

#### **Article 5.4. Health Care Coordination, Improvement, and Long-Term Cost Containment Waiver or Demonstration Project\***

14180. (a) The department shall submit an application to the federal Centers for Medicare and Medicaid Services for a waiver or a demonstration project to implement all of the following:

- (1) Strengthen California's health care safety net, which includes disproportionate share hospitals, for low-income and vulnerable Californians.
- (2) Maximize opportunities to reduce the number of uninsured individuals.
- (3) Optimize opportunities to increase federal financial participation and maximize financial resources to address uncompensated care.
- (4) Promote long-term, efficient, and effective use of state and local funds.
- (5) Improve health care quality and outcomes.
- (6) Promote home-and community-based care.

(b) The waiver or demonstration project shall include proposals to restructure the organization and delivery of services to be more responsive to the health care needs of Medi-Cal enrollees for the purpose of providing the most vulnerable Medi-Cal beneficiaries with access to better coordinated and integrated care that will improve their health outcomes, slow the long-term growth of the Medi-Cal program, and continue support for the safety net care system and the persons who rely on that system for needed care. These restructuring proposals may include, but are not limited to, the following:

(1) Better care coordination for seniors and persons with disabilities, dual eligibles, children with special health care needs, and persons with behavioral health conditions, which shall include the establishment of organized delivery systems that incorporate a medical home system and care and disease management, as well as incentives that reward providers and beneficiaries for achieving the desired clinical, utilization, and cost-specific outcomes.

(2) Improved coordination between Medicare and Medi-Cal coverage.

(3) Improved coordination of care for children with significant medical needs through improved integration of delivery systems and use of medical homes and specialty centers, and providing incentives for specialty and nonspecialty care.

(4) Improved integration of physical and behavioral health care.

(c) In developing the waiver or demonstration project application, the department shall consult on a regular basis with interested stakeholders and the Legislature.

(d) The department shall determine the form of waiver most appropriate to achieve the purposes listed in subdivision (a).

(e) The department shall submit the waiver or demonstration project application to the federal Centers for Medicare and Medicaid Services by a date that allows sufficient time for the waiver or demonstration project to be approved by no later than September 1, 2010, or the conclusion of any extension period granted in California's Medi-Cal Hospital/Uninsured Care Section 1115(a) Medicaid Demonstration (No. 11-W-00193/9), whichever happens last.

(f) In order to restructure the Medi-Cal program to improve the delivery of care for specified populations and secure the maximum amount of federal financial participation allowable, any waiver or demonstration project application submitted pursuant to

subdivision (a) may specify and seek authority to enroll beneficiaries into specified organized delivery systems. Subject to federal approval, the specified organized delivery systems may include the utilization of an enhanced primary care case management model, a medical home model, or managed care model. The department is authorized to enroll beneficiaries in an organized system of care subject to the conditions in Section 14181. Subject to federal approval, any waiver or demonstration project application submitted pursuant to subdivision (a) shall include processes, and accompanying criteria, by which the department will evaluate and grant exemption, on an individual basis, from this section's requirements pertaining to the mandatory enrollment of beneficiaries in specified organized delivery systems.

(g) (1) The department shall only implement the waiver or demonstration project upon submittal of an implementation plan, pursuant to Section 14181, to the appropriate policy and fiscal committees of the Legislature at least 60 days prior to any appropriation.

(2) Pursuant to paragraph (1), mandatory enrollment in any organized delivery system authorized pursuant to a waiver or demonstration project authorized pursuant to this article shall only occur when funds necessary to support that effort have been appropriated.

(3) It is the intent of the Legislature to neither impede nor limit the department's existing statutory authority regarding the operation of the Medi-Cal program and its health care delivery systems by the enactment of this article.

(h) The director shall have the discretion to utilize state plan amendments, in whole or in part, to accomplish any or all purposes of this article. In the event the director proceeds with state plan amendments as specified, the department shall provide notification in writing to the chairperson of the Joint Legislative Budget Committee within 15 working days of that action and a brief description and purpose of the amendment. This amendment shall be made available to the Joint Legislative Budget Committee upon the request of the chairperson.

14181. (a) The California Health and Human Services Agency or successor entity or designated department shall submit an implementation plan to the appropriate policy and fiscal committees of the Legislature for implementation of the federally approved waiver or demonstration project. The implementation plan shall be developed in consultation with a stakeholder advisory committee established pursuant to subdivision (b). The implementation plan shall specifically address the multiple and complex needs of seniors and persons with disabilities, dual eligibles, children with special health care needs, and persons with behavioral health conditions, and the specific strategies the agency or successor entity or designated department will use to ensure the provision of quality, accessible health care services under the waiver or demonstration project, including, at a minimum, the following elements:

(1) Criteria, performance standards, and indicators shall be adopted to ensure that plan services meet the multiple and complex needs of beneficiaries and comply with the requirements of this article. The performance standards shall incorporate, at a minimum, existing statutory and regulatory requirements and protections applicable to two-plan model and geographic managed care plans, as well as those protections available under the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2

(commencing with Section 1340) of Division 2 of the Health and Safety Code), but in addition shall include specific requirements and standards based on the multiple and complex care needs of seniors and persons with disabilities, dual eligibles, children with special health care needs, and persons with behavioral health conditions, including, but not limited to, standards where applicable to the organized delivery system model in all of the following areas:

- (A) Plan readiness.
  - (B) Availability and accessibility of services, including physical access and communication access.
  - (C) Benefit management and scope of services.
  - (D) Care coordination and care management.
  - (E) Beneficiary complaints, grievances, and appeals.
  - (F) Beneficiary participation.
  - (G) Continuity of care.
  - (H) Cultural and linguistic appropriateness.
  - (I) Financial management.
  - (J) Measurement and improvement of health outcomes.
  - (K) Marketing, assignment, enrollment, and disenrollment.
  - (L) Network capacity, including travel time and distance and specialty care access.
  - (M) Performance measurement and improvement.
  - (N) Provider grievances and appeals.
  - (O) Quality care.
  - (P) Recordkeeping and reporting.
- (2) Strategies to be used to monitor performance of all contractors and to ensure compliance with all components of the waiver or demonstration project.
- (3) Provision of a comprehensive timeline of key milestones for implementation of the waiver or demonstration project components.
- (4) Provision of a framework for evaluation of the waiver or demonstration project, including the process, timelines, and criteria for evaluating implementation, as well as the method for providing periodic updates of outcomes and key implementation concerns.
- (b) Prior to preparing the implementation plan required by this section, the agency or successor entity or designated department, shall convene a stakeholder committee to advise on preparation of the implementation plan. The stakeholder committee shall include, but not be limited to, persons with disabilities, seniors, and representatives of legal services agencies that serve clients in the affected populations, health plans, specialty care providers, physicians, hospitals, county government, labor, and others as deemed appropriate by the agency or successor entity or designated department. The stakeholder committee shall advise on the implementation of the waiver or demonstration project until the expiration of the waiver or demonstration project.

14182. Notwithstanding the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement the provisions of this article through all-county welfare director letters or similar instruction, without taking regulatory action. Prior to

issuing any letter or similar instrument authorized pursuant to this section, the department shall notify and consult with stakeholders, including advocates, providers, and beneficiaries, in implementing, interpreting, or making specific this article.

\*Article 5.4 (commencing with Section 14180) was added to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code by Chapter 6, Fourth Extraordinary Session of 2009.