L.A. Health Collaborative
California’s Expiring Waivers: Opportunities and Challenges

November 4, 2019
Who We Are

▪ Nonpartisan, independent 501 (c)(3) organization, founded in 1996

▪ The mission of ITUP is to promote innovative and workable policy solutions that expand health care access and improve the health of Californians

▪ ITUP implements its mission through policy-focused research and broad-based stakeholder engagement
Welcome and Introductions
Overview of the 2019 Legislative Session
Federal and State Context for Medi-Cal waivers
ITUP Background Materials on Medi-Cal Waivers

- Mapping the Future of Medi-Cal (March 2019)
- Care Coordination Discussion Guide (June 2019)
- Medi-Cal Waivers Discussion Guide (October 2019)
California’s Existing Medicaid Waivers

- **Medi-Cal 2020 Section 1115 Research and Demonstration Waiver (Expires December 2020)**
  - Medi-Cal Managed Care Plans (MCPs) and Pregnancy services for some low-income women
  - Public health care safety net financing and system transformation (PRIME, GPP)
  - Care Coordination (Whole Person Care, Health Homes, and Drug Medi-Cal-ODS)
  - Access to dental services for children (Dental Transformation Initiative)
  - Limited federal funds for state health programs (e.g., CCS, Breast and Cervical Cancer Treatment Program, Aids Drug Assistance Program, Genetically Handicapped Persons Program, etc.)

- **Specialty Mental Health Services Section 1915(b) (Expires June 30, 2020)**
  - County Mental Health Plans (MHPs) provide medically necessary mental health services for individuals with severe mental illness and children with serious emotional disturbances

- Home and Community-based Services Section 1915(c) Nine waivers
Federal Managed Care Authorities

- **STATE PLAN AMENDMENT (SPA) SSA §1932(A)**
  - Exempts states from the requirements of *statewideness* (program that is operational statewide), *comparability* (benefits equivalent to fee-for-service) and *freedom of choice* (enrollee ability to choose any qualified provider).

- **SSA §1915(B) PROGRAM WAIVERS**
  - Provides states with a time-limited waiver from statewideness, comparability and freedom of choice. May be used to provide additional services not provided in fee-for-service. *Current CA waiver for county mental health managed care.*

- **SSA §1115 RESEARCH & DEMONSTRATION WAIVERS**
  - Broad authority to waive Medicaid requirements such as eligibility, benefits, provider payments and federal funding for services not otherwise covered under federal Medicaid. *Current CA Medi-Cal 2020 waiver.*
Federal Landscape Changes the Waiver Equation

Shift in Federal Priorities for State Waivers and Innovation

- Medicaid work requirements
- Beneficiary cost sharing (premiums and co-payments)
- Eliminating benefits (e.g., non-emergency medical transportation)
Federal Landscape Changes the Waiver Equation

New rules for calculating Section 1115 federal Medicaid waiver “budget neutrality”

- Federal expenditures must be at or below what they would be without the waiver (budget neutral)
- States work with CMS to estimate “with waiver” and “without waiver” (baseline) expenditures; Difference between them is “savings” or “budget neutrality room”
- 2016 change affects how the baseline “without waiver” is calculated; not historical cost trends and savings which may have been “rolled over” in the past but more recent state cost trends

Resource: CMS Medicaid Directors, August 22, 2018, SMD # 18-009 RE: Budget Neutrality Policies for Section 1115(a) Medicaid Demonstration Projects
What the New Rules Mean for California

- Managed care no longer yields savings (room) in a Section 1115 waiver so there is **less “savings”** to secure additional federal funds – state will move all managed care to a Section 1115 waiver

- **Some programs** can continue in Section 1115 waiver (e.g. Global Payment Program which allocates Disproportionate Share Hospital (DSH) payments)

- California needs to **consider alternatives / funding** for other elements of Medi-Cal 2020 outside of a Section 1115 waiver (e.g., Whole person care)
The Challenge and Opportunity

- Structure of the Section 1115 and Section 1915(b) waivers
- Alternatives for current Section 1115 waiver programs not included in a new waiver
- Broader opportunities to improve Medi-Cal
  - Integration of physical, behavioral, and oral health?
  - Refined models of managed care? Regional approaches?
  - Transformative goals?
California Advancing and Innovating Medi-Cal Goals

- Reducing variation and complexity across the delivery systems;
- Identifying and managing member risk and need through population health management strategies; and,
- Improving quality outcomes and driving delivery system transformation through value-based initiatives and payment reform.
CalAIM Overview

- Extensive and very detailed proposal released on 10-28-19 (181 pages)
  - Review at: https://www.dhcs.ca.gov/calAIM

- Impacts virtually all aspects of the Medi-Cal program
  - Medi-Cal Managed Care
  - Behavioral Health
  - Dental
  - Existing County Programs and Services

- Includes proposals for the next federal Medicaid waivers as well as other program changes that can be done without waivers
CalAIM Major Themes

**SIGNIFICANT** new responsibility for managed care plans
Most elements will be offered / managed by participating health plans

- **Federal Authority for Managed Care** through a 1915(b) waiver
- **Population Health Management** – “a cohesive plan of action addressing all member needs across the continuum of care”
  - Identify and assess member risk; refer and coordinate services; track outcomes
- **Care Coordination**
  - New “enhanced care management” benefit; in lieu of services; health plan incentive payments; Full integration pilots (physical, behavioral, dental)
- “**Standardization**” around the state in benefits, enrollment, NCQA accreditation, regional MCMC rates, annual open enrollment for beneficiaries, new dental benefits and payment reforms
CalAIM Major Themes

Behavioral health services

- **Federal authority for managed care** – County Mental Health and Drug Medi-Cal (1915(b) waiver)
- **Integration of mental health and Substance Use Disorder (SUD) treatment**
  - New “enhanced care management” benefit; in lieu of services; health plan incentive payments
- **Behavioral health program changes** – administrative integration of mental health / SUD; Payment reform; Eligibility for services (medical necessity)

County Programs

- Monitoring and oversight of California Children’s Services and CHDP
- Medi-Cal eligibility and enrollment
<table>
<thead>
<tr>
<th>Date Range</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>October 28, 2019</td>
<td>DHCS releases draft concept paper</td>
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<tr>
<td>November 2019 – February 2020</td>
<td>Five CalAIM workgroups meet</td>
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<td>May-July 2020</td>
<td>Waiver proposal(s) submitted to CMS</td>
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<tr>
<td>July-December 2020</td>
<td>CMS and DHCS negotiate waiver terms and conditions</td>
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<td>January 2021-2026</td>
<td>Implementation of proposals and programs as in waiver and state legislation</td>
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Putting the 2020 Waiver Process in Perspective

- California Waiver History – LA County’s Key Role
- How Waivers are Negotiated – Never Easy, Always Evolving
- CalAIM – a Bold and Unprecedented Approach to Waiver Renewal
Break and Networking
Perspectives: Implications for the L.A. County Health Care Safety Net
Perspectives: Implications for the L.A. County Health Care Safety Net

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Perspectives: Implications for the L.A. County Health Care Safety Net

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L.A. County’s Specialty SUD System: Working Toward Care Integration

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Interim Division Director
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ITUP L.A. Health Collaborative, 11/04/19
L.A. County’s Specialty Substance Use Disorder (SUD) System: Working Toward Care Integration

**Step 1: Foundation-Laying Build-out of Specialty SUD System – First 2 Years of Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver**

**Funding**
- Previously fragmented, now unified under DMC with secondary funding as essential support for services not reimbursable by DMC
- SUD as an entitlement under DMC

**Infrastructure**
- Broader SUD benefit package with more covered services to meet needs
- Focus on quality and building capacity to improve access
- Electronic health record – to facilitate information sharing

**Frame**
- Managed care principles (e.g., medical necessity, authorizations, appropriate utilization of resources by better matching client need to service delivery)

**Workforce**
- Diversification of SUD disciplines → more licensed clinicians
- Expanding knowledge, skillsets, & comfort levels
Step 1 strengthens the specialty SUD system and positions it to more effectively integrate with physical and mental health systems.

Step 2: Medi-Cal Waiver Renewal
Opportunity to extend DMC-ODS and focus on administrative and financial integration of specialty SUD and MH systems to facilitate integration of service provision.
L.A. County’s Specialty SUD System: Working Toward Care Integration (cont’d)

**Step 1:** Foundation-Laying Build-out of Specialty SUD System – DMC-ODS Waiver

**Step 2:** Medi-Cal Waiver Renewal

**Step 3: CARE INTEGRATION**
- SUD care
- Mental Health care
- Physical Health care
- Social & Other Services

Step 2 creates structures for counties and Medi-Cal to more effectively integrate and coordinate care across systems.
Renewal of Medi-Cal Waiver allows for:

- Continual build-up of the specialty SUD system through DMC-ODS, which is otherwise a 5-yr demonstration project that would end after 2020.
- Opportunity to further align the administrative and financial infrastructures within counties and Medi-Cal to facilitate more effective care integration and coordination.

**Step 2: Medi-Cal Waiver Renewal**

**Step 3: CARE INTEGRATION**
- SUD care
- Mental Health care
- Physical Health care
- Social Services

**Step 1: Foundation-Laying Build-out of Specialty SUD System – DMC-ODS Waiver**
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Questions?
Evaluation
Find ITUP online and follow us on social media!

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In lieu of services federal requirements

- Cannot be mandated by the State
- Only MCPs may submit an application to the State to deliver an in lieu of service
- Must be approved by the State if a MCP wishes to offer the service
- MCP must demonstrate the clinical and financial benefits of the proposed service
- MCP members may not be required to receive the service