



# CWDA

April 11, 2007

To: The Honorable Elaine Alquist  
Chair, Senate Budget Subcommittee No. 3

Honorable Members  
Senate Budget Subcommittee No. 3

From: Frank J. Mecca  
Executive Director

**Re: Medi-Cal Performance Standards Proposal**

The County Welfare Directors Association of California (CWDA) requests that you modify the administration's proposed increase in county Medi-Cal performance standards thresholds from the current 90 percent to 95 percent.

Specifically, we request: (1) modifying the implementation schedule to recognize the challenges associated with implementing the citizenship and identity documentation requirements of the federal Deficit Reduction Act (DRA) and (2) ensuring that the proposal includes the necessary tools and state support for counties to properly administer the complex Medi-Cal program.

## **Background**

The current performance standards were enacted as part of the *2003-04 Budget Act*, reflecting a negotiated compromise between the Administration, counties, consumer advocates and the Legislature. Counties report their performance on five standards related to timely processing of applications and annual redeterminations. Counties that report less than 90 percent achievement on one or more standards must enter into corrective action plans with the state. Reports are made on a two-year cycle, with all counties reporting in Year One and only those counties in corrective action reporting in Year Two. We are currently in Year Two of a cycle, meaning that the next cycle begins in January 2008. The 90 percent threshold was specifically chosen to reflect the complexity of the Medi-Cal program.

**Delay Implementation to Recognize DRA Impacts**The proposal to increase the compliance threshold to 95 percent in January 2008 overlaps the expected implementation time frame for the citizenship and identity documentation requirements. About 2 million current Medi-Cal beneficiaries, plus several hundred thousand applicants each year, will have to meet these new requirements. Counties will have to recruit new staff, train all staff on the rules, change their procedures for processing applications and annual redeterminations, and work closely with applicants and beneficiaries to secure proper documentation.

The state is working on instructions for counties to implement the changes. The draft instructions create a number of new tasks, such as reviewing case files from other human services programs to see if they contain the necessary documents, attempting to contact beneficiaries by phone multiple times to request needed information, and entering new data elements into the state's computer system for every person subject to the requirements. In addition, manual tracking of this workload will be required until the county automation systems are reprogrammed to reflect the changed rules.

Given the substantial attention and time that will be required to implement these new requirements properly in the coming months, we are concerned that increasing the performance standard thresholds at the same time will cause many counties that are otherwise considered "good performers" to enter corrective action status. For this reason, we recommend that the performance standards reporting be delayed by one year, so the next reporting cycle begins in January 2009, and that the increased performance thresholds be phased in over two reporting cycles – moving to 92 percent in the first cycle, and 95 percent in the second cycle.

This phased-in approach will allow counties to properly implement the federal citizenship and identity documentation requirements without fear of penalty and without putting a large number of counties that otherwise run strong programs into corrective action status.

#### **Provide Tools and State Support for Counties**

The Medi-Cal program is exceedingly complex, encompassing dozens of separate programs for children, families and adults and more than 150 aid codes. The program overlaps with CalWORKs, Food Stamps, In-Home Supportive Services and the child welfare system. County staff are assisted by computer eligibility systems but still must have knowledge of program rules and regulations in order to help applicants and beneficiaries successfully navigate the program.

Within this context, counties need tools and state support to accurately and effectively administer the program. In reviewing the proposal to increase the performance thresholds from 90 to 95 percent, counties identified several areas in which improved performance on their part is likely to be greatly influenced by the presence – or absence – of active support from the state to improve. These areas include:

- Providing technical assistance to counties that need improvement – We recommend that state staff be directed to work with CWDA to identify best practices in eligibility determinations and annual redetermination processing, to work with counties to disseminate those practices, and to provide technical assistance to counties needing improvement. These efforts should include, but not be limited to:
  - Reviewing county business models for tracking and processing applications and renewals and ensuring timely completion of the requirements;
  - Developing a library of training materials and desk aids for staff
  - Identifying good practices for tracking staff performance and progress on the performance measures throughout the year and for effectively managing staff in a more automated environment.
  
- Updating outdated and conflicting rules and regulations – Today, a plethora of regulations, manuals and instruction letters must be searched for answers to eligibility questions, and questions often arise that are posed to state staff who are busy with their own day-to-day work and not always able to respond timely. We recommend that the state be tasked with undertaking a review, with assistance from CWDA and advocates, of regulations, program manuals and all-county letters. The review should result in the issuance of one set of coordinated, comprehensive instructions for counties. We recognize that this would be a multi-year undertaking, but counties must have clear instructions about what they are required to do, located in one searchable document that is subsequently updated as changes are made to the program.
  
- Improve and simplify application and annual redetermination processing – A number of options exist for making the application and annual renewals more client-friendly and simpler for county staff to complete. As just a few examples, these types of changes include:
  - Simplifying the application, both for families with children and adults applying on the basis of a disability;
  - Developing check-lists and other information that will enable clients applying understand what forms and documentation are required;
  - Automatically pre-populating the annual redetermination forms with information contained in the client's record about income, family composition, and other items they are asked to report on;
  - Providing a "no changes" box for families to check if their household composition, income, and other items have stayed the same; allowing for telephone renewals.

We have provided a more detailed list of ideas to committee staff and look forward to helping flesh out this recommendation further.

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We respectfully request the adoption of placeholder trailer bill language to accomplish the above recommendations. If these modifications are made, an increase in the threshold from 90 percent to 95 percent would be acceptable. As in 2003-04, counties are not afraid of being measured on our performance, but firmly believe that reasonably achievable goals, coupled with support from the state, are critical to the success of the proposal – and the Medi-Cal program as a whole.

Thank you for your consideration of our position.

cc: Diane Van Maren, Consultant, Senate Budget Committee  
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