

Agenda Item 6
7/13/2011

Additional Responses to the Administration's Proposal to Transition Healthy
Families Subscribers to the Medi-Cal Program

CHC

Community Health Councils, Inc.



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FAX

Date: June 15, 2011

To: Secretary Diana Dooley
California Health and Human Services Agency

Fax: (916) 654-3343

cc: Governor Jerry Brown (916) 558-3160
Senate President pro Tem Darrell Steinberg (916) 323-2263
Assembly Speaker John Perez (916) 319-2146
Senate Minority Leader Bob Dutton (916) 327-2272
Assembly Minority Leader Connie Conway (916) 319-2134
Toby Douglas, Director, California Department of Health Care Services (916) 440-7404
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board (916) 324-4878

From: Lark Galloway-Gilliam
Executive Director, Community Health Councils

Pages: 5 (including fax sheet)

Re: Healthy Families Transition



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June 14, 2011

Secretary Diana Dooley
California Health and Human Services Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Re: *Healthy Families Transition*

Dear Secretary Dooley,

In an effort to reduce the number of uninsured Americans, the Affordable Care Act (ACA) requires states to coordinate the Medicaid, CHIP and Exchange programs.¹ However, the specifics on achieving this coordination objective or possibly program integration rest with the state. The California Health Benefits Exchange Board has begun discussing this issue and the Governor's current proposal to shift Healthy Families to Medi-Cal is a step toward the integration of California's public healthcare programs.

Community Health Councils (CHC) writes on behalf of the statewide Covering Kids and Families (CKF) and LA Access to Health Coverage coalitions. We ask the state to respond to a set of critical questions in order to assess the proposal's impact in transitioning Healthy Families children into the Medi-Cal program on children and families and on the capacity and effectiveness of the state's public healthcare coverage system.

CHC is a community-based health promotion, policy and advocacy organization that coordinates the CKF and LA Access coalitions. Combined, the coalitions represent over 100 stakeholders throughout California who have been instrumental in both increasing enrollment and retention in publically sponsored healthcare programs and working with the state for more than 10 years to simplify and streamline the enrollment process for families.

We believe with healthcare coverage and the health of nearly 900,000 Healthy Families and 7.7 million Medi-Cal beneficiaries at stake, the decision to integrate these two programs or leave them separate should not be made without a comprehensive assessment of the system requirements and analysis of the impact on the beneficiaries. The assessment and final decision should be made based on the following criteria. The decision should:

1. Provide minimal or no disruption in continuity of coverage and medical care
2. Leverage state funding and maximize all available federal funding
3. Make significant improvements in the equitable distribution of healthcare resources to increase access in under-resourced communities

¹ Patient Protection & Affordable Care Act of 2010 Sec 2201.

4. Preserve the maintenance of effort required through ACA
5. Reduce administrative cost and not shift costs to the county
6. Expand consumer choice of healthcare provider
7. Increase efficiencies and simplification of enrollment and retention processes as evidenced by a reduction in: a) required paperwork, b) average length of time to determine eligibility and process enrollment applications, c) default rates and d) drop in coverage (improved retention rates).

In order to complete a comprehensive assessment of the proposed consolidation, we ask that the state begin by addressing the following questions regarding the potential administrative structure, process and program implementation:

A. Program and Enrollment Policies and Procedures: As acknowledged by the state, enrollment systems must be simplified and benefits aligned. While desirable in principle, changes in eligibility requirements, consolidation of the existing administrative systems and the transfer of nearly 900,000 enrollees can have unintended consequences and risk. Among the many issues warranting further clarification and consideration, we submit the following:

1. Will the Medi-Cal Eligibility and Enrollment rules and procedures be applied to children eligible for or transitioning from Healthy Families into Medi-Cal or will the existing Healthy Families rules and procedures continue to apply?
2. Will children continue to be identified as enrolled in Healthy Families as a distinct program or moved to an aid code within Medi-Cal?
3. Will there continue to be a public distinction between Medi-Cal and Healthy Families or will the programs be consolidated into one program?
4. Will the current grievance and appeals process for Healthy Families remain in effect or will Healthy Families eligible children be subject to the Medi-Cal grievance and appeals procedures?
5. Will cost sharing provisions under Healthy Families remain in effect such as the monthly premiums, out of pocket maximums, etc., or will they transition to a Medi-Cal share of cost? If the Medi-Cal Share of Cost is applied to Healthy Families eligible children, at what income level will they be subject to share of cost and for what amount?
6. Will children eligible for Healthy Families continue to select their provider at the time of application or transition to Health Care Options?

B. Program Transition: To minimize errors in the transition of children and families from Healthy Families to Medi-Cal, we ask the state to address the following:

1. What is the anticipated impact on current county caseloads? What is the potential impact on response time for beneficiaries including existing Medi-Cal enrollees?
2. Will each Statewide Automated System (SAWS) public access interface be modified to allow for the enrollment and influx of the Healthy Families eligible children? If yes, what is the cost and timeline for the update and/or workarounds if the systems are not updated in a timely manner by county?

3. Is there a plan to link or consolidate the Public Access versions of Healthy-e-App and each of the SAWS?
4. What will be the distinction in functions and roles between MAXIMUS and county eligibility? What is the impact on the average time for processing applications under the new delineation of functions?
5. What are major milestones, cost and timeline associated with the transfer of data and the administrative functions between MAXIMUS and the county?
6. What is the proposed mechanism for providing information to counties on the status of premium payments in order to complete enrollment or renewals?
7. What steps will be taken to help families understand and navigate between MAXIMUS financial payment and the county eligibility systems on an ongoing basis?
8. What steps will be taken and procedures put in place to assist and ensure retention of Healthy Families beneficiaries at the point of annual renewal during the first year? What is the anticipated cost and dropout rate?

C. Access to Care: The capacity and availability of the provider network is of highest concern among stakeholders. We raise the following questions in an effort to ensure that Healthy Families beneficiaries are afforded the continuity and comparable access to care:

1. What is the rate of cross-over between the network of providers in Healthy Families versus Medi-Cal program? Are there differences in geographic access and if so, where?
2. Will providers continue to have the option of contracting with only one or the other program? Will there be a distinction made between Healthy Families versus Medi-Cal providers? If not, what steps will be taken to transition Healthy Families only providers into Medi-Cal and ensure continuity? What is the timeline for this to occur?
3. What is the plan for ensuring continuity of care and/or the smooth transition to providers within the Medi-Cal network?
4. What percentage of current providers are anticipated to be "closed to new enrollment" given the transition of aged, blind and disabled population into Medi-Cal managed care? What steps is the state taking to expand the provider network?
5. What incentives will be provided to incentivize participation in the Medi-Cal and Denti-Cal networks? What steps will the state take to incentivize the equitable geographic distribution and access to providers?
6. Will the state adopt a policy similar to the recent Seniors and Persons with Disabilities transition and allow beneficiaries to stay with their current providers/plans for an extended period of time while attempts are made to bring the provider into the Network?
7. Is there an expectation that the difference in provider reimbursement rates between Medi-Cal and Healthy Families will affect children's access to care? If so what is the plan to mitigate any impact?

D. Community Education & Resources: The success of any new program or change in how services are offered will be dependent on the investment in, and design of the public information campaign to

educate individuals on new coverage options and changes to existing coverage options. To ease the transition, reduce any stigmas and support beneficiaries:

1. What strategic steps will be taken and systems put in place to inform and educate consumers and other stakeholders about the transition, provide information and/or assistance in navigating the system and ensure that messages and strategies are culturally and linguistically appropriate?
2. How will the state work with and utilize the existing infrastructure of Enrollment Entities and Certified Application Assistants (CAA) to assist families with troubleshooting during the transition? Will CAAs receive customized trainings and/or materials regarding the transition and how to best help families with specific questions?
3. Will the Medi-Cal Program be adopting the stakeholder process that Healthy Families currently has to review documents and advise on changes to rules and regulations?

In addition to the questions laid out above, we pose the following questions that we feel the State must address in order to ensure that families are not negatively impacted in the name of cost savings:

- To help local counties prepare for and manage the influx of new caseloads is the intent to pay per case or to add additional funds for administrative costs?
- It has been stated that stakeholder groups will be formed to help the DHCS think through the transition but is it also the state's intent to form a workgroup that will work in tandem with the Exchange board to discuss all ACA policies that impact public programs?

We respectfully request that the California Health and Human Services Agency take time to review and respond to these questions as well as solicit further information and data as you consider combining the Medi-Cal and Healthy Families program. We would also like to be a resource on this issue and invite you to meet with our membership to hear their perspective. We thank you for your consideration. To discuss this letter and a possible meeting, please feel free to contact Sonya Vasquez, Policy Director, at 323.295.9372 extension 235.

Sincerely,



Lark Galloway-Gilliam, MPA
Executive Director

cc: Governor Jerry Brown
Senate President pro Tem Darrell Steinberg
Assembly Speaker John Perez
Senate Minority Leader Bob Dutton
Assembly Minority Leader Connie Conway
Toby Douglas, Director, California Department of Health Care Services
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board



California Floor Alert

www.seiucal.org

June 8, 2011

The Honorable Darrell Steinberg
President Pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John A. Perez
Speaker of the Assembly
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Bob Dutton
Republican Leader
California State Senate
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Connie Conway
Republican Leader
California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

Dear Legislative Leaders:

SEIU is the largest healthcare, property service and public services union in the country and represents members from 58 counties in California. We are committed to providing workers a voice on the job and improving the lives of all Californians. On behalf of our 700,000 members including hundreds of thousands of health care workers in both the public and private sector, I must respectfully oppose Governor Brown's 2011-12 May Revise proposal to eliminate the Healthy Families Program (HFP) and shift all enrolled children into the Medi-Cal program during this budget year. We also oppose the compromise proposal which would shift children into the program over the course of the year rather than 6 months.

We recognize that there are advantages for children and the State of California in moving children to Medi-Cal, including more comprehensive benefits and that Medicaid is an entitlement program. After 2014, our strong preference is that adults and children at the same income levels be in the same program. Federal law requires California to have Medicaid and an Exchange: it does not require a separate CHIP program.

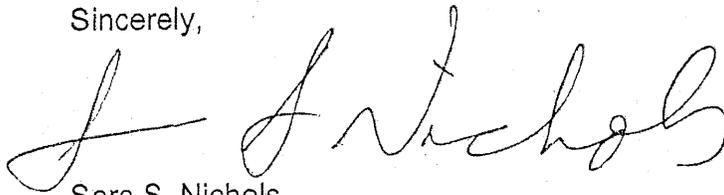
However, there are also serious access issues for those enrolled in Medi-Cal that have yet to be sufficiently addressed. We think it's a mistake to enact such a substantive policy change outside of the policy committee process. With the Legislature working towards passage of a state budget by June 15th, which is our top priority, we do not believe there is sufficient time to allow for the analysis, discussion and stakeholder input required to make such a substantive change without causing massive disruptions in care for vulnerable children.

While the federal Patient Protection and Affordable Care Act (PPACA), which SEIU strongly supported at the federal level, expands states' Medicaid program eligibility to include children from families with incomes up to 133% of federal poverty level (FPL) by January 1, 2014, this proposal goes well beyond that requirement. First and foremost among our concerns about this proposal is that the Medi-Cal provider network may not be able to accommodate this large influx of children. There are still many questions to be resolved in how to make this transition work. Many of these children when shifted may not be able to continue to see the providers they've been seeing, thereby disrupting continuity of care.

Pushing this transition in the short-term might make sense if we knew for a fact that it saved significant sums of money, but we don't. Indeed, the cost of doing the transition right significantly reduces the savings to the State of California even in year 1. In year 2 and from here on out, there are many questions to be answered about the cost to the state, including the cost of simplifying the Medi-Cal enrollment and eligibility process, which is so badly needed as we move forward.

In short, if we are to make this transition we need to do it right. We need to make sure all that the patients, the providers and the workers who serve them both are able to carry out this transition for the good of all and the diminution of none. We see no way that that goal can be served in this timeline, nor any compelling reason to yoke these changes to an already delicate state budget process. Respectfully, we must oppose. If I can answer any questions, please call me at (916) 769-4266.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. S. Nichols". The signature is written in black ink and is positioned above the printed name.

Sara S. Nichols

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



California District

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June 4, 2011

The Honorable Mark Leno
Chair, Senate Budget Committee
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Bob Blumenfield
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

District Chairperson
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Treasurer
Mary Doyle, MD
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District Chief Executive Officer
Kris Calvin, MA
Pasadena, CA

Re: Healthy Families to Medi-Cal Shift (Item 4260)

Dear Chairman Leno & Blumenfield:

The American Academy of Pediatrics, California (AAP-CA), representing over 80% of board-certified pediatricians statewide, would like to share our comments on the proposal included in the Governor's May Revise Budget to shift Healthy Families children into Medi-Cal. The proposal would eliminate a successful health care program for children in existence for over 10 years, and move those nearly 900,000 children into Medi-Cal, a program that is widely acknowledged as facing considerable challenges in providing access to care. If enacted, this would be the most significant change in the structure of delivery of health care to children in California in at least a decade. Unfortunately, the proposal, released only two weeks ago, is being vetted not in the two-year legislative bill cycle, but as part of a compressed one-month budget process. We appreciate the challenges facing you in determining the best course of action in such a limited timeframe. None-the-less, we urge you to look critically at any potential cost savings of this proposal within the context of an assessment of access and the future of health care coverage for California's children.

AAP-CA has approached this proposal with an open mind and a desire to do what is best for children. To that end, we have had numerous leadership discussions and polled our entire membership. The results are clear, and are detailed below. We respectfully ask you to carefully consider this input from the pediatricians who see the children who will be affected by the legislature's action:

- California pediatricians agree that the future of California's health care coverage for children needs review and action to create a streamlined, user-friendly structure for children and their families. We appreciate that the Administration has made this a priority. The strengths Medi-Cal offers as an entitlement program and as a partner in the federal Vaccines for Children program are considerable.
- At the same time, there are too few pediatric Medi-Cal providers, primary and subspecialty, in many areas of the state, and the red tape and reimbursement problems in the system are well-known barriers to care. Moving 900,000 children into an already strained system without doing harm to those children and the children already in Medi-Cal will require protections and improvements prior to and as part of any such transition. Taking away \$300 million (state and federal match) annually from health care resources for California's most vulnerable children to fill a General Fund deficit will deprive them of access to quality health care in a system that is already underfunded and underserved. The costs to the state in resulting emergency room visits and costs of illness that could have been prevented may quickly wipe out any short-term savings. As stewards of both the budget and the state's safety net, we urge you to weigh the consequences of actions on this proposal relative to these areas of concern.

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In order for AAP-CA to be supportive of this proposal the following components must be part of the planning and implementation:

1. Establishment of clearly defined “benchmarks” to be met before any children transition from Healthy Families to Medi-Cal, to ensure:

- Adequacy of a sufficient provider network, including pediatric primary care, subspecialty and dental providers in all areas of the state, with particular attention to rural areas and other areas where access is marginal. (“Adult care” providers who are not experienced and expert in the care of children cannot adequately fill these coverage gaps.)
- Sufficient and responsive administrative systems that not only meet the needs of children under existing policies and rules, but also serve as a conduit to policy and system change. That is, if the Medi-Cal program is not working, there has to be a designated and accessible person or body to communicate problems and make needed changes. (This includes review of enrollment processes which are slated for change under the Governor’s proposal.)
- That children are matched to medical homes by providing families with accurate, up-to-date provider choices.
- Legislative budget language requiring that these benchmarks be met before implementation of a larger transition.

2. Once the above benchmarks have been met and verified by the Legislature, the first transition of lower-income children can take place, i.e., children below 133% of the poverty line (approximately 200,000 children).

This phase-in approach is essential to identify and address gaps in system capacity. Evaluation of this phase-in move needs to be thoughtful and robust, and include review of primary and subspecialty access (e.g., wait times for appointments, inappropriate emergency room utilization, availability of well child visits, screening tests, immunizations, initial health risk assessments). Contracts with health plans and providers should contain regular and ongoing evaluation of quality metrics to ensure that problems are identified and addressed in real time, not after children have suffered the consequences of lost or inadequate care.

3. We strongly recommend that along with any shift in the system’s structure, California establish a children’s health coverage fund to invest a large portion of the anticipated divestiture of funds under the Governor’s proposal to solve specific access problems.

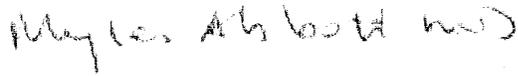
These funds should, at a minimum, support the current federally-mandated two-year increase in primary code reimbursement equivalent to Medicare rates and maintain this rate increase beyond 2014 so that providers who make the shift to accept 900,000 more children in Medi-Cal know that the payment for that care will not suddenly bottom out below their costs. In addition, funds should be used to create a provider locator system to assist families in identifying active, participating medical homes which can see children on a timely basis.

4. Stay mindful of larger system issues for children’s coverage as health care reform is implemented in California.

Ensure that any changes made now consider and permit connections and options with other system components. The establishment of The Exchange in California under federal health care reform provides an opportunity to improve coordination of care for children and their families. It is critical that any system changes made now as part of the budget process do not close the door for future streamlining and construction of appropriate systems of care.

AAP-CA is committed to working closely with the Legislature, the Administration and stakeholders to develop a thoughtful solution and a realistic timeframe for implementation that meets the needs of California's children. Please do not hesitate to call on us. Thank you for your continued public service and leadership, and your serious attention to these concerns and recommendations.

Sincerely,



Myles Abbott, MD
District Chair, AAP-CA



Kris Calvin
Chief Executive Officer
American Academy of Pediatrics, California District

CC:

The Honorable Holly Mitchell, Chair, Assembly Budget Subcommittee on Health & Human Services
The Honorable Mark DeSaulnier, Chair, Senate Budget Subcommittee on Health & Human Services
Members, Assembly Budget Committee
Members, Senate Budget Committee
Diana Dooley, Secretary, California Health and Human Services Agency
Toby Douglas, Director, California Department of Health Care Services
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board
Gareth Elliot, Legislative Affairs Secretary, Governor's Office
Diane Van Maren, Consultant, Senate Budget Committee
Kirk Feely, Consultant, Senate Republican Fiscal Office
Andrea Margolis, Consultant, Assembly Budget Committee
Eric Swanson, Consultant, Assembly Republican Fiscal Office
Michelle Baca, Consultant, Assembly Republican Fiscal Office
Agnes Lee, Office of Speaker of the Assembly John Pérez
David Panush, Office of Senate Speaker Pro Tempore Darrell Steinberg
Ana Matosantos, Director, Department of Finance
Lisa Mangat, Program Budget Manager, Department of Finance
Wendy Lazarus, The Children's Partnership
Teresa Stark, Kaiser
Tom Riley, California Academy of Family Physicians,
Carolyn Ginno, California Medical Association

June 2, 2011

The Honorable Darrell Steinberg
President Pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John A. Perez
Speaker of the Assembly
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Bob Dutton
Republican Leader
California State Senate
State Capitol, Room 3105
Sacramento, CA 95814

The Honorable Connie Conway
Minority Floor Leader
California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

Dear Legislative Leaders:

On behalf of the Kaiser Permanente Medical Care Program, I regret to inform you that we must respectfully oppose the Governor's May Revision proposal to move 900,000 children enrolled in the Healthy Families Program to the Medi-Cal Program.

Kaiser Permanente, with more than six million patients in California, is committed to universal access to high quality, affordable health care. Kaiser Permanente currently cares for 180,000 children in the Healthy Families Program. We have several significant policy and fiscal concerns with the Governor's proposal.

Proposal threatens continuity of care. Kaiser Permanente, along with several provider groups and children's advocates, is concerned about access to and continuity of care related to this proposal. Network adequacy and provider participation in Healthy Families and Medi-Cal differ in many communities statewide. Kaiser Permanente, for example, has a single statewide contract for Healthy Families, but is a subcontractor for care in many counties in which Medi-Cal managed care is available. In counties without Medi-Cal managed care infrastructure, children will face access problems in the Medi-Cal fee-for-service program. Moving more than 900,000 enrollees to Medi-Cal is certain to disrupt care for many of these children.

Proposal burdens provider networks with low rates. According to initial estimates by the Administration, this May Revision proposal will reduce rates paid to managed care plans by more than 30% as compared to current Healthy Families rates. Many physicians refuse to participate in Medi-Cal as a result of ongoing reimbursement reductions.

These rate differentials, which we recognize are borne of difficult fiscal realities long in the making, are made worse by the May Revision. The Governor's proposal simply shifts

nearly one million children from a program with barely adequate funding into one for which funding is plainly inadequate. The unequal provider network strengths between the two programs make this differential clear.

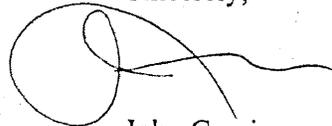
Proposal generates relatively minor state savings but imposes major plan and provider cuts. This proposal generates relatively minor state savings, but imposes a major reduction on health plans and providers. The May Revision proposes state GF savings of \$30 million in 2011-12 and up to \$100 million annually thereafter. However, this proposal eventually reduces revenues paid to plans and providers by \$300 million (all funds) and leaves \$200 million in federal funding on the table. The relatively low state savings appear disproportionate to the coverage disruption the Governor's proposal may generate.

Proposal creates concerns about a robust California Health Benefits Exchange marketplace. Kaiser Permanente is committed to universal coverage and is working assiduously to ensure successful implementation of the federal health law at both national and state levels. The Governor's proposal to move 900,000 children to Medi-Cal creates concerns about where these children will access coverage when the federal health law is fully implemented.

To establish and maintain affordable premiums, a stable risk mix, and to allow low-income children access to the same health plans and providers as their parents, Kaiser Permanente supports policies that will ensure children with family incomes in excess of 133% FPL access coverage in California's Exchange. The May Revision proposal would move in the opposite direction – rather than mainstreaming these children into the Exchange, the Governor's proposal moves them into the Medi-Cal program, segregating the risk pool, and requiring that these children obtain care through different networks than their parents.

The Administration's proposal to eliminate Healthy Families and expand the Medi-Cal program creates risks at the expense of access to critical medical care for California's low-income children. It undermines, rather than strengthens, the implementation of health care reform in California. For these reasons, we ask you to join us in opposing the Governor's proposal.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Garcia', with a large, stylized initial 'J'.

John Garcia
Vice President, Government Relations

cc: The Honorable Mark Leno, Chair, Senate Budget and Fiscal Review Committee
The Honorable Bob Blumenfield, Chair, Assembly Budget Committee
Ana Matosantos, Director, Department of Finance
Gareth Elliott, Secretary of Legislative Affairs, Governor's Office
Diana Dooley, Secretary, Health and Human Services Agency
Toby Douglas, Director, Department of Health Care Services



June 3, 2011

The Honorable Mark Leno
Chair, Senate Budget and Fiscal Review Committee
State Capitol, Room 5100
Sacramento, CA 95814

The Honorable Bob Blumenfield
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

RE: Healthy Families to Medi-Cal Transfer Proposal - Oppose

Dear Senator Leno and Assembly member Blumenfield:

Anthem Blue Cross is a proud partner with the State of California to serve enrollees in the Healthy Families and Medi-Cal programs. Our commitment to the enrollees in these programs is long lasting and unwavering. It is in this spirit that we must respectfully oppose Governor Brown's 2011-2012 May Revise proposal to shift all Healthy Families enrollees into the Medi-Cal program this budget year.

While we appreciate the fact that children from families with incomes up to 133% of federal poverty level (FPL) will be transitioned into Medi-Cal by January 1, 2014, we do not believe that California should rush to implement the transition of the entire Healthy Families enrolled population. We believe such a drastic transfer should be carefully considered through a policy process where all issues of concern, such as access and continuity of care, can be weighed against any projected or perceived budget savings.

Access and Continuity of Care Compromised by Transition to Medi-Cal

As a provider of Healthy Families services in 48 counties, including several rural communities in California, we have grave concerns about the impact on continuity of care for our enrollees should this transition be implemented. Anthem Blue Cross estimates that we will experience significant membership loss as a result of transferring Healthy Families enrollees to Medi-Cal. These enrollees will likely revert back to fee for service as opposed to managed care, especially in the rural market. This is counterintuitive to the Department of Health Care Services' efforts to move populations to managed care as has recently occurred with the seniors and persons with disabilities (SPD) population.

We fear that access to providers will also be compromised by this proposal. Not all physicians in our Healthy Families network participate in the Medi-Cal program. Further, while we operate in 48 counties for Healthy Families, we only participate in 9 counties as a Medi-Cal plan. Thus, we expect material membership disruption will occur should this proposal be implemented. As these children are forced to change their health plan, they may be forced to change doctors which could disrupt their care.

Major Disruption to Carriers, Providers and Enrollees for Minor State Savings

1121 L Street, Suite 500, Sacramento, CA 95814
(916) 403-0520

The May Revision proposal states a general fund savings of \$30 million in 2011-2012 and up to \$100 million annually going forward. This is achieved through cuts in reimbursement to plans which in turn compromises the payments to providers for servicing the Healthy Families enrollees. Initial estimates indicate this will result in a 30 percent rate cut. This cut would be in addition to the 10 percent Medi-Cal rate cut adopted earlier this year. We fear this will leave inadequate resources to attract and maintain a robust provider network to servethis population. We do not believe this very real risk of loss of access to care is worth the purported savings this transition proposal might generate.

Anthem Blue Cross recognizes the challenges facing the Legislature and Governor as you work to secure passage of a balanced budget in these difficult economic times. However, we fear this proposal to transfer Healthy Families lives to Medi-Cal would damage access to health care for California's low income children. Therefore, we urge you to reject this proposal.

Sincerely,



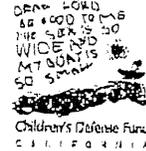
Natalie Cárdenas
Regional Director of Government Relations

cc: Members, Senate Committee on Budget and Fiscal Review
Members, Assembly Budget Committee
Diane VanMaren, Consultant, Senate Committee on Budget & Fiscal Review
Seren Taylor, Senate Republican Caucus
Andrea Margolis, Consultant, Assembly Budget Committee
Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader
Ana Matosantos, Director, Department of Finance
Diana Dooley, Secretary, Department Health and Human Services
Toby Douglas, Director, Department of Health Care Services
Gareth Elliot, Secretary of Legislative Affairs, Office of Governor Brown

CHILDREN NOW



The Children's Partnership



June 2, 2011

The Honorable Darrell Steinberg
Senate President Pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John A. Pérez
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: **Healthy Families to Medi-Cal Shift (Item 4260)**

Dear President Pro Tempore Steinberg & Speaker Pérez:

We are writing to provide our views regarding the proposal included in the Governor's May Revise to shift Healthy Families children into Medi-Cal now that the budget Subcommittees have made their recommendations. While we think this proposal has merit (as laid out in more detail in our [letter of May 23, 2011](#)), we believe that unless key benchmarks of capacity and access are met for children, this proposal could actually result in harm to hundreds of thousands of children. In order to avoid that result, we present here the conditions we see as pre-requisite for this proposal to work effectively for children. Unless they are included in the budget/legislative package, our organizations will not be able to support the proposal moving forward. **Specifically, in order for this proposal to gain our support and, more importantly, for it to succeed in delivering quality, cost-effective health care for children, it must include the following protections:**

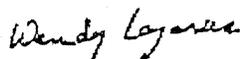
- 1) **Certain "benchmarks" must be met before any children transition from Healthy Families to Medi-Cal.** First, these benchmarks would ensure that there are enough doctors and other health care providers actively participating in Medi-Cal to serve the transitioned and newly-enrolling children. Second, the benchmarks would ensure that administrative systems are ready to properly handle the transitions, there is an adequate public education plan to reach the affected families and ensure them continuity of coverage and care, and a data reporting system is in place at both MRMIB and DHCS to monitor the progress of the transitions. Once these initial benchmarks are met and verified by the Legislature, the first transition of lower-income children can take place (children below 133% of poverty, the group around which there seems to be consensus from stakeholders). A second set of benchmarks, which would include verification of a successful first stage transition, would trigger the transition of higher-income children. Legislative budget language should require that these benchmarks be met before implementation begins, and set a more realistic timeframe than that proposed by the Administration to ensure critical issues are assessed and addressed and access to care is guaranteed.
- 2) **Money must stay invested in the children's health care system, in order for existing and newly transitioned children to have meaningful access to care.** Divesting an estimated \$300 million annually (including federal funds) from children's health care will not work. Instead, the state should establish a children's health coverage fund to invest a large portion of the anticipated divestiture of funds under the Governor's proposal in order to solve specific access problems (such as the shortage of providers in many rural and fee-for-service areas of the state). The funds could be used, for example, to increase reimbursement rates for primary and specialty care providers (including dental, mental health, and vision) serving Medi-Cal children. In addition, DHCS should be required to create a provider locator system to assist families in identifying active participating providers who can see their children on a timely basis.

Without these critical two protections outlined above, this proposal would lead to major disruptions for the transferring children and also detrimentally impact the care of those already covered by Medi-Cal.

With a transition of this magnitude it is also essential to include mechanisms for accountability and oversight such as agency staff dedicated to managing the transition; a meaningful public process for stakeholder consultation; and a joint legislative committee created to oversee implementation.

We stand ready to work closely with the Legislature and Administration to develop a thoughtful solution and a realistic timeframe for implementation that meets the needs of our children. We have commissioned a study to look into these issues further and are eager to share the results as soon as they're available. Thank you for your serious attention to these concerns and recommendations. Please contact us with any questions.

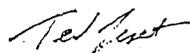
Sincerely,



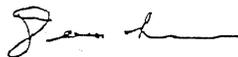
Wendy Lazarus
Founder and Co-President
The Children's Partnership



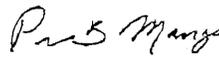
Corey Timpson
Director
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President
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Deena Lahn
Policy Director
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Peter Manzo
President & CEO
United Ways of California

CC:

The Honorable Mark Leno, Chair, Senate Budget Committee
The Honorable Bob Blumenfield, Chair, Assembly Budget Committee
The Honorable Holly Mitchell, Chair, Assembly Budget Subcommittee on Health & Human Services
The Honorable Mark DeSaulnier, Chair, Senate Budget Subcommittee on Health & Human Services
Members, Assembly Budget Committee
Members, Senate Budget Committee
Diana Dooley, Secretary, California Health and Human Services Agency
Toby Douglas, Director, California Department of Health Care Services
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board
Gareth Elliot, Legislative Affairs Secretary, Governor's Office
Diane Van Maren, Consultant, Senate Budget Committee
Kirk Feely, Consultant, Senate Republican Fiscal Office
Andrea Margolis, Consultant, Assembly Budget Committee
Eric Swanson, Consultant, Assembly Republican Fiscal Office
Michelle Baca, Consultant, Assembly Republican Fiscal Office
Agnes Lee, Office of Speaker of the Assembly John Pérez
David Panush, Office of Senate Speaker Pro Tempore Darrell Steinberg
Ana Matosantos, Director, Department of Finance
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June 9, 2011

May Revise Proposal to Transition Children from Healthy Families to Medi-Cal

Medi-Cal provides more health benefits with lower consumer-cost sharing for children and with a better appeals process than Healthy Families'. Medi-Cal cannot impose waiting lists; Healthy Families can and does. For these reasons, MCHA strongly supports the concept of transitioning the Healthy Families program to Medi-Cal.

Still, many important issues must be addressed to ensure that the May Revise proposal promotes children's best interests:

- Most kids can stay in their current health plans under the proposal and with their current providers. But for those who cannot, before the transition from Healthy Families to Medi-Cal occurs, the state must provide for continuity of care for every child whose circumstances require it—**no transition should occur for any child without that protection, even if it means fewer savings in the budget year.**
- The state must also demonstrate that adequate provider networks exist to meet children's needs, especially for the minority of kids living in counties where there are no Medi-Cal managed care plans. **The money the Governor says his proposal will save should instead go, to the degree necessary, to making sure doctors and nurses will be there when kids need them.** The lowest income children who have been in Medi-Cal all along need this, not only children transitioning from Healthy Families.
- Medi-Cal should contract with children's Healthy Families dental plans to preserve access, but **no other expansion of dental managed care should occur in Medi-Cal, not even on a voluntary basis.** The "voluntary" Medi-Cal dental managed care that exists in Los Angeles at present becomes a nightmare when children and families are defaulted into dental managed care plans-- often as the result of faulty enrollment and/or marketing practices-- and can't get out quickly during dental emergencies.
- **The county where a child lives should decide eligibility.** But to tackle the Medi-Cal application processing delays that exist in some counties, the state should **adopt a robust program of Accelerated Enrollment**, at the county as well as the state Single Point of Entry, and **simplify Medi-Cal's eligibility rules and procedures** so that delays are less likely, even in down economic times when caseloads spike.