Medi-Cal 1115 Waiver Renewal Kick-Off Webinar

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Agenda

2:00	Welcome, Purpose of Call, Background
2:10	Review Waiver Concepts and Discuss Stakeholder Process
2:35	Questions/Comments About Waiver Concepts/Stakeholder Process
2:50	Communication Avenues
2:55	Next Steps

Background

Background

- California's current 1115 Waiver – Bridge to Reform (BTR) expires October 31, 2015
- The BTR enabled California to implement an early expansion of Medicaid under the Affordable Care Act, as well as provided funding for delivery system reform and uncompensated care in designated public hospital systems.
- California's entire Medi-Cal managed care program, CBAS program, and Coordinated Care Initiative are also operated under our 1115 Waiver
- California will be seeking a renewal of our 1115 Waiver to be effective November 1, 2015.
- In addition to the continuation of our managed care, CBAS, and CCI programs, California is considering several other potential initiatives as part of the 2015 Waiver renewal.
- These initial concepts were shared last week in a draft paper circulated to stakeholders and available on the DHCS website. The focus of these initiatives is on transformation of the delivery system and payment reform in order to help ensure the continued success and viability of the Medi-Cal program.

Background

- Under an 1115 Waiver, states must demonstrate that the costs of the Medicaid program under the Waiver are not greater than they would be absent the Waiver, this construct is known as budget neutrality.
- Under the BTR, California's budget neutrality calculations were based on what the costs of Medi-Cal would be without managed care. The difference between what the fee-for-service costs of the program are projected to be and what our actual costs are under managed care generated budget neutrality "room" that was then available for the Delivery System Reform Incentive Payment program (DSRIP) and Safety Net Care Pool Uncompensated Care (SNCP).
- California will need to be able to build upon the budget neutrality construct used in the BTR for the 2015 Waiver in order to be able to support the initiatives laid out in the concept paper or other initiatives.
- In addition to the need for budget neutrality "room", states must also have a non-federal share to match the federal funding. Under the BTR, all of the non-federal share for the DSRIP and SNCP initiatives was provided by governmental entities through intergovernmental transfers (IGT) or certified public expenditures (CPE).
- We anticipate that similar sources of non-federal share and the ability to do the shared savings initiative laid out in the document, will be the only way to fund the delivery system and payment reform initiatives under a Waiver renewal.

Waiver Concepts & Stakeholder Process

Waiver Concepts

- The draft list of potential waiver concepts developed by DHCS contained eight broad areas:
  1. Federal/State Shared Savings Initiative
  2. Payment/Delivery Reform Incentive Programs
  3. Safety Net Payment Reforms
  4. FQHC Payment/Delivery Reform
  5. Successor Delivery System Reform Incentive Payment Program
  6. California Children's Services (CCS) Program Improvements
  7. Medicaid Funded Shelter for Vulnerable Populations
  8. Workforce Development
- DHCS is also open to other concepts/initiatives and welcomes your input

Federal/State Shared Savings

- Under the Waiver, per beneficiary costs per year for the various beneficiary categories would be established based on the predicted costs for those beneficiary categories absent the Waiver.
- California would receive these per beneficiary payments based on actual Medi-Cal enrollment to provide coordinated, whole-person care.
- Periodically, and at the end of the Waiver period, a reconciliation of these per beneficiary payments and California's actual expenditures would be performed.
- If actual expenditures were below the per beneficiary amounts, California would be able to retain the federal funding.
- Key component to ability for California to implement many of the other initiatives being considered.

Payment/Delivery Reform Incentives

- Payment and delivery system reforms are crucial to the continued success and viability of the Medi-Cal program.
- California would seek Waiver authority to create one or more types of incentive programs that would care coordination, improve health and quality and reduce the overall cost trend.
- Such programs could be aimed at both managed care plans and Medi-Cal providers.
- We are interested in targeting total cost of care and quality/outcome measures, and providing shared savings when the accountable entity meets specified targets.
- In addition, we are interested in developing incentive payment programs aimed specifically at integrating behavioral health care provided through our County mental health and substance use disorder systems with the medical care provided through our Medi-Cal managed care plans. A similar structure of shared savings/accountability for total cost of care and quality/outcome measures could be utilized.

Safety Net Payment Reforms

- Under both the 2005 Waiver and the BTR, California has had a Safety Net Care Pool (SNCP) that provided funding to designated public hospital systems (DPH) and the state for care to the uninsured. In addition the DPHs received most of the state's Disproportionate Share Hospital (DSH) funding that also was a source of funding of costs for the uninsured.
- Both of these funding mechanisms have been cost based which have not necessarily provided the best levers to drive coordinated and cost effective care. In addition, the various restrictions on the reimbursement methodologies have also acted as barriers to providing care in the most appropriate setting.
- DHCS is interested in potentially exploring innovative payment reforms that more appropriately align incentives for these safety net providers to better coordinate the care for the remaining uninsured population.
- One concept laid out in the paper would be a global payment approach that provides federal flexibility to integrate DSH and SNCP funding for these safety net systems.
- Under the concept, a global or bundled payment for a person or an episode of care would be provided, instead of the cost-based claiming structure used today.
- This approach would support their efforts to integrate care for the remaining uninsured by supporting comprehensive care that includes primary care in lower cost outpatient and clinic settings.

FQHC Payment/Delivery Reform

- As noted in the paper, efforts and discussions on Federally Qualified Health Centers (FQHC) payment and delivery reform have been occurring between the clinics and DHCS.
- The 2015 Waiver could support those efforts to transform the FQHC model away from one that is volume-based to one that is risk-based.
- Such models would support flexibilities and provide incentives to clinics to provide care in the most patient-centered and cost-effective manner.
- FQHCs are a vital component of the Medi-Cal delivery system and improvements to the payment/delivery system would help support their ability to provide expanded access to more coordinated care for Medi-Cal beneficiaries
- The inclusion of these efforts under the Waiver would be intended as further support of the goals of reducing overall costs. California would not be seeking to waive the requirements of PPS or Alternative Payment Methodology requirements.

Successor DSRIP

- The BTR Delivery System Reform Incentive Payment program (DSRIP) has been critical in supporting the public hospital and clinic system safety net and has enabled the DPHs to build a strong foundation of delivery system transformation that will help ensure access to quality care for Medi-Cal beneficiaries.
- Building on lessons learned from the current DSRIP as well as other states' DSRIP programs, the 2015 waiver program would be more outcomes and value-oriented, particularly with respect to population health and would seek to demonstrate advancement of the Triple Aim goals more consistently across the 21 DPH systems.
- In addition, the successes and lessons learned from the DPH DSRIP could also be built upon to create a program for the state's non-designated public hospitals (NDPH).
- The NDPHs are already embarking on transformation related to their inpatient hospital reimbursement by moving away from per diem or cost-based payments to a DRG methodology. An NDPH DSRIP would further support delivery system transformation in these systems.

CCS Program Improvements

- DHCS is interested in potentially exploring improvements to the California Children's Services (CCS) program aimed at improving care delivery, quality and cost.
- Such program improvements could be similar to other initiatives being considered including pay-for-performance programs or efforts to move toward a more coordinated and organized delivery system.
- Any efforts in this area would be aimed at improving the program for beneficiaries while recognizing the important value of the specialized care they require and the certified providers who serve them.
- Please note that we plan to have a separate stakeholder process for CCS discussions that we will be announcing shortly.

Medicaid Funded Shelter

- DHCS is interested in exploring the potential to test how funding shelter through Medicaid can contribute to increased quality, better health outcomes, and reduced total cost of care.
- Particularly vulnerable populations in the Medi-Cal program could be well-served through testing how providing shelter, through ideas like subsidized housing, can aid in our goal of a whole-person approach to care.
- We could build off of efforts already under way through various grant programs or develop new ideas and concepts to test.

Workforce Development

- DHCS is interested in exploring options to transform and expand primary care delivery systems to meet the needs of Medi-Cal enrollees.
- One concept to support those primary care providers who participate in the Medi-Cal program, is to develop a malpractice subsidy program under the 2015 Waiver.
- Under this concept, California could offer subsidies for malpractice insurance premiums of doctors who are willing to devote significant portions of their practices to low income patients.
- DHCS would be interested in hearing other potential ideas on workforce development.

Stakeholder Process

- DHCS intends to kick-off the stakeholder process at the September 11th Stakeholder Advisory Committee Meeting.
- We anticipate that the process itself will go throughout the fall with the goal of the submission of a Waiver proposal to CMS in early 2015.
- DHCS welcomes input on the structure of the stakeholder process as we continue to think through the most effective way to ensure a meaningful stakeholder process.

Questions/Comments about Waiver Concepts or Stakeholder Process

- We will take comments/questions at this time through the Webinar chat function.
- We recognize we will likely be unable to get to all of the comments/questions during our time today, but we will compile all of them after the Webinar and ensure we review all input we receive.

Communication Avenues

- DHCS intends to use various methods of communication for both providing out information to stakeholders as well as receiving input and feedback.
- DHCS is working to update the 1115 Waiver Renewal webpage and will post all documents and other information on the site, including this presentation. The address is: http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx
- In addition, DHCS has established a dedicated email box for receiving written input or questions, the address is: WaiverRenewal@dhcs.ca.gov
- DHCS also has a general stakeholder listserv through which Waiver documents (such as the draft paper and the invitation to this webinar) are sent out, in addition to other Medi-Cal related information. You can sign up for this listserv via a link on the Waiver Renewal webpage cited above.
- DHCS will also utilize the Stakeholder Advisory Committee (SAC) meetings to provide information and get feedback on the Waiver Renewal.
- Finally, the stakeholder process under development will also offer opportunity for stakeholder participation and input on the Waiver Renewal.

Next Steps

- As previously noted, we will kick-off the stakeholder process at the September 11th SAC meeting, and we welcome your input via the Waiver Renewal email box on the structure of the stakeholder process.
- Following this Webinar, DHCS staff will review and compile the questions/comments received, and as needed, provide additional information and feedback via the Waiver Renewal webpage.
- We appreciate your participation on today's Webinar and look forward to working with you on a successful Waiver Renewal.