

Section 1115 “Bridge to Reform” Waiver Summary

In November 2010, the federal government approved California’s five-year section 1115 “Bridge to Reform” waiver, through which California would receive waiver authority¹ and federal funds to invest in its health delivery system to prepare for national health care reform that will take effect in January 2014. The goal for the demonstration was to transform the health care delivery system and California’s safety net to sufficiently accommodate the additional number of people who will have access to coverage under Medi-Cal starting in 2014.

The Bridge to Reform waiver was designed to meet the following six goals:

- Strengthen California’s health care safety net
- Maximize opportunities to reduce the number of uninsured individuals
- Optimize opportunities to increase federal financial participation and maximize financial resources to address uncompensated care
- Promote long-term, efficient, and effective use of state and local funds
- Improve health care quality and outcomes
- Promote home-and community-based care.

The Waiver, as approved in 2010, supported four primary initiatives:

- Phase in coverage in individual counties for adults aged 19-64 with incomes up to 200% of the federal poverty level through the **Low Income Health Program (LIHP)**
- Improve care coordination for vulnerable populations by mandatorily enrolling **Seniors and Persons with Disabilities (SPDs)** into Medi-Cal Managed Care
- Pilot coordinated systems of care through **California Children’s Services (CCS)** Demonstrations
- Supports the ability of California’s public hospitals to enhance quality of care through payment incentives through the **Delivery System Reform Incentive Pool (DSRIP)** Program for projects that support infrastructure development, innovation and redesign of the delivery system, population-focused improvements, and urgent improvement in care.

Additionally, federal funds were made available to support Designated State Health Programs (DSHP) and partial reimbursement for serving the uninsured was provided through uncompensated care claiming authority.

Over the duration of the Bridge to Reform Waiver Demonstration, amendments were made to the original framework:

- **Effective April 1, 2012:** DHCS began operating an outpatient, facility-based program that delivers skilled nursing care, social services, therapies, personal care, family/caregiver training and support, meals, and transportation to Medi-Cal beneficiaries enrolled in a managed care organization at Community-Based Adult Services Centers (CBAS).

¹ According to CMS, Waivers under Section 1115 of the Social Security Act grants states the authority to 1) expand eligibility to individuals who are not otherwise Medicaid or CHIP eligible, 2) provide services not typically covered by Medicaid and 3) use innovative service delivery systems that improve care, increase efficiency, and reduce costs. For more information, visit: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Section-1115-Demonstrations.html>

- **Effective June 2012:** “Category 5” DSRIP HIV Transition Projects were added to for public hospitals to earn incentive payments for projects that support efforts to provide continuity of quality care, care coordination, and coverage transition to LIHP enrollees with HIV.
- **Effective January 1, 2013:** The Healthy Families Program beneficiaries were transitioned into Medi-Cal’s Optional Targeted Low-Income Children’s (OTLIC) Program, where they will continue to receive health, dental, and vision benefits. The OTLIC Program covers children with family incomes up to and including 250 percent of the federal poverty level.
- **Effective April 2013:** An amendment was approved which allows the Department of Health Care Services (DHCS) to make supplemental payments to Indian Health Service (IHS) and tribal facilities for uncompensated care costs. Qualifying uncompensated encounters include primary care encounters furnished to uninsured individuals with incomes up to 133 percent of the Federal Poverty Level (FPL) who are not enrolled in a California County Low Income Health Program (LIHP).
- **August 29, 2013:** DHCS received approval to expand Medi-Cal Managed Care into 20 additional counties, with phased-in enrollment beginning in September 2013.
- Over the course of the Waiver, the Department also sought federal approval to roll over unexpended HCCI funding (a component of the LIHP that funded coverage expansion for individuals between 133% and 200% of FPL) to the Safety Net Care Pool-Uncompensated Care in subsequent demonstration years so that the State and designated public hospitals could access those federal funds.
- **Effective January 1, 2014:** Individuals newly eligible for Medi-Cal based on expanded income eligibility criteria under the ACA’s Optional Expansion (up to 138% of FPL) were added to the managed care delivery system under Waiver authority. The waiver amendment allowed for a seamless transition of the Medi-Cal Expansion (MCE) LIHP program into Medi-Cal managed care. This amendment also contains approval for an expansion of the current Medi-Cal managed care benefits to include outpatient mental health services.
- **In March 2014:** DHCS received approval of an amendment to begin coverage under the Coordinated Care Initiative (CCI), no sooner than April 1, 2014. The goal of CCI is to offer integrated care across delivery systems and rebalance service delivery away from institutional care and into the home and community. The CCI is authorized in the following eight counties: Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara. This amendment also allows for the operation of a Program of All-Inclusive Care for the Elderly (PACE) in Humboldt County alongside the Humboldt County-Organized Health System (COHS) plan.

For more information on the “Bridge to Reform” Waiver including the Special Terms and Conditions, please visit: <http://www.dhcs.ca.gov/provgovpart/pages/waiverrenewal.aspx>