



# CONGRESS OF CALIFORNIA SENIORS

1230 "N" STREET, SUITE 201, SACRAMENTO, CA 95814 • (916) 442-4474 • (800) 543-3352 • FAX (916) 442-1877 • www.seniors.org

Mari Cantwell  
Chief Deputy Director  
Department of Health Care Services  
1501 Capitol Avenue  
Sacramento, CA 95814

RE: Concepts for the 2015 Medicaid Waiver Renewal

Dear Ms. Cantwell:

Thank you for conducting the briefing for stakeholders on the 1115 Waiver renewal on July 25, 2014. In the presentation you invited suggestions of concepts and issues for consideration in the next waiver renewal prior to the Stakeholder Advisory Committee meeting on September 11, 2014. I am following up on that invitation.

The 1115 Waiver in which we currently operate, the "Bridge to Reform" waiver of 2010-2015, has been the foundation for significant change in the delivery of health care to millions of Californians. The last few years have seen the beginning of a number of changes that should improve the quality of care, expand access to care, and bend the cost curve for state and federal health care spending. We believe the next waiver cycle should focus on "Moving Forward", completing much of the unfinished business of reform.

## Expanding Access

We strongly support efforts to use the waiver renewal to create new and improved services to the millions of undocumented Californians left behind in the recent system reforms, whether in hospital outpatient settings or other settings consistent with SB 1005 (Lara).

It is established state policy to expect significant cost shifting to private pay consumers (insurance companies, businesses, and covered individuals) who pay higher rates to allow extremely low provider reimbursements for services to Medi-Cal recipients. Whether this is a good or bad policy can be debated in another venue. But it seems to work for hospitals, some physicians, lab services and, to a degree, prescription drugs. The fact remains, however, that this approach does not work for providers who overwhelmingly or exclusively serve Medi-Cal clients. This is true of all long-term care providers and many are in financial distress, are denying new clients, or have closed. The issue of provider rates should not be obfuscated by shifting to managed care organizations where a global per-member-per-month payment is provided with absolutely no transparency.

While we support the suggestion to strengthen access (and network adequacy) with innovative provider subsidies, we also believe the state needs to develop a consistent, transparent mechanism to review barriers to access due to low reimbursement rates.

The notion advanced in a recent Budget Conference Committee that we should email an analyst in the Department of Finance to initiate a review of rate adequacy seems inappropriate. Low provider rates represent one of the great pieces of unfinished business in our publicly funded health care system. The pressures on the system created by millions of new seniors...many with expensive chronic conditions such as dementia and diabetes, will cause further disruption in the supply of providers if we do nothing to secure more providers, specialists like geriatricians, CBAS centers, etc.

If the state expects to shift responsibility for access to managed care plans we need more transparency of rate setting and strict adherence to network adequacy standards. The waiver renewal process should include such a review.

### Completing the Transition to Managed Care

One of the significant changes undertaken in the current renewal timeframe has been the shift of Medi-Cal fee for service populations into a capitated model in Medi-Cal managed care organizations. We have supported this transition and we believe in the long run it will help patients manage their care and lower overall costs. We especially support this model for the older Californians we represent...Medi-Cal only seniors and Dual Eligibles. To date, California has laid out a process to make this transition in eight of the largest counties for Duals and in eighteen rural counties (with partial transitions of service to managed care). We still have 22 counties...some of significant size...where we believe the next waiver can be used to complete the transition to managed care for all SPDs and Duals, to the maximum degree possible. Quality improvements and cost savings attributed to managed care envisioned in the current waiver should be extended statewide, to the maximum extent possible.

We also believe the waiver could be used as an organizing process to achieve several undertakings that would improve Medi-Cal managed care overall. (1) We need to re-examine the financial viability standards for managed care plans, especially for those that are publicly organized. (2) We believe that, since care coordination is at the heart of improved care and cost containment, it (care coordination) should become a discreet cost center in the building of managed care rates, not lumped together as overhead along with administration and other costs. (3) We would like to see additional resources for the Department of Managed Health Care to support services for the additional populations being served in the system, and especially to give DMHC added expertise to oversee long term services and supports (LTSS) which have been added to the responsibilities of managed care organizations.

### Focusing on Significant Points in Coordination of Care

Certain points in providing health care have an outsized impact on cost and quality, no matter the setting - in fee for service or managed care. One of the most important is discharge planning, especially at the time of release from acute care, but also transitioning people from institutional to community-based long term care. Even with all the focus on avoiding readmissions and attempting better care coordination, neither

Medi-Cal nor Medicare separately recognizes the work of discharge planning in reimbursement rates. We would like this to be a special focus of the upcoming waiver: determining what activities are essential, creating a way to evaluate their impact, identifying where such services should be located (perhaps a responsibility of the managed care plans rather than a provider), and funding them appropriately. We believe the effort would produce significant cost savings and provide more seamless care in the least expensive setting.

We should use the waiver renewal as an opportunity to re-write the MSSP authorization and waiver to narrow the covered services to assessment and care coordination, make these a mandated managed care service (as we have done with CBAS) and make the services available to the 2% highest acuity people identified in the managed care health risk assessment. These are the people that drive the costs of both Medi-Cal and Medicare and stronger coordination of this narrow group would lead to significant long range cost savings. We could extend the service to people under 65 (as we once did with Linkages) consistent with the new Medi-Cal coverage for childless adults under the Medi-Cal reforms. Doing this would expand existing MSSP services across the state and make them a permanent part of the MLTSS system (they have been grandfathered in for about 18 months in current statute).

#### Recognizing LTSS as part of the 1115 Waiver Renewal

We know that the Department is undertaking a review of the various 1915 HCBS waivers...a process long overdue. We are also aware that a number of states have used the 1115 Waiver process to develop stronger systems of long term care. Part of the reform California has undertaken in the current waiver cycle is the roll out of Managed Long Term Services and Supports (MLTSS) shifting the coordination and oversight of these activities in some counties to the managed care organizations that provide primary and acute care. It is a model used in other states and, we believe, an appropriate area for consideration in the 1115 Waiver renewal. We believe the new waiver should expand MLTSS statewide as managed care is expanded for other components of health care

We would hope the new waiver cycle could include a special work group to examine shelter as a logical extension of comprehensive health promotion and part of managed care services. We strongly believe that nutrition programs targeted to the elderly should likewise be reconsidered and treated as vital to health promotion.

We would like to see the new waiver promote several care innovations that should improve quality, make sure services are more available statewide, and save money. First, we would like to examine the feasibility of combined funding and management for nursing homes and community-based care. We would create a new designation called "skilled nursing centers" that would serve people who have received a medical diagnosis of needing a significant level of services over an extended period. Depending on the need or preferences of patients, services of centers could be on an out-patient basis (as a CBAS) or residing in the institution (as a snf). Patients could move from one residential setting to the other, as needs changed.

Services would include (among others)

- Skilled nursing supervision
- Medical care and monitoring
- Chronic disease management
- Medication management
- Physical, occupational, or speech therapy
- Post acute care assistance

Mental health services

- Nutritional assistance and counseling
- Dementia-related care and supervision
- Socialization to promote optimal mental and physical functioning
- Hospice care

Funding could be used for (among others)

- Assessment
- Case management
- Skilled nursing services (listed above)
- Transportation (where necessary)
- Institutional care

All patients should qualify for Medicare and/or Medi-Cal services, including optional Medi-Cal services. Caps on co-pays for services should be the same as for skilled nursing facility patients at present.

Skilled nursing centers may incorporate both inpatient and outpatient services, or may be stand alone inpatient or outpatient centers. The centers would be affiliated with a Medi-Cal managed care plan, a hospital, a federally qualified health center, or other care provider. Rates for reimbursement of care should be determined by a center-based formula which recognizes actual costs, patient acuity, and quality. In the case of centers which are part of a managed care plan, rates can be determined using the above factors and then blended into a capitated rate system. All centers should be assessed a quality assurance fee to draw down additional federal matching funds (not now available for CBAS services).

Skilled nursing centers would not provide in-home supportive services. Skilled nursing centers would be licensed and overseen by the California Department of Public Health and funded by the California Department of Health Care Services.

Finally, California should begin to address a significant workforce issue that offers the opportunity to help stabilize elderly clients in the community and avoid ER visits, institutionalization in snfs or costly hospital stays. To be utilized to the fullest extent, caregivers need to know how to talk to health care professionals (essential for participating in multi-disciplinary assessment teams in managed care). We should also be developing statewide standards for training of community-based caregivers for the elderly in essential knowledge and skills. We suggest the following:

- Fall prevention
- Stroke detection
- Early signs of dementia
- CPR
- Wound care
- Basic gerontology information (elderly and aging)
- Medication management (including OTC drug interaction)
- Behavioral health issues
- Nutrition for older people (food purchasing and prep, safe storage and handling, dietary supplements)
- End of life care
- Occupational safety (eg. lifting) for caregivers

These skills would significantly change the value of care giving as part of a system focused on optimum functioning and cost reduction. This effort should include consideration of how to finance training and how to compensate care providers who gain the additional skills and knowledge beyond existing personal care services, which will create stability in the continuity of care and avoid costs.

We appreciate the opportunity to suggest these ideas and look forward to discussing them with you at your convenience.

Sincerely,

A handwritten signature in black ink on a light yellow background. The signature is cursive and reads "Gary Passmore".

Gary Passmore  
Vice President and Legislative Advocate