

UPDATED MEDI-CAL REDESIGN FACT SHEET

Under Governor Schwarzenegger's State Budget for 2005-06, proposals were presented to redesign the Medi-Cal program in order to maintain health care coverage to eligible Californians while containing costs and maximizing operating efficiencies.

The following is the outcome of the Medi-Cal Redesign proposals, per the State Budget 2005-06. The updated information is provided in ***bold italics*** at the end of each proposal:

MEDI-CAL REDESIGN – INITIATIVES

Increase Access to Care & Improve Health Outcomes Through Managed Care Expansion

California provides Medi-Cal benefits via managed care in 22 counties to 3.2 million beneficiaries including families, children, seniors and people with disabilities. Managed care delivers better quality care and greater beneficiary access at a lower cost than the Medi-Cal fee-for-service program. Redesign seeks to build upon this success by:

- ✓ Enrolling 262,000 parents and children in managed care in 13 additional counties. The expansion will involve beneficiaries in El Dorado, Imperial, Kings, Lake, Madera, Marin, Mendocino, Merced, San Benito, San Luis Obispo, Sonoma, Placer and Ventura counties.
- ✓ Enrolling 554,000 seniors and disabled individuals into managed care in all counties in which managed care is available (these population groups are already enrolled in managed care in the 8 counties with an existing County Organized Health System).
- ✓ Implementing Acute and Long Term Care Integration projects in Contra Costa, Orange and San Diego counties to test innovative approaches for enabling more individuals to receive care in settings that maximize community integration.

The managed care expansion will be achieved through a phased-in process over a twelve- to eighteen-month period commencing in January 2007.

UPDATE: The geographical expansion proposal was approved into the 13 new counties, with the enrollment of families and children into managed care. The mandatory enrollment of seniors and persons with disabilities into managed care in both the existing and new plans was rejected during the budget process with the exception of those individuals who may reside in an expansion county where a County Organized Health System (COHS) model is proposed. Under the COHS model, all eligible Medi-Cal beneficiaries are mandatorily enrolled into the managed care plan, including seniors and persons with disabilities. This proposal may be reconsidered by the Legislature in August 2005. The Acute and Long Term Care Integration Projects was separated from the managed care expansion proposal by the Legislature during the budget process and may be addressed under separate legislation.

Stabilize the Financing of California's Safety Net Hospitals

To strengthen the state's health care safety net, a new five-year hospital financing waiver is being negotiated with the federal government. This new waiver will allow California to continue contracts with selected hospitals serving low-income and vulnerable populations and will replace current funding methods with new systems that create opportunities to draw down additional federal dollars.

UPDATE: No changes were noted in the budget regarding hospital financing due to the fact that the Administration continues in negotiations with the federal government on this proposal. Draft Special Terms and Conditions have been developed for this proposal and can be found at Medi-Cal Redesign website which can be accessed via the following link: www.dhs.ca.gov –

once at the DHS website, click on the link regarding Medi-Cal Redesign. Legislative action to change how the state pays safety net hospitals is required before Legislative adjournment in September 2005 or the state will be unable to make \$2 billion in payments to these hospitals.

One of the federal conditions for receipt of a portion of the new federal funds under the proposed demonstration is the passage of State Legislation regarding the managed care expansion, including the enrollment of seniors and persons with disabilities into managed care and the development of a health care coverage initiative for uninsured individuals. These conditions and timelines for completed tasks are outlined in the Draft Special Terms and Conditions.

Once the Special Terms and Conditions have been agreed to by the federal government, State legislation will need to be passed to conform to the provisions of the Special Terms and Conditions.

Modify the Medi-Cal Benefit Package

The Medi-Cal dental benefit package provided to approximately 3 million adults will be aligned with private employer-based and public sector health coverage programs by placing an annual limit of \$1,000 on dental services provided to adults. The majority of the dental needs of the approximately 3 million Medi-Cal adult beneficiaries, including the cost of dentures, is expected to be covered by the \$1,000 benefit limit. The limit will not apply to federally mandated dental services provided by a physician, emergency dental services, and hospital costs associated with dental treatment.

UPDATE: This proposal was modified by the Legislature to create an \$1800 annual dental benefit limit for adults, excluding the coverage of emergency services, long-term care, dentures, and maxillofacial surgical procedures.

Beneficiary Cost Sharing

Medi-Cal beneficiaries with incomes above the federal poverty level will pay a small premium to maintain their Medi-Cal coverage. These beneficiaries include 460,000 families and children in households with incomes above 100 percent of the Federal Poverty Level and 90,000 seniors and persons with disabilities with incomes above the Supplemental Security Income/State Supplemental Payment level. Premiums will be \$4 per month for each child under the age of 21 and \$10 per month for adults, with a maximum of \$27 per month per family. The required premium payments represent approximately 1-2 percent of the total annual income for affected individuals.

UPDATE: This proposal was rejected by the Legislature.

Improved Eligibility Processing for Children

Medi-Cal eligibility determination for the 120,000 children whose Medi-Cal application is submitted to the State's centralized Single Point of Entry vendor will be processed before being forwarded to the child's county of residence. This will speed enrollment of children and eliminate redundant processing.

UPDATE: This proposal was rejected by the Legislature.