

Department of  
**Health Care Services**



**CALIFORNIA'S BRIDGE TO REFORM:  
OUR 1115 DEMONSTRATION WAIVER**



# Secretary Kim Belshé



# *A Bridge to Reform*

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- Approval of Demonstration granted
- Effective 11/1/2010 through 10/31/2015



# *A Bridge to Reform*

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- Key programmatic elements
- Budget neutrality approach
- Next Steps
- Summary



# Key Elements

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- Expand coverage to more uninsured adults;
- Help to preserve the safety net;
- Improve care coordination for vulnerable populations; and
- Promote public hospital delivery system transformation.



# Expanded Coverage

- Coverage for as many as 500,000 persons
- Require transition plan to prepare for enrollment into Medi-Cal in 2014
- Funding to support expanded coverage through 2013
  - \$2.3 billion for eligibles 0-133 FPL; not funded from Safety Net Care Pool
  - \$600 million for eligibles 133-200 FPL; funded from the Safety Net Care Pool



# Expanded Coverage

- Requirements for covering 0-133 eligibles
  - Benchmark-like benefits
  - Due process for eligibility and benefit access
  - Network adequacy standards; contract with at least one FQHC
  - Out of network hospital emergency care
  - Prospective payment system rates required
  - Mental health and substance abuse parity rules will apply according to forthcoming Medicaid rules



# Preserving Safety Net

- \$3.8 billion available over 5 years
- Continuation of existing Safety Net Care Pool structure based on certified public expenditures
- Covers uncompensated care costs in public hospitals
- Up to \$400 million annually for designated state programs





# Better Coordinated Care

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- Mandatory enrollment of Seniors and Persons with Disabilities
  - Require assessments of plan networks
  - Phased-in enrollment over 12 months
  - Require risk assessments of new enrollees
  - Provides additional consumer protections
- Pilot programs for children with special health care needs



# System Transformation

- Creates the Delivery System Reform Incentive Pool within the Safety Net Care Pool to support improvements in public hospital systems
- Reform projects fall in four categories
  - Infrastructure Development
  - Innovation and Redesign
  - Population-Focused Improvement
  - Urgent Improvement in Care
- \$3.3 billion available over 5 years



# Budget Neutrality

- Sources of savings to support budget neutrality
  - Public hospital reimbursements below the applicable upper payment limit
  - Savings achieved by enrolling existing beneficiaries in managed care
  - Savings projected from additional managed care enrollments



# Major Next Steps

- Develop more specific standards, measures and evaluation protocols for the Delivery System Reform Incentive Pool within 60 days
- Initiate process for existing Coverage Initiative to transition to CEED projects
- Initiate process for new counties to become CEEDs
- Continuing work to prepare for enrollment of SPDs
- Preparation of RFP for the CCS pilots



# Summary

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- Strong commitment from CMS to support our preparations for health reform
- Early enrollment of childless adults
- Better care for our most vulnerable beneficiaries
- Significant growth in our support for uncompensated care
- Innovative Incentive Pool to stimulate system transformation



# QUESTIONS

