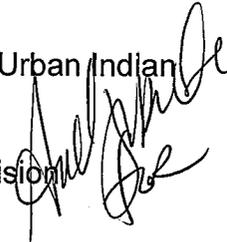




Department of Health Care Services  
**MEMORANDUM**

**DATE:** April 26, 2013

**TO:** Tribal Chairpersons, California Indian Health Programs and Urban Indian Organizations

**FROM:** Sandra "Sam" Willburn, Chief, Primary and Rural Health Division 

**SUBJECT:** Notice of Proposed Change to the Medi-Cal Program

The purpose of this memo is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

**SPA 13-005 Optional Targeted Low-Income Children (TLIC):** Assembly Bill (AB) 1494 (Chapter 28, Statutes of 2012) and AB 1468 (Chapter 438, Statutes of 2012) authorized an optional Medicaid expansion program for TLIC; premium payments or copays if applicable; transition of children from the Healthy Families Program to Medi-Cal. DHCS will submit SPA 13-005 to use the federal option under Section 1916A of the Social Security Act that allows states to apply premiums. Both AB 1494 and AB 1468 require DHCS to obtain federal approvals to implement these provisions of the law for Medi-Cal to expand. SPA 13-005 will include DHCS' plan to exempt American Indians/Alaska Natives from monthly premiums or copayments as required by Section 5006(a) of ARRA and 42 Code of Federal Regulation Part 447. Therefore, DHCS plans to submit SPA 13-005 by June 1, 2013 in order to secure federal approval prior to the implementation deadline. The proposed effective date of SPA 13-005 is September 1, 2013. Please see the enclosed summary of SPA 13-005 for a detailed description and contact information for questions or comments.

**QUESTIONS AND COMMENTS:**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this SPA within 30 days from the receipt of this notice. Comments or feedback may be sent by mail or email to the address below:

**Contact Information:**

Kathyryn Waje  
Utilization Management Division  
Department of Health Care Services  
1501 Capitol Avenue, MS 4506, P.O. Box 997413  
Sacramento, CA 95899-7413  
[Kathyryn.Waje@dhcs.ca.gov](mailto:Kathyryn.Waje@dhcs.ca.gov)

Notice of Proposed Change to the Medi-Cal Program  
Page 2  
April 26, 2013

Please note that Indian Health Programs and Urban Indian Organizations may also request a consultation on this proposal at any time as needed.

Enclosure

**Medi-Cal Eligibility Division  
Department of Health Care Services (DHCS)  
State Plan Amendment (SPA) Number 13-005  
Optional Targeted Low-Income Children**

**Background:**

The Healthy Families Program (HFP) is California's State Children's Health Insurance Program (SCHIP). HFP provides health care to children up to age 19, whose family income is up to 250 percent of the Federal Poverty Level (FPL). The Managed Risk Medical Insurance Board (MRMIB) administers HFP by providing complete health, dental, and vision benefits through participating health plans to children who, do not have insurance and do not qualify for no share-of-cost (SOC) Medi-Cal. HFP allows for some copays based on services and monthly premium payments determined by family income based on family size and the health plan chosen. American Indian and Alaskan Native (AI/AN) children receive an exemption when there is proof of ancestry.

Assembly Bill (AB) 1494 (Chapter 28, Statutes of 2012) and AB 1468 (Chapter 438, Statutes of 2012) authorized the following:

- An optional Medicaid expansion program for targeted low-income children (TLIC)
- Premium payments or copays if applicable
- Transition of children from HFP to Medi-Cal

Transition of HFP children began January 1, 2013. The expected completion date of the transition is September 2013. During the transition, the coverage group, consisting of both HFP transition children and new applicants to Medi-Cal determined eligible as TLIC, will operate under an amendment to California's 1115 Bridge to Reform Waiver. When the transition of HFP children completes, all children in this coverage group will be covered under California's state plan.

The expansion of Medi-Cal allows no monthly premium payments for parents of children in a family where the family income is at or below 150 percent of FPL. Parents of children in a family where the family income is above 150 percent of FPL and up to and including 250 percent of FPL pay a minimum monthly premium of \$13 per child up to a maximum monthly premium of \$39 per family with three or more children. All children moving to Medi-Cal are also subject to nominal co-payments for services; however, at this time copayments are not enforced.

DHCS will use the last HFP eligibility decision when moving these children to Medi-Cal for purposes of continued eligibility. This allows for a smooth move to Medi-Cal without the need to reapply.

**Description of SPA and Effective Date:**

Both AB 1494 and AB 1468 require DHCS to obtain federal approvals to implement these provisions of the law for Medi-Cal to expand. To accomplish this expansion of Medi-Cal, DHCS will submit SPA 13-005 to use the federal option under Section 1916A of the Social Security Act that allows states to apply premiums. SPA 13-005 will include DHCS' plan to exempt AI/AN from monthly premiums or copayments as required by Section 5006(a) of the American Recovery and Reinvestment Act (ARRA) and 42 Code of Federal Regulation (CFR) Part 447. Therefore, DHCS plans to submit SPA 13-005 by June 1, 2013 in order to secure federal approval prior to the implementation deadline. The proposed effective date of SPA 13-005 is September 1, 2013.

### **Impact on Indian Health Programs and Urban Indian Organizations**

DHCS anticipates minimal impact on Indian health programs regarding this proposal. California is in the process of developing a method to exempt AI/AN from premiums consistent with federal requirements that no premiums or copays, if they are enforced, be assessed on a child as long as a child provides proof or the parent self attests the child has eligibility or has received services at an Indian Health Services/Tribal Health Program/Urban Indian Health Program (I/T/U) or through a referral under contract health services. Expanding Medi-Cal to include the TLIC allows providers and programs to reach more children in need of healthcare through Medi-Cal.

DHCS anticipates less of an impact on providers if the parent self attests the child's eligibility for services or that the child has received services from an I/T/U or through a referral under contract health services. If an AI/AN needs to obtain the proof on I/T/U letterhead it would be an additional workload to the provider.

Finally, DHCS anticipates that by increasing the FPL to 150 percent it will allow more children into full scope, no SOC Medi-Cal. Indian health programs may have fewer families that will need to satisfy a SOC before the provider can bill Medi-Cal because more families will be eligible for the TLIC program.

### **Impact on Indian Medi-Cal Beneficiaries**

DHCS does not anticipate any impact on AI/AN beneficiaries regarding premiums or copayments. The process of exemption remains consistent with federal requirements that no AI/AN child has any cost sharing provisions as long as the AI/AN child has proof or the parent self attests the child has eligibility to or has received services from an I/T/U or through a referral under contract health services.

If there is no self-attestation, the proof required is a letter on I/T/U letterhead that exempts the AI/AN under section 5006(a) of ARRA and 42 CFR Part 447. The child or parent of the child submits a copy of the letter to their county social services agency. The letter is a one-time submission and does not need to be resubmitted yearly.

DHCS anticipates a change to the eligibility of existing Medi-Cal children that may be seen by an Indian health program. Increasing the FPL to 150 percent will allow more children into full scope, no SOC Medi-Cal, whereas previously the family had a SOC. This may result in more American Indian children receiving services under the TLIC program.

### **Response Date:**

Indian Health Programs and Urban Indian Organizations may submit comments or questions concerning this SPA within 30 days from the receipt of this letter. Comments may be sent by e-mail to [Kathyrn.Waje@dhcs.ca.gov](mailto:Kathyrn.Waje@dhcs.ca.gov) or by mail to the address listed below:

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