

Thoughts on HCCI and Capitation

HCCI Technical Work Group
March 29, 2010



the
healthy
fight.

 HealthPlan
OF SAN MATEO

Capitation Pros and Cons

- Why Capitation?
 - Ability to reimburse in excess of costs through an IGT
 - Can include factors for administration, “profit,” and enhanced services such as case management
 - Creates better platform for system transformation
 - Simplifies administration
 - Timely payment more likely
 - Builds readiness for federal health reform (ACOs)
 - Aligns with State Medi-Cal reforms (more SPD’s in managed care or other risk bearing entities?)



the
healthy
fight.

 HealthPlan
OF SAN MATEO

Capitation Pros and Cons

- Challenges
 - Need an entity that can accept risk
 - Requires actuarial rate certification
 - Need to enhance State capacity (staffing levels, furloughs, etc.)
 - Must meet federal retention requirements for IGTs



the
healthy
fight.

 HealthPlan
OF SAN MATEO

San Mateo County

- Current Health System
 - Inpatient services drive reimbursement
 - Greatest needs are in outpatient; behavioral health and substance use; and home and community based services
 - System savings depend on filling these needs



the
healthy
fight.

 **HealthPlan**
OF SAN MATEO

HPSM

- Current capitated programs
 - Medi-Cal
 - Medicare (Special Needs Plan)
 - Healthy Families and Healthy Kids
- Non-risk programs
 - ACE County and ACE Coverage Initiative
- Provider payments
 - Capitation for PCPs
 - P4P for quality
 - FFS for all other services



the
healthy
fight.

 **HealthPlan**
OF SAN MATEO

Medicare SNP Results

- Inpatient admissions reduced by 45%
- Emergency visits per member reduced by 42%
- Average length of stay reduced by 11%
- Number of members with at least one ER visit reduced by 31%
- Medicare SNP is a well reimbursed capitated program that uses risk adjustment
- Medicare requires care management and annual health assessments



the
healthy
fight.

 HealthPlan
OF SAN MATEO

Future?

- Investments in outpatient, BH, SA, HCBS, and care management
- HPSM at risk for ACE CI and ACE County?
 - Single rather than multiple reimbursement methods
- Provider payment reforms?
 - More risk sharing between providers and plan?
 - Payment bundling per health reform?
 - Payment enhancements for enhanced medical homes?
 - Delegation of risk to accountable care organizations?



the
healthy
fight.

 HealthPlan
OF SAN MATEO