

Changes to Medi-Cal and Other Low-Income Health Programs in the 2014-15 State Budget

July 1, 2014

Senate Bills 857 and 870, the Health Omnibus Trailer Bills, were signed by the Governor on June 20, 2014. Health and Human Services comprise over 31% of the budget or \$49 billion, an increase of over \$3 billion from last year. The majority of the increase, nearly \$2 billion, is attributed to the Department of Health Care Services (DHCS) who administers Medi-Cal among other programs.¹ The budget, which goes into effect on July 1, 2014, enacts the following changes affecting low-income health care consumers:

- **Full-scope coverage for pregnant women with incomes up to 138% FPL.** Today pregnant women without children can only get full-scope pregnancy Medi-Cal if their incomes are below 60% of the Federal Poverty Level (FPL). Under the budget, pregnant women are eligible for full-scope Medi-Cal with family income up to 138% FPL (\$21,707 per year for a family of two).¹ While the budget is effective July 1, 2014, these new eligibility levels will not be in effect until federal approval is achieved and the new levels are programed into the eligibility system. California can provide full-scope to pregnant women with incomes up to 109% FPL with a State Plan Amendment (SPA) to our Medicaid plan because this is the MAGI conversion level for parents. Granting full-scope Medi-Cal coverage to women between 109 and 138% FPL will most likely require an amendment of our 1115 waiver. The Department of Health Care Services (DHCS) advises that they are seeking the SPA and waiver amendment on parallel tracks. Pregnant women with full-scope Medi-Cal will have to enroll in a Medi-Cal managed care plan in their county.ⁱⁱ
- **Medi-Cal “Wrap” for pregnant women with incomes between 139 and 213% FPL.** Pregnant women with family incomes between 139% and 213%² FPL have the choice to enroll both in a Covered California qualified health plan (QHP) and pregnancy-scope Medi-Cal³ or to enroll in either option.ⁱⁱⁱ For women with both coverage programs, Medi-Cal will pay the premiums and co-pays for their Covered California plan.^{iv} Further, women in both coverage programs can access certain Medi-Cal services outside the QHP including family planning services, certified nurse-midwife services and freestanding birth centers.^v For Comprehensive Perinatal Service Program (CPSP) services and perinatal specialists, women can only access these services directly through a Medi-Cal provider if they are not available through the QHP.^{vi} DHCS must consult with Covered California, health plans and consumer advocates in the development of notices to inform women of their coverage options at the time of application and renewal; a process for implementing other health coverage policies and the right to access Medi-Cal providers directly; notices to inform that

¹ The enacted 2014-15 budget for DHCS is \$26.2 billion whereas the enacted 2013-14 budget for DHCS and MRMIB was \$24.2 billion.

² 213% is the MAGI conversion equivalent income level for 200% which is the pre-ACA income level for pregnancy coverage.

³ Because pregnancy-scope Medi-Cal is limited coverage, it is not considered Minimum Essential Coverage (MEC) and therefore it is possible to qualify for both subsidized coverage through Covered California and pregnancy Medi-Cal.

infants born to pregnant women on Medi-Cal are automatically eligible for Medi-Cal; provider notices to educate Medi-Cal providers of this new program; and monitoring and data reporting.^{vii} This wrap-around program will be effective when federal approvals are received and CalHEERS functionality is in place, but no earlier than January 1, 2015.

- **Provisions Regarding both Qualified Immigrant and Pregnancy Wraps.** As part of the 2013 Medi-Cal special session bills, recent lawful immigrants who have been in the country for less than five years and therefore do not qualify for federally-matched Medi-Cal are eligible for coverage as follows:
 - Children, parents, seniors and people with disabilities continue to qualify for state funded, full-scope Medi-Cal
 - New expansion adults also qualify for state funded, full-scope Medi-Cal until the “wrap” is established. Under the wrap these expansion adults can have a Covered California plan with Medi-Cal as secondary coverage to both pay the Covered California premiums and cost sharing and to cover services not covered by the plan, such as dental services.

This year’s budget trailer bill includes protections for and provisions regarding both wrap programs. Beneficiaries in both Covered California and Medi-Cal cannot “be charged, billed, asked or required make any premium or cost sharing payments to his or her qualified health plan or service provider.”^{viii} Health plans participating in either wrap program are prohibited from charging enrollees any premiums or cost-sharing payments that DHCS is responsible for paying.^{ix} If, despite these provisions, a beneficiary does make a payment, she or he will be reimbursed the cost by Medi-Cal.^x

If during reconciliation in a tax year, a beneficiary owes additional premium costs and makes a tax payment to return a portion of the Advance Premium Tax Credit (APTC) for which she or he was not entitled, Medi-Cal shall reimburse the beneficiary that amount.^{xi} However, if at tax reconciliation the beneficiary receives a tax refund based on the APTC, the beneficiary shall reimburse Medi-Cal for the portion of the refund related to the premium paid by Medi-Cal.^{xii}

For both wrap programs, Medi-Cal will only pay for premiums for the second lowest silver plan in the region and if the beneficiary chooses a more expensive option she or he must pay the difference.^{xiii}

As with the pregnancy wrap, for the qualified immigrant wrap, DHCS must consult with Covered California, plans and consumer advocates regarding the implementation of the wrap including informing materials for applicants and beneficiaries and provider notices.^{xiv}

- **Applied Behavioral Analysis (ABA) Stakeholder Process Language.** The budget calls for a stakeholder process to provide ABA therapy for children with autism on Medi-Cal if required by the federal government.^{xv} Currently all health plans in California, except Medi-Cal plans, are required to provide ABA therapy. If required by the federal government, an estimated 10,000 to 11,000 Medi-Cal children would utilize ABA therapy.⁴
- **Elimination of Managed Risk Medical Insurance Board (MRMIB) and related changes.** MRMIB is eliminated and the remaining programs administered by MRMIB are transferred to DHCS including Major Risk Medical Insurance Program (MRMIP).^{xvi} The AIM-Linked Infants Program is renamed the "Medi-Cal Access Program".^{xvii}

⁴ This is based on California’s Department of Managed Health Care survey that the five largest health plans show 1 in 395 children utilizing ABA therapy. Applied to the roughly 4.5 million children in Medi-Cal, this translates to approximately 10,000 to 11,000 children that could be served with ABA therapy funding.

- **Consumer Assistance.** The budget includes some changes to the functions of the **Office of the Patient Advocate (OPA)**. While previously, under AB 922 (Monning 2011), the OPA was *authorized* to contract with community based organizations to provide assistance to health consumers, the budget shifts this function to the Department of Managed Health Care (DMHC) and makes it mandatory. DMHC is now *required* to contract annually with community based organizations and the requirements for these organizations are laid out.^{xviii} The core functions of OPA are to:

 - Collect and report annually data regarding consumer complaints to the health consumer assistance centers including those operated by DMHC, DHCS and Covered California;
 - Develop referral protocols for referring calls between health consumer assistance centers;
 - Continue to publish an annual qualify report card regarding health plans, PPOs, and medical groups; and
 - Assist in the development of educational materials for health care consumers and coordinate among state and federal agencies regarding outreach and education regarding health reform implementation.^{xix}

- **Black Infant Health Program funding restoration.** The budget restores \$4 million in state funds for the Black Infant Health Program, a program to address the disproportionately high rates of infant mortality among African-American infants. In 2009, the state eliminated \$3.9 million for the program, resulting in a \$3.7 million loss in federal matching funds.

- **Medi-Cal list of specialty drugs.** DMHC can no longer fine health plans that makes changes to the Medi-Cal list of contract drugs if the plan provides prescription drugs to a Medi-Cal beneficiary pursuant to DHCS guidelines.^{xx}

- **Performance measures related to quality and access in Denti-Cal.** The budget requires DHCS, in consultation with stakeholders, to establish a list of quality and access performance measures in Denti-Cal. The bill also requires DHCS to annually post performance measures, performance results, and a summary of related complaints and grievances on its website.^{xxi}

- **Funding for indigent health care in Fresno County.** Per of SB 853, the Omnibus Transportation Trailer Bill, Fresno County is granted a five-year delay to repay the Transportation Investment Fund as long as it continues to provide medical services to “indigent individuals and undocumented individuals.”^{xxii} This will be especially important as Fresno County has indicated that it may end health care services to undocumented individuals beginning as early as October 2014.

- **Vision services pilot program in Los Angeles County.** The budget provides \$1 million to establish a three-year vision-services pilot program in Los Angeles County for children who are enrolled in Medi-Cal.^{xxiii} Vision services are currently offered to children on Medi-Cal, and this pilot project would allow them to access vision services at their school. Unfortunately, adult Medi-Cal vision services were cut in 2009 and never restored.

Several items the Legislature took action on were ultimately not included in the budget, including:

- **No action to restore "optional" Medi-Cal benefits.** These benefits which were cut in 2009 include acupuncture, audiology, chiropractic, incontinence cream and washes, optician/optical lab, podiatry, speech therapy and all dental services for adults.
- **No action to increase Medi-Cal provider reimbursement rates.** The Administration reduced payments by 10% to certain Medi-Cal providers in September 2013, with the reduction being retroactive to June 2011. These cuts remain in place and could discourage providers from participating in Medi-Cal even as enrollment rises.
- **No action to increase staff for Medi-Cal Managed Care Ombudsman Program.** The Medi-Cal Managed Care Ombudsman helps Medi-Cal beneficiaries understand their managed care benefits and resolve issues with managed care plans. Although the state has doubled the number of Medi-Cal beneficiaries in managed care plans, consumer assistance support in the form of staffing resources remain the same.
- **Refusal of grant funding for Medi-Cal renewals.** The California Endowment offered \$6 million, which would have brought federal matching funds, to fund community-based organizations to assist individuals with their Medi-Cal renewals. Although this is excluded in the budget, SB 18, authored by Senator Leno and Senator Hernandez, is the legislative tool that WCLP is co-sponsoring to move the issue forward.

ⁱ Cal. Welf & Inst Code §§14005.22; 14005.225.

ⁱⁱ *Id.*

ⁱⁱⁱ Cal. Welf & Inst Code 14148.65.

^{iv} Cal. Welf & Inst Code 14148.65(b)(1).

^v Cal. Welf & Inst Code 14148.65(b)(2).

^{vi} *Id.* DHCS must also consult with the Exchange regarding the inclusion of certified Medi-Cal CPSP providers in QHP networks. Cal. Welf & Inst Code 14148.65(e).

^{vii} Cal. Welf & Inst Code 14148.65(c).

^{viii} Cal. Welf & Inst Code 14148.67(b)(1).

^{ix} Cal. Health & Safety Code §1346.5, Cal. Welf & Inst Code 14148.65(a)(3).

^x Cal. Welf & Inst Code 14148.67(b)(2).

^{xi} Cal. Welf & Inst Code 14148.67(b)(3).

^{xii} Cal. Welf & Inst Code 14148.67(b)(4).

^{xiii} Cal. Welf & Inst Code 14148.67(c).

^{xiv} Cal. Welf & Inst Code 14148.67(d).

^{xv} Cal. Welf & Inst. Code §14132.56.

^{xvi} Cal. Welf & Inst. Code § 15800.

^{xvii} Cal. Welf & Inst. Code §15801.

^{xviii} Cal Health & Safety Code §1368.05.

^{xix} Cal Health & Safety Code §136000.

^{xx} Cal. Health and Safety Code §1374.34.

^{xxi} Cal. Welf & Inst. Code § 14132.915.

^{xxii} Cal. Vehicle Code §12801.

^{xxiii} Cal. Welf & Inst. Code §14087.9730.