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State of California—Health and Human Services Agency
Department of Health Services



GRAY DAVIS
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January 17, 2003

All Plan Letter No. 03001

TO: Geographic Managed Care (GMC) Plans
Two Plan Model Plans

FROM: Cheri Rice, Chief *Cheri Rice*
Medi-Cal Managed Care Division

SUBJECT: DEFAULT ASSIGNMENT OF BENEFICIARIES

This letter is to inform you that the Department of Health Services intends to change the formula used to default assign beneficiaries who are required to enroll in a Medi-Cal managed care plan, but who do not voluntarily select a plan. Currently, in Two-Plan Model counties, the default assignment formula is based on a number of factors, including protection of safety net providers. In Geographic Managed Care counties, beneficiaries who do not choose are assigned equally to all participating plans.

In order to reward quality performance and to ensure that more beneficiaries are enrolled in better performing managed care plans, we are beginning the process to change these formulas. Specifically, DHS intends to modify these default assignment formulas to recognize the relative quality performance of each plan in a county, as measured by HEDIS. That is, the higher a particular plan's HEDIS score(s), the greater that plan's share of default enrollment under the formula to be proposed.

Over the next year, DHS will work with external stakeholders to develop the specific details of a proposed, new default assignment methodology based on HEDIS performance. In 2004, DHS intends to issue proposed changes to the regulations that reflect a new HEDIS-based default formula. Once the regulations are final, the Department will implement the new default methodology. We currently anticipate implementing the final, revised default methodology in 2005, using HEDIS data collected in 2004.



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We believe that this change will mark an important and necessary step in the Department's overall initiative to recognize and reward quality improvement and performance efforts among Medi-Cal managed care plans. We look forward to working with you and other external stakeholders in the development of a new default assignment methodology.