Health Insurance Enrollment and the New State Marketplaces – California Perspective

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Presentation Overview

- The Bridge to Reform
- Medicaid (“Medi-Cal”) Expansion
- Covered California – California’s Health Benefits Exchange
- Outstanding Questions and Considerations

California's Bridge to Reform Section 1115(a) Medicaid Demonstration

- California received approval in November 2010 for the Section 1115(a) Medicaid Demonstration, entitled "California's Bridge to Reform, " which is effective November 1, 2010, through October 31, 2015.
- Focus on program changes that will help the state transition to the federal reforms that will take effect in January 2014.
- Changes under the waiver involve:
  - Expanding coverage for those who will become "newly eligible" in 2014 under the ACA
  - Implementing models for more comprehensive and coordinated care for some of California's most vulnerable residents
  - Testing various strategies to strengthen and transform the state's public hospital health care delivery system

Low Income Health Program

- The Low Income Health Program (LIHP): new, optional program established under the waiver, implemented at the county level in California to expand coverage to eligible low-income adults.
- Available to adults between 19 and 64 years of age who are not eligible for Medi-Cal or the Children's Health Insurance Program, are not pregnant, are within the county's income requirements, meet county residency requirements, and meet federal citizenship and immigration verifications and restrictions.
- Builds on state's existing 10-county Coverage Initiative program by offering participation to all counties in the state.
- County LIHPs effective July 1, 2011 through December 31, 2013, at which time the majority of enrollees will become Medi-Cal eligible under the ACA expansion.

Low Income Health Program

- The Medicaid Coverage Expansion (MCE) portion of LIHP is for those individuals who have family incomes at or below 133% of the federal poverty level (depending on participating county income standards)
- The Health Coverage Initiative (HCCI) portion of LIHP is for those individuals who are not insured and have family incomes above 133% through 200% of the federal poverty level (depending on participating county income standards)
- It is possible for a county to offer the MCE portion but not the HCCI portion
- The upper income limit in either the MCE or HCCI may vary by county, and those counties who do not offer HCCI may lower the upper income limit in MCE below 133%.

Low Income Health Program

- The LIHP offers two sets of core benefits – one for the MCE participants and one for the HCCI participants
- Among the MCE core benefits are **minimum mental health services** that must be offered to MCE-eligible enrollees
- According to the Special Terms and Conditions of the waiver:

  "The state must offer a minimum evidence-based benefits package for mental health services under the Demonstration to promote services in community-based settings with an emphasis on prevention and early intervention."
- **SUD services were NOT included** as a required core MCE benefit
- However, each LIHP may choose to include additional benefits (as approved by CMS) as part of the core benefit offering, such as expanded mental health services and/or substance use disorder treatment
- Several counties **opted to include expanded MH or SUD services** in the benefit package for LIHP enrollees

LIHP
Mental Health Benefits

- Each participating county must, at minimum, provide:
  - Up to 10 days/year of acute inpatient hospitalization in an acute care hospital, psychiatric hospital, or psychiatric health facility
  - Psychiatric pharmaceuticals
  - Up to 12 outpatient encounters per year. Outpatient encounters include assessment, individual or group therapy, crisis intervention, medication support and assessment. If a medically necessary need to extend treatment exists, the LIHP may optionally expand services
- County may opt to provide mental health services through a delivery system that is separate from the LIHP – i.e. “carve out mental health services”

Medicaid Expansion Basics

- Beginning January 1, 2014, the ACA establishes a **new Medicaid eligibility group** of non-pregnant adults between the ages of 19 and 64 with incomes at or below 133% of the federal poverty level based on modified adjusted gross income.
- This new eligibility group consists of non-Medicare eligible childless adults and individuals receiving Aid to Families with Dependent Children.
- Participating states are required to provide **essential health benefits**, including MH & SUD treatment, to Medicaid beneficiaries in the new eligibility group.

Medicaid Expansion Basics

- Following the June 2012 **Supreme Court** decision, states may decide whether or not to adopt the Medicaid expansion
- In January, 2013 CMS released initial guidance for how participating states shall identify an **"alternative benefit plan"** (ABP) for newly eligible beneficiaries, to include essential health benefits (including MH & SUD services)
- In July 2013 CMS released the final rule related to Medicaid expansion and ABPs, which outlined a **benchmarking process** very similar to the process outlined in the proposed rule for the commercial sector, with the addition of the "Secretary Approved Coverage" option
- The "**Secretary Approved Coverage**" option for alternative benefits includes the Medicaid state plan adult benefit package offered in the state and may be supplemented to ensure coverage of the ten statutorily-specified essential health benefits

Medicaid Expansion: California

- California's state legislature this year passed two key pieces of **special session legislation** to implement the Medicaid expansion: SB X1 1 (Perez – 2013) and AB X1 1 (Hernandez – 2013). Together, these companion bills:
  - Expand Medi-Cal coverage, effective January 1, 2014, to individuals with incomes up to 133% of the federal poverty level based on modified adjusted gross income (per the eligibility requirements outlined in the ACA).
  - Require newly eligible individuals to **mandatorily enroll** into a Medi-Cal managed care plan
  - Define the "alternative benefit plan" to include the same schedule of benefits provided to full-scope Medi-Cal beneficiaries (including MH Rehab Option and TCM)
  - Add MH/SUD included in the EHB package for the individual and small group markets to the schedule of Medi-Cal benefits (i.e. Kaiser Small Group benchmark plan)

Medicaid Expansion

- Additionally, these bills:
  - Require LIHP enrollees to transition to the new Medi-Cal expansion program
  - Convert Medi-Cal income eligibility to a Modified Adjusted Gross Income (MAGI)-based standard, effective January 1, 2014 (except for seniors and people who are blind or disabled)
  - Prohibit the use of an asset or resources test
  - Simplify and streamline the Medi-Cal application, eligibility and redetermination processes
  - Expand eligibility to former foster care youth until age 26

Medicaid Expansion -- Mental Health

- Beginning January 1, 2014, covered Medi-Cal benefits shall include mental health services included in the essential health benefits package adopted by the state for the individual and small group market (i.e., the selected Kaiser Small Group product).
- Medi-Cal managed care plans shall provide the mental health benefits covered in the state plan, ***excluding those benefits provided by county mental health plans under the Specialty Mental Health Services Waiver***.
- Expanded mental health benefits include:
  - Individual and group mental health evaluation and treatment (psychotherapy).
  - Psychological testing when clinically indicated to evaluate a mental health condition
  - Outpatient services for the purposes of monitoring drug therapy
  - Outpatient laboratory, drugs, supplies and supplements
  - Psychiatric consultation

Medicaid Expansion – Mental Health

- CMHDA members and staff have been invited to participate in a series of **DHCS "work group" meetings** with DHCS staff and health plan representatives to develop recommendations for implementation
- DHCS' Benefits and Managed Care Divisions have a number of deliverables to complete in time for the January 1 start date (**setting capitation rates**, filing necessary waivers and SPAs with CMS, etc.)
- CMHDA has been working with participating county representatives to **develop recommendations** to present to the entire workgroup for consideration.
- In line with CMHDA's recommendation, the workgroup identified the existing **Memorandum of Understanding** (MOU) between health plans and mental health plans as the primary vehicle for assuring beneficiary access to appropriate mental health treatment.
- Other priorities include **information exchange**, dispute resolution and EPSDT beneficiaries.
- The next step will be to develop **key elements for the MOU**.

Medicaid Expansion - SUD

- Beginning January 1, 2014, covered Medi-Cal benefits shall include substance use services included in the essential health benefits package adopted by the state for the individual and small group market (i.e., the selected Kaiser Small Group product).
- Expanded SUD benefits include:
  - Intensive outpatient treatment (no longer limited to pregnant/postpartum/under 21 population)
  - Residentially-based substance use disorder services (no longer limited to pregnant/postpartum population)
  - Medically necessary inpatient detoxification
- The Administration and Legislature determined that counties would provide the expanded substance use disorder benefits as part of the **Drug Medi-Cal program**, which was realigned to counties under 2011 Realignment.
- DHCS has convened a number of **task specific workgroups** of state, county and other stakeholders to plan for benefit implementation.

Health Exchange/Covered California

- California was the first state in the nation to enact legislation creating a health benefit exchange under federal health care reform.
- California's Exchange (Covered California) is an independent public entity within state government with a five-member board appointed by the Governor and the Legislature.
- California passed legislation in 2012 requiring that individual and small group plans issued, amended or renewed in California on or after January 1, 2014 include coverage for essential health benefits.
- This coverage requirement applies to individual and small group plans/policies offered to consumers and small businesses both inside and outside of the California Health Benefit Exchange.
- The legislation selects a Kaiser small group product as California's reference ("benchmark") plan.
- Beginning October 1, 2013, consumers can enroll in the qualified health plan ("QHP") that best meets their needs and determine eligibility for federal subsidies that can offset the cost of their premiums.

Covered California

- According to the selected benchmark, coverage should include services and benefits for a broad range of mental health conditions, utilizing the mental disorder definition as supplied by the DSM-IV-TR.
- Coverage should not be limited to specific diagnoses.
- The legislation also specifies that QHPs must comply with the MHPAEA of 2008 and all corresponding rules, regulations and guidance.
- Inclusion of this reference to federal parity law was particularly important in order to ensure plan/policy compliance with both quantitative and non-quantitative limitations
- Non-quantitative limitations include network adequacy, utilization review, provider rates, etc.
- CMHDA has weighed in to emphasize parity requirements in QHP contracting discussions – meaning that networks must be adequate, grievance processes appropriate, health assessments inclusive, etc.

Mental Health Benefits in the Benchmark Plan

- Outpatient Mental Health Services:
  - Individual and group mental health evaluation and treatment
  - Psychological testing when necessary to evaluate a mental disorder
  - Outpatient services for the purpose of monitoring drug therapy
- Inpatient & Intensive Psychiatric Treatment:
  - Inpatient psychiatric hospitalization
  - Short-term hospital-based intensive outpatient care (partial hospitalization)
  - Short-term multidisciplinary treatment in an intensive outpatient psychiatric treatment program
  - Short-term treatment in a crisis residential program in a licensed psychiatric treatment facility with 24 hour/day monitoring by clinical staff for stabilization of an acute psychiatric crisis
  - Psychiatric observation for an acute psychiatric crisis

Substance Use Disorder Benefits in the Benchmark Plan

- Inpatient Detoxification : Hospitalization for medical management of withdrawal symptoms, including room and board, physician services, drugs, dependency recover services, education and counseling
- Outpatient Chemical Dependency Care:
  - Day treatment programs
  - Intensive outpatient treatment programs
  - Individual and group chemical dependency counseling
  - Medical treatment for withdrawal symptoms
  - Methadone maintenance treatment for pregnant members during pregnancy and for 2 months after delivery at a licensed treatment center approved by the Medical Group. ***Methadone maintenance treatment is NOT covered in any other circumstances***
- Transitional Residential Recovery Services: Chemical dependency treatment in a nonmedical transitional residential recovery setting approved in writing by the Medical Group that provides counseling and support services in a structured environment.

Status of Open Enrollment in Covered California

- For the first three weeks of open enrollment, more than 2.2 million unique visits were made to www.CoveredCA.com.
- The Service Center has handled more than 150,000 calls during the same period.
- From Oct. 1 through Oct. 19, approximately 125,929 applications were started.

Bridge Plan

- California passed legislation in 2013 to set rules for Bridge Plans (Medi-Cal managed care plans) that can offer low cost continuation coverage in the Exchange for individuals losing Medi-Cal eligibility, and whole family coverage for families where the children are on Medi-Cal and the parents eligible for Covered California.
- Covered California must negotiate contracts with Medi-Cal Managed Care plans that serve as a “bridge” plan between Medicaid/CHIP coverage and private insurance, allowing individuals transitioning from Medi-Cal/CHIP coverage to Covered California to stay with the same issuer with the same provider network.
- Bridge plans will also allow family members to be covered by a single issuer with the same provider network and be offered lower out of pocket premiums for their transitioning enrollees through contracts with Covered California.
- Covered California submitted in August 2013, a proposal to CMS requesting permission to implement a Medi-Cal Bridge Plan demonstration project.

Outstanding Questions & Considerations

1) How will managed care organizations assure access to expanded mental health benefits?
2) How will qualified health plans in the Exchange be held accountable for meeting MH/SUD parity standards?
3) How will individuals covered through the Exchange access specialty rehab mental health services if medically indicated?
4) How will the methadone exclusion in the benchmark coverage offered in the individual & small group market impact the county SUD system?
5) How will continuity of care be ensured for individuals with mental health needs churning between Medi-Cal and Covered California?
6) To what extent will Medicaid streamlining/outreach identify and enroll new currently eligible beneficiaries with MH/SUD needs?
7) How will county MHPs and health plans take advantage of the changing landscape and new opportunities to better coordinate and integrate care for individuals with specialty mental health/SUD needs?

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For additional resources on ACA implications for CA's public mental health system, go to:

http://www.cmhda.org/go/publicpolicy/healthcarereformresources.aspx