



June 27, 2014

Toby Douglas
Director
California Department of Health Care Services
1501 Capitol Avenue, 6th Floor, MS 0000
Sacramento, CA 95814

Dear Mr. Douglas:

As you know, as the Centers for Medicare & Medicaid Services (CMS) has worked with states on the implementation of changes to Medicaid and CHIP eligibility and enrollment rules and procedures, we identified seven key focus areas for close attention in fulfilling these requirements. Approaching the start of the first open enrollment period, we asked states that were anticipating not being in full compliance with the rules and procedures relating to these core areas, often due to delays in systems functionality, to develop mitigation plans. These were submitted to and approved by CMS. Over time, mitigations adopted by states have been retired as systems functionality and operational capabilities came on line, and some new mitigations have been needed to address newly identified issues (such as when a new systems functionality is not performing adequately or workload volume has necessitated workarounds).

As a reminder, the seven critical success factors are:

- Ability to accept a single, streamlined application;
- Ability to convert existing state income standards to modified adjusted gross income (MAGI);
- Ability to convey state-specific eligibility rules to the Federally-Facilitated Marketplace (FFM), as applicable;
- Ability to process applications based on MAGI rules;
- Ability to accept and send application files (accounts) to and from the FFM, as applicable;
- Ability to respond to inquiries from the Marketplace on current Medicaid or CHIP coverage; and
- Ability to verify eligibility based upon electronic data sources (the Federal Data Services Hub or an approved alternative).

California has successfully enrolled over a million eligible individuals, but due to systems-related issues, it has not been able to fully process applications based on MAGI rules for a large number of individuals. We have been in active discussions with California about these delays and the state's plans to address them. I appreciate the state's continued work on these issues and

the progress achieved to date. As a next step, I am writing to formally request that within 10 business days of the date of this letter, the California Department of Health Care Services provide CMS, for review and approval, updated documentation on the application and enrollment processing delays experienced by California consumers and the state's mitigation plan to resolve each of these issues, with the degree of detail requested.

CMS has engaged with California on multiple occasions over the last six months to better understand the extent and causes of the backlog, strategies to alleviate the situation and the state's plan to address the systems and workforce issues that are contributing to the backlog. CMS has requested on multiple occasions that the state provide specific information about the issues, the solutions, the mitigations until the solutions are in place and the consumer impact in quantifiable terms. The information provided through three submissions in June (most recently June 18) has been helpful. However, as we discussed in our June 24th call, the June 18th document did not specify the number of consumers impacted by each issue (we understand there are some limitations on your ability to do that), and some issues lacked a date for the solution or a mitigation plan for addressing the problem through interim measures. This information is critical when considering California's priorities for system modifications to ensure timely processing of eligibility determinations and enrollment into Medicaid. As discussed on our June 24th call, further information is needed regarding:

- Defect fixes and upgrades to eHIT;
- Workarounds until the caching solution is in place for the SSA verifications;
- Workarounds to proactively inform consumers who are in the MEDS backlog about how they can access care pending the issuance of their Medi-Cal cards; and
- The timing of the change request and implementation of the fix the residency issue in CalHEERS and the timeline for the manual work at the county level.

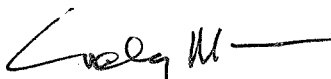
We remain available to work with you to answer any questions and to provide technical assistance on possible mitigations and additional financial support for eligibility staff in the event that we have an acceptable mitigation plan. When the plan is complete, your staff can upload the required documentation to the state's CALT folder and alert your CMS systems analyst (Nick Aretakis) via email. We have created a specific Mitigation Plan folder in the Medicaid State Collaborative Community for each state, and previously submitted mitigation plans have been migrated to each state's folder. Please either update the original mitigation plan directly in CALT or upload an addendum to their state specific Mitigation Plan folder. Please find your state's Mitigation Plan folder using this link:

https://calt.cms.gov/sf/docman/do/listDocuments/projects.medicaid_state_collaborative_com/docman.root.mitigation_plans.

Page 3 – Mr. Toby Douglas

Thank you for your continued work toward meeting these requirements. Please feel free to contact Jessica Kahn, Acting Director, Data and Systems Group, at (410)786-9361 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", followed by a horizontal line extending to the right.

Cindy Mann
Director

cc: Gloria Nagle, Associate Regional Administrator, Region IX
Jessica Kahn, Director, Data and Systems Group, CMCS
Jennifer Ryan, Director, Intergovernmental and External Affairs Group, CMCS
Eliot Fishman, Director, Children and Adults Health Programs Group, CMCS
Anne Marie Costello, Deputy Director, Children and Adults Health Programs Group, CMCS