



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: JANUARY 12, 2024

PROPOSED CALAIM SECTION 1115 DEMONSTRATION AMENDMENT TO AUTHORIZE CONTINUOUS COVERAGE FOR CHILDREN

Background

The California Department of Health Care Services (DHCS) is providing public notice of its intent to (1) submit to the federal Centers for Medicare & Medicaid Services (CMS) an amendment to the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration to provide continuous coverage for children ages zero to four; and (2) hold one public hearing to receive public comments on this request.

California seeks to ensure that all children residing in the State have sustained and reliable access to the services and treatment needed to promote optimal health and well-being. To advance this goal, DHCS is seeking an amendment to the CalAIM Section 1115 demonstration to provide continuous coverage in Medicaid (Medi-Cal) and the Children's Health Insurance Program (CHIP) for eligible children through age four.

To effectuate this change, DHCS is requesting to amend the CalAIM Section 1115 demonstration to include expenditure authority under Section 1115(a)(2) to receive federal match to provide continuous coverage for children through the end of the month in which their fifth birthday falls, regardless of when they first enroll in Medi-Cal or CHIP, and regardless of changes in circumstances that would otherwise cause a loss of eligibility. Implementation of this policy is contingent on a State determination of available State General Fund resources in 2024 – 2025 and subsequent fiscal years and CMS approval.

I. Program Description, Goals, and Objectives of the Demonstration

Ensuring access to appropriate health care in a timely manner is vital for young children since the care received during the first few years of life significantly impacts health, well-being, and long-term trajectory. Medi-Cal and CHIP play significant roles in ensuring



this access, serving as a central source of coverage for nearly 40 percent of the State's children.¹

However, Medi-Cal and CHIP-eligible children often go through short periods of disenrollment and re-enrollment in coverage, often referred to as "churn," leading to disruptions in coverage and lapses in continuity of care. People who experience churn are more likely to delay or forego care, receive less preventive care, stop filling their prescriptions, and have more emergency department visits. One study found that among children with asthma, those experiencing gaps in coverage were more likely to have asthma-related emergency departments visits, unmet health care needs, and asthma exacerbations.²

By providing continuous coverage to Medi-Cal and CHIP eligible children through age four, the State seeks to ensure these children are able to access the care they need in a timely manner and promote positive health outcomes. While California currently provides 12 months of continuous coverage to children enrolled in Medicaid and CHIP, the State seeks to further its commitment to improve children's health by providing continuous coverage for children through the end of the month in which their fifth birthday falls to further amplify the positive health impacts of reducing churn.

The proposed continuous coverage for children amendment request seeks to significantly reduce churn among children enrolled in Medi-Cal and CHIP coverage through age four, with the goal of promoting continuous access to care and improved health outcomes. This request will help ensure that young children enrolled in Medi-Cal or CHIP can access the treatment and services they need during their critical early years of growth and development. Specifically, California seeks to promote the following goals:

¹ Finocchio, L., Paci, J., Newman, M., Blue Sky Consulting Group. (2021, August). *Medi-Cal Facts and Figures: Essential Source of Coverage for Millions*. <https://www.chcf.org/wp-content/uploads/2021/08/MediCalFactsFiguresAlmanac2021.pdf>

² Miller, R., Sheikh, S., Allen, E., Tobias, J., Hayes Jr., D., Tumin, D. (2018, October). *Gaps in Health Insurance Coverage and Emergency Department Use Among Children with Asthma*. <https://www.tandfonline.com/doi/full/10.1080/02770903.2018.1523929>

- Ensure continuous Medi-Cal and CHIP coverage and significantly reduce gaps in coverage for young children, including for racial and ethnic groups that experience disproportionately high rates of churn;
- Promote access to and continuity of physical and behavioral health care for young children, including preventive care; and
- Improve health outcomes among young children.

II. Demonstration Approach

DHCS is requesting to amend the CalAIM Section 1115 demonstration to include expenditure authority under Section 1115(a)(2) to receive federal match to provide continuous coverage for children through the end of the month in which their fifth birthday falls, regardless of when they first enroll in Medi-Cal or CHIP, and regardless of changes in circumstances that would otherwise cause a loss of eligibility.

A. Eligibility, Delivery System, Benefits, and Cost Sharing

Under the amendment request, children ages zero through four who enroll in Medicaid or CHIP will qualify for continuous coverage beginning on the effective date of the child's most recent eligibility determination or redetermination and extending through the end of the month in which their fifth birthday falls.

During the continuous coverage period, there will be no formal triggering of annual redeterminations for children ages zero through four. However, if any of the following circumstances occur during an individual's designated continuous coverage period, the individual's Medi-Cal or CHIP eligibility shall be redetermined or terminated:

- The individual is no longer a California resident, or a resident of the designated County's Children Health Initiative Program (CCHIP)³ county service area;
- The individual requests termination of eligibility;
- The individual dies; or
- The agency determines that eligibility was erroneously granted at the most recent determination, redetermination or renewal of eligibility because of agency error or fraud, abuse, or perjury attributed to the individual.

³ CCHIP provides coverage to children up to 19 years of age with household incomes above 266 to 322% FPL who reside in San Mateo, San Francisco, and Santa Clara counties.

California will establish procedures designed to ensure that members can make timely and accurate reports of any changes in circumstances that may affect their eligibility as outlined in this demonstration. California will also establish procedures and processes to accept and update member contact information on an annual basis and to check for the exceptions defined above and as required by CMS.

B. Financing and Budget Neutrality

DHCS requests expenditure authority for \$133,648,766 (total computable) over the final two years of the CalAIM demonstration period (January 1, 2025 – December 31, 2026). The following table provides a summary of the estimated number of individuals impacted by these continuous coverage changes.

Table 1. Estimated Continuous Coverage Impact

Continuous Coverage Group	Estimates of Children Impacted by Continuous Coverage*		
	DY 21 (CY 2025)	DY 22 (CY 2026)	Total
Children ages zero through four	64,051	64,051	128,102
Total	64,051	64,051	128,102

* These estimates represent the number of children that would have experienced coverage disruptions or disenrollment during a given demonstration year absent the implementation of the continuous coverage amendment.

The following table shows the “with waiver” expenditures across the two Demonstration Years.

Table 2. Total Waiver Expenditures

Medicaid Aggregate	Demonstration Years (DYs)		
	DY 21 (CY 2025)	DY 22 (CY 2026)	Total
Continuous Enrollment for Children	\$66,370,646	\$67,278,120	\$133,648,766
Total	\$66,370,646	\$67,278,120	\$133,648,766

III. Demonstration Waiver and Expenditure Authorities

Under Section 1115(a)(2) of the Act, California is requesting Title XIX and XXI expenditure authorities to provide continuous coverage for children. California is not requesting any waivers in connection with this demonstration.

To the extent that CMS advises the State that additional authorities are necessary to implement the programmatic vision and operational details described in this application, the State is requesting such waiver or expenditure authority, as applicable. California’s negotiations with the federal government, as well as State legislative/budget changes, could lead to refinements in these lists as we work with CMS to move children’s continuous coverage forward.

A. Expenditure Authority

Expenditures for continued benefits for children who have been determined eligible for the continuous eligibility period who would otherwise lose coverage during an eligibility determination.

IV. Section 1115 Demonstration Hypotheses and Evaluation Approach

The table below provides a preliminary plan to evaluate the demonstration and its achievement of the demonstration’s proposed goals. These hypotheses and plan are subject to change and will be further defined as California works with CMS to develop an evaluation design consistent with the STCs and CMS policy.

Table 3. Continuous Coverage Evaluation Hypotheses and Approach

Hypotheses	Evaluation Approach	Data Sources
Reduce churn and gaps in Medi-Cal and CHIP coverage for young children, including for racial and ethnic groups that experience disproportionately high rates of churn	Analyze Medi-Cal and CHIP enrollment trends to assess churn and gaps in Medi-Cal and CHIP coverage among young children in the pre- and post-waiver periods	<ul style="list-style-type: none">• Medi-Cal and CHIP enrollment files
Promote access to and continuity of physical and	Analyze trends in Medi-Cal and CHIP utilization of	<ul style="list-style-type: none">• Medi-Cal and CHIP claims data

Hypotheses	Evaluation Approach	Data Sources
behavioral health care for young children, including preventive care	physical, behavioral health, and preventive care services among young children enrolled in Medi-Cal	
Improve health outcomes for young children	Analyze health outcomes of interest among young children in the pre- and post-waiver periods, including stratification by race and ethnicity	<ul style="list-style-type: none"> • Medi-Cal and CHIP claims data

V. Public Review and Comment Process

The 30-day public comment period for the CalAIM Section 1115 Continuous Coverage for Children amendment is from Friday, January 12, 2024 until Monday, February 12, 2024. All comments must be received no later than 11:59 PM (Pacific Time) on **Monday, February 12, 2024.**

All information regarding the CalAIM Section 1115 Continuous Coverage for Children application can be found on the DHCS website at <https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>. DHCS will update this website throughout the public comment and application process.

DHCS will host one public hearing to solicit stakeholder comments. The meeting will have online video streaming and telephonic conference capabilities to ensure accessibility.

- January 29, 2024 – Public Hearing
 - 1:00 – 2:00 PM PT
 - Register for Zoom conference link: https://manatt.zoom.us/webinar/register/WN_ZFPeml0mSOSonF7BEgoF5Q
 - Please register in advance to receive your unique login details and link to add to calendar
 - Call-in information 877 853 5247 (Toll Free)
 - Webinar ID: 959 9889 0045

- Passcode: 012924
- Callers do not need an email address to use the phone option and do not need to register in advance

The complete version of the draft of the CalAIM Section 1115 Continuous Coverage for Children amendment is available for public review at:

<https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>

If you would like to view the CalAIM Section 1115 Continuous Coverage for Children application or notices in person, you may visit your local county welfare department (addresses and contact information available at: <https://www.dhcs.ca.gov/services/medical/Pages/CountyOffices.aspx>). You may also request a copy of the proposed CalAIM Section 1115 Continuous Coverage for Children application, notices, and/or a copy of submitted public comments, once available, related to the CalAIM Section 1115 Continuous Coverage for Children application by requesting it in writing to the mailing or email addresses listed below.

Written comments may be sent to the following address; please indicate "CalAIM Section 1115 Continuous Coverage for Children Application" in the written message:

Department of Health Care Services
Director's Office
Attn: Lindy Harrington and René Mollow
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

Comments may also be emailed to 1115waiver@dhcs.ca.gov. Please indicate "CalAIM Section 1115 Continuous Coverage for Children Application" in the subject line of the email message.

To be assured consideration prior to submission of the CalAIM Section 1115 Continuous Coverage for Children application to CMS, comments must be received no later than 11:59 PM (Pacific Time) on **Monday, February 12, 2024**. Please note that comments will continue to be accepted after Monday, February 12, 2024, but DHCS may not be able to consider those comments prior to the initial submission of the CalAIM Section 1115 Continuous Coverage for Children application to CMS.

Upon submission to CMS, a copy of the proposed CalAIM Section 1115 Continuous Coverage for Children application will be published at the following DHCS website at: <https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>

After DHCS reviews comments submitted during this State public comment period, the CalAIM Section 1115 Continuous Coverage for Children application will be submitted to CMS. Interested parties will also have opportunity to officially comment on the CalAIM Section 1115 Continuous Coverage for Children application during the federal public comment period; the submitted application will be available for comment on the CMS website at: <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>.