



Stakeholder Communication Update

To receive stakeholder emails and updates please visit the following link:
[DHCS Stakeholder Announcements](#).

The Department of Health Care Services (DHCS) is pleased to provide this bimonthly update of important events and actions at the department. Each update will include information on upcoming meetings, presentations, notices, press announcements, solicitations for input or services, and more. Stakeholders and partners are urged to contact DHCS by email at DHCSPress@dhcs.ca.gov with any questions, concerns, or suggestions. Thank you.

DHCS Calendar of Events

DHCS has created an Internet calendar to better share information with our partners and stakeholders. This calendar includes listings about meetings, conferences, events, and all stakeholder communications. To make this as useful as possible, items are placed onto the calendar at least one month in advance when possible. The Office of Public Affairs (OPA) maintains the calendar for all divisions. To view the calendar, please log on to the [DHCS website](#).

Stakeholder Advisory Committee (SAC) Meeting

On February 21, DHCS will convene its next SAC meeting at the Sacramento Convention Center. The purpose of the SAC is to provide DHCS with valuable input on ongoing 1115 Bridge to Reform waiver implementation efforts as well as help DHCS successfully bridge to national health care reform. SAC members are recognized stakeholders/experts in their fields, including, but not limited to, member advocacy organizations and representatives of various Medi-Cal provider groups. The SAC meetings have been very helpful to DHCS. Meetings tentatively scheduled for 2014 are on February 21, May 7, September 11, and December 3. Meeting materials are posted on the SAC [website](#).

California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) Additions and Improvements and AB 1296 Stakeholder Meeting

DHCS continues to work with Covered California to improve and add functionality to CalHEERS. Upcoming key additions include improved interfaces with the Statewide Automated Welfare Systems (SAWS) and the Medi-Cal Eligibility Data System (MEDS), electronic verification of residency, consumer notice production, and Medi-Cal health plan selection. The next meeting of the AB 1296 stakeholder workgroup to discuss these and other system improvements will be held on February 28.

County Inmate Programs

On January 27, DHCS implemented three county inmate programs, the Adult County Inmate (ACI) Program, Juvenile County Wards (JCW) Program, and County Compassionate Release (CCR) Program, which will allow DHCS to draw down matching federal funds for participating counties. The ACI Program, authorized by AB 1628 (2010), provides Medi-Cal coverage to eligible adult county inmates for inpatient hospital services provided off the grounds of correctional institutions. The JCW Program, authorized by SB 695 (2011) and AB 396 (2011), provides Medi-Cal coverage to eligible juvenile county wards for inpatient hospital and inpatient mental health services provided off the grounds of correctional institutions. The CCR Program, authorized by SB 1462 (2012), allows county sheriffs to grant medical release in lieu of jail time if certain conditions are met. Counties are able to claim full-scope Medi-Cal services for these members. These county inmate programs have estimated total costs of \$24.6 million for fiscal year 2013-14 and \$19.5 million for fiscal year 2014-15, impacting more than 3,000 inmates each year.

Hospital Presumptive Eligibility Program (HPEP)

The DHCS HPEP was implemented on January 1, 2014, and DHCS-approved hospital providers enrolled into the HPEP are making eligibility determinations and enrolling HPEP members. The HPEP application is a one-page, online application that is based upon individuals' self-attestation of California residency, income, and family size. Hospitals submit the application on behalf of the individual through the HPEP web portal. Once submitted, the individual will receive a real-time determination of eligibility. The hospital then provides the individual with the outcome of the eligibility determination. The hospital is also required to provide the individual with the single streamlined application prior to release from the hospital so the individual can apply for continued benefits. Individuals are eligible for one HPEP period per year, with the exception of pregnant women who are eligible for one period per pregnancy. The HPEP eligibility period is up to 60 days (beginning the first day of the month the member is found eligible and ends the last day of the following month) and can extend further if the individual has submitted the single streamlined application prior to the end of the eligibility period and the application has not been adjudicated. Hospitals interested in participating in the HPEP should complete and submit the provider election form and agreement form found on the DHCS [website](#).

Health Disparities in the Medi-Cal Population

DHCS recently released a set of fact sheets, entitled [Health Disparities in the Medi-Cal Population](#), that explore potential inequalities in selected health indicators among Californians. DHCS elected to use 24 health indicators presented in the California Health and Human Services Agency's [Let's Get Healthy California Task Force Final Report](#), a 10-year plan for "improving the health of Californians, controlling health care costs, promoting personal responsibility for individual health, and advancing health equity," as a starting point for the fact sheets. The fact sheets provide a snapshot of the

health of Medi-Cal members from various backgrounds, compared to the health of the general state population, so that health organizations, government officials, policymakers, and advocates can better understand possible disparities between the two groups. In the future, more health topics will be examined, such as smoking among adolescents and adults, diabetes prevalence, and hospice enrollment. In addition, other social strata and groups will be explored.

DHCS Strategy for Quality Improvement in Health Care

DHCS recently released an update to its [Strategy for Quality Improvement in Health Care](#), which builds upon the DHCS quality strategy released in 2012 and describes the goals, priorities, guiding principles, and specific program activities related to quality improvement at DHCS. The DHCS quality strategy supports our commitment to achieve high quality and optimal clinical and administrative programs and will help us achieve our vision to preserve and improve the physical and mental health of all Californians. The DHCS quality strategy is built upon three linked goals: 1) Improve the health of all Californians; 2) Enhance quality, including the patient care experience, in all DHCS programs; and 3) Reduce DHCS' per capita health care program costs. To achieve these three goals, the DHCS quality strategy outlines seven priorities, each of which are equally important: Improve patient safety; deliver effective, efficient, and affordable care; engage persons and families in their health; enhance communication and coordination of care; advance prevention; foster healthy communities; and eliminate health disparities. The DHCS quality strategy also supports the 2013-2017 DHCS Strategic Plan and outlines specific activities by DHCS programs to accomplish the strategic plan's commitments to the people we serve, the public, and our employees. The DHCS quality strategy is a living document that will be updated and revised on a periodic basis. Questions and comments regarding the DHCS quality strategy may be submitted to OMD@dhcs.ca.gov.

Breast and Cervical Cancer Screening Reminder Application

In keeping pace with current technology and the increasing need to make health information more accessible to Californians, and following the successful rollout of the California Health Care Report Card mobile app, DHCS is continuing its mobile app development in 2014 with the rollout of two mobile apps utilizing new messaging technology. The first, Every Woman Counts (EWC) Breast and Cervical Cancer Screening Reminder Application, is now available on the Apple Store at EWC Check Me and will make its debut on Google App in February. The app was developed to support DHCS' commitment of providing up-to-date information on important health issues facing women. It will use both alert notifications and web service content to update women across California about the latest news and developments regarding breast and cervical cancer. In addition to these news alerts, the app will provide Californians with reminders about regular appointments and follow-up exams. Also, DHCS plans to release a second mobile app this summer to complement its newly-developed Welltopia by DHCS Facebook page. Welltopia by DHCS empowers Californians to live healthier lives by offering easy-to-use information and resources on nutrition, physical activity, stress management, smoking cessation, and more. By embracing mobile technology, DHCS is continuing its efforts to fulfill its vision to preserve and improve the physical

and mental health of all Californians, as well as hold true to its core values of integrity, service, accountability, and innovation.

Coordinated Care Initiative (CCI)

The CCI represents a historic effort to integrate the medical, social, and mental health services provided to some of the most vulnerable Californians. DHCS is grateful for all of the stakeholder participation to move this effort forward. We have come a long way and are excited to start this new program. The state places a high premium on member protections and is working deliberately to ensure a successful implementation. The CCI will launch in April 2014 and phase in over time, reflecting readiness of each individual county. To ensure members in the inaugural month of CCI have sufficient time to understand and review their options, members in Riverside, San Bernardino, and San Diego counties will have a 30-day voluntary period during April. Those counties will begin passive enrollment in May. Passive enrollment in San Mateo County will still begin in April, as will enrollment in Medi-Cal managed care for long-term services and supports in several counties. Also, in designing Cal MediConnect, DHCS relied on the existing Medi-Cal model of managed care, with LA Care and Health Net serving the Cal MediConnect population as they serve Medi-Cal today in Los Angeles County. While LA Care received 3.5 Medicare stars for Part C, other Medicare quality measures resulted in LA Care being unable to accept passive enrollment for Cal MediConnect as planned. Therefore, DHCS will offer members a greater choice of Cal MediConnect plans in Los Angeles County. In addition to Health Net and LA Care, three other plans will be offered – CareMore, Care 1st, and Molina – no sooner than July 2014. To be eligible, a plan must be a Medi-Cal participating plan, a Medicare participating plan, and have undergone Cal MediConnect plan readiness review. Once LA Care improves its Medicare quality rating, LA Care will be eligible to begin receiving passive enrollment.

Cal MediConnect - CalOptima

The Centers for Medicare & Medicaid Services (CMS) announced the results of a program audit of CalOptima's dual eligible special needs plan product. As a consequence of this audit, Cal MediConnect in Orange County will not move forward until CalOptima has taken the immediate corrective actions required by Medicare. DHCS is concerned about the results of this audit and deeply disturbed about its implications for members in Orange County. In fact, DHCS and the Department of Managed Health Care (DMHC) intend to conduct an audit of the Medi-Cal operations at CalOptima. Once the results of DHCS' audit are reviewed, a decision will be made about the status of managed Medi-Cal long-term services and supports (MLTSS) in Orange County. DHCS will work closely with all of its partners to ensure that all CalOptima members receive high-quality care and full consumer protections. The CMS announcement shows that the CCI readiness review process is working. All health plans participating in the CCI are subject to a number of reviews and audits, including CMS audits and DHCS/DMHC oversight and plan readiness review. For more information about the CalOptima program audit and the full CMS report, please log on to the CMS [website](#).

County-Based Medi-Cal Enrollment Efforts

DHCS recently announced that \$23 million in grants from The California Endowment (The Endowment) will be awarded to 36 California counties or county groups in February to help increase and enhance outreach and enrollment efforts for Medi-Cal. The joint DHCS/The Endowment grant effort will support overall efforts to increase awareness of Medi-Cal for those who are eligible, but not yet enrolled, while helping retain current members. It will emphasize reaching certain specific populations, such as those who have limited English proficiency, with educational information that is meaningful and relevant to their needs. Counties that are awarded grants must make at least half of the funding available to community-based organizations. Those counties receiving less than \$160,000 are allowed to maintain a maximum of \$80,000 for their operation of the grant program. Funding for the grants was provided for DHCS by The Endowment as required by Assembly Bill 82, which allows DHCS to accept contributions from private foundations for the management and funding of Medi-Cal outreach and enrollment plans, and to support enrollment assistance workers. The Endowment grant funding will cover activities from February 1, 2014, through June 30, 2016. When The Endowment grant is fully implemented, the 36 county agencies or county groups selected are expected to reach more than 500,000 individuals across the state.

County Savings Redirection (Assembly Bill (AB) 85)

With California electing to employ a state-run Medicaid expansion as it implements the Affordable Care Act (ACA), the state anticipates that county costs and responsibilities for health care services for the indigent population will decrease, as much of this population will become eligible for coverage through Medi-Cal or Covered California. On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the state to redirect state health realignment funding no longer needed for indigent care to fund social services programs. The redirected amount will be determined according to respective formula options for California's 12 public hospital system counties, 34 County Medical Services Program (CMSP) counties, and the remaining 12 counties. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county safety net and to ensure that counties retain sufficient funding for public health and remaining indigent health obligations. As required by AB 85, non-CMSP counties tentatively choosing the formula submitted their predetermined amounts and historical percentages to DHCS by October 31, 2013. DHCS met and conferred with the counties regarding their historical data submissions by December 15, 2013, and issued a determination by January 31, 2014. Non-CMSP counties also submitted their final decisions electing one of the following two options to calculate their redirection amounts: (1) the 60/40 formula approach, which redirects 60 percent of the 1991 health realignment funds and 60 percent of the county maintenance of effort; and (2) the county savings determination process, which is a formula-based approach that measures certain county health care costs and revenues and redirects 80 percent (70 percent in fiscal year 2013-14). Of the 24 non-CMSP counties, 19 have selected the county savings determination process, while five counties have selected the 60/40 formula approach. DHCS will continue to work collaboratively with counties and will amend the determinations as warranted. If a county chooses to challenge DHCS' determinations of the historical amounts and

percentages, the county may file a petition to the County Health Care Funding Resolution Committee by February 28, 2014. This committee consists of one member each selected by the Department of Finance, DHCS, and the California State Association of Counties. DHCS will begin working to calculate the annual redirection amount for fiscal year 2014-15. For additional information, guidance, and forms, please log on to the AB 85 [website](#). Questions, comments, and concerns regarding AB 85 may be emailed to AB85@dhcs.ca.gov.

Important Upcoming Dental Efforts: Restoration of Certain Adult Dental Benefits and Future Member Outreach Activities

On May 1, 2014, DHCS will restore certain optional adult dental benefits to Medi-Cal members. The goal of this restoration is to enable members ages 21 and older with full scope Medi-Cal to be brought up to a basic level of dental health. Basic preventive, diagnostic, and restorative services will be made available to meet this goal, and the program will allow complete dentures and related procedures. DHCS submitted a State Plan Amendment (SPA) regarding this restoration to CMS on December 30, 2013. CMS confirmed receipt of the SPA and is currently reviewing the SPA. Denti-Cal providers were notified of the restoration via a provider bulletin, and all Medi-Cal member households were notified via a mailing sent earlier this year. A second mailing will be sent to all member households this spring after DHCS solicits input from stakeholder groups on the content of the notification. Also, DHCS recognizes the importance of member outreach and education. Pursuant to the governor's budget proposal, DHCS is working to conduct further outreach activities that focus on children ages 0 through 3 years of age. Informational materials are being developed to help educate parents of young children about the importance of early dental benefits. DHCS plans to solicit stakeholder input on the development of these outreach activities.

Managed Risk Medical Insurance Board (MRMIB) Staff Transition

AB 1494 (2012) provided for the transition of more than 750,000 Healthy Families Program (HFP) children to Medi-Cal. This transition began in January 1, 2013, and was completed on November 1, 2013. The legislation required DHCS to conduct activities prior to, during, and after the transition of HFP to Medi-Cal to ensure a seamless transition and no disruption in services for members. Accordingly, MRMIB HFP staff were transitioned to DHCS to assist the department in conducting transition activities. DHCS received 43 positions and their corresponding funding authority from MRMIB as of January 31, 2014. There are 16 additional HFP positions that will be transitioned between March 1 and July 1 of 2014. The transition was conducted in phases to ensure minimal disruptions to the respective departments' programs and operations. MRMIB currently administers three programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to eligible individuals – Access for Infants and Mothers, County Health Initiative Matching Fund, and Major Risk Medical Insurance. These programs and their 14 positions will be transitioned to DHCS effective July 1, 2014. With past and future transitions, the staff and/or the positions were allocated to the appropriate divisions based upon best fit within DHCS.

Drug Medi-Cal (DMC) Waiver

DHCS will request a waiver from CMS to operate the DMC program as an organized delivery system. The waiver will give state and county officials more authority to select quality providers to meet drug treatment needs. This will strike an appropriate balance between ensuring access to these vital services while also ensuring that drug treatment services are being provided consistent with program goals. DHCS is seeking this waiver to fully realign the DMC program as it takes on more importance given a number of developments and experiences, such as integration through coordination, building upon the mental health system, expansion of benefits, and the overall need to improve the DMC program. There are numerous anticipated benefits for a DMC waiver, including:

- The waiver will support coordination and integration across systems to the benefit of the member, with the goal of more appropriate use of health care, such as reduced emergency rooms and hospital inpatient visits.
- A waiver is consistent with the state's recent reforms in transitioning populations and services to organized delivery systems. In particular, the structure will build upon the existing organized delivery system in the Medi-Cal specialty mental health program.
- The waiver will result in increasing the monitoring of provider delivery of services to DMC members, with the goal of improving the quality of substance use disorder treatment services members receive.
- This model will strengthen county oversight of network adequacy, service access, and standardized practices in provider selection, which will improve information available regarding provider performance and help avoid provider fraud and the inappropriate use of public funds.
- This structure will create an organized substance use disorder delivery system that can better coordinate with county public safety systems, improving the coordination of mental health and substance use disorder services to better support offenders in their reentry back into the community.

Performance Outcomes System Plan

In partial fulfillment of SB 1009, DHCS released a legislative report on January 10, 2014, entitled, "The Performance Outcomes System Implementation Plan for Medi-Cal Specialty Mental Health Services for Children and Youth." The report sets forth an implementation plan for developing a performance outcome system for Early and Periodic Screening, Diagnosis, and Treatment mental health services. Using the outcomes information is key to improving services so the report describes a plan to build upon existing quality improvement processes to support decision making that improves the mental health service delivery system. In January, the Performance Outcomes System project team began working to determine how best to incorporate requirements established through the Katie A. settlement by examining performance outcomes objectives for ensuring quality services to children in foster care. Also, in coordination with Medi-Cal managed care, the project team is identifying performance outcomes related to managed care health plan screening for mental health needs, as well as referrals to Medi-Cal fee-for-service providers and/or county mental health plans. DHCS continues to work with partners and stakeholders to identify and define appropriate outcomes, select methods for data collection, and establish a quality

improvement process. The system implementation plan report is available on the DHCS [website](#).

AB 97 Litigation Update

Between December 2011 and January 2012, four federal court preliminary injunctions prohibited DHCS from fully implementing payment reductions mandated by AB 97 (2011) for pharmacy services, distinct part nursing facility services, medical transportation services, physician and clinic services for adults, dental services, durable medical equipment, and medical supplies, both prospectively and retroactively to June 1, 2011. On June 25, 2013, the United States Court of Appeals for the Ninth Circuit issued an order vacating all four preliminary injunctions. In January 2014, the United States Supreme Court denied the plaintiffs' petitions for the court to review the Ninth Circuit decision. DHCS has begun the process of implementing previously enjoined payment reductions. However, DHCS will not fully implement some of the previously enjoined reductions retroactive to June 1, 2011, or prospectively. For example, pursuant to a recently approved SPA, DHCS will only implement the AB 97 reduced rates for distinct part nursing facilities for services rendered from June 1, 2011, through September 30, 2013, but not prospectively. The Governor's proposed budget provides that DHCS will not retroactively implement the AB 97 reduced payments for some services, such as physician and clinic services, dental services, high cost pharmacy services, and medical transportation. DHCS will also exempt primary care physician services from AB 97 reduced payments in accordance with the ACA. Additionally, DHCS is exempting thousands of drug products from AB 97 reduced payments in accordance with a recent federally approved SPA.

School Based Medi-Cal Administrative Activities Program

DHCS is continuing to work with CMS in an effort to obtain approval for the School-Based Medi-Cal Administrative Activities (SMAA) Revised Statewide Claiming Plan and Random Moment Time Survey (RMTS) Methodology. The implementation of the new revised plan is set for July 1, 2014. On January 24, 2014, DHCS submitted to CMS the second submission of the revised plan in accordance with CMS' request for additional information. On February 4, 2014, CMS responded to the revised plan submission with additional questions. DHCS will host an SMAA stakeholder forum on February 12 from 9 a.m. to Noon at 1515 K Street, Room 200, Sacramento, CA. The forum will give stakeholders the opportunity to discuss the revised implementation plan as well as other SMAA topics.