

# An Update on Healthy Family Program Transitions

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**L**ast year Governor Brown prevailed with his budget proposal to phase out California's Healthy Families Program, and shift all 870,000 children into Medi-Cal. The Children's Partnership has been monitoring the progress of these transitions and is pleased to share this update.

The transitions began in January and will proceed in four phases throughout 2013. The first phase, which involves 368,000 children is still underway and is expected to be completed in May, when 63,000 transitions in Los Angeles and Sacramento will take place. This first wave of transitions was designed for families where no change in plans or providers was anticipated, and involved families throughout the state. Phase 2 began on April 2, 2013 and will include 228,000 children who are currently enrolled in plans that are sub-contractors of a Medi-Cal plan. Phase 3, which will begin no sooner than August 1, 2013, will move 135,000 children enrolled in a Healthy Families plan that is not a Medi-Cal plan and does not sub-contract with Medi-Cal into a Medi-Cal health plan available in their county. The final phase of the transitions will begin no earlier than September 1, 2013 and is expected to transition approximately 43,000 children residing in counties that are not in Medi-Cal managed care into the Medi-Cal fee-for-service delivery system. The transitions, expected to be completed before the end of the year, were authorized by new Medi-Cal income eligibility standards that permit children in families with incomes up to 250% FPL to now be served in Medi-Cal.

Various conditions were attached to the legislature's approval of the Governor's budget proposal to eliminate the Healthy Families Program. The California Health and Human Services Agency was required to engage with stakeholders, submit a Strategic Plan and Implementation Plans, and conduct Network Adequacy Assessments. The Department of Health Care Services was required to send Notices to transitioning families well in advance of transitioning their children, and also required to submit monthly reports to the legislature on the progress of the transitions. Each Phase will require the state to produce an implementation plan, including information on health and dental plan network adequacy, continuity of care, eligibility and enrollment requirements, consumer protections, and family notifications. In addition, the Bridge to Reform Section 1115 Demonstration Waiver Amendments, Special Terms and Conditions (STC) #117 also requires the department to submit monthly reports to the Centers for Medicare and Medicaid Services (CMS) for review and approval prior to commencing subsequent transition Phases.

The Children's Partnership participated in numerous stakeholder webinars and meetings, and frequently shared recommendations regarding Notices, planning and reporting needs, and enrollment procedures. We also raised questions about how network adequacy would be determined so that families could be assured that doctors would be available to care for their children. Concerns about network adequacy were elevated because Medi-Cal providers receive a significantly lower reimbursement rate than Healthy Family providers, and it has been widely understood that many Healthy Families providers would not choose to continue to serve families when they shifted into Medi-Cal. This concern was further exacerbated by previous state-ordered reimbursement rate reductions, which are currently under review by the courts. This income uncertainty for providers has no doubt clouded provider commitments and assurances that the Medi-Cal network will be robust enough to absorb the 870,000 additional Health Families children. In fact, possible disruptions to continuity of care were revealed in the network assessment process, resulting in Phase 1 being sub-divided into four smaller transition groups, in order to give the Department more time to address provider issues. Specific concerns about Health Net plans in Kern, Los Angeles, Sacramento, San Diego, Stanislaus and Tulare counties caused those transitions to be postponed until the end of Phase 1 (May 2013).

We also often suggested that the Department needed to send information not only to families, but to community assisters and providers as well, so that they were fully informed of changes patients might encounter. Reports suggest that those community communications have not generally taken place.

While the Governor's administration maintains that the Healthy Families transition "will help streamline and simplify government health care programs for California children" (California Healthline, 12/5/12), that remains to be seen.

The Department's first two monitoring reports to the legislature (February 15 and March 15) reported few problems in the initial first phase transitions. 99.85 % of children transferred in the first phase, as expected, remained with the same health plan and provider. Nonetheless, several observers at recent legislative oversight hearings noted that the departmental reports included limited monitoring and failed to seek information directly from the Healthy Families Program – where, as it turns out, thousands of families have called with questions or concerns. According to MRMIB, which administers the Healthy Families Program, calls significantly increased after Notices of the transitions came out in November. In October MRMIB received fewer than 1,000 calls related to the transition. In November there were more than 15,000 calls, in December almost 13,000, and by mid-January there still were more than 7,000.

It was noted that Notices sent to families did not ask families to advise the Department of Health Care Services of problems, and did not even provide a phone number for such calls - rather, the Notices directed parents to contact their health plans.

At an April 4, 2013 Senate Budget Sub-Committee hearing on the Healthy Families transition, it was reported that although the Governor's administration had projected budget savings of \$13.1 million in the first year of the transitions, actual savings of only \$129,000 have materialized.

Another serious concern about the Healthy Family Program transition also surfaced at the Senate Budget Sub-Committee hearing regarding discontinuation of autism behavioral health care. So far, approximately 200 children have had their services discontinued. Families reported relying on Notices sent to families by the state that read "Your child will continue to have health, dental, mental health, alcohol and drug treatment, vision and other behavioral health services during this move" (November 1, 2012 Notice), and the February 1, 2013 "Frequently Asked Questions" Notice enclosure statement that reads "The Medi-Cal Program covers all of the same benefits that the Healthy Families Program now covers," and states, in response to the question "Can my child still get medical, vision, dental, mental health, alcohol and drug treatment, and other behavioral health services under Medi-Cal?" "Yes, Medi-Cal will cover diagnostic and treatment services your child needs." In spite of such Notices, numerous emotional stories were recounted by families with children receiving ABA (applied behavioral analysis) autism care that their child's care had been discontinued and that they had been referred to Regional Centers, which were not equipped to assume their child's care and behavioral health service needs. The matter – which appears to impact children in all Healthy Family plans – is under review by the Department of Health Care Services. Apparently, since July 1, health plans have been required to provide these services under state law, but ABA care is not a specific covered benefit under Medi-Cal. The Department acknowledged at the hearing that, notwithstanding their Notice to the contrary, not all behavioral health services provided for autism care would continue to be provided to families in their new Medi-Cal plans, and that arrangements would need to be made through counties and Regional Centers.

Clearly, the final two transition Phases, which will begin in August and September, could pose additional challenges as families move into new Medi-Cal plans and Fee-for-Service delivery systems.

More information is available at: [www.DHCS.ca.gov](http://www.DHCS.ca.gov) or [dhcshealthyfamilies@dhcs.ca.gov](mailto:dhcshealthyfamilies@dhcs.ca.gov). Families and providers can also contact the Department of Health Care Services' Medi-Cal Managed Care Office of the Ombudsman at 1-888-452-8609