



Stakeholder Communication Update

October 2017

The [Department of Health Care Services](#) (DHCS) is pleased to provide this bimonthly update of important events and actions at the Department. If you are not a subscriber and would like to receive these updates, please sign up on the DHCS [website](#). Please view the [Calendar of Events](#) for specific meetings and events, or review the [Stakeholder Engagement Directory](#) by program. You may also view our [State Plan Amendments](#). In addition, please visit [here](#) for recent data on Medi-Cal enrollment. For questions, concerns, or suggestions, you may contact us by email at DHCSPress@dhcs.ca.gov. Be sure to follow DHCS on social media. Thank you.



DHCS Analysis of Latest Effort to Repeal the Affordable Care Act

On September 22, DHCS released its [analysis](#) of the impact to California of the latest Affordable Care Act (ACA) repeal effort in the U.S. Senate, the Graham-Cassidy Amendment. As noted in the analysis, this version of the repeal effort is the worst of the bills DHCS has analyzed coming out of Washington, D.C., this year. It would have a devastating effect on California's Medi-Cal program as well as the individual insurance market. Specifically, it would cost California nearly \$139 billion in federal funding by 2027, and it undercuts the progress the state has made in expanding health care to the previously uninsured.

Medi-Cal Children's Health Advisory Panel (MCHAP)

The next MCHAP meeting is scheduled for November 1 in Sacramento. At the most recent meeting held on September 12, DHCS Director Jennifer Kent provided the panel with updates on the latest federal developments, and with written responses to panel recommendations on behavioral health care. In addition, the meeting included an introduction to issues in care for adolescents. The MCHAP is a 15-member independent statewide advisory body that advises DHCS on matters relevant to children enrolled in Medi-Cal. To view meeting information, materials, or historical documents, please visit the DHCS [website](#). In addition, on September 25, the Governor signed SB 220 (Chapter 280, Statutes of 2017) into law. The bill revises the qualification criteria for three panel positions, sets term lengths for MCHAP members appointed on or after January 1, 2018, and makes other technical changes.

Mental Health Parity

By October 2, DHCS will submit the State Compliance Plan to the Centers for Medicare & Medicaid Services (CMS) to demonstrate compliance with the Medicaid Mental Health Parity Rule. On March 29, 2016, CMS issued the [parity rule](#) to strengthen access to mental health and substance use disorder services for Medicaid beneficiaries. DHCS has completed the parity analysis and will issue guidance to Medi-Cal managed care health plans, county mental health plans, and Drug Medi-Cal/Drug Medi-Cal Organized Delivery System plans. A summary of the compliance plan will be posted on the DHCS [website](#).

Geographic Managed Care (GMC) Expansion Update

DHCS has approved United Healthcare of California (UHC) to begin serving Medi-Cal beneficiaries beginning October 1 in Sacramento and San Diego counties. UHC responded to DHCS' 2015 Request for Application (RFA) to become a new Medi-Cal managed care health plan in the Geographic Managed Care (GMC) model counties. In January 2016, UHC was provided with a Notice of Intent to Award by DHCS following the RFA evaluations. DHCS then began plan readiness activities to implement UHC as a new Medi-Cal managed care health plan. UHC has successfully completed all DHCS and Department of Managed Care (DMHC) requirements to demonstrate the legal capacity to contract and maintain appropriate licensure in order to operate. For information about future managed care plan procurements, please visit the DHCS [website](#).

California Children's Services (CCS) Advisory Group (AG) Meeting

DHCS will host the next quarterly CCS AG meeting on October 4 with stakeholders, including parents and family advocates, to further discuss the Whole-Child Model (WCM) program implementation and improvements to the CCS program statewide. Senate Bill (SB) 586 (Chapter 625, Statutes of 2016) authorizes DHCS to establish the WCM program in 21 designated [counties](#) to incorporate CCS program-covered services into a Medi-Cal managed care health plan contract. Implementation of the WCM requires modification to the allocation of CCS county administrative funding for counties in the WCM. Under the WCM, some CCS administrative functions, now the responsibility of the county CCS programs, will move to the WCM health plans. DHCS finalized and released the WCM county [Allocation Methodology](#) and [Division of Responsibility](#) in September. To view CCS AG meeting agendas and presentations, or for more WCM information, please visit the DHCS [website](#).

Blood Factor Reimbursement Changes

To prepare for compliance with CMS requirements, DHCS has scheduled an October 4 in-person and teleconference stakeholder event to discuss how DHCS proposes to meet the required reimbursement changes for blood factors. In February 2016, CMS released the covered outpatient drug (COD) final rule. The final rule implements provisions of the Patient Protection and Affordable Care Act of 2010 pertaining to Medicaid reimbursement for CODs. Under the final rule, DHCS is also responsible for documenting blood factor reimbursement in the California State Plan. CMS outlined three required components of a blood factor reimbursement methodology: 1) drug ingredient cost; 2) professional dispensing fee; and 3) ancillary services.

Stakeholder Advisory Committee (SAC)

DHCS will host the next SAC meeting on October 19 in Sacramento. The meeting is expected to include Director Kent's updates on the latest federal and state developments, enrollment updates, presentations on the Public Hospital Redesign & Incentives in Medi-Cal program and Global Payment Program, and new approaches to substance use disorder treatment in Medi-Cal. The purpose of the SAC is to provide DHCS with feedback on Section 1115 waiver implementation efforts as well as other relevant health care policy issues affecting the Department. SAC members are recognized stakeholders/experts in their fields, including, but not limited to, member advocacy organizations and representatives of various Medi-Cal provider groups. To view meeting information, materials, or historical documents, please visit the [DHCS website](#).

Transforming Health Information Exchange (HIE) in California

DHCS will host the 2017 Transforming HIE in California summit at the Sacramento Convention Center on November 1 and 2. The primary objective of the summit is to assist stakeholders with understanding how they and their organizations fit into the larger HIE picture, including their interactions and data exchanges with state departments. Presentations and roundtable discussions will promote dialog around current and planned efforts related to HIE, and provide a forum for stakeholder input on activities that will shape the future of HIE in California. Agenda topics will include clinical data collection, HIE in public health, the HIE Landscape in California, and other issues. The keynote presentation will be about "State Health Information Guidance on Sharing Sensitive Health Information." Visit [here](#) to register for the summit.

Medi-Cal Tribal and Designees of Indian Health Programs

DHCS will host the next Bi-Annual Medi-Cal Tribal and Designees of Indian Health Programs meeting on November 2. Director Kent and Mari Cantwell, State Medicaid Director and Chief Deputy Director of Health Care Programs, are scheduled to attend and will provide an opportunity for stakeholders to ask questions and provide feedback to the Department. Attendees will also receive updates on concerns or questions raised at the May meeting. The invitation and registration information will be posted to the DHCS Indian Health Program [website](#) when they become available.

Home- and Community-Based Alternatives (HCBA) Waiver

DHCS released a Solicitation for Application (SFA) to invite eligible organizations to apply to become "waiver agencies" under the HCBA waiver. The SFA requires applicants to demonstrate that they have the experience, organizational capacity, and fiscal stability to meet minimum waiver agency qualifications and to meet the needs of the population served in their proposed service area over the five-year term of the waiver. Contracted waiver agencies will receive funding to perform waiver administrative functions and provide comprehensive care management services. Transferring the implementation of the HCBA waiver to the local level waiver agencies is expected to improve participant access to waiver services, enhance care management, and improve statewide quality control. Waiver agencies will be responsible for waiver administration functions, including reviewing person-centered plans of treatment, establishing an adequate network of HCBA waiver service providers,

authorizing requests for services based upon medical necessity, billing the Medi-Cal fiscal intermediary for all authorized services, reimbursing contracted HCBA service providers within their service area, monitoring provider performance, and ensuring the health and safety of participants receiving waiver services in the community. For more information about the HCBA waiver, please visit the DHCS [website](#).

Health Homes Program (HHP)

The HHP will serve eligible Medi-Cal beneficiaries with multiple chronic conditions who are frequent utilizers and may benefit from enhanced care management and coordination. The HHP provides six core services: comprehensive care management, care coordination (physical health, behavioral health, and community-based long-term services and supports), health promotion, comprehensive transitional care, individual and family support, and referral to community and social support services. DHCS is currently working with the three Medi-Cal managed care health plans (San Francisco Health Plan, Anthem Blue Cross, and Partnership Health Plan of California) that will implement HHP in eleven counties in the first wave. Two subsequent waves with additional counties will follow. DHCS is awaiting approval of a State Plan Amendment (SPA) that will authorize DHCS to begin implementing the first wave of county-based, managed care plan-delivered HHPs in July 2018. For more information about the HHP, please visit the DHCS [website](#).

Pediatric Palliative Care (PPC) Waiver

DHCS submitted the PPC waiver renewal to CMS for an additional five-year term on September 29. DHCS previously posted the draft renewal application for a 30-day public comment period from August 4 to September 6. Through the renewal, DHCS is proposing to shift the waiver program to an organized health care delivery system model. Within this model, DHCS will contract with waiver agencies to provide one waiver service (entitled enhanced care coordination) and contract with other qualified providers to furnish the other direct waiver services. A summary of the public comments received, as well as a copy of the renewal application that was submitted to CMS, will be posted in early October on the DHCS [website](#).

DHCS/Covered California Application Improvements

The online DHCS/Covered California application redesign went live on September 25. DHCS, in partnership with Covered California, worked with counties, advocates, and the California Healthcare Eligibility, Enrollment, and Retention System project team to improve the consumer experience when applying for Medi-Cal and other insurance affordability programs online through [CoveredCA.com](#). The redesign of the online application focuses on providing consumers with a fast and easy application experience by streamlining the questions the consumer must answer while providing helpful and friendly text to guide them through the process. Some of the ways the online application has been streamlined are by regrouping questions in a more logical manner, asking group questions at the household level instead of repeating the questions for each individual, and dynamically displaying only those questions that a consumer must answer based upon their program eligibility. The redesigned online application is compatible with mobile browsers so users with mobile access can apply.

Minimum Essential Coverage (MEC) Application

Senate Bill 97 (Chapter 52, Statutes of 2017) requires that for any program under Medi-Cal that provides full-scope Medi-Cal benefits to an eligible beneficiary that is not statutorily specified in Section 5000A of the Internal Revenue Code, nor designated as MEC in federal regulations, that DHCS will apply to CMS for the program to be recognized as MEC. DHCS submitted the MEC application to CMS during the week of September 25; it had previously been planned for the end of August 2017. The delayed submission date was due to the multiple steps that had to be taken by DHCS to register with the federal entity responsible for the review and approval of the application. DHCS has requested a retroactive effective date of January 1, 2017. The MEC designation will be for individuals who have state-only Medi-Cal coverage for their full-scope services, and it will not apply to individuals who are using religious exemptions, are not lawfully present, or are incarcerated.

Medi-Cal Dental Stakeholder Meetings

DHCS held the Medi-Cal Dental Los Angeles Stakeholder meeting on September 15. DHCS provided updates on the progress of the Dental Transformation Initiative, Medi-Cal dental benefits, and ongoing outreach efforts, among other topics. The next meeting is scheduled for November. More information about the Los Angeles stakeholder meeting can be found on the DHCS [website](#). In addition, DHCS held a webinar on September 21 to update stakeholders on recently posted data on the DHCS website, and for stakeholders to provide input on data reports that are being developed per Assembly Bill 2207 (Chapter 613, Statutes of 2016).

Superior Systems Waiver (SSW)

On September 12, CMS approved the Department's SSW renewal application, effective for a two-year period, October 1, 2017, through September 30, 2019. The SSW describes how DHCS will continue transitioning the 40 non-designated public hospitals and approximately 350 private hospitals from the use of Treatment Authorization Requests (TAR) for most hospital stays to the use of their own utilization management systems using nationally recognized, evidence-based medical criteria. In this approach, DHCS will conduct post-payment clinical and administrative monitoring and oversight. This utilization management method is used by California's 21 designated public hospitals, which DHCS has already transitioned from the TAR process. For more information, please visit the DHCS [website](#) or email DRGTARFree@dhcs.ca.gov.

Dental Transformation Initiative (DTI)

DHCS is continuing its work to determine and notify participating safety net clinic providers of the cut-off dates for Electronic Data Interchange (EDI) testing and claims submission for future incentive payments under [Domain 1](#). The second Domain 1 (preventive dental services) payment was mailed on July 31. DHCS distributed \$24.2 million in incentive payments to 3,613 providers (2,460 fee-for-service providers, 949 dental managed care providers, and 204 safety net clinics) for services provided in calendar year 2016. The final payments for program year one will be issued on January 31, 2018. Also, DHCS is creating several new outreach documents focused on increasing provider participation and clarifying the billing process for [Domain 2](#) (caries risk assessment). This effort is in collaboration with Delta Dental, the California Dental

Association, and other interested parties from the DTI Small Stakeholder Workgroup. The outreach includes providing examples of a refined welcome packet and examples of mock claim sheets. In addition, outreach efforts specific to [Domain 3](#) (continuity of care) are focused on increasing safety net clinic participation, including conducting outreach to Domain 1 clinics that are eligible to participate in Domain 3. The next Domain 3 payment is scheduled for June 2018. Finally, [Domain 4](#) has executed 11 of the 15 Local Dental Pilot Project (LDPP) contracts. Monthly teleconferences with all LDPPs are underway to address any concerns and to provide support, as necessary. Additional information about the DTI program can be found on the DHCS [website](#).

Proposition 56 Supplemental Payments

DHCS posted public notices announcing its intent to submit SPAs to CMS on proposed supplemental provider payments for dental services, physician services, the Family Planning, Access, Care, and Treatment (FPACT) program, women's health services, and Intermediate Care Facilities for the Developmentally Disabled (ICF-DD), all for dates of service of July 1, 2017, through June 30, 2018, except for ICF-DD, which is effective from August 1, 2017, through July 31, 2018.

- DHCS submitted a SPA to CMS on the proposed supplemental payment categories for dental services that will include restorative, endodontic, prosthodontic, oral and maxillofacial, adjunctive, and visits and diagnostic services. The supplemental payment will be at a rate equal to 40 percent of the Dental Schedule of Maximum Allowances for specified codes.
- DHCS will be submitting a SPA to CMS on the proposed supplemental payments for specified physician services. As described previously, the supplemental payments will be fixed dollar increments for 13 specific codes.
- DHCS submitted a SPA to CMS on the proposed supplemental payments to FPACT providers. As previously described, the supplemental payments will be for specific services at a rate 150 percent above the current FPACT rates.
- DHCS submitted a SPA to CMS on the proposed supplemental payments for ICF-DD that will consist of an additional payment calculated based upon the difference between the frozen rate at the 2008-09 65th percentile increased by 3.7 percent per ABX 2 1 (Chapter 3, Statutes of 2016) and the 2017-18 unfrozen rate.
- DHCS proposed an increase in payments for select HIV/AIDS waiver services under the §1915(c) Home and Community-Based Services AIDS waiver. DHCS submitted an amendment to the HIV/AIDS waiver to CMS on August 1, requesting to amend the waiver rates retroactive to July 1. DHCS received approval from CMS on September 21, and is working with the California Department of Public Health to implement the new rates. Under the waiver, rates will be increased for attendant care, enhanced case management, homemaker services, non-emergency medical transportation, nutritional counseling, psychotherapy, and skilled nursing services. More information is available on the DHCS [website](#).

Restoration of Additional Adult Dental Services

DHCS is currently developing a SPA to seek federal approval for restoring adult optional dental benefits, which will include all services previously eliminated in 2009 and not restored in 2014. Restored services include, but are not limited to, laboratory processed crowns, posterior root canal therapy, periodontal services, and partial dentures, including denture adjustments, repairs, and relines, effective January 1, 2018.

Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver Update

The final deadline for counties to submit a DMC-ODS fiscal plan is November 1. (The final date for counties to submit a DMC-ODS implementation plan was September 1.) The DMC-ODS provides a continuum of care modeled after the American Society of Addiction Medicine (ASAM) criteria for substance use disorder treatment services. Forty counties from the first four phases of implementation (Bay Area-Phase One, Southern California-Phase Two, Central California-Phase Three, and Northern California-Phase Four) have submitted implementation plans, nineteen of which have been approved by DHCS. A group of eight counties created a regional model led by Partnership Health Plan of California. CMS approved intergovernmental agreements for seven counties – San Francisco, Marin, Riverside, San Mateo, Santa Clara, Los Angeles, and Contra Costa – that began delivering services. DHCS has also approved the interim rates for 16 counties. The roll out of Phase Five occurred in September 2017. DHCS hosted a tribal consultation on September 12, and presented the initial program design for the Indian Health Program – Organized Delivery System (IHP-ODS). DHCS requires all residential providers to meet the ASAM requirements and obtain a DHCS-issued ASAM designation as part of their participation in the DMC-ODS. As of September 15, DHCS has issued 628 ASAM designations identifying three levels of care within 381 licensed residential facilities. DHCS is providing technical assistance via contracted services, regional meetings, county-specific sessions, tribal consultations, and webinars. More information is available on the DHCS [website](#).

California Medication Assisted Treatment (MAT) Expansion

DHCS completed its review of the competitive application process for the distribution of funds to new systems for opioid treatment, consistent with the federal grant issued by the Substance Abuse and Mental Health Services Administration (SAMHSA) – State Targeted Response Opioid Grant Program. Of the \$485 million of 21st Century Cures Act-authorized funding issued by the Department of Health and Human Services to address opioid abuse, the amount allocated to California is \$90 million over two years. The California MAT Expansion Project strategically focuses on populations with limited MAT access, including rural areas and American Indian and Native Alaskan tribal communities, and increasing statewide access to buprenorphine. The grant focuses on two projects – the California Hub and Spoke System (CA H&SS) and the Tribal MAT Project. DHCS received 62 applications by providers to operate a CA Hub and Spoke system (CA H&SS) and selected 19 to fund across the state. CA H&SS will begin to roll out services throughout September and October. The total amount allocated for the CA H&SS is \$78 million for the two-year period. The CA H&SS has also started a Learning Collaborative, which is a vehicle to create the connection that is needed to have an effective network with bi-directional patient movement and team care. The remaining grant funds will be used to fund the Tribal MAT Project, with

projects including Project ECHO, opioid use disorder and suicide prevention, assistance with Phase 5 efforts under the DMC-ODS waiver, distribution of naloxone, and implementation of culturally specific MAT services. In addition, the grant is funding training, mentoring, and other projects to increase access to MAT services conducted by the University of California, Los Angeles (UCLA) and the California Society of Addiction Medicine. The project has completed a statewide needs assessment and strategic plan. UCLA will conduct an evaluation of project efforts, which will include the required federal performance measures, in addition to other data elements. More information about the CA MAT expansion project, along with a list of the funded CA H&SS applications, can be viewed on the DHCS [website](#).

Approval of State Plan Amendment for Covered Outpatient Drugs

On August 25, CMS approved SPA [17-002](#), which brings California into compliance with reimbursement requirements included in the covered outpatient drug final rule. The SPA establishes reimbursement for covered outpatient drugs using an actual acquisition cost methodology, and implements a professional dispensing fee of \$13.20 for pharmacies with fewer than 90,000 annual prescription claims and \$10.05 for pharmacies with 90,000 or more annual prescription claims. The SPA also includes reimbursement methods for 340B drugs and physician-administered drugs. Implementation of this new outpatient pharmacy reimbursement methodology is expected to occur in mid-2018.