

## **INITIAL STATEMENT OF REASONS**

### **Background**

The purpose of the Department of Health Care Services (Department) is to provide equitable access to quality health care leading to a healthy California for all. In support of this purpose, the Department administers many health care programs, including California's Medicaid program, which is known as the Medi-Cal program.

The Department's Medi-Cal Eligibility Division is responsible for the coordination and implementation of Medi-Cal program regulations that support the accurate and timely determination of Medi-Cal program eligibility for applicants and beneficiaries.

When a county department completes a Medi-Cal only eligibility determination or redetermination for an applicant or beneficiary, it sends the individual a Notice of Action (NOA). A NOA is a written notice that informs the applicant or beneficiary of the county department's eligibility decision and effective date of coverage, as well as any changes made in eligibility status or level of benefits. The NOA includes information about the applicant or beneficiary's right to request a State hearing to appeal an eligibility determination such as a denial or reduction of benefits or failure to take action on an application or other information. In addition, the NOA currently provides the name and phone number of the eligibility worker who completed the applicant or beneficiary's eligibility determination.

### **Related Federal and State Laws**

Federal and state law govern the Medi-Cal program. Federal Medicaid law is provided under Title 42 United States Code (U.S.C.) section 1396a et seq. State Medicaid law is provided under Welfare and Institutions (W&I) Code division 9, part 3, chapters 7 and 8.

W&I Code sections 10725 and 14124.5 authorize the director of the Department to adopt, amend or repeal regulations as necessary and proper to carry out the purposes and intent of the statutes governing the Medi-Cal program. These include regulations for the determination of Medi-Cal eligibility and share of cost, which are provided under article 2, subdivision 1, division 3, title 22 of the California Code of Regulations.

California Code of Regulations, title 22, section 50179 specifies the required information to be included in a NOA for Medi-Cal only determinations and redeterminations. Currently, this section requires the NOA to include the name and phone number of the eligibility worker who completed the eligibility determination.

### **Statement of Purpose/Problem to Be Addressed**

This proposed regulatory action amends California Code of Regulations, title 22, section 50179 to enable county departments to include in the NOA the name and telephone number of the county department worker, county department call center, or other appropriate county department contact that is able to assist applicants and beneficiaries with questions about their NOA. By expanding the county department contact options,

county departments will have the discretion to include in the NOA the most helpful and relevant county department contact information according to their operational structure.

### **Anticipated Benefits or Goals of the Regulations**

This proposed regulatory action will improve the Medi-Cal program eligibility determination process by enabling applicants and beneficiaries to contact a knowledgeable party that can readily address questions or provide further information about their NOA. The anticipated benefit of these amendments is enhanced communication and flow of accurate information between applicants and beneficiaries and county departments. This, in turn, supports applicants and beneficiaries in their efforts to apply for or maintain eligibility in the Medi-Cal program and to access necessary health care services.

This regulatory proposal supports the purpose and intent of the Medi-Cal program, as specified under W&I Code section 14000 et seq. (chapter 7, Basic Health Care), to afford qualifying individuals with health care and related preventive services. Furthermore, this proposal supports individuals in obtaining covered health care services in the same manner as the general public without economic discrimination, and without duplication of benefits available under other federal or state laws.

Within chapter 7, W&I Code section 14124.5 further specifies that the Director may establish regulations as are necessary or proper to carry out the purpose and intent of this chapter, which includes the establishment of Medi-Cal eligibility standards and methodologies as set forth under this chapter (including section 14005.30) and in accordance with 42 U.S.C. section 1396u-1.

This regulatory proposal supports the proper and efficient administration of the Medi-Cal program, in accordance with federal and state laws that govern the Medi-Cal program's rules of eligibility, participation, and funding.

### **Detailed Statement of Reasons: Summary and Rationale**

The proposed changes to the California Code of Regulations, title 22, section 50179 are as follows:

Subsection (a) is amended to add "applicants and" to the group of individuals required to receive a NOA. This amendment is necessary for accuracy since both applicants and beneficiaries receive these notices and for consistency since the phrase, "applicant(s) and beneficiary(ies)" is used throughout this section.

Subsection (b) is amended to add, "Except for notices required pursuant to sections 14005.31 and 14005.32 of the Welfare and Institutions Code," to the beginning of this provision. This amendment is necessary to clearly establish an exemption for the notices required by W&I Code sections 14005.31 and 14005.32 because they are state-mandated notice requirements specific to determining Medi-Cal eligibility concurrent with other non-Medi-Cal program benefits, such as cash aid.

Subsection (b) is also amended to delete “The” and replace it with “a” to clarify that the provision applies generally to all NOAs and not to “a” specific NOA.

Subsection (b) is lastly amended to delete “eligibility worker who completed the eligibility determination” and replace it with “county department worker, county department call center, or other appropriate county department contact that is able to assist applicants and beneficiaries with questions about their Notice of Action...” This amendment is necessary to align the contact information that is included in the NOA with the automated processes and updated technology utilized by each county for eligibility determinations.

For instance, some counties may utilize task-based caseload management for eligibility determinations; whereas other counties may utilize call centers to receive and respond to applicant and beneficiary questions. These processes do not require the assignment of an individual eligibility worker to manage an applicant or beneficiary’s case file. Therefore, the best contact for an applicant or beneficiary when seeking assistance with their NOA may be a county department worker, county department call center, or other county department contact; depending upon the county department’s eligibility determination process. This amendment allows county departments the flexibility to utilize different eligibility determination processes. It also enables them to include the most appropriate county department contact information for applicants and beneficiaries in the NOA.

Subsections (c)(5) and (6) are amended to reference a “State hearing.” These amendments are necessary for clarity to indicate that the hearing is a State of California hearing and consistency as the term “State hearing” is used throughout this section.

### **Alternatives Considered**

The Department must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which this regulatory action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Existing Medi-Cal program regulations are located in California Code of Regulations, title 22, division 3. Using this regulatory action to update requirements related to county department contact information that is listed on a NOA is the most effective and convenient way to provide current information directly to those impacted including applicants, beneficiaries, and county departments.

### **Local Mandate Determination**

The Department has determined that the proposed regulations would not impose a mandate on local agencies or school districts, nor are there any costs for which

reimbursement is required by part 7 (commencing with Section 17500) of division 4 of the Government Code.

### **Economic Impact Analysis/Assessment**

The Department has made an initial determination that the regulations would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

The Department has determined that the regulations would not significantly affect the following:

- 1) The creation or elimination of jobs within the State of California;
- 2) The creation of new businesses or the elimination of existing businesses within the State of California; or
- 3) The expansion of businesses currently doing business within the State of California.

### Impact on Jobs and Businesses

The Medi-Cal program is a public health program that provides health care services for low-income individuals who choose to enroll and participate in the program. This regulatory proposal will impact the Medi-Cal eligibility determination process conducted by county departments. Specifically, the amendments proposed through this regulatory action will update and enhance the usefulness of the county department contact information provided on a NOA. This regulatory proposal is not anticipated to have an impact on the creation or elimination of jobs, the creation of new businesses, the elimination of existing businesses or the expansion of businesses in California.

### Benefits of the Proposed Regulations

The Department has determined that the proposed regulations will not specifically affect worker safety or the state's environment. However, the regulations will benefit county departments that conduct Medi-Cal program eligibility determinations, as well as applicants and beneficiaries. Including the most relevant and useful county department contact information will support county department efforts to be available for applicants and beneficiaries to answer questions and provide guidance regarding their NOA. This, in turn, will benefit the health and welfare of California residents. Ensuring access to the county department and information about the NOA will benefit the health and welfare of California residents, specifically supporting applicants and beneficiaries in their efforts to apply for or maintain eligibility in the Medi-Cal program and to access necessary health care services.

This regulatory action also supports the proper and efficient administration of the Medi-Cal program, in accordance with federal and state laws. The Department accomplishes this by issuing regulations that improve eligibility determination processes.

**Effect on Small Businesses**

The Department has determined that the proposed regulations would not affect small businesses because these regulations do not impose any additional reporting, recordkeeping, or other compliance requirements on small businesses.

**Housing Costs Determination**

The Department has determined that the proposed regulations would have no impact on housing costs.