

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

March 13, 2024

Michelle Baass
Director & Interim State Medicaid Director
California Department of Health Care Services
1501 Capital Avenue, 6th Floor, MS 0000
Sacramento, CA 95814

Dear Director Baass:

The Centers for Medicare & Medicaid Services (CMS) approved California's Evaluation Design for continuous coverage for individuals aging out of CHIP and specified formerly pregnant individuals, a COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project No: 11-W-00193/9). We sincerely appreciate the state's commitment to efficiently meeting the requirement for an Evaluation Design as was stipulated in the approval letter for this amendment dated March 17, 2023, especially under these extraordinary circumstances.

In accordance with 42 CFR 431.424(c), the approved Evaluation Design may now be posted to the state's Medicaid website within 30 days. CMS will also post the approved Evaluation Design on Medicaid.gov.

Consistent with the approved Evaluation Design, the draft Final Report will be due to CMS no later than one year after the end of the amendment approval period, which is May 30, 2025.

We sincerely appreciate the state's commitment to evaluating the continuous coverage COVID-19 PHE amendment under these extraordinary circumstances. We look forward to our continued partnership on the California CalAIM section 1115 demonstration. If you have any questions, please contact your CMS demonstration team.

Sincerely,



Danielle Daly
Director
Division of Demonstration Monitoring and Evaluation

cc: Cheryl Young, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

**THE CALIFORNIA ADVANCING AND
INNOVATING MEDI-CAL SECTION
1115 DEMONSTRATION**

**COVID-19 PUBLIC HEALTH
EMERGENCY AMENDMENT**

ATTACHMENT FF EVALUATION DESIGN

AUGUST 07, 2023

TABLE OF CONTENTS

General Background..... 3

Demonstration Objectives 4

Evaluation Questions 4

Evaluation Methodology 5

Methodological Limitations 7

Evaluator and Evaluation Report 7

A. General Background

On January 31, 2020, the United States Secretary of Health and Human Services declared a public health emergency due (PHE) to an outbreak of Coronavirus Disease 2019 (COVID-19). The President of the United States declared a national emergency due to COVID-19 on March 13, 2020.

On January 6, 2021, Centers for Medicare & Medicaid Services (CMS) released [COVID-19 FAQs](#) reiterating states were not permitted under the Children's Health Insurance Program (CHIP) state plan to extend eligibility periods for separate CHIP enrollees who had been determined ineligible for coverage.

On March 3, 2022, State Health Official (SHO) Letter [22-001](#) specifically addressed CHIP beneficiaries who became ineligible during the PHE, stating "CMS is aware that some states, using state-only funds, have continued to cover CHIP beneficiaries found not eligible for coverage during the PHE, including young adults aging out of CHIP, and/or pregnant individuals ending their postpartum period, and/or children found ineligible for coverage after a change in circumstances. States may submit a COVID-19 section 1115 demonstration application for CMS consideration requesting expenditure authority to enable the state to claim federal financial participation (FFP) for such CHIP beneficiaries through the end of the unwinding period, or until a redetermination is conducted during the unwinding period."

On July 16, 2022, in response to the section 1115(a) demonstration opportunity announced to states on March 22, 2020, in State Medicaid Director Letter (SMDL) [#20-002](#) and the guidance in State Health Official Letter (SHO) [#22-001](#) published on March 3, 2022, California submitted a request for an amendment to the "California Advancing and Innovating Medi-Cal (CalAIM)" (formerly "Medi-Cal 2020") section 1115(a) demonstration (Project Number 11-W-00193/9) to address the COVID-19 PHE and to promote continuity of coverage during the unwinding of the COVID-19 PHE. On March 17, 2023, California received section 1115(a) demonstration waiver expenditure authority approval from CMS to enable the state to claim FFP for this group of CHIP beneficiaries retroactively from March 1, 2020, through the end of the unwinding period, or until a redetermination is conducted during the unwinding period.

Due to the limited scope of changes under the amendment, CMS incorporated this amendment as Attachment FF to the CalAIM Special Terms and Conditions (STCs). Further, California will be required to complete a final report. The final report will consolidate the monitoring and evaluation reporting requirements, in addition to capturing data on the number of individuals served, cost outlays, and utilization of

services under this amendment, no later than one year after the end of the COVID-19 section 1115 demonstration authority.

B. Evaluation Questions and Hypotheses

Demonstration Objectives

The demonstration amendment will permit the state to furnish medical assistance in a manner intended to protect, to the greatest extent possible, the health, safety, and welfare of individuals who may be affected by COVID-19. The demonstration amendment allows the state to align its policies for young adults, children, and pregnant individuals, preventing gaps in coverage during the COVID-19 PHE and the unwinding period by ensuring renewals of eligibility and transitions between coverage programs occur in an orderly process that minimizes beneficiary burden and promotes continuity of coverage at the end of the COVID-19 PHE.

California's key objective is to evaluate and accurately identify and claim FFP for CHIP expenditures retroactively from March 1, 2020, through the end of the unwinding period, or until a redetermination is conducted during the unwinding period.

Evaluation Questions

The evaluation of the CHIP PHE waiver will track demonstration amendment expenditures and evaluate the connection between those expenditures and the state's response to the PHE and the unwinding period, as well as the cost-effectiveness of those expenditures. Evaluation hypotheses are tailored to each of the evaluation objectives and presented in Table 1 below.

Table 1: PHE Demonstration Evaluation Objectives and Corresponding Evaluation Hypotheses

Evaluation Objectives	Evaluation Hypotheses
The continuity of care facilitated medical assistance in a manner intended to protect, to the greatest extent possible, the health, safety, and welfare of CHIP beneficiaries who would have otherwise been ineligible by mitigating the potential negative impacts of loss of coverage during PHE and unwinding.	Continuous coverage provisions not only guarantee CHIP beneficiaries will be able to access needed care during the PHE and unwinding, but also allows California operating with reduced capacity to prioritize enrolling people who lose their jobs and job-based coverage over requiring people to prove they remain eligible.

Aligning Medicaid and CHIP policies for young adults, children, and pregnant individuals prevent gaps in coverage during the PHE and the unwinding period.	California's CHIP population aligning with Medicaid policies prevented coverage disparities between populations.
Identify CHIP expenditures retroactively from March 1, 2020, through the end of the unwinding period, or until a redetermination is conducted during the unwinding period, provided such individuals have satisfactory immigration status.	The CHIP population affected by this demonstration is small in volume compared to California's Medicaid population and should not be burdensome to identify. Once the population is identified, the state can accurately claim FFP for CHIP capitation and utilization.
Evaluate the connection between those expenditures and the state's response to the PHE and the unwinding period, as well as the cost-effectiveness of those expenditures.	The connection between expenditures and California's response to the CHIP population during the PHE and unwinding period were cost-effective and mitigated churn.

The following additional evaluation questions based on the specific STCs, waivers and expenditure authorities in this demonstration will be investigated.

Additional Evaluation Questions
1. What were any challenges associated with implementation of CHIP PHE Demonstration waiver authorities?
2. How were these challenges overcome?
3. What were some successes noted related to the implementation of the CHIP PHE demonstration flexibilities?
4. What were some lessons learned and future best practices noted related to the implementation of the CHIP PHE demonstration flexibilities and expenditure authority?

C. Evaluation Methodology

The Evaluation Design is a hybrid approach using various quantitative elements to support qualitative elements. The state will gather enrollment data effective March 1, 2020, of all affected CHIP beneficiaries described in this demonstration. The data will provide the month in which each CHIP beneficiary lost eligibility, and the subsequent months covered under the continuous coverage requirement, through the end of the unwinding period, or until a redetermination is conducted during the unwinding period.

The evaluation of data will include:

- Identification and removal of the CHIP PHE population provided 365 days of postpartum coverage under the state's [Health Service Initiative \(HSI\)](#) effective

July 1, 2020.

- Identification of immigration status.
- The monthly capitation calculation of each eligible beneficiary described under the demonstration.

The state will monitor and summarize utilization through a review of claims data for the demonstration population, including the following measurements:

Measure [reported for each month included in final report]
Total number of beneficiaries with any claim
Total number of beneficiaries with primary care appointments
Total number of beneficiaries with behavioral health appointments
Total number of beneficiaries with specialty behavioral health appointments
Total number of beneficiaries with emergency department visits
Total number of beneficiaries with inpatient visits

Per CMS guidance, California will track demonstration amendment expenditures and evaluate the connection between those expenditures and the state's response to the PHE and the unwinding period, as well as the cost-effectiveness of those expenditures.

All CHIP beneficiaries identified with unsatisfactory immigration status will be carved out. Beneficiaries with unsatisfactory immigration status are being tracked and will be covered using state funds. Any such expenditures for this population will be identified and removed from the FFP claim by the state under this demonstration.

The expenditure data proposed for use in this evaluation is drawn from various official eligibility and claims data sources used in assessing data needs and/or impacts to California Medicaid data and reporting as it relates to new or modified policies and legislation. Data is regularly updated, and data lags are not expected to significantly influence the state's ability to meet reporting deadlines for the demonstration.

The state will analyze and quantify the data so that the performance in achieving the demonstration objective targets can be measured. In addition, the state will report on lessons learned and future best practices, expenditure authority, challenges and how those challenges were overcome, and the successes related to the CHIP PHE demonstration flexibilities.

D. Methodological Limitations

The COVID-19 pandemic was an unprecedented emergency. The State implemented flexibilities throughout the COVID-19 pandemic, responding and at times pivoting to

updated CMS guidance. The approval of the ARPA HSI added complexity to the CHIP COVID-19 PHE instructions. The State is challenged with correctly identifying and excluding ARPA HSI coverage throughout the CHIP PHE continuous coverage period over an extended period, in addition to, correctly identifying and removing individuals with unsatisfactory immigration status. The final report will include all design limitations identified throughout the COVID-19 PHE unwinding period.

E. Evaluator and Evaluation Report

The evaluation will be conducted internally by the state.

California's final report will consolidate the monitoring and evaluation requirements for this demonstration amendment. The final report will be submitted to CMS for review and approval, due no later than one year after the end of the expenditure authority, May 31, 2024.

In addition to capturing data on the number of individuals served and utilization of services under this amendment, the final report will contain qualitative and descriptive assessment on the demonstration implementation, lessons learned, and best practices for similar situations.

The final report will be organized based on the structure outlined in CMS' section 1115 demonstration evaluation guidance "Preparing the Evaluation Report." Per CMS guidance, the state must include in the final report a discussion on how it implemented the process including any challenges encountered and how those were overcome to accurately identify claims and capitation payments for individuals with satisfactory immigration status (SIS), and to assure that individuals with unsatisfactory immigration status (UIS) were not included in FFP claims for services. For each year of the amendment that the state is required to complete an Annual Monitoring Report per 42 CFR 431.428(a), the state will submit all applicable information for the amendment approval period in the final report. CMS will provide additional guidance on the structure and content of the final report.