

August 3, 2020

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:

Under Section 1115 of the Social Security Act (the Act), the Secretary of Health and Human Services (HHS) may approve any experimental, pilot, or demonstration project that, in the judgment of the Secretary, is likely to assist in promoting the objectives of certain Act programs including Medicaid. Congress enacted section 1115 of the Act to ensure that federal requirements did not “stand in the way of experimental projects designed to test out new ideas and ways of dealing with the problems of public welfare recipients.” S. Rep. No. 87-1589, at 19 (1962), *as reprinted in* 1962 U.S.C.C.A.N. 1943, 1961. As relevant here, section 1115 of the Act allows the Secretary to waive compliance with the Medicaid program requirements of section 1902 of the Act, to the extent and for the period he finds necessary to carry out the demonstration project. In addition, section 1115 of the Act allows the Secretary to provide federal financial participation for demonstration costs that would not otherwise be considered as federally matchable expenditures under section 1903 of the Act, to the extent and for the period prescribed by the Secretary.

For the reasons discussed below, the Centers for Medicare & Medicaid Services (CMS) is approving California’s request, submitted on February 28, 2020, to extend the Global Payment Program (GPP) and expand the Program of All Inclusive Care for the Elderly (PACE) in Orange County by amending its Medicaid section 1115 demonstration entitled, “Medi-Cal 2020” (Project Number 11-W-00193/9). The changes to the demonstration are effective as of the date of this letter for the rest of the demonstration period through December 31, 2020, upon which unless extended or otherwise amended, all authorities granted to operate this demonstration will expire. CMS’s approval of this section 1115(a) demonstration amendment is subject to the limitations specified in the attached expenditure authority, special terms and conditions (STC), and any supplemental attachments defining the nature, character, and extent of federal involvement in this project. The state may deviate from the Medicaid state plan requirements only to the extent those requirements have been specifically listed as not applicable to expenditures or individuals covered by expenditure authority.

Extent and Scope of Demonstration

Approval of this amendment will extend waiver and expenditure authority to continue the GPP for an additional six months through December 31, 2020, to support the public health care systems (PHCS) in providing services to California’s uninsured population and to promote the delivery of more cost-effective and higher-value care to the uninsured through the pool of disproportionate share hospital (DSH) funds. Under the current demonstration, GPP is approved through June 30, 2020, even though the demonstration ends December 30, 2020, resulting in a six-month gap in GPP payments for PHCS.

This amendment also includes the state’s request to operate the PACE program in Orange County outside of the County-Organized Health System (COHS).

Currently, all Medicaid beneficiaries in Orange County are enrolled in CalOptima, a COHS plan, and may not subsequently be enrolled in any other alternative delivery system without prior approval from CMS. COHSs in California benefit from a statutory exemption from the right to disenroll in section 1903(m)(2)(A)(vi) and special treatment under section 1932(a)(4) that allow them to not give enrollees the right to disenroll. In order to be eligible for this exemption and special treatment, a COHS must meet the description of exempt entities in the statute, which includes the fact that the entity enrolls all eligible Medicaid beneficiaries residing in the county in which it operates. Accordingly, all individuals who become eligible for Medicaid must continue, at least initially, to be enrolled with CalOptima, but those eligible to enroll in the new PACE program will be eligible to elect to do so. Approval of this amendment will provide California with the authority to enroll Medi-Cal beneficiaries in the PACE program not operated or subcontracted by CalOptima and allow CMS to approve the state’s PACE application submission.

Determination that the demonstration project is likely to assist in promoting Medicaid’s objectives

Extension of the GPP is likely to assist in promoting the objectives of the Medicaid program by ensuring access to critical hospital services for Medicaid beneficiaries. Approval of this amendment will advance care delivery for the uninsured toward primary and preventive services instead of more costly, avoidable emergency room and inpatient care.

Expansion of PACE sites in Orange County will promote the objectives of the Medicaid program by achieving better health outcomes by improving coordination of care, reducing the reliance on institutional care, and ensuring access to services.

Consideration of Public Comments

Consistent with federal transparency requirements, CMS considers all public comments received during both the state and federal public comment periods when evaluating whether the demonstration amendment will likely assist in promoting the objectives of Medicaid. California met the requirements for state public comment for this amendment. CMS deemed the application complete on March 18, 2020. The state posted the amendment for public comment on February 14, 2020.

The federal comment period was open from March 31, 2020 through April 30, 2020. One public comment was received during the federal public comment period for this amendment. However, it was related to care coordination for health homes and not the GPP or the PACE program within this amendment request.

Other Information

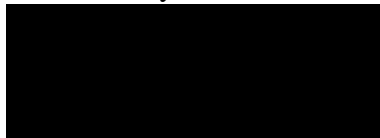
CMS’s approval of this demonstration amendment is conditioned upon compliance with the enclosed list of expenditure authorities and the STCs defining the nature, character, and extent of anticipated federal involvement in the demonstration. The award is subject to our receiving your written acknowledgement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

Your CMS project officer for this demonstration is Ms. Lorraine Nawara. She is available to answer any questions concerning your section 1115 demonstration. Ms. Nawara’s contact information is as follows:

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Center for Medicaid and CHIP Services
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7500 Security Boulevard
Baltimore, MD 21244-1850
E-mail: Lorraine.Nawara1@cms.hhs.gov

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

Sincerely,



Calder Lynch
Deputy Administrator and Director

Enclosure

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