

# DHCS Update: CalAIM, Medi-Cal Rx, and Managed Care Procurement

Financial Solvency Standards Board Meeting

November 17, 2021



**CaAIM**

# CalAIM

- Enhanced Care Management (ECM)
- Community Supports (In-Lieu-of Services)
- Managed Care Benefit Standardization
- Mandatory Managed Care Enrollment
- Shared Risk/Savings
- Regional Rates

# ECM and Community Supports: Current and Future

## CURRENT PROGRAMS

### Whole Person Care (WPC)

- Limited pilot program supported across delivery systems (Medi-Cal managed care, fee-for-service, or uninsured)
- Administered by county-based “Local Entities”

### Health Homes Program (HHP)

- Benefit (state plan service) in select counties
- Medi-Cal managed care members only
- Health plan-administered with care management contracted out to providers

# ECM and Community Supports: Current and Future

## FUTURE SERVICES

### ECM

- Care coordination as a new managed care benefit
- Medi-Cal managed care members only
- Health plan-administered with care management delivered through community providers

### Community Supports:

- Optional services, but strongly encouraged
- Medi-Cal managed care plan members only
- Health plan-administered with services delivered through community providers and integrated with ECM

# **ECM and Community Supports: Implementation Timeline**

**Beginning on January 1, the ECM go-live will occur in stages, while Community Supports will launch statewide; MCPs in all counties may elect to offer additional Community Supports every six months.**

# ECM and Community Supports: Implementation Timeline

## Go-Live Timing

## Populations of Focus

**January 2022<sup>1</sup>**

(WPC/HH  
counties);

**July 2022**

(other counties)

***MCPs in all counties are able to offer  
Community Supports***

1. Individuals and Families Experiencing Homelessness
2. Adult High Utilizers
3. Adults with Serious Mental Illness (SMI) / Substance Use Disorder (SUD)

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1. In January 2022, the Adults & Children/Youth Transitioning from Incarceration Population of Focus will also go live in the WPC counties where the services provided in the Pilot are consistent with those described in the ECM Contract.

# ECM and Community Supports: Implementation Timeline

## Go-Live Timing

## Populations of Focus

**January 2023**

4. Adults & Children/Youth Incarcerated and Transitioning to the Community
5. At Risk for Institutionalization and Eligible for LTC
6. Nursing Facility Residents Transitioning to the Community

**July 2023**

7. Children / Youth Populations of Focus



# ECM and Community Supports: Financial Considerations

- Medi-Cal capitation rates for CY 2022 and beyond will include funding for:
  - ECM, subject to a two-sided, symmetrical risk corridor.
  - Historical costs of ILOS aligned to Community Supports.
  - Projected costs due to the and Community Supports capacity and infrastructuresunset/transition of WPC.
- Additional funding for ECM investments will be available:
  - To plans, through the CalAIM Incentive Payment Program (IPP) -- \$1.5 billion over 2.5 years.
  - To providers, through the Providing Access and Transforming Health (PATH) program.

# Managed Care Benefit Standardization

## Background

Medi-Cal managed care exists statewide, but operates under six different model types that differ based on whether certain benefits are part of the Medi-Cal managed care plan's responsibility or provided through a different delivery system.

# Managed Care Benefit Standardization

## Goals

DHCS is standardizing the benefits that are provided through Medi-Cal MCPs statewide, so that regardless of a beneficiary's county of residence or plan in which they are enrolled, they will have the same set of benefits delivered through their MCP as they would in another county or plan.

# Managed Care Benefit Standardization

## Changes

- **1/1/2022:** Major organ transplants will be carved in for Medi-Cal MCPs statewide
- **1/1/2022:** Multipurpose Senior Services Program services will be carved out from Medi-Cal MCPs statewide
- **1/1/2023:** Institutional long-term care services will be carved in for Medi-Cal MCPs statewide
- **7/1/2023:** Specialty mental health services that are currently included for Medi-Cal members enrolled in Kaiser in Solano (as a subcontractor of Partnership HealthPlan) and Sacramento counties will be carved out.

# Mandatory Managed Care Enrollment

## Background

The Medi-Cal program provides benefits through both a fee-for-service (FFS) and managed care delivery system. Enrollment into one of two systems is based upon specific geographic areas, the health plan model, and/or the aid code for which the beneficiary is determined to qualify.

# Mandatory Managed Care Enrollment

## Goals

Starting in January 2022, select aid code groups and populations will transition into mandatory managed care enrollment or mandatory FFS enrollment.

# Mandatory Managed Care Enrollment

## Changes

- **1/1/2022:** Select populations/aid code groups (e.g., non-dual beneficiaries living in rural zip codes) that currently receive benefits through the FFS delivery system would **transition to mandatory Medi-Cal managed care.**
- **1/1/2022:** Select populations/aid code groups (e.g., those covered under the Omnibus Budget Reconciliation Act [OBRA] in Napa, Solano, and Yolo counties) that currently receive benefits through Medi-Cal managed care will **transition into mandatory FFS enrollment.**

# Mandatory Managed Care Enrollment

## Changes

- **1/1/2023:** All dual populations/aid code groups, except share of cost or restricted scope, will be **mandatory Medi-Cal managed care**. Dual and non-dual individuals in long-term care will also be **mandatory in Medi-Cal managed care**.



# Shared Risk/Savings

DHCS will implement **Shared Risk/Savings** to provide financial protections that support investments in ECM, Community Supports, and Managed Long-Term Services and Supports capacity and infrastructure.

- **No sooner than CY 2023:** A blended capitation rate across seniors and persons with disabilities and long-term care beneficiaries. The rate will be subject to a blend true-up, which will provide financial protections in case of significant differences between actual and projected enrollment mix.

# Shared Risk/Savings

- **No sooner than CY 2023:** A time-limited, tiered, and retrospective shared savings/risk financial calculation performed by DHCS. This tiered model would be available for three calendar years.
- **No sooner than CY 2026:** A prospective model of shared savings/risk incorporated via capitation rate development, once historical managed care cost and utilization experience is available that reflects the implementation of ECM, Community Supports, and long-term care services statewide.

# Regional Rates

- Regional Rates in Targeted Counties (beginning CY 2022)
  - DHCS will consolidate rate setting in counties where the same MCP(s) operate across multiple adjacent counties.
- Regional Rates Statewide (no sooner than CY 2024)
  - DHCS will consider health care market dynamics, including but not limited to health care cost and utilization data, across counties when determining regional boundaries.
  - DHCS will consider appropriate county- or MCP-specific adjustment factors to recognize geographic, population, or other differences.



# Medi-Cal Rx

# Medi-Cal Rx

- Effective January 1, 2022, pharmacy services billed on a pharmacy claim will be carved out of Medi-Cal managed care and provided through Medi-Cal Rx instead.
- Pharmacy service costs, and a corresponding portion of administrative costs, will be removed from the managed care capitation rates.
- Physician administered drugs will still covered, and funded through, the managed care capitation rates as they are not billed on a pharmacy claim.

# Medi-Cal Rx – Benefits

- \* Standardization
- \* Statewide Utilization Management Protocols
- \* Improved Access
- \* State Supplemental Drug Rebates

# Medi-Cal Rx – Scope

- \* All pharmacy services **billed as a pharmacy claim** including, but not limited to:
  - \* Outpatient drugs (including Physician Administered Drugs),
  - \* enteral nutrition products, and
  - \* medical supplies.
- \* Medi-Cal Rx will **not** include pharmacy services billed as a medical or institutional claim.

# Medi-Cal Rx – 180 Day Transition

- \* Smooth Transition for Beneficiaries
- \* Multi-faceted Approach
  - \* 15 months of managed care plan historical claims and prior authorizations (PAs)
  - \* PA “Grandfathering”
  - \* Claims “Lookback”



# Provider Portal Registration

Targeted efforts to increase provider participation:

- Phone campaign to prescribers/providers.
- Direct outreach to key trade associations.
- Surveying prescribers and providers

**Note:** Registering for the secure portal is **not** required in order to submit claims and prior authorization requests.

# Medi-Cal Rx Implementation Update

- \* Medi-Cal Rx Project Teams are finalizing January 1, 2022 readiness activities.
- \* Medi-Cal Beneficiaries will receive 60-day and 30-day notices.
- \* Medi-Cal Rx Call Center will be fully staffed on November 1, 2021.

# Helpful Information & Resources

- **For more information about Medi-Cal Rx, please visit DHCS' dedicated Medi-Cal Rx Transition website: <https://med-calrx.dhcs.ca.gov/home/>**
- **Sign up for Medi-Cal Rx Subscription Service for email notices when new items are posted: <https://mcrxsspages.dhcs.ca.gov/Medi-CalRxDHCSgov-Subscription-Sign-Up>**
- **For questions and/or comments regarding Medi-Cal Rx, DHCS invites stakeholders to submit those via email to [RxCarveOut@dhcs.ca.gov](mailto:RxCarveOut@dhcs.ca.gov)**



# **Managed Care Procurement**

# Managed Care Procurement

- On February 2, 2022, DHCS plans to release a Request for Proposal (RFP) to re-procure all commercial Medi-Cal managed care plans effective January 1, 2024.
  - Updates regarding the RFP schedule are posted on the [DHCS website](#).
- 17 counties have requested to change their model type, mostly to transition from a multi-plan county to a single-plan county.
  - This process will impact rate development for CY 2024, particularly as DHCS looks to implement fully regional rate-setting methodologies.

# County Model Changes

- DHCS has conditionally approved all 17 counties/6 MCPs that submitted a letter of intent.
  - **Single Plan Counties**
    - Alameda County: Single Plan with Alameda Alliance
    - Contra Costa County: Single Plan with Contra Costa Health Plan
    - Imperial County: Single Plan with California Health and Wellness
  - **COHS with Central California Alliance for Health**
    - Mariposa and San Benito counties

# County Model Changes

- **COHS with Partnership HealthPlan**
  - Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, and Yuba counties
- **Two-Plan with Health Plan of San Joaquin**
  - Alpine and El Dorado counties
- Additional information is available at [County Plan Model Changes](#).