



Administrator

Washington, DC 20201

NOV 02 2010

Ms. S. Kimberly Belshe
Secretary
California Health and Human Services Agency
1600 Ninth Street
Sacramento, CA 95814

Dear Ms. Belshe:

We are pleased to inform you that your June 3, 2010, request for approval regarding the California section 1115 Medicaid Demonstration, entitled "California's Bridge to Reform" (Waiver 11-W-00193/9), under the authority of section 1115(a) of the Social Security Act (the Act), has been granted for the period November 1, 2010, through October 31, 2015, unless otherwise specified.

This Demonstration will continue and strengthen coverage available through county initiatives, increase and create new initiatives to improve quality and build capacity among safety net providers, support the State's efforts to enroll seniors and people with disabilities into coordinated care systems with strong beneficiary safeguards, and support certain health-related programs.

The Special Terms and Conditions (STCs) have been developed and include provisions that:

- Allow the State to continue and strengthen coverage available in some counties under the previous Demonstration for adults ages 19 to 64 with incomes at or below 133 percent of the Federal poverty level, and potentially expand coverage, over time, to additional counties, subject to available county funding. The provisions also require participating counties to reduce cost-sharing and strengthen services, such as primary care, preventive, inpatient, mental health and prescription coverage. This county-based coverage is a bridge to the more significant coverage improvements that are effective in 2014 and, as such, the State and counties shall seamlessly transition enrollees to the appropriate coverage options in January 2014.
- Permit the State to mandatorily enroll Seniors and People with Disabilities (SPDs) into managed care plans for primary and acute care services; and include numerous safeguards and protections to ensure SPD-specific network readiness and access to quality care. Specifically, the STCs include requirements for information and communication strategies that address the unique needs of SPDs, approaches to assignment and opportunities for changes in managed care plans, participant rights, safeguards and contractual provisions regarding care coordination and linkages to other service delivery systems, person-centered approaches to service planning and delivery, physical and geographic accessibility of service providers.

- Direct savings from the Demonstration to increase the Safety Net Care Pool (SNCP) budget from \$7.66 billion in total spending to \$15.33 billion over 5 years to ensure support for the provision of health care by county hospitals, clinics, and other providers. As part of this approval, the State has been granted expenditure authority to establish new infrastructure investment payments and an incentive payment pool for public hospitals through a new funding entity within the SNCP, called the Delivery System Reform Incentive Pool. Approximately \$6.6 billion of the new \$8 billion in proposed Federal spending is for these investment/incentive pool payments. The balance of the \$8 billion covers new uncompensated care payments and Federal investments in certain State-funded programs.
- Establish the Delivery System Reform Incentive Pool which will provide support for California's public hospitals' efforts to meaningfully enhance the quality of care consistent with the three aims of ensuring better care, improving health, and reducing costs. The four areas that funding is available under the Incentive Pool include: infrastructure development; innovation and redesign; population focused improvement; and urgent improvement in care.
- Describe the extent of Federal financial participation (FFP) in six State-funded programs and authorizes FFP in an additional three funded programs for people with developmental disabilities, and programs that promote workforce development in medically underserved areas.

The Department of Health and Human Services' approval of the Demonstration, including the waivers and the costs not otherwise matchable authority that are described in the enclosed list, are conditioned on the State's acceptance of the STCs within the proceeding 30 days from the date of this approval. The STCs will be effective November 1, 2010, unless otherwise specified. All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this list, shall apply to the Demonstration.

Your project officer is Mr. Steven Rubio. He is available to answer any questions concerning your section 1115 Demonstration. Mr. Rubio's contact information is as follows:

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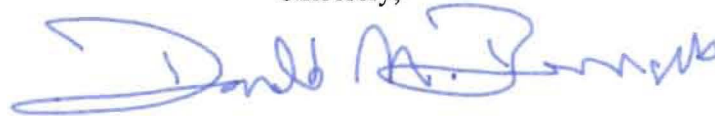
Official communications regarding program matters should be sent simultaneously to Mr. Rubio and to Ms. Gloria Nagle, Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Nagle's contact information is as follows:

Ms. Gloria Nagle
Associate Regional Administrator
Division of Medicaid and Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103 -6706

If you have questions regarding this approval, please contact Ms Victoria A. Wachino, Director, Family and Children's Health Programs Group, Center for Medicaid, CHIP and Survey & Certification, at (410) 786-5647.

Congratulations on the approval of this section 1115 Demonstration.

Sincerely,



Donald M. Berwick, M.D.
Administrator

Enclosures

cc:

Cindy Mann, Director, CMCS
Victoria A. Wachino, CMCS
Gloria Nagle, Associate Regional Administrator, Region IX
Steven Rubio, CMCS