



# Department of Health Care Services Update

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# Topics

- » Medi-Cal Budget Updates
- » Quality Factor in CY 2023 Rates
- » Long-Term Care Carve-In
- » Major Organ Transplants Carve-In

# Medi-Cal Budget Updates

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<https://www.dhcs.ca.gov/Documents/Budget-Highlights/DHCS-FY-2022-23-Budget-Act-Highlights.pdf>

# Select Budget Highlights

## » **Medi-Cal for All**

- » Expand full-scope Medi-Cal eligibility to all income-eligible adults aged 26 through 49 regardless of immigration status.

## » **Skilled Nursing Facility (SNF) Financing Reform**

- » SNF Workforce and Quality Incentive Program (WQIP)
- » Quality sanctions
- » Extension of the 10-percent COVID-19 rate increase for one year
- » Additional rate increases subject to facilities meeting specified workforce standards

# Select Budget Highlights (cont.)

- » **Federally Qualified Health Center (FQHC) Alternative Payment Model**
  - » No sooner than January 1, 2024, implement an alternative payment model that incentivizes FQHCs to voluntarily undertake practice transformation and move away from volume-based reimbursement.
- » **Equity and Transformation Payments**
  - » \$700 million in total funds over a five-year period:
    - » \$25 million for a statewide learning collaborative for grantees
    - » \$25 million for support of practice-level activities
    - » \$650 million for equity and practice transformation payments

# Select Budget Highlights (cont.)

## » **California Advancing and Innovating Medi-Cal (CalAIM) Updates**

- » Delay carve-in of intermediate care facilities for the developmentally disabled and subacute care facilities to July 2023.
- » Launch the Population Health Management Service in July 2023, with additional capabilities phased in incrementally.
- » Expand 90-day pre-release services to include medications consistent with covered outpatient drugs under the Medi-Cal State Plan.

## » **Benefit Updates**

- » Shift implementation of the doula benefit to January 2023.
- » Adopt telehealth policy approaches following the end of the COVID-19 public health emergency.

# Select Budget Highlights (cont.)

## » **Proposition 56 Payments**

- » Fully transition multiple Proposition 56-funded payments to ongoing rate increases supported by the General Fund.

## » **AB 97 Eliminations**

- » Eliminate the AB 97 provider rate reductions for more than 25 provider types.

## » **Medical Loss Ratio Requirements for Subcontractors**

- » Trailer Bill Language adopted conforming changes in State law that align with terms and conditions of the 1915(b) CalAIM waiver.

# Quality Component in Rate Setting

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# Quality Component in CY 2023 Rates

- » Currently, capitation rates paid to Medi-Cal MCOs reflect a blend of a 75% county-average risk-adjusted rate and a 25% “plan-specific” rate.
- » DHCS will incorporate quality considerations within the countywide averaging framework.
- » The financial mechanism will shift dollars from the lower-quality MCO to the higher-quality MCO in the same county or rating region.
  - » Quality data for measurement year 2021
  - » Achievement and Improvement
  - » Material quality differences only
  - » Cap on total dollars shifted as percent of MCO’s Medi-Cal revenue

# Quality Metrics in CY 2023 Rates

- » Controlling High Blood Pressure (CBP)
- » Comprehensive Diabetes Care: HbA1c Poor Control (>9.0%) (CDC-H9)
- » Prenatal and Postpartum Care: Postpartum Care (PPC-Pst)
- » Prenatal and Postpartum Care: Timeliness of Prenatal Care (PPC-Pre)
- » Child and Adolescent Well-Care Visits (WCV)
- » Well-Child Visits in the First 30 Month of Life (W30)
- » Childhood Immunization Status: Combination 10 (CIS-10)
- » Immunizations for Adolescents: Combination 2 (IMA-2)
- » CAHPS – Rating of Health Plan: Adult & Child
- » CAHPS – Getting Needed Care: Adult & Child

# Considerations/Limitations

- » Budget-neutral approach – no net change in total Medi-Cal expenditures
- » Not applicable to MCOs in the following counties:
  - » County Organized Health Systems (COHS) – 22 counties
  - » Geographic Managed Care – Sacramento and San Diego
  - » San Benito County
- » Not applicable to specialty programs, e.g., Dental Managed Care, PACE, and SCAN Health Plan
- » Reward is varied – percent impact to individual MCOs will vary

# Considerations for CY 2024 Rates

- » Begin hosting MCO work groups in Fall 2022.
- » Review the Medi-Cal Managed Care landscape for county model changes and new MCO joining in CY 2024 (without historical data).
- » Revisit quality metrics and the measurement year.
- » Revisit the scoring methodology and the relative weight given to achievement versus improvement.
- » Revisit the percent-of-revenue cap

# Long-Term Care Carve-In

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# Long-Term Care (LTC) Carve-In

- » Currently, Medi-Cal MCOs cover LTC in COHS and Coordinated Care Initiative (CCI) counties.
  - » In non-COHS/non-CCI counties, Medi-Cal MCOs cover LTC for the month of admission and subsequent month only.
- » Effective January 1, 2023, Medi-Cal MCOs will cover skilled nursing facility services in all non-COHS/non-CCI counties.
- » Effective July 1, 2023, Medi-Cal MCOs will cover all other institutional LTC in all non-COHS/non-CCI counties.

# LTC Directed Payments

## » **Fee-for-Service (FFS) Base Rate Equivalent**

- » Welfare and Institutions Code (W&I), Section 14184.201(b) and (c)
- » From January 1, 2023, to December 31, 2025, Medi-Cal MCOs must reimburse a network provider of SNF services, and each network provider of SNF services must accept, the payment amount the network provider would be paid for those services in the Medi-Cal FFS delivery system, as defined by DHCS.
- » From July 1, 2023 to December 31, 2025, Medi-Cal MCOs must reimburse a network provider of other institutional LTC services, and each network provider of other institutional LTC services must accept, the payment amount the network provider would be paid for those services in the Medi-Cal FFS delivery system, as defined by DHCS.

# LTC Directed Payments (cont.)

## » **Fee-for-Service (FFS) Base Rate Equivalent (cont.)**

» For applicable services in transitioning counties:

» Medi-Cal MCOs must reimburse network providers of institutional LTC at the Medi-Cal FFS per-diem rate.

» Medi-Cal MCOs must reimburse publicly owned Distinct Part Nursing Facilities (DP/NFs) an additional amount equivalent to what the DP/NF would have otherwise received under the DP/NF Supplemental Reimbursement Program (W&I, Section 14105.27).

## » **SNF WQIP**

» W&I, Section 14126.024, establishes a new performance-based State directed payment for network providers of SNF services as defined in Health and Safety Code, Section 1250(c), excluding DP/NFs.



# CY 2023 Capitation Rates

- » DHCS will establish LTC population rating categories in all counties for members in LTC aid codes.
  - » LTC costs for members not in LTC aid codes will be funded through rates for other population rating categories – such as Seniors and Persons with Disabilities (SPD).
- » Capitation rates paid by DHCS to Medi-Cal MCOs will include appropriate funding levels based on the projected State directed payments.
- » Effective January 1, 2023, for COHS counties, DHCS will implement a blended payment rate for the LTC and SPD rating categories based on the projected mix of LTC and SPD members for each MCO.

# Major Organ Transplants Carve-In

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# Major Organ Transplants (MOT) Policy

- » Beginning January 1, 2022, MOT is covered by Medi-Cal MCOs statewide.
  - » Previously, MOT was covered in COHS counties, and only kidney and corneal transplants were covered in non-COHS counties.
- » W&I, Section 14184.201(d)(2), obligates Medi-Cal MCOs to pay providers furnishing organ or bone marrow transplant surgeries, and such providers to accept, the payment amount the provider would be paid for those services in the Medi-Cal FFS delivery system, as defined by DHCS.
  - » DHCS is implementing this requirement as a State directed payment in transitioning counties applicable to the transplant event consisting of the organ acquisition, transplant surgery, and associated uninterrupted inpatient stay.

# MOT Provider Reimbursement

## » Reimbursement to Private Hospitals for Applicable Services

- » For the organ acquisition, Medi-Cal MCOs must follow billing instructions in [the Medi-Cal Provider Manual](#).
- » For the transplant surgery and associated inpatient stay, Medi-Cal MCOs must follow diagnosis related group pricing.

## » Reimbursement to Public Hospitals for Applicable Services

- » Medi-Cal MCOs must reimburse University of California (UC) facilities the directed fee schedule rates ("case rates") developed by DHCS.
- » The fee schedule includes specific rates for each UC and transplant type, and is broken out between adult and child transplants.

# MOT Reimbursement (cont.)

## » Reimbursement to Public Hospitals for Applicable Services (cont.)

- » The fee schedule is broken out between three components:
  - » Case rate for Organ Acquisition
  - » Case rate for Transplant Surgery and Associated Inpatient Stay (up to a specified duration)
  - » Per-diem rate for Outlier Inpatient Stays (in excess of the specified duration).
- » DHCS shared the draft fee schedule for CY 2022 on July 5, 2022, and will share the final fee schedule in August 2022.

# MOT Risk Corridor

- » A two-sided, symmetrical risk corridor is in effect between DHCS and each non-specialty Medi-Cal MCO in each county for the transitioning MOT services for the CY 2022 rating period.
- » The risk corridor will only apply to costs and revenues subject to the State directed payment requirements.
- » The corridor will be centered on 100% of the gross medical expense component of the Medi-Cal MCO's applicable capitation revenues, with a single  $\pm 5\%$  risk band in both directions.
- » DHCS shared details with Medi-Cal MCOs in December 2021.