

January 13, 2025

To: Michelle Baass, Director, Department of Healthcare Services

Cc: Sarah Brooks, Chief Deputy Director, Department of Healthcare Services
Joseph Billingsley, Assistant Deputy Director, Integrated Systems of Care Division, Department of Healthcare Services
Xiomara Watkins-Breschi, HCBS Operations Branch Chief, Department of Healthcare Services
Nichole Kessel, HCBS Policy Branch Chief
Glenn Tsang, Policy Advisor for Homelessness and Housing, Department of Healthcare Services
Kim Johnson, Secretary, Health and Human Services Agency
Richard Figueroa, Deputy Cabinet Secretary
Tyler Sadwith, State Medicaid Director, Department of Healthcare Services
Kim McCoy-Wade, Senior Advisor on Aging, Disability, and Alzheimer's, Office of the Governor
Corrin Buchanan, Deputy Secretary for Policy and Strategic Planning, California Health & Human Services Agency

From: The Aging and Disability Homelessness Advocacy Coalition

Re: Access to Home and Community-Based Alternatives-Assisted Living Waiver (HCBA) for Medi-Cal Beneficiaries Experiencing Homelessness

Dear Director Baass,

As community stakeholders—including family caregivers, advocates, and organizations serving Medi-Cal beneficiaries across California—we are deeply concerned about the ongoing barriers to accessing Home and Community-Based Alternatives (HCBA) waiver services. This program provides essential in-home care that keeps individuals with complex medical needs—whether children with disabilities, adults with chronic conditions, or older adults—safe and supported within their homes and communities. Despite the clear benefits of the program, including significant cost savings⁽¹⁾ from avoiding expensive institutional care, the limited capacity of the HCBA waiver and the long waiting lists are preventing many from receiving the services they desperately need.

In addition to capacity concerns, we are troubled by the proposed transition of HCBA waiver services to managed care plans. There is widespread concern that individuals currently relying on the waiver may not receive the same level or quality of care during and after the transition. Managed care plans may lack the specialized knowledge, provider networks, and infrastructure needed to serve HCBA waiver beneficiaries effectively. This raises significant concerns about continuity of care and whether Medi-Cal beneficiaries will continue to access services that not only improve their quality of life but also provide cost-effective alternatives to institutionalization and acute healthcare interventions.

As stakeholders who have witnessed the positive impact and cost-efficiency of the HCBA waiver, our priority is ensuring that the transition does not disrupt these critical services or reduce access for eligible individuals.

To this end, we urge DHCS to consider the following recommendations:

1. **Make HCBA waiver enrollment accessible to all eligible individuals** by adding 10,000 slots annually, starting in 2024. We acknowledge that DHCS is increasing waiver slots by 1,800 per year; however, this incremental increase falls far short of addressing current demand, as demonstrated by the thousands of individuals currently waiting to access essential care and services.
2. **Enhance the stakeholder process to ensure effective transition planning.** We understand that a stakeholder process is currently underway; however, we want to ensure it is meaningful and impactful by establishing an advisory group that works closely with DHCS and any external agencies involved. Transitioning HCBA waiver services to managed plan administration is a significant shift with critical implications for vulnerable beneficiaries, waiver agencies, service providers, and Managed Medi-Cal Plans (MCPs). To further strengthen engagement, we recommend implementing an application process to provide diverse representation and give all interested stakeholders an opportunity to contribute. This advisory group should play an active role in setting meeting agendas, reviewing and responding to proposed policy guide changes, and providing recommendations on all aspects of the transition plan. Engagement of this kind will support a smoother transition and improve the likelihood of successful outcomes for all stakeholders.

We recommend that the stakeholder advisory group develop a transition plan that includes the following:

- a. **Pilot transition of HCBA waiver services to MCP administration in a small number of counties** to inform whether and how to make the transition statewide. Implementing the change at a small scale allows for the assessment of feasibility and provides an opportunity to identify key aspects of a successful transition in advance of a statewide roll-out.
- b. **Stage a phased transition if HCBA waiver services are to be administered by Managed Medi-Cal Plans statewide.** Should DHCS elect to transition HCBA waiver services to managed plan administration statewide, adopting a phased implementation approach will protect the health and safety of beneficiaries, avoid disruption of services, and support MCPs in successfully operationalizing HCBA waiver-type services for institutionally frail members. Since the specific federal (CMS) framework for the proposed transition has not yet been determined, certain aspects of the following recommendations may not

be compatible with the regulatory structure that is ultimately adopted. The stakeholder work group should develop a transition plan that meets the needs of stakeholders (beneficiaries, providers, DHCS, MCPs), such as the one detailed below, which can be adapted to the regulatory framework once established.

Stage 1:

- MCPs would assume responsibility for managing the implementation of the HCBA waiver program as a complete and fully functioning program. MCPs would be expected to contract with HCBA waiver agencies for administration of services, using the same enrollment forms and process, standards for program eligibility, and waiver service providers. This would allow MCPs to relieve DHCS of waiver service administration while ensuring HCBA waiver benefits and services continue uninterrupted. HCBA waiver beneficiaries would continue to receive the same services from the same providers. This approach also provides MCPs an opportunity to understand the care needs of the HCBA waiver population, the provider network, and the mechanics of service administration without disrupting services for vulnerable beneficiaries.
 - ◆ This is an evidence-based approach, supported by experience gained in the roll-out of CalAIM. Medical respite services have been one of the most successful and accessible Community Supports because MCPs acquired a network of existing respite programs built under Whole Person Care, rather than trying to create new program services.

Stage 2:

- MCPs would integrate HCBA waiver-type services into their LTSS suite of benefits once they pass a set of readiness tests, which would include having:
 - ◆ A fully established process to assess and enroll eligible individuals, authorize required services, and process provider claims, complete with all required forms, process guides, and IT infrastructure.
 - ◆ Staff hired and trained to administer all aspects of the program, including client assessment and enrollment, service authorization, and claims processing.
 - ◆ Demonstrated network adequacy for service providers of all HCBA waiver service types.

Without access to the HCBA waiver program, highly vulnerable individuals across the state—including children with severe disabilities, adults with functional impairments, and those with chronic care needs—are left without the home-based services they rely on. **Lack of access to HCBA services results in avoidable long-term institutional placement, which are resource-intensive and lead to a wide range of poor outcomes.**

We remain steadfast in our commitment to ensuring that all qualifying Medi-Cal beneficiaries receive the care they need in the setting of their choice. By advocating for an increase in the number of slots, we not only aim to alleviate the current waitlist backlog but also accommodate individuals who may qualify but have refrained from applying due to the limited availability of the waiver program.

The HCBA waiver has provided critical services to thousands of Californians, helping them stay in their homes and communities. We strongly urge DHCS to increase the waiver's capacity and ensure that the shift to managed care does not interrupt the services individuals depend on by engaging stakeholders in a meaningful way throughout the process. Failing to act risks leaving many beneficiaries without the support necessary for their well-being.

We appreciate DHCS's consideration of these recommendations and look forward to your continued collaboration to strengthen the HCBA waiver program, ensuring that it continues to meet the diverse needs of California's most vulnerable residents. Please direct any questions regarding this letter to Alexis Chettiar, CEO Cardea Health, at alexis.chettiar@cardeahealth.org

Sincerely,

The Aging and Disability Homelessness Advocacy Coalition



Members Include:

Cardea Health
Front Porch
Institute on Aging
Jewish Family Service of Los Angeles
Justice in Aging
LeadingAge California

CalPACE
Senior Services Coalition of Alameda County
State Council on Developmental Disabilities
Corporation for Supportive Housing
People with Lived Experience of Homelessness
Aging Policy Consultants

National Alliance to End Homelessness

Cost Estimates

	Annual cost savings per member	Estimated proportion of waiver beneficiaries coming from this setting
<i>Beneficiary transitioning from a nursing home</i>	\$80,895 ⁽²⁾	60% ⁽³⁾
<i>Beneficiaries coming out of unsheltered homelessness</i>	\$121,603 ⁽¹⁾	15% ⁽⁴⁾
<i>Pediatric beneficiaries</i>	\$412,669 ⁽⁵⁾	16% ⁽⁶⁾
<i>Beneficiaries enrolled from the community</i>	Data not available; assumed to be no savings	9%.
<i>Average savings per beneficiary</i>	\$132,804 ⁽⁷⁾	<i>Total savings, across all populations = \$2,177,985,600 ⁽⁸⁾</i>

Assumptions (Reference available upon request)

- (1) Annual cost savings per member of \$121,603 (\$53,397 annual cost of HCBA services subtracted from \$175,000 annual cost reduction due to fewer ED visits, inpatient admissions, and SNF utilization). \$53,397 average annual cost of services is provided by DHCS.
- (2) Nursing home cost for Medi-Cal beneficiaries is estimated at \$134,292, minus \$53,397 for HCBA services equals \$80,895 annual cost savings
- (3) Per DHCS HCBA waiver cost analysis
- (4) This figure estimates that 25% of the total unsheltered HCBA-eligible population (2,160 individuals) would enroll in HCBA waiver services.
- (5) Pediatric Subacute facility cost is estimated at an average of \$466,066 minus \$53,397 for HCBA services equals \$412,669 annual cost savings
- (6) Per DHCS HCBA utilization statistics October 2023
- (7) Weighted average, based on cost savings by sub-population
- (8) Assumes enrollment of 16,400 beneficiaries; which is the number required to serve all active and waitlisted members, plus an estimated 2160 HCBA-eligible people experiencing homelessness.