

Introduced by Senator HernandezFebruary 26, 2015

An act to amend Section 14094.3 of, and to add Section 14094.24 to, the Welfare and Institutions Code, relating to children's services.

LEGISLATIVE COUNSEL'S DIGEST

SB 586, as introduced, Hernandez. Children's services.

The California Children's Services Program (CCS program) is a statewide program providing medically necessary services required by physically handicapped children whose parents are unable to pay for those services. The State Department of Health Care Services administers the CCS program. Counties, based on population size, are also charged with administering the program, either independently or jointly with the department. The services covered by the CCS program include expert diagnosis, medical treatment, surgical treatment, hospital care, physical therapy, occupational therapy, special treatment, materials, and the supply of appliances and their upkeep, maintenance, and transportation. Funding for the program comes from county, state, and federal sources. In order to be eligible for the CCS program, an applicant must be under 21 years of age, have or be suspected of having a condition covered by the program, and meet certain financial eligibility standards established by the department.

Existing law prohibits services covered by the California Children's Services program (CCS) from being incorporated into a Medi-Cal managed care contract entered into after August 1, 1994, until January 1, 2016, except with respect to contracts entered into for county organized health systems in specified counties.

This bill would exempt KIDS contracts, described below, from that prohibition, and would delete the January 1, 2016 time limit.

This bill would require the department, no later than January 1, 2018, to contract with one or more Kids Integrated Delivery System (KIDS) plans, as defined, for the purpose of coordinating and managing the provision of Medi-Cal and CCS program services to eligible children, to ensure access to cost-effective quality care. The bill would define “eligible child” and other relevant terms in this regard. The bill would establish criteria the department would be required to consider in selecting a KIDS plan and eligibility standards, as well as the qualifications and exclusions required for KIDS plan contracts. The KIDS plan would be required to coordinate, integrate, and provide or arrange for the full range of Medi-Cal and CCS services.

This bill would require the department to seek all necessary federal approvals to ensure federal financial participation for expenditures under the bill and would prohibit implementation of the bill until federal financial participation is obtained. The bill would additionally authorize the department to seek federal approval to require all eligible children to enroll in an available KIDS plan for the length of their CCS eligibility plus 6 months, and if the child remains eligible for Medi-Cal, for up to 12 months following termination of CCS eligibility.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Children’s Services (CCS) program is the
- 4 nation’s oldest Title V Maternal and Child Health Services Block
- 5 Grant program.
- 6 (b) The CCS program has provided critical access to specialized
- 7 medical care for California’s most complex and fragile pediatric
- 8 patients since 1927.
- 9 (c) The strong standards and credentialing created under the
- 10 CCS program ensure that eligible children obtain care from
- 11 experienced providers with appropriate pediatric-specific expertise.
- 12 (d) CCS providers form a regional backbone for all specialty
- 13 pediatric care in California, benefitting children of every income
- 14 level and insurance status.

1 (e) Over the past 20 years, coordinated and integrated health
2 care delivery models have been shown to improve delivery of
3 health care, reduce costs, and improve outcomes.

4 (f) As California expanded the reach of integrated delivery
5 systems in Medi-Cal, CCS services were often excluded from
6 managed care arrangements in recognition of the specialty nature
7 of CCS services and the complicated health status of enrolled
8 children.

9 (g) Accordingly, it is the intent of the Legislature to modernize
10 the CCS program, through development of specialized integrated
11 delivery systems focused on the unique needs of CCS-eligible
12 children, to accomplish the following:

13 (1) Improve coordination and integration of services to meet
14 the needs of the whole child, not just address the CCS-eligible
15 condition.

16 (2) Retain CCS program standards to maintain access to
17 high-quality specialty care for eligible children.

18 (3) Support active participation by parents and families, who
19 are frequently the primary caregivers for CCS-eligible children.

20 (4) Established specialized programs to manage and coordinate
21 the care of CCS-enrolled children.

22 (h) It is further the intent of the Legislature to protect the unique
23 access to pediatric specialty services provided by CCS while
24 promoting modern organized delivery systems to meet the medical
25 care needs of eligible children.

26 SEC. 2. Section 14094.24 is added to the Welfare and
27 Institutions Code, to read:

28 14094.24. (a) The following definitions shall apply for
29 purposes of this section:

30 (1) “Children’s hospital” means a hospital identified in Sections
31 10727 and 10728.

32 (2) “Kids Integrated Delivery System (KIDS)” means an entity
33 selected by the department to coordinate and manage the provision
34 of Medi-Cal and CCS services for eligible children, on a county
35 or regional basis, consistent with managed care principles,
36 techniques, and practices, to ensure access to cost-effective, quality
37 care for enrolled children. A KIDS plan may include either of the
38 following organizational models:

39 (A) An entity coordinated through a children’s hospital with a
40 shared governance structure comprised of providers who are held

1 jointly accountable for achieving measured quality improvements
2 and reductions in the rate of spending growth for Medi-Cal services
3 for enrolled children.

4 (B) An entity coordinated by a CCS-approved provider with a
5 shared governance structure comprised of providers, including
6 participation by at least one children’s hospital, who are held jointly
7 accountable for achieving measured quality improvements and
8 reductions in the rate of spending growth for Medi-Cal services
9 for enrolled children.

10 (3) “Eligible child” means either of the following:

11 (A) A minor child under 21 years of age, who is eligible for
12 both Medi-Cal and the California Children’s Services Program
13 (Article 5 (commencing with Section 123800) of Chapter 3 of Part
14 2 of Division 106 of the Health and Safety Code), excluding those
15 children eligible under the program for neonatal intensive care
16 services.

17 (B) An individual up to 26 years of age, if the individual was
18 previously treated for a CCS-eligible condition in the twelve
19 months prior to his or her 21st birthday, is eligible for full-scope
20 Medi-Cal services, and voluntarily chooses to remain in a KIDS
21 plan that accepts individuals up to age 26 pursuant to its contract
22 with the department.

23 (4) “Enrollee” means an eligible child enrolled in a KIDS plan
24 and who receives Medi-Cal and CCS services through the KIDS
25 plan.

26 (b) Consistent with Sections 14093.05 and 14093.06 and the
27 requirements of this chapter, no later than January 1, 2018, in
28 counties or regions where there is no demonstration project
29 pursuant to Section 14094.3, the department shall select and enter
30 into contracts with one or more KIDS plans, to provide
31 comprehensive health care services to eligible children. In the
32 selection process, the department shall give special consideration
33 to entities that meet all of the following criteria:

34 (1) Demonstrates experience in effectively serving eligible
35 children and providing services in compliance with CCS program
36 standards and requirements.

37 (2) Includes in the KIDS plan a sufficient number of
38 CCS-paneled providers, including board-certified pediatricians,
39 CCS-approved special care centers, and other providers who have
40 been providing services to eligible children in the proposed KIDS

1 plan service area to ensure continuity of care, timely access to
2 quality services, and the least disruption to existing patient-provider
3 relationships.

4 (3) Develops the KIDS plan through a local collaborative
5 stakeholder process that includes, but is not limited to, families of
6 eligible children, local consumer advocates, CCS providers, and
7 staff of the CCS program in the county or counties in the proposed
8 KIDS plan service area.

9 (4) Incorporates specific strategies to actively engage families
10 as partners in decisions affecting the health care and well-being
11 of children enrolled in the KIDS plan.

12 (c) A KIDS plan shall do all of the following:

13 (1) Contract with the department to coordinate, integrate, and
14 provide or arrange for the full range of Medi-Cal and CCS services
15 to eligible children enrolled in the KIDS plan pursuant to this
16 subdivision.

17 (A) A KIDS plan contract shall exclude, at a minimum, specialty
18 mental health services provided by county mental health plans and
19 neonatal intensive care services. A KIDS contract may exclude
20 other Medi-Cal services, as determined by the department,
21 including, but not limited to, long-term care, transplantation, and
22 dental services.

23 (B) Benefits of the Medical Therapy Program may be provided
24 or coordinated by a KIDS plan, in collaboration and consultation
25 with the designated county CCS agency or agencies in the KIDS
26 plan service area.

27 (2) Operate under a contract with the department that satisfies
28 the requirements of this chapter, including Sections 14093.05 and
29 14093.06.

30 (3) Provide services to enrollees through a team-based,
31 patient-centered health home model, ensure that enrolled children
32 receive services in the most appropriate and least restrictive setting,
33 and adopt effective strategies to manage and coordinate care and
34 services for enrolled children.

35 (4) Report and comply with quality measures, including, but
36 not limited to, Medi-Cal Healthcare Effectiveness Data and
37 Information Set (HEDIS) measures appropriate for enrolled
38 children, the national Pediatric Quality Measurement System
39 (PQMS) for children's hospitals, and other quality measures
40 developed by the department in consultation with stakeholders.

- 1 (5) Participate in a nationally recognized pediatric patient safety
2 organization.
- 3 (6) Comply with readiness criteria, network adequacy standards,
4 and other appropriate standards applicable to Medi-Cal managed
5 care plans, as determined by the department in consultation with
6 stakeholders, and any terms of the federal approvals obtained by
7 the department.
- 8 (7) Establish and maintain a family advisory council composed
9 of families of eligible children and convene the advisory council
10 at least quarterly.
- 11 (d) (1) Contracts with KIDS plans may include opportunities
12 to share in the risk of providing services to KIDS enrollees,
13 pursuant to an agreement between the department and the KIDS
14 plan. Any shared savings that result from the implementation of
15 these arrangements shall be reinvested in services provided to
16 children enrolled in the KIDS plan.
- 17 (2) The department shall not enter into risk-sharing arrangements
18 with a KIDS plan for specific covered services unless the KIDS
19 plan is responsible for the management and authorization of those
20 services.
- 21 (3) Payments to a KIDS plan that agrees to accept risk-sharing
22 shall be actuarially sound.
- 23 (e) Eligibility for enrollment in a KIDS plan shall be determined
24 in accordance with all of the following:
 - 25 (1) Children shall be deemed eligible for enrollment in a KIDS
26 plan based on eligibility for the CCS program pursuant to Section
27 14005.26, except as provided by paragraph (2).
 - 28 (2) A child receiving neonatal intensive care unit (NICU)
29 services shall not be eligible for enrollment until the child is
30 discharged from the NICU and meets the other requirements of
31 this subdivision.
 - 32 (3) (A) To the extent that the department obtains federal
33 approval to require eligible children to enroll in an available KIDS
34 plan in order to receive Medi-Cal and CCS services, eligible
35 children shall be enrolled on a mandatory basis pursuant to this
36 section and the provisions of this chapter applicable to Medi-Cal
37 managed care plan enrollments.
 - 38 (B) Enrollment in a KIDS plan shall be, at a minimum, for the
39 period of a child's CCS eligibility plus an additional six months,
40 provided that the child remains eligible for Medi-Cal. KIDS plan

1 enrollees who continue to remain eligible for Medi-Cal may remain
2 in the KIDS plan for up to 12 months following the termination
3 of CCS eligibility if the KIDS program and the parent, guardian
4 or person responsible for care of the child agree that it is in the
5 best interests of the child.

6 (C) Pursuant to this section, and subject to necessary federal
7 approvals, if a KIDS plan becomes newly available in a service
8 area, or if a child becomes newly eligible for a KIDS plan, the
9 child shall be enrolled in the available KIDS plan. The department
10 shall determine, in consultation with counties, KIDS plans, local
11 KIDS family advisory councils, and existing Medi-Cal managed
12 care plans in the service area and the timing and process for
13 enrollment in KIDS plans to ensure a smooth transition for eligible
14 children.

15 (D) If there is more than one KIDS plan in the county or region
16 in which the child lives, the parent, guardian, or person responsible
17 for the care of the eligible child may select the KIDS plan in which
18 the child will be enrolled. If the family does not select a KIDS
19 plan, the child shall be assigned to a KIDS plan in a manner that
20 ensures the least disruption in existing patient-provider
21 relationships.

22 (E) Upon enrollment of an eligible child in a KIDS plan, the
23 parent, guardian, or person responsible for the care of the child
24 shall be informed that the child may choose to continue an
25 established patient-provider relationship if his or her treating
26 provider is a primary care provider or clinic contracting with the
27 KIDS, has the available capacity, and agrees to continue to treat
28 that eligible child. KIDS plans shall comply with the continuity
29 of care requirements in Section 1373.96 of the Health and Safety
30 Code.

31 (4) Within 30 days of notice that a child is no longer eligible
32 for a KIDS plan pursuant to this section, a child who continues to
33 be eligible for Medi-Cal shall be enrolled in the Medi-Cal delivery
34 system in the county in which he or she resides. The department
35 shall ensure that families receive information about the Medi-Cal
36 delivery systems available in their county and the process for
37 enrolling in and selecting among the available options. Children
38 disenrolling from a KIDS plan because they are no longer eligible
39 shall be enrolled in county Medi-Cal delivery systems as follows:

1 (A) If there is a Medi-Cal managed care plan in the county of
2 the child's residence, the child shall be enrolled in the managed
3 care plan. In counties where there is more than one Medi-Cal
4 managed care plan, if the family does not choose a plan for the
5 child within 30 days of notice of disenrollment from the KIDS,
6 the child shall be enrolled into the Medi-Cal managed care health
7 plan that contains his or her primary care provider. If the primary
8 care provider participates in more than one managed care health
9 plan in the county, the child shall be assigned to one of the health
10 plans containing his or her primary care provider in accordance
11 with the assignment process applicable in the county.

12 (B) In a county that is not a managed care county, children no
13 longer eligible for the KIDS plan shall be provided services under
14 the Medi-Cal fee-for-service delivery system.

15 (5) The department shall instruct KIDS plans, counties, and
16 managed care plans, by means of all-county and all-plan letters or
17 similar instruction, as to the processes to be used to enroll and
18 disenroll children in KIDS plans and to re-enroll eligible children
19 in local Medi-Cal coverage options, to ensure each child
20 experiences a smooth transition among coverage types with no
21 gap in coverage or care.

22 (6) A child who is enrolled in a KIDS plan shall retain all rights
23 to CCS program appeals and fair hearings of denials of medical
24 eligibility or of service authorizations.

25 (f) The department shall seek all necessary federal approvals to
26 ensure federal financial participation in expenditures under this
27 section. This section shall not be implemented until necessary
28 federal approvals have been obtained.

29 (g) The department may seek federal approval to require all
30 eligible children to enroll in an available KIDS plan during the
31 length of their eligibility for CCS plus an additional six months,
32 and, if the child remains eligible for Medi-Cal, to voluntarily
33 remain in the KIDS for up to 12 months following termination of
34 CCS eligibility.

35 SEC. 3. Section 14094.3 of the Welfare and Institutions Code
36 is amended to read:

37 14094.3. (a) Notwithstanding this article or Section 14093.05
38 or 14094.1, CCS covered services shall not be incorporated into
39 any Medi-Cal managed care contract entered into after August 1,
40 1994, pursuant to Article 2.7 (commencing with Section 14087.3),

1 Article 2.8 (commencing with Section 14087.5), Article 2.9
2 (commencing with Section 14088), Article 2.91 (commencing
3 with Section 14089), Article 2.95 (commencing with Section
4 14092); or either Article 2 (commencing with Section 14200), or
5 Article 7 (commencing with Section 14490) of Chapter 8, ~~until~~
6 ~~January 1, 2016, except for contracts entered into for county~~
7 ~~organized health systems or Regional Health Authority in the~~
8 ~~Counties of San Mateo, Santa Barbara, Solano, Yolo, Marin, and~~
9 ~~Napa.~~ *either or both of the following:*

10 (1) *Contracts entered into for county organized health systems*
11 *or Regional Health Authority in the Counties of San Mateo, Santa*
12 *Barbara, Solano, Yolo, Marin, and Napa.*

13 (2) *Contracts entered into pursuant to Section 14094.24.*

14 (b) Notwithstanding any other provision of this chapter,
15 providers serving children under the CCS program who are enrolled
16 with a Medi-Cal managed care contractor but who are not enrolled
17 in a pilot project pursuant to subdivision (c) shall continue to
18 submit billing for CCS covered services on a fee-for-service basis
19 until CCS covered services are incorporated into the Medi-Cal
20 managed care contracts described in subdivision (a).

21 (c) (1) The department may authorize a pilot project in Solano
22 County in which reimbursement for conditions eligible under the
23 CCS program may be reimbursed on a capitated basis pursuant to
24 Section 14093.05, and provided all CCS program's guidelines,
25 standards, and regulations are adhered to, and CCS program's case
26 management is utilized.

27 (2) During the time period described in subdivision (a), the
28 department may approve, implement, and evaluate limited pilot
29 projects under the CCS program to test alternative managed care
30 models tailored to the special health care needs of children under
31 the CCS program. The pilot projects may include, but need not be
32 limited to, coverage of different geographic areas, focusing on
33 certain subpopulations, and the employment of different payment
34 and incentive models. Pilot project proposals from CCS
35 program-approved providers shall be given preference. All pilot
36 projects shall utilize CCS program-approved standards and
37 providers pursuant to Section 14094.1.

38 (d) For purposes of this section, CCS covered services include
39 all program benefits administered by the program specified in

1 Section 123840 of the Health and Safety Code regardless of the
2 funding source.
3 (e) Nothing in this section shall be construed to exclude or
4 restrict CCS eligible children from enrollment with a managed
5 care contractor, or from receiving from the managed care contractor
6 with which they are enrolled primary and other health care
7 unrelated to the treatment of the CCS eligible condition.

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