



THE HOSPITAL FINANCING WAIVER FRAMEWORK: ABX4 6 (EVANS)

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Governor Arnold Schwarzenegger signed ABX4 6 into law on July 28, 2009. As law, it is the first framework for constructing California's hospital financing waiver renewal for the federal government. Fortunately, as seen below, this law has put in place many of the goals and innovations others have already suggested for the renewed waiver. Further, it explicitly requires the continued input of stakeholders through the waiver renewal process and, upon approval, the waiver's implementation via a stakeholder advisory board.

Goals

ABX4 6 seeks to help restructure California's health care system at a time when the state suffers from a significant budget deficit and increased strain on its safety net. It seeks, with the approval of a new waiver, to establish broad measures through which to claim federal matching for spending to rebuild the state's public health care system.

Similar to California's hospital financing waiver approved in 2005, ABX4 6 aims to strengthen the safety net. In line with the goals of the federal administration, this law further sets out to reduce the number of uninsured in the state, improve health care quality and outcomes, and slow the rise of health care spending. To meet these goals, the law proposes restructuring the health care delivery system in ways that prepare the state for federal reform and draw down federal funding to offset part of the General Fund expenditures for Medi-Cal.

In restructuring the health care delivery system, ABX4 6 outlines several innovations for inclusion in the renewal waiver. Picking up on the successes of the ten county coverage initiatives implemented in the third year of the current waiver, better coordinated and integrated care is specified. Moreover, the law would allow the state to improve the management of the care of seniors and the disabled, those eligible for Medi-Cal and Medicare (dual eligibles), and children with special health care needs. It would also bring in a key component that many counties have been struggling with when serving the chronically ill with mental health issues: mental health and behavioral health care. The method of care management is not specified, but is suggested to use enhanced primary care case management, the medical home model with case and disease management, and/or managed care models. Another layer of this suggests supporting the use of home- and community-based care in place of the more expensive alternative of skilled nursing facilities for long-term care. At each step along the way, providers and beneficiaries would be rewarded for improved clinical outcomes and cost effectiveness and appropriate care utilization.

Identifying additional state and county resources that could be matched would maximize federal funding. This includes seeking funding for amendments made to the current waiver on or after October 1, 2008, qualifications under the American Recovery and Reinvestment Act of 2009, and a potential increase to the federal medical assistance percentage (FMAP). Additionally, ABX4 6 establishes broad flexibility for claiming federal matching for programs funded by



realignment funds including the County Medical Services Program (CMSP), programs funded by the County Mental Health Services Act, and other public expenditures and state-only funded programs. If the Centers for Medicare and Medicaid Services or other federal or state rulings determine that any of these programs cannot be used to draw down funding, the state may discontinue their use and substitute with those that do under this extended flexibility.

ABX4 6 explicitly encourages that the waiver have standards to meet the needs of those it seeks to cover, including seniors, the disabled, dual eligibles, children with special health care needs, and those with behavioral health needs. Specific ways to measure this and other goals include: plan readiness; access and availability of services including network and specialty care capacity and proximity for beneficiaries; benefits management and scope; care coordination, care management and continuity of care; beneficiary participation and satisfaction; provider satisfaction; financial management; improved health outcomes; marketing, assignment, enrollment and disenrollment; quality of care; and recordkeeping and reporting. These indicators and other key milestones to be determined will measure the progress of implementation.

As mentioned, there are many opportunities for stakeholder input. The state has consistently solicited the input of all stakeholders. Opportunities include sharing ideas for the state's waiver renewal concept paper, the waiver application, and the implementation plan for an approved waiver. The waiver renewal concept paper is due in the fall—September or October, and therefore the state wants your suggestions and criticism now. After this, the actual waiver application must be written and submitted, also fringed with further opportunities for stakeholder input; per ABX4 6, the application is to be approved no later than September 1, 2010 or at the conclusion of any extension period given for the current waiver. Third, an implementation plan must be developed and put into action. This plan is due at least 60 days prior to appropriation of funds. It can be in any form, including an all-counties bulletin and/or state plan amendments, as long as the Legislature is aware of and signs off on the plan.

Beyond informal input requests, the bill requires the formation of a stakeholder advisory board to develop the waiver and implementation plan and participate in advisement during the operation of an approved waiver.

To submit your thoughts at anytime throughout the entire waiver process, contact:

- David Maxwell-Jolly, Director, Department of Health Care Services, david.maxwell-jolly@dhcs.ca.gov
- Toby Douglas, Chief Deputy Director, Health Care Programs, Department of Health Care Services, toby.douglas@dhcs.ca.gov
- David Panush, Senator Steinberg's Office, david.panush@sen.ca.gov
- Sumi Sousa, Speaker Karen Bass' Office, sumi.sousa@asm.ca.gov