



§1115 Waiver Renewal Implementation Plan: Summary and Suggestions

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Insure the Uninsured Project

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Overview

Last week, the California Department of Health Care Services (DHCS) issued its Implementation Plan for the new §1115 waiver. The plan is organized around four Medi-Cal populations with the intent to better coordinate delivery models, improve care while controlling costs, promote inclusion of safety net providers, and act as a bridge for federal reform's implementation. The populations include:

1. Seniors and Persons with Disabilities
2. Children with Special Health Care Needs
3. Persons with Behavioral Health Disorders and/or Substance Abuse
4. Dual-Eligible Medicare/Medi-Cal Beneficiaries

Finally, the Waiver plan expand the Health Care Coverage Initiatives and continues the Safety Net Care Pool to support hospital and clinic uncompensated care.

Seniors and Persons With Disabilities (SPDs)

The target population represents about 380,000 beneficiaries, and constitutes a substantial portion of statewide Medi-Cal costs. The waiver will require mandatory enrollment of this population into an organized system of care in the 14 counties that do not current mandate enrollment but where managed care exists (Alameda, Contra Costa, Fresno, Kern, LA, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Clara, Stanislaus, and Tulare). Existing Medicaid Managed Care plans that wish to enroll SPDs must comply with new standards and consumer protections centered around a medical home provider, care management support, integrated benefits, and performance measurement. New notable standards include:

- Network adequacy and provider access (including specialists and safety net providers)
- Culturally competent information services and training
- Enhanced definitions of care management and coordination (including needs assessments, care plans, co-morbidity considerations, behavioral health, integration of carved-out services, and other in-home/community-based services)
- Enhanced performance measures and data reporting for this population (including utilization and new HEDIS measures)
- Quality Improvement Project requirements

The Implementation Plan also proposes the option for counties to develop a County Alternative Option, providing SPDs an additional choice in counties that wish to develop a model unique to their local population needs and safety net system. The Option will be subject to the same requirements as existing managed care plans, and the state expects that such plans will provide global payments for care “so that there is a component of risk sharing between the state and the alternative option.” It is unclear which counties this proposition is geared toward; effective implementation of such a payment system may yield significant shared savings. Counties should carefully assess the necessity of such an option, as established managed care systems may be able to administer care more expeditiously and efficiently.

Outreach efforts are slated to start this October and enrollment will begin in February 2011 (and August for counties pursuing the Alternative Option), with the goal of total enrollment by the end of 2012.

Children with Special Health Care Needs

The California Children’s Services (CCS) program administers carved-out specialized care for children with complex, chronic, and debilitating conditions. The siloed nature of the program is a major barrier for proper care coordination, and the fee-for-service payment structure often does not incentivize appropriate care. The waiver proposes several pilot program sites to test different models for a limited number of this population:

- Enhanced Primary Care Case Management
 - o The entity would receive a per-member-per-month rate and be responsible for outreach, assessment, medical home designation, provider network development, care coordination, and provider reimbursement.
- Provider-Based ACO
 - o The organization of PCPs, specialists, and hospitals would receive a global payment per beneficiary, with the intention of providing cost-effective and coordinated care
- Specialty Health Care Plan
 - o A new managed care plan would be designed to provide all services for the population
- Managed Health Care Plan
 - o The state would contract with an eligible Medi-Cal plan to coordinate care for the ‘whole child’

DHCS is scheduled to select proposed pilot sites this November, with implementation initiating in January 2012.

Persons with Behavioral Disorders and/or Substance Abuse

Medi-Cal only beneficiaries with serious mental illness and/or substance abuse represent 10% of the program's population but almost 40% of FFS expenditures due to increased emergency department visits, preventable hospitalizations, and a detachment of treatment regimens and collaboration between mental health services and other medical providers. The waiver will request funds for new pilot programs to explore care coordination and integration models for physical, mental and behavioral health.

Dual Eligibles (Medi-Medis)

Nearly 23% of Medi-Cal expenditures are spent on care for this population, and only 174,000 of the 1.1 million dual eligibles in the state are in managed care plans. The state recognizes the need to create one point of accountability for coordination and delivery of care across a spectrum of medical, long-term, and community-based services. The state proposal gives limited information in term of waiver implementation; thus it appears this is a low priority. It will be important for the state to continue to develop a real strategy for this population; the federal reform act provides for better collaboration between Medi-Cal and Medicare program's care for this population.

Coverage Initiatives

The Implementation Plan recognizes the importance of expanding the 10 successful pilots and opening up participation for all remaining counties to create a seamless transition to the 2014 Medi-Cal expansion and Exchange induction. New program standards will be required for all participating counties to evolve to meet the Medicaid and Exchange requirements by 2014. These include:

- A streamlined and standardized enrollment and eligibility system that interfaces county, state, and federal services (does not include an asset test)
- The eventual transition to a benchmark plan
- Medical home designation
- Sufficient provider networks (including both public and private providers)
- Outreach plans (for both enrollees and providers)
- Data systems

The proposed expansion will extend coverage to uninsured parents and childless adults up to 200% FPL to the extent that county funding is available. Counties will certify expenditures for medical and administrative services in order to receive federal reimbursement for individuals with income up to 133% FPL, where expansion for individuals between 133% and 200% FPL will be financed by the Safety Net Care Pool and the federal match.

Expansion is slated to initiate in existing coverage initiatives in February 2011, with new county initiatives to begin in September 2011. It is imperative that more counties take advantage of these opportunities, and tailor the initiative to their unique demographic and safety net system. While the majority of the other waiver provisions will help integrate health care services and ideally lower cost, effective expansion of CIs will precede California's successful transition to the 2014 health care system. Counties pursuing a coverage initiative need to work collaboratively with local managed care plans and mirror the most successful endeavors (while understanding the shortfalls) of the original CI counties. Outreach plans need to include safety net providers, and clinics should be a focus for medical home designation. We applaud the elimination of the asset test and the efforts to create a simplified enrollment system. It is critical that the state works with counties to begin to track and register all CPEs on the MIAs (back to April 2010) to be able to receive a maximum federal match.

Hospital and Clinic Financing

The Plan aims to preserve the previous waiver's financing provisions, and intends to move more hospitals to a DRG-like payment system. An increase in Safety Net Care Pool funds will be sought to support existing services and the coverage initiative expansion, in addition to infrastructure investments and State General Fund relief. It is imperative that the coverage expansion effort is aggressively pursued as we think it is unlikely that the Safety Net Care Pool will survive once full implementation of the federal reform begins in 2014.

Resources

Maxwell-Jolly, D., DHCS, *California Section 1115 Comprehensive Demonstration Project Waiver: Implementation Plan*, May 2010:

http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/Waiver_ImpPlan_5-2010.pdf

DHCS Waiver Renewal Resource Page:

<http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx>