

**Department of Health Care Services
Proposed May Revision Trailer Bill Legislation**

New 1115 Waiver: Persons with Dual Medi-Cal and Medicare Eligibility

DUAL ELIGIBLE SERVICE INTEGRATION PROJECTS

Version: 5-13-10

Section 14xxx is added to the Welfare and Institutions Code as follows:

14xxx (a) The department shall seek federal approval to establish pilot projects described in this section pursuant to a Medicare demonstration or a Medicaid demonstration project or waiver, or a combination thereof. Under a Medicare demonstration, the department may operate the Medicare component of a pilot project as a delegated Medicare benefit administrator, and may enter into financing arrangements with the Centers for Medicare and Medicaid Services to share in any Medicare program savings generated by the operation of any pilot project.

(b) After federal approval is obtained, the department shall establish pilot projects that enable dual eligibles to receive a continuum of services, and that maximizes the coordination of benefits between the Medi-Cal and Medicare programs and access to the continuum of services needed. The purpose of the pilot projects shall be to develop effective managed care models that integrate services authorized under the federal Medicaid Program (Title XIX of the Social Security Act (42 U.S.C. Sec. 1396 et seq.)) and the federal Medicare Program (Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395 et seq.)).

(c) No later than January 1, 2012, the department shall identify managed care models that may be included in a pilot project, and shall develop a timeline and process for selecting, financing, and evaluating these pilot projects.

(d) Goals for the pilot projects shall include all of the following:

(1) Coordinating Medi-Cal and Medicare benefits across care settings and improving continuity of acute care, long-term care, and home- and community-based services.

(2) Coordinating access to acute and long-term care services for dual eligibles.

(3) Maximizing the ability of dual eligibles to remain in their homes and communities with appropriate services and supports in lieu of institutional care.

(4) Increasing the availability of and access to home- and community-based alternatives.

(e) Pilot projects shall be established in up to four counties, and shall include at least one county that provides Medi-Cal services via a Two Plan model pursuant to Article 2.7 (commencing with Section 14087.3) and one county that provides Medi-Cal services under a County Organized Health System pursuant to Article 2.8 (commencing with Section 14087.5). In determining the counties in which to establish a pilot project, the director shall consider the following:

(1) Local support for integrating medical care, long-term care, and home- and community-based services networks; and

(2) A local stakeholder process that includes health plans, providers, community programs, consumers, and other interested stakeholders in the development, implementation, and continued operation of the pilot project.

(f) The director may enter into exclusive or nonexclusive contracts on a bid or negotiated basis and may amend existing managed care contracts to provide or arrange for services provided under this section. Contracts entered into or amended pursuant to this section shall be exempt from the provisions of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code and Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of the Government Code.

(g) Notwithstanding any other provision of law, the department may require that dual eligibles be assigned as mandatory enrollees into managed care plans established or expanded as part of a pilot project. To the extent that such mandatory enrollment is required, an enrollee's access to fee-for-service Medi-Cal shall not be terminated until the enrollee has been assigned to a managed care provider. Dual eligibles shall have the option to forego receiving Medicare benefits via a pilot project.

(h) For purposes of this section, a "dual eligible" means an individual who is simultaneously eligible for full scope benefits under Medi-Cal and the federal Medicare program (42 U.S.C. 1395 et seq.).

(i) The department shall conduct an evaluation to assess outcomes and the experience of dual eligibles in these pilot projects and shall provide a report to the Legislature after the first full year of pilot operation, and annually thereafter.

(j) This section shall be implemented only if and to the extent that federal financial participation or funding is available to establish these pilot projects.

(k) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of all county letters, provider bulletins, all plan letters, or similar instructions, without taking further regulatory action.