



DEC 30 2015

Administrator
Washington, DC 20201

Mari Cantwell
Chief Deputy Director
Department of Health Care Services
Director's Office, MS 0000
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

I am writing to inform you that the Centers for Medicare & Medicaid Services (CMS) has granted your request to extend California's section 1115(a) demonstration (11-W-00193/9), entitled "California Medi-Cal 2020 Demonstration." Approval of this extension is under the authority of section 1115(a) of the Social Security Act, and is effective from the date of this letter through December 31, 2020. The terms of the demonstration are consistent with the agreement memorialized in CMS' October 31, 2015 letter to the state.

This extension allows California to extend its safety net care pool for five years, in order to support the state's efforts towards the adoption of robust alternative payment methodologies and support better integration of care. The new redesigned pool, now called the Public Hospital Redesign and Incentives in Medi-Cal or PRIME, will build upon the state's previous Delivery System Reform Incentive Payment (DSRIP) program. The state has committed that 60 percent of all Medi-Cal managed care beneficiaries will receive all or a portion of their care through systems paid through alternative payment methodologies by the end of the demonstration period in 2020. Funding for this pool will not exceed \$7.464 billion in combined federal and state share.

California will also create and test a new global payment approach for the uninsured, which will assist designated public hospital systems. This will help to focus on the value, not volume, of care provided to the uninsured, such as providing more primary and preventive care. The authority to implement the new Global Payment Program for the Public Health System (GPP) is contingent upon CMS review and approval of the specific factors and parameters to be used in establishing the "points" system. Approximately \$2.9 billion in combined federal and state shares of expenditures has been allocated towards this new approach for demonstration year 11, a portion of which is disproportionate share hospital (DSH) funding. Amounts for future years will be determined after completion of the first required uncompensated care report.

To improve the oral health of children in the state, the state will also implement a dental pilot project for low income children, offering financial incentives to dental providers for delivering necessary preventative care and treatment. The financial incentives will fall within three domains: early childhood preventative dental screening, caries risk assessment and treatment, and continuity of care.

Additionally, California will create a Whole Person Care (WPC) pilot program in order to give counties new options to provide coordinated care for vulnerable, high utilizing Medicaid recipients. The overarching goal of the WPC pilots is to better coordinate health, behavioral health and social services, as applicable, in a patient-centered manner with the goals of improved beneficiary health and wellbeing through more efficient and effective use of resources. This program will help communities address social determinants of health, and offer vulnerable beneficiaries, innovative and potentially highly effective services on a pilot basis.

CMS approval of this California Medi-Cal 2020 demonstration extension is conditioned on continued compliance with the enclosed set of special terms and conditions defining the nature, character and extent of anticipated federal involvement in the project. The award is subject to your written acknowledgement of the award and acceptance of the special terms and conditions within 30 days of the date of this letter.

A copy of the revised special terms and conditions and the expenditure authorities is enclosed. A copy of the waiver list is also enclosed.

Your project officer for this demonstration is Ms. Mehreen Hossain. She is available to answer any questions concerning your section 1115 demonstration and this amendment. Ms. Hossain's contact information is:

Center for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
Mail Stop: S2-03-06
7500 Security Boulevard
Baltimore, MD 21244-1850
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E-mail: Mehreen.Hossain@cms.hhs.gov

Official communications regarding official matters should be sent simultaneously to Ms. Hossain and Ms. Henrietta Sam-Louie, Acting Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Sam-Louie's contact information is as follows:

Ms. Henrietta Sam-Louie
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

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If you have any questions regarding this approval, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Centers for Medicaid & CHIP Services at (410) 786-5647.

Sincerely,



Andrew M. Slavitt
Acting Administrator

Enclosure

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cc: Henrietta Sam-Louie, Acting ARA Region IX