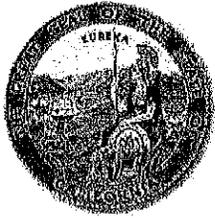


State of California HEALTH AND HUMAN SERVICES AGENCY



DIANA S. DOOLEY
SECRETARY

July 2, 2013

On May 1, 2013, pursuant to Chapter 28, Statutes of 2012 (AB 1494), we submitted the Healthy Families Program Transition to Medi-Cal Phase 3 Implementation Plan and Network Adequacy Assessment Report. Phase 3 is scheduled to begin on August 1, 2013.

Today, we submit an addendum to the Phase 3 Network Adequacy Assessment Report. It describes the follow-up work that the Department of Managed Health Care (DMHC) and the Department of Health Care Services conducted with the health plans regarding the rates of overlap between primary care providers in the Healthy Families Program and Medi-Cal managed care networks and the status of Medi-Cal managed care plan subcontracts with Kaiser Foundation Health Plan.

DMHC requested and analyzed data comparing primary care providers at federally qualified health centers in the Medi-Cal managed care networks with primary care providers in the Healthy Families Program plan networks and found that the rates of primary care provider overlap are significantly higher than previously reported on May 1. Additionally, we expect to increased rates of provider overlap when the subcontracts with Kaiser Foundation Health Plan are finalized this month.

As we stated in our May 1 letter, the Phase 3 Medi-Cal managed care plan networks all appear to have adequate capacity to serve transitioning and new enrollees. This addendum reports on the resolution of previously reported issues with plans and demonstrates a significant increase in primary care provider overlap between the Healthy Families Program and Medi-Cal managed care plan networks.

We are focused on making this process as smooth as possible for children and their families. We welcome and appreciate feedback from you, your staff, and stakeholders as we continue through this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Wilkening".

Michael Wilkening
Undersecretary

MW/kj

c: The Honorable Darrell Steinberg, President Pro Tempore, California State Senate
The Honorable Bob Huff, Senate Republican Leader, California State Senate
The Honorable John Perez, Speaker, California State Assembly
The Honorable Connie Conway, Assembly Republican Leader, California State Assembly
The Honorable Ed Hernandez, Chair, Senate Health Committee
The Honorable Richard Pan, Chair Assembly Health Committee
The Honorable Mark Leno, Chair, Senate Budget and Fiscal Review Committee

The Honorable Bill Emmerson, Vice-Chair, Senate Budget and Fiscal Review Committee
The Honorable Jeff Gorell, Vice-Chair, Assembly Budget Committee
The Honorable Kevin De Leon, Chair, Senate Appropriations Committee
The Honorable Mimi Walters, Vice-Chair, Senate Appropriations Committee
The Honorable Mike Gatto, Chair, Assembly Appropriations Committee
The Honorable Diane Harkey, Vice-Chair, Assembly Appropriations Committee
Diane Van Maren, Consultant, Senate President Pro Tempore
Agnes Lee, Consultant, Speaker of the Assembly
Scott Bain, Consultant, Senate Health Committee
Joe Parra, Consultant, Senate Republican Caucus
Michelle Baass, Consultant, Senate Budget and Fiscal Review Committee
Kirk Feely, Consultant, Senate Republican Caucus
Marjorie Swartz, Consultant, Assembly Health Committee
Peter Anderson, Consultant, Assembly Republican Caucus
Andrea Margolis, Consultant, Assembly Budget Committee
Michelle Baca, Consultant, Assembly Republican Fiscal Office
Brendan McCarthy, Consultant, Senate Appropriations Committee
Lisa Murawski, Consultant, Assembly Appropriations Committee