
L.A. Health Collaborative

California's Expiring Waivers: Opportunities and Challenges




November 4, 2019

Insure the Uninsured Project

- 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



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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

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

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

CalAIM Timeline

October 28, 2019

DHCS releases draft concept paper

**November 2019 –
February 2020**

Five CalAIM workgroups meet

May-July 2020

Waiver proposal(s) submitted to CMS

July-December 2020

CMS and DHCS negotiate waiver terms
and conditions

January 2021-2026

Implementation of proposals and
programs as in waiver and state legislation

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

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

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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

L.A. County's Specialty SUD System: Working Toward Care Integration (cont'd)

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



Step 1 strengthens the specialty SUD system and positions it to more effectively integrate with physical and mental health systems



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

L.A. County's Specialty SUD System: Working Toward Care Integration (cont'd)

Step 3: CARE INTEGRATION

- SUD care
- Mental Health care
- Physical Health care
- Social & Other Services



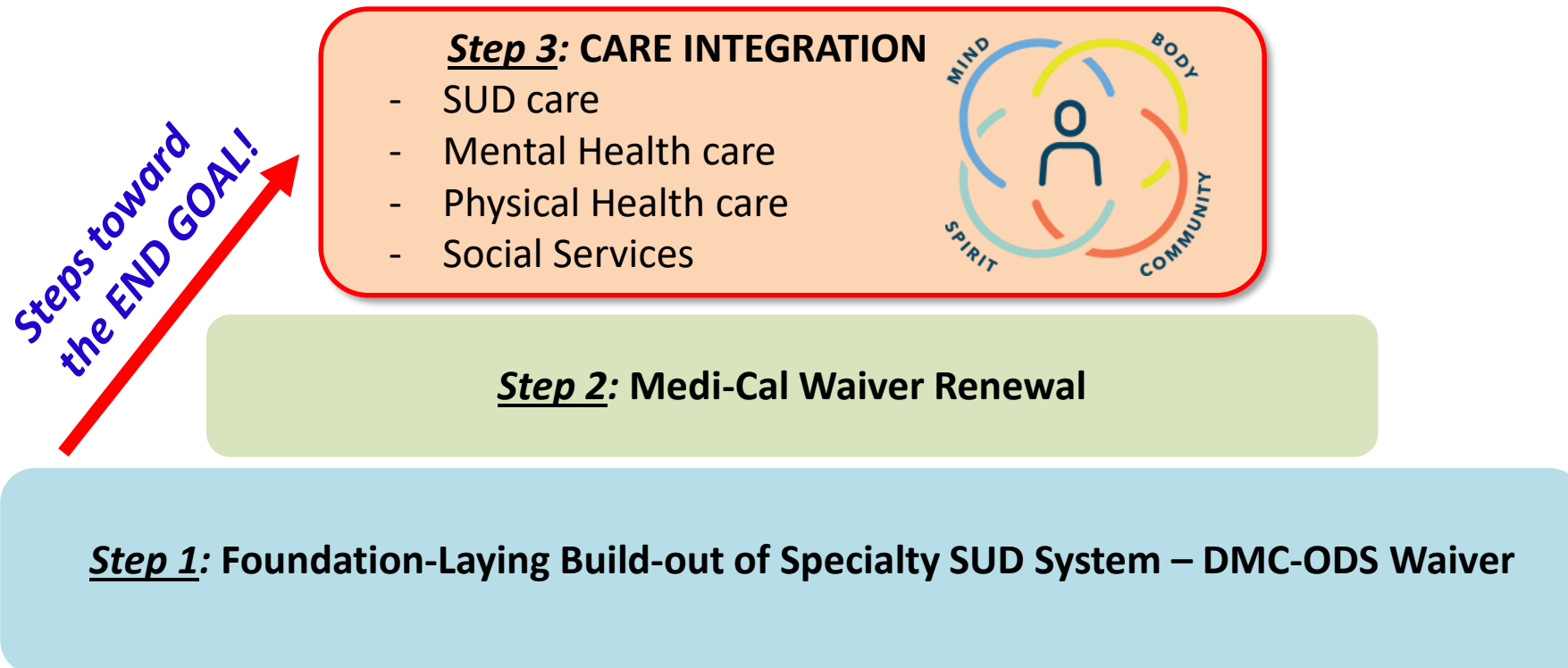
Step 2 creates structures for counties and Medi-Cal to more effectively integrate and coordinate care across systems

Step 2: Medi-Cal Waiver Renewal

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

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.





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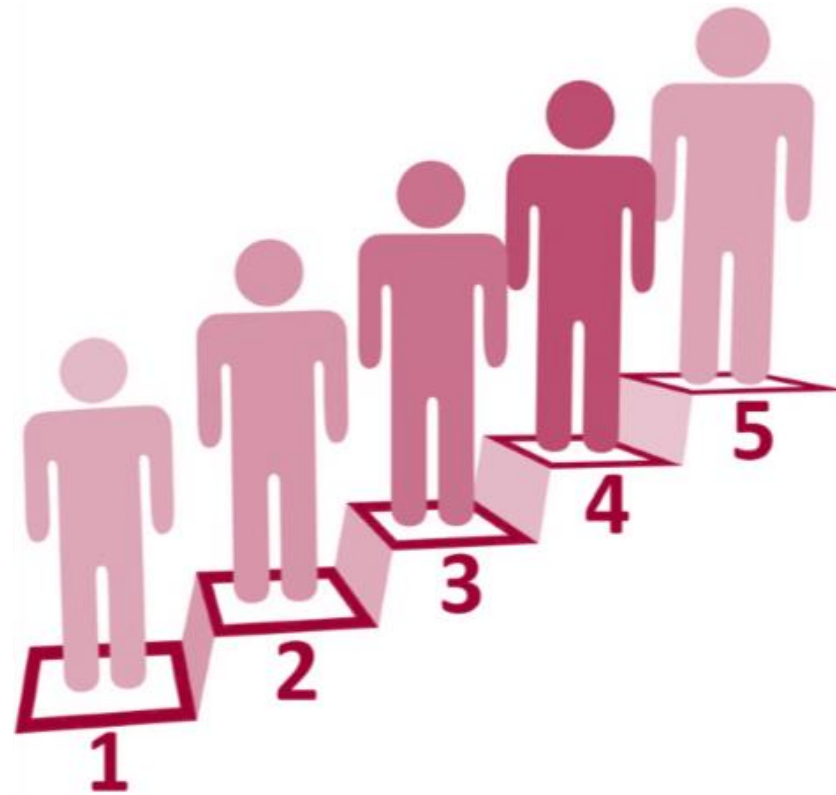
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Questions?



Evaluation





Taking

BOLD STEPS



in Uncertain Times

ITUP 24th Annual Conference

February 24-25, 2020 • Sheraton Grand Sacramento

Thank You

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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