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Managed Care Plan (MCP) Commercial Procurement FAQs

1. What is the MCP procurement?

This is DHCS' first statewide competitive procurement for commercial MCPs, and it is part of DHCS' broader efforts to redefine how care is delivered to Medi-Cal members, 99 percent of whom will be in managed care by 2024. All MCPs statewide—including public plans and Kaiser Permanente—will have to meet the new and enhanced MCP contract requirements when this contract goes into effect on January 1, 2024.

As a result of the restructured managed care contract, plans must commit to a range of new requirements that advance health equity and improve population health.

Priorities include:

- The delivery of culturally competent care and access to providers, and coordination of care across settings and at all levels.
- All MCPs will be expected to engage and coordinate with local community partners, invest resources into the community, and make public their performance and health equity activities.
- High-quality, accessible, and comprehensive care across all settings and levels of care.
- Reducing health disparities and improving health outcomes.
- Transparency by making available information and insights to support plan choice.

This procurement only applies to commercial MCPs in 21 counties. The MCPs in the remaining 37 counties are not impacted by this procurement and, therefore, are not listed in the intended awardees/counties table below.

2. Who are the intended awardees for the commercial Medi-Cal MCP procurement? How many are incumbents in their current county? How many are new to the county?

DHCS intends to award 28 contracts to the following commercial MCPs to deliver Medi-Cal services in 21 counties:

Intended Awardees	Counties
Molina Healthcare	Los Angeles, Riverside, San Bernardino, Sacramento, San Diego
Anthem Blue Cross Partnership Plan	Alpine, Amador, Calaveras, El Dorado, Fresno, Inyo, Kern, Kings, Madera, Mono, Santa Clara, San Francisco, Sacramento, Tuolumne
Health Net	Amador, Calaveras, Inyo, Mono, San Diego, San Joaquin, Stanislaus, Tulare, Tuolumne

***Bolded text indicates incumbent**

All intended awardees have contracts with Medi-Cal managed care. Out of the 28 awardees, 26 were incumbents in their counties. The remaining awardees are MCPs expanding into new counties. It should be noted that in some instances some awardees already had a presence in the Medi-Cal managed care program, as a subcontractor to other MCPs. For example, Molina is a subcontractor to Health Net in Los Angeles County.

It should also be noted that while incumbents were the winning intended awardees in Sacramento and San Diego counties, both plans will take on additional membership as a result of the number of plans remaining in those counties. In San Diego County, the number of MCPs was reduced from seven to two (plus Kaiser), and in Sacramento County the number of MCPs was reduced from five to two (plus Kaiser).

3. How many MCPs statewide participate in Medi-Cal in 2022?

There are 24 commercial and local health plans in 2022.

4. How many unique MCPs statewide will participate in Medi-Cal in 2024?

Twenty-one (21) commercial and local health plans will participate in Medi-Cal in 2024. Note: Imperial County Local Health Authority/dba Community Health Plan of Imperial Valley will be a new plan in Imperial County.

5. What happens next in the procurement process?

Following the release of the Notice of Intent to Award, proposers may file an appeal for any of the intended contract award(s). If an eligible proposer wishes to appeal the

intended contract award(s), the proposer must file an original and signed Notice of Intent to Appeal with DHCS by September 1, which is within five (5) state workdays after DHCS posts the Notice of Intent to Award. Following the Notice of Intent to Appeal, DHCS must receive, within five (5) calendar days after filing a Notice of Intent to Appeal, the appellant's full and complete written appeal statement identifying the specific grounds for the appeal. DHCS will not make an award in a specific county until all appeals against the award for that county are withdrawn by the appellant(s), denied, or resolved to DHCS' satisfaction.

DHCS will confirm the awarding of contract(s) to successful proposer(s) after the appeal deadline if no appeals are filed or following DHCS' resolution of all appeals. An award will only be made if DHCS is satisfied with the intended awardee's proposed Conflict Avoidance Plan, if one is required to be submitted.

DHCS will prepare the operational readiness contracts to be packaged for signature by the intended awardee so that operational readiness activities can start as scheduled on October 10. If appeals are filed, updates will be made to the operational readiness contracts, if needed.

The implementation period begins with the effective date of the operational readiness contract and extends to the beginning of the operations period. The implementation period is anticipated to be from October 10, 2022, to December 31, 2023, and is subject to DHCS approval. The operations period is the period of time beginning with the effective date of the first month of operations and continues through the last month of capitation and services to members. The operations period is anticipated to be effective from January 1, 2024, through December 31, 2028.

6. What is the total number of Medi-Cal members who may have to change plans on January 1, 2024?

Member transitions will depend upon several factors, including Medi-Cal eligibility and plan choice. Of the current Medi-Cal managed care members in the state (12.5 million), DHCS estimates that approximately 2.3 million, or 18 percent, will likely transition to a new MCP as a result of the commercial procurement or the decision to change the model of MCP it offers:

- An estimated 1,789,000 will transition MCPs as a result of the commercial MCP procurement, by county:
 - Los Angeles County 1,053,700
 - Kern County 82,600
 - Sacramento County 148,700

- San Diego County 504,100
- An estimated 498,000 members will transition MCPs as a result of the County Plan Model changes (counties include Alameda, Contra Costa, Imperial, Mariposa, San Benito, Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, and Yuba, Alpine, and El Dorado)

NOTE: These estimates do not consider the planned Medi-Cal expansion for Californians ages 26-49, regardless of immigration status, nor does it factor the determination of Medi-Cal eligibility that will occur at the end of the COVID-19 public health emergency. Also, 2024 projections do not take into account enrollment based on member choice. In all counties where more than one MCP operates, members can choose in which MCP they would like to be enrolled. For the purposes of calculation, projections do not take into account member selections.

7. Why did we do the MCP procurement and why now?

California is profoundly transforming Medi-Cal broadly. This procurement process will advance that transformation by raising expectations of Medi-Cal MCPs and implementing—for the first time—a statewide MCP contract. These elements highlight the impending shift in how the Medi-Cal managed care delivery system is administered. By rebidding commercial Medi-Cal managed care contracts and putting in place a new contract with all MCP partners across model types, California seeks to ensure that plans are committed to, capable of, and accountable for meeting the state’s goal of achieving a Healthier California for All.

8. How many counties were included in the commercial MCP procurement?

The commercial MCP procurement includes 21 counties. See table below for additional information.

Managed Care Plan Model	Counties for Procurement	Intended Number of Awards
Two-Plan Commercial	Fourteen (14) counties: Alpine, El Dorado, Fresno, Kern, Kings, Los Angeles, Madera, Riverside, San Bernardino, Santa Clara, San Francisco, San Joaquin, Stanislaus, and Tulare.	One award for a commercial health plan in each county.

Managed Care Plan Model	Counties for Procurement	Intended Number of Awards
Geographic Managed Care	Two (2) counties: Sacramento, San Diego	Two awards for commercial health plans in each county.
Regional	Five (5) counties: Amador, Calaveras, Inyo, Mono, and Tuolumne	Two awards for commercial health plans in each county.

9. What happens next for the newly awarded MCPs?

For the intended awardees, rigorous operational readiness activities require the MCPs to demonstrate their ability to comply with 2024 contract provisions and assume full operations on January 1, 2024. These activities include demonstrating network adequacy, having in place partnerships with local agencies to ensure understanding and meeting community needs, and demonstrating readiness to provide the services and support of CalAIM initiatives. DHCS will meet with intended awardees immediately to convey key priorities and to gain assurances that the awardees have clear intention, plans, and capabilities to follow through on the commitments made in their proposals.

DHCS will also conduct a review of MCP networks to assess overlap of providers and work with exiting and entering MCPs to obtain transition plans that ensures continuity of care processes are in place, especially for members with complex conditions.

General information about the Medi-Cal MCP procurement, updated MCP contract, and how DHCS is transforming Medi-Cal managed care to improve equity, quality, access, and transparency is posted at www.dhcs.ca.gov.

10. How does this MCP procurement impact the current law allowing Kaiser to directly contract with DHCS?

There is no impact. All MCPs, including Kaiser, must adhere to the same 2024 MCP contract as the commercial MCPs subject to this procurement. Kaiser will no longer receive specific exceptions or alternative standards, other than not being open through the Medi-Cal plan choice method.

11. Will Medi-Cal members receive person-centered care and social services?

Medi-Cal managed care members can expect more comprehensive, holistic, coordinated, and integrated care when the new managed care plan contract is implemented in January 2024. Members will have better access to culturally competent care and Community Supports that address social needs, such as food and housing insecurity. Enrolled children will have enhanced access to services that support their physical, social, and emotional development in schools and other community settings. Behavioral health will be better integrated with the physical health care system, narrowing the divide between the two and improving access to mental health support and substance use disorder treatment.

Importantly, every member will have a comprehensive benefits package no matter where they live, and they won't have to worry about a change in their benefits if they move to another county within the state. Members will also have access to information about plan performance that can guide them in choosing the best plan for their needs.

12. Will DHCS ensure a smooth transition for members?

DHCS' priority is to ensure minimal disruption to members, and ensure continuity of coverage, as they transition to MCPs that remain contracted with DHCS, effective January 1, 2024. DHCS' current contracts with MCPs require that they cooperate with DHCS and undertake phase-out activities so that the transition of members can begin 90 days before the contract term ends. DHCS will hold all exiting MCPs accountable for performing all of their legal and contractual responsibilities for the duration of their contracts, including assisting DHCS in transitioning its members to MCPs and coordinating the transfer of their care.

Medi-Cal members have continuity of care rights that will be fully protected and enforced during the transition. For example, if a member is currently under the care of a doctor during the prior 12 months for treatment of a medical condition, the member has the right to continue seeing that doctor for up to 12 months if certain conditions are met. (For example, if the doctor does not have identified quality of care concerns and is willing to enter into an agreement with the MCP.)

In addition, many continuity of care requests have typically been related to the continuity of prescription drug treatment when members change plans. This is because MCPs and their contracting pharmacy benefit managers have variations in drug formularies, which are guidelines for coverage of prescription drugs. Because pharmacy benefits are carved out of managed care, and (as of January 1, 2022) are administered by DHCS under Medi-Cal Rx, we expect members to have no disruption of their pharmacy benefits during this transition.

13. Are plan partners committing to meeting stronger contract requirements?

Beginning on January 1, 2024, MCPs will be required to meet new and enhanced requirements to advance equity and improve health outcomes for millions of Californians enrolled in Medi-Cal. This includes stronger requirements related to transparency, accessing providers and community services, engaging with community-based organizations, and implementing expanded care management and other population health programs. MCPs and their subcontractors are required to meet higher quality improvement benchmarks and make public their quality improvement and equity activities. Plan partners must also commit to implementing and supporting the initiatives of [CalAIM](#), which serves as the framework for Medi-Cal transformation.

14. How is DHCS enhancing its oversight activities?

DHCS is improving its oversight of plan partners and their subcontractors to ensure greater transparency and accountability. DHCS' payments to plans are now linked more closely to the value they provide in order to advance care that is higher quality, more equitable, and more efficient. DHCS is strengthening requirements to maximize the share of funds that plans spend on medical care and quality improvement, as opposed to administrative overhead. DHCS will also expand reporting related to expenditures and quality.

15. Where can I view the restructured managed care plan contract?

Visit <https://caleprocure.ca.gov/event/4260/20-10029>. View Event Package. Download "RFP_Main_20-10029_MCP.zip". Open the "Exhibits" folder. In the "Operational Readiness Contract" folder is STD 213, which is a zero dollar contract that indicates the plan is getting ready to perform the "Primary Operations Contract" and will comply with the Statement of Work provided there. Go back to Exhibits and open the "Primary Operations Contract" folder for all necessary components of the contract.