California’s
Duals Demonstration

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Stakeholder Advisory Committee Meeting
November 3, 2011
Medicare & Medi-Cal Demonstrations

• Demonstration Goals:

  • Coordinate Medi-Cal and Medicare benefits: medical, mental health, home & community based, and institutional long-term care services.

  • Maintain beneficiary’s health and help them to remain in their homes and communities.

  • Create a single financing stream, channeled through a full-risk-bearing entity that aligns incentives to promote care coordination at beneficiary level.
California Duals

- Duals as beneficiaries who have Medicare Part A, B, and D benefits and are also eligible for full scope Medi-Cal.

- Approximately 1.1 million dually eligible in CA.

- Roughly 10% of Medi-Cal population and $8.6 billion in Medi-Cal costs = Nearly 25% of Medi-Cal costs.

- In 2007, duals comprised 21 percent of the Medicare population, but 36 percent of Medicare spending.
Spending on Duals

Table 1: Medicare and Medi-Cal Expenditures for Dual Eligibles, 2007

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditures</th>
<th>Enrollment</th>
<th>Per Capita Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabled</td>
<td>$5.45 billion</td>
<td>395,808</td>
<td>$13,770</td>
</tr>
<tr>
<td>Aged</td>
<td>$11.4 billion</td>
<td>511,030</td>
<td>$22,306</td>
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<tr>
<td>Blind</td>
<td>$247 million</td>
<td>12,754</td>
<td>$19,333</td>
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<tr>
<td>LTC</td>
<td>$3.75 billion</td>
<td>67,803</td>
<td>$55,321</td>
</tr>
<tr>
<td>Other</td>
<td>$148 million</td>
<td>25,364</td>
<td>$5,831</td>
</tr>
<tr>
<td>Total</td>
<td>$21 billion</td>
<td>985,383</td>
<td>$21,396</td>
</tr>
</tbody>
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Challenges with Status Quo

• Currently 75% of California's dual eligibles navigate two separate health care systems on their own. This leads to many problems, including:
  • Different coverage rules
  • Poor care coordination
  • Lack of shared data
  • Misaligned financial incentives
  • Result: fragmented, inefficient care, high utilization of institutional services
# Medicare and Medi-Cal: Division of Responsibility

<table>
<thead>
<tr>
<th>Medicare</th>
<th>Medi-Cal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acute (hospital) services</td>
<td>• Services not covered by Medicare, including transportation, vision, some mental health services</td>
</tr>
<tr>
<td>• Outpatient services (physicians and other qualified providers)</td>
<td>• Cost-sharing for Medicare (Part A &amp; B deductibles, Part B premiums and coinsurance)</td>
</tr>
<tr>
<td>• Temporary skilled nursing facility services</td>
<td>• Skilled nursing facilities after Part A benefits are exhausted</td>
</tr>
<tr>
<td>• Rehabilitation services</td>
<td>• Home health, personal care services, and other home-based services not covered by Medicare</td>
</tr>
<tr>
<td>• Home health services</td>
<td>• Portion of the cost for prescription drugs</td>
</tr>
<tr>
<td>• Dialysis</td>
<td>• Durable medical equipment not covered by Medicare</td>
</tr>
<tr>
<td>• Durable medical equipment</td>
<td></td>
</tr>
<tr>
<td>• Prescription drugs</td>
<td></td>
</tr>
<tr>
<td>• Hospice</td>
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</tbody>
</table>

Source: Medicare Payment Advisory Commission, 2011
Affordable Care Act on Duals

• Created the Medicare-Medicaid Coordination Office.

• Purpose: Improve quality, reduce costs, and improve the beneficiary experience.

• CA is one of the 15 states selected to receive up to $1 million to design new models for serving Medicare-Medicaid enrollees.
Demonstration Timeline

- Spring 2011: DHCS released an RFI
- August 30th 2011: RFI Conference in Sacramento
- Fall 2011: Stakeholder Outreach & Policy Development
- December 2011: DHCS will release its RFS for those organizations who want to be sites
- Spring 2012: Sites will be selected with a CMS required public comment period.
- January 1, 2013: Demonstrations will begin
Stakeholder Outreach

• Shares the goal of consumers and advocates in creating an interactive exchange of ideas regarding program design.
• Actively seeks input from a range of stakeholders, including consumers, advocates, providers, health plans, and researchers.
• Numerous individual meetings, as well as group meetings, have been held and will continue to do so.
• Will host three public forums in early December for comments.
Policy Development

• Open, interactive exchange of ideas.

• Stakeholder input from a diversity of folks will be sought around key issue areas, including:
  • Long-term care services,
  • Behavioral health, and
  • Consumer protections.

• Key frameworks and policy options have been developed and discussed with stakeholders.
Site Selection Process

• SB 208 (2010):
  • Demonstrations in up-to four counties.
  • One two-plan model county.
  • One county organized health county.

• Under SB 208, the director shall consider:
  • Local support for integrating medical care, long-term care, and home and HCBS; and
  • Input from health plans, providers, community programs, consumers, and other stakeholders.
Request for Solutions (RFS)

• Criteria for a number of issue areas and for applicants to demonstrate their ability to satisfy all criteria.

• Assess all entities through a pass-fail lens; all entities meeting or exceeding the high bar permitted to enter the operations planning phase.

• Once sites are selected through this process, each will have to engage in rate negotiation and detailed readiness assessments.
Finance Models

- Integration of all current fee-for-services spending by Medicare and Medi-Cal on the Duals: all medical services, mental health services, home & community based services and nursing home services.

- In September, DHCS sent a letter of intent to CMS identifying two financial models the state would be pursuing:
  - **Capitated model:** CMS, the State, and health plans would enter into a three-way contract.
  - **Managed FFS model:** CMS and a State will enter into savings agreement.

- DHCS is having conversations with CMS regarding the development of the finance mechanism.
Evaluation Framework

• Demonstrations will be evaluated on clinical improvements and efficiencies, as well as on their care coordination activities.

• DHCS will collect qualitative and quantitative data through:
  • Survey of enrollees;
  • Medicare and Medi-Cal claims and encounter data; and
  • Enrollment data.
Evaluation Framework

Evaluation Framework will include:

- Enrollment and Retention of Beneficiaries in Demonstrations
- Care Coordination, Access and Continuity
- Integrating Behavioral Services
- Beneficiary Health Outcomes/Health Status
- Utilization of Hospitals and Nursing Homes
- Beneficiary Satisfaction
- Provider Satisfaction
- Cost Saving and Slower Budgetary Growth
Questions?