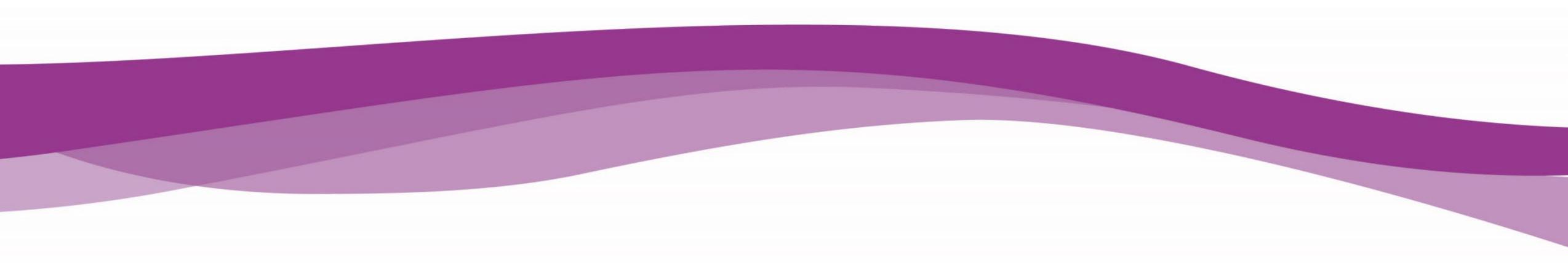# Department of Health Care Services Update

May 19, 2022
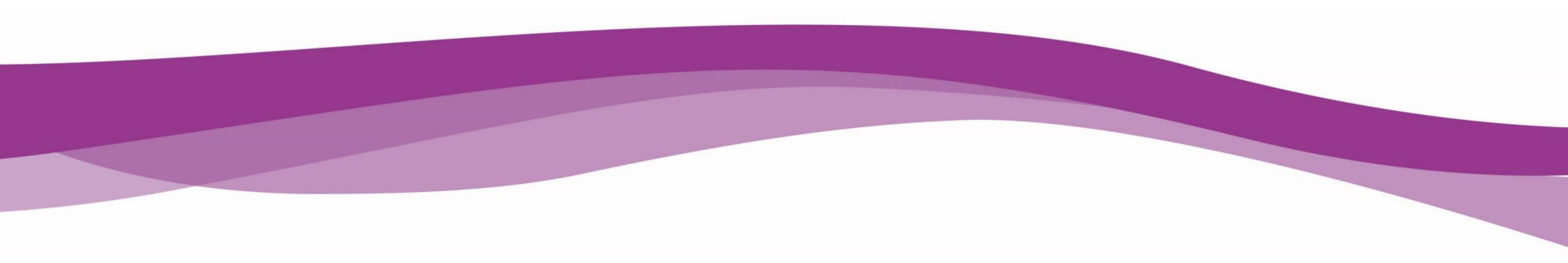
Lindy Harrington

Deputy Director, Health Care Financing Department of Health Care Services

DHCS

DHCS Budget Update

Managed Care Procurement

DHCS is Transforming Medi-Cal Managed Care Through Multiple Efforts Slated to Take Effect in January 2024

New Mix of High-Quality Managed Care Plans Available to Members

Procurement of Commercial Managed Care Plans

- Competitive proposal process for commercial plans
- Statewide, in counties with a model that includes commercial plans

Model Change in Select Counties

- Conditional approval for 17 counties to change their managed care model
- Subject to federal approval
- Includes a new Single Plan Model and expansion of COHS model

Proposed Direct Contract with Kaiser

- Proposed for 32 counties
- Subject to state and federal approval
- Leverages Kaiser's clinical expertise and integrated model to support underserved areas in partnership with FQHCs

Restructured and More Robust Contract Implemented Across All Plans in All Model Types in All Counties

Improved Health Equity, Quality, Access, Accountability and Transparency

Updated MCP Contract Will Apply to Model Change MCPs

Key MCP Contract Content Updates (1 of 2)
1. Additional and enhanced requirements to **better align with DHCS priorities**, state and federal regulations, published All Plan Letters (APLs), California State Auditor (CSA) report recommendations and Medical Audit findings.
2. New requirements for public posting of reporting, activities, survey results, financial information, and Memoranda of Understanding with third parties to support **transparency**.
3. Strengthened quality requirements to align with DHCS Comprehensive Quality Strategy to achieve **high quality care**.
4. Increased expectations for providing **access to** care across a comprehensive array of person-centered health care and social services to align with **CalAIM**.
5. Improved requirements for systematic **coordination of services and comprehensive care management** to ensure the needs of the entire population are met.
6. Updated requirements for MCPs to partner with DHCS to **increase health equity** and **reduce health disparities**.
7. New requirements to support strategies that address unmet health-related social needs through Community Supports, Population Health Management, Care Management and **Social Drivers of Health (SDOH)**.

Updated MCP Contract Will Apply to Model Change MCPs

| Key MCP Contract Content Updates (2 of 2) |
|---|
| 8. Stronger provisions for network providers to better understand and meet community needs through **local presence and engagement**. |
| 9. New requirements to support enhanced **children's services**. |
| 10. Additional requirements to expand access to evidence-based **behavioral health services**. |
| 11. Updated requirements to ensure MCPs have robust **accountability, compliance, monitoring and oversight programs**. |
| 12. New requirements for **emergency preparedness** to ensure delivery of care and **essential services** during and after an emergency. |
| 13. Additional requirements that build on current **value-based payment** efforts linking provider payments to value. |
| 14. Expanded reporting requirements and strengthened performance requirements with penalties for non-compliance to support **accountability and oversight.** |

Medi-Cal Managed Care RFP Timeline

Medi-Cal Managed Care RFP Timeline*	
February 9, 2022	RFP Release
April 11, 2022	Responses Due
August 2022	Notices of Intent to Award
2022 – 2023	MCP Transition Planning
Late 2022 – 2023	Health Plan Readiness Period
January 1, 2024	New Managed Care Plan Contracts Implemented
* All dates subject to change	

Medi-Cal Rx Update
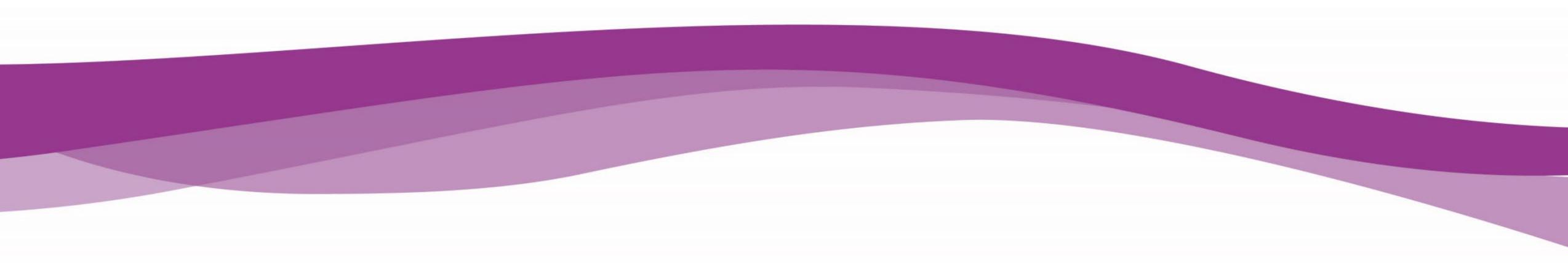
Medi-Cal Rx Update

»Stabilized call center and prior authorization operations.

»Proposed May 1 Reinstatement Date Postponed

»Special Population Clinical Liaisons

Medi-Cal Rx Update

»Phased-in Reinstatement of Claims Edits and Prior Authorizations

»External communication plan to leverage 90-day, 60-day, and 30-day Outreach and Education Activities

»90-day Notification for retirement of the 180-day Transition Policy

CalAIM Updates

What is CalAIM?

California
Advancing and
Innovating
Medi-Cal

CalAIM is a multi-year initiative led by DHCS that aims to improve the quality of life and health outcomes of Medi-Cal beneficiaries by implementing delivery system and payment reforms across the program.

CalAIM leverages **Medicaid as a tool** to help address many of the complex challenges facing California's most vulnerable residents and takes a **person-centered approach** that targets social determinants of health and reduces health disparities and inequities.

CalAIM Goals

☐ Identify and manage member risk and need through whole person care approaches and addressing Social Drivers of Health.

☐ Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility.

☐ Improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation through value-based initiatives, modernization of systems and payment reform.

Enhanced Care Management (ECM) and Community Supports (ILOS)

Levels of Care Management

ECM

Complex Case Management

Basic Case Management
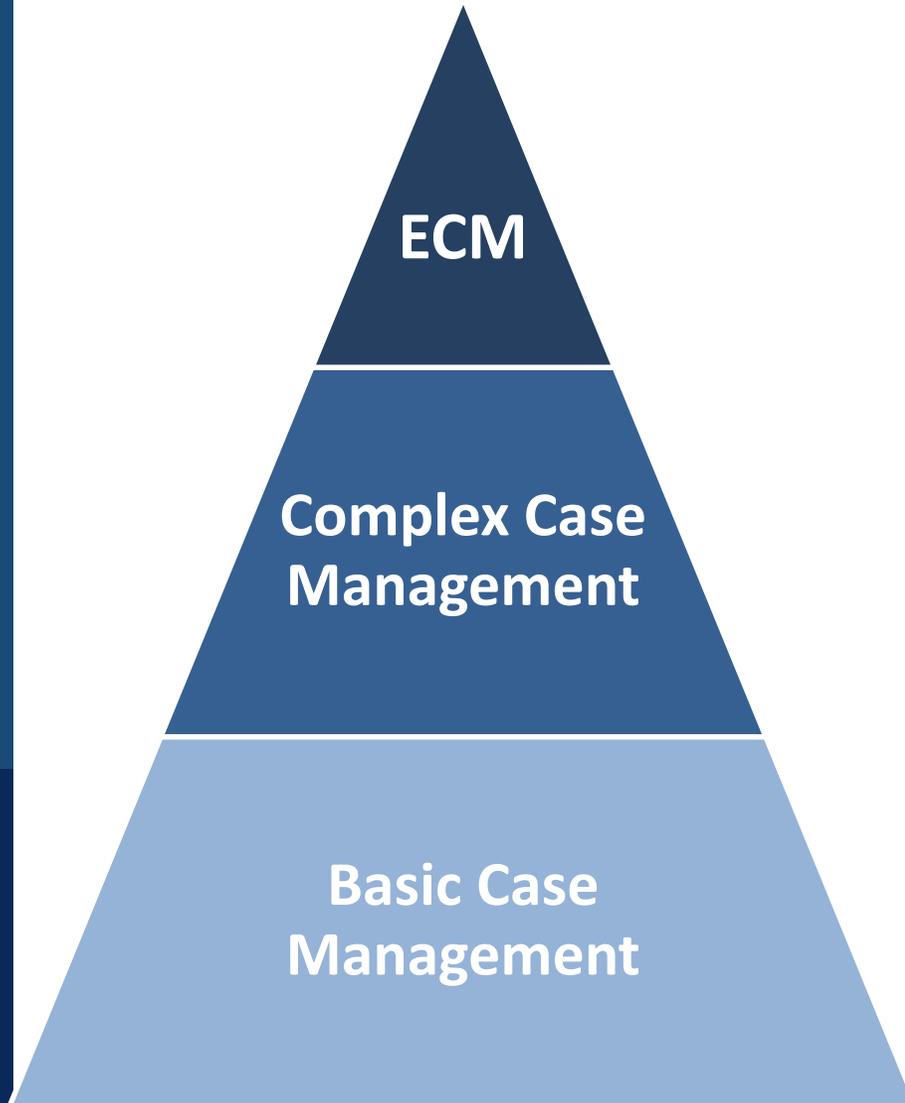
Enhanced Care Management
Intended for highest risk members who need long-term coordination for multiple chronic conditions, social determinants of health issues, and utilization of multiple service types and delivery systems.

Complex Case Management
Intended for high-risk members who need coordination of services for complex conditions or episodic need.

Basic Case Management
Intended for members who require support with planning and coordination that is not at the highest level of complexity, intensity, or duration.

What are ECM and Community Supports? (1/2)

Enhanced Care Management

A Medi-Cal **managed care benefit** that will address clinical and non-clinical needs of high-need, high-cost individuals through coordinated services and comprehensive care management.

Community Supports (ILOS)

Services that Medi-Cal **managed care plans have the option to provide** "in lieu of" other services such as hospital or skilled nursing facility admissions, discharge delays, or emergency department use.

Building on What We Know- Prior Initiatives HHP and WPC

ECM Core Services

Comprehensive Assessment and Care Management Plan

Coordination of and Referral to Community and Social Support Services

Enhanced Coordination of Care

Member and Family Supports

Health Promotion

Comprehensive Transitional Care

Outreach and Engagement

January 1, 2022 ECM Counties (Prior HHP/WPC)

Legend:
- **HHP** (dark blue)
- **WPC** (purple)
- **Both** (light blue)
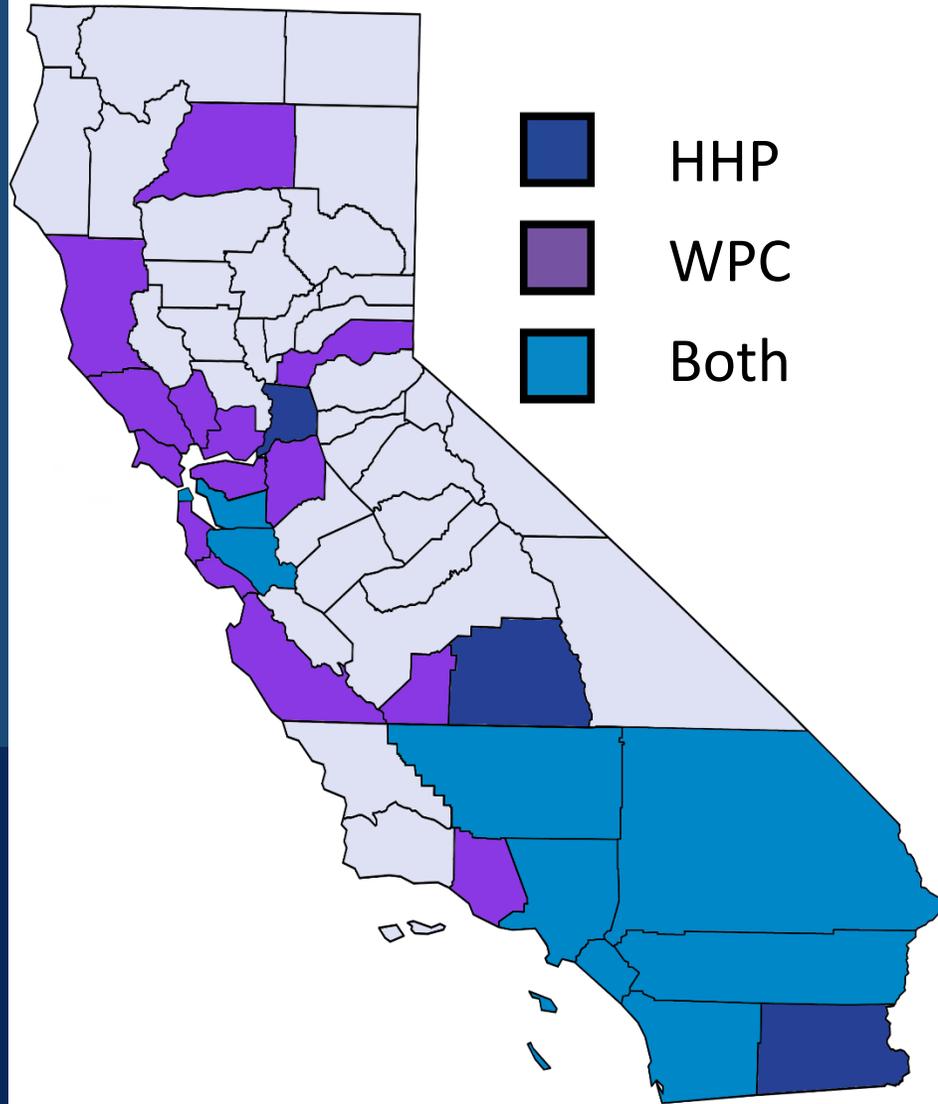
- Alameda County
- Contra Costa County
- Imperial County
- Kern County
- Kings County
- Los Angeles County
- Marin County
- Mendocino County
- Monterey County
- Napa County
- Orange County
- Placer County
- Riverside County
- Sacramento County
- San Bernardino County
- San Diego County
- San Francisco County
- San Joaquin County
- San Mateo County
- Santa Clara County
- Santa Cruz County
- Shasta County
- Solano County
- Sonoma County
- Tulare County
- Ventura County

ECM Implementation Timeline

ECM go–live is occurring in stages, by Population of Focus

MCPs began offering pre-approved Community Supports in all counties

Every 6 months, MCPs may add additional pre-approved Community Supports

ECM Implementation Timeline

Populations of Focus	Go-Live Timing
1. Individuals and Families Experiencing Homelessness 2. Adult High Utilizers 3. Adults with Serious Mental Illness (SMI) / Substance Use Disorder (SUD) 4. Incarcerated and Transitioning to the Community *(some WPC counties)*	January 2022 (WPC/HHP counties); July 2022 (all other counties)
5. Incarcerated and Transitioning to the Community *(all other counties)* 6. At Risk for Institutionalization and Eligible for LTC 7. Nursing Facility Residents Transitioning to the Community	January 2023
8. Children / Youth Populations of Focus	July 2023

Note: Timeline also available at: https://www.dhcs.ca.gov/Documents/MCQMD/ECM-Key-Design-Implementation-Decisions.pdf

Community Supports Overview (ILOS)

✓ Focused on addressing combined medical and social determinants of health needs and avoiding higher levels or care and associated costs.

✓ Medically appropriate alternative services that can be provided to Members "in lieu of", or to help avoid, more costly services such as hospital or skilled nursing facility admissions, discharge delays, or emergency department use.

✓ Optional for Medi-Cal MCPs to implement (not State Plan benefits).

✓ Optional for Medi-Cal managed care Members to receive.

✓ Must be medically appropriate and determined to be cost-effective for the Member

✓ Available statewide beginning 1/1/2022 (services vary by county); MCPs may add additional Community Supports services every 6 months

Community Supports

DHCS has pre-approved fourteen (14) potential medically appropriate and cost-effective Community Supports that MCPs may offer. MCPs may also submit proposals to offer additional Community Supports that are not on this menu, subject to DHCS approval. Pre-approved DHCS Community Supports options include:

- Housing Transition Navigation Services
- Housing Deposits
- Housing Tenancy and Sustaining Services
- Short-Term Post-Hospitalization Housing
- Recuperative Care (Medical Respite)
- Respite Services
- Day Habilitation Programs
- Nursing Facility Transition/Diversion to Assisted Living Facilities

- Community Transition Services/Nursing Facility Transition to a Home
- Personal Care and Homemaker Services
- Environmental Accessibility Adaptations (Home Modifications)
- Meals/Medically-Tailored Meals or Medically-Supportive Foods
- Sobering Centers
- Asthma Remediation

Selections Listed on the DHCS Website: Community Supports Elections (by MCP and County)

https://www.dhcs.ca.gov/Documents/MCQMD/Community-Supports-Elections-by-MCP-and-County.pdf

Incentive Payment Program

The 2021-22 California State Budget allocated $300 million for incentive payments to MCPs for State Fiscal Year (SFY) 2021-22, $600 million for SFY 2022-23, and $600 million for SFY 2023-24. Effective January 1, 2022, DHCS implemented the CalAIM Incentive Payment Program (IPP). The CalAIM incentive payments are intended to compliment and expand ECM and Community Supports in the following ways:

- Build appropriate and sustainable capacity
- Drive MCP investment in necessary delivery system infrastructure
- Reduce health disparities and promote health equity
- Achieve improvements in quality performance
- Incentivize MCP take-up of ECM and Community Supports

Incentive Payment Program

IPP Program Year (PY) 1 funding priorities include:
1. Delivery System Infrastructure
2. ECM Provider Capacity Building
3. Community Supports Capacity Building and Take-Up

DHCS has approved all PY1 Payment 1 submissions from the MCPs. IPP Gap-Filling Plans will be released on the DHCS website soon. PY1 Payment 2 submissions will due later in the year.

What is PATH?

- California's 1115 waiver demonstration renewal and amendment requests funds for the "Providing Access and Transforming Health" (PATH) Program.

- DHCS is seeking $1.85 billion in federal support to maintain, build, and scale the capacity necessary to ensure successful implementation of CalAIM.

- PATH funds will be available to many types of entities (e.g., WPC Lead Entities, Counties, CBOs, Providers, Tribes). MCPs are not eligible to receive PATH funds.

PATH Program Design for ECM/Community Supports Initiatives

ECM/Community Supports PATH Initiative	High-Level Description
WPC Services and Transition to Managed Care Mitigation Initiative	• Direct funding for former WPC Pilot Lead Entities to pay for existing WPC services before they transition to CalAIM on or before January 1, 2024. • **Services and infrastructure that will not continue under CalAIM would not be eligible for this funding. MCPs must have provided explicit commitment to "picking up" the service**
Technical Assistance Initiative	• Registration-based **TA program** for all counties, providers, CBOs and others in defined domains

PATH Program Design for ECM/Community Supports Initiatives

ECM/Community Supports PATH Initiative	High-Level Description
Collaborative Planning and Implementation Initiative	• Support for **collaborative planning efforts** involving MCPs, counties, CBOs, providers, tribes, and others.
Capacity and Infrastructure Transition, Expansion and Development Initiative (CITED)	• Funding available to all counties, providers, CBOs, tribes, and others to **build and expand capacity and infrastructure** necessary to support ECM and Community Supports

Key Resources

» DHCS CalAIM Website:
https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM.aspx

» DHCS ECM and Community Supports Website:
https://www.dhcs.ca.gov/Pages/ECMandILOS.aspx

» DHCS Waiver Renewals Website:
https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx

Oversight of Medical Loss Ratio (MLR)

The CalAIM Section 1915(b) waiver Special Terms and Conditions include new requirements related to oversight of MLR.

Overview

» Existing requirements
  » Medi-Cal MCPs must report MLR to DHCS annually. (42 CFR § 438.8)
  » Starting in 2024, MCPs (except Dental MCPs) that do not achieve an 85 percent MLR will be required to remit funds to DHCS. (W&I Code § 14197.2(c))
    » This requirement was contractually imposed for Dental MCPs as of SFY 2019-20.
» New requirements
  » DHCS' review of MLR must consider requirements related to third-party vendors.
  » MCPs must impose equivalent MLR reporting (effective CY 2023) and remittance requirements (effective no later than CY 2025) on applicable subcontractors.
» A work plan to operationalize the new requirements is due to CMS by July 1, 2022.

Other Managed Care Plan Incentive Payments

DHCS implemented other incentive payment programs in addition to the IPP.

Update

» COVID-19 Vaccination Incentive Program – ended February 28, 2022

  » Included $250 million for MCPs and up to $100 million for direct member incentives (e.g., gift cards)

» Behavioral Health Integration (BHI) Incentive Program – ends December 31, 2022

» Housing and Homelessness Incentive Program (HHIP) – ends December 31, 2023

» Student Behavioral Health Incentive Program (SBHIP) – ends December 31, 2024

Managed care plan incentive payment arrangements are implemented in accordance with 42 CFR § 438.6(b).

Housing and Homelessness Incentive Program (HHIP)

» Established in accordance with the Home and Community Based Services Spending Plan.
» $1.288 billion is allocated over two years (January 1, 2022 – December 31, 2023).
» HHIP aims to improve health outcomes and access to whole person care services by addressing housing insecurity and instability as a social determinant of health for the Medi-Cal population.
» The goals of HHIP are to:
  • Reduce and prevent homelessness
  • Ensure MCPs develop the necessary capacity and partnerships to connect their members to needed housing services
» Program Year 1 (January 1, 2022 – December 31, 2022) deliverables:
  • DHCS received non-binding Letters on Intent from all MCPs by April 4, 2022
  • Local Homelessness Plans due from MCPs on June 30, 2022
  • Reporting for Measurement Period 1 (May – December 2022) due on February 28, 2023

Student Behavioral Health Incentive Program (SBHIP)

» Established in accordance with State law (AB 133, Welfare & Institutions Code, § 5961.3).

» $389 million is allocated over three years (January 1, 2022 – December 31, 2024) for incentive payments to Medi-Cal managed care plans (MCPs) that meet predefined goals and metrics.

» SBHIP goals and metrics are associated with targeted interventions that increase access to preventive, early intervention, and behavioral health services by school affiliated behavioral health providers for TK-12 children in public schools.

» Program Year 1 (January 1, 2022 – December 31, 2022) deliverables:

1. DHCS received non-binding Letters on Intent from all MCPs by January 31, 2022
2. DHCS received Partners Forms from all MCPs by March 15, 2022
3. Initial interim payments will be issued to MCPs on May 27, 2022
4. Accelerated Project Plans (optional) due from MCPs on June 1, 2022
5. Needs Assessment due from MCPs on December 31, 2022
6. Non-Accelerated Project Plans due from MCPs on December 31, 2022

Questions