

May 23, 2011

The Honorable Mark DeSaulnier
Chair, Senate Budget Subcommittee on
Health & Human Services
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Holly Mitchell
Chair, Assembly Budget Subcommittee on
Health & Human Services
State Capitol, Room 6026
Sacramento, CA 95814

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

Dear Senator DeSaulnier & Assemblymember Mitchell:

Our California children's health coverage coalition – comprised of the 100% Campaign, a collaborative effort of The Children's Partnership, Children Now, and Children's Defense Fund-California, along with PICO California and United Ways of California – is writing in regard to the Governor's May Revise budget proposal to shift children from the Healthy Families Program (HFP) into Medi-Cal.

We believe this proposal has merit and stand ready to work closely with state officials on a thoughtful solution that prioritizes the needs of children. Medi-Cal offers several important advantages for children. For example, Medicaid's entitlement policy will protect children's access to coverage during budget deficits, and the Early and Periodic Screening, Diagnosis and Treatment benefits in Medicaid allow children to get critical medically necessary services. Also, the lowest income children are protected from cost sharing including premiums. These benefits can not be understated in their importance to children's health and development. Moreover, Medi-Cal is already intended to be a core pillar of the new coverage system starting in 2014, with many new low-income adults and almost one quarter of all HFP children scheduled to transfer to Medi-Cal by that date. This proposal offers the state not only the opportunity to assess and prepare Medi-Cal's capacity now for the important task ahead, but also to accept the daunting responsibility of ensuring that the nearly 4.5 million children currently enrolled in Medi-Cal and HFP are assured as good if not better coverage and care as what they receive now.

As further discussed below, we support the transfer of children up to 150% of the federal poverty level (FPL) from HFP into Medi-Cal in the timeframe proposed by the Governor's May Revise Budget. For HFP children 150-250% FPL, several issues must be addressed before these children are transferred, which will likely require a longer timeframe than proposed before any transfers could begin. For Medi-Cal to successfully cover both currently eligible children and children who are currently HFP-eligible, a variety of important considerations will need to be addressed and solutions in place before the HFP children are transferred:

1. **Access Issues.** It is critical that children in Medi-Cal (both current and potential future enrollees) have meaningful and timely access to the health care providers and services they need to thrive. The state must ensure that the current health plans will continue to participate in the Medi-Cal program and be able to maintain a provider network of primary and specialty care providers (including dental, mental health, and vision providers) capable of ensuring children get prompt access to needed care. It is especially important that there is a concrete plan to ensure timely access to care for children in rural counties and in Medi-Cal fee-for-service areas. In addition, Medi-Cal will need to develop a mechanism to assist families locate a participating provider for their children in fee-for-service areas.
2. **Reinvestment of Savings.** This proposal saves the General Fund an estimated \$31.2 million in FY 2011-12 and roughly \$75 to \$100 million in out-years. A large portion of these savings should remain invested in

children’s health programs to help ensure they work effectively for children, especially in light of the challenges presented by the Medi-Cal expansion. For example, savings could be used to:

- Boost provider reimbursement rates for pediatric services, especially in fee-for-service and rural areas.
- Develop a statewide system to assist families in identifying participating providers who can serve children on a timely basis, especially in fee-for-service and rural areas.
- Fund outreach and assistance for children transitioning between programs, especially those who are having trouble enrolling in a health plan; this could include training for staff at community-based organizations who serve the target populations in other programs.
- Fund a public education and communications effort to ensure that families are aware of impending changes and the continuing availability of children’s coverage programs.

3. **Transitional Issues.** For this proposal to best serve current HFP children, it is critical that parents of these HFP children should be fully notified and offered as seamless as possible a transition from HFP to Medi-Cal. This would optimally include ensuring that children can still access their current providers and stay in the same plan. The phase-in schedule should take into account these transitional elements for families. If this proposal goes forward, the phase-in should mitigate any additional disruption for families who are subject to HFP plan changes set to take effect before 2012. Effective notifications, trainings and public education efforts, will be needed to inform the parents of HFP-enrolled children, application assistants, community-based organizations, and the public about the changes before they happen. The state must also have a plan to provide direct assistance to help families navigate through the transition successfully and without any disruption in coverage or care.
4. **Triggers and Monitoring Systems.** The state must work closely with stakeholders to identify markers that demonstrate readiness to implement the proposal in an effective fashion. Before any children are transitioned to Medi-Cal, fulfillment of these trigger conditions must be documented. The state must also work with stakeholders to develop a monitoring and reporting system, as well as a regular mechanism through which the Department of Health Care Services (DHCS) can communicate important information about transitions to the Legislature as well as to children’s health advocates, application assistants, and other stakeholders. This monitoring system should include the ability to track:
 - The progress of transitions, for example, number of children successfully transitioned to Medi-Cal within the month, and number of children who experienced difficulty in transitioning (and the type of barrier that was encountered).
 - Wait times for children to access services, including primary care and specialty services (including dental, mental health, and vision services).
 - Percent of transitioned children utilizing services, such as a primary care visit and well-child visits.
5. **Streamlining of Administration and Eligibility Systems.** This proposal provides an enormous opportunity to truly simplify the enrollment for children. Unfortunately, the proposal’s aggressive timeframe does not afford the time to make improvements to the enrollment process. This proposal does not seize the opportunity to build a path toward the coordinated, efficient, and seamless enrollment system required under ACA. As a result the proposed enrollment process must explicitly be an interim step prior to the development and implementation of the ACA-required enrollment system. During that time, the Accelerated Enrollment (AE) must continue and state officials should begin work with stakeholders immediately in the implementation of the larger enrollment system. The proposal also does not appear to account for the necessary systems changes needed to complete the shift from HFP to Medi-Cal. These costs and timeframes must also be taken into consideration.
6. **Special Focus on Children’s Issues at DHCS.** DHCS should consider building on the existing Children’s Medical Services branch by designating a staff person or unit to act as a liaison with stakeholders and the public on the transition of HFP children into Medi-Cal, as well as other children’s enrollment, coverage and access issues moving forward. There are critical, specific issues related to children that are currently being addressed at the Managed Risk Medical Insurance Board (MRMIB) – such as compliance with the CHIP

Reauthorization Act and quality improvement efforts to increase dental service utilization for young children. If MRMIB is eliminated, it will be crucial not to sacrifice the focus MRMIB has placed on these critical children's issues. We would recommend that DHCS adopt the key transparency and data reporting standards provided under HFP, whereby DHCS would provide regular public reports on utilization, outcomes, and satisfaction.

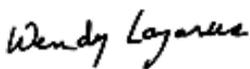
As noted above, we support the transfer of children up to 150% FPL from HFP into Medi-Cal in the timeframe proposed by the Governor's May Revise Budget. The HFP children below 133% FPL are already scheduled to transfer to Medicaid as part of ACA. It makes sense to transfer children up to 150% FPL together with this population in 2012 because children are protected from premiums in Medi-Cal up to 150% FPL. State officials must work closely with stakeholders to ensure that this transition proceeds smoothly and as seamlessly as possible for children and their families. As a result, the transition and monitoring issues mentioned above will be critical.

With regard to the remaining HFP children (those with incomes between 150-250% FPL), the expectations laid out above should be met and demonstrated before these children are transferred, which will likely require a longer timeframe than proposed before any transfers could begin. The Legislature should require a report from DHCS three months after children up to 150% FPL begin transitioning to Medi-Cal, documenting the progress of the transition and showing data relevant to the trigger conditions identified. This means that children 150-250% FPL will stay in HFP unless and until the report shows that Medi-Cal is prepared to enroll the additional children.

This measured approach can offer some assurance that Medi-Cal will not be overwhelmed by a large influx of new children into its system and provider network. A thoughtful and smooth transition will not only serve the interest of children's health, but also demonstrate the ability of Medi-Cal to assume its new duties in our reformed coverage system.

We look forward to working with the Administration, DHCS, and MRMIB staff to learn more about this proposal and its implications for children's health. For more information, please contact Kelly Hardy at khardy@childrennow.org or 510-763-2444 x 126.

Sincerely,



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Corey Timpson
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The Honorable Mark Leno, Chair, Senate Budget Committee
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