Medi-Cal Reform:
CalAIM and Managed Care RFP

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AGENDA

- Medi-Cal Background
- California Advancing and Innovating Medi-Cal (CalAIM)
- Medi-Cal Managed Care Request for Proposal (RFP)

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Medi-Cal Background

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Background

- Created in 1965, the Medicaid program, designed as a federal-state partnership, was created to provide health coverage for ***low-income families and children, pregnant women, the elderly and people with disabilities***.
- California's version of Medicaid — Medi-Cal in 1966 covered 1.2 million beneficiaries — or ***1 in 15 Californians***.
- Today, Medi-Cal provides services to nearly 15 million — or ***1 in 3 Californians***

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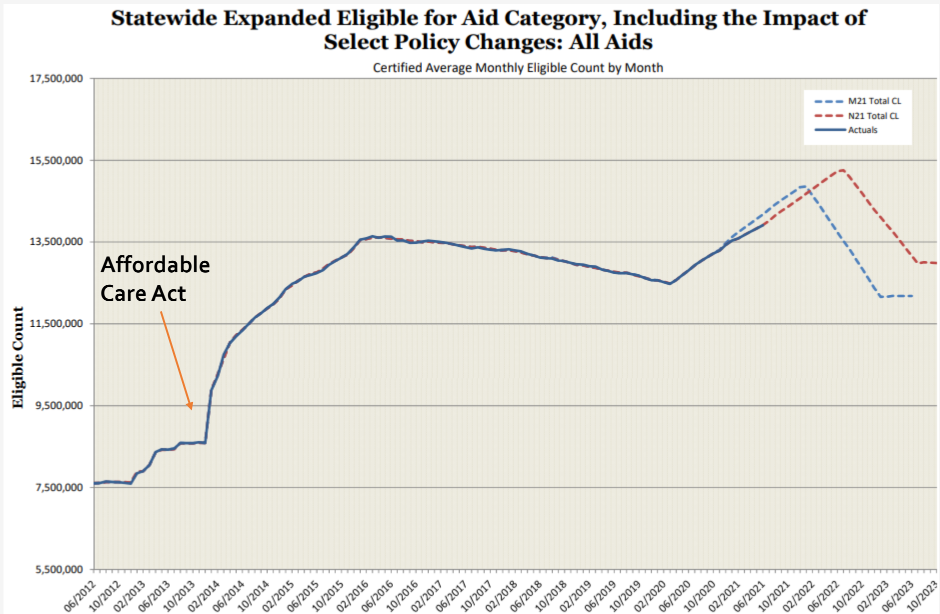
A Decade of Growth

California Hospital Association

- In 2014, California expands Medi-Cal with the Affordable Care Act.
- In total, brings on over 4 million new ACA enrollees.
- Over 24-month period, enrollment grew from 8 million to over 13 million beneficiaries.



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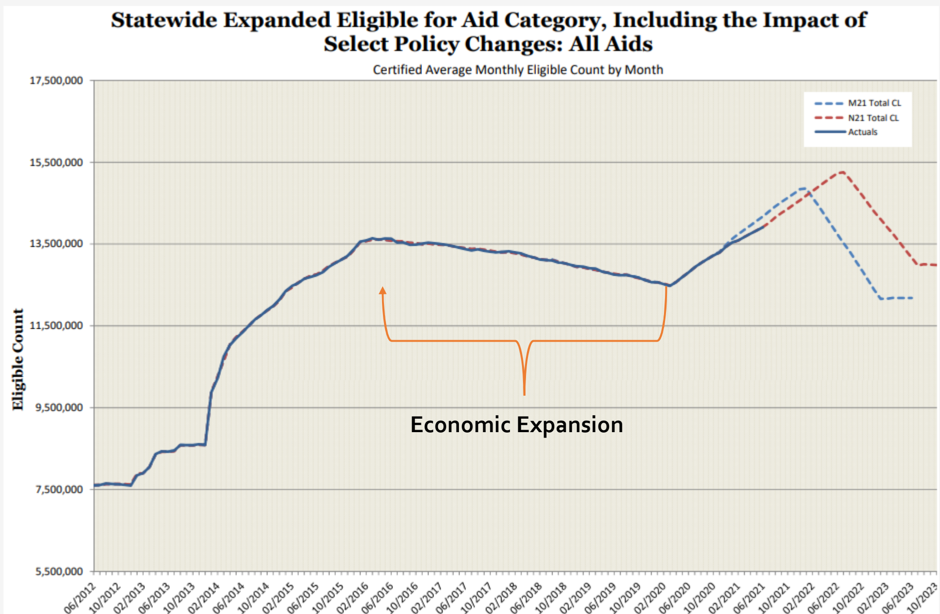
A Decade of Growth (cont.)

California Hospital Association

- From 2016-2020, Medi-Cal enrollment begins to flatten and experience a slight decline as the economic expansion is underway.



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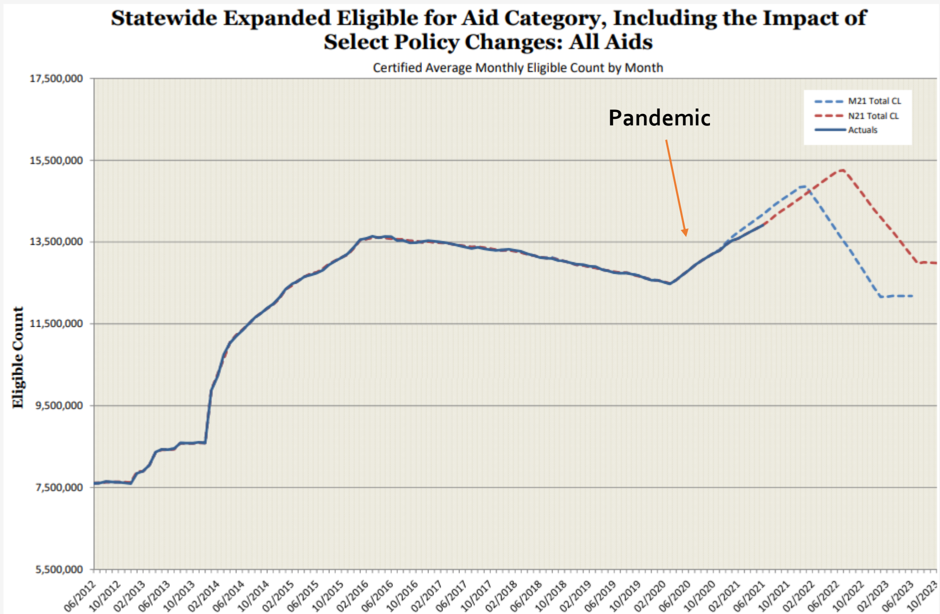
A Decade of Growth (cont.)

California Hospital Association

- As the pandemic begins in March 2020, Medi-Cal enrollment is closer to 12.5 million beneficiaries.
- HHS Secretary announces a Public Health Emergency which suspended Medicaid redeterminations.
- Medi-Cal enrollment grows to nearly 15 million beneficiaries during pandemic.



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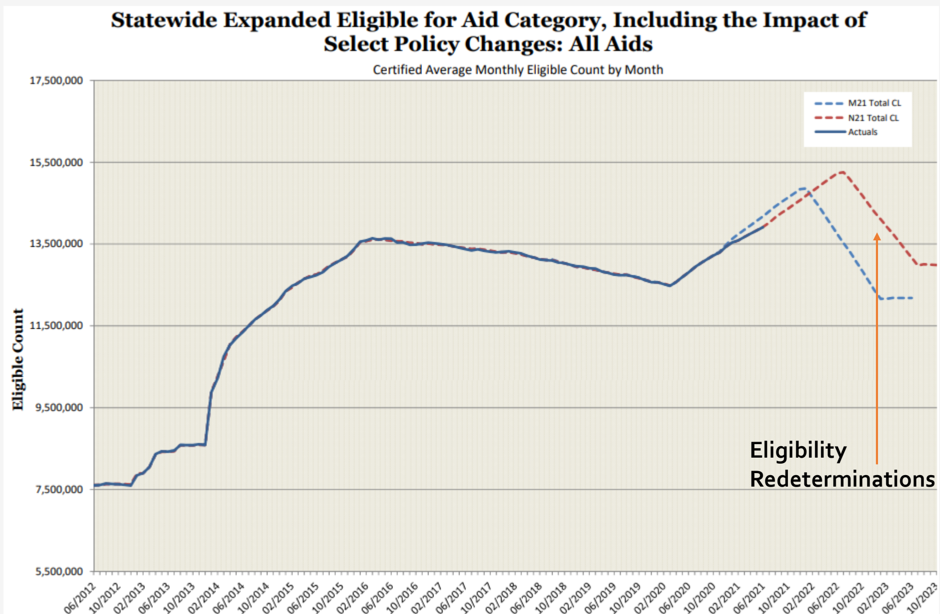
A Decade of Growth (cont.)

California Hospital Association

- Once the Public Health Emergency is lifted, DHCS estimates nearly **2-3 million** beneficiaries will lose Medi-Cal coverage.
- Redeterminations will occur over 12-months.
- HHS extended the Public Health Emergency for another 90-days on April 12, 2022.



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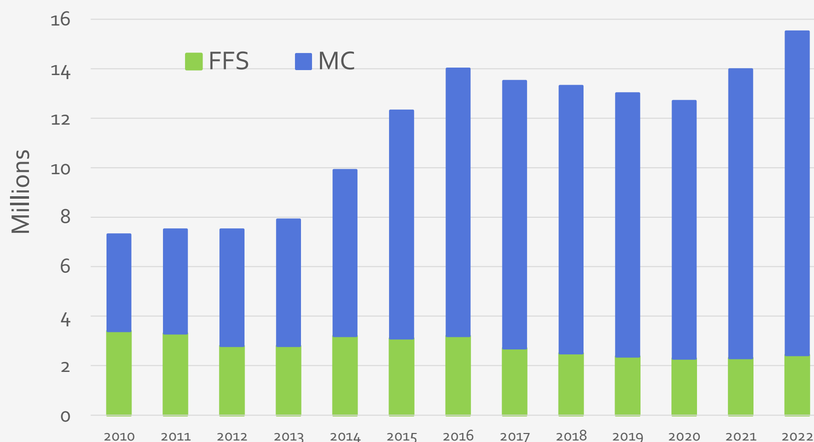
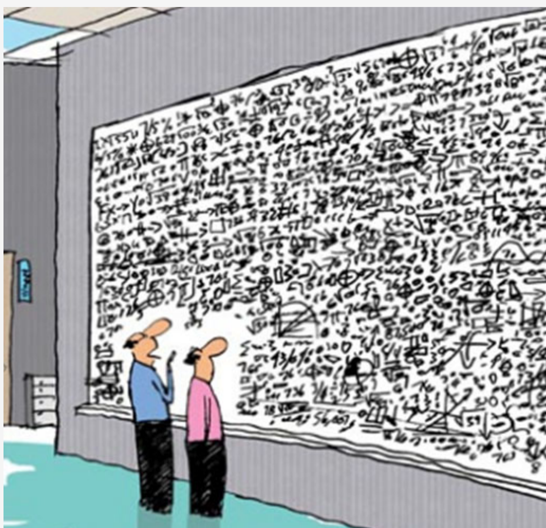
Growth in Managed Care — *Delivery System of Choice*

- Today, ***more than 80%*** of the beneficiaries are enrolled with a Medi-Cal Managed Care Plan (MCP).
- After expanding full-scope coverage and CalAIM changes, it is estimated that ***99%*** of the beneficiaries will be enrolled with a Medi-Cal MCP.



Challenges with Medi-Cal



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

- What Medi-Cal "looks like" depends on where the beneficiary lives.
- Prior to 2022, there were differences depending on the delivery system and health plan model.
- Navigating the program has always been **overly complex.**
- It may require accessing ***six or more*** separate delivery systems to receive the care they need

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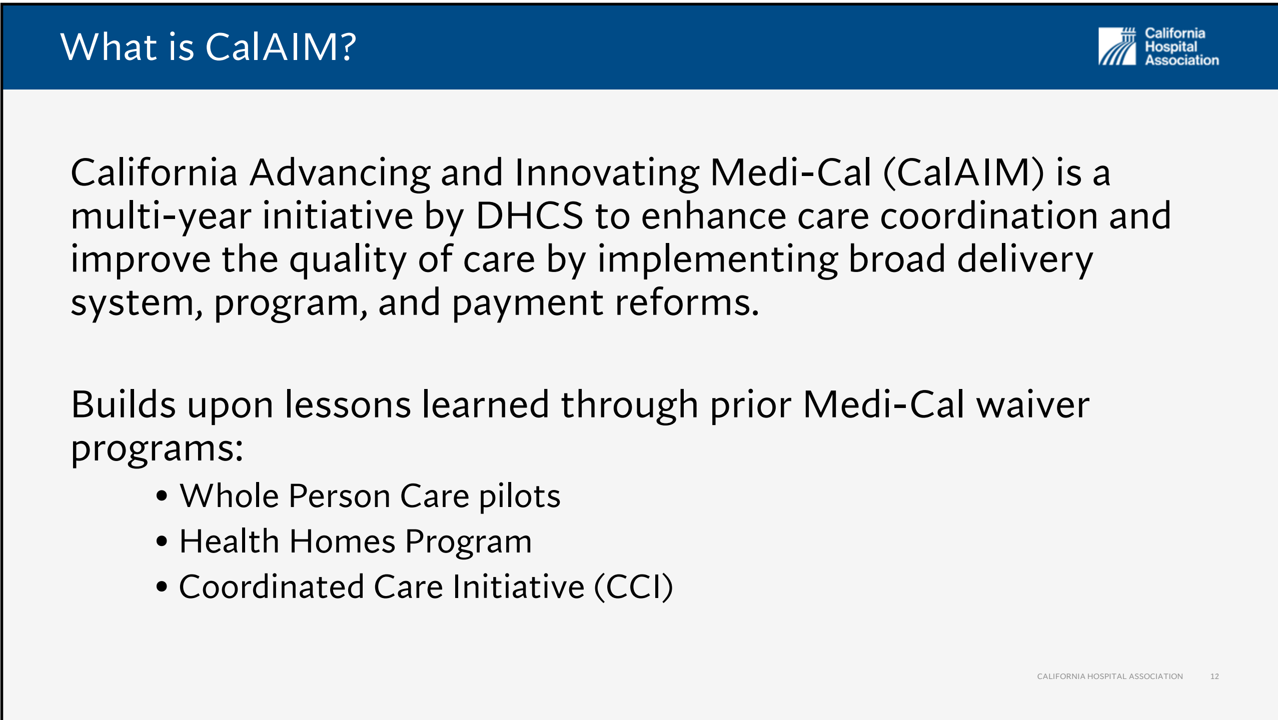

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Goals of CalAIM

California Hospital Association

CalAIM has ***three primary goals***:

1. Identify and manage 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***.

Key Initiatives

California Hospital Association

- **Managed Care Standardization**
  - Enrollment *(non-duals, duals, requirement for D-SNPs)*
  - Benefits *(Medi-Cal Rx, organ transplants)*
  - Rate Setting *(regions versus county-based rate settings)*
- **Whole Person Care Approach**
  - Enhanced Care Management *(intensive care management)*
  - Community Supports *(non-traditional services for high-risk/need members)*
- **Behavioral Health Reform**
  - Serious Mental Illness (SMI)/Serious Emotional Disturbance (SED) Demonstration *(federal flexibility for IMDs)*
  - Payment Reform *(transition from cost-based to state developed rates)*

Off to a Rocky Start

California Hospital Association

- **Managed Care Benefit Standardization**
  - *Medi-Cal Rx (Pharmacy "Carve-Out")*—Live on January 1, 2022.
  - Significant challenges
    - More than 81,000 calls to the call center—creating 3-5 hour wait times.
    - Prior Auth delays—7-8 days instead of the 24 hours required under the contract.
    - Unexpected claim denials; reimbursement less than required amounts (340B providers)
  - State's Response:
    - Magellan required to double staffing levels; State redirected resources.
    - Many short-term/temporary workarounds
- *Major Organ Transplants*—Live on January 1, 2022.
  - Lack of policy guidance in 2021 led to significant confusion.
  - For some providers/plans, questions remain.

Looking Ahead

California Hospital Association

- **Providing Access and Transforming Health (PATH):**

Program	2022	2023	2024	2025	2026	Total
Ensuring Access to Services During Transition and Delivery System Transformation and Innovation	$554	$430	$230	$70	$5	*$1,289*
Justice-Involved Planning and Implementation	$151	$0	$0	$0	$0	*$151*
Total	*$705*	*$430*	*$230*	*$70*	*$5*	*$1,440*

- **CalAIM Managed Care Incentive Funding**
  - $300 million for plan incentives from January to June 2022
  - $600 million from July 2022 to June 2023
  - $600 million from July 2023 to June 2024
  - Incentive funding will phase out in FY 2024-25.

Timeline

CalAIM Initiatives		Implementation Date
Enhanced Care Management (ECM)	☑	• January 1, 2022 (select counties, target members) • July 1, 2022 (select counties, all members) • January 1, 2023 (all counties, adult members) • July 1, 2023 (all counties, all youth members)
Community Supports	☑	• January 1, 2022
Update Behavioral Health Medical Necessity Definition and Specialty Mental Health Services (SMHS) Criteria	☑	• January 1, 2022
SMI/SED Demonstration Opportunity		• No sooner than July 1, 2022 (proposal to CMS)
Mandatory MCP Enrollment	☑	• January 1, 2022 (non-duals) • January 1, 2023 (duals)
Long-Term Care Carve-In		• January 1, 2023
Behavioral Health Payment Reform		• No sooner than July 1, 2023
NCQA Accreditation for MCPs		• January 1, 2026
Transition to Statewide LTSS and D-SNP		• January 1, 2027
Full-Integration Pilot		• No sooner than January 1, 2027

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Medi-Cal Managed Care Request for Proposal

California Hospital Association

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Background

DHCS Goal:

To procure commercial health plans to provide high quality, accessible, and comprehensive care across all settings and levels of care with an emphasis on reducing health disparities and improving health outcomes.

Increased requirements and responsibility related to:

- » Transparency
- » Quality care
- » Access
- » Continuum of Care
- » Children Services
- » Behavioral Health Services
- » Coordinated/Integrated Care
- » Health Equity and Reduced Disparities
- » Accountability
- » Oversight of Delegated Entities
- » Increased Local Presence
- » Emergency Preparedness
- » Social Drivers of Health (SDOH)
- » Advancing Value-Based Payment
- » Supporting CalAIM
- » Administrative Efficiency

Contract Term: 5 years *(tentatively, DHCS flexibility)*

Proposed Model Changes

Proposed Model Changes:

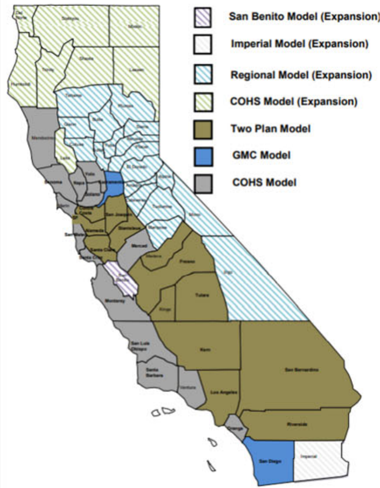
Conditional approval of change to the county model has been granted for the following counties:

- Alameda Alliance (Single Plan): **Alameda**
- Contra Costa Health Plan (Single Plan): **Contra Costa**
- California Health and Wellness (Single Plan): **Imperial**
- Health Plan of San Joaquin Expansion (Two-Plan): **Alpine and El Dorado**
- Central California Alliance for Health (COHS): **Mariposa and San Benito**
- Partnership Health Plan Expansion (COHS):
  - **Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, and Yuba**

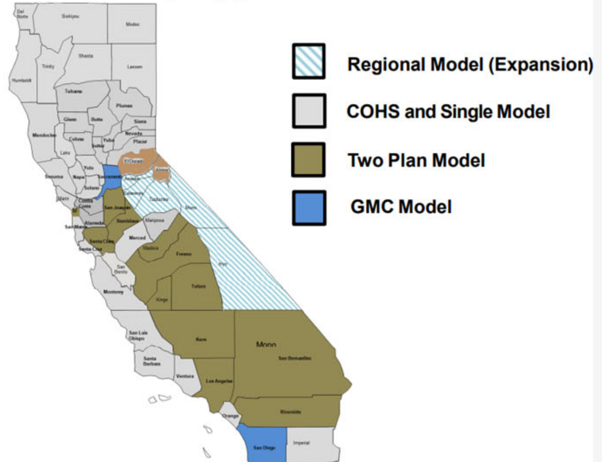
Proposed Model Changes (cont.)

California Hospital Association

Current Models:



Conditionally Approved 2024 Models:*



** Pending plan readiness and federal authorization*

Proposed Model Changes (cont.)

California Hospital Association

Number of Awards:

Plan Model	Counties Being Procured	Intended Number of Awards
Two Plan Commercial	14 counties: Alpine, El Dorado, Fresno, Kern, Kings, Los Angeles, Madera, Riverside, San Bernardino, Santa Clara, San Francisco, San Joaquin, Stanislaus, and Tulare.	One award for a commercial health plan for each county identified in this RFP.
Geographic Managed Care	2 counties (no change): Sacramento and San Diego.	Two awards for commercial health plans per county.
Regional	5 counties: Amador, Calaveras, Inyo, Mono, and Tuolumne.	Two awards for commercial health plans per county.

RFP Timeline

California Hospital Association

Key Event	Date*
RFP Release	February 09, 2022
RFP Proposer Questions Due	March 2, 2022 4:00 PM PT
Voluntary Non-Binding Letter of Intent Due	March 2, 2022 4:00 PM PT
DHCS Responses to submitted Proposer Questions	March 23, 2022
Proposal Due Date	April 11, 2022 4:00 PM PT
Notices of Intent to Award Posted	August 9, 2022
Appeal Deadline	August 16, 2022 5:00 PM PT
Tentative Contract Award Date	August 22, 2022
Proposed Start Date of the Agreement	October 10, 2022
MCP Operational Readiness	Late 2022 – Late 2023
Implementation	January 1, 2024

** Dates subject to change*

Takeaways and Considerations

California Hospital Association

- Increased focus on **delegation**
  - Required Delegation Oversight and Compliance Plan
  - NCQA Accreditation for global risk subcontractors
  - Medical Loss Ratio (MLR) reporting and recoveries on subcontractors
  - DHCS ability to sanction prime plans for subcontractors performance
  - Public posting of MCPs' delegation and justification for use of a subcontractor

- **Enhanced coordination and support** of local health departments, county behavioral health plans, schools, justice systems and community-based organizations
  - Requirement a percentage of profits by plans and global risk subcontractors be allocated to community infrastructure development activities
  - Warm hand-offs and closed loop referrals

Takeaways and Considerations (cont.)

- Increased focus on **quality, access, and care coordination**
  - Population Health Management
  - Community Supports and Enhanced Care Management
  - D-SNP Requirement
  - Increased Quality Improvement Benchmarks
  - Value Based Payment Models
  - Transitional Care Services
  - Integration of behavioral and physical health care, "No Wrong Door"
- Greater focus and requirements on **health equity**
  - NCQA Health Equity Accreditation
  - Requirement to have a Chief Health Equity Officer
  - Health Equity and Disparity metrics, reporting, and improvement
- Multi-year contract **close out** for health plans no longer in certain counties.
  - Need MCPs for directed payment reporting

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Questions?

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Thank You

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