

**Department of Health Care Services  
Proposed May Revision Trailer Bill Legislation**

**New 1115 Waiver: Children with Special Health Care Needs**

**Version: 5-13-10**

Add Section 14184 of the Welfare and Institutions Code to read:

(a) Notwithstanding section 14094.3, in furtherance of the Health Care Coordination, Improvement, and Long-Term Cost Containment Waiver or Demonstration Project provided for in this article, the Director shall establish, by January 1, 2012, models of organized health care delivery systems for children eligible for services under Article 5 (commencing with Section 123800) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code. These models shall include at least one of the following:

- (1) An enhanced primary care case management program;
- (2) A provider-based accountable care organization;
- (3) A specialty health care plan; and,
- (4) A Medi-Cal managed care plan that includes payment and coverage of CCS-eligible conditions.

(b) Each model shall:

- (1) Provide care coordination;
- (2) Establish networks that include CCS approved providers and maintain the current system of regionalized pediatric specialty and subspecialty services;
- (3) Ensure that children enrolled in the model receive care for their CCS eligible medical condition from CCS approved providers;

- (4) Participate in a statewide quality improvement collaborative;
- (5) Establish and support medical homes, incorporating the following principles,
- A. Each child has a personal physician;
  - B. The medical home is a physician-directed medical practice;
  - C. The medical home utilizes a whole child orientation;
  - D. Care is coordinated and/or integrated across all of the elements of the health care system and the family and child's community;
  - E. Quality and safety practices and measures;
  - F. Provides enhanced access to care including access to after-hours care; and
  - G. Payment is structured appropriately to recognized the added value provided to children and their families.
- (6) Provide the department with data for quality monitoring and improvement measures, as determined necessary by the department.

(c) The services provided under these models shall not be limited to the medically necessary services required to treat the CCS eligible medical condition.

(d) Notwithstanding any other provision of law, and to the extent permitted by federal law, the Department may require eligible individuals to enroll in these models.

(e) At the election of the Managed Risk Medical Insurance Board, and with the consent of the director, children enrolled in the Healthy Families Program pursuant to Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code, who are eligible for services under the California Children's Services program (Health and Safety Code

section 123800 et seq.), may enroll in the organized health care delivery systems established under this section.

(f) For the purposes of implementing this section, the Department shall seek proposals to establish these models of organized health care delivery systems, and may enter into exclusive or nonexclusive contracts on a bid or negotiated basis, and may amend existing managed care contracts to provide or arrange for services under this section. Contracts may be statewide or on a more limited geographic basis. Contracts entered into or amended under this section shall be exempt from the provisions of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code and Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of the Government Code.

(g)(1) Entities contracting with the Department under this section shall report expenditures for the services provided under the contract.

(2) If a contractor is paid according to a capitated or risk-based payment methodology, the rates shall be actuarially sound.

(h) (1)The Department shall conduct an evaluation to assess the effectiveness of the models in improving the delivery of health care services for children eligible for the CCS program.

(2) The evaluation process shall begin simultaneously with the development and implementation of the model delivery systems to compare the care provided to and outcomes of children enrolled in the models with those not enrolled in the models. The evaluation shall include, at a minimum, an assessment of:

- (A) the types of services and expenditures for services;
- (B) improvement in the coordination of care for children;
- (C) improvement in the quality of care;
- (D) improvement in the value of care provided;

(E) the rate of growth of expenditures.

(i) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of all-county letters, provider bulletins, or similar instructions, without taking further regulatory action.