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FISCAL INTERMEDIARY ESTIMATE

November 2013

FY 2013-14	TOTAL	FEDERAL	STATE
MEDICAL FISCAL INTERMEDIARY CONTRACT (a)	\$207,931,000	\$151,706,000	\$56,225,000
DENTAL FISCAL INTERMEDIARY CONTRACT (b)	\$82,337,000	\$56,115,000	\$26,222,000
HEALTH CARE OPTIONS (c)	\$122,126,000	\$63,757,000	\$58,369,000
STATE CONTROLLER/STATE TREASURER	\$1,856,000	\$1,147,000	\$709,000
PROVIDER VERIFICATION FILE	\$2,000	\$1,000	\$1,000
TOTAL MEDI-CAL COSTS	<u>\$414,252,000</u>	<u>\$272,726,000</u>	<u>\$141,526,000</u>

Refugee expenditures of \$114,681 are included in the Reimbursement line (4260-610-0995) in the Management Summary.

(a) Includes \$8,597,923 TF (\$3,009,273 GF) for Title XXI activities (4260-113-0001/0890), and \$20,760,535 TF (\$3,700,604 GF) for HIPAA (4260-117-0001/0890).

(b) Includes \$88,000 TF (\$30,800 GF) for Title XXI activities (4260-113-0001/0890), and \$939,000 TF (\$234,750 GF) for HIPAA (4260-117-0001/0890).

(c) Includes \$17,962,000 TF (\$6,287,000 GF) for Title XXI activities (4260-113-0001/0890).

FISCAL INTERMEDIARY ESTIMATE

November 2013

FY 2014-15	TOTAL	FEDERAL	STATE
MEDICAL FISCAL INTERMEDIARY CONTRACT (a)	\$250,541,000	\$189,713,000	\$60,828,000
DENTAL FISCAL INTERMEDIARY CONTRACT (b)	\$88,707,000	\$60,340,000	\$28,367,000
HEALTH CARE OPTIONS (c)	\$78,164,000	\$40,761,000	\$37,403,000
STATE CONTROLLER/STATE TREASURER	\$1,856,000	\$1,148,000	\$708,000
PROVIDER VERIFICATION FILE	\$2,000	\$1,000	\$1,000
TOTAL MEDI-CAL COSTS	<u>\$419,270,000</u>	<u>\$291,963,000</u>	<u>\$127,307,000</u>

Refugee expenditures of \$134,257 are included in the Reimbursement line (4260-610-0995) in the Management Summary.

(a) Includes \$8,597,923 TF (\$3,009,273 GF) for Title XXI activities (4260-113-0001/0890), and \$22,159,246 TF (\$2,631,527 GF) for HIPAA (4260-117-0001/0890).

(b) Includes \$340,000 TF (\$85,000 GF) for HIPAA (4260-117-0001/0890).

(c) Includes \$11,189,000 TF (\$3,916,000 GF) for Title XXI activities (4260-113-0001/0890).

Fiscal Year 2013-14 Comparison

	<u>2013-14 Appropriation</u>		<u>Nov 2013 Estimate</u>		<u>Difference btwn. Nov 13 & Appr.</u>	
	<u>Total Funds</u>	<u>State Funds</u>	<u>Total Funds</u>	<u>State Funds</u>	<u>Total Funds</u>	<u>State Funds</u>
Total Medical Fiscal Intermediary	\$180,393,000	\$49,650,000	\$207,931,000	\$56,225,000	\$27,538,000	\$6,575,000
Total Dental Fiscal Intermediary	\$74,158,000	\$23,631,000	\$82,337,000	\$26,222,000	\$8,179,000	\$2,591,000
Total Health Care Options	\$96,787,000	\$48,643,000	\$122,126,000	\$58,369,000	\$25,339,000	\$9,726,000
Total Miscellaneous Expenditures	\$1,858,000	\$709,000	\$1,858,000	\$710,000	\$0	\$1,000
GRAND TOTAL	\$353,196,000	\$122,633,000	\$414,252,000	\$141,526,000	\$61,056,000	\$18,893,000

Fiscal Year 2013-14 Comparison

	<u>Nov 2013 Estimate</u>		<u>Difference btwn. CY and BY</u>	
	<u>Total Funds</u>	<u>State Funds</u>	<u>Total Funds</u>	<u>State Funds</u>
Total Medical Fiscal Intermediary	\$250,541,000	\$60,828,000	\$42,610,000	\$4,603,000
Total Dental Fiscal Intermediary	\$88,707,000	\$28,367,000	\$6,370,000	\$2,145,000
Total Health Care Options	\$78,164,000	\$37,403,000	(\$43,962,000)	(\$20,966,000)
Total Miscellaneous Expenditures	\$1,858,000	\$709,000	\$0	(\$1,000)
GRAND TOTAL	\$419,270,000	\$127,307,000	\$5,018,000	(\$14,219,000)

MEDICAL FISCAL INTERMEDIARY

MEDICAL FISCAL INTERMEDIARY

The Medi-Cal fiscal intermediary (FI) contract requires the FI to process claims submitted by Medi-Cal providers for services rendered to Medi-Cal eligibles.

The FI contract was awarded to Xerox State Healthcare, LLC (Xerox), on December 8, 2009. The contract effective date was May 3, 2010, which began the Takeover phase. During this phase HP Enterprise Services, LLC (HP) continued operations and work on Turnover activities through to the successful Assumption of Operations (AOO) by Xerox on October 3, 2011.

The main cost components of the FI contract are as follows:

Operations – Operations constitute all contractual responsibilities required for the Contractor to administer and operate the California Medicaid Management Information System (CA-MMIS). These cost categories consist of General and Online Drug Adjudicated Claim Lines (ACLs), Drug Use Review (DUR) inquiries, Encounter Claim Lines, California Eligibility Verification and Management Systems (CA-EVS/CMS) processing, Medicare Drug Discount Program, Treatment Authorization Requests and the Telephone Services Center (TSC). The FI has bid on State-specified volume ranges for each of the above categories. The Department estimates Operations costs by applying these bid rates to the projected volumes for the current and budget year.

Cost Reimbursement – Various costs incurred by the Contractor while performing responsibilities under the contract will be reimbursed by the State. These costs are not a part of the bid price of the contract. Any of the following costs may be cost reimbursed under the contract:

- 1) Postage,
- 2) Parcel services and common carriers,
- 3) Personal computers, monitors, printers, related equipment, and software,
- 4) Printing,
- 5) Telephone toll charges,
- 6) Audio text equipment,
- 7) Data center access,
- 8) Special training sessions,
- 9) Facilities improvement and modifications,
- 10) Audits and research,
- 11) Sales tax,
- 12) Change orders,
- 13) The Medi-Cal Print and Distribution Center,
- 14) DUR and Eligibility Verification Telecommunications,
- 15) Field Office Automation Group (FOAG) equipment and furniture, and
- 16) IV&V Contracts

Costs under these categories consist of direct costs, or subsets thereof, which can be specifically identified with the particular cost objective.

Modifications resulting in changes to Contractor responsibilities, called Change Orders, are billed separately from the contract Operations. A Change Order is a documentable increase of effort identified as having a direct relation to the administration of the Contract that is above the volume of the required work within the scope, and above the normal fixed-price of the Contract.

Hourly Reimbursement – Certain activities are reimbursed on an hourly basis by the State. The rate paid to the Contractor consists of all direct and indirect costs required to support these activities, plus profit. Hourly reimbursed areas consist of the Systems Group (SG) and FOAG Pharmacists. The SG staff consists of technical and supervisory staff that design, develop, and implement Department required modifications and/or provide technical support to the CA-MMIS. FOAG staff perform automation related tasks, such as preparing Treatment Authorization Request (TAR) batches and performing TAR data entries and corrections.

**Medical Fiscal Intermediary Summary
November 2013**

FY 2013-14

	Total Funds	State Funds
Operations	\$94,102,032	\$30,589,808
Hourly Reimbursement	\$22,521,340	\$5,040,404
Cost Reimbursement	\$23,957,652	\$7,543,025
Other Estimated Costs	\$10,695,567	\$3,448,892
Change Orders	\$12,967,513	\$2,819,070
Healthy Families (XXI)	\$42,000	\$14,700
Enhancements	\$12,225,809	\$1,464,652
Optional Contractual Services	\$3,217,301	\$321,730
System Replacements	\$22,638,058	\$3,560,966
Family PACT	\$125,000	\$62,500
 Sub-Total	 \$202,492,272	 \$54,865,748
 Sales Tax	 \$5,438,744	 \$1,359,686
 TOTAL MEDICAL FI COSTS	 \$207,931,016	 \$56,225,434

FY 2014-15

	Total Funds	State Funds
Operations	\$93,322,893	\$30,394,235
Hourly Reimbursement	\$23,077,508	\$4,162,517
Cost Reimbursement	\$22,520,747	\$7,359,184
Other Estimated Costs	\$10,937,355	\$3,509,339
Change Orders	\$20,285,982	\$2,717,861
Healthy Families (XXI)	\$100,000	\$35,000
Enhancements	\$14,016,374	\$1,679,162
System Replacements	\$60,740,842	\$9,554,535
Family PACT	\$125,000	\$62,500
 Sub-Total	 \$245,126,701	 \$59,474,330
 Sales Tax	 \$5,414,404	 \$1,353,601
 TOTAL MEDICAL FI COSTS	 \$250,541,105	 \$60,827,931

MEDICAL FISCAL INTERMEDIARY ESTIMATE (DETAIL TABLE)

November 2013

FY 2013-14	TOTAL FUNDS
OPERATIONS	\$94,102,032
General ACLs	\$60,912,170
On-Line Pharmacy ACLs	\$4,503,015
DUR	\$380,000
Retrospective DUR	\$75,807
Encounter Claim Lines	\$1,614,000
CA-EVS/CMS Processing	\$5,400,000
Medicare Drug Discount Program	\$17,040
Treatment Authorization Requests	\$9,000,000
Telephone Services Center	\$12,200,000
HOURLY REIMBURSEMENT	\$22,521,340
Systems Group	\$21,969,892
Field Office Automation Group (FOAG)	\$551,448
COST REIMBURSEMENT	\$23,957,652
Postage	\$2,010,627
Parcel Services & Common Carriers	\$162,309
Equipment/Services	\$6,725,536
P&D and PUBS	\$2,022,419
Other Direct Costs	\$1,852,789
Facilities Improve/Modif	\$1,500,000
Audits & Research	\$225,720
Change Orders	\$500,000
Consultant Contracts	\$5,643,018
Telecommunication	\$2,639,287
Other Cost Reimbursable Items	\$675,947
OTHER ESTIMATED COSTS	\$10,695,567
Beneficiary ID Cards - BIC	\$1,500,000
Health Access Program Cards	\$270,000
Provision 11 & 57	\$1,625,567
RAIS Medi-Cal	\$1,200,000
RAIS MCO	\$3,000,000
Cost Containment	\$3,100,000
CHANGE ORDERS	\$12,967,513
Negotiated Change Orders	\$5,266,048
Change Orders in Progress	\$7,701,465
Unspecified Change Orders	\$0

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CY Medical FI Estimate (Detail Table), November 2013 Estimate
Continued from Page 8

FY 2013-14	TOTAL FUNDS
ENHANCEMENTS	\$12,225,809
HIPAA 5010	\$4,814,200
HIPAA ICD-10	\$3,302,383
BRE	\$4,109,226
OPTIONAL CONTRACTUAL SERVICES	\$3,217,301
HITECH	\$3,217,301
SYSTEM REPLACEMENTS	\$22,638,058
HEALTHY FAMILIES (Title XXI only)	\$42,000
FAMILY PACT	\$125,000
SUBTOTAL	\$202,492,272
SALES TAX 8%	\$5,438,744
MEDICAL FI TOTAL FUND	\$207,931,016

MEDICAL FISCAL INTERMEDIARY ESTIMATE (DETAIL TABLE)
November 2013

FY 2014-15	TOTAL FUNDS
OPERATIONS	\$93,322,893
General ACLs	\$60,751,743
On-Line Pharmacy ACL s	\$4,454,303
DUR	\$310,000
Retrospective DUR	\$75,807
Encounter Claim Lines	\$1,614,000
CA-EVS/CMS Processing	\$4,400,000
Medicare Drug Discount Program	\$17,040
Treatment Authorization Requests	\$9,000,000
Telephone Services Center	\$12,700,000
HOURLY REIMBURSEMENT	\$23,077,508
Systems Group	\$22,526,060
Field Office Automation Group (FOAG)	\$551,448
COST REIMBURSEMENT	\$22,520,747
Postage	\$1,917,779
Parcel Services & Common Carriers	\$157,220
Equipment/Services	\$6,403,147
P&D and PUBS	\$2,079,966
Other Direct Costs	\$1,728,443
Change Orders	\$25,000
Consultant Contracts	\$4,889,972
Telecommunication	\$2,615,431
Other Cost Reimbursable Items	\$2,703,787
OTHER ESTIMATED COSTS	\$10,937,355
Beneficiary ID Cards - BIC	\$1,500,000
Health Access Program Cards	\$270,000
Provision 11 & 57	\$2,067,355
RAIS Medi-Cal	\$1,000,000
RAIS MCO	\$3,000,000
Cost Containment	\$3,100,000
CHANGE ORDERS	\$20,285,982
Negotiated Change Orders	\$0
Change Orders in Progress	\$20,285,982
Unspecified Change Orders	\$0

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CY Medical FI Estimate (Detail Table), November 2013 Estimate
Continued from Page 10

FY 2014-15	TOTAL FUNDS
ENHANCEMENTS	\$14,016,374
HIPAA 5010	\$0
HIPAA ICD-10	\$9,907,148
BRE	\$4,109,226
SYSTEM REPLACEMENTS	\$60,740,842
HEALTHY FAMILIES (TITLE XXI ONLY)	\$100,000
FAMILY PACT	\$125,000
SUBTOTAL	\$245,126,701
SALES TAX 8%	\$5,414,404
MEDICAL FI TOTAL FUND	\$250,541,105

MEDICAL FISCAL INTERMEDIARY

Assumptions

ACL Projections:

FY 2013-14

	General ACLs	Amount	Online-Drug ACLs	Amount
Total ACLs	<u>174,691,173</u>	<u>\$60,967,234</u>	<u>39,660,491</u>	<u>\$4,507,754</u>
Less HFP	173,875	\$55,065	46,721	\$4,739
Total Medi-Cal ACLs	<u>174,517,299</u>	<u>\$60,912,170</u>	<u>39,613,771</u>	<u>\$4,503,015</u>

Based on the estimated FY 2013-14 volumes, general ACLs are projected at \$0.35320 and online ACLs are projected at \$0.11438. ACLs are paid at different rates depending on the volume level. The average price is a blend of these rates and is determined by the actual annual volume of claims.

FY 2014-15

	General ACLs	Amount	Online-Drug ACLs	Amount
Total ACLs	<u>211,966,809</u>	<u>\$60,799,742</u>	<u>40,079,108</u>	<u>\$4,459,215</u>
Less HFP	330,797	\$47,999	91,010	\$4,912
Total Medi-Cal ACLs	<u>211,636,012</u>	<u>\$60,751,743</u>	<u>39,988,097</u>	<u>\$4,454,303</u>

Based on the estimated FY 2014-15 volumes, general ACLs are projected at \$0.29244 and online ACLs are projected at \$0.11261. ACLs are paid at different rates depending on the volume level. The average price is a blend of these rates and is determined by the actual annual volume of claims.

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
9	Telephone Services Center Rate Adjustment for Contract Year 1	06/27/2013

The current Fiscal Intermediary Contract with Xerox utilizes the Base Volume Method of Payment (BVMP) for the Medi-Cal Telephone Service Center (TSC). If for any reason, the actual yearly volume of calls exceeds the maximum annual volume listed for any Contract Year, the Contract allows for the negotiation of a new rate via the change order process. This change order negotiates payment for the yearly volume of TSC calls that exceeded the high volume maximum listed in Contract Year 1 (October 3, 2011 through June 30, 2012).

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$742,388	\$0
General Funds	\$215,478	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$742,388	\$0
General Funds	\$215,478	\$0

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
11	Encounter Claim Line BVMP for Contract Year 1	6/27/2013

The current Fiscal Intermediary Contract with Xerox utilizes the Base Volume Method of Payment for the Encounter Claim Lines (ECL) volume. If for any reason, the actual yearly volume of ECL exceeds the maximum annual volume listed for any Contract Year, the Contract allows for the negotiation of a new rate via the change order process. This change order negotiates payment for the yearly volume of ECL that exceeded the high volume maximum listed in Contract Year 1 (October 3, 2011 through June 30, 2012).

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$212,704	\$0
General Funds	\$53,176	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$212,704	\$0
General Funds	\$53,176	\$0

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
14	MITA 2.0 to 3.0 Gap Analysis	7/3/2013

The current Fiscal Intermediary Contract with Xerox allows compensation to Xerox for required increase in work effort that is above the volume of the work required within the scope, and above the normal fixed price of the Contract through the Change Order process. As a result of Federal legislation and Centers for Medicare and Medicaid Services policy initiatives, Xerox provided technical staff to perform a Gap Analysis of the transition from MITA 2.0 to 3.0.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$55,075	\$0
General Funds	\$13,769	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$55,075	\$0
General Funds	\$13,769	\$0

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
15	Encounter Claim Lines BVMP for Contract Year 2 (Phase I)	5/30/2013

The current Fiscal Intermediary Contract with Xerox utilizes the Base Volume Method of Payment for the Encounter Claim Lines (ECL) volume. If for any reason, the actual yearly volume of ECL exceeds the maximum annual volume listed for any Contract Year, the Contract allows for the negotiation of a new rate via the change order process. This change order negotiates payment for the yearly volume of ECL that exceeded the high volume maximum listed for the first 6 months of Contract Year 2 (July 1, 2012 through December 31, 2012).

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$179,481	\$0
General Funds	\$44,870	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$179,481	\$0
General Funds	\$44,870	\$0

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
17	Rebate Accounting and Information System for MCO for Contract Year 1	6/25/2013

RAIS calculates federally-negotiated Medicaid rebates due to the states from drug manufacturers. The current Fiscal Intermediary Contract with Xerox allows compensation to Xerox for required increase in work effort that is above the volume of the work required within the scope, and above the normal fixed price of the Contract through the Change Order process. This change order negotiates payment for the yearly RAIS Managed Care Organization transactions that were processed in Contract Year 1 (October 3, 2011 through July 6, 2012). Rebate transactions processed by Xerox bring in revenue to the Department.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$1,404,313	\$0
General Funds	\$351,078	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$1,404,313	\$0
General Funds	\$351,078	\$0

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
18	Rebate Accounting and Information System for MCO for Contract Year 2 (Phase I)	6/25/2013

RAIS calculates federally-negotiated Medicaid rebates due to the states from drug manufacturers. The current Fiscal Intermediary Contract with Xerox allows compensation to Xerox for required increase in work effort that is above the volume of the work required within the scope, and above the normal fixed price of the Contract through the Change Order process. This change order negotiates payment for the yearly RAIS Managed Care Organization transactions that were processed in during the first 9 months of Contract Year 2 (July 7, 2012 through March 31, 2013). Rebate transactions processed by Xerox bring in revenue to the Department.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$2,672,087	\$0
General Funds	\$668,022	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$2,672,087	\$0
General Funds	\$668,022	\$0

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
12	Diagnosis Related Groups	TBD

Senate Bill (SB) 853 requires the Department to develop and implement a Medi-Cal payment methodology based on Diagnostic Related Groups (DRG). The DRG reflects the costs and staffing levels associated with quality of care for patients unless otherwise specified. The Department has agreed to reimburse Xerox for all documentable expenses that are as a direct result of efforts to implement the DRG requirement. Reimbursable expenses are for required work that is beyond the scope of the current Fiscal Intermediary Contract with Xerox.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$645,000	\$1,145,460
General Funds	\$322,500	\$572,730
Cost Reimbursement:		
Total Funds	\$500,000	\$25,000
General Funds	\$250,000	\$12,500
Total Funds	\$1,145,000	\$1,170,460
General Funds	\$572,500	\$585,230

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
13	ICD-10 Enhancement – Revised Architecture	TBD

The Department of Health and Human Services has published the Final Rule that requires replacing the International Classification of Disease, Ninth Revision, Clinical Modification (ICD-9-CM) code sets with the greatly expanded ICD-10 diagnosis and procedure code sets, effective October 1, 2014. Updated versions of current Health Insurance Portability and Accountability Act of 1996 (HIPAA) electronic transaction standards will be needed in order to accommodate the ICD-10 code sets for claims, remittance advices, eligibility inquiries, referral authorization and other transactions. This enhancement modifies CA-MMIS to ensure compliance with HIPAA Rules.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$4,400,000	\$17,600,000
General Funds	\$440,000	\$1,760,000
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$4,400,000	\$17,600,000
General Funds	\$440,000	\$1,760,000

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
16	Telephone Services Center Rate Adjustment for Contract Year 2	TBD

The current Fiscal Intermediary Contract with Xerox utilizes the Base Volume Method of Payment (BVMP) for the Medi-Cal Telephone Service Center (TSC). If for any reason, the actual yearly volume of calls exceeds the maximum annual volume listed for any Contract Year, the Contract allows for the negotiation of a new rate via the change order process. This change order negotiates payment for the yearly volume of TSC calls that exceeded the high volume maximum listed in Contract Year 2 (July 1, 2012 through June 30, 2013).

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$1,144,367	\$0
General Funds	\$332,153	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$1,144,367	\$0
General Funds	\$332,153	\$0

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
19	Encounter Claim Lines BVMP for Contract Year 2 (Phase II)	TBD

The current Fiscal Intermediary Contract with Xerox utilizes the Base Volume Method of Payment for the Encounter Claim Lines (ECL) volume. If for any reason, the actual yearly volume of ECL exceeds the maximum annual volume listed for any Contract Year, the Contract allows for the negotiation of a new rate via the change order process. This change order negotiates payment for the yearly volume of ECL that exceeded the high volume maximum listed for the last 6 months of Contract Year 2 (January 1, 2013 through June 29, 2013).

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$203,282	\$0
General Funds	\$50,821	\$0
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$203,282	\$0
General Funds	\$50,821	\$0

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
20	Rebate Accounting and Information System for MCO for Contract Year 2 (Phase II)	TBD

RAIS calculates federally-negotiated Medicaid rebates due to the states from drug manufacturers. The current Fiscal Intermediary Contract with Xerox allows compensation to Xerox for required increase in work effort that is above the volume of the work required within the scope, and above the normal fixed price of the Contract through the Change Order process. This change order negotiates payment for the yearly RAIS Managed Care Organization transactions that were processed in during the last 3 months of Contract Year 2 (April 1, 2013 through July 5, 2013). Rebate transactions processed by Xerox bring in revenue to the Department.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$1,000,000	\$1,000,000
General Funds	\$250,000	\$250,000
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$1,000,000	\$1,000,000
General Funds	\$250,000	\$250,000

Change Orders in Progress

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
21	AB97 Erroneous Payment Corrections	TBD

Assembly Bill (AB) 97 authorized the Department to make reductions to payments made to Medi-Cal providers. This change order reimburses Xerox for all documentable expenses that are as a direct result of efforts to implement the AB97. Reimbursable expenses are for required work that is beyond the scope of the current Fiscal Intermediary Contract with Xerox.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$308,816	\$540,522
General Funds	\$77,204	\$135,131
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$308,816	\$540,522
General Funds	\$77,204	\$135,131

DENTAL FISCAL INTERMEDIARY

DENTAL FISCAL INTERMEDIARY

In 1997, the State awarded Delta Dental Plan of California (DDC) a contract which took effect in February of 1998. Full Operations of this contract ended in April 2005. In 2004, the State again awarded Delta (now Delta Dental of California) a contract with Takeover activities commencing on November 1, 2004. Full Operations, including claims processing, began May 1, 2005 and was scheduled to end June 30, 2012. The Department issued a Request for Proposal and published the Notice of Intent to Award in August 2011. However, CMS determined the new Medi-Cal Dental FI contract failed to meet the regulatory criteria and conditions as a Medicaid Management Information System (MMIS). Subsequently, the Department exercised the one-time extended operations option of the current Dental FI Contract for the period of June 1, 2012 through June 30, 2013. The Department has received approval for a two-year Non Competitive Bid Sole Source extension of the 2004 contract. The extension began July 1, 2013 and will go through June 30, 2015. During the extension, the Department plans to develop a Planning Advanced Planning Document (PAPD) and procure a new dental MMIS contract that meets CMS's requirements. All activities related to the new contract have been delayed.

Assembly Bill 82 (Chapter 23, Statutes of 2013) restores select adult dental benefits to beneficiaries 21 years of age and older starting May 1, 2014.

The following covered medical benefits will be restored:

- Examinations, radiographs/photographic images, prophylaxis, fluoride treatments
- Amalgam and composite restorations
- Stainless steel, resin, and resin window crowns
- Anterior root canal therapy
- Complete dentures, including immediate dentures
- Complete denture adjustments, repairs, and relines

The Department will seek approval for federal financial participation and coverage of the above services.

The terms of the contract require DDC to process and pay claims submitted by Medi-Cal providers for services rendered to Medi-Cal eligibles. There are numerous enhancements to the claims processing system which have been made under the terms of the contract. The three main payment categories for this contract include:

Operations - Operations constitute all contractual responsibilities required for the Contractor to administer and operate the California Dental Medicaid Management Information System (CD-MMIS). These cost categories consist of General Adjudicated Claim Service Lines (ACSLs), Treatment Authorization Requests (TARS), and Telephone Support Center (TSC). DDC has bid on State-specified volume ranges for each of the above categories. The Department estimates Operations costs by applying these bid rates to the projected volumes for the current and budget year.

Cost Reimbursement - Various costs incurred by the Contractor while performing responsibilities under the contract will be reimbursed by the State. These costs are not a part of the bid price of

the contract. Any of the following costs may be cost reimbursed under the contract:

- 1) Printing,
- 2) Data center access,
- 3) Postage, parcel services, and common carriers,
- 4) Special training sessions, convention, and travel,
- 5) Audits and research,
- 6) Facilities improvement,
- 7) Personal computers, monitors, printers, related equipment, and software,
- 8) Telephone toll charges,
- 9) Knox Keene License Annual Assessment, and
- 10) Miscellaneous.

Costs under these categories consist of direct costs, or a subset thereof, which can be specifically identifiable with the particular cost objective.

Hourly Reimbursement - Certain activities are reimbursed on an hourly basis by the State. The rate paid to the Contractor consists of all direct and indirect costs required to support these activities, plus profit. Hourly reimbursed areas consist of the Systems Group (SG), Surveillance and Utilization Review (SURS) unit, and computer support. The SG staff consists of technical and supervisory staff that design, develop, and implement Department required modifications and/or provide technical support to the CD-MMIS. The SURS staff consists of dental consultants, manager/supervisors, liaisons, and analysts that monitor the provider and beneficiary claims to prevent potential fraud and abuse.

**Dental Fiscal Intermediary
November 2013**

FY 2013-14

	<u>Total Fund</u>	<u>General Fund</u>
Dental Administration/Operations	\$45,393,000	\$12,522,794
Telephone Service Center	\$15,387,000	\$6,501,008
Change Orders	\$1,951,000	\$900,500
Hourly Reimbursable Groups	\$11,855,200	\$2,963,800
Cost Reimbursable Expenses	\$6,069,000	\$2,913,000
Contract Turnover	\$775,000	\$193,750
Contract Takeover	<u>\$907,000</u>	<u>\$226,750</u>
Total Dental Administration Costs	<u><u>\$82,337,200</u></u>	<u><u>\$26,221,602</u></u>

**Dental Fiscal Intermediary
November 2013**

FY 2014-15

	<u>Total Fund</u>	<u>General Fund</u>
Dental Administration Operations	\$50,000,000	\$13,793,750
Telephone Service Center	\$17,524,000	\$7,403,890
Change Orders	\$2,223,000	\$1,034,000
Hourly Reimbursable Groups	\$12,115,700	\$3,028,925
Cost Reimbursable Expenses	\$6,069,000	\$2,913,000
Contract Turnover	<u>\$775,000</u>	<u>\$193,750</u>
Total Dental Administration Costs	<u>\$88,706,700</u>	<u>\$28,367,315</u>

DENTAL COST REIMBURSABLE EXPENSES

November 2013

	FY 2013-14		FY 2014-15	
	TF	GF	TF	GF
Printing (50%)	\$800,000	\$400,000	\$800,000	\$400,000
Data Center Access/CPU Usage (25%)	\$1,000	\$250	\$1,000	\$250
Postage / Parcel Service (50%)	\$1,400,000	\$700,000	\$1,400,000	\$700,000
Special Training,Convention, Travel (50%)	\$130,000	\$65,000	\$130,000	\$65,000
Audits / Research (50%)	\$165,000	\$82,500	\$165,000	\$82,500
Facilities Improvement (25%)	\$110,000	\$27,500	\$110,000	\$27,500
Toll Free Phone Charges (25%)	\$375,000	\$93,750	\$375,000	\$93,750
Knox-Keene Annual Assessment (50%)	\$2,898,000	\$1,449,000	\$2,898,000	\$1,449,000
Misc. (50%)	\$190,000	\$95,000	\$190,000	\$95,000
Total	\$6,069,000	\$2,913,000	\$6,069,000	\$2,913,000

**DENTAL FISCAL INTERMEDIARY
ACSL & TAR PROJECTIONS**

November 2013

FY 2013-14 Assumptions

- | | | |
|---------------------|------------|------------------------------------|
| ➤ ACSL Projections: | 30,063,647 | \$39,136,000 |
| ➤ TAR Projections: | 328,042 | <u>\$6,257,000</u>
\$45,393,000 |
- Full, ongoing costs will be incurred for all contract pricing components.
 - FFP for postage, printing, Knox-Keene and Dental Outreach are funded at 50%.
 - Expenditures for all remaining administrative cost categories will be funded at 75% FFP.

FY 2014-15 Assumptions

- | | | |
|--------------------|------------|------------------------------------|
| ➤ ACSL Projections | 33,547,426 | \$43,353,000 |
| ➤ TAR Projections | 367,277 | <u>\$6,647,000</u>
\$50,000,000 |
- Full, ongoing costs will be incurred for all contract pricing components.
 - FFP for postage, printing, Knox-Keene and Dental Outreach are funded at 50%.
 - Expenditures for all remaining administrative cost categories will be funded at 75% FFP.

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/ Description</u>	<u>Effective</u>
7	Conlan, Schwarzmer, Stevens vs. Bontá	7/1/2007

In the case of *Conlan, Schwarzmer, Stevens v. Bontá*, the Court of Appeals found that the Department failed to provide a procedure whereby Medi-Cal beneficiaries can be reimbursed for their out-of-pocket expenses for health care received during their period of retroactive eligibility and during the period between their application for Medi-Cal and their determination of eligibility. The Court held that the Department's system of relying upon the beneficiaries to obtain reimbursement from the providers for these expenses is insufficient, because it violates the comparability provisions of the Medicaid law.

The Department has developed and implemented new processes through the Dental fiscal intermediary (FI) to ensure prompt reimbursement to beneficiaries. The Dental FI is required to hire, train, and oversee appropriate staff to address this new workload. Costs have been updated based on the current workload volume the Dental FI is receiving.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$100,000	\$100,000
General Funds	\$50,000	\$50,000

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/ Description</u>	<u>Effective</u>
9	Health Insurance Portability and Accountability Act (HIPAA) Addendum - Security Risk Assessment	8/1/2007

This change order establishes the Department's implementation plan designed to comply with the controls required by the National Institute of Standards and Technology (NIST). Special Publication 800-53 adds to the framework of OMB Circular No. A-130. Compliance with the NIST controls will result in increased requirements to the Security and Privacy Laws and regulations required by Contract 04-35745, Exhibit H, the HIPAA Business Associate Addendum. The results of this change order will be the implementation of a security risk assessment process for all current and future projects.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$300,000	\$310,000
General Funds	\$75,000	\$77,500

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/ Description</u>	<u>Effective</u>
23	Federal Rule – Revalidation of Provider Enrollment	6/1/2013

Effective March 2011, CMS mandated new federal rules that apply to the Medi-Cal Dental Program. The new rules establish requirements for the enrollment and screening of Medicare, Medicaid, and Children’s Health Insurance Program providers at the federal and state levels.

To stay in compliance, the Department plans to hire additional FI staff to complete the increased workload. The change order was approved in May 2013 and became effective June 2013. The FI plans to recruit additional staff and start incurring costs beginning October 2013.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$1,281,000	\$1,438,000
General Funds	\$640,500	\$719,000

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/ Description</u>	<u>Effective</u>
24	Federal Rule – Database Checks	6/1/2013

Effective March 2011, CMS mandated new federal rules that apply to the Medi-Cal Dental Program. The new rules establish requirements for screening of Medicare, Medicaid, and Children’s Health Insurance Program providers at the federal and state levels.

To stay in compliance, the Department plans to hire additional FI staff to complete the increased workload. The change order was approved in May 2013 and became effective June 2013. The FI plans to recruit additional staff and start incurring costs beginning October 2013.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$270,000	\$375,000
General Funds	\$135,000	\$187,500

HEALTH CARE OPTIONS

HEALTH CARE OPTIONS

The enrollment contractor, commonly referred to as Health Care Options (HCO), is responsible for enrolling Medi-Cal beneficiaries into Medi-Cal managed care health plans in 14 Two-Plan model counties and two Geographic Managed Care counties. The enrollment contractor also enrolls beneficiaries into dental care plans in Sacramento County, where enrollment is mandatory, and Los Angeles County, where enrollment is voluntary.

MAXIMUS, Inc. has been the contractor for HCO since October 1, 1996. Operations for the current HCO contract with MAXIMUS began on January 1, 2009, for three years and nine months with three one-year optional extension years, plus an Extended Operations Period. Funds paid on the contract use a mixture of federal financial participation (50/50 for Administration; 75/25 for CHIPRA; and 65/35 for MCHIP).

HEALTH CARE OPTIONS
November 2013
FY 2013-14

CONTRACT NO. 07-65829:

Operations:

Section 8.3.2	Transactions	\$10,243,376	
Section 8.3.3	Mailings	\$7,185,153	
Section 8.3.47	Beneficiary Direct Assistance	\$4,473,347	
	Personalized Provider Directory	\$429,099	
	SPD County Inserts - Incremental Costs	\$57,738	
	Medi-Cal Publications Management Services	\$378,848	
	Initial Health Screen Questionnaire (MET/HIF)	\$165,115	
	CCI Booklets - Incremental Costs	\$634,759	
	Base Volume Increase Projection	\$13,749,199	
	Prior year unpaid invoices (April & May)	\$8,309,967	
	<i>Total Operations</i>	<u>\$45,626,601</u>	<u>\$20,883,247</u>
Hourly Reimbursement:			
Section 8.6	Enrollment Services Representatives	\$12,407,722	\$6,203,861
Cost Reimbursement			
Section 8.7	Various	\$29,560,798	\$14,780,399
Personalized Provider Directories (PPD)		(\$2,000,000)	(\$1,000,000)
Coordinated Care Initiative (CCI) - Cal MediConnect and MLTSS		\$21,588,937	\$10,794,469
Transition of Healthy Families Children to Medi-Cal Admin. Costs		\$8,415,434	\$2,945,402
Low Income Health Program (LIHP) Implementation		\$5,576,797	\$2,788,399
Managed Care Expansion to Rural Counties		\$4,212,563	\$2,106,282
Change Orders		(\$3,262,835)	(\$1,133,332)
TOTAL HEALTH CARE OPTIONS FY 2013-14 ESTIMATE		<u><u>\$122,126,017</u></u>	<u><u>\$58,368,726</u></u>

HEALTH CARE OPTIONS
November 2013
FY 2014-15

CONTRACT NO. 07-65829:

Operations:

Section 8.3.2	Transactions	\$10,434,755
Section 8.3.3	Mailings	\$7,562,211
Section 8.3.47	Beneficiary Direct Assistance	\$4,661,774
	Personalized Provider Directory	\$443,688
	SPD County Inserts - Incremental Costs	\$63,512
	Medi-Cal Publications Management Services	\$384,954
	Initial Health Screen Questionnaire (MET/HIF)	\$169,242
	CCI Booklets - Incremental Costs	\$930,980

	Total Fund	General Fund
<i>Total Operations</i>	<u>\$24,651,116</u>	<u>\$11,085,066</u>

Hourly Reimbursement:

Section 8.6	Enrollment Services Representatives	\$13,373,388	\$6,686,694
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Cost Reimbursement:

Section 8.7.1	Various	\$30,976,878	\$15,488,439
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Personalized Provider Directories (PPD)	(\$2,000,000)	(\$1,000,000)
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Coordinated Care Initiative (CCI) - Cal MediConnect and MLTSS	\$7,563,177	\$3,781,589
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Transition of Healthy Families Children to Medi-Cal Admin Costs	\$2,918,708	\$1,021,548
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Managed Care Expansion to Rural Counties	\$117,851	\$58,926
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Beneficiary Dental Exception (BDE)	\$498,955	\$249,478
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Change Orders	\$63,512	\$31,756
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TOTAL HEALTH CARE OPTIONS FY 2014-15 ESTIMATE	<u>\$78,163,585</u>	<u>\$37,403,494</u>
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Personalized Provider Directories (PPDs)

HCO currently prints and mails health plan Provider Directories that provide information for every Medi-Cal managed care provider in the beneficiary's county of residence. AB 203 (Chapter 188, Statutes of 2007) authorized the implementation of a Personalized Provider Directory (PPD) as a pilot project in one Two-Plan Model county (Los Angeles) and one GMC county (Sacramento). The content and format of the Personalized Provider Directories were determined in consultation with health plans and stakeholders. The pilot project began on February 27, 2009 and will continue. At the end of the pilot project period, the Department, in consultation with health plans and stakeholders, performed an assessment to determine if PPDs provide more accurate, up-to-date provider information to Medi-Cal managed care beneficiaries, in a smaller, standardized, and user-friendly format that results in a reduction of default assignments, and if they should be implemented statewide in all managed care counties.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Fixed-Price Costs	\$402,459	\$402,459
Cost Reimbursement	\$47,904	\$47,904
Savings (Printing and Postage)	(\$2,450,363)	(\$2,450,363)
Total Funds	(\$2,000,000)	(\$2,000,000)
General Fund	(\$1,000,000)	(\$1,000,000)

CCI - Cal MediConnect and Managed Long Term Support Services

The Department will achieve savings from transitioning dually eligible and Medi-Cal only beneficiaries who receive Medi-Cal Long Term Care (LTC) institutional services, In-Home Supportive Services (IHSS), Community-Based Adult Services (CBAS), Multi-Purpose Senior Services Program (MSSP), and other Home and Community-Based Services (HCBS) from fee-for-service into managed care health plans. Notices and packets will be mailed to beneficiaries.

In addition, to ensure a seamless enrollment selection process for beneficiaries impacted by the upcoming Coordinated Care Initiate (CCI) programs, costs have been included for a beneficiary-centric specialized call center. The beneficiaries covered under this project will have a dedicated toll free number, which directs them to their own specialized team of CCI experts who will guide them through the enrollment process and be able to answer all the Medi-Cal and Medicare questions.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$21,588,937	\$7,563,177
General Funds	\$10,794,469	\$3,781,589

Transition of Healthy Families Children to Medi-Cal Admin Costs

AB 1494 (Chapter 28, Statutes of 2012) requires, effective January 1, 2013, that children subscribed in the HFP will be transitioned into Medi-Cal through a phase-in methodology. Coverage of this population under Medicaid programs is permissible pursuant to the federal Social Security Act to provide full scope Medi-Cal benefits to such eligible children who are optional targeted low-income children with family incomes up to and including 250% of the federal poverty level (FPL).

In pursuing this option to cover these targeted low income children, the benefits and administrative costs provided to these children are eligible for enhanced federal funding of 65% under Title XXI. To the extent possible, the children will be mandatorily enrolled into Medi-Cal managed care delivery systems; and to the extent such delivery models are not available, benefits will be provided under Medi-Cal fee-for-service. Implementation is contingent upon receiving necessary federal approvals.

In December 2012, the Department and MRMIB started mailing notices to beneficiaries enrolled in Healthy Families regarding their transition to the Medi-Cal Managed Care program. Mailings include, but are not limited to; informing notices, frequently asked questions, reminder notices, confirmation letters and choice packets. The mailings will continue through 2013 and 2014.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Operation Allocation	\$12,867,021	\$8,269,950
Healthy Family Transition	\$8,415,434	\$2,918,708
Less: Change Order #3	<u>(\$3,320,573)</u>	<u>(\$0)</u>
 Total Funds	 \$17,961,882	 \$11,188,658
 General Funds	 \$6,286,659	 \$3,916,030

Low Income Health Program (LIHP) Implementation

California's Bridge to Reform Demonstration expands coverage to eligible low income adults through the Low Income Health Program (LIHP). The LIHP consists of the Medicaid Coverage Expansion, effective July 1, 2011, through December 31, 2013, at which time the majority of enrollees will become Medi-Cal eligible under Affordable Care Act. These individuals will transition into Medi-Cal managed care beginning January 1, 2014. The Department is planning for the transition of the LIHP population.

The Department will develop beneficiary notices informing beneficiaries of the transition process. Beginning November 1, 2013, approximately 500,000 notices are scheduled to be mailed to beneficiaries. Due to the expanded scope of the project, there will be associated costs beginning in FY 2013-14.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$5,576,797	\$0
General Funds	\$2,788,399	\$0

Managed Care Expansion to Rural Counties

Managed care is currently in 30 counties. AB 1467 (Chapter 23, Statutes of 2012) expands managed care into the remaining 28 counties across the State. Expanding managed care into rural counties ensures that beneficiaries throughout the state receive health care through an organized delivery system that coordinates their care and leads to better health outcomes and lower costs.

The first phase of expansion will be implemented on September 1, 2013 in the eight County Organized Health System (COHS) counties, and will be followed by the remaining 20 counties (Two-Plan, Geographic Managed Care-Plan and Single-Plan models) on November 1, 2013. Informing material mailings to beneficiaries (special notices, frequently asked questions, and special packets) started for COHS counties in July 2013.

The 20 Two-Plan, GMC-Plan, and Single-Plan model counties will require newly established enrollment presentation sites and the hiring, training and equipment costs associated with staffing these county enrollment sites. County site staffing will start during the third quarter of 2013.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$4,212,563	\$117,851
General Funds	\$2,106,282	\$58,926

Beneficiary Dental Exception

Assembly Bill 1467 was enacted July 1, 2012 to improve access to oral health and dental care services provided to Medi-Cal beneficiaries enrolled in dental managed care plans in Sacramento County. The intent of the Legislature is to improve access to dental care by implementation of the Beneficiary Dental Exception (BDE) process. The BDE is available to beneficiaries in Sacramento County who are unable to secure services through their dental plan, in accordance with applicable contractual timeframes and the Knox-Keene Health Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code). The BDE allows a beneficiary to opt-out of Medi-Cal Dental Managed Care and move into fee-for-service (Denti-Cal).

The BDE notifications will be mailed to beneficiaries in Sacramento County. New enrollees will receive a BDE notification after they have been enrolled in a dental plan for 90 days based on the initial effective date of the enrollment transaction. The effective date for the first mailing for the 90 day BDE notification is August 1, 2013. Thereafter, currently enrolled beneficiaries will receive a BDE notification on an annual basis. The first mailing for the annual notification is September 1, 2013. The Department will incur additional costs for these mailings.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$0	\$498,955
General Funds	\$0	\$249,478

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
2	SPD Mandatory Enrollment into Managed Care HCO Costs – Special Packet Inserts	6/1/2011

Effective June 1, 2011, it is mandatory for all newly eligible Medi-Cal Only Seniors and Persons with Disabilities (SPDs) residing in managed care counties to enroll in a managed care plan. As a result, MAXIMUS, the Health Care Options (HCO) enrollment broker, is sending a special SPD informing materials packet county-specific insert to each SPD beneficiary upon transitioning to a mandatory status for enrollment. This special insert resulted in an additional incremental cost to each SPD informing materials packet for newly eligible SPDs.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$57,738	\$63,512
General Funds	\$28,869	\$31,756
Cost Reimbursement:		
Total Funds	\$0	\$0
General Funds	\$0	\$0
Total Funds	\$57,738	\$63,512
General Funds	\$28,869	\$31,756

Negotiated Change Orders

<u>Change Order No.</u>	<u>Title/Description</u>	<u>Effective</u>
3	Healthy Families Transition to Medi-Cal Managed Care – Special Outbound Telephone Call Campaigns/Surveys	7/17/2013

This change order authorizes Enrollment Broker to handle all the operational requirements for the implementation of the Healthy Families (HFP) Special Outbound Telephone Call Campaign/Surveys and other associated telephone call activities for the transition of HFP beneficiaries into Medi-Cal Managed Care. MAXIMUS will be required to hire and train Customer Service Representatives for the Telephone Call Center (TCC) to conduct the Special Outbound Telephone Call Campaign/Surveys under the Welfare and Institutions Code Section 14180 and California Section 1115 Comprehensive Medicaid Demonstration Project Waiver for the Healthy Families population into Medi-Cal Managed Care Program.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change Order Administration:		
Total Funds	\$2,829,438	\$0
General Funds	\$990,303	\$0
Cost Reimbursement:		
Total Funds	\$491,135	\$0
General Funds	\$171,897	\$0
Total Funds	\$3,320,573	\$0
General Funds	\$1,162,200	\$0

**MISCELLANEOUS
EXPENDITURES**

**CALIFORNIA STATE CONTROLLER AND CALIFORNIA STATE TREASURER
AGREEMENTS**

Pursuant to an interagency agreement with the Department, the California State Controller's Office (CSCO) issues warrants to Medi-Cal providers and the California State Treasurer's Office (CSTO) provides funds for warrant redemption.

CSCO Assumptions

- 75% FFP is claimed for CSCO costs related to warrant and Remittance Advice Detail (RAD) production. Due to all costs associated with the Medically Indigent Adult SNF cases being 100% payable from the General Fund, the net effective FFP ratio is 74.9%.
- 50% FFP is claimed for postage costs.
- 100% FFP is claimed for auditing services.

CSTO Assumptions

- 75% FFP is claimed for all CSTO costs related to warrant redemption services.

<u>FY 2013-14 Estimate</u>	<u>Total</u>	<u>GF</u>	<u>FFP</u>
CSCO			
Warrants & RADs	\$793,617	\$198,404	\$595,212
Postage	\$981,383	\$490,692	\$490,692
SCO Total	\$1,775,000	\$689,096	\$1,085,904
 CSTO			
Warrant Redemption	\$80,652	\$20,163	\$60,489
TOTAL	\$1,855,652	\$709,259	\$1,146,393

<u>FY 2014-15 Estimate</u>	<u>Total</u>	<u>GF</u>	<u>FFP</u>
CSCO			
Warrants & RADs	\$798,750	\$199,688	\$599,063
Postage	\$976,250	\$488,125	\$488,125
SCO Total	\$1,775,000	\$687,813	\$1,087,188
 CSTO			
Warrant Redemption	\$80,652	\$20,163	\$60,489
TOTAL	\$1,855,652	\$707,976	\$1,147,677

PROVIDER VERIFICATION FILE

Pursuant to an interagency agreement with the California Department of Consumer Affairs, Medical Board of California, the Department purchases licensure data. This data gives the Department the ability to verify that prospective providers are currently licensed prior to enrollment in the Medi-Cal program. It also enables the Department to verify the validity of the referring provider license number on Medi-Cal claims.

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Total Funds	\$2,466	\$2,466
General Funds	\$617	\$617

HIPAA PROJECT SUMMARY

The Department's Medi-Cal fiscal intermediary HIPAA costs are displayed within the Systems Group (SG), Change Order (CO), and Cost Reimbursement (CR) for the HP and Delta Dental contracts and for the Maximus contract as follows:

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
Total Funds	\$27,112,512		\$25,748,542	
General Funds	\$3,787,552		\$4,346,835	
	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	Total Funds	GF	Total Funds	GF
Medi-Cal Fiscal Intermediary				
Code Conv/Secur/Trans (SG)	\$10,537,000	\$2,274,250	\$10,017,150	\$1,064,288
UPN Project Manager HIPAA-1 (CR)	\$116,580	\$29,145	\$0	\$0
ICD-10 HIPAA Medical Coders HIPAA-2 (CR)	\$249,920	\$29,491	\$300,000	\$35,400
Code Conversion Proj Mgr HIPAA-1 (CR)	\$116,580	\$29,145	\$0	\$0
ICD-10 Gap Analysis	\$466,672	\$46,667	\$933,328	\$93,333
5010 Legacy Enhancements	\$4,814,200	\$576,741	\$0	\$0
ICD-10 Enhancements	\$3,302,383	\$395,625	\$9,907,148	\$1,186,876
IV&V Contractor for HIPAA 5010 & ICD-10	\$55,000	\$6,490	\$275,000	\$32,450
HIPAA & State Privacy Breach Notification	\$150,000	\$75,000	\$150,000	\$75,000
Code Management Tool - Sof	\$450,000	\$112,500	\$450,000	\$112,500
PM for HIPAA ICD-10	\$101,760	\$25,440	\$0	\$0
HIPAA ICD-10 PM	\$253,440	\$63,360	\$126,720	\$31,680
Code Management Tool - Tra	\$147,000	\$36,750	\$0	\$0
Total Medical FI	\$20,760,535	\$3,700,604	\$22,159,346	\$2,631,527
Dental				
HIPAA Security (CO)	\$300,000	\$75,000	\$310,000	\$77,500
Development – CDT (SG) 25%	\$615,000	\$153,750	\$30,000	\$7,500
HIPAA 2 (SG)	\$0	\$0	\$0	\$0
HIPAA Operating Rules (SG) 25%	\$0	\$0	\$0	\$0
HIPAA EFT and Remittance Advice 25%	\$24,000	\$6,000	\$0	\$0
Total Dental FI (Delta)	\$939,000	\$234,750	\$340,000	\$85,00
HCO				
NPI (CR)	\$0	\$0	\$0	\$0
Total HCO FI (Maximus)	\$0	\$0	\$0	\$0
Total HIPAA	\$21,699,535	\$3,935,354	\$22,499,346	\$2,716,527

Does not include HIPAA support costs or FFP for other departments' HIPAA costs, which are budgeted in the Other Administration tab of the Estimate.