$21,123,500	\$21,861,000
FEDERAL FUNDS	\$21,123,500	\$21,861,000

DESCRIPTION

This policy change reflects the expenditures for Dental Managed Care. Dental managed care is comprised of dental costs related to Sacramento Geographic Managed Care, dental prepaid health plans in southern California, and the capitation rates for PACE and SCAN.

Assumptions:

GMC and PHP rates effective January 2006 were not yet available. The rates for the period January 2005 through December 2005 have been used for this estimate.

PACE/SCAN weighted rates effective October 2006 have been used for this estimate.

FY 2006-07	<u>Capitation Rate</u>	<u>Average Monthly Eligibles</u>	<u>Total Funds</u>
GMC	\$9.07	164,026	\$17,853,000
PHP	\$9.07	215,870	\$23,495,000
PACE/SCAN	\$9.53	7,862	\$899,000
			\$42,247,000
FY 2007-08			
GMC	\$9.07	163,693	\$17,816,000
PHP	\$9.07	226,237	\$24,624,000
PACE/SCAN	\$9.55	11,190	\$1,282,000
			\$43,722,000

PCCM-AIDS HEALTHCARE FOUNDATION (Other M/C)

BASE POLICY CHANGE NUMBER: 57
IMPLEMENTATION DATE: 5/1985
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 63

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$17,415,000	\$18,010,000
- STATE FUNDS	\$8,872,500	\$9,036,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$17,415,000	\$18,010,000
STATE FUNDS	\$8,872,500	\$9,036,500
FEDERAL FUNDS	\$8,542,500	\$8,973,500

DESCRIPTION

Primary care case management (PCCM) plan contractors participate in a program savings sharing agreement with the Department. Shared savings are expected to be produced by the PCCMs' effective case management of services for which the PCCM is not at risk. Sharing of these savings with the contractors in FY 2006-07 is based on FY 2005-06 savings. FY 2007-08 sharing with the contractors is based on savings realized in FY 2006-07, etc. Savings sharing is the State's terminology for what the Federal government refers to as incentive agreements. However, the methodology for calculating Savings Sharing/Incentive Distributions is the same.

The HIV/AIDS capitated case management project in Los Angeles became operational in April 1995 and is currently the only remaining traditional PCCM program. Enrollment is expected to reach 820 by June 2007 and 830 by June 2008.

The capitation rates include the provider payment restoration, effective January 1, 2007, and the August 2006 AB 1629 and non-AB 1629 long term care (LTC) rate increases. Costs for the August 2007 AB 1629 and non-AB 1629 long term care rate increases are shown in a separate line item within FY 2007-08 costs. Previously, those adjustments were shown in other PCs.

A settlement has been reached with AIDS Healthcare Foundation regarding a pending recovery of funds dispute. The amount of the proposed settlement is \$268,000 (GF), and is expected to be paid in June 2007.

The Department increased payments to managed care plans by drawing down federal matching funds to reimburse plans for a 6% Quality Improvement Assessment Fee (QIF). Managed care plan rates were adjusted to include the QIF in their rates on their anniversary dates beginning July 1, 2005. Effective January 1, 2008, the QIF will drop from 6% to 5.5%. The capitation rate adjustment due to the reduced QIF is shown as a separate line item in FY 2007-08.

PCCM-AIDS HEALTHCARE FOUNDATION (Other M/C)

BASE POLICY CHANGE NUMBER: 57

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2006-07			
Capitation Payments	\$15,747,000	9,656	805
Savings Sharing	\$1,400,000		
Settlement Payment	\$268,000		
Total	\$17,415,000		
FY 2007-08			
Capitation Payments	\$16,593,000	9,916	826
Savings Sharing	\$1,400,000		
August 2007 AB 1629 and Other LTC Rate Increases	\$54,000		
QIF Adjustment to 5.5%	-\$37,000		
Total	\$18,010,000		

PHP

BASE POLICY CHANGE NUMBER: 58
IMPLEMENTATION DATE: 7/2002
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 140

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$4,031,000	\$4,324,000
- STATE FUNDS	\$2,020,000	\$2,166,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$4,031,000	\$4,324,000
STATE FUNDS	\$2,020,000	\$2,166,500
FEDERAL FUNDS	\$2,011,000	\$2,157,500

DESCRIPTION

This Base Policy Change includes the PHP Base Estimate. Kaiser is the only remaining PHP and has contracts in Marin and Sonoma Counties. For FY 2006-07, the average monthly combined enrollment in Kaiser is estimated to be 2,011. For FY 2007-08, the average monthly combined enrollment is estimated to be 2,107.

The capitation rates include the provider payment restoration, effective January 1, 2007, and the August 2006 AB 1629 and non-AB 1629 long term care rate (LTC) increases. Costs for the August 2007 AB 1629 and non-AB 1629 LTC rate increases are shown in a separate line item within the FY 2007-08 costs. Previously, those adjustments were shown in other PCs.

The Department increased payments to managed care plans by drawing down federal matching funds to reimburse plans for a 6% Quality Improvement Assessment Fee (QIF). Managed care plan rates were adjusted to include the QIF in their rates on their anniversary dates beginning July 1, 2005. Effective January 1, 2008, the QIF will drop from 6% to 5.5%. The capitation rate adjustment due to the reduced QIF is shown as a separate line item in FY 2007-08.

PHP**BASE POLICY CHANGE NUMBER: 58**

FY 2006-07	Costs	Eligible Months	Average Monthly Enrollment
081 - Kaiser Foundation Health Plan	\$1,202,000	6,966	581
087 - Kaiser Foundation Health Plan	\$2,829,000	17,164	1,430
Total	\$4,031,000	24,130	2,011

FY 2007-08	Costs	Eligible Months	Average Monthly Enrollment
081 - Kaiser Foundation Health Plan	\$1,273,000	7,356	613
087 - Kaiser Foundation Health Plan	\$3,057,000	17,928	1,494
August 2007 AB 1629 and Other LTC Rate Increases	\$4,000		
QIF Adjustment to 5.5%	-\$10,000		
Total	\$4,324,000	25,284	2,107

FAMILY MOSAIC CAPITATED CASE MGMT. (Oth. M/C)

BASE POLICY CHANGE NUMBER: 60
IMPLEMENTATION DATE: 3/1993
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 66

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$3,117,000	\$3,807,000
- STATE FUNDS	\$1,558,500	\$1,903,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$3,117,000	\$3,807,000
STATE FUNDS	\$1,558,500	\$1,903,500
FEDERAL FUNDS	\$1,558,500	\$1,903,500

DESCRIPTION

The Family Mosaic Project, located in San Francisco, case manages emotionally disturbed children at risk for out of home placement. Implemented in June 1993, Family Mosaic has a projected enrollment of 165 in June 2007 and 178 in June 2008.

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2006-07	\$3,117,000	1,686	2,059
FY 2007-08	\$3,807,000	141	172

PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 99
IMPLEMENTATION DATE: 4/1993
ANALYST: Julie Chan
FISCAL REFERENCE NUMBER: 22

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$2,087,584,000	\$2,124,335,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$2,087,584,000	\$2,124,335,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$2,087,584,000	\$2,124,335,000

DESCRIPTION

The California Department of Health Services provides Title XIX federal financial participation (FFP) to the California Department of Social Services (CDSS), via an Interagency Agreement (IA), for the In-Home Supportive Services Personal Care Services Program (IHSS PCSP) administered by CDSS.

AB 2779 (Chapter 329, Statutes of 1998) amended Welfare & Institutions Code Section 14132.95; and a state plan amendment (SPA), effective April 1, 1999, expanded IHSS PCSP benefits to medically needy aged, blind and disabled, and IHSS income eligibles. The Medi-Cal program includes PCS in its benefits.

Effective August 1, 2004, CMS revised its interpretation of PCSP to include protective supervision and domestic services.

The estimates below were provided by CDSS. FFP for the county cost of administering the PCSP is in the Other Administration section of the Estimate.

PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 99

CASH BASIS

FY 2006-07	CDHS FFP	CDSS GF	County Match	IA#
IHSS PCSP	\$1,946,896,000	\$1,265,482,000	\$681,414,000	03-75676
AB 2779	\$140,688,000	\$91,447,000	\$49,240,000	04-35840
TOTAL	\$2,087,584,000	\$1,356,929,000	\$730,654,000	
FY 2007-08	CDHS FFP	CDSS GF	County Match	IA#
IHSS PCSP	\$1,978,457,000	\$1,285,997,000	\$692,460,000	03-75676
AB 2779	\$145,878,000	\$94,821,000	\$51,057,000	04-35840
TOTAL	\$2,124,335,000	\$1,380,818,000	\$743,517,000	

MEDICARE PMNTS.- BUY-IN PART A & B PREMIUMS

BASE POLICY CHANGE NUMBER: 100
 IMPLEMENTATION DATE: 7/1988
 ANALYST: Humei Wang
 FISCAL REFERENCE NUMBER: 76

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$1,952,238,000	\$2,122,023,000
- STATE FUNDS	\$1,076,397,000	\$1,170,801,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,952,238,000	\$2,122,023,000
STATE FUNDS	\$1,076,397,000	\$1,170,801,500
FEDERAL FUNDS	\$875,841,000	\$951,221,500

DESCRIPTION

The Buy-In Base Estimate reflects expenditures for Part A and Part B premiums for Medi-Cal eligibles that are also eligible for Medicare coverage.

This policy change also includes adjustments due to reconciliations of state and federal data.

FY 2006-07	<u>Part A</u>	<u>Part B</u>
Eligibles	146,332	1,069,911
Rate 07/2006-12/2006	\$393.00	\$88.50
Rate 01/2007-06/2007	\$410.00	\$93.50
FY 2007-08		
Eligibles	153,142	1,126,085
Rate 07/2007-12/2007	\$410.00	\$93.50
Rate 01/2008-06/2008(est.)	\$428.00	\$98.80

MEDICARE PAYMENTS - PART D PHASE-DOWN

BASE POLICY CHANGE NUMBER: 101
IMPLEMENTATION DATE: 1/2006
ANALYST: Karen Fairgrievies
FISCAL REFERENCE NUMBER: 1019

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$1,222,538,000	\$1,172,936,000
- STATE FUNDS	\$1,222,538,000	\$1,172,936,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,222,538,000	\$1,172,936,000
STATE FUNDS	\$1,222,538,000	\$1,172,936,000
FEDERAL FUNDS	\$0	\$0

DESCRIPTION

On January 1, 2006, Medicare's Part D benefit began. Part D provides a prescription drug benefit to all dual eligibles and other Medicare eligibles who enroll in Part D. Dual eligibles had received drug benefits through Medi-Cal.

To help pay for this benefit, the federal government requires the states to contribute part of their savings for no longer providing the drug benefit to dual eligibles. This is called the Phased-down Contribution or "clawback". In 2006, states are required to pay 90% of their savings. This percentage decreases by 1 2/3% each year until it reaches 75% (CY 2007 = 88 1/3%, CY 2008 = 86 2/3%). The Medicare Modernization Act of 2003 (MMA) sets forth a formula to determine a state's "savings". The formula uses 2003 as a base year for states' dual eligible population drug expenditures and increases the average dual eligible drug costs by a growth factor to reach an average monthly clawback cost per dual eligible.

In FY 2005-06, the Department paid CMS \$207,397,571. This amount includes two "1/8 of total" monthly installment payments for January and February 2006 payments and the full monthly payments for March and April 2006. The paid average monthly eligible count for January – April 2006 was 936,590. However, this count is low due to a high amount of disenrollments in January. Later months include adjustments to the enrollments and the average monthly eligible count for January – April 2006 is 976,750 (on an accrual basis). In March of 2006, CMS added retroactive Part D eligibility and auto-enrollment for dual eligibles. This is expected to increase Medi-Cal's average monthly eligible count.

The May – December 2006 paid average monthly eligible count was 1,011,139. This included retroactive payments of 145,000 eligibles for all previous months back to January 2006. On an accrual basis, the average monthly eligible count for May – December 2006 was 993,066.

Assumptions:

1. Calendar year 2006's per member per month (PMPM) cost calculation, provided by CMS in February 2006, was \$89.02.

MEDICARE PAYMENTS - PART D PHASE-DOWN

BASE POLICY CHANGE NUMBER: 101

1. The estimated cost increase in California's PMPM for calendar year 2007 is 6.86%, for an estimated \$93.37 PMPM. The 6.86% increase is a national growth percentage for the Phased-down calculation as determined by the federal government.
3. The estimated cost increase in California's PMPM for calendar year 2008 is 7.13%, for an estimated \$98.13 PMPM.
4. Phase-down payments have a two-month lag. For example, the invoice for the Medi-Cal beneficiaries eligible for Medicare Part D in May 2006 is received in June 2006 and payment is due in July 2006.
5. The average monthly eligibles are estimated using a growth trend in the monthly dual eligibles for June – October 2006. The months prior to June were omitted due the variance experienced in the beginning of the Part D implementation. The months after October 2006 were omitted due the retroactive eligibles expected to occur for those months. It is assumed that over time, CMS will resolve many retroactive eligible issues and the number of retroactive eligible PMPM payments will decrease.
6. The Department received invoices for January, February, and March in April 2006. The January and February invoices allow an 8-month payment option without incurring interest, with the first installment due May 25, 2006. The Department is paying the 8-month payment option.

January 2006 =	\$83,105,500	
February 2006 =	\$85,032,700	
Total	\$168,138,200	/ 8 months = \$21,017,300

Monthly payment May 2006
through December 2006

7. The Phased-down Contribution is funded 100% by State General Fund.

	<u>Pymt Mnths</u>	<u>Estimated Average Monthly Eligibles</u>	<u>PMPM</u>	<u>Estimated Average Monthly Cost</u>	<u>Total Cost</u>
FY 2006-07					
Jan & Feb 2006 payment plan	6			\$21,017,300	\$126,104,000
CY 2006 (May - Dec)	8	1,011,139	\$89.02	\$90,011,638	\$720,093,000
CY 2007 (Jan - April)	4	1,007,660	\$93.37	\$94,085,214	\$376,341,000
					\$1,222,538,000
FY 2007-08					
CY 2007 (May - Dec)	8	1,023,749	\$93.37	\$95,587,444	\$764,700,000
CY 2008 (Jan - April)	4	1,040,066	\$98.13	\$102,058,913	\$408,236,000
					\$1,172,936,000

MENTAL HEALTH SERVICES-CDMH

BASE POLICY CHANGE NUMBER: 102
IMPLEMENTATION DATE: 7/1997
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 75

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$1,119,110,000	\$1,016,524,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,119,110,000	\$1,016,524,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$1,119,110,000	\$1,016,524,000

DESCRIPTION

This policy change includes the estimated cost of specialty mental health services administered by the California Department of Mental Health (CDMH). This policy change budgets only the FFP. As of FY 2006-07, CDHS no longer budgets the GF for CDMH Medi-Cal Services. The GF is included in the CDMH budget.

Outpatient-Inpatient Short/Doyle Contract # 02-25271.
 San Mateo Pharm/Lab Contract # 01-16094/02-25271.
 This policy change reflects FMAP changes.

*Title XXI Funding is through Item 4260-113-0890.

CASH BASIS <i>(Dollars in Thousands)</i>	Title XXI			Total
	Title XIX	M-SCHIP	Presumptive	
FY 2006-07	FFP (50/50)	FFP (65/35)	Eligibility FFP (50/50)	
Outpatient-Inpatient Short/Doyle	\$1,033,874	\$5,341	\$1,328	\$1,040,543
Inpatient-EDS	\$73,635	\$308	\$106	\$74,049
San Mateo Pharm/Lab	\$4,518	\$0	\$0	\$4,518
TOTAL	\$1,112,027	\$5,649	\$1,434	\$1,119,110
FY 2007-08	Title XIX	M-SCHIP	PE	Total
Outpatient-Inpatient Short/Doyle	\$930,405	\$6,083	\$1,561	\$938,049
Inpatient-EDS	\$73,635	\$308	\$106	\$74,049
San Mateo Pharm/Lab	\$4,426	\$0	\$0	\$4,426
TOTAL	\$1,008,466	\$6,391	\$1,667	\$1,016,524
	CDHS FFP	CDMH GF	County Match	
FY 2006-07	\$1,119,110,000	\$914,401,000	\$267,151,000	
FY 2007-08	\$1,016,524,000	\$733,538,000	\$313,440,000	

HOME & COMMUNITY BASED SVCS.-CDDS (Misc.)

BASE POLICY CHANGE NUMBER: 103
IMPLEMENTATION DATE: 7/1990
ANALYST: Stella Bertrand
FISCAL REFERENCE NUMBER: 23

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$759,106,000	\$816,349,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$759,106,000	\$816,349,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$759,106,000	\$816,349,000

DESCRIPTION

The California Department of Developmental Services (CDDS), under a federal Home and Community Based Services (HCBS) waiver, offers and arranges for non-State Plan Medicaid services via the Regional Center system. The HCBS waiver allows the State to offer these services as "medical assistance" to individuals who would otherwise require the level of care provided in a hospital, nursing facility (NF), or in an intermediate care facility for the developmentally disabled (ICF/DD). The CDDS budget is on an accrual basis while the CDHS budget is on a cash basis. The following estimates have been provided by CDDS.

This policy change reflects FMAP changes.

CASH BASIS

(Dollars in Thousands)	<u>CDHS FFP</u>	<u>CDDS GF</u>	<u>IA #</u>
FY 2006-07	\$759,106	\$759,106	01-15834
FY 2007-08	\$816,349	\$816,349	01-15834

DENTAL SERVICES

BASE POLICY CHANGE NUMBER: 104
IMPLEMENTATION DATE: 7/1988
ANALYST: Beverly Yokoi
FISCAL REFERENCE NUMBER: 135

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$603,345,000	\$601,034,000
- STATE FUNDS	\$301,672,500	\$300,517,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$603,345,000	\$601,034,000
STATE FUNDS	\$301,672,500	\$300,517,000
FEDERAL FUNDS	\$301,672,500	\$300,517,000

DESCRIPTION

This policy change reflects expenditures for the Delta Dental base estimate. Delta Dental has an at risk contract to provide dental services to Medi-Cal beneficiaries at a prepaid capitated rate per eligible. These dental costs are for Fee-for-Service Medi-Cal beneficiaries and for Medi-Cal managed care enrollees whose medical health care plan does not include dental coverage. Dental costs for beneficiaries with dental managed care plans are shown in a separate base policy change.

	<u>Rate Effective 8/2005*</u>	<u>Average Monthly Eligibles</u>	<u>Total Funds*</u>	<u>Impact of FY 05-06 Retro Rate Adjustment*</u>	<u>Impact of FY 06-07 Retro Rate Adjustment*</u>	<u>Net Dental FFS with Retro Adj. Total Funds</u>
FY 2006-07						
Regular	\$8.52	5,680,076	\$580,731,000	(\$43,669,000)	(\$625,000)	\$536,437,000
Refugee**	\$34.99	2,167	910,000	(336,000)	22,000	596,000
Other FFS	Non-Capitated	462,560	21,704,000			21,704,000
			\$603,345,000	(\$44,005,000)	(\$603,000)	\$558,737,000
FY 2007-08						
Regular	\$8.51	5,703,707	\$582,463,000			
Refugee**	\$35.92	2,353	1,014,000			
	Non-Capitated	477,996	17,557,000			
			\$601,034,000			

*The FY 2005-06 rates of \$8.52 for regular eligibles and \$34.99 for refugees are effective August 1, 2005. Adjustments to Delta payments based on the retroactive change order for the period August 2005 through May 2007 will be made in May and June 2007. The FY 2006-07 rates of \$8.51 for regular eligibles and \$35.92 for refugees were effective August 2006 and will be implemented August 2007. FY 2007-08 has been budgeted using the rates of \$35.92 and \$8.51 because the change order will be completed within the same fiscal year. See Policy Change, Dental Retroactive Rate Changes for the adjustments that are scheduled to be paid in a fiscal year subsequent to the year services were provided.

** Full federal funding is available for refugees. The funding adjustment shifting normal state share to 100% federal funds for refugees is aggregated and shown in Policy Change Refugee.

DEVELOPMENTAL CENTERS/STATE OP SMALL FAC

BASE POLICY CHANGE NUMBER: 105
IMPLEMENTATION DATE: 7/1997
ANALYST: Stella Bertrand
FISCAL REFERENCE NUMBER: 77

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	\$285,452,000	\$306,041,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$285,452,000	\$306,041,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$285,452,000	\$306,041,000

DESCRIPTION

This Policy Change includes the estimated cost of the California Department of Developmental Services' (CDDS) Developmental Centers (DCs) and State Operated Small Facilities (SOSFs). There are 5 DCs and 2 SOSF.

The Budget Act of 2003 included the implementation of a quality assurance (QA) fee on the entire gross receipts of any intermediate care facility. This policy change also includes reimbursement for the federal share of the QA fee.

The CDDS budget is on an accrual basis, while the CDHS budget is on a cash basis. The following estimates have been provided by CDDS.

This policy change reflects FMAP changes.

CASH BASIS

(Dollars in Thousands)	CDHS FFP	CDDS GF	IA #
FY 2006-07	\$285,452	\$285,452	03-75282/83
FY 2007-08	\$306,041	\$306,041	03-75282/83

TARGETED CASE MGMT. SVCS. - CDDS (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 106
IMPLEMENTATION DATE: 7/1991
ANALYST: Stella Bertrand
FISCAL REFERENCE NUMBER: 26

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$148,096,000	\$149,073,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$148,096,000	\$149,073,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$148,096,000	\$149,073,000

DESCRIPTION

Federal financial participation (FFP) is paid to the California Department of Developmental Services (CDDS) for targeted case management services for Medi-Cal eligible clients served by the 21 CDDS Regional Centers.

The CDDS budget is on an accrual basis, while the CDHS budget is on a cash basis. The following estimates have been provided by CDDS.

This policy change reflects FMAP changes.

CASH BASIS

(Dollars in Thousands)	<u>CDHS FFP</u>	<u>CDDS GF</u>	<u>IA #</u>
FY 2006-07	\$148,096	\$148,096	03-75284
FY 2007-08	\$149,073	\$149,073	03-75284

MENTAL HEALTH DRUG MEDI-CAL-CDADP

BASE POLICY CHANGE NUMBER: 107
IMPLEMENTATION DATE: 7/1997
ANALYST: Robert Ducay
FISCAL REFERENCE NUMBER: 84

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$71,297,000	\$80,021,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$71,297,000	\$80,021,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$71,297,000	\$80,021,000

DESCRIPTION

This policy change includes the estimated cost of the federal Title XIX share of the Mental Health Drug Medi-Cal Program.

Following is the budget estimate provided by the California Department of Alcohol and Drug Programs:

This policy change reflects the current FMAP.

CASH BASIS

	<u>CDHS FFP</u>	<u>DADP GF</u>	<u>IA #</u>
FY 2006-07	\$71,297,000	\$81,407,000	01-15938
FY 2007-08	\$80,021,000	\$90,132,000	

EPSDT SCREENS

BASE POLICY CHANGE NUMBER: 108
IMPLEMENTATION DATE: 7/2001
ANALYST: Jeanne Rickelton
FISCAL REFERENCE NUMBER: 136

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$58,828,000	\$60,907,000
- STATE FUNDS	\$29,414,000	\$30,453,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$58,828,000	\$60,907,000
STATE FUNDS	\$29,414,000	\$30,453,500
FEDERAL FUNDS	\$29,414,000	\$30,453,500

DESCRIPTION

The CHDP program is responsible for the screening component of the Early Periodic Screening and Diagnostic Treatment (EPSDT) benefit of the Medi-Cal program. The health assessments, immunizations, and laboratory screening procedures for Medi-Cal children are funded 50 percent GF and 50 percent FFP. This policy change reflects screening costs for the EPSDT program.

Costs are the estimated number of screens times the estimated average cost per screen for Fiscal Years 2006-07 and 2007-08, based on a historical trend dating back to July 2001.

FY 2006-07

Screens 974,484 x \$60.37 = **\$58,828,000***

FY 2007-08

Screens 994,069 x \$61.27 = **\$60,907,000***

*Includes \$42,000 in each FY for CLPP Funding for EPSDT Lead Screens. Costs are based on information provided by the Children's Medical Services Branch on costs for childhood lead screens. It is assumed that \$42,000 in CLPP funding, Item 4260-101-0080, will be used for the non-federal share in both FYs.

MEDI-CAL TCM PROGRAM (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 109
IMPLEMENTATION DATE: 6/1995
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 27

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$60,000,000	\$80,950,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$60,000,000	\$80,950,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$60,000,000	\$80,950,000

DESCRIPTION

The Targeted Case Management (TCM) program assists Medi-Cal beneficiaries in accessing needed medical, social, educational, and other services. TCM services include needs assessment, individualized service plans, linkage and consultation, assistance with accessing services, crisis assistance planning, and periodic review. Through rates established in the annual cost reports, local governments claim FFP for these case management services. The existing target populations of Medi-Cal beneficiaries that can receive TCM services are those receiving the following services: public health, public guardian, linkages, outpatient, probation, and community.

SB 308 (Chapter 253, Statutes of 2003) redefines local governmental agencies to include Native American tribes, which will allow them to participate in TCM and MAA programs. With the augmentation of staff in July 2005, the Department is requesting Federal approval to implement this program.

AB 2950 (Chapter 131, Statutes of 2006) will result in an increase in provider payments due to the elimination of the 25% and 50% late invoice submission penalties effective with service dates beginning January 1, 2007. These costs are included in the estimates below.

This policy change reflects FMAP changes.

Cash Basis	<u>FY 2006-07</u>	<u>FY 2007-08</u>
2005-06 Invoices	\$10,000,000	\$0
2006-07 Invoices	\$50,000,000	\$10,000,000
2007-08 Invoices	\$0	\$70,950,000
Total	\$60,000,000	\$80,950,000

WAIVER PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 112
IMPLEMENTATION DATE: 4/2000
ANALYST: Julie Chan
FISCAL REFERENCE NUMBER: 32

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$11,473,000	\$15,341,000
- STATE FUNDS	\$5,736,500	\$7,670,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$11,473,000	\$15,341,000
STATE FUNDS	\$5,736,500	\$7,670,500
FEDERAL FUNDS	\$5,736,500	\$7,670,500

DESCRIPTION

AB 668 (Chapter 896, Statutes of 1998) required Medi-Cal to add personal care services (PCS) to the Nursing Facility (NF) Waivers. This policy change reflects Waiver PCS provided through county In-Home Supportive Services programs to waiver beneficiaries, paid by interagency agreement with the California Department of Social Services (CDSS).

Assumptions:

- The number of current NF A/B LOC Waiver beneficiaries using Waiver PCS is estimated to increase by 5 per month in FY 2006-07 and 12 per month in FY 2007-08.
- The number of current NF Subacute (SA) LOC beneficiaries using Waiver PCS is estimated to increase by 2 per month in FY 2006-07 and FY 2007-08.
- Beginning in May 2007, the Department expects to enroll 213 additional beneficiaries currently on a waiting list. These beneficiaries will be phased into existing slots of the NF/AH Waiver at a rate of approximately 28 per month for 8 months. The Department also estimates 20 NF/AH Waiver NF B LOC slots will be filled in fiscal year 2006-07, and 164 in 2007-08, under the provisions of SB 643. 55% of the beneficiaries are expected to use waiver personal care services.

Average Number of Beneficiaries

NF A/B:	2006-07 avg/mo.:	303	2007-08 avg/mo.:	449
NF SA:	2006-07 avg/mo.:	193	2007-08 avg/mo.:	217

Average Hours/Month Per Beneficiary

NF A/B:	2006-07 avg/mo.:	160	2007-08 avg/mo.:	160
NF SA:	2006-07 avg/mo.:	298	2007-08 avg/mo.:	298

- The average cost/hour is \$9.71.

WAIVER PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 112

ACCRUAL BASIS**FY 2006-07**

	Total	GF	FFP
NF A/B Waiver	\$5,636,000	\$2,818,000	\$2,818,000
NF SA Waiver	\$6,700,000	\$3,350,000	\$3,350,000
Total (Rounded)	\$12,336,000	\$6,168,000	\$6,168,000

FY 2007-08

NF A/B Waiver	\$8,379,000	\$4,189,500	\$4,189,500
NF SA Waiver	\$7,535,000	\$3,767,500	\$3,767,500
Total	\$15,914,000	\$7,957,000	\$7,957,000

CASH BASIS

FY 2006-07 Total	\$11,473,000	\$5,736,500	\$5,736,500
FY 2007-08 Total	\$15,341,000	\$7,670,500	\$7,670,500

STATE HOSPITALS - CDMH

BASE POLICY CHANGE NUMBER: 113
IMPLEMENTATION DATE: 7/2002
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 87

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$9,500,000	\$9,500,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$9,500,000	\$9,500,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$9,500,000	\$9,500,000

DESCRIPTION

This policy change includes the estimated Medi-Cal Title XIX FFP cost of the California Department of Mental Health's (CDMH) state hospitals. The following estimate has been provided by CDMH. As of FY 2006-07, CDHS no longer budgets the GF for CDMH Medi-Cal Services. The GF is included in the CDMH budget.

This policy change reflects FMAP changes.

CASH BASIS

	<u>CDHS FFP</u>	<u>CDMH GF</u>	<u>IA #</u>
FY 2006-07	\$9,500,000	\$9,500,000	02-25868
FY 2007-08	\$9,500,000	\$9,500,000	02-25868

HIPP PREMIUM PAYOUTS (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 115
IMPLEMENTATION DATE: 1/1993
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 91

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$5,248,000	\$5,305,000
- STATE FUNDS	\$2,624,000	\$2,652,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$5,248,000	\$5,305,000
STATE FUNDS	\$2,624,000	\$2,652,500
FEDERAL FUNDS	\$2,624,000	\$2,652,500

DESCRIPTION

This policy change estimates the cost of the premium payouts for the Department's Health Insurance Premium Payment (HIPP) program. Savings for this program are in the base. Since premiums are paid outside of the regular Medi-Cal claims payment procedure, premium costs must be separately budgeted. Calculations are based on FY 2005-06 actual paid premiums plus an 8% yearly increase, which is the average growth of actual paid premiums.

Assumptions:

1. FY 2005-06 average monthly premium cost was \$424.
2. FY 2005-06 average monthly HIPP enrollment was 955.
3. FY 2005-06 actual expenditures were \$4,859,000.
4. Assume an 8% growth each year.

FY 2006-07: \$4,859,000 x 1.08 = **\$5,248,000**

FY 2007-08: \$5,248,000 x 1.08 = **\$5,305,000**

LAWSUITS/CLAIMS

BASE POLICY CHANGE NUMBER: 117
IMPLEMENTATION DATE: 7/1989
ANALYST: Stella Bertrand
FISCAL REFERENCE NUMBER: 93

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	\$2,234,000	\$1,865,000
- STATE FUNDS	\$1,117,000	\$932,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$2,234,000	\$1,865,000
STATE FUNDS	\$1,117,000	\$932,500
FEDERAL FUNDS	\$1,117,000	\$932,500

DESCRIPTION

This policy change reflects the cost of Medi-Cal lawsuit judgments, settlements, and attorney fees that are not shown in other policy changes.

	Committed 2006-07	Balance 2006-07	Budgeted 2006-07	Budgeted 2007-08
Attorney Fees <\$5,000	\$4,199	\$45,801	\$50,000 *	\$50,000 *
Provider Settlements <\$75,000	\$512,730	\$1,087,270	\$1,600,000 *	\$1,600,000 *
Beneficiary Settlements <\$ 2,000	\$0	\$15,000	\$15,000 *	\$15,000 *
Small Claims Court	\$4,002	\$195,998	\$200,000 *	\$200,000 *
Other Attorney Fees	\$158,809	\$0	\$159,000	\$0
Other Provider Settlements	\$196,493	\$0	\$196,000	\$0
Other Beneficiary Settlements	\$14,140	\$0	\$14,000	\$0
TOTALS			\$2,234,000 *	\$1,865,000 *

* Represents potential totals.

CLPP CASE MANAGEMENT SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 119
IMPLEMENTATION DATE: 7/1997
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 1083

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	\$1,000,000	\$1,000,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,000,000	\$1,000,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$1,000,000	\$1,000,000

DESCRIPTION

The Childhood Lead Poisoning Prevention (CLPP) Program provides case management services utilizing revenues collected from fees. The revenues are distributed to county governments which provide the case management services. Some of these services are provided to Medi-Cal eligibles. To the extent that local governments provide case management services to Medi-Cal eligibles, federal matching funds can be claimed.

This policy change reflects the Title XIX federal matching funds for Benefits costs involving case management activities under the State Plan.

Beginning July 1, 2007, the CLPP Program will be administered by the California Department of Public Health.

AUDIT SETTLEMENTS

BASE POLICY CHANGE NUMBER: 123
IMPLEMENTATION DATE: 7/2003
ANALYST: Betty Lai
FISCAL REFERENCE NUMBER: 110

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
FULL YEAR COST - TOTAL FUNDS	\$0	\$0
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$0
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$0	\$0

DESCRIPTION

This policy change includes funds for audit settlements with the federal government. At this time, there are no audit settlement payments for FY 2006-07.

BASE RECOVERIES

BASE POLICY CHANGE NUMBER: 135
IMPLEMENTATION DATE: 7/1987
ANALYST: Beverly Yokoi
FISCAL REFERENCE NUMBER: 127

	FY 2006-07	FY 2007-08
FULL YEAR COST - TOTAL FUNDS	-\$266,000,000	-\$277,600,000
- STATE FUNDS	-\$135,390,000	-\$140,493,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	-\$266,000,000	-\$277,600,000
STATE FUNDS	-\$135,390,000	-\$140,493,000
FEDERAL FUNDS	-\$130,610,000	-\$137,107,000

DESCRIPTION

Budget Act Language allows all recoveries to be credited to the Health Care Deposit Fund and to be used to finance current obligations of the Medi-Cal program. Medi-Cal recoveries result from collections from estates, lawsuit settlements, providers, and other insurance to offset the cost of services provided to Medi-Cal beneficiaries in specified circumstances.

The General Fund ratio for collections is estimated to be 50.84% in FY 2006-07 and 50.61% in FY 2007-08.

	FY 2006-07	FY 2007-08
Estimated Base Recoveries:		
Personal Injury Collections	\$40,000,000	\$40,000,000
Workers' Comp. Contract	2,700,000	2,700,000
Health Insurance	22,600,000	25,000,000
H.I. Contingency Contract	44,500,000	44,500,000
General Collections	156,200,000	165,400,000
TOTAL	\$266,000,000	\$277,600,000