



## MEDICAID SECTION 1115 WAIVER: CALIFORNIA BRIDGE TO REFORM DEMONSTRATION

### KEY TERMS

**Budget Neutrality:** A federal requirement in place since 1983. Budget neutrality means that federal spending over the life of the waiver period must be no greater than federal spending would have been in absence of the waiver. In order to establish budget neutrality, states identify sources of savings in their programs to offset the cost of any program expansion.

**California Children's Services (CCS):** The CCS program provides diagnosis and treatment services, medical case management and physical and occupational therapy services to children under age 21 with CCS-eligible medical conditions. CCS also provides medically necessary physical and occupational therapy to special education students. Counties have historically been responsible for eligibility determination and case management services, and have also had a long standing share of cost for the non-Medi-Cal portion of the CCS program.

**Centers for Medicare and Medicaid Services (CMS):** The federal agency that is responsible for setting regulations and guidelines for Medicare and Medicaid policy. CMS is under the U.S. Department of Health and Human Services.

**Certified Public Expenditures (CPEs):** Expenditure by a public entity for providing health service under Medicaid. CPEs include only those expenditures made by a governmental entity, with non-federal funds, for services that qualify for federal reimbursement.

**Coverage Expansion and Enrollment Demonstration (CEED):** The term used in state law (AB 342, Chapter 723, Statutes of 2010) to describe the expanded Coverage Initiatives.

**Coverage Initiatives (CI):** The term used in the 2005 Medicaid Waiver to describe the 10 projects that expand health coverage to childless adults.

**Disproportionate Share Hospital (DSH) Payments:** Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients, such as people with Medicaid and the uninsured. Medicaid DSH payments are the largest source of federal funding for uncompensated hospital care.

**Delivery System Reform Incentive Pool (DSRIP):** The waiver includes the opportunity for public hospitals to receive up to \$3.3 billion over five years through the Delivery System Reform Incentive Pool (DSRIP). This pool will be a subset of the Safety Net Care

Pool. The DSRIP is intended to support California's public hospitals' efforts to enhance the quality of care and the health of the patients and families they serve.

**Department of Health Care Services:** The state Department of Health Care finances and administers a number of individual health care service delivery programs and serves as the lead administrative entity for the Medicaid Waiver in California.

**Federal Financial Participation (FFP):** Refers to the amount that the federal government contributes for a defined service or benefit.

**Federal Poverty Level (FPL):** The FPL is a simplification of the poverty thresholds developed by the Census Bureau for administrative purposes — for instance, determining financial eligibility for certain federal programs. The FPL's for varying family sizes are issued each year in the *Federal Register* by the U.S. Department of Health and Human Services.

**Federally Qualified Health Center (FQHC):** A federally qualified health center is a type of provider defined by the Medicare and Medicaid statutes which receives enhanced Medicare and Medicaid reimbursement rates.

**Fee-for-Service:** This refers to the traditional method of paying for health care in which health care providers are reimbursed for particular services such as office visits, medical procedures, and prescriptions.

**Intergovernmental Transfers (IGTs):** Transfers of public funds between governmental entities. The transfer may take place from one level of government to another (i.e. counties to states) or within the same level of government (i.e. from a state university hospital to the state Medicaid agency). In the context of a Medicaid waiver, IGTs are used as a mechanism to draw federal funds using state and local funds.

**Low Income Health Program (LIHP):** This is the umbrella title under the terms and conditions of the waiver for the coverage expansions for childless adults. It includes a two-component program:

- **Medicaid Coverage Expansion (MCE).** Covers adults between 19 and 64 years of age with family incomes at or below 133 percent FPL. This program is considered early expansion of Medicaid for childless adults, which will start in 2014 with 100 percent federal funds for three years. Because of this early Medicaid expansion, federal funds will be uncapped (not part of the \$10 billion in total waiver funds) and program capacity will be contingent upon the availability of county matching funds. MCEs will also be subject to all Medicaid rules, except those explicitly waived through the STC.

- Health Care Coverage Initiative (HCCI). Covers adults between 19 and 64 years of age with family incomes between 134 – 200 percent FPL. Federal funds for the HCCI are capped at \$180 million per year and included in the SNCP. Benefit requirements for the HCCI population are less than those for the MCE.

**Medicaid Section 1115 Waiver:** Section 1115 of the Social Security Act provides the Secretary of Health and Human Services broad authority to authorize experimental, pilot, or demonstration projects likely to assist in promoting the objectives of the Medicaid statute. Flexibility under Section 1115 is sufficiently broad to allow states to test substantially new ideas of policy merit. These projects are intended to demonstrate and evaluate a policy or approach that has not been demonstrated on a widespread basis.

**Medi-Cal Managed Care:** A general term used to describe a method of delivering and financing health care that seeks to control health care costs while coordinating an individual's health care. Medi-Cal has three managed care models – county organized health systems, Geographic Managed Care, and the two-plan model.

**Prospective Payment System (PPS) Rates:** A Medicare and Medicaid hospital payment system based on a per case cost, rather than on a per day, per procedure, or per service basis.

**Safety Net Care Pool:** The waiver establishes a Safety Net Care Pool (SNCP) to make a fixed amount of federal funds available to reimburse hospitals for care for the uninsured, often called “uncompensated care.”

**Terms and Conditions, Special Terms and Conditions (STCs):** The operational and policy parameters of an approved Section 1115 waiver. The terms and conditions include the specific coverage categories, benefits structure, cost-sharing requirements, and financing mechanisms under which the waiver will operate.