

AMENDED IN ASSEMBLY APRIL 17, 2012

AMENDED IN ASSEMBLY MARCH 20, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2266**

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**Introduced by Assembly Member Mitchell**

February 24, 2012

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An act to add Article 3.9 (commencing with Section 14127) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 2266, as amended, Mitchell. Medi-Cal: *Enhanced Health Homes for ~~Enrollees~~ Frequent Hospital Users* with Chronic Conditions.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing federal law authorizes a state, subject to federal approval of a state plan amendment, to offer health home services, as defined, to eligible individuals with chronic conditions.

This bill would require the department, upon approval of a state plan amendment, to establish a program in at least 5 counties to provide health home services to frequent *hospital users of health services*, as ~~defined~~ *prescribed*. *This bill would require the department to prepare, or contract for the preparation of, an evaluation of the program, and to complete the evaluation and submit a report to the appropriate policy and fiscal committees of the Legislature within 18 months after*

*designated providers have been selected and have begun to seek payment.*

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 Health—~~Home~~ *Homes* for Enrollees with Chronic
- 4 Conditions option (*Health Homes option*) under Section 2703 of
- 5 the federal Patient Protection and Affordable Care Act (*Affordable*
- 6 *Care Act*) (42 U.S.C. Sec. 1396w-4)—~~is offers~~ an opportunity for
- 7 California to address ~~the needs of people who frequently use~~
- 8 ~~emergency departments for reasons that could have been avoided~~
- 9 ~~with earlier or primary care, as well as the overlapping population~~
- 10 ~~of people experiencing chronic homelessness complex,~~
- 11 ~~cooccurring, chronic, and disabling health conditions, as well as~~
- 12 ~~social determinants of poor health outcomes and high costs among~~
- 13 ~~Medi-Cal beneficiaries.~~
- 14 (b) Almost half of ~~frequent~~ *the people who frequently use the*
- 15 ~~emergency department users for reasons that could have been~~
- 16 ~~avoided with earlier or primary care~~ are homeless. *People who*
- 17 *are chronically homeless are vulnerable to frequent hospitalization.*
- 18 Frequent users who are homeless face significant difficulties
- 19 accessing regular or preventive care and complying with treatment
- 20 protocols ~~with,~~ *having* no place to store medications, an inability
- 21 to adhere to a healthy diet or maintain appropriate hygiene, frequent
- 22 victimization, and a lack of rest to recover from illness. Homeless
- 23 Medi-Cal enrollees will, in fact, continue to use costly acute care
- 24 services and actually increase their inpatient days, even if receiving
- 25 medical home services to reduce their return to the hospital.
- 26 (c) Increasingly, health providers are partnering with community
- 27 *behavioral health, social services—~~or,~~ and housing providers* to
- 28 offer a person-centered interdisciplinary system of care that
- 29 includes intensive paraprofessional care coordination or case
- 30 management, *often in supportive housing.* Programs that offer
- 31 intensive *and comprehensive* care coordination to frequent
- 32 ~~emergency department hospital~~ users integrate primary care,
- 33 behavioral health care, and social services, and facilitate

1 coordination of care among health systems, making this model an  
2 ideal health home that fosters a “whole person” orientation.

3 (d) Data show that programs providing intensive *case*  
4 *management and* care coordination, including connecting homeless  
5 *to and sustaining* people ~~to~~ *in* housing, decrease Medicaid costs  
6 within a year *by reducing avoidable emergency department visits,*  
7 *hospital admissions, and readmissions.* A randomized study of  
8 chronically homeless frequent users receiving intensive ~~care~~  
9 ~~coordination~~ *case management* in housing demonstrated that every  
10 100 participants experienced 270 fewer hospitalizations, 116 fewer  
11 emergency department visits, and 2,000 fewer nursing home days  
12 *decreases in hospital admission rates of 46 percent, hospital days*  
13 *of 46 percent, and emergency department visits of 36 percent after*  
14 *18 months of intervention, compared to a control group receiving*  
15 *usual care.* Medi-Cal beneficiaries participating in  
16 foundation-funded frequent user programs experienced reductions  
17 in Medi-Cal ~~hospital~~ costs of three thousand eight hundred  
18 forty-one dollars (\$3,841) per beneficiary after one year and seven  
19 thousand five hundred nineteen dollars (\$7,519) per beneficiary  
20 per year after two years, while drastically improving clinical  
21 outcomes.

22 (e) *Additionally, the Massachusetts Office of Medicaid, as*  
23 *another example, reported that its Medicaid Program offering*  
24 *intensive interdisciplinary services and connecting chronically*  
25 *homeless individuals to housing reduced Medicaid costs by 67*  
26 *percent for a total cost decrease of nine thousand eight hundred*  
27 *ten dollars (\$9,810) per resident, even when considering the costs*  
28 *of housing.*

29 (f) *Federal guidelines allow the state to access enhanced federal*  
30 *matching rates under the Health Homes option for multiple target*  
31 *populations to achieve more than one policy goal.*

32 SEC. 2. Article 3.9 (commencing with Section 14127) is added  
33 to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions  
34 Code, to read:

35  
36 Article 3.9. ~~Enhanced Health Home Homes for Enrollees~~  
37 *Frequent Hospital Users with Chronic Conditions*  
38

39 14127. For the purposes of this article, the following definitions  
40 shall apply:

1 (a) “Department” means the State Department of Health Care  
2 Services.

3 ~~(b) “Eligible program” means a team comprised of a nonprofit  
4 organization or entity, including a private hospital, a public hospital  
5 or county, a community clinic, and social service providers, that  
6 elects to participate in the program pursuant to this article and that  
7 meets the criteria described in federal guidelines. For the purposes  
8 of this article, “eligible program” shall include health home teams  
9 that incorporate social service providers.~~

10 (b) *“Eligible individual” means an individual who meets the  
11 criteria defined by the department consistent with subdivision (c)  
12 of Section 14127.1 for eligibility for enhanced health home services  
13 identified in subdivision (b) of Section 14127.2.*

14 (c) *“Enhanced health home” means a designated provider, such  
15 as a physician, clinical practice or clinical group practice, rural  
16 health clinic, community health center, community mental health  
17 center, home health agency, or any other entity or provider,  
18 operating or proposing to operate in coordination with a team of  
19 health care professionals, such as physicians, nurse care  
20 coordinators, nutritionists, social workers, behavioral health  
21 professionals, and paraprofessionals, that satisfies all of the  
22 following:*

- 23 (1) *Meets the criteria described in federal guidelines.*
- 24 (2) *Offers a whole person approach.*
- 25 (3) *Coordinates or proposes to coordinate services for all of  
26 the needs of eligible individuals.*
- 27 (4) *Elects to participate in the program pursuant to this article.*
- 28 (5) *Offers services in a range of settings, including the eligible  
29 individual’s home.*

30 ~~(e)~~  
31 (d) “Federal guidelines” means all federal statutory guidance,  
32 and all regulatory and policy guidelines issued by the federal  
33 Centers for Medicare and Medicaid Services regarding the Health  
34 Homes for Enrollees with Chronic Conditions option under Section  
35 2703 of the federal Patient Protection and Affordable Care Act  
36 (42 U.S.C. Sec. 1396w-4), including the State Medicaid Director  
37 Letter issued on November 16, 2010.

38 ~~(d) “Frequent user of health services” means an adult who has  
39 undergone emergency department treatment on five or more  
40 occasions in the past 12 months or on eight or more occasions in~~

1 the last 24 months, who would benefit from the provision of  
2 multidisciplinary services, and who has two or more of the  
3 following risk factors:

4 (1) On one or more occasions within the last 24 months, the  
5 individual was diagnosed with two or more chronic conditions that  
6 require management of symptoms, medications, health care, or  
7 changes in lifestyle or risk-related behaviors. These conditions  
8 may include specific conditions the department identifies based  
9 on data collected pursuant to Section 14127.1.

10 (2) On one or more occasions within the last 24 months, the  
11 individual was diagnosed, or, in the judgment of an emergency  
12 department physician, would likely be diagnosed, if provided a  
13 mental assessment, with an Axis I or Axis II mental disorder  
14 identified in the Diagnostic and Statistical Manual of Mental  
15 Disorders, Fourth Edition.

16 (3) On one or more occasions within the last 24 months, the  
17 individual was diagnosed, or, in the judgment of an emergency  
18 department physician, would likely be diagnosed, if provided an  
19 assessment, with a substance use disorder, including substance  
20 dependence and substance use problems, that interferes with the  
21 individual's health or appropriate utilization of health services.

22 (4) The individual is homeless.

23 (e) "Homeless" has the same meaning as that term is defined  
24 in Section 91.5 of Title 24 of the Code of Federal Regulations. *An*  
25 *adult is "chronically homeless" if he or she has a disability and*  
26 *has experienced homelessness for longer than a year, or for four*  
27 *or more episodes over three years.*

28 (f) "Stakeholders" includes, but is not limited to, the Frequent  
29 Users of Health Services Initiative program participants, other  
30 frequent user programs the department selects, the Corporation  
31 for Supportive Housing, the California Mental Health Directors  
32 Association, community clinic representatives, the California  
33 Hospital Association or the California Association of Public  
34 Hospitals, and representatives from other disciplines that represent  
35 the needs of frequent users of health services.

36 14127.1. (a) No later than ~~July 1, 2013~~ *January 1, 2014*, the  
37 department shall do all of the following:

38 (1) ~~Collect data to determine conditions that are most prevalent~~  
39 ~~among frequent users of health services, as defined in subdivision~~

1 ~~(d) of Section 14127, whose high costs could be avoided with more~~  
2 ~~appropriate care.~~

3 ~~(2)~~

4 ~~(1) Design, in consultation with stakeholders with opportunity~~  
5 ~~for public comment, a program to provide enhanced health home~~  
6 ~~services to frequent users of health care services persons at high~~  
7 ~~risk of avoidable and frequent use of hospital services due to~~  
8 ~~complex cooccurring health and behavioral health conditions.~~

9 ~~(2) Upon a request for proposals process, select providers in~~  
10 ~~accordance with subdivision (c) of Section 14127.2, as designated~~  
11 ~~providers working in coordination with health care providers~~  
12 ~~under the Health Homes option state plan amendment.~~

13 ~~(3) Submit any necessary application applications to the federal~~  
14 ~~Centers of Medicare and Medicaid Services for a state plan~~  
15 ~~amendment under Section 2703 of the federal Patient Protection~~  
16 ~~and Affordable Care Act (42 U.S.C. Sec. 1396w-4), the Health~~  
17 ~~Homes for Enrollees with Chronic Conditions option, the Health~~  
18 ~~Homes option to provide enhanced health home services to~~  
19 ~~Medi-Cal beneficiaries, to newly eligible Medi-Cal beneficiaries~~  
20 ~~upon Medicaid expansion under the Affordable Care Act, and Low~~  
21 ~~Income Health Program (LIHP), if applicable, in counties with~~  
22 ~~Low Income Health Programs (LIHPs) willing to match federal~~  
23 ~~funds, to enrollees who are frequent users of health services of the~~  
24 ~~LIHP.~~

25 ~~(b) The department shall commence implementation of a~~  
26 ~~program in accordance with the Health Homes for Enrollees with~~  
27 ~~Chronic Conditions option (42 U.S.C. Sec. 1396w-4) on the first~~  
28 ~~day of the third month following the month in which federal~~  
29 ~~approval of the state plan amendment sought pursuant to~~  
30 ~~subdivision (a) is received.~~

31 ~~(c) The program established pursuant to this article shall provide~~  
32 ~~services to Medi-Cal beneficiaries in addition to an individual's~~  
33 ~~existing Medi-Cal benefits, and, in counties with LIHPs that are~~  
34 ~~willing to provide state matching funds, to enrollees of the LIHP~~  
35 ~~implemented through California's Bridge to Reform Section~~  
36 ~~1115(a) Medicaid Demonstration, and shall be designed to reduce~~  
37 ~~a participating individual's use of hospital emergency departments~~  
38 ~~when more effective care, including primary, specialty, and social~~  
39 ~~services, can be provided in less costly settings.~~

1 (b) The program established pursuant to this article shall  
2 provide services to Medi-Cal beneficiaries, to newly enrolled  
3 Medi-Cal beneficiaries upon implementation of Medicaid  
4 expansion under the Affordable Care Act, and, if applicable, in  
5 counties with a LIHP established under California's Bridge to  
6 Reform Section 1115(a) Medicaid Demonstration implemented on  
7 November 1, 2010, willing to match federal funds, to enrollees of  
8 the LIHP. The program established pursuant to this article shall  
9 be designed to reduce a participating individual's avoidable use  
10 of hospitals when more effective care, including primary and  
11 specialty care, and social services, can be provided in less costly  
12 settings.

13 (c) The department shall seek, to the extent permitted by federal  
14 law, to define the population of eligible individuals experiencing  
15 both of the following:

16 (1) Two or more of the following current diagnoses:

17 (A) Mental health disorders identified by the department as  
18 prevalent among frequent hospital users.

19 (B) Substance abuse or substance dependence disorders.

20 (C) Chronic or life-threatening medical conditions identified  
21 by the department as prevalent among frequent hospital users.

22 (D) Significant cognitive impairments associated with traumatic  
23 brain injury, dementia, or other causes.

24 (2) Two or more of the following indicators of severity:

25 (A) Frequent inpatient hospital admissions, including long-term  
26 hospitalization for medical, psychiatric, or substance abuse related  
27 conditions.

28 (B) Excessive use of crisis or emergency services or inpatient  
29 hospital care with failed linkages to primary care or behavioral  
30 health care.

31 (C) Chronic homelessness.

32 (D) History of inadequate follow-through, related to risk factors,  
33 with elements of a treatment plan, including lack of follow through  
34 in taking medications, following a crisis plan, or achieving stable  
35 housing.

36 (E) Two or more episodes of use of detoxification services.

37 (F) Medication resistance due to intolerable side effects, or  
38 illness interfering with consistent self-management of medications.

39 (G) Self-harm or threats of harm to others.

40 (H) Evidence of significant complications in health conditions.

1 14127.2. (a) In accordance with federal guidelines, the state  
 2 may limit the availability of services geographically, but shall  
 3 *select designated providers* to implement the program in at least  
 4 five counties; provided, ~~however,~~ that providers meet ~~federal~~  
 5 criteria *identified in subdivision (c)* in each county designated.  
 6 ~~Providers may include nonlicensed professional or paraprofessional~~  
 7 ~~staff, including social workers.~~

8 (b) (1) ~~Services~~ *Subject to federal approval, services* provided  
 9 under the program established pursuant to this article shall include;  
 10 ~~but need not be limited to,~~ *individual, multidisciplinary services*  
 11 *and supports available for eligible individuals to decrease*  
 12 *hospitalizations and crisis episodes, reduce medical risks, and*  
 13 *increase functioning to achieve and maintain rehabilitative,*  
 14 *resiliency, and recovery goals. At least 60 percent of the services*  
 15 *shall be provided in natural settings, including services delivered*  
 16 *in an eligible individual’s home. Services shall consist of all of the*  
 17 *following:*

18 (A) ~~Individualized~~ *Comprehensive and individualized* intensive  
 19 face-to-face outreach, ~~care coordination,~~ *engagement,* and case  
 20 management.

21 ~~(B) Money management services and education.~~

22 (B) *Care coordination and health promotion, including*  
 23 *connection to medical, mental health, and substance abuse care.*

24 (C) *Comprehensive transitional care from inpatient to other*  
 25 *settings, including appropriate follow-up.*

26 (D) *Individual and family support, including authorized*  
 27 *representatives.*

28 (E) *Referral to other relevant community and social services*  
 29 *supports.*

30 (F) *Health information technology to identify eligible individuals*  
 31 *and link services, if feasible and appropriate.*

32 (G) *Prevention and therapeutic interventions to facilitate*  
 33 *stabilization.*

34 (H) *Illness self-management.*

35 ~~(C)~~

36 (I) *Transportation to appointments needed to manage health*  
 37 *needs.*

38 ~~(D) Life skills training.~~

39 ~~(E)~~

40 (J) *Peer and recovery support.*

1 ~~(F) Prevocational and vocational services.~~

2 ~~(G) Employment support services.~~

3 ~~(H)~~

4 (K) Housing location *and tenancy support* services for  
5 participants who are homeless or unstably housed.

6 (2) Beneficiaries may require less intensive services or graduate  
7 completely from the program upon stabilization.

8 ~~(e) The selection of the eligible programs shall be based on~~  
9 ~~criteria that shall be developed by the department pursuant to~~  
10 ~~federal guidelines and in consultation with stakeholders. The~~  
11 ~~criteria for participation as a program shall include at least all of~~  
12 ~~the following:~~

13 (c) *The department shall select designated providers operating*  
14 *with a team of health care professionals that have all of the*  
15 *following:*

16 (1) *A designated lead provider that is a community clinic, a*  
17 *provider of mental health services pursuant to the Adult and Older*  
18 *Adult Mental Health System of Care Act (Part 3 (commencing with*  
19 *Section 5800) of Division 5), or a hospital.*

20 ~~(1)~~

21 (2) *Demonstrated experience working with the frequent hospital*  
22 *users of health services population, with documentation of*  
23 *experience reducing emergency department visits and hospital*  
24 *inpatient days among the population served.*

25 (3) *Demonstrated experience working with people experiencing*  
26 *chronic homelessness.*

27 ~~(2)~~

28 (4) *The capacity and administrative infrastructure to participate*  
29 *in the program, including the ability to meet requirements of federal*  
30 *guidelines identified in the State Medicaid Director letter dated*  
31 *November 16, 2010, regarding Health Homes for Enrollees with*  
32 *Chronic Conditions.*

33 ~~(3)~~

34 (5) *Documented ability to provide or to link clients with*  
35 *appropriate community-based services, including intensive*  
36 *individualized face-to-face care coordination, primary care,*  
37 *specialty care, mental health treatment, substance abuse treatment,*  
38 *peer and recovery support, permanent or transitional housing, and*  
39 *transportation, money management, prevocational and vocational*  
40 *services, and employment support.*

1 ~~(4) A plan to offer services to a point-in-time caseload of at~~  
 2 ~~least 100 clients on a voluntary basis.~~  
 3 (6) *Experience working with supportive or other permanent*  
 4 *housing providers.*  
 5 ~~(5)~~  
 6 (7) Support of essential community hospitals, particularly the  
 7 hospital or hospitals serving a high proportion of Medi-Cal patients,  
 8 such as disproportionate share hospitals.  
 9 (8) *A viable plan, with roles identified among providers of the*  
 10 *enhanced health home, to do all of the following:*  
 11 (A) *Reach out to and engage frequent hospital users and*  
 12 *chronically homeless eligible individuals.*  
 13 (B) *Connect eligible individuals who are homeless or*  
 14 *experiencing housing instability to permanent housing, including*  
 15 *supportive housing.*  
 16 (C) *Ensure eligible individuals receive whatever integrated*  
 17 *services are needed to access and maintain health stability,*  
 18 *including medical, mental health, and substance abuse care and*  
 19 *social services to address social determinants of health.*  
 20 (D) *Track, maintain, and provide outcome data to the evaluator*  
 21 *described in Section 14127.4.*  
 22 (E) *Identify appropriate funding sources for the nonfederal*  
 23 *share of costs of services for the first eight quarters of*  
 24 *implementation of the program.*  
 25 ~~14127.3. (a) The state shall provide for the nonfederal share~~  
 26 ~~of costs for services provided to individuals under this article.~~  
 27 ~~(b)~~  
 28 14127.3. (a) This section shall not be construed to preclude  
 29 local entities, health plans, or foundations from contributing the  
 30 nonfederal share of costs for services provided under this program.  
 31 ~~(e)~~  
 32 (b) This article shall not be construed to limit the department  
 33 in targeting additional populations or creating additional programs  
 34 under the Health Homes for Enrollees with Chronic Conditions  
 35 option.  
 36 14127.4. (a) The department shall prepare, or contract for the  
 37 preparation of, an evaluation of the ~~frequent users~~ program  
 38 *identified in this article.* The department shall seek out and utilize  
 39 only private funds to fund the evaluation. The department, within  
 40 18 months after ~~programs~~ *designated providers* have been selected

1 and have begun to seek ~~reimbursement~~ *payment*, shall complete  
2 the evaluation and submit a report to the appropriate policy and  
3 fiscal committees of the Legislature.

4 (b) The requirement for submitting the report imposed under  
5 subdivision (a) is inoperative four years after the date the report  
6 is due, pursuant to Section 10231.5 of the Government Code.

7 14127.5. This article shall be implemented only if federal  
8 financial participation is available and the federal Centers for  
9 Medicare and Medicaid Services approves the state plan  
10 amendment sought pursuant Section ~~14427.1~~ *14127.1*, and only  
11 to the extent ~~nonstate funds~~ *non-General Fund moneys* are  
12 available for use as the nonfederal share during the first eight  
13 quarters of implementation.

O