

June 29, 2022

Ms. Jacey Cooper
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
1501 Capitol Avenue, 6th Floor, MS 0000
Sacramento, CA 95814

Dear Ms. Cooper:

The Centers for Medicare & Medicaid Services (CMS) is approving California's (the "state") request to amend the section 1115(a) demonstration titled, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project Number 11-W-00193/9) (the "demonstration") to increase the asset limit and subsequently eliminate the asset test for certain populations, in accordance with section 1115(a) of the Social Security Act (the Act). This approval is effective as of July 1, 2022 through December 31, 2026 upon which date, unless extended or otherwise amended, all authorities granted to operate this demonstration will expire.

CMS' approval is subject to the limitations specified in the attached waiver authorities, expenditure authorities and Special Terms and Conditions (STCs). The state may deviate from Medicaid state plan requirements only to the extent those requirements have been listed as not applicable to expenditures under the demonstration.

The CalAIM demonstration was approved on December 29, 2021 to help address many of the complex challenges facing California's most vulnerable residents, such as the health needs of the homeless, behavioral health care access, children with complex medical conditions, and the growing number of justice-involved populations who have significant clinical needs. Under the demonstration, CMS approved the Providing Access and Transforming Health (PATH) program to provide transitional funding to enable the state to support continuity of services as well as efforts to maintain and support the provider and community-based organization (CBO) capacity necessary to enable the transition from Medi-Cal 2020 to CalAIM.

Extent and Scope of Demonstration Amendment

California State Assembly Bill 133¹ directed the Department of Health Care Services (DHCS) to seek federal approval to implement a two phased approach to increase and eventually eliminate the asset limits for non-MAGI coverage groups. DHCS submitted to CMS and received

¹ California State Assembly Bill 133 (AB 133; Sec. 364; Welfare and Institutions Code § 14005.62).

https://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=202120220AB133&showamends=false

approval for State Plan Amendment (SPA) 21-0053². This approved SPA gives DHCS authority to implement the resource disregard to increase the asset limits for most non-MAGI coverage groups.

Since the authority to apply disregards under section 1902(r)(2) of the Social Security Act is limited to certain enumerated coverage groups, the approved SPA does not apply to the “Deemed SSI groups,” specifically those mandatory Medi-Cal eligibility groups comprised of individuals who would be eligible for Medicaid if they were receiving Supplemental Security Income (SSI) and/or state supplementary payments (SSP) but are no longer receiving such payments and are thus “deemed” eligible for Medi-Cal. On April 06, 2022, the state submitted an amendment to the CalAIM demonstration to assure access to and provide parity with the asset disregard policy for the populations under the approved SPA.

Effective July 1, 2022, this amendment allows the state to apply a disregard of \$130,000 in nonexempt property for a single Medi-Cal enrollee and \$65,000 for each additional household member, up to a maximum of ten members for certain eligibility groups. The eligibility groups covered under this demonstration are: The Pickle Amendment Group, The Disabled Adult Child group, and The Disabled Widow/Widower group. This authority will also eliminate the asset limits for these demonstration groups, effective January 1, 2024, allowing the state to no longer apply a disregard.

Consideration of Public Comments

To increase the transparency of demonstration projects, sections 1115(d)(1) and (2) of the Social Security Act (the Act) direct the Secretary to issue regulations providing for two periods of public comment on a state’s application for a section 1115 demonstration that would result in an impact on eligibility, enrollment, services, cost-sharing, or financing. The first comment period occurs at the state level before submission of the section 1115 application, and the second comment period occurs at the federal level after the application is received by the Secretary.

As enacted by the Affordable Care Act (ACA), and incorporated under section 1115(d)(2)(A) and (C) of the Act, comment periods should be “sufficient to ensure a meaningful level of public input,” but the statute imposed no additional requirement on the states or the Secretary to provide an individualized response to address those comments, as might otherwise be required under a general rulemaking. Accordingly, the implementing regulations issued in 2012 provide that CMS will review and consider all comments received by the deadline, but will not provide individualized written responses to public comments (42 CFR 431.416(d)(2)).

The federal public comment period opened on April 13, 2022 and closed on May 13, 2022. One comment was received, and was not relevant to the amendment or the state.

After carefully reviewing the demonstration proposal and the public comments submitted during the federal comment period, CMS has concluded that the demonstration is likely to assist in promoting the objectives of Medicaid.

² State Plan Amendment 21-0053. Approved November 24, 2021.

<https://www.dhcs.ca.gov/formsandpubs/laws/Documents/SPA-21-0053-Approval.pdf>

Other Information

Consistent with CMS requirements for systematic monitoring and robust evaluation of section 1115 demonstrations, the state will be required to incorporate the amendment into the demonstration's monitoring and evaluation activities and deliverables, as applicable.

CMS' approval of this amendment is conditioned upon compliance with the enclosed amended set of expenditure authorities and the STCs defining the nature, character and extent of anticipated federal involvement in the demonstration. The award is subject to our receiving your acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

Along with amending the demonstration, CMS is issuing technical corrections to the CalAIM demonstration. The following is a summary of the technical corrections being issued.

- Corrected numbering for the expenditure authorities.
- Removed Attachment W, as contents are included in Attachment U.
- Clarified language under the Programs Description and Historical Context section, STC sections V. A., V. B., VI, VII, XIII.
- Corrected formatting and numbering under STC sections V. A., V. B., V. C., VI, VII, VIII, X, XI, XII.

Your project officer for this demonstration is Rachel Nichols. She is available to answer any questions concerning this amendment. Ms. Nichols' contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
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7500 Security Boulevard
Baltimore, MD 21244-1850
E-mail: Rachel.Nichols@cms.hhs.gov

If you have any questions regarding this approval, please contact Ms. Judith Cash, Director, State Demonstrations Group, Center for Medicaid and CHIP Services at (410) 786-9686.

Sincerely,



Daniel Tsai
Deputy Administrator and Director

Enclosure

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cc: Cheryl Young, Monitoring Lead, Medicaid and CHIP Operations Group