

CALIFORNIA DEMONSTRATION FACT SHEET

October 24, 2007

Name of Section Demonstration/Waiver: MediCal Hospital/ Uninsured Care
Date Proposal Submitted: July 5, 2005
Date Proposal Approved: August 24, 2005
Date Implemented: September 1, 2005
Date Expires: August 31, 2010

Date Coverage Initiative Amendment Submitted: August 28, 2006
Date Coverage Initiative Amendment Approved: October 5, 2007

Date Renewal Submitted: N/A
Date Extension Approved: N/A
Extension Expiration: N/A

Number of Amendments: 1

SUMMARY

Features of this demonstration are:

- The continuation of SPCP contracting with hospitals which will receive preferential or exclusive referrals of Medicaid patients in their area. Private hospitals and a small number of governmentally-operated hospitals will continue to negotiate with the California Medical Assistance Commission (CMAC) for their per diem reimbursement.
- Payments to 22 governmentally-operated hospitals in the SPCP network will be based on, and limited to, Medicaid cost as determined by the Cost Report. The state will now fund all Medicaid base and DSH payments to these hospitals using certified public expenditures (CPEs).
- The creation of a Safety Net Care Pool which makes available to the state \$766 million per year for five years (total of \$3,830,000,000) in federal financial participation for the reimbursement of costs of providing medical care services to the uninsured or creating an insurance product targeted to the uninsured. Of this \$766 million, the availability of \$180 million will be contingent upon the State meeting specified federal goals in each of the five years. The first two years of contingent money are tied to goals associated with the expansion of managed care to the Aged, Blind, and Disabled population. The last three years of contingent Federal funding are tied to goals for expansion of healthcare coverage to currently uninsured individuals.
- Safety Net Care Pool governmentally-operated funds may be accessed only by the State, counties, or cities and designated providers for uncompensated costs of

medical care services provided to uninsured individuals as agreed upon by the CMS and the State. Safety Net Care Pool funds will also be available for a Coverage Initiative in the last three years of the demonstration.

- The State must have (and must demonstrate to CMS, as requested) permissible sources for the non-federal share of payments from the Safety Net Care Pool, which sources can include CPEs from government operated entities. Sources of non-Federal funding shall not include provider taxes or donations impermissible under section 1903(w), intergovernmental transfers from Safety Net Care Pool providers, or Federal funds received from other Federal programs (unless expressly authorized by Federal statute to be used for matching purposes).
- During the term of the demonstration, the state will not impose a provider tax, fee or assessment on inpatient hospitals, outpatient, or physician services that will be used as the non-Federal portion of any Title XIX payment.
- Total SNCP funding is capped annually at \$766 million with no growth factor included. Budget neutrality for the demonstration is calculated as two distinct limits. The State is limited to the UPL for hospital payments under SPCP or the Inpatient Hospital Component. Savings from either cap cannot be moved between the limits.

AMENDMENTS

The section 1115 demonstration amended October 5, 2007 authorizes the State to create a Coverage Initiative to expand healthcare coverage for eligible low-income, uninsured individuals utilizing an allotment of \$180 million in Federal fund per year for the period October 1, 2007, through August 31, 2010.

ELIGIBILITY

Those eligible individuals to be enrolled in the Coverage Initiative program are low-income, uninsured individuals whose incomes are at or below 200 percent of the Federal poverty level, and who are not currently eligible for the Medi-Cal program, the Healthy Families Program, or the Access for Infants and Mothers program. All enrollees into a Coverage Initiative program must be citizens in compliance with the citizenship requirements under the DRA.

DELIVERY SYSTEM

The recipients of the available Federal funds under the Coverage Initiative may only be a governmental entity that is a county, a city and county, a consortium of counties serving a region consisting of more than one county, or a health authority.

BENEFITS

Eligible low-income, uninsured individuals enrolled in the Coverage Initiative program will have access to a benefit package of services, including preventive and primary care services, as well as care management services, designed to treat individuals with chronic health care conditions, mental illness, or who have high costs associated with their

medical conditions, in order to improve their health and decrease future costs. Benefits also may include case management services.

QUALITY AND EVALUATION PLAN

Existing quality assurance mechanisms will be retained in place during the first two years of the waiver and these will be monitored by CMS central and regional staff. Alterations in QA practices and reporting may occur when the Coverage Initiative is initiated in the third year.

COST SHARING

Cost sharing will be unaffected by the demonstration and will remain within the “nominal” requirements imposed by law.

STATE FUNDING SOURCE

As to the specified public health facilities listed in Appendix C of the Standard Terms and Conditions, state matching will be by CPEs rather than the formerly used IGTs. All current DSH funding will be diverted to the listed facilities to replace state funding. A new fund will be created to replace DSH funding lost by private and non-listed public facilities.

ADDITIONAL AMENDMENTS

None

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