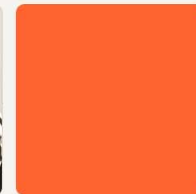
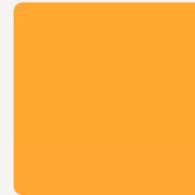
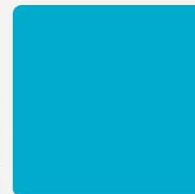




## An update on the state budget and California's 1115 waiver



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## State budget update

- ✓ On October 8, 2010, the Legislature passed a budget that included \$18.3 billion in budget "solutions" including
  - \$7.5 billion of cuts
  - an assumption of \$5.3 billion in federal funds
  - \$2.5 billion of revenues
  - \$3.0 billion in fund shifts and other adjustments
- ✓ Later that day, the Governor signed a budget that included \$963 million in blue pencil cuts
- ✓ This action concluded the longest budget fight in state history

## The good news...

- ✓ Fortunately, the signed budget rejects many of the proposals included in earlier versions of the budget, including:
  - the elimination of CalWORKs
  - the 15.7% CalWORKs grant cut
  - the elimination of the Recent Non-Citizen Entry program
  - elimination of the Cash Assistance Program for Immigrants
  - elimination of the California Food Assistance Program
  - a \$15 cut from SSI grants for individuals
  - hard caps & mandatory co-pays in Medi-Cal
  - drastically reduced benefits for some legal immigrants on Medi-Cal
  - elimination of the Adult Day Health benefit
  - the elimination and further cuts to the Healthy Families Program

## The bad news...

- ✓ Unfortunately, the signed budget also upholds the \$52 million HIV/AIDS cuts that were made last year
- ✓ Some of the other items that were cut in the final budget include:
  - \$22 million in county funding for Medi-Cal eligibility determinations.
  - \$10 million in funding for community-based clinics.
  - All \$18 million in state funding for drug treatment assistance programs for nonviolent, low-level drug offenders.
  - \$5 million from the Maternal, Child, and Adolescent Health Program.

## Setting the stage for next years budget

- ✓ Troublingly, the state budget still has a structural deficit that must be addressed.
- ✓ In addition, this budget includes new corporate tax breaks that will make it even harder to balance the budget in future years.
- ✓ This budget agreement will also place a measure on the 2012 primary election ballot that would increase the size of the state's reserve and impose a spending cap.
  - Spending caps end up pitting programs with Constitutional protections or by federal mandates against those that do not have legal protections. Many of the programs listed above would become vulnerable if a spending cap is enacted.

## Update on California's 1115 Medi-Cal Waiver

- ✓ The Department of Health Care Services (the Department) has been negotiating renewal of California's 1115 Medi-Cal waiver for several months.
- ✓ The waiver was set to expire August 31, 2010, but the Department requested an extension of the current waiver for two months to allow finalization of the new waiver.
- ✓ The Centers for Medicare and Medicaid Services (CMS) granted the extension through October 31, 2010.

## Update on California's 1115 Medi-Cal Waiver

- ✓ Included in the waiver is the mandatory enrollment of seniors and persons with disabilities (SPDs) into managed care by June 1, 2011.
- ✓ On October 7, 2010, the California Legislature passed the California waiver legislation – AB 342 (Pérez) and SB 208 (Steinberg) along with the budget bills.

## AB 342 – overview

- ✓ Lays out the requirements for new county coverage programs – Coverage Expansion and Enrollment Demonstration (**CEED**) projects.
- ✓ The Department must authorize counties to establish CEED projects to provide health care services to uninsured adults between the ages of 19 and 64 with incomes up to 133% of the Federal Poverty Level (FPL).
- ✓ CEED projects would have to facilitate the transition of consumers from the CEED to Medi-Cal or the Exchange by 2014. The legislation makes clear the CEEDs are not an entitlement program.
- ✓ CEED projects must provide the non-federal share of funding, provide a medical home, have a quality measurement system, and provide specified program information to CEED applicants or participants.

## SB 208 – overview

- ✓ Directs the Department to seek federal approval to establish new pilot projects for dual eligibles
- ✓ Lays out the process for mandatory **enrollment of SPDs into managed care plans.**

# SB 208 – enrollment of SPD's into managed care plans

- ✓ The Department may mandatorily enroll SPD Medi-Cal beneficiaries who do not have other health coverage into managed care plan.
- ✓ The Department is required to assess the readiness of the plans, but only using the standards currently applicable to geographic expansion of managed care plans, rather than standards specific to SPD populations.
- ✓ The Department must:
  - ensure compliance with accessibility laws
  - develop outreach and education programs to inform SPDs about the upcoming changes
  - implement a disability sensitivity training for plans
  - establish process for enrolling beneficiaries who don't make a choice of plans based on their claims data
  - develop a facility site review tool to assess the physical accessibility of providers
  - ensure plans can provide communication access
  - ensure plans provide ongoing access to out-of-network providers who the enrollee have a relationship with
  - develop performance measures for plans and conduct medical and financial audits of plans

## SB 208 - enrollment of SPD's into managed care plans, cont'd.

- ✓ Before enrollment begins, the Department must:
  - ensure that plans have an “appropriate provider network,”
  - have updated provider directory listings
  - assess beneficiaries’ health care needs and coordinate their care
  - have liaisons to coordinate services with regional centers
  - establish medical homes and provide care coordination, as defined.
- ✓ Additionally, the Department must monitor network adequacy quarterly and suspend new enrollment if a plan has an inadequate network and it must convene a stakeholder workgroup in March 2011 to review data required to be submitted by the plans.
- ✓ The Department, with DSS and county welfare departments, shall monitor IHSS utilization before and during the waiver.

## Impact on people living with HIV/AIDS

- ✓ Provider meetings to ensure that people know that this change is coming and to share resources/ideas on how to prepare
- ✓ HIV clinics/providers must begin exploring contracting options now
- ✓ As Anne mentioned, 70-75% CA's uninsured HIV population will likely be entering Medicaid in 2014,