

DRAFT

California's Waiver Pilot Programs for Duals: Better Coordination, Integration and Outcomes

Pilot Background

As part of California's effort to provide organized systems of care for vulnerable populations, the Department of Health Care Services (DHCS) will identify pilot projects to test integration of Medicare and Medicaid services including long-term services and supports (LTSS) for dual eligible beneficiaries in up to four counties. This is a first step toward California's goal of providing better coordination and integration of services for all 1.1 million Duals in California.

Accompanying Legislation

Senate Bill (SB) 208 added Section 14132.275 to the Welfare and Institutions Code. This section, in part, requires DHCS, not sooner than March 1, 2011, to:

- Identify health care models that may be included in a pilot project
- Develop a timeline and process for selecting, financing, monitoring, and evaluating these pilot projects
- Provide this timeline and process to the appropriate fiscal and policy committees of the Legislature.

Section 14132.275 also allows the Director to enter into exclusive or nonexclusive contracts on a bid or negotiated basis, and allows the pilots to be implemented in phases.

Strategic Fit

This project aligns itself directly with the Department's Strategic Plan goals and objectives, as follows:

Goal #1 – Organize Care to Promote Improved Health Outcomes

- Objective B – Provide care in settings that promote community integration
- Objective E – Increase care management for those with the highest health burdens and costs

Goal #2 -- Promote Comprehensive Health Coverage

- Objective A – Enroll eligible individuals
- Objective B – Retain eligible persons in health coverage

Goal #3 – Measure Health System Performance and Reward Improved Outcomes

- Objective A – Measure health outcomes and provide information to providers, individuals and the public

Goal #4 – Increase Accountability and Fiscal Integrity

- Objective A -- Establish and monitor performance metrics for DHCS
- Objective C – Improve relationships with business partners, stakeholder groups and policymakers
- Objective E – Act in accordance with State and federal statutes and regulations
- Objective F – Identify and secure federal policy and rule changes that support DHCS programs

Goal #5 – Ensure Viability and Availability of Safety Net Services

- Objective A – Identify mechanisms to maximize federal reimbursement for safety net services
- Objective B – Maintain availability of and access to safety net services

Pilot Goals, Areas, and Enrollment

Pilot Goals – The Dual pilots will coordinate Medi-Cal and Medicare benefits across care settings and maximize the ability of duals to remain in their homes and communities with appropriate services and supports in lieu of institutional care. The goals include mitigating or eliminating cost-shifting between the Medicare and Medicaid programs.

Areas of Operation – State legislation allows pilots to operate in up to four counties through Medi-Cal managed care plans. The pilots will include at least one Two Plan county and one County Organized Health System county.

Pilot Selection Criteria -- When selecting the pilots, DHCS will review evidence of local support for integration and local stakeholder involvement in pilot development, implementation, and operation. The county/other contracted entity must also demonstrate readiness to integrate additional services. Readiness criteria will be developed with stakeholder input.

Current Counties Showing Interest – Through an upcoming Request for Information (RFI) process, DHCS will be able to better gauge the interest of other counties. The RFI will seek information about the interested parties' experience with managing LTSS, their existing network, consumer protections in place, and methods of assessment for LTSS-related needs and strengths.

Beneficiary Enrollment – Duals in the selected counties will be enrolled into the new pilot based on the participating plan's capacity to serve new enrollees. Ideally, and subject to potential contractors' interest and CMS authority, , beneficiaries will be passively enrolled in the pilot to ensure the best integration of care. If they choose, a

beneficiary can opt-out of receiving their Medicare benefits through the pilot, in which case they will receive benefits through Medicare fee-for-service (FFS).

Relationship to PACE* - Per SB 208, Persons meeting requirements for Program of All-Inclusive Care for the Elderly (PACE) pursuant to Chapter 8.75 (commencing with Section 14590), may select a PACE plan if one is available in that county. Additionally, DHCS may encourage potential contractors to collaborate with local PACE sites.

*Program of All-inclusive Care for the Elderly – PACE is a comprehensive model of care that integrates Medicare and Medi-Cal financing to provide all needed preventive, primary, acute and long-term care services for older adults who are determined by DHCS as eligible for nursing home level of care. PACE began in California as a waiver demonstration project in 1980s and was established as a permanent Medicare provider and a voluntary state option under Medicaid as part of the Balanced Budget Act of 1997 (BBA). Five PACE programs currently exist in California serving a largely a dual-eligible population. In counties implementing pilot projects, individuals meeting the eligibility requirements for PACE will have the option of selecting PACE in counties where PACE is available.

Beneficiary Protections

The purpose of these pilots is to improve Duals' experience and outcomes. To further that goal, the pilots will maintain existing consumer protections available through managed care, and will additionally adopt performance standards that are at least as rigorous as those specified in the Seniors and Persons with Disabilities (SPD) section of the 1115 Waiver Proposal, including:

- Medical home – Duals will have an established, assigned medical home either through a physician or clinic.
- Access – The pilots will ensure access to provider networks, information, and physical accessibility of provider locations.
- Transition – A carefully phased-in transition will include outreach and education, and access to existing providers.
- Care coordination – Integration will include early assessment of health care needs, cultural competency training, and coordination of behavioral health and other services.
- Expanded monitoring – Performance measures, audit efforts, and complaint and grievance procedures will be expanded to drive continuous quality improvement.

Pilot Framework

A pilot framework document will lay out the broad operating structure, financing, services, standards and consumer protections that would govern the selection and operation of the various pilot programs. This document will be the baseline that the Director will use to select pilot programs. The stakeholder workgroup will provide input on the development of this document with the goal of maximizing program quality and

cost effectiveness. CHCS will develop this framework and provide research about appropriate framework components based on best-practices from other state programs and federal government input.

Pilot Evaluation Development

Evaluation development should begin immediately and should include both a contracted technical expert in Dual integration strategies, such as CHCS, as well as a group that has experience in operating such evaluations, such as UCLA. These two expert perspectives, in conjunction with input from the stakeholder workgroup, will create an expertly tailored evaluation framework. It is critical to design the evaluation, with input from an evaluation operator, concurrent with program development to design a program that can be properly evaluated. Evaluation development work could be separated from the operation of the evaluation, so that an evaluation expert could be contracted initially to just participate in the development of the framework. At a later date, a group can be selected to operate the actual evaluation. It will also be necessary to track and evaluate outcomes for the Dual population that remains in Medicare Fee-for-Service (FFS) to determine methods to integrate care for this population.

Report to the Legislature

DHCS will provide a report to the Legislature after the first full year of pilot operation, and annually thereafter.

Integrated Long-Term Care Services

A primary goal of the pilots is to integrate new plan responsibility and capitation payment for LTSS, so that Medicare Special Needs Plans (SNPs) can coordinate and integrate a set of Medi-Cal services that are currently provided outside the plan's responsibility. Better coordination and integration should improve the beneficiary's experience and outcomes as compared to a FFS or non-integrated system.

There may be some variation in the newly-integrated/capitated services depending on the readiness of the individual pilot areas and plans. The following will be considered for integration into the plan's responsibilities:

1. Institutional Long Term Care;
2. 1915(c) Home and Community-Based Services, including the Multipurpose Senior Services Program, Assisted Living Waiver Pilot Program, and the Nursing Facility/Acute Hospital Waiver;
3. Personal care services and adult day health care;
4. Paramedical and nursing services, and physical, speech, and occupational therapies; and
5. Home modification and meals.

The inclusion of Specialty Mental Health Waiver or Developmentally Disabled Waiver services in the pilots will be determined through discussion with CMS and stakeholders.

Financing Arrangements

Depending on the opportunities afforded by CMS, California may act as the administrator of the Medicare benefit, or may pursue savings-sharing with Medicare. Financial integration of Medicare and Medi-Cal services will allow funds to be spent on needed services as determined by the health plans.

Other Possible Projects

Through preliminary discussions, both CalOptima and Health Plan of San Mateo have strongly expressed an interest in providing a full range of home and community-based long-term care services to the Medi-Cal only and duals population. This project may proceed on a separate timeline and with separate procurement efforts.

Current Efforts and Next Steps

Capitation Rate Development

DHCS is currently engaged in preliminary discussions with Mercer to explore developing rate methodologies for monthly capitation rates. Ideally, Medicare and Medi-Cal funds would be blended into a single capitation rate.

UPDATED DRAFT TIMELINE	
Calendar Year 2010	
Timeframe	Activity/Deliverables
October - December	Form Technical Advisory Panel; Develop Draft Framework of Duals Integration Pilots; Hold introductory meeting with stakeholders.
Calendar Year 2011	
Timeframe	Activity/Deliverables
January - February	Gather input from stakeholders. Develop and submit response to contract opportunity through Center for Medicare and Medicaid Innovation.
March - April	Draft Request for Information (RFI) soliciting interest from counties.
May - June	Revise duals RFI based on stakeholder input; Revise framework based on stakeholder input; Incorporate draft evaluation plan into framework document.
August - September	Release RFI; Provide opportunity for stakeholder input.
October - December	Draft Request for Proposals. Develop a timeline and process for selecting, financing, monitoring and evaluating pilots. Identify health care models and provide a timeline and process to fiscal and policy committees of the Legislature.
Calendar Year 2012 (TBD with CMS input)	
Timeframe	Activity/Deliverables
January 15	Interested counties/other bidders submit proposals to DHCS
January 15-March 31	Evaluate RFP submissions
March 31	Director announces pilot counties
April 1 – December 31	Work closely with Mercer, selected pilots, CMS and others to finalize pilot development.
Calendar Year 2013 (TBD with CMS input)	
Timeframe	Activity/Deliverables
January 1	Begin operating pilots