

TWO PLAN MODEL

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

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$3,396,799,000	\$3,709,112,000
- STATE FUNDS	\$1,706,631,500	\$1,864,136,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$3,396,799,000	\$3,709,112,000
STATE FUNDS	\$1,706,631,500	\$1,864,136,500
FEDERAL FUNDS	\$1,690,167,500	\$1,844,975,500

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. Fresno County has two commercial plans.

The capitation rates include the provider payment restoration, effective January 1, 2007. FY 2007-08 rates include the August 2007 AB 1629 and non-AB 1629 long term care (LTC) rate increases. FY 2008-09 rates include the August 2008 AB 1629 and non-AB 1629 LTC rate increases.

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 dropped from 6% to 5.5%. The QIF reduction is included in the rates effective October 1, 2008.

This policy change includes the 2008-09 rates developed by Mercer Government Human Resources Consulting. As a result of the Governor's veto of \$107 million TF in Medi-Cal managed care rate increase funding from the FY 2007-08 budget, a shortfall of approximately \$38.5 million TF exists for rate increases in FY 2007-08. The Department will defer a total of \$38.5 million TF in capitation payments to FY 2008-09. Payments of approximately \$23.3 million TF to the Two Plan model plans will be deferred to FY 2008-09. Retroactive payments for FY 2006-07 rate redetermination and the 5% rate restoration and FY 2007-08 rate redetermination (please note that the net effect of the 10/07 rate redetermination for LA Care is zero since LA Care was a hold harmless plan for the 2007-08 rate redetermination) are expected to be paid in FY 2008-09 and is estimated to be \$45 million TF for LA Care.

The FY 2008-09 estimated expenditures are based on preliminary Mercer rates. The cost increase between FY 2007-08 and FY 2008-09 due to increased eligibles is estimated to be \$61,275,000. The cost increase between FY 2007-08 and FY 2008-09 due to rate adjustments is estimated to be \$138,330,000. The Department expects to pay a retroactive rate adjustment in FY 2008-09 of \$45 million TF. The estimated amount of this retroactive rate adjustment attributed to FY 2007-08 is

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\$21,028,000 TF. The total increase between FY 2007-08 and FY 2008-09 excluding all other retroactive payments and deferrals is estimated to be \$199,605,000 (\$3,640,772,000 - \$3,420,139,000 - \$21,028,000 = \$199,605,000).

FY 2007-08	Total	Eligibles	Average Monthly Eligibles
Alameda	\$189,591,000	1,248,844	104,070
Contra Costa	\$102,602,000	681,680	56,807
Kern	\$173,789,000	1,391,682	115,973
Los Angeles	\$1,563,619,000	13,864,933	1,155,411
Riverside	\$229,098,000	1,989,680	165,807
San Bernardino	\$275,373,000	2,331,797	194,316
San Francisco	\$77,312,000	523,360	43,613
San Joaquin	\$128,190,000	1,047,496	87,291
Santa Clara	\$179,898,000	1,305,996	108,833
Stanislaus	\$102,261,000	723,504	60,292
Tulare	\$130,802,000	1,075,820	89,652
Fresno	\$267,604,000	2,122,353	176,863
Subtotal	\$3,420,139,000		
Rate Adjustment Deferment	-\$23,340,000		
Total FY 2007-08	\$3,396,799,000	28,307,145	2,358,929

FY 2008-09	Total	Eligibles	Average Monthly Eligibles
Alameda	\$206,397,000	1,267,129	105,594
Contra Costa	\$111,957,000	705,739	58,812
Kern	\$175,677,000	1,407,701	117,308
Los Angeles	\$1,611,356,000	13,872,856	1,156,071
Riverside	\$250,495,000	2,046,769	170,564
San Bernardino	\$297,999,000	2,390,859	199,238
San Francisco	\$80,941,000	524,033	43,669
San Joaquin	\$145,224,000	1,063,008	88,584
Santa Clara	\$202,114,000	1,345,424	112,119
Stanislaus	\$106,699,000	736,291	61,358
Tulare	\$135,317,000	1,081,516	90,126
Fresno	\$276,596,000	2,137,275	178,106
Final Determination	\$40,000,000		
Subtotal	\$3,640,772,000		
Rate Adjustment Deferment	\$23,340,000		
Retroactive Rate Adjustment	\$45,000,000		
Total FY 2008-09	\$3,709,112,000	28,578,600	2,381,550

COUNTY ORGANIZED HEALTH SYSTEMS

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

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$1,729,023,000	\$1,881,715,000
- STATE FUNDS	\$866,008,000	\$942,565,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,729,023,000	\$1,881,715,000
STATE FUNDS	\$866,008,000	\$942,565,000
FEDERAL FUNDS	\$863,015,000	\$939,150,000

DESCRIPTION

This policy change reflects the impact of the County Organized Health Systems in nine counties (Santa Barbara Regional Health Authority expanded into San Luis Obispo County in March 2008; the funding for San Luis Obispo County is included in the Managed Care Expansion – San Luis Obispo policy change).

The capitation rates for all plans include the provider payment restoration, effective January 1, 2007. FY 2007-08 rates include the August 2007 AB 1629 and non-AB 1629 long term care (LTC) rate increases. FY 2008-09 rates include the August 2008 AB 1629 and non-AB 1629 LTC rate increases.

Additionally, FY 2007-08 total costs reflect a one-time retroactive payment to Santa Barbara Regional Health Authority to include costs of the annual rate redetermination adjustment, effective July 1, 2006, the August 2006 AB 1629 and non-AB 1629 LTC rate increases, and the provider payment restoration, effective January 1, 2007.

Santa Barbara Regional Health Authority (SBRHA) has carved 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 has adjusted the rates accordingly.

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 dropped from 6% to 5.5%. The QIF reduction is included in the rates effective July 1, 2008, as it is the only COHS plan subject to the QIF.

This policy change includes the 2007-08 rates developed by Mercer Government Human Resources Consulting. As a result of the Governor's veto of \$107 million TF in Medi-Cal managed care rate increase funding from the FY 2007-08 budget, a shortfall of approximately \$38.5 million TF exists for rate increases in FY 2007-08. The Department will defer a total of \$38.5 million TF in capitation payments to FY 2008-09. Payments of approximately \$11.7 million TF to the COHS plans will be deferred to FY 2008-09.

COUNTY ORGANIZED HEALTH SYSTEMS**BASE POLICY CHANGE NUMBER: 50**

The FY 2008-09 estimated expenditures are based on preliminary Mercer rates. The cost increase between FY 2007-08 and FY 2008-09 due to increased eligibles is estimated to be \$31,278,000. The cost increase between FY 2007-08 and FY 2008-09 due to rate adjustments is anticipated to be \$104,718,000. The total increase between FY 2007-08 and FY 2008-09 excluding retroactive payments and deferrals is estimated to be \$135,996,000 (\$1,870,054,000 - \$1,734,058,000 = \$135,996,000).

FY 2007-08	Total	Eligibles	Average Monthly Eligibles
CalOPTIMA (Orange)	\$850,554,000	3,597,202	299,767
Monterey	\$168,619,000	673,791	56,149
Napa	\$45,450,000	131,817	10,985
San Mateo	\$146,238,000	609,202	50,767
Santa Barbara	\$168,837,000	657,593	54,799
Santa Cruz	\$110,080,000	374,886	31,241
Solano	\$163,348,000	643,312	53,609
Yolo	\$80,932,000	285,996	23,833
Subtotal	\$1,734,058,000		
SBRHA Retro Payment, FY 2006-07	\$6,626,000		
Rate Adjustment Deferment	-\$11,661,000		
Total FY 2007-08	\$1,729,023,000	6,973,799	581,150
			Average Monthly Eligibles
FY 2008-09	Total	Eligibles	
CalOPTIMA (Orange)	\$933,221,000	3,667,440	305,620
Monterey	\$176,391,000	689,034	57,420
Napa	\$49,961,000	134,571	11,214
San Mateo	\$143,106,000	624,396	52,033
Santa Barbara	\$166,375,000	672,624	56,052
Santa Cruz	\$114,492,000	383,244	31,937
Solano	\$192,257,000	654,624	54,552
Yolo	\$89,251,000	291,045	24,254
Final Determination	\$5,000,000		
Subtotal	\$1,870,054,000		
Rate Adjustment Deferment	\$11,661,000		
Total FY 2008-09	\$1,881,715,000	7,116,978	593,082

GEOGRAPHIC MANAGED CARE

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

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$557,253,000	\$577,888,000
- STATE FUNDS	\$279,712,500	\$290,525,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$557,253,000	\$577,888,000
STATE FUNDS	\$279,712,500	\$290,525,000
FEDERAL FUNDS	\$277,540,500	\$287,363,000

DESCRIPTION

The GMC program requires 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 FY 2007-08, including an adjustment for rate changes that are retroactively effective January 1, 2006. The retroactive adjustments to the Health Net San Diego plan for FY 2005-06 and FY 2006-07 will be made in FY 2007-08. These adjustments amount to a savings to the Department due to the January 1, 2006 implementation of Part D rates, which reduced capitation rates for those beneficiaries who qualify for both Medi-Cal and Medicare benefits.

The capitation rates include the provider payment restoration, effective January 1, 2007. FY 2007-08 rates include the August 2007 AB 1629 and non-AB 1629 LTC rate increases. FY 2008-09 rates include the August 2008 AB 1629 and non-AB 1629 LTC rate increases.

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 dropped from 6% to 5.5% and is included in the rates effective July 1, 2008 for both the Sacramento and San Diego GMC plans.

This policy change includes the 2007-08 rates developed by Mercer Government Human Resources Consulting. As a result of the Governor's veto of \$107 million TF in Medi-Cal managed care rate increase funding from the FY 2007-08 budget, a shortfall of approximately \$38.5 million TF exists for rate increases in FY 2007-08. The Department will defer a total of \$38.5 million TF in capitation payments to FY 2008-09. Payments of approximately \$3.5 million TF to the GMC plans will be deferred to FY 2008-09.

GEOGRAPHIC MANAGED CARE**BASE POLICY CHANGE NUMBER: 51**

The FY 2008-09 estimated expenditures are based on preliminary Mercer rates. The cost increase between FY 2007-08 and FY 2008-09 due to increased eligibles is estimated to be \$7,897,000. The cost increase between FY 2007-08 and FY 2008-09 due to rate adjustments is estimated to be \$35,186,000. The total increase between FY 2007-08 and FY 2008-09 excluding retroactive payments and deferrals is estimated to be \$43,083,000 (\$574,390,000 – 531,307,000 = \$43,083,000).

	Total	Eligibles	Average Monthly Eligibles
FY 2007-08			
San Diego GMC	\$255,407,000	2,055,407	171,284
Sacramento GMC	\$275,900,000	2,003,330	166,944
Subtotal	\$531,307,000		
San Diego GMC Part D Retro Payment, FY 2005-06	-\$3,927,000		
San Diego GMC Retroactive Payment, FY 2006-07	\$33,371,000		
Rate Adjustment Deferment	-\$3,498,000		
Total FY 2007-08	\$557,253,000	4,058,737	338,228
	Total	Eligibles	Average Monthly Eligibles
FY 2008-09			
San Diego GMC	\$271,999,000	2,061,496	171,791
Sacramento GMC	\$297,391,000	2,033,900	169,492
Final Determination	\$5,000,000		
Subtotal	\$574,390,000		
Rate Adjustment Deferment	\$3,498,000		
Total FY 2008-09	\$577,888,000	4,095,396	341,283

PACE (Other M/C)

BASE POLICY CHANGE NUMBER: 52
IMPLEMENTATION DATE: 7/1992
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 62

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$117,653,000	\$143,302,000
- STATE FUNDS	\$58,826,500	\$71,651,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$117,653,000	\$143,302,000
STATE FUNDS	\$58,826,500	\$71,651,000
FEDERAL FUNDS	\$58,826,500	\$71,651,000

DESCRIPTION

The Department has five 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. One-time retroactive payments to the plans are budgeted for FY 2005-06 and FY 2006-07 rate adjustments and increases. FY 2008-09 funding also reflects the anticipated August 2008 and AB 1629 and non-AB1629 LTC rate increases. A 2% estimated rate increase is assumed beginning January 1, 2009.

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 became operational beginning January 1, 2008.

On Lok Senior Health Services will expand into Santa Clara County and is expected to be operational July 1, 2008.

PACE (Other M/C)
BASE POLICY CHANGE NUMBER: 52

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2007-08			
Centers for Elder Independence	\$23,372,000	5,147	429
Sutter Senior Care	\$7,753,000	2,179	182
Alta Med Senior Buena Care	\$23,056,000	5,641	470
OnLok Senior Health	\$53,502,000	12,095	1,008
St. Paul's Homes (CESD)	\$427,000	117	10
Total Capitation Payments	<u>\$108,110,000</u>	<u>25,179</u>	<u>2,098</u>
Retroactive Rate Adjustments for FY 2005-06	\$1,546,000		
Retroactive Rate Adjustments for FY 2006-07	\$7,996,000		
Total	<u>\$117,468,000</u>		
FY 2008-09			
Centers for Elder Independence	\$29,604,000	6,490	541
Sutter Senior Care	\$9,719,000	2,682	223
Alta Med Senior Buena Care	\$33,296,000	8,390	699
OnLok Senior Health	\$60,713,000	13,583	1,132
St. Paul's Homes (CESD)	\$3,113,000	826	69
Total Capitation Payments	<u>\$136,445,000</u>	<u>31,970</u>	<u>2,664</u>
AB 1629 and Other LTC Rate Increases, August 2008	\$6,857,000		
Total	<u>\$143,302,000</u>		

SENIOR CARE ACTION NETWORK (Other M/C)

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

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$113,113,000	\$135,015,000
- STATE FUNDS	\$56,556,500	\$67,507,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$113,113,000	\$135,015,000
STATE FUNDS	\$56,556,500	\$67,507,500
FEDERAL FUNDS	\$56,556,500	\$67,507,500

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 6,999 in June 2008 and 8,012 by June 2009.

The enrollment projections reflect continued growth in SCAN. A new contract, effective January 1, 2008, allows SCAN to offer In Home Health Services (IHHS). Approximately one-third of all SCAN members currently receive IHHS through the counties, and they will no longer be allowed to receive services through SCAN while simultaneously receiving IHSS services through the county. It is assumed that some enrollees may disenroll from SCAN in order to continue to receive IHSS benefits through the county and remain with their established providers, but growth is anticipated to continue to occur as a result of active marketing to prospective enrollees by the plan.

These budgeted amounts reflect current rates, one-time retroactive payments for the August 2006 AB 1629 and non-AB 1629 long term care rate increase, October 2006 annual rate redetermination rates, and the January 2007 5% provider payment restoration. The budgeted amounts also reflect the AB 1629 and non-AB 1629 long term care rate increases that occurred in August 2007 and are anticipated to occur in August 2008. A 2% estimated rate increase was also assumed beginning January 1, 2009.

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 2007-08			
Los Angeles	\$72,141,000	53,285	4,440
Riverside	\$24,791,000	16,208	1,351
San Bernardino	\$12,155,000	7,743	645
Total Capitation Payments	<u>\$109,087,000</u>	<u>77,236</u>	<u>6,436</u>
Retroactive Rate Adjustments for FY 2006-07			
	<u>\$4,026,000</u>		
Total	<u>\$113,113,000</u>		
FY 2008-09			
Los Angeles	\$86,107,000	63,405	5,284
Riverside	\$28,333,000	18,452	1,538
San Bernardino	\$13,554,000	8,712	726
Total Capitation Payments	<u>\$127,994,000</u>	<u>90,569</u>	<u>7,548</u>
AB 1629 and Other LTC Rate Increases, August 2008			
	<u>\$7,021,000</u>		
Total	<u>\$135,015,000</u>		

DENTAL MANAGED CARE (Other M/C)

BASE POLICY CHANGE NUMBER: 55
 IMPLEMENTATION DATE: 7/2004
 ANALYST: Richard Hargraves
 FISCAL REFERENCE NUMBER: 1029

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$45,331,000	\$47,111,000
- STATE FUNDS	\$22,665,500	\$23,555,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$45,331,000	\$47,111,000
STATE FUNDS	\$22,665,500	\$23,555,500
FEDERAL FUNDS	\$22,665,500	\$23,555,500

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 2008 were not yet available. The rates for Calendar Year 2007 have been used for this estimate. The rates of \$9.80 for calendar year 2006 and \$9.91 for calendar year 2007 will be retroactive and paid in FY 2007-08. 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.

The PACE/SCAN weighted rate is \$8.43 for FY 2007-08. The rate \$8.45 is used for FY 2008-09.

	Capitation	Average		Retroactive	Retroactive	Net Dental
FY 2007-08	Rate	Monthly	Total Funds	Rate Adj.	Rate Adj.	Mgd. Care
		Eligibles		Jan-Dec	Jan-June	with Retro Adj.
				2006	2007	Total Funds
GMC	\$9.91	166,581	\$19,810,000	\$1,451,000	\$824,000	\$22,085,000
PHP	\$9.07	226,510	\$24,653,000			\$24,653,000
PACE/SCAN	\$8.43	8,582	\$868,000			\$868,000
			\$45,331,000	\$1,451,000	\$824,000	\$47,606,000
FY 2008-09						
GMC	\$9.91	169,080	\$20,107,000			
PHP	\$9.07	237,967	\$25,899,000			
PACE/SCAN	\$8.45	10,161	\$1,105,000			
			\$47,111,000			

AIDS HEALTHCARE CENTERS (Other M/C)

BASE POLICY CHANGE NUMBER: 56
IMPLEMENTATION DATE: 5/1985
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 63

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$11,964,000	\$11,680,000
- STATE FUNDS	\$5,982,000	\$5,840,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$11,964,000	\$11,680,000
STATE FUNDS	\$5,982,000	\$5,840,000
FEDERAL FUNDS	\$5,982,000	\$5,840,000

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 2007-08 is based on FY 2006-07 savings. FY 2008-09 sharing with the contractors is based on savings realized in FY 2007-08, 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 current contract model will be converted to a full risk contract effective July 1, 2008. It will include the full scope of Medi-Cal managed care services, most significantly, hospital inpatient services. The Savings Sharing/Incentive contract provisions will not be included in the full risk contract.

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 reached 853 in June 2007 and is expected to reach 865 by June 2008 and 877 by June 2009.

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 and August 2008 LTC rate increases are shown in separate line items within FY 2007-08 and FY 2008-09 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 payment from the plans dropped from 6% to 5.5%. The projected reduction to State General Fund revenues as a result of the QIF payment reduction is reflected in a separate information item.

AIDS HEALTHCARE CENTERS (Other M/C)

BASE POLICY CHANGE NUMBER: 56

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2007-08			
Capitation Payments	\$10,219,000	10,344	862
Savings Sharing AB 1629 and Other LTC Rate Increases	\$1,723,000 \$22,000		
Total	\$11,964,000		
FY 2008-09			
Capitation Payments	\$10,332,000	10,458	872
Savings Sharing AB 1629 and Other LTC Rate Increases	\$1,300,000 \$48,000		
Total	\$11,680,000		

PHP

BASE POLICY CHANGE NUMBER: 61
IMPLEMENTATION DATE: 7/2002
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 140

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$4,413,000	\$4,679,000
- STATE FUNDS	\$2,211,000	\$2,344,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$4,413,000	\$4,679,000
STATE FUNDS	\$2,211,000	\$2,344,000
FEDERAL FUNDS	\$2,202,000	\$2,335,000

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 2007-08, the average monthly combined enrollment in Kaiser is estimated to be 2,175. For FY 2008-09, the average monthly combined enrollment is estimated to be 2,245.

The capitation rates include the provider payment restoration, effective January 1, 2007. FY 2007-08 rates include the August 2007 AB 1629 and non-AB 1629 long term care rate (LTC) increases. FY 2008-09 rates include the August 2008 AB 1629 and non-AB 1629 LTC rate increases.

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 dropped from 6% to 5.5%. The QIF reduction is included in the rates.

The Department develops the rates for the PHP plans. No rate increase has been assumed for the rate year beginning October 2008.

PHP

BASE POLICY CHANGE NUMBER: 61

	Total	Eligibles	Average Monthly Eligibles
FY 2007-08			
081 - Kaiser Foundation Health Plan	\$1,370,000	7,706	642
087 - Kaiser Foundation Health Plan	\$3,043,000	18,399	1,533
Total FY 2007-08	\$4,413,000	26,105	2,175
	Total	Eligibles	Average Monthly Eligibles
FY 2008-09			
081 - Kaiser Foundation Health Plan	\$1,419,000	7,937	661
087 - Kaiser Foundation Health Plan	\$3,260,000	19,000	1,583
Total FY 2008-09	\$4,679,000	26,937	2,245

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

BASE POLICY CHANGE NUMBER: 63
IMPLEMENTATION DATE: 3/1993
ANALYST: Shelley Stankeivicz
FISCAL REFERENCE NUMBER: 66

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$2,680,000	\$3,172,000
- STATE FUNDS	\$1,340,000	\$1,586,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$2,680,000	\$3,172,000
STATE FUNDS	\$1,340,000	\$1,586,000
FEDERAL FUNDS	\$1,340,000	\$1,586,000

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 143 by June 2008 and 143 during FY 2008-09.

	<u>Costs</u>	<u>Eligible Months</u>	<u>Average Monthly Enrollment</u>
FY 2007-08	\$2,680,000	1,450	121
FY 2008-09	\$3,172,000	1,716	143

PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 100
IMPLEMENTATION DATE: 4/1993
ANALYST: Julie Chan
FISCAL REFERENCE NUMBER: 22

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$2,330,355,000	\$2,186,972,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$2,330,355,000	\$2,186,972,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$2,330,355,000	\$2,186,972,000

DESCRIPTION

The Department of Health Care 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: 100

CASH BASIS

FY 2007-08	DHCS FFP	CDSS GF	County Match	IA#
IHSS PCSP	\$2,129,911,000	\$1,384,442,000	\$745,469,000	03-75676
AB 2779	\$200,444,000	\$130,289,000	\$70,155,000	04-35840
TOTAL	\$2,330,355,000	\$1,514,731,000	\$815,624,000	
FY 2008-09	DHCS FFP	CDSS GF	County Match	IA#
IHSS PCSP	\$2,009,716,000	\$1,306,315,000	\$703,400,000	03-75676
AB 2779	\$177,256,000	\$115,217,000	\$62,040,000	04-35840
TOTAL	\$2,186,972,000	\$1,421,532,000	\$765,440,000	

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

BASE POLICY CHANGE NUMBER: 101
IMPLEMENTATION DATE: 7/1988
ANALYST: Humei Wang
FISCAL REFERENCE NUMBER: 76

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$2,087,669,000	\$2,199,255,000
- STATE FUNDS	\$1,140,756,000	\$1,200,969,500
 PAYMENT LAG	 1.0000	 1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
 APPLIED TO BASE		
TOTAL FUNDS	\$2,087,669,000	\$2,199,255,000
STATE FUNDS	\$1,140,756,000	\$1,200,969,500
FEDERAL FUNDS	\$946,913,000	\$998,285,500

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.

	Part A	Part B
FY 2007-08		
Eligibles	154,056	1,086,908
Rate 07/2007-12/2007	\$410.00	\$93.50
Rate 01/2008-06/2008	\$423.00	\$96.40
 FY 2008-09		
Eligibles	160,741	1,117,644
Rate 07/2008-12/2008	\$423.00	\$96.40
Rate 01/2009-06/2009(est.)	\$436.00	\$99.40

MEDICARE PAYMENTS - PART D PHASED-DOWN

BASE POLICY CHANGE NUMBER: 102
IMPLEMENTATION DATE: 1/2006
ANALYST: Karen Fairgrievies
FISCAL REFERENCE NUMBER: 1019

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$1,148,558,000	\$1,204,072,000
- STATE FUNDS	\$1,148,558,000	\$1,204,072,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,148,558,000	\$1,204,072,000
STATE FUNDS	\$1,148,558,000	\$1,204,072,000
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 $\frac{2}{3}$ % each year until it reaches 75% (CY 2007 = 88 $\frac{1}{3}$ %, CY 2008 = 86 $\frac{2}{3}$ %). 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 or the per member per month (PMPM) rate.

January and February 2006 payments were paid in eight installments with two installment payments in FY 2005-06 and the remaining six in FY 2006-07. In March of 2006, CMS added retroactive Part D eligibility and auto-enrollment for dual eligibles.

Medi-Cal's Part D PMPM rate:

<u>Calendar Year</u>	<u>PMPM rate</u>
2006	\$89.02
2007	\$93.37
2008	\$93.15

Medi-Cal's total payments on a cash basis and average monthly eligibles by fiscal year:

<u>Fiscal Year</u>	<u>Total Payment</u>	<u>Ave. Monthly Eligibles</u>
FY 2005-06	\$ 207,397,571	936,590
FY 2006-07	\$1,222,488,362	1,010,020

MEDICARE PAYMENTS - PART D PHASED-DOWN**BASE POLICY CHANGE NUMBER: 102****Assumptions:**

1. The growth increase in California's PMPM for calendar year 2008 is 1.69%, for a \$93.15 PMPM. The 1.69% increase is an adjusted national growth percentage for the Phased-down calculation and was determined by CMS using National Health Expenditures (NHE) released in January 2007. The original 2008 growth percentage was estimated at 6.65%; however, the January 2007 NHE also made adjustments to the prior years estimated growth percentages representing a cumulative change of -4.24% in the prior years. CMS applied the -4.24% adjustment to the 6.65% to set the 2008 Part D growth at 1.69%.
2. The estimated cost increase in California's PMPM for calendar year 2009 is 9.14%, for an estimated \$99.70 PMPM. The 2009 estimated PMPM is based on projections using the NHE released in January 2008 with an adjustment factor of 2.98% for changes in the prior years estimated growth percentages. The actual PMPM growth will be based on the annual percent increase in the average per capita aggregate expenditures for covered Part D drugs for Part D eligibles as calculated by CMS. 2009 will be the first year this information is available.
3. 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.
4. The average monthly eligibles are estimated using a growth trend in the monthly dual eligibles for May 2006 – January 2008.
5. The Phased-down Contribution is funded 100% by State General Fund.

	<u>Pymt Mnths</u>	<u>Est. Ave. Monthly Eligibles</u>	<u>Est. Ave. Monthly Cost</u>	<u>Total Cost</u>
FY 2007-08	12	1,024,700	\$ 95,713,167	\$1,148,558,000
FY 2008-09	12	1,052,500	\$100,339,333	\$1,204,072,000

MENTAL HEALTH SERVICES-CDMH

BASE POLICY CHANGE NUMBER: 103
IMPLEMENTATION DATE: 7/1997
ANALYST: Michael Yokeley
FISCAL REFERENCE NUMBER: 75

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$1,204,750,000	\$1,252,350,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,204,750,000	\$1,252,350,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$1,204,750,000	\$1,252,350,000

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, DHCS no longer budgets the GF for CDMH Medi-Cal Services. The GF is included in the CDMH budget.

On June 26, 2007, CMS approved renewal of the Specialty Mental Health Waiver for the period of July 1, 2007 through June 30, 2009.

EPSDT Contract # 02-25271.

Outpatient 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.

MENTAL HEALTH SERVICES-CDMH

BASE POLICY CHANGE NUMBER: 103

CASH BASIS <i>(Dollars in Thousands)</i>	Title XXI			Total
	Title XIX FFP (50/50)	M-SCHIP FFP (65/35)	Presumptive Eligibility FFP (50/50)	
FY 2007-08				
EPSDT	\$554,477	\$2,966	\$767	\$558,210
Outpatient	\$557,754	\$3,608	\$933	\$562,295
Inpatient-EDS	\$79,373	\$332	\$114	\$79,819
San Mateo Pharm/Lab	\$4,426	\$0	\$0	\$4,426
TOTAL	\$1,196,030	\$6,906	\$1,814	\$1,204,750
FY 2008-09				
EPSDT	\$540,496	\$3,314	\$856	\$544,666
Outpatient	\$615,347	\$3,982	\$1,029	\$620,358
Inpatient-EDS	\$82,441	\$345	\$114	\$82,900
San Mateo Pharm/Lab	\$4,426	\$0	\$0	\$4,426
TOTAL	\$1,242,710	\$7,641	\$1,999	\$1,252,350
	DHCS FFP	CDMH GF	County Match	
FY 2007-08	\$1,204,750,000	\$864,827,000	\$369,540,000	
FY 2008-09	\$1,252,350,000	\$900,438,000	\$384,756,000	

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

BASE POLICY CHANGE NUMBER: 104
IMPLEMENTATION DATE: 7/1990
ANALYST: Connie Florez
FISCAL REFERENCE NUMBER: 23

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$853,022,000	\$895,059,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$853,022,000	\$895,059,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$853,022,000	\$895,059,000

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 DHCS budget is on a cash basis. The following estimates have been provided by CDDS. This estimate includes the impact of CDDS' proposed budget balancing reductions.

This policy change reflects FMAP changes.

CASH BASIS

(Dollars in Thousands)	<u>DHCS FFP</u>	<u>CDDS GF</u>	<u>IA #</u>
FY 2007-08	\$853,022	\$853,022	01-15834
FY 2008-09	\$895,059	\$895,059	01-15834

DENTAL SERVICES

BASE POLICY CHANGE NUMBER: 105
IMPLEMENTATION DATE: 7/1988
ANALYST: Richard Hargraves
FISCAL REFERENCE NUMBER: 135

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$595,102,000	\$628,868,000
- STATE FUNDS	\$297,551,000	\$314,434,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$595,102,000	\$628,868,000
STATE FUNDS	\$297,551,000	\$314,434,000
FEDERAL FUNDS	\$297,551,000	\$314,434,000

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.

	Rate¹ Effective 8/2006	Average Monthly Eligibles	Total Funds	Impact¹ of Prior Year Retro Rate Adjustment	Net Dental FFS with Retro Rate Adjustment Total Funds
FY 2007-08					
Regular	\$8.61	5,775,111	\$596,684,000	(\$4,541,000)	\$592,143,000
Refugee ³	\$39.72	2,553	\$1,217,000	(\$20,000)	\$1,197,000
Other FFS	Non-Capitated	502,843	\$24,904,000		\$24,904,000
		Sub-total	\$622,805,000	(\$4,561,000)	\$618,247,000
Underwriting Gain ²			(\$27,703,000)		
		FY 2007-08 Dental	\$595,102,000		
FY 2008-09					
Regular	\$8.62	5,835,680	\$603,643,000		
Refugee ³	\$40.07	2,668	\$1,283,000		
Other FFS	Non-Capitated	519,805	\$23,942,000		
		FY 2008-09 Dental	\$628,868,000		

- The FY 2006-07 rates of \$8.51 for regular eligibles and \$35.92 for refugees were effective August 1, 2006. The new rates effective August 2007 are \$8.62 for regular eligibles and \$40.07 for refugees. Therefore FY 2007-08 was budgeted using the rates of \$8.61 for regular eligibles and \$39.72 for refugees, and FY 2008-09 was budgeted using \$8.62 for regular eligibles and \$40.07 for refugees. Adjustments to Delta payments based on the change order for the period August 2006 through June 2007 will be made in November 2007. See regular policy change Dental Retroactive Rate Changes.

DENTAL SERVICES

BASE POLICY CHANGE NUMBER: 105

2. The contractor is required to have an annual independent audit which includes the determination of any underwriting gain or loss. The audit for the period ended June 30, 2006 resulted in an underwriting gain of \$33.1 million. According to contract distribution provisions the state will receive \$27.7 million and Delta will receive \$5.4 million.
3. 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: 106
IMPLEMENTATION DATE: 7/1997
ANALYST: Connie Florez
FISCAL REFERENCE NUMBER: 77

	FY 2007-08	FY 2008-09
FULL YEAR COST - TOTAL FUNDS	\$297,452,000	\$270,247,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$297,452,000	\$270,247,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$297,452,000	\$270,247,000

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 SOSFs statewide.

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

This estimate includes the impact of CDDS' budget balancing reductions enacted by ABX3 3.

The CDDS budget is on an accrual basis, while the DHCS 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)	DHCS FFP	CDDS GF	IA #
FY 2007-08	\$297,452	\$297,452	03-75282/83
FY 2008-09	\$270,247	\$270,247	03-75282/83

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

BASE POLICY CHANGE NUMBER: 107
IMPLEMENTATION DATE: 7/1991
ANALYST: Connie Florez
FISCAL REFERENCE NUMBER: 26

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$139,377,000	\$134,786,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$139,377,000	\$134,786,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$139,377,000	\$134,786,000

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 DHCS budget is on a cash basis. The following estimates have been provided by CDDS. This estimate includes the impact of CDDS' proposed budget balancing reductions.

This policy change reflects FMAP changes.

CASH BASIS

(Dollars in Thousands)	DHCS FFP	CDDS GF	IA #
FY 2007-08	\$139,377	\$139,377	03-75284
FY 2008-09	\$134,786	\$134,786	03-75284

MEDI-CAL TCM PROGRAM (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 108
IMPLEMENTATION DATE: 6/1995
ANALYST: Michael Yokeley
FISCAL REFERENCE NUMBER: 27

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$70,000,000	\$77,000,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$70,000,000	\$77,000,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$70,000,000	\$77,000,000

DESCRIPTION

The Targeted Case Management (TCM) program assists Medi-Cal beneficiaries in gaining access to 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 governmental agencies submit invoices to the Department to claim FFP for these case services. The following target groups are currently served in the TCM program: public health, public guardian, linkages, outpatient, probation, and community.

The Centers for Medicare and Medicaid Services published an Interim Final Rule (CMS 2237-IFC) to clarify the situations in which Medicaid will pay for case management activities and when it is not available. This new rule will eliminate two of the six target groups, specifically Public Guardian and Adult Probation. The new rules cite an implementation date of March 3, 2008, which will include a phase in.

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. The Department requested Federal approval to implement this program. Approval by CMS is still pending.

AB 2950 (Chapter 131, Statutes of 2006) resulted 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 2007-08</u>	<u>FY 2008-09</u>
2006-07 Invoices	\$35,000,000	\$0
2007-08 Invoices	\$35,000,000	\$35,000,000
2008-09 Invoices	\$0	\$42,000,000
Total	\$70,000,000	\$77,000,000

MENTAL HEALTH DRUG MEDI-CAL-CDADP

BASE POLICY CHANGE NUMBER: 109
IMPLEMENTATION DATE: 7/1997
ANALYST: Jamie Carroll
FISCAL REFERENCE NUMBER: 84

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$96,133,000	\$88,494,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$96,133,000	\$88,494,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$96,133,000	\$88,494,000

DESCRIPTION

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

The budget estimates below were provided by the California Department of Alcohol and Drug Programs.

This policy change reflects the current FMAP.

CASH BASIS

	<u>DHCS FFP</u>	<u>DADP GF</u>	<u>IA #</u>
FY 2007-08	\$96,133,000	\$80,710,000	01-15938
FY 2008-09	\$88,494,000	\$94,296,000	

EPSDT SCREENS

BASE POLICY CHANGE NUMBER: 110
IMPLEMENTATION DATE: 7/2001
ANALYST: Jeanne Rickelton
FISCAL REFERENCE NUMBER: 136

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$61,309,000	\$62,075,000
- STATE FUNDS	\$30,654,500	\$31,037,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$61,309,000	\$62,075,000
STATE FUNDS	\$30,654,500	\$31,037,500
FEDERAL FUNDS	\$30,654,500	\$31,037,500

DESCRIPTION

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 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 2007-08 and 2008-09, based on a historical trend dating back to July 2001.

FY 2007-08

Screens 990,424 x \$61.90(weighted average) = **\$61,309,000***

FY 2008-09

Screens 1,001,379 x \$61.99(weighted average) = **\$62,075,000***

*Includes \$38,000 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 \$38,000 in CLPP funding, Item 4260-101-0080, will be used for the non-federal share in both FYs.

WAIVER PERSONAL CARE SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 113
 IMPLEMENTATION DATE: 4/2000
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 32

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$18,179,000	\$21,568,000
- STATE FUNDS	\$9,089,500	\$10,784,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$18,179,000	\$21,568,000
STATE FUNDS	\$9,089,500	\$10,784,000
FEDERAL FUNDS	\$9,089,500	\$10,784,000

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:

1. The number of current NF A/B LOC Waiver beneficiaries using Waiver PCS is estimated to increase by an average of 14 per month in FY 2007-08 and 35 per month in FY 2008-09.
2. The number of current NF Subacute (SA) LOC beneficiaries using Waiver PCS is estimated to increase by two per month in FY 2007-08 and FY 2008-09.
3. Beginning in May 2007, the Department enrolled 23 additional beneficiaries in FY 2006-07 and is expected to enroll an additional 417 currently on a waiting list. These beneficiaries will be phased into existing slots of the NF/AH Waiver at a rate of approximately two per month through December 2007 and 24 per month thereafter until all 417 are enrolled. The Department estimates 110 NF/AH Waiver NF B LOC slots will be filled in FY 2007-08, and 362 in FY 2008-09, under the provisions of SB 643. 65% of the beneficiaries are expected to use waiver personal care services.
4. The average cost/hour is \$10.45.

CASH BASIS

	<u>Total</u>	<u>GF</u>	<u>FFP</u>
FY 2007-08	\$18,179,000	\$9,089,500	\$9,089,500
FY 2008-09	\$21,568,000	\$10,784,000	\$10,784,000

STATE HOSPITALS - CDMH

BASE POLICY CHANGE NUMBER: 114
IMPLEMENTATION DATE: 7/2002
ANALYST: Michael Yokeley
FISCAL REFERENCE NUMBER: 87

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$9,246,000	\$9,336,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$9,246,000	\$9,336,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$9,246,000	\$9,336,000

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, DHCS no longer budgets the GF for CDMH Medi-Cal Services. The GF is included in the CDMH budget. As of the May 2008 Estimate, administrative costs previously included in this policy change are budgeted in the Department of Mental Health Admin. Costs policy change.

This policy change reflects FMAP changes.

CASH BASIS

	<u>DHCS FFP</u>	<u>CDMH GF</u>	<u>IA #</u>
FY 2007-08	\$9,246,000	\$9,246,000	02-25868
FY 2008-09	\$9,336,000	\$9,336,000	02-25868

HIPP PREMIUM PAYOUTS (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 116
IMPLEMENTATION DATE: 1/1993
ANALYST: Michael Yokeley
FISCAL REFERENCE NUMBER: 91

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	\$5,022,000	\$5,424,000
- STATE FUNDS	\$2,511,000	\$2,712,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$5,022,000	\$5,424,000
STATE FUNDS	\$2,511,000	\$2,712,000
FEDERAL FUNDS	\$2,511,000	\$2,712,000

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 2006-07 actual paid premiums plus an 8% yearly increase, which is the average growth of actual paid premiums.

Assumptions:

1. FY 2006-07 average monthly premium cost was \$442.
2. FY 2006-07 average monthly HIPP enrollment was 878.
3. FY 2006-07 actual expenditures were \$4,650,000.
4. Assume an 8% growth each year.

FY 2007-08: \$4,650,000 x 1.08 = **\$5,022,000**

FY 2008-09: \$5,022,000 x 1.08 = **\$5,424,000**

LAWSUITS/CLAIMS

BASE POLICY CHANGE NUMBER: 117
IMPLEMENTATION DATE: 7/1989
ANALYST: Connie Florez
FISCAL REFERENCE NUMBER: 93

	FY 2007-08	FY 2008-09
FULL YEAR COST - TOTAL FUNDS	\$4,314,000	\$1,865,000
- STATE FUNDS	\$2,157,000	\$932,500
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$4,314,000	\$1,865,000
STATE FUNDS	\$2,157,000	\$932,500
FEDERAL FUNDS	\$2,157,000	\$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 2007-08	Balance 2007-08	Budgeted 2007-08	Budgeted 2008-09
Attorney Fees <\$5,000	\$2,860	\$47,140	\$50,000 *	\$50,000 *
Provider Settlements <\$75,000	\$454,958	\$1,145,042	\$1,600,000 *	\$1,600,000 *
Beneficiary Settlements <\$ 2,000	\$1,484	\$13,517	\$15,000 *	\$15,000 *
Small Claims Court	\$2,633	\$197,367	\$200,000 *	\$200,000 *
Other Attorney Fees	\$1,426,624	\$0	\$1,427,000	\$0
Other Provider Settlements	\$1,010,000	\$0	\$1,010,000	\$0
Other Beneficiary Settlements	\$11,500	\$0	\$12,000	\$0
TOTALS			\$4,314,000 *	\$1,865,000 *

* Represents potential totals.

AUDIT SETTLEMENTS

BASE POLICY CHANGE NUMBER: 118
IMPLEMENTATION DATE: 7/2008
ANALYST: Michael Yokeley
FISCAL REFERENCE NUMBER: 110

	FY 2007-08	FY 2008-09
FULL YEAR COST - TOTAL FUNDS	\$0	\$1,213,000
- STATE FUNDS	\$0	\$1,213,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$1,213,000
STATE FUNDS	\$0	\$1,213,000
FEDERAL FUNDS	\$0	\$0

DESCRIPTION

This policy change includes funds for audit settlements with the federal government.

Federal audit A-09-01-00055 determined that FFP was improperly claimed after February 28, 2001, for medical services, other than inpatient psychiatric services, provided to Institutions for Mental Diseases (IMD) residents aged 22 through 64 temporarily released to acute care hospitals. Repayments for the period from March 1, 2001 through February 29, 2008 total \$542,000. On-going annual repayments will be \$81,000.

TOTAL TO BE REPAID IN FY 2008-09: \$542,000.

Federal audit A-09-02-00083 determined that FFP was improperly claimed after January 31, 2001, for medical services, other than inpatient psychiatric services, provided to IMD residents under age 21 in private psychiatric hospitals. Repayments for the period from February 1, 2001 through February 29, 2008 total \$307,000. On-going annual payments will be \$44,000.

TOTAL TO BE REPAID IN FY 2008-09: \$307,000.

Federal audit A-09-02-00084 determined that FFP was improperly claimed after February 28, 2001, for medical services, other than inpatient psychiatric services, provided to IMD residents under age 21 in State-operated psychiatric hospitals. Repayments for the period from March 1, 2001 through February 29, 2008 total \$364,000. On-going annual payments will be \$54,000.

TOTAL TO BE REPAID IN FY 2008-09: \$364,000.

Repayment of Federal audit A-09-06-00032 is budgeted in the Fiscal Intermediary section of the Estimate.

CLPP CASE MANAGEMENT SERVICES (Misc. Svcs.)

BASE POLICY CHANGE NUMBER: 120
IMPLEMENTATION DATE: 7/1997
ANALYST: Cheri Johnson
FISCAL REFERENCE NUMBER: 1083

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
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 is administered by the California Department of Public Health (CDPH). The FFP is provided to CDPH through interagency agreement # 07-65689.

BASE RECOVERIES

BASE POLICY CHANGE NUMBER: 135
IMPLEMENTATION DATE: 7/1987
ANALYST: Richard Hargraves
FISCAL REFERENCE NUMBER: 127

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
FULL YEAR COST - TOTAL FUNDS	-\$288,957,000	-\$291,264,000
- STATE FUNDS	-\$154,303,000	-\$155,535,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	-\$288,957,000	-\$291,264,000
STATE FUNDS	-\$154,303,000	-\$155,535,000
FEDERAL FUNDS	-\$134,654,000	-\$135,729,000

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 53.4% in both FY 2007-08 and FY 2008-09.

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Estimated Base Recoveries:		
Personal Injury Collections	\$41,056,000	\$40,682,000
Workers' Comp. Contract	2,950,000	3,000,000
Health Insurance	25,321,000	22,686,000
H.I. Contingency Contract	55,000,000	55,000,000
General Collections	164,630,000	169,896,000
TOTAL	\$288,957,000	\$291,264,000