



# **California Department of Health Care Services (DHCS)**

## ***CaAIM Section 1115 Demonstration & Section 1915(b) Waiver Public Hearing***

April & May 2021



# Welcome & Zoom Logistics

## Dos & Don'ts of Zoom

Participants are joining by computer and phone

Everyone will be automatically muted upon entry

Use the Q&A box to submit questions and public comments

Telephone and computer participants can offer spoken public comments during the last half of the webinar

## Closed Captioning

Live closed captioning is available – you can find the link in the Chat field

## Submitting Public Comments

**Q&A Box.** All information and questions received through the Q&A box will be recorded as public comments

**Spoken.** Participants will have the opportunity to submit public comments in the last half of the webinar (*more details will be shared about how to “raise your hand” & “unmute” yourself at that time*)



# Today's Agenda

## Background

## Proposed CalAIM Demonstration & Waiver Requests

- Section 1915(b) CalAIM Waiver
- New Section 1115 CalAIM Initiatives
- Continuing Medi-Cal 2020 Section 1115 Initiatives
- Medi-Cal 2020 Initiatives Not Being Renewed Under CalAIM Section 1115 Authority

## Evaluations & Monitoring

## Timeline & Public Comment



# Today's Objective

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**In today's webinar we will review California's proposed CalAIM Section 1115 demonstration and plans for a consolidated Section 1915(b) waiver, and take public comments**

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**Access Public Comment Materials**

**[CalAIM Section 1115 Demonstration & Section 1915\(b\) Webpage](#)**

- Public notice
- Section 1115 demonstration application
- Section 1915(b) waiver overview

**[CalAIM Indian Health Program Webpage](#)**

- Tribal notice

**[CalAIM Homepage](#)**



# Submitting Public Comments

The CalAIM waiver public comment period is currently ongoing. To be considered prior to CMS submission, public comments must be received by 11:59 PT on May 6<sup>th</sup>; comments from Tribes and Indian Health Programs must be received by May 7<sup>th</sup>.

**Mail.** Indicate “CalAIM Section 1115 & 1915(b) Waivers” in the address line  
Department of Health Care Services  
Director’s Office  
Attn: Angeli Lee and Amanda Font  
P. O. Box 997413, MS 0000  
Sacramento, California 95899-7413

**Email.** Indicate “CalAIM Section 1115 & 1915(b) Waivers” in email’s subject line  
[CalAIMWaiver@dhcs.ca.gov](mailto:CalAIMWaiver@dhcs.ca.gov)

## **Today’s Public Hearing.**

**Q&A Box.** All information and questions received through the Q&A box will be recorded as public comments

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# California Advancing and Innovating Medi-Cal (CalAIM) Proposal

**CalAIM will implement broad program, delivery system, and payment reforms for the Medi-Cal program to advance three primary goals:**

1. Identify and manage member risk and need through whole-person care approaches and addressing social determinants of health (SDOH)
2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility
3. Improve quality outcomes, reduce health disparities and drive delivery system transformation and innovation through value-based initiatives, modernization of systems, and payment reform



# CalAIM Proposal Vision for Medi-Cal Transformation

DHCS aims to improve and transform the Medi-Cal delivery system in order to meet the physical, behavioral, developmental, long-term services and supports, oral health, and health-related social needs of all Medi-Cal members in an integrated, patient-centered, whole-person fashion.

Depending on their needs, some Medi-Cal beneficiaries may access **six or more separate delivery systems** to get needed care

**Care coordination** needs increase with greater system fragmentation, greater clinical complexity, and/or decreased patient capacity for coordinating their own care

DHCS is seeking to, over time, **integrate delivery systems and align funding, data reporting, quality, and infrastructure** to incentivize and move towards common goals

Moving from Section 1115 demonstration pilots to **statewide implementation of reforms** underpins the envisioned transformation



# Background on Section 1115 Demonstration Authority

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Under **Section 1115 of the federal Social Security Act**, the U.S. Secretary of Health and Human Services has authority to approve a state's request to waive compliance with provisions of federal Medicaid law.

## **A Section 1115 demonstration (or waiver) must be:**

- ✓ An experimental, pilot or demonstration project;
- ✓ Likely to assist in promoting the objectives of the Medicaid program;
- ✓ Budget neutral to the federal government; and
- ✓ Limited in duration to the extent and period necessary to carry out the demonstration.

States must provide a **public process for notice and comment** on proposed demonstration applications and extensions.

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# Background on Section 1915(b) Waiver Authority

Under **Section 1915(b) of the federal Social Security Act**, the U.S. Secretary of Health and Human Services has authority to approve a state's request to waive requirements for implementation of Medicaid managed care delivery systems. **States often authorize Medicaid managed care through Section 1915(b) waiver authority.**

## **A Section 1915(b) waiver must be:**

- ✓ Likely to assist in promoting the objectives of the Medicaid program;
- ✓ Cost effective for the federal government; and
- ✓ Limited in duration of up two years, or five years if the waiver authorizes enrollment of dually eligible enrollees for Medicare and Medicaid.

States submit Section 1915(b) waivers using a “**pre-print**” and the Centers for Medicare & Medicaid Services (CMS) has 90 days to review and decide on the waiver.



# CaAIM Section 1115 Demonstration

**DHCS is seeking two federal waivers to implement many CaAIM initiatives and priorities:**

## CaAIM Section 1115 Demonstration

- Five year renewal and amendment of Medi-Cal 2020 1115 demonstration
- Will include **innovative initiatives that are not implemented via State Plan authority or a Section 1915(b) waiver:**
  - Coverage for low-income pregnant women and out-of-state former foster care youth\*
  - Community-Based Adult Services\*
  - Global Payment Program\*
  - Designated State Health Care Programs\*
  - Services for justice-involved populations 30-days pre-release
  - Peer support specialists
  - Traditional Healers and Natural Helpers (in DMC-ODS)
  - Providing Access and Transforming Health Supports
- The [Section 1115 demonstration application](#) is the **draft application**

\* Represents existing Medi-Cal 2020 1115 demonstration initiatives that will be continued in the CaAIM 1115 demonstration.



# CaAIM Section 1915(b) Waiver

**DHCS is seeking two federal waivers to implement many CaAIM initiatives and priorities:**

## CaAIM Section 1915(b) Waiver

- California currently has a Section 1915(b) waiver authorizing Specialty Mental Health Services (SMHS)
- DHCS will renew that waiver and **consolidate Medi-Cal managed care programs under the same authority**; the consolidated 1915(b) will include:
  - Medi-Cal Managed Care
  - Specialty Mental Health Services
  - Dental Managed Care
  - Drug Medi-Cal Organized Delivery System
- DHCS continues to develop the Section 1915(b) pre-print application and has posted the [Section 1915\(b\) waiver overview](#), including **detailed attachments summarizing behavioral health policy improvements** developed through the CaAIM stakeholder engagement process:
  - [Attachment 2: Medi-Cal Behavioral Health Changes](#) (see page 20)
  - [Attachment 3: DMC-ODS Program Description](#) (see page 31)

Additional components of the CaAIM proposal will be implemented via **Medi-Cal State Plan, managed care contract procurement, and State guidance.**



# Proposed CalAIM Demonstration & Waiver Requests



**Demonstration & Waiver**  
**Requests:**  
***Section 1915(b) CalAIM Waiver***



# Delivery System Changes

**DHCS will align delivery systems by creating a consolidated Section 1915(b) waiver that advances delivery system integration and whole-person care.**

<b>Delivery System</b>	<b>Current Authority</b>	<b>Transition to New Authority</b>
<b>Medi-Cal Managed Care (MCMC) &amp; Dental Managed Care</b>	Medi-Cal 2020 Section 1115 Demonstration	<p align="center"><b>Consolidated Section 1915(b) Waiver</b> <i>(January 1, 2022 – December 31, 2026)</i></p> <p align="center">and</p> <p align="center"><b>Medi-Cal State Plan Amendments (SPAs)</b> <i>(where applicable)</i></p>
<b>Specialty Mental Health Services (SMHS)</b>	SMHS Section 1915(b) Waiver	
<b>Drug Medi-Cal Organized Delivery System (DMC-ODS)</b>	Medi-Cal 2020 Section 1115 Demonstration	

DMC-ODS will be authorized in the Section 1915(b) waiver; the Section 1115 demonstration will include two key DMC-ODS provisions: (1) Traditional Healers and Natural Helpers and (2) Medicaid services provided to short-term residents of institutions for mental diseases (IMDs). DMC-ODS benefits will be authorized by the Medi-Cal State Plan.



# Medi-Cal Managed Care (MCMC)

MCMC Initiatives	Details
Enhanced Care Management (ECM) and In Lieu of Services (ILOS)	Based on the success of the Medi-Cal 2020 demonstration's Whole Person Care (WPC) pilots and Health Homes Program (HHP), DHCS will launch ECM as a statewide benefit, as well as ILOS at MCMC plan and member option to offer members a cost-effective alternative to Medi-Cal State Plan benefits
Standardized Statewide MCMC Enrollment	Require additional aid code groups and rural zip codes to enroll in MCMC in all counties (2022) and all dual eligibles to enroll in MCMC (2023)

For more information, see [DHCS' ECM/ILOS Webpage](#)

For a detailed breakdown of managed care enrollment, see [Appendix F of the CalAIM proposal](#)



## MCMC (Cont'd)

MCMC Initiatives	Details
Carve-Ins	Carve into MCMC statewide major organ transplants (2022) and institutional long-term care services (2023)
Carve-Outs	Carve out of MCMC and into fee-for-service (FFS): <ul style="list-style-type: none"> <li>• The Multipurpose Senior Services Program (MSSP; available in Coordinated Care Initiative (CCI) counties) (2022)</li> <li>• SMHS from the MCMC benefit package for Kaiser enrollees in Solano and Sacramento counties (2022)</li> <li>• Medi-Cal Rx (Medi-Cal pharmacy benefits) (TBD)</li> </ul>

For additional information regarding Medi-Cal Rx carve-out, see [All Plan Letter 20-020](#) (November 2020)





## MCMC (Cont'd)

**Some initiatives and provisions currently authorized by the Medi-Cal 2020 Section 1115 demonstration will be shifted to the Section 1915(b) waiver.**

MCMC Initiatives	Details
Coordinated Care Initiative (CCI)	<ul style="list-style-type: none"> <li>• Continue to require individuals dually-eligible for Medi-Cal and Medicare in CCI counties to enroll in MCMC for Medi-Cal benefits (2022)</li> <li>• Implement mandatory MCMC enrollment for dually eligible individuals statewide (2023)</li> <li>• Implement dual eligible special needs plans (D-SNPs) enrollment for CCI counties (2023)</li> <li>• Implement D-SNP enrollment statewide (2025)</li> </ul>
Program of All-Inclusive Care for the Elderly (PACE)	Continue to allow Medi-Cal beneficiaries in selected County Organized Health System (COHS) counties to enroll in a PACE independent of the COHS managed care plan



# Specialty Mental Health Services (SMHS)

**SMHS will continue to be authorized in the Section 1915(b) waiver, with program improvements implemented via State guidance and SMHS managed care contracts.**

- Clarify criteria to access SMHS delivery system, align medical necessity with federal requirements, clarify documentation requirements, and allow treatment during the assessment period, prior to diagnosis
- Implement “no wrong door” approach
- Facilitate treatment of co-occurring disorders
- Standardize statewide screening and transition tools
- Facilitate referral and linkage from criminal justice to behavioral health services in 30 days prior to release

For more information on Medi-Cal behavioral health changes, see **Attachment 2** in the [Section 1915\(b\) Overview](#)



## SMHS (Cont'd)

**SMHS will continue to be authorized in the Section 1915(b) waiver, with program improvements implemented via State guidance and SMHS managed care contracts.**

- Transition from cost-based reimbursement methodology to FFS reimbursement
- Encourage multicounty region pooling of resources and collaboration
- Streamline administrative functions for substance use disorder (SUD) services and SMHS

For more information on Medi-Cal behavioral health changes, see **Attachment 2** in the [Section 1915\(b\) Overview](#)

DHCS is also clarifying federal authority to provide SMHS through **Family Urgent Response System (FURS)** and **Family First Prevention Services Act (FFPSA)** for children in foster care and their caregivers



# Drug Medi-Cal Organized Delivery System (DMC-ODS)

**DMC-ODS will be authorized in the Section 1915(b) waiver, with program improvements implemented via Medi-Cal State Plan and Section 1915(b)(3) authority.**

- **For alignment purposes, transition DMC-ODS' primary delivery system authority** from Section 1115 to Section 1915(b)
- **Add to the CalAIM Section 1915(b) waiver:**
  - Peer support specialist services
  - Contingency Management benefit (via Section 1915(b)(3))
- **Implement a number of DMC-ODS program improvements through State policy** (e.g., clarification on criteria for services, expanding access to medications for addiction treatment (MAT) and recovery services)

**Included in CalAIM  
Section 1115  
demonstration:**

Medicaid services provided to short-term residents of IMDs and Traditional Healers and Natural Helpers

For more information on DMC-ODS changes, see **Attachment 3** in the [Section 1915\(b\) Overview](#)



**Demonstration & Waiver Requests:**  
***New Section 1115 CalAIM Initiatives***



# Peer Support Specialist Services

Peer support specialists will be a distinct provider type in SMHS, DMC-ODS, and Drug-Medi Cal.

## Program Overview

- Services may include **evidence-based activities** aimed to prevent relapse, empower beneficiaries, support linkages to community resources, and educate beneficiaries
- **Participating counties will provide supervision of specialists** by behavioral health professionals trained in the peer recovery model
- **DHCS will establish statewide requirements** for certification that participating counties will use (*county participation is voluntary*)

DHCS will authorize the peer support specialists services program through the Medi-Cal State Plan. To allow voluntary county participation, DHCS is seeking a Section 1115 waiver for Drug-Medi Cal, and a Section 1915(b) waiver for SMHS and DMC-ODS to **waive statewideness and comparability**



# DMC-ODS Traditional Healers & Natural Helpers

**DHCS seeks new Section 1115 authority to authorize Traditional Healers and Natural Helpers in DMC-ODS.**

## Demonstration Proposal

Provide culturally appropriate, evidence-based practice options and improve access to SUD treatment for American Indians and Alaska Natives receiving SUD treatment services through Indian health care providers

**Traditional healing practices are a fundamental element of Indian health care** that helps patients achieve wellness and healing and restores emotional balance and one's relationship with the environment



# Services for Justice-Involved Populations

**DHCS seeks new Section 1115 authority to implement services for justice involved populations 30-days pre-release.**

## Demonstration Proposal

**Initiative.** Provide targeted Medi-Cal services to eligible justice-involved populations 30 days pre-release from county jails, State prisons, and youth correction facilities

**Eligibility.** All youth (under age 19) in a corrections settings *and* adult inmates with at least one:

- Chronic mental illness
- SUD
- Chronic disease
- Pregnancy
- HIV
- Intellectual or developmental disability
- Traumatic brain injury

**Covered Services.** ECM (which includes developing a care needs assessment and making referrals to providers in the community), community-based clinical consultation via telehealth, and 30-day supply of medication for re-entry

Addressing the health care needs of justice-involved populations, who are disproportionately people of color, is in line with **DHCS' commitment to improving health equity**





# Providing Access & Transforming Health (PATH) Supports

**DHCS seeks new Section 1115 authority for federal funding for PATH Supports.**

## Demonstration Proposal

DHCS is requesting \$1.25 billion to support DHCS' efforts to shift delivery systems and advance the coordination and delivery of quality care of services authorized in the Section 1915(b) waiver, including

- IT systems for community-based ECM/ILOS
- Capacity building for community-based organizations and to support Whole Person Care (WPC) pilot transition to statewide ECM/ILOS
- Capacity building for effective pre-release care and coordination with justice agencies for justice-involved populations pre-release

PATH Supports is subject to **CMS approval** *and* **availability of non-federal share of funding**



**Demonstration & Waiver**  
**Requests:**  
***Continuing Medi-Cal 2020***  
***Section 1115 Initiatives***



# Global Payment Program (GPP)

DHCS seeks to renew the GPP and create a new Equity Sub-Pool Initiative.

## Existing GPP Funding Proposal

- Continuation of the existing GPP, a pool of funding established in Medi-Cal 2020 Section 1115 demonstration to compensate designated public hospital systems for services provided for the uninsured through a value-based methodology, awarding points for encouraging preventive and primary care

## New GPP: Equity Sub-Pool Proposal

- New funding request using Safety Net Care Pool funding to strengthen GPP as a tool for addressing health inequities
- Eligible designated public hospital systems would earn payments for services and activities aimed at addressing inequities and SDOH



# Other Existing Initiatives Continuing Under CalAIM

**California is seeking authority to continue a number of discrete Medi-Cal 2020 Section 1115 demonstration initiatives in the CalAIM Section 1115 demonstration:**

**Low-income pregnant women** with incomes from 109 – 138% of the federal poverty level (FPL)

**Out-of-state former foster care youth** up to age 26

**Community-Based Adult Services (CBAS)**

Technical changes as part of the demonstration renewal to align with other Medi-Cal materials and to clarify eligibility and medical necessity criteria

Federal funding for **Designated State Health Programs (DSHP)** at a reduced level from the Medi-Cal 2020 Section 1115 demonstration

**DMC-ODS IMD expenditure authority**



**Demonstration & Waiver**  
**Requests:**

***Medi-Cal 2020 Initiatives Not  
Being Renewed Under CalAIM  
Section 1115 Authority***



# Medi-Cal 2020 Initiatives That Will Not Be Renewed

California is not renewing the following Medi-Cal 2020 programs under the CalAIM Section 1115 demonstration.

Name of Prior Initiative	Rationale for Not Renewing the Initiative
<b>Tribal Uncompensated Care</b>	DHCS implemented Tribal federally qualified health centers (FQHCs) via SPA as of January 1, 2021, obviating this need
<b>Public Hospital Redesign and Incentives in Medi-Cal (PRIME)</b>	Program transitioned to Quality Incentive Pool (QIP) directed payment program as of January 1, 2021
<b>Whole Person Care (WPC) Pilots</b>	Many WPC pilots and HHP services will continue to be available and expanded statewide through the managed care delivery system via ECM/ILOS
<b>Health Homes Program (HHP)</b>	

More details on ECM/ILOS can be found on [DHCS' ECM/ILOS webpage](#)



# Medi-Cal 2020 Initiatives That Will Not Be Renewed (Cont'd)

Name of Prior Initiative	Rationale for Not Renewing the Initiative
<b>Dental Transformation Initiative (DTI)</b>	<p>Elements of DTI Domains 1-3 will be transitioned into a new, statewide dental benefit through the Medi-Cal State Plan:</p> <ul style="list-style-type: none"> <li>• Caries Risk Assessment Bundle and Silver Diamine Fluoride for young children (ages 0-6) and specified adult enrollees</li> <li>• Expanded Pay for Performance initiatives for providers promoting preventive services and continuity of care</li> </ul>
<b>Rady's California Children's Services (CCS) Pilot</b>	<p>Not renewing demonstration project that tested two health care delivery models for children enrolled in the CCS program</p>



# Evaluations & Monitoring





# Evaluations & Monitoring

**DHCS will develop plans to accurately evaluate the Section 1115 demonstration and monitor the Section 1915(b) waiver, per federal regulations.**

## Section 1115 Demonstration Evaluation Requirements

- DHCS will contract with independent third parties to conduct evaluations and develop evaluation design plans for CMS review
- New hypotheses will be tested and evaluated in the CalAIM 1115 demonstration

## Section 1915(b) Waiver Monitoring Requirements

- DHCS will monitor the program impact, access, and quality of the waiver
- Many monitoring activities will be tied to existing managed care requirements (e.g., network adequacy, quality assurance, annual external reviews)

The Medi-Cal 2020 evaluations and other materials are available on [DHCS' evaluations webpage](#)

New hypotheses for evaluation in the CalAIM 1115 demonstration are available in **Section 6** of the [draft application](#)



# Timeline & Public Comment



# Timeline & Next Steps

Milestones	Proposed Timeline
Conduct 30-day State public comment	April 6 – May 6, 2021
Conduct 30-day Tribal State public comment	April 7 – May 7, 2021
Public Hearing (1 of 2)	April 26, 2021 (1:00 – 2:30 PM PT)
Tribal Public Hearing	April 30, 2021 (2:00 – 3:30 PM PT)
Public Hearing (2 of 2)	May 3, 2021 (2:00 – 3:30 PM PT)
Review public comments and finalize documents for CMS submission	May – July 2021
<b><i>Submit 1115 and 1915(b) applications</i></b>	<b><i>By July 2021</i></b>
CMS conducts federal 30-day public comment period	July/August 2021
Negotiations with CMS	August – December 2021
<b><i>Effective date of Section 1115 demonstration and Section 1915(b) waiver</i></b>	<b><i>January 1, 2022</i></b>



# CalAIM Waiver Public Comment Period

To be considered prior to CMS submission, public comments must be received by 11:59 PT on May 6<sup>th</sup>; comments from Tribes and Indian Health Programs must be received by May 7<sup>th</sup>.

## Email Comments

Email [CalAIMWaiver@dhcs.ca.gov](mailto:CalAIMWaiver@dhcs.ca.gov) and include “**CalAIM 1115 & 1915(b) Waiver**” in email subject line

## Write-In Comments

Mail written comments to:  
Department of Health Care Services  
Director’s Office  
Attn: Angeli Lee and Amanda Font  
P. O. Box 997413, MS 0000  
Sacramento, California 95899-74173

## CalAIM Waiver Resources

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- Public notice
- Section 1115 demonstration application
- Section 1915(b) waiver overview

[CalAIM Indian Health Program Webpage](#)

- Tribal notice

[CalAIM Homepage](#)



# Public Comment

This public comment period is for the CalAIM waiver applications: the CalAIM Section 1115 demonstration and CalAIM Section 1915(b) waiver. For comments on other CalAIM initiatives, email [CalAIM@dhcs.ca.gov](mailto:CalAIM@dhcs.ca.gov).

**Q&A Box.** All information and questions received through the Q&A box will be recorded as public comments

**Spoken.** Participants must “raise their hand” for Zoom facilitators to unmute the participant to share their public comment

**If you logged on via phone-only**

- Press “\*9” on your phone to “raise your hand”
- Listen for your phone number to be called by moderator
- After selected to share your public comment, please ensure you are “unmuted” on your phone by pressing “\*6”

**If you logged on via Zoom interface and/or registered via email**

- Press “Raise Hand” in the “Reactions” button on the screen
- After selected to share your public comment, please ensure you are “unmuted” on your audio



**Thank You**