HCBS Integration Planning Workgroup

Session 2: Options to Integrate Select HCBS Waivers into Managed Care

DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

May 13, 2025

Meeting Purpose and Agenda

Purpose: Introduce options to integrate select HCBS waivers into managed care, including a "lift and shift" approach as well as a de novo waiver. Review the goals and populations of a potential de novo waiver.

» Today's agenda:

Time Allocated	Topic
9:00-9:05am	Welcome
9:05-9:30am	Options and considerations to integrate select HCBS waivers into managed care
9:30-10:25am	Goals and populations of a potential de novo waiver
10:25-10:30am	Next steps and wrap up

Options and Considerations to Integrate Select HCBS Waivers into Managed Care

Key Decision: Maintain or Blend HCBS Waiver Programs Selected for Managed Care Integration?

The state could take two approaches:

Option 1	Option 2
"Lift and shift" approach » Amend the four existing HCBS waivers to require individuals in the HCBS programs to receive services through managed care plans under the state's existing 1915(b) managed care waiver	"De novo" waiver » The new waiver could include some combination of the existing services that are available under the current waivers, though new services could also be considered. » The new waiver could be a "blank slate", though DHCS, CDA, and CDPH could choose for the waiver to share some/many of the characteristics of the existing waivers, as appropriate. » The new 1915(c) waiver would be designed to operate concurrently with existing 1915(b) managed care waiver.

Note: These materials are pre-decisional and subject to change pending State budget and policy considerations

Option 1: Lift and Shift Approach

- Maintain the four existing 1915(c) waivers, but transition to operating them concurrently with the 1915(b) waiver in managed care
- Strengths
  - Can more easily make incremental changes (e.g., enrollment caps, service packages) as budget permits to expand access to services to address gaps
  - Can continue to design service packages and establish cost limits based on the unique needs of target populations
  - Can maintain current waivers and use a geographic or single waiver phased integration approach for managed care implementation
  - Can make modifications using waiver amendments instead of developing a new waiver application
  - Would shift some of the burden of building systems to comply with the Access Rule onto managed care plans

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Option 1: Lift and Shift Approach, cont'd

- Limitations
  - DHCS would continue to be responsible for determining eligibility and enrollment in waivers, but it could be administratively and operationally challenging for MCPs to operate four separate waivers with different services, provider networks, service limitations, and eligible provider types
- Timeline
  - Go-live no sooner than January 1, 2028

Option 2: De Novo Waiver

- Design a new 1915(c) waiver that would operate concurrently with the 1915(b) waiver
- Strengths
  - Designing a new waiver gives DHCS, CDA, and CDPH a "blank slate" to design a new program that can share characteristics with the existing waivers but may be better designed to meet the needs of Medi-Cal members who are receiving, or in need of, HCBS
  - MCPs will only need to administer one new HCBS waiver instead of four
  - Could be designed to streamline some of the administrative challenges of the current programs (e.g., billing codes, data sharing requirements)

Option 2: De Novo Waiver, cont'd

» Limitations

- Designing a waiver that meets the needs of multiple populations with differing needs is complex
- Would increase administrative burden on DHCS to determine eligibility and enrollment
- Designing a new waiver would likely require more lengthy negotiations with CMS*
- Fee schedule changes will likely be needed for new or modified services
- DHCS, CDA, CDPH, and providers will need to update policies, procedures, materials, IT systems, and the Medicaid Management Information System (MMIS) to align with new program changes

*If some individuals are transitioning from existing waivers to the new waiver, CMS will also require a written transition plan (See page 57 of the 1915(c) Technical Guide.)

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Option 2: De Novo Waiver, cont'd

- Designing the new 1915(c) waiver involves waiver design decisions and working through managed care implementation approaches
  - Key waiver design decisions include: which population(s) to serve; which services to offer and how services are offered*; geographic offering; individual cost limits and average per capita cost targets to meet cost-neutrality requirements; enrollment caps
- Timeline
  - Timeline for go-live date would be determined based on inputs throughout the design process as well as timeline for federal review and approval
    - Assuming the design phase would last through Q1 2026, go live would be no sooner than Q1 2028

*Similar services are currently offered in different ways under different waivers; DHCS will need to align services across waivers for services that will be included in the de novo waiver.

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Discussion: Maintain or Blend HCBS Waiver Programs Selected for Managed Care Integration?

The state could take two approaches:

Option 1	Option 2
"Lift and shift" approach » Amend the four existing HCBS waivers to require individuals in the HCBS programs to receive services through managed care plans under the state's existing 1915(b) managed care waiver	"De novo" waiver » The new waiver could include some combination of the existing services that are available under the current waivers, though new services could also be considered. » The new waiver could be a "blank slate", though DHCS, CDA, and CDPH could choose for the waiver to share some/many of the characteristics of the existing waivers, as appropriate. » The new 1915(c) waiver would be designed to operate concurrently with existing 1915(b) managed care waiver.

Discussion Question: What are the advantages and disadvantages of the two options?

Goals and Populations of a Potential De Novo Waiver

Goals of the De Novo Waiver

Challenge	Goals of De Novo Waiver
Complexity of HCBS program navigation and enrollment	One entity coordinating all services and supports for members. The de novo waiver presents a simplified program option for members and promotes whole person care by consolidating acute, primary, specialty, and HCBS services under one managed care plan for each member.
Further rebalance CA's LTSS system toward HCBS options	Payment approaches to support policy goals. Integrating HCBS will provide more options for MCPs to meet member needs in the community, reducing costly institutional stays and better aligning with member preferences. DHCS will design capitation rate setting and other payment methods to support this goal.
Streamline HCBS program operations	Centralized program administration and information sharing. The de novo waiver will be administered by DHCS and can be designed to streamline some of the operational and administrative challenges present in the current system.

Discussion Question: Do you agree with these goals for the proposed de novo waiver?

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Additional Consideration: Two De Novo Waivers

- DHCS, CDA, and CDPH is considering consolidating the current waivers into two 1915(c) de novo waivers to target different populations: youth and adults. Each de novo waiver would be delivered under the Medi-Cal managed care system.
  - Including both populations in the existing waivers has led to confusion and errors
  - Several other states have taken a similar approach to separating waivers for kids and adults (New York, Colorado, Michigan, and Iowa among others)

Additional Consideration: Two De Novo Waivers, cont'd

» Rationale

- Establishes different eligibility criteria and service packages to address the unique needs of each age group
  - Youth waiver service package would not include services available under EPSDT
- Having separate waivers would make it easier for DHCS to target specific populations for each waiver
- Reduces operational and administrative complexity for DHCS and MCPs
  - DHCS would be the administering agency for both de novo waivers
- Populations excluded from managed care would still access the waivers through fee-for-service *(to be discussed in a later slide)*

Proposed Waiver #1: Youth De Novo Waiver

- Population served: Children (<21) with complex medical needs who require an institutional level of care
  - Pathway for Medi-Cal eligibility through institutional deeming will remain an option as has been available with the HCBA waiver
- Services offered:* HCBS that are coordinated with EPSDT benefits, including:
  - Waiver Personal Care Services (WPCS), both self-directed and offered by an agency
  - Environmental accessibility adaptations
  - Respite services – home respite, facility respite
  - Personal Emergency Response Systems (PERS), including installation and testing
  - Community transition services
  - Assistive technology

- *Note that DHCS will review all services offered by the current waivers to ensure that the de novo waiver does not include services that duplicate one another (ex., PERS and assistive technology; home modifications and environmental accessibility adaptations) or duplicate existing managed care benefits (ex., private duty nursing).

Note: These materials are pre-decisional and subject to change pending State budget and policy considerations

Proposed Waiver #1: Youth De Novo Waiver, cont'd

- Rationale
  - Improve alignment and coordination between HCBS waiver services and EPSDT benefits
  - 74% of the children enrolled in HCBA receive self-directed WPCS

Child & Youth De Novo Waiver Population

Current Waivers

HCBA

- Children and youth under 21
- Hosp, NF, ICF/IID LOC
- Target groups:
  - Medically fragile
  - Technology dependent

MCWP

- Children and youth under 21
- Hosp and NF LOC
- Target groups:
  - HIV/AIDS diagnosis

Proposed De Novo Waiver

Child & Youth

- Children and youth ages 0-20
- Hospital, NF and ICF/IID levels of care
- Qualifying conditions:
  - Medically fragile
  - Technology dependent
  - HIV/AIDS diagnosis

DHCS is proposing prioritizing children that use institutional deeming as a Medi-Cal eligibility pathway and children that are not eligible for other HCBS waivers for the child & youth de novo waiver.

Discussion Question: Are there other child populations not already being served in existing programs that the state may want to prioritize or serve under a targeted child/youth waiver?

Proposed Waiver #2: Adult De Novo Waiver

- Population served: Adults and older adults (21+) with physical disabilities including HIV/AIDS, or who are medically fragile or technology dependent, and who require an institutional level of care
  - Children transitioning from EPSDT at the age of 21 will be prioritized
  - Pathway for Medi-Cal eligibility through spousal impoverishment rules will remain an option as has been available under all four HCBS waivers
- Services offered: Goal is that services available under the current waivers will continue to be available in a managed care delivery system
  - DHCS, CDA, and CDPH are reviewing waiver services for alignment across the waivers and to eliminate duplication with services currently available in managed care
  - Services would be received according to the person-centered service plan

Note: These materials are pre-decisional and subject to change pending State budget and policy considerations

Adult De Novo Waiver Population

Current Waivers

HCBA
- Adults 21+
- Hosp, NF, ICF/IID LOC
- Target groups:
  - Medically fragile

MCWP
- Adults 21+
- Hosp and NF LOC
- Target groups:
  - HIV/AIDS diagnosis

ALW
- Adults 21+
- NF LOC
- Target groups:
  - Aging
  - Physical disability

MSSP
- Adults 60+
- Hosp and NF LOC
- Target groups:
  - Aging
  - ADL and IADL limitation

Proposed De Novo Waiver

Adult
- Adults 21+
- Hospital, NF and ICF/IID LOC
- Qualifying conditions:
  - Aging
  - Physical disability
  - ADL and IADL limitation
  - Medically fragile
  - Technology dependent
  - HIV/AIDS diagnosis

Note: Children turning 21 would be prioritized for enrollment in the Adult Waiver as they have been in the current HCBA waiver

Proposed Waiver #2: Adult De Novo Waiver, cont'd

- Rationale
  - The Medi-Cal HCBS Gap Analysis found that California's population is aging rapidly, particularly in areas where current access to HCBS is already limited.
  - Target population aligns with Assisted Living Waiver (ALW), Multipurpose Senior Services Program (MSSP), and adult populations in the Medi-Cal Waiver Program (MCWP) and Home and Community Based Alternatives (HCBA) waivers; also minimizes overlap with populations served by programs offered by DDS, which have much higher enrollment caps and do not need to use waitlists.*

Discussion Question: Are there other adult populations the state may want to prioritize or serve under a targeted adult de novo waiver?

- *DHCS will connect with DDS to ensure that there are no individuals with disabilities (ex., individuals with mental disabilities or behavioral health needs that are not I/DD) that would not be eligible for either the de novo waiver or DDS waivers.

Next Steps and Wrap Up

Upcoming Workgroup Sessions and Supplemental Discussions*

Session Type	Date	Time
Session 2 Supplemental Discussion	May 30, 2025	9:00 – 10:00 am PT
Session 3 Stakeholder Meeting	June 18, 2025	10:00 – 11:30 am PT
Session 3 Supplemental Discussion	June 20, 2025	1:00 – 2:00 pm PT
Session 4 Stakeholder Meeting	July 16, 2025	10:00 – 11:30 am PT
Session 4 Supplemental Discussion	July 23, 2025	9:00 – 10:00 am PT
Session 5 Stakeholder Meeting	August 12, 2025	10:00 – 11:30 am PT
Session 5 Supplemental Discussion	August 15, 2025	1:00 – 2:00 pm PT

*Supplemental discussions are optional meetings that will be used to continue conversations from the prior stakeholder meetings, no added materials or slides will be introduced.

Next Steps

- HCBS Integration Planning Workgroup Session #2 Supplemental Discussion (optional): May 30, 2025 from 9:00 – 10:00 am PT
- HCBS Integration Planning Workgroup Session #3: June 18, 2025 from 10:00-11:30 am PT
- Contact the team with questions, suggested topics for discussion, or other input:
  - **HCBSGapAnalysis@dhcs.ca.gov**