The Future of Medi-Cal

2019 Behavioral Health Symposium

CALIFORNIA HOSPITAL ASSOCIATION

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Agenda

- Medi-Cal Overview
- Future of Medi-Cal—California Advancing and innovating Medi-Cal (CalAIM)

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Medi-Cal Overview

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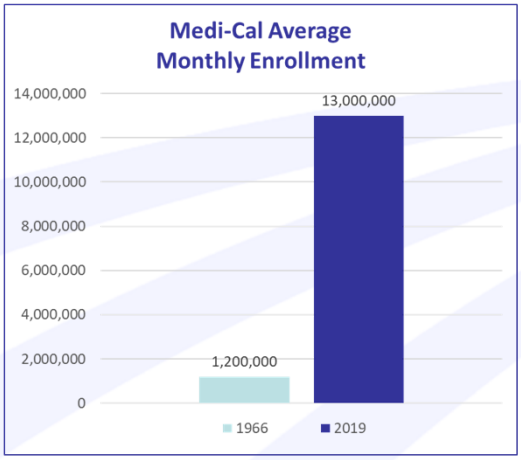
Medi-Cal Overview



- Created in 1966, mainly for public assistance and the medically needy populations
- Today, Medi-Cal provides services to approximately 1 out of every 3 Californians

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Medi-Cal Overview

- Medi-Cal is the largest state Medicaid program in the nation

Medi-Cal Population	% of Enrollment
Parent/Caretaker relative and child	39%
Childless adults ages 19-64 (ACA expansion adult)	29%
Seniors and persons with disability (SPDs)	15%
Children's Health Insurance Program (CHIP)	10%
Restricted Scope (limited to emergency and pregnancy only services for adults only)	5%
Adoption/Foster Care, Long-Term Care, and Other	2%

Source: California Health Care Foundation,, Enrollment as of January 1, 2018

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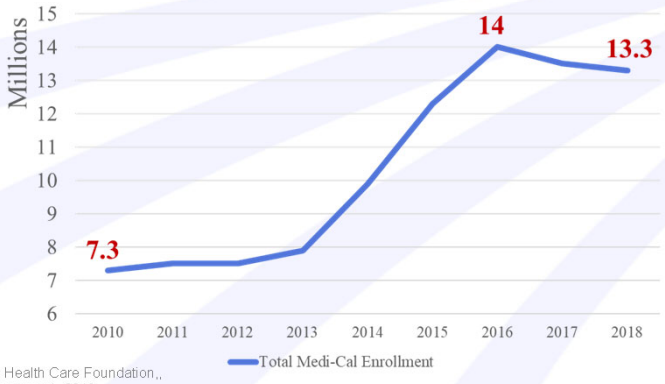
Medi-Cal Overview

- Medi-Cal program has experienced significant growth since 2010



Source: California Health Care Foundation,, Enrollment as of January 1, 2018

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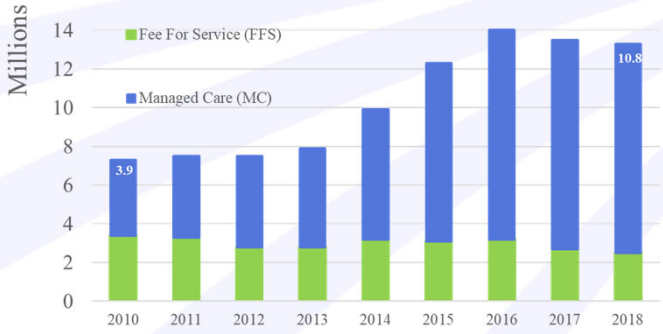
Medi-Cal Overview

- With Medi-Cal managed care becoming the primary delivery system (80% beneficiaries)



Source: California Health Care Foundation,, Enrollment as of January 1, 2018

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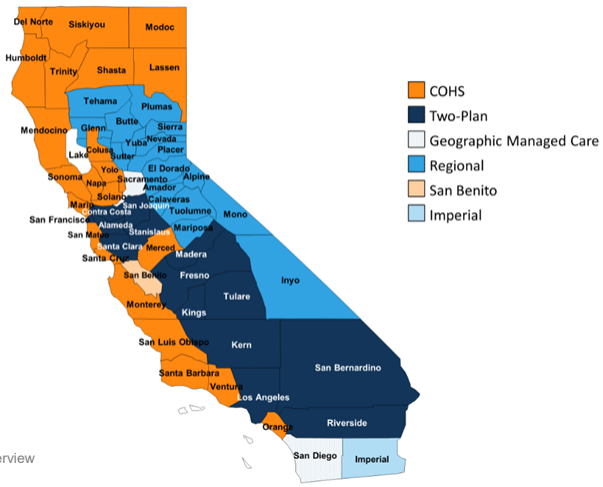
Medi-Cal Overview

Medi-Cal Managed Care Models, by County



Source: Medi-Cal Managed Care: An Overview and Key Issues,. KFF.org

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Medi-Cal Overview

- ***How is Medi-Cal financed?***
- **Federal government** guarantees matching state spending for qualifying Medicaid expenditures
  - California's traditional FMAP is 50/50%
  - Enhanced FMAP rates (ACA 90/10, CHIP 65/35, etc.)
- State Financing of the **Non-Federal Share**
  - State General Fund
  - Other non-federal sources

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Medi-Cal Overview

- States have broad flexibility
- Flexibility is limited by the Medicaid statute
- States choose to meet goals by:
  - Amending the State Plan; and/or
  - Developing a waiver from the basic requirements.

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Medi-Cal Overview

- Federal changes are impacting the future of the Medi-Cal program:
  - CMS' Budget Neutrality guidance (SMD #18-009)
  - California forced to move away from the traditional Section §1115 Waiver authorities

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Future of Medi-Cal—California Advancing and Innovating Medi-Cal (CalAIM)

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CalAIM

- On October 29, 2019, DHCS released a detailed proposal for the future of the Medi-Cal program, called “CalAIM.”
- This proposal comes at a time when DHCS is renewing its Medi-Cal 2020 waiver.
- The CalAIM proposal includes initiatives and reforms for:
  - Medi-Cal Managed Care
  - Behavioral Health
  - Dental
  - Other County Programs and Services

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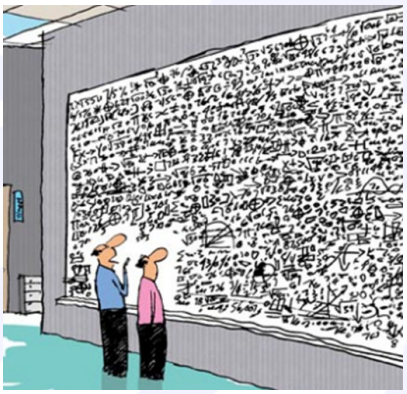
CalAIM

- Medi-Cal has significantly changed over the past ten years
- Medi-Cal has grown more and more complicated
- A beneficiary may require accessing six or more separate delivery systems to receive the care they need



Source: Ronald G. Ross, BRS LLC, March 6, 2017

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CalAIM

- CalAIM has three primary goals:

1. Identify and managed member risk and need through Whole Person Care approaches and addressing social determinants of health;
2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
3. Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems and payment reform.

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CalAIM—Goal I: Identify and Manage Member Risk and Need

Within CalAIM's first primary goal, there are the following proposals:

1. Population Health Management
2. Enhanced Care Management
3. Mandatory Medi-Cal Application & BH Coordination
4. In Lieu of Services and Incentives
5. Mental Health IMD Waiver (SMI/SED)
6. Full Integration Plans
7. Long-Term Plan for Foster Care

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CalAIM—5. Mental Health IMD SMI/SED Waiver

- CMS issued a State Medicaid director letter
- Waiver could allow states to receive federal matching funds for services provided to Medicaid beneficiaries during short-term stays for acute care in psychiatric hospitals or residential treatment settings that qualify as an institution for mental disease (IMD).
- Due to the federal IMD exclusion, California's counties are limited to paying the cost of inpatient mental health services provided to Medi-Cal beneficiaries.
- DHCS is assessing whether to pursue this SMI/SED Waiver

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CalAIM—Goal II: Moving Medi-Cal to a Consistent and Seamless System

1. Standardize the Managed Care Benefit
2. Standardize the Managed Care Enrollment
3. Transition to Statewide MLTSS
4. Annual Medi-Cal Health Plan Open Enrollment
5. NCQA Accreditation of Medi-Cal Managed Care Plans
6. Regional Rates for Medi-Cal Managed Care
7. Behavioral Health Proposals
    a. Payment Reform
    b. Revisions to Medical Necessity
    c. Administrative Integration Statewide
    d. Regional Contracting
    e. SUD Managed Care Renewal (DMC-ODS)
8. Future of Dental Transformation Initiative Reforms
9. Enhancing County Oversight and Monitoring
10. Improving Beneficiary Contact and Demographic Information

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CalAIM—Goal II: Moving Medi-Cal to a Consistent and Seamless System

Managed Care
1. Standardize Benefit
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5. NCQA Accreditation
6. Regional Rates

Dental
8. Future of DTI

Behavioral Health
7. Behavioral Health Proposals
   a. Payment Reform
   b. Revisions to Medical Necessity
   c. Admin Integration Statewide
   d. Regional Contracting
   e. SUD Renewal (DMC-ODS)

County Partners
9. Enhancing Oversight and Monitoring
10. Improving Beneficiary Contact and Demographic Information

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CalAIM—1. Standardize Managed Care Benefit

- Standardize the benefits statewide
- Carved-Out Services:
  - All prescription drugs and/or pharmacy services billed on a pharmacy claim (Medi-Cal Rx)
  - Specialty mental health services for Medi-Cal members enrolled in Kaiser in Solano and Sacramento counties.
  - Multipurpose Senior Service Program (MSSP)
- Carve-In Services:
  - All institutional long-term care services
  - All major organ transplants

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CalAIM—2. Standardize Managed Care Enrollment

- Standardize managed care enrollment statewide
- Proposed implementation in two phases:
  - Effective Jan. 1, 2021, all **non-dual** populations will be standardized as either mandatory or excluded
  - Effective Jan. 1, 2023, all **dual-eligible** populations will be standardized as either mandatory or excluded
- Remaining FFS populations: (Restricted scope, SOC, PE, others)

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CalAIM—7(a) Behavioral Health Payment Reform

- Reform Medi-Cal behavioral health payment methodologies via a multi-phased approach.
- Possibility to incentivize outcomes and quality as well as increase reimbursement.
- **First Step:**
  - Shift away from the cost-based Certified Public Expenditure to other rate-based/value-based structures and utilize intergovernmental transfers (IGTs)

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CalAIM—7(a) Behavioral Health Payment Reform

Second Step:

- **Phase 1:**
  - Transition specialty mental health and substance use disorder services from the existing HCPCS Level II coding to Level I coding; and
- **Phase 2:**
  - Establish reimbursement rates and ongoing methodology for updating

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CalAIM—7(b) Revisions to BH Medical Necessity

DHCS is proposing to:

- Separate the concept of eligibility from the county and medical necessity
- Allow counties to provide and be paid for services to meet a beneficiary's needs *prior to* determination of a covered diagnosis.
- Revise and clarify the intervention criteria

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CalAIM—7(b) Revisions to BH Medical Necessity

- Identify an existing or develop a new statewide, standardized level of care assessment tool
  - one for beneficiaries 21 and under
  - one for beneficiaries over 21
- Align with federal requirements by allowing a physician's certification / recertification to document a beneficiary's need for acute psychiatric hospital services.
- Other technical corrections.

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CalAIM—7(b) Revisions to BH Medical Necessity

- CalAIM proposes that eligibility criteria should be the driving factor for determining the delivery system in which someone should receive services
- Each delivery system would then provide services in accordance with an individualized beneficiary plan
- "No Wrong Door" approach with children <21 years old

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CalAIM—7(c) Administrative BH Integration Statewide

- Proposal to administrative integrate specialty mental health and substance use disorder services into one behavioral health managed care program
- Single prepaid inpatient health plan by county/region implemented by 2026.
- Goal: improve outcomes and reduce administrative and fiscal burdens for counties, providers, and the State.

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CalAIM—7(c) Administrative BH Integration Statewide

Clinical Integration	Administrative Functions	DHCS Oversight
• Access Line	• Contract	• Quality Improvement
• Intake, Screening, Referrals	• Data Sharing/Privacy	• External Quality Review Organization
• Assessment	• Electronic Health Records Integration	• Compliance Reviews
• Treatment Planning	• Cultural Competence Plans	• Network Adequacy
• Beneficiary Informing Materials		• Licensing and Certification

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CalAIM—7(d) BH Regional Contracting

- Counties option of developing ***regional approaches*** to administer and deliver specialty mental health and substance use disorder services to Medi-Cal beneficiaries
  - Potential options:
    - Joint Powers Authority for a multi-county region,
    - Counties could pool resources to contract with an admin services organization/third-party admin or other entity (ex. CMSP)
- State will provide counties with technical assistance and support

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CalAIM—7(e) Substance Use Disorder Managed Care Renewal

- Even though 30 counties have implemented the substance use disorder managed care program (DMC-ODS)—the Managed Care model is ***still very new*** or hasn't been implemented yet
- <u>Requested stakeholder input on policy changes:</u>

•Residential treatment length-of-stay requirements
•Residential treatment definition
•Recovery services
•Additional medication assisted treatment
•Physician consultant services
•Evidence-based practice requirements
•Provider appeals process
•Tribal services
•Treatment after incarceration
•Billing for services prior to diagnosis

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CalAIM—Goal II: Moving Medi-Cal to a Consistent and Seamless System

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CalAIM—8, 9, and 10. Dental, County Partners

- #8—Proposed statewide reforms to the Dental program (new dental benefits (focus on young children), and pay for performance initiatives for providers).
- #9—Recommendations to phase-in changes to increase program integrity with respect to the eligibility and enrollment.
- #10—Request for Stakeholder feedback on ways to improve contact and demographic information and the reliability of the data.

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CalAIM—Stakeholder Process

•DHCS is conducting 5 topic-specific workgroups

- Population Health
- Enhanced Care Management
- Behavioral Health
- Full Integration
- NCQA Accreditation

•Over 25 days of workgroup meetings will occur between Nov-19 and Feb-20.

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CalAIM—Stakeholder Process

•CHA selected to serve on two Stakeholder Workgroups:
  - •Population Health (Amber Kemp)
  - •Behavioral Health (Sheree Lowe)

•For every workgroup meeting, CHA will have representation monitoring the actions and evolution of the proposals

•CHA to host webinar post Gov Budget on Jan.10, 2020

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CalAIM—Timeline

Date	Implementation Activity
Dec. 2020	Medi-Cal 2020 Waiver expires
Jan. 2021	Many CalAIM proposals implement • BH Payment Reform—HCPCS Level I • Changes to BH Medical Necessity • Standardization of benefits and non-dual enrollment
Jan. 2023	Standardization of enrollment: duals
Jan. 2024	Full Integration Plans: Go Live
Jan. 2025	NCQA accredited
Jan. 2026	• LTSS, LTC, D-SNP: Full Implementation • Behavioral Health Managed Care: Single integrated BH managed care plan/by county/region

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Questions?

CHA Contact Info:

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APPENDIX

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APPENDIX

- CalAIM References:
  - Main Website: https://www.dhcs.ca.gov/calaim
  - CalAIM Proposal: https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM/CalAIM_Proposal_102819.pdf
  - CalAIM Stakeholder Process: https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM/Crosswalk-Proposals-and-Stakeholder-Engagement.pdf

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