June 2021

All Things CalAIM!

What is CalAIM?

California Advancing and Innovating Medi-Cal (CalAIM) is a multi-year initiative by the Department of Health Care Services (DHCS) to improve the quality of care provided to Medi-Cal members by implementing broad delivery system, program, and payment reform across the Medi-Cal program. The major components of CalAIM build upon the lessons learned of various pilots (including, but not limited to, the Whole Person Care Pilots (WPC), Health Homes Program (HHP), and the Coordinated Care Initiative (CCI)/Cal MediConnect).

Three Primary CalAIM 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, reduce health disparities, and drive delivery system transformation and innovation through value-based initiatives, modernization of systems, and payment reform.

Resources

There is a wealth of information online around CalAIM. ITUP has categorized informational webpages and provided direct links below to help stakeholders navigate the many available resources.

Additionally, CalAIM, as an initiative, will work in concert with other DHCS initiatives as well as items in the state budget and bills in the Legislature. It is important to track these other items alongside CalAIM to understand how each of these works separately and together. These include: Medi-Cal managed care plan procurement; Medi-Cal 1115 waiver and 1915(b) waiver renewals; the CA state budget; and the CA state Legislature/bills. Direct links to those are included here and more context is provided at the end of this document.

1. **CalAIM and Medi-Cal Waivers**
   a. DHCS CalAIM Webpage
   b. DHCS Revised CalAIM Proposal
   c. CalAIM Executive Summary and Updates
   d. DHCS 2021 CalAIM Proposal Overview Presentation, January 2021
   e. Enhanced Care Management and In Lieu of Services Webpage
   f. CalAIM 1115 and 1915(b) Waiver Renewal Webpage
   g. Foster Care Model of Care Workgroup

   h. Medi-Cal 2020 1115 Waiver Webpage
   i. Medi-Cal 1915(b) Specialty Mental Health Waiver Webpage
   j. Medi-Cal Specialty Mental Health
   k. DHCS Whole Person Care Pilots
   l. DHCS Health Homes Program
   m. DHCS Dental Transformation Initiative
   n. PRIME Webpage
   o. Cal MediConnect Webpage and CalDuals.org
   p. Drug Medi-Cal Organized Delivery System

2. **DHCS Medi-Cal Managed Care**
   a. DHCS Medi-Cal Managed Care Plan Procurement Webpage
   b. DHCS Medi-Cal Managed Care Resources
   c. Medi-Cal Managed Care County Map
   d. Medi-Cal Managed Care Plan Models Fact Sheet

3. **Subscribe to DHCS Stakeholder Updates**

4. **CA State Budget**
   a. State Budget Webpage
   b. May Revision 2021 Health and Human Services Budget Summary
   c. DHCS May Revision 2021 Budget Highlights
   d. CA State Senate Budget Subcommittee #3 on Health and Human Services
   e. CA State Assembly Budget Subcommittee #1 on Health and Human Services

5. **CA State Legislative Bills**
   a. Legislative Bills and Committee Analyses Look-Up Tool
   b. Senate Legislative Committees
   c. Assembly Legislative Committees

6. **ITUP Resources**
   a. ITUP May Revision Budget Blog
   b. ITUP Legislative Bills Blog
   c. ITUP CalAIM Brief February 2020
   d. ITUP Medi-Cal 1115 and 1915(b) Waivers Discussion Guide October 2019

CalAIM Timeline and Major Elements

CalAIM Delayed Due to Pandemic

In February 2020, ITUP published a CalAIM Issue Brief detailing the initial CalAIM proposal put forth by DHCS in Fall 2019. Originally, DHCS intended to implement CalAIM January 2021; however, due to the COVID-19 public health emergency, DHCS delayed initial implementation to January 1, 2022.

Revised CalAIM Proposal and New Start Date/Phased-In Implementation

DHCS published a revised CalAIM proposal, updated based on their extensive stakeholder feedback process, and a 25-page Executive Summary on January 8, 2021. Much of the revised proposal remained the same as in the original; however, starting on page 18 in the Executive Summary, you can find a chart with key changes since the original release.

Major Elements and Timing of CalAIM

CalAIM Initiative	Description	Implementation Date
Hospital Quality Incentive Program	PRIME Program transitions to the Quality Incentive Program.	July 1, 2020
1115 Waiver Medi-Cal 2020 12-Month Extension	The Centers for Medicare and Medicaid Services (CMS) approved the state's request for a 12-month extension of its 1115 waiver "Medi-Cal 2020".	January 1, 2021 – December 31, 2021
Foster Care Stakeholder Workgroup	Workgroup meets to discuss implementing a long-term plan for improving quality of services provided to foster youth.	Stakeholder workgroup concludes June 2021. Subsequent policy/plan will be forthcoming.
Submit 1115 and 1915(b) Waiver Renewals to CMS	DHCS submits its requests to renew the 1115 and 1915(b) waivers to CMS.	Summer 2021
CMS Approval of Waiver Renewal Requests	DHCS anticipates CMS approval of 1115 and 1915(b) waiver requests.	December 2021
New Dental Benefits	Adds new benefits: silver diamine fluoride for children and high-risk individuals and caries bundle for children. Continues existing and enhances pay for performance initiatives.	Implementation date TBD; dependent on CMS waiver renewal approval.
Enhanced Care Management (ECM)	New Medi-Cal managed care plan (MCP) benefit would provide intensive care management for both medical and non-medical needs for high-need Medi-Cal members. Target populations include children with complex medical conditions, people experiencing homelessness, and people at risk of institutionalization. The new ECM benefit builds upon both the Health Homes and Whole-Person Care Pilot Programs.	January 1, 2022—Counties with existing Health Homes and Whole Person Care Pilot Programs transition current target populations. July 1, 2022—Counties with existing Health Homes and Whole Person Care Pilot Programs add new populations; other counties begin implementation. January 1, 2023—Full implementation of ECM in all counties.
In Lieu of Services (ILOS)	New MCP option for high-risk/high-need Medi-Cal members to provide wrap-around services to help them avoid hospital or skilled nursing facility services, among others. ILOS include: housing services, sobering centers, and medically-tailored meals. ILOS builds upon the Whole-Person Care Pilot Program.	January 1, 2022
Drug Medi-Cal Organized	Renew and update the DMC-ODS	DHCS requesting a five-year renewal

Delivery System (DMC-ODS) Program Renewal	program to improve quality and access.	from January 1, 2022 – December 31, 2026. Dependent on CMS waiver approval.
Update Behavioral Health Medical Necessity Criteria	Update medical necessity criteria for eligibility for behavioral health services to clearly delineate and standardize requirements and to improve access for members to appropriate services statewide.	January 1, 2022
Mandatory MCP Enrollment	Requires all non-dual eligible Medi-Cal members to enroll in managed care. *(NOTE: some populations will not be subject to this requirement)*	January 1, 2022
Regional Rate-Setting	Implement regional rate-setting for MCPs instead of county-based rate-setting.	January 1, 2022—Begin implementation in targeted counties. No sooner than January 1, 2024—Full statewide implementation.
Behavioral Health Payment Reform	Transition county behavioral health payments from a cost-based system to payments based on quality and value.	No sooner than July 1, 2022
Serious Mental Illness (SMI)/Serious Emotional Disturbance (SED) Demonstration Opportunity	Permits counties to explore receiving Medi-Cal funding for treating people with a SMI or a SED in an institution for mental disease (IMD) with more than 16 beds.	Develop proposal no sooner than July 2022. CMS must approve proposal.
Population Health Management (PHM)	MCPs required to develop and implement a PHM plan, in coordination with county public health and behavioral health departments.	January 1, 2023
Justice-Involved Re-Entry Population Medi-Cal Enrollment	Requires jails to have inmates apply for Medi-Cal prior to their release back into the community and to actively coordinate with MCPs, county behavioral health departments, and DMC-ODS programs.	January 1, 2023
MCP Standard Benefit Package	Requires all MCPs to provide the same benefit package, including long-term care and organ transplants carved into managed care in all counties.	January 1, 2023
Dual Eligible Mandatory MCP Enrollment/Cal MediConnect Ends	Requires all partial and full-scope dually eligible Medi-Cal /Medicare members to enroll in managed care. Cal MediConnect demonstration	January 1, 2023

	ends December 31, 2022, and those counties transition to Dual Eligible Special Needs Plans (D-SNPs).	
Non-Cal MediConnect Counties Transition to D-SNPs	MCPs in non-Cal MediConnect counties required to operate D-SNPs.	January 2025
MCP National Committee for Quality Assurance (NCQA) Accreditation Requirement	Require all MCPs to be accredited by the NCQA.	January 2026
Integrate County Mental Health and Substance Use Treatment Administrative Services	Allow counties to simplify administrative activities for mental health and substance use treatment services that they manage.	January 2027
Full-Integration Pilot	Allows counties to apply to bring together physical, behavioral, and oral health benefits under a single entity contracted with DHCS.	No sooner than January 1, 2027

*Please note, this is not an exhaustive list. For full details, please see the [Revised CalAIM Proposal](#).

CalAIM Additionally Interacts With:

As discussed above, CalAIM interacts with other DHCS initiatives, the CA State budget, and bills introduced in the CA State Legislature. Below is more information and context on each of these four categories.

- Medi-Cal Managed Care Plan Procurement
- Medi-Cal 1115 Waiver and 1915(b) Waiver Renewals
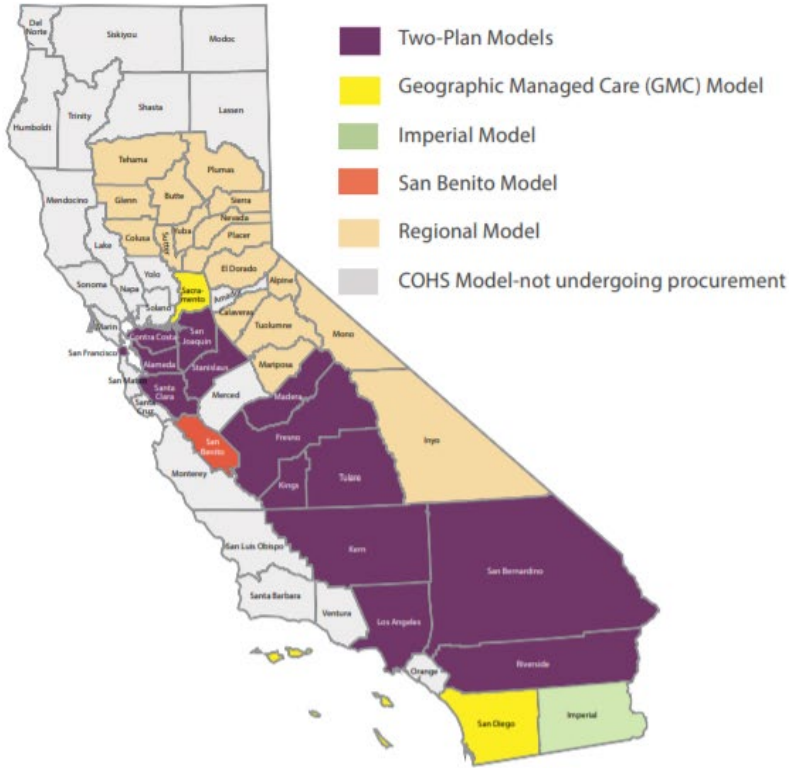- CA State Budget
- CA State Legislature/Bills

Medi-Cal Managed Care Plan Procurement Context and Timeline

In many California counties, there are multiple managed care plans that contract with DHCS to provide Medi-Cal health care coverage to Medi-Cal members. Commercial managed care plans "compete" with each other and apply to DHCS through a "request for proposal" process to be selected as a Medi-Cal managed care plan. This "competitive bidding process" is referred to as "procurement".

DHCS will put out a request for proposal to allow health plans to apply/bid to become a Medi-Cal managed care plan in those counties where there is more than one Medi-Cal managed care plan (see below). DHCS released its draft [Request For Proposal (RFP)](#) on **Tuesday, June 1, 2021,** and is seeking comments from interested stakeholders by **July 1, 2021**. DHCS will process that stakeholder feedback and then release a final RFP through which plans will apply to become a Medi-Cal managed care plan later in 2021.

Medi-Cal Procurement

For the first time, the Department of Health Care Services (DHCS) will procure all Medi-Cal Managed Care Plan (MCP) models, with the exception of County Organized Health Systems (COHS). The map below shows the counties undergoing procurement process.

Legend:
- Two-Plan Models
- Geographic Managed Care (GMC) Model
- Imperial Model
- San Benito Model
- Regional Model
- COHS Model-not undergoing procurement

Why Procurement?

1. Update the contract to make systemic changes to Medi-Cal MCPs' business processes and compliance lists to:
   a. Address health equity;
   b. Use population health and hot-spotting to incentivize prevention, drive quality, and reduce health disparities;
   c. Build upon community partnerships from Whole Person Care and Health Homes to make care person-centered and pay for services to address the social determinants of health; and,

2. Create an opportunity for new health plans to enter the Medi-Cal Managed Care market.

3. Ensure consistency across plan model types.

4. Improve compliance and oversight by making technical revisions to the contracts.

Timeline:
- Released September 1
- Stakeholder Input Due October 1
- Request for Information (RFI)
- 2020
- Draft Request for Proposals (RFP) Release)
- Final RFP Release
- Proposals Due
- 2022
- 2023
- 2024 January Implementation

The goals of CalAIM are included throughout the draft RFP. To learn more about the draft RFP and provide feedback, stakeholders can:

1. Attend a **webinar hosted by DHCS on June 10, 2021**. Stakeholders can hear from the department on the draft, ask questions, and provide public feedback at this event.
2. Submit comments and feedback to DHCS by **July 1, 2021**. Draft RFP Webpage.

Medi-Cal 1115 Waiver and 1915(b) Waiver Renewals

California's current Section 1115 demonstration waiver, known as Medi-Cal 2020 Waiver, provides federal funding and authority for major elements of the Medi-Cal program, including financing for California's public health care systems, the Whole Person Care Pilots, and the Drug Medi-Cal Organized Delivery System program.

DHCS has another waiver under Section 1915(b), also known as the Medi-Cal Specialty Mental Health Services Waiver, that requires Medi-Cal members to enroll in the single county-administered mental health plans (MHPs) in each county to receive specialty mental health services.

DHCS is in the process of aligning the timelines of and requesting approval from CMS to renew both waivers. For more details, see DHCS's Waiver Renewal Page.

For additional details on California's 1115 and 1915(b) Medi-Cal waivers see the October 2019 ITUP publication Medi-Cal Waiver Discussion Guide.

California State Budget

ITUP's blog post, Key Highlights in the Governor's Fiscal Year 2021-22 Budget May Revision, highlights health and human services-related budget proposals in the Fiscal Year 2021-22, including those related to CalAIM. The May Revision proposes $1.6 billion total funds ($673 million General Fund) for FY 2021-22, and $1.5 billion total funds ($746.6 million General Fund) in FY 2022-23 to support CalAIM implementation.

Legislative Bills

ITUP is tracking several bills during this Legislative Session related to CalAIM implementation (see ITUP's Introduced Legislation Blog). The bills are all currently "two-year bills", meaning that they are not expected to move forward any longer this calendar year. They include:

AB 875 (Wood): Medi-Cal: demonstration project. Status: two-year bill in Assembly Appropriations Committee Suspense File

AB 942 (Wood): California Advancing and Innovating Medi-Cal initiative. Status: two-year bill on Assembly Inactive File

SB 256 (Pan): California Advancing and Innovating Medi-Cal. Status: two-year bill held at the Assembly Desk

SB 279 (Pan): Medi-Cal: delivery systems: services. Status: two-year bill on the Senate Inactive File