

Health Advocate

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Health Reform in CA: Lessons Learned from a Leader State

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Key Resources

Fact Sheet: The Oregon Medicaid Experiment: Just the Facts, June 2013, [here](#).

Medical Management and Access to Contraception, May 2013, [here](#).

NHeLP Q&A on the Legal Immigrant Children's Health Improvement Act, Updated June 2013, [here](#).

Coming in July's Health Advocate:

Quality and Accountability: An Introduction for Advocates

Introduction

With fewer than 200 days left before uninsured Americans can begin enrolling in ObamaCare, California (CA) is in front of the pack as a "leader state" implementing health reform. Governor Brown recently affirmed California's commitment to full Medicaid (called "Medi-Cal" in CA) expansion starting in 2014.

Notably, the Golden State was the first to create a health insurance exchange, or marketplace, following the passage of the federal health care law. The exchange is being operated by Covered California, an independent part of the state government whose job is to make the new marketplace work for California consumers. It is overseen by a five-member board appointed by the Governor and Legislature.

Covered California creates an insurance marketplace, which will make insurance coverage available to 5.3 million Californians. Almost one half of these individuals (2.6 million) will qualify for federal tax subsidies to help pay for their monthly insurance premiums, thus making coverage more affordable. There will be additional help to reduce cost sharing, such as co-payments to see the doctor. Starting October 2013, Covered California will help individuals compare and choose a health plan that works best for their budgets and health needs, for enrollment beginning January 2014. This issue of the Health Advocate focuses on developments in California and features activities underway at Covered California.

Eligibility, Enrollment and Retention of Coverage

1. The Eligibility, Enrollment & Retention Database System

Covered California, in conjunction with the Department of Health Care Services and the Managed Risk Medical Insurance Board, is developing a new eligibility and enrollment computer system, the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS). This system will determine all aspects of exchange eligibility and enrollment, and will also serve as the Modified Adjusted Gross Income (MAGI) rules engine to determine income eligibility for both the exchange and Medi-Cal/CHIP. This is a particularly daunting project in California, as the state has a county-based system for Medi-Cal cases and not all 58 counties currently use the same computer system. Once CalHEERS is fully functional, county-based eligibility workers should be able to seamlessly interface with the system for eligibility determinations.

Applicants should also be able to apply on-line and have applications for Covered California or Medi-Cal determined in real time.

Advocates have [commented](#) on the elements and business rules of CalHEERS as it has been developed. One of the major concerns is that the system is not being set up to enable CalHEERS to access electronic data currently available to the county systems that could speed up application processing. This data includes important residency and income information. These limitations are inconsistent with a “no wrong door” streamlined eligibility system and have been raised as concerns with the federal agencies overseeing health reform implementation.

2. Assessing Coverage through Covered California Service Centers

Applicants for Medicaid, CHIP, or new health insurance coverage will use a single streamlined application. The State is planning to have Covered California Service Centers handle telephone calls from individuals who need assistance completing the application. Advocates have been concerned about how Medi-Cal applications will be handled. Under federal policy, exchanges may either make the determinations for Medicaid (specifically MAGI-based Medicaid) or do an assessment and refer the applications to the appropriate Medicaid agency (in California, the counties) for final processing. California has decided that the Service Centers will do only an assessment, but has adopted a unique approach, engaging in a very limited “quick sort” using seven threshold questions to identify applicants who may be eligible for Medi-Cal. If an applicant is determined to be potentially eligible for Medi-Cal, the case will be referred to the appropriate county welfare office for processing via a “warm hand-off” on the phone that is supposed to entail no more than a 30 second wait while the Service Center representative transfers the caller to a county worker. While Covered California maintains that this quick sort process will speed up applications, advocates are concerned that there will be delays, that county workers will not be immediately available, or that applicants may be told to call back to the county—causing applications to fall through the cracks. Advocates, including NHeLP, have recommended [performance standards](#) for handling such calls.

3. Eligibility and Enrollment Regulations

Covered California has been authorized by state law to proceed using [emergency regulations](#), which address, among other things, eligibility and enrollment. Advocates, including NHeLP, have [commented](#) on the proposed regulations and in May followed up with additional [comments](#). While largely consumer-oriented, there are issues, including: (1) Whether premiums must be paid before enrollment is effective (which NHeLP opposed); (2) At what level the readability standard should be set (the Exchange has proposed a 9th grade reading level; we suggest 6th grade); (3) When applications will be determined to be complete and how incomplete applications will be handled; (4) Verification procedures for immigration status, residency, and income; (5) Protections regarding collection of Social Security numbers for non-applicants; and (6) Procedures to be used when applicant-reported information does not mirror information the exchange has obtained from electronic sources.

Qualified Health Plans and Benefits Design

Covered California has been working expeditiously to enter into contracts with qualified health plans (QHPs) that will offer coverage on the health insurance marketplace. In May, Covered California adopted a [model contract](#) that will govern agreements with QHPs. NHeLP submitted [comments](#) on the draft of the contract, asking for improvements to language access provisions, greater protections against balance billing by plans, and increased data collection to identify health disparities. NHeLP made [recommendations](#) about what the contract should include, such as strong network adequacy requirements and stakeholder participation. NHeLP gave [additional input](#)

suggesting that Covered California limit how much plans can charge consumers for services accessed out-of-network and that it require plans to offer an extensive drug formulary.

While falling short of NHeLP's recommendations, the final contract contains many important protections for lower-income consumers. For example, QHPs are required to help coordinate coverage for pregnant women who become eligible for Medi-Cal coverage in addition to their exchange coverage. Also, plans will have to conform to set [cost-sharing designs](#) aimed at ensuring that consumers pay less for preventive and cost-effective health care. These QHP contracts and the advocate comments offer important resources for other state advocates.

Services – Essential Health Benefits

1. Essential Health Benefits

The federal health reform law requires the Secretary of Health and Human Services to establish the “essential health benefits” to be included in the exchanges and the Medicaid expansion. These benefits are critical to ensuring comprehensive coverage; yet, proposed federal guidance gives states a great deal of flexibility in their benefits design. Two health bills, [SB 951](#) & [AB 1453](#), were signed into law in California in September 2012, defining the Essential Health Benefits (EHBs) for plans offered through Covered California and non-grandfathered plans sold in the small group and individual markets. As a result, the [EHB base-benchmark in California](#) is a Kaiser Foundation Health Plan Small Group HMO, supplemented to ensure coverage of all ten EHB federally required categories of benefits, including “habilitative services.”

2. Alternative Benefit Plan (formerly Medicaid Benchmark)

In January 2013, the federal government released a [proposed rule](#) addressing the benefits the Medicaid Expansion population will receive. In California, legislation recently passed ([SB X 11](#)), and is awaiting the Governor's signature requiring the Medicaid Expansion population to receive the existing, traditional Medi-Cal State Plan benefits package. Yet, questions remain as to how long-term services and supports will be covered. In addition, for all Medi-Cal populations the legislation adds the mental health services and substance use disorder services included in the state's EHB base-benchmark plan, as Medi-Cal benefits.

Bridge Plan Options

California may have the only state exchange that is currently moving forward with a “bridge option” to provide continuity and affordability of care for low-income persons on Medi-Cal who become eligible for coverage through Covered California. Although still under review with CMS and awaiting legislative approval, Covered California approved the [bridge option](#) in February 2013. Bridge plans would be available to persons who are transitioning off Medi-Cal or who have family members who are Medi-Cal enrollees. Covered California would contract with existing Medi-Cal managed care plans to be bridge plans and would do so at rates that would be the lowest silver level plan option for which the enrollee would be eligible. Applying the premium tax credits available for the second lowest silver level plan would result in no or very low premiums for the consumer. Thus, the consumer would be able to stay with her current health plan and provider network and do so at affordable rates, paid for with federal exchange subsidies.

Consumer Assistance (Problem Solving) Programs

In addition to provisions Covered California has made for in-person assistance and navigators to help with enrollment and access issues, it has funded consumer assistance to resolve complicated issues consumers face enrolling in coverage and accessing health services. The Exchange obtained a [grant](#) from the federal government to fund the [program](#), which will help individuals with problems, collect data, and report systemic concerns to Covered California. Covered California chose to build on the program already provided under the [State Consumer Assistance Programs](#) (CAPs) federal grant, which established independent offices of health insurance consumer assistance and ombudsman programs throughout the state, contracting with the [Health Consumer Alliance \(HCA\)](#). HCA is made up of health consumer centers run by legal services, and includes NHeLP.

Conclusion

While there is certainly more work to do before California is ready to open its doors on October 1st to hopeful enrollees, the progress made thus far is certainly remarkable and has made California a health reform leader state.

About Us

The National Health Law Program protects and advances the health rights of low income and underserved individuals. The oldest non-profit of its kind, NHeLP advocates, educates and litigates at the federal and state level.

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