

DATE: September 8, 1999

TO: Kathleen Farrell
HCFA Project Officer

FROM: Sandra Shewry
Managed Risk Medical Insurance Board

SUBJECT: Revised Answer to Question 3 **from** the August 26, 1999 Questions on
California's Title XXI Amendment dated July 26, 1999

Enclosed is our revised response to Question 3 of the August 26, 1999 questions on California's July 26, 1999 Title XXI Amendment. The response has been revised to reflect our acknowledgement of HCFA's concerns regarding the State's desire to claim case management expenses as Title XXI Benefit costs.

Revised Response to Question 3 from the August 26, 1999
Questions on California's July 26, 1999 XXI Amendment

3. Case Management costs for application assistant fees for annual eligibility review are included as a benefit cost. There was no case management benefit approved as part of the State's benefit package in the State Plan. Additionally, the annual eligibility review assistance would not meet the requirements for health benefits coverage under section 2103 of the Title XXI statute. We have stated in previous conversations and correspondence with you that this type of assistance is not a benefit cost, but is clearly an outreach activity that would be considered an administrative cost under section 2105 (a)(2) and is subject to the limitations in section 2105 (c). Therefore, the actual and projected expenditures for this fee must be reflected in the administrative section of the revised budgets.

This question was originally raised by HCFA in communications about California's December 22, 1998 Title XXI Amendment. Pending resolution and agreement on the December 22, 1998 Amendment, we have moved the case management costs from a Benefit cost to an Administrative cost. Accordingly, we have revised the FFY 1999-2001 estimates chart and accompanying narrative to reflect this change. We continue to maintain that the case management fees are a Benefit cost but we will address this issue in our correspondence with HCFA about California's December 22, 1998 Title XXI State Plan Amendment.

ATTACHMENT FROM BUDGET NARRATIVE

Medi-Cal Conforming Costs - County Administration. This represents the total estimated cost for counties to determine eligibility for a) Accelerated Coverage of Children Under 100percent FPL; b) Asset Waiver for Children.

*EDS Costs * Fiscal Intermediary (FI).* Provider reimbursement for all fee-for-service elements of expanded access is processed by EDS, the Medi-Cal Fiscal Intermediary (FI) through an automated payment system integrated with the California-Medi-Cal Management Information System (CA-MMIS). It is assumed that all providers would utilize the HCFA 1500 and UB92 standardized Medi-Cal claim forms, as well as the CHDP PM 160. The current CA-MMIS system, as well as the CHDP system will be used as the most cost-effective models for expanded access for HFP. The CHDP system will allow assessments and the CA-MMIS will accommodate any treatment claims. ~~While this system will require some level of enhancement and will be contingent upon the final parameters identified for implementation, it is anticipated that these modifications can be accommodated on a timely basis.~~ Both systems require enhancements to comply with Title XXI requirements.

~~Ongoing operational costs are estimated to be \$1,444,160 annually.~~

One Month Bridge. This is the county administration cost associated with implementation of the One Month Bridge Program described in Section IB.5.

Case Management Costs. The cost of assisting families to maintain their child's enrollment in the HFP will be \$66,995 in FFY 1999. Each HFP subscriber is re-evaluated annually prior to their anniversary date in the program to determine continued eligibility for the program. The provision of case management services by qualified application assistants helps to assure continuity of coverage for enrolled children. The maintenance of a medical home for children is a core objective of the HFP.

The issue of whether the case management cost is a Benefit or an Administrative cost was originally raised by HCFA in communications about California's December 22, 1998 Title XXI Amendment. In order to address HCFA's concern, this latest budget display reflects the shift of case management costs for application

assistance fees for annual eligibility review from a Benefit cost to an Administrative cost. However, the State continues to maintain that the case management fees are a Benefit cost. California will address this issue in our correspondence with HCFA about California's December 22, 1998 Title XXI State Plan Amendment.

*State Administration * MRMIB.* MRMIB ~~will~~ administers the HFP, ~~and will provide~~ estimates health care for approximately ~~580,000~~ **497,000** children of moderate income working individuals through subsidized private health insurance plans. ~~MRMIB is requesting 18 positions and \$1.600 million (\$560 thousand General Fund) in the current state fiscal year; and 21 positions and \$2.156 million (\$155 thousand General Fund) for the state fiscal year 1998-99.~~ **The current state fiscal year 1999/00 budget includes authority for 28.0 positions and \$3.314 million total funds (\$1.342 million General Fund).**

*State Administration * DHS.* The Department of Health Services ~~is requesting 19 positions and \$2.679 million (937 thousand General Fund) in the current state fiscal year; and 19 positions and \$2.836 million (\$993 thousand General Fund) for the state fiscal year 1998-99.~~ has, in the current state fiscal year 99/00, budget authority for 12 positions and \$1.268 million (\$387 million General Fund). These resources are necessary to meet requirements of the HFP legislation, conduct the activities necessary to expand Medi-Cal health coverage for low-income uninsured children, and provide education and outreach activities.