

California Department of Health Care Services
Proposed Trailer Bill Legislation

Eliminate Certain Optional Benefits

FACT SHEET

Background: The federal government requires states that participate in Medicaid to provide certain benefits, referred to as mandatory benefits, and state may elect to provide certain additional benefits, referred to as optional benefits. This proposal will eliminate the following optional Medi-Cal benefits:

- Hearing Aids
- Physical Therapy
- Occupational Therapy
- Orthotics
- Independent Rehabilitation Facilities
- Outpatient Heroin Detoxification
- Medical Supplies
- Prosthetics
- Durable Medical Equipment

Hearing Aids

Hearing aids were established as an optional benefit prior to 1988. Hearing aids have been provided as monaural (single) or binaural (dual). Medi-Cal has covered hearing aids when supplied by a hearing aid dispenser through the prescription of an otolaryngologist, or the attending physician when no otolaryngologist is available in the community. Effective July 1, 2009, Medi-Cal does not provide audiology services as a covered benefit except for certain beneficiaries.

Physical Therapy

Physical therapy services were established as an optional benefit in California prior to 1988. Physical therapy services have been available when ordered on the written prescription of a physician, dentist or podiatrist and rendered by a Medi-Cal provider. Physical therapy services include physical therapy evaluation, treatment planning, treatment, instruction, consultative services, and application of topical medications. Services have been limited to treatment necessary to prevent or reduce anticipated hospitalization, or to continue a necessary plan of treatment after discharge from the hospital.

Occupational Therapy

Occupational therapy services were established as an optional benefit prior to 1988. Occupational therapy services have been available when ordered on the written prescription of a physician, dentist or podiatrist and rendered by a Medi-Cal provider. Services have been limited to those services necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain.

Orthotics

Orthotics were established as an optional benefit prior to 1988, and are orthopedic appliances or apparatus used to support, align, prevent, or correct deformities or to improve the function of movable parts of the body. Orthotics services have been limited to those necessary to protect life, prevent significant illness or significant disability or alleviate severe pain. Prescribed orthotics appliances have been covered only if medically necessary to restore bodily functions essential to activities of daily living, prevent significant physical disability or serious deterioration of health or alleviate severe pain.

Independent Rehabilitation Facilities

Independent Rehabilitation Facilities provide services for the Medical Therapy Program, a special program within California Children's Services. The Program has provided physical therapy, occupational therapy and medical therapy conference services for children who have handicapping conditions, generally due to neurological or musculoskeletal disorders. Examples of qualifying conditions include: Cerebral Palsy, Spina Bifida, and Muscular Dystrophy.

Outpatient Heroin Detoxification

Outpatient Heroin Detoxification services were established as an optional benefit prior to 1988. Outpatient heroin detoxification services have included the administering or furnishing by a physician (or under the ongoing supervision of a physician) of either of the following:

- Methadone as a substitute narcotic drug in decreasing doses to reach a drug-free state in a period not to exceed 21 days, or
- Non-narcotic drugs to reduce or eliminate an individual's dependence on heroin or other morphine-like drugs over a period not to exceed 21 days.

Outpatient Heroin Detoxification services are not part of the Drug Medi-Cal Rehabilitation program administered by the Department of Alcohol and Drug Programs.

Medical Supplies

Medical supplies were added as a benefit of the program in 1976. California Code of Regulations, Title 22, section 51320 lists medical supplies as a benefit when prescribed by a physician. Section 51520 sets reimbursement at estimated acquisition cost plus 23 percent with the reimbursement not to exceed the price charged to the general public. Welfare and Institutions Code Section 14105.47

establishes the Maximum Allowable Product Cost and the procedure for establishing it. Examples of products included in the medical supply benefit include test strips and syringes used for diabetes, tracheostomy breathing tubes, gastrostomy supplies, urinary catheters, wound dressings and IV infusion supplies.

Prosthetics

Prosthetic services were established as an optional benefit prior to 1988. A prosthetic is an artificial substitute or replacement of a part of the body such as an eye, a facial bone, the palate, a hip, a knee or another joint, the leg, an arm, etc. Prosthetic services have been limited to those necessary to protect life, prevent significant illness or significant disability or alleviate severe pain. Prescribed prosthetics have been covered only as medically necessary to restore bodily functions essential to activities of daily living, prevent significant physical disability or serious deterioration of health or alleviate severe pain.

Durable Medical Equipment

Durable Medical Equipment (DME) was established as an optional benefit prior to 1988. Medi-Cal has covered DME when provided on the written prescription of a licensed practitioner within the scope of his/her practice. DME items include: ambulation devices, bathroom equipment, decubitus care equipment, hospital beds and accessories, patient lifts, traction and trapeze equipment, communication devices, IV equipment, oxygen and respiratory equipment, and wheelchairs and accessories. Prescribed DME items have been covered as medically necessary only to preserve bodily functions essential to activities of daily living or to prevent significant physical disability.

Why is this change needed?

California is facing a multi-billion dollar shortfall, and Medi-Cal, as the second largest General Fund expenditure after education, must be part of the effort to reduce state costs. These actions will reduce the services provided under these programs and will therefore reduce Medi-Cal expenditures.

This proposal will eliminate these optional benefits from the Medi-Cal program.

Exemptions for these eliminated services include:

- Physician services, including medical and surgical services provided by a doctor of dental medicine or dental surgery, which, if provided by a physician, would be considered physician services, and which services may be provided by either a physician or a dentist in this state, are covered.
- Pregnancy-related services and services for the treatment of other conditions that might complicate the pregnancy are not excluded from coverage under this section.
- The optional benefit exclusions do not apply to either of the following:

- Beneficiaries under the Early and Periodic Screening Diagnosis and Treatment Program:
- Beneficiaries receiving long-term care in a nursing facility that is both:
 - (A) A skilled nursing facility or intermediate care facility as defined in subdivisions (c) and (d) of Section 1250 of the Health and Safety Code, and
 - (B) Licensed pursuant to subdivision (k) of Section 1250 of the Health and Safety Code.

The proposal shall only be implemented to the extent permitted by federal law.

Potential for opposition, if yes, why.

There would be opposition to this proposal by advocates, provider groups, and welfare rights organization. The opposition may indicate that this eliminates critical care for beneficiaries, may cause complications with existing medical conditions, and may cause additional expense if beneficiaries seek these services in an emergency room setting. Opposing groups may also indicate that the elimination of the disposable medical supply benefit will cause a significant number of patients, currently managing conditions such as ostomies, diabetes, tracheostomy, and/or IV therapy at home, to shift the management of these chronic conditions to acute or long-term care facilities, thus overburdening the resources of these systems of care.

Eliminating access to medical supplies from pharmacies and medical supply providers may likely result in a cost shift to Emergency Rooms, Acute Care Facilities, and Nursing Facilities to the extent that beneficiaries exhaust their ability to purchase and replenish the disposable supply items.

Is there a BCP associated with this language (yes or no)? No.

Any other brief information that is relevant/important to highlight so that one can fully understand the issue that is being presented.

Future Managed Care capitation rates will require adjustment to reflect the elimination of these benefits.