

## COUNTY MEDICAL SERVICES PROGRAM PROGRAM DESCRIPTION

### I. Background on CMSP

In 1982, California law was amended to eliminate the medically indigent adult (MIA) category of Medi-Cal eligibility and the population became the responsibility of counties under California Welfare and Institutions Code ("WIC") Section 17000. The County Medical Services Program (CMSP) was established in 1983 to assist counties with populations below 300,000 to address the health care needs of medically indigent adults. Currently, 34 counties participate in CMSP. Counties entered into a County Participation Agreement with the State Department of Health Services (State DHS) to participate in CMSP. County representatives provided advice on the CMSP program through participation on the Small County Advisory Committee, which was established by State DHS.

In 1995, the CMSP Governing Board (Governing Board) was established by California law to govern CMSP. The Governing Board replaced the Small County Advisory Committee and assumed overall policy and fiscal responsibility for CMSP, including setting CMSP beneficiary eligibility standards, covered benefits, and health care provider payment rates. The Governing Board is composed of eleven members. Ten are county officials elected by the CMSP counties and one is an ex-officio, non-voting representative of the California Health and Human Services Agency Secretary.

#### CMSP Benefit Administration

From the Governing Board's creation until April 2003, the Board contracted with State DHS to administer all CMSP benefits. In April 2003, the Board stopped contracting with State DHS for pharmacy benefit administration and instead contracted with MedImpact Healthcare Systems, Inc. (MedImpact). In October 2005, the Board stopped contracting with State DHS for medical, dental and vision benefit administration and contracted with Anthem Blue Cross Life and Health Insurance Company for administration of these benefits (Anthem Blue Cross). As CMSP benefits administrators, both Anthem Blue Cross and MedImpact contract with healthcare providers in CMSP counties and contiguous counties to deliver services to CMSP beneficiaries. The Governing Board contracts with State DHS for CMSP eligibility data file administration, eligibility system support, and specified information on provider payment rates.

#### *Medical Benefit Administration by Anthem Blue Cross*

CMSP medical, dental and vision benefit administration is structured as follows:

- *Benefit Coverage.* CMSP benefit coverage is comprehensive in scope for medically necessary inpatient and outpatient services and includes dental and vision benefits as determined by the Governing Board. CMSP benefit coverage *does not* cover the following services: acupuncture, chiropractic, alcohol or drug treatment

(other than heroin detoxification), mental health services (unless provided by a licensed psychiatrist), pregnancy-related services, skilled nursing care, and other services as determined by the Governing Board.

- *Treatment Authorizations.* Authorizations for medical services are determined by Anthem Blue Cross and its dental and vision benefit administration subcontractors utilizing health care industry standard practice guidelines. DentiQuest serves as the dental services subcontractor and Vision Service Plan serves as the vision services subcontractor.
- *Contracting Health Care Providers.* A wide range of health care providers contract with Anthem Blue Cross and its subcontractors (Doral Dental and Vision Service Plan) to deliver medical, dental and vision services to CMSP beneficiaries.
- *Payment for Services.* Medical, dental and vision providers receive payment according to CMSP rates set by the Governing Board. All providers that contract with Blue Cross to serve CMSP beneficiaries are paid at the contract rates set by the Board. Payment for non-emergency services provided to CMSP beneficiaries is made only to providers participating in the CMSP/Anthem Blue Cross provider network. Payment for emergency services provided by non-contracting providers in California and in border state areas of Oregon, Arizona and Nevada is paid according to rates set by the Governing Board.

#### *Pharmacy Benefit Administration by MedImpact*

CMSP pharmacy benefit administration is structured as follows:

- *Benefit Coverage.* CMSP has a generics-based drug formulary established by the Governing Board based upon clinical recommendations of a Pharmacy and Therapeutics Consultant Panel. Under the policies of this formulary, generic substitution is required for certain brand medications. Step therapies and prior authorization requirements have been established for medications in certain drug classes.
- *Treatment Authorizations.* Authorizations for pharmacy benefits are determined by MedImpact, based upon clinical guidelines approved by the CMSP Pharmacy and Therapeutics Consultant Panel. These guidelines are monitored by the MedImpact Clinical Pharmacist serving the CMSP account.
- *Contracting Health Care Providers.* Approximately 450 retail pharmacies in the 34 CMSP counties, including chain and independent pharmacies, participate in the CMSP/MedImpact pharmacy network.
- *Payment for Services.* MedImpact negotiates payment rates with all participating pharmacies within payment parameters authorized by the Governing Board.

## CMSP Eligibility Determination

CMSP eligibility requirements are substantially similar to those used for Medi-Cal. County welfare departments in the 34 participating counties conduct the eligibility process using the same welfare automation systems (CalWIN, C-IV and ISAWS) that are used to process Medi-Cal eligibility. Each individual determined eligible for CMSP is issued a State of California Benefits Identification Card ("BIC") and a Client Index Number ("CIN"). CMSP has six eligibility aid code that vary in terms of benefit coverage, share-of-cost, and certification period, which is the defined term of eligibility after which eligibility ends unless the individual reapplies for benefits.

## CMSP Funding and Budget

Participating counties provide two separate financial contributions to the Governing Board to participate in CMSP. These county contributions include the following

- A "jurisdictional risk" payment is made by each participating county to the Governing Board in accordance with dollar amounts specified in California Welfare and Institutions Code Section 16809(j). This contribution is composed of Realignment funds received by each county and is transmitted to the Governing Board via direct deposit to the State Controller.
- A County Participation Fee is paid by each participating county to the Governing Board. The amount of this fee is also set forth in the Welfare and Institutions Code under Section 16809.3. This contribution is typically composed of county general funds and is paid to the Governing Board following an annual invoice sent by the Governing Board to the participating county.

In addition to county contributions, the Governing Board receives other revenues to support CMSP. These include direct payments to the Governing Board from specified Realignment growth revenues, earned interest on various CMSP accounts, and various abatements and other collections.

For FY 2010-11, the approved CMSP Budget assumes \$288.3 million in expenditures funded by \$240.2 million in revenues received during the fiscal year along with a fund transfer from the CMSP Contingency Reserve in the amount of \$48.1 million.

*The above is a general overview of CMSP. Additional information concerning CMSP, including county specific data reports, can be found on the Governing Board's website at [www.cmspcounties.org](http://www.cmspcounties.org).*

## **II. Background on CMSP Participating County Contract**

Following creation of CMSP in 1983, counties eligible to participate in the program executed a Participation Agreement with the State DHS. Following creation of the Governing Board, counties executed a Participating County Contract for participation in CMSP with the Governing Board. The first Contract between counties and the Governing Board was executed in 1995. The Contract was amended one time in 1996

to establish the process for county risk sharing for CMSP cost over-runs (Risk Allocation Policy). No other amendments to the Participating County Contract have been made since 1996.

The Amended and Restated Participating County Contract approved by the Governing Board on March 25, 2010, was developed through a collaborative six-month process with county representatives that began in October 2009. The Amended and Restated Contract updates and clarifies existing requirements, obligations and practices. Specifically, the Contract incorporates the following changes:

- Eliminates obsolete provisions, including but not limited to certain benefit descriptions and provider payment rates.
- Clarifies existing responsibilities of the Governing Board and each participating county.
- Revises and establishes the Governing Board's approved methodology for determining funding appropriations for CMSP eligibility administration and for allocating eligibility administration funds to participating counties.
- Incorporates confidentiality provisions pertaining to protected health information (PHI) utilized by the Governing Board and participating counties.
- Provides participating counties and the Governing Board the option to terminate the Contract "without cause" with 120 days prior notice to the other party.
- Clarifies and further describes the responsibility of the Governing Board for making payments to health care providers following termination of the Agreement.
- Requires the Governing Board to adopt policies concerning all of the following:
  - Notification of participating counties regarding material changes to CMSP eligibility requirements or CMSP benefit coverage
  - Conducting of county eligibility administration audits, including the methodology for conducting audits, reporting of findings, and impacts on participating county eligibility administration allocations
  - Provider payment rates policy and the basis for payment rates.

The Amended and Restated County Participation Agreement does not:

- Change existing county financial contributions to CMSP as set by the California Welfare and Institutions Code; or,
- Change the Risk Allocation Policy adopted by the Governing Board and accepted by all CMSP counties in 1996.