Medicaid Managed Care Final Rule: Impact to DHCS and Medi-Cal Managed Care Plans

December 2016

Final Rule Overview

Background

First major overhaul of the managed care regulations since 2002

- Response to the major shift to the managed care delivery system nationwide
- Directed at states to ensure compliance with Medicaid managed care plans (MCPs) and downstream effects to beneficiaries

Recurring Themes

Aligns the Medicaid managed care program with other health insurance coverage programs (i.e., Marketplace, Medicare Advantage)

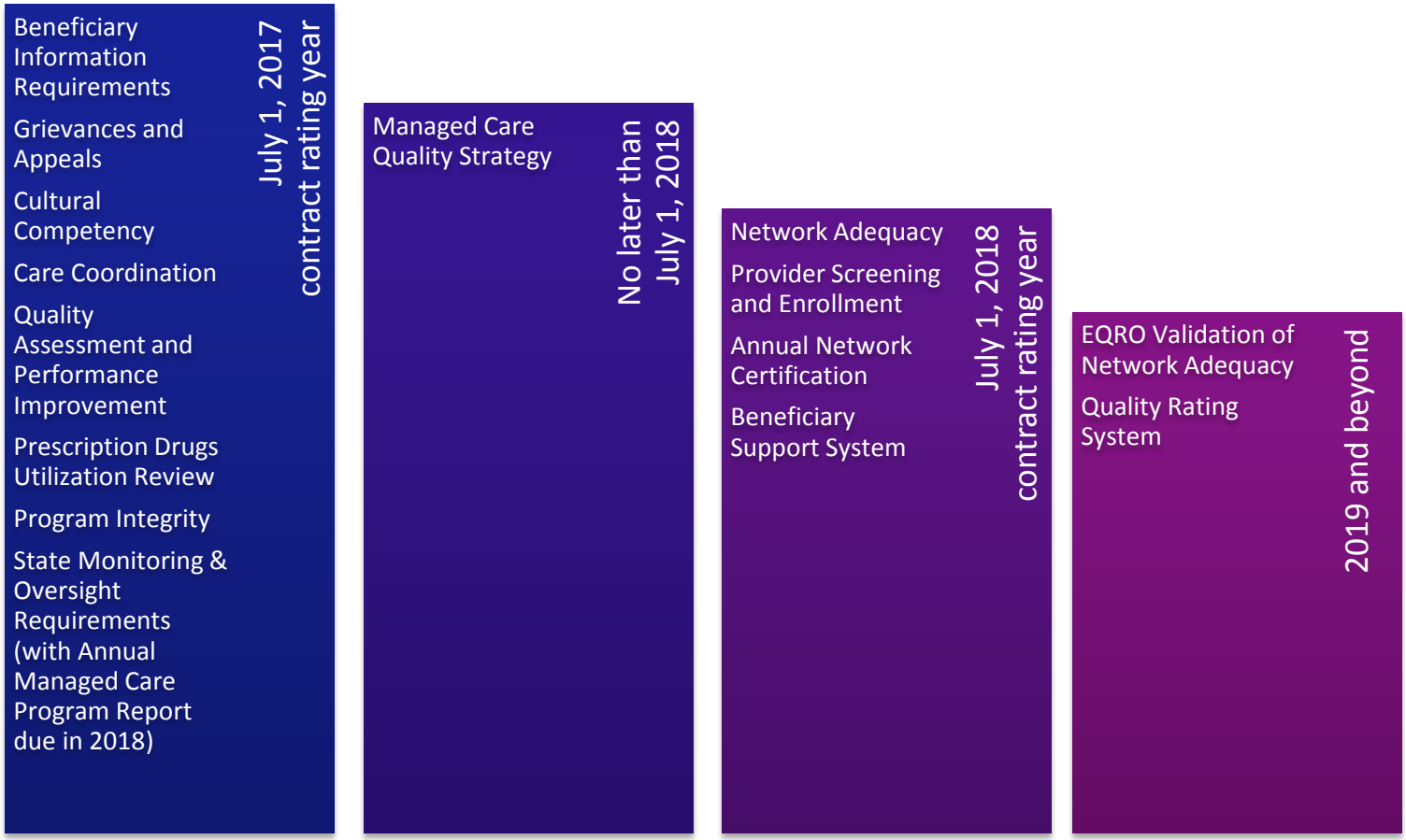
- Adds many consumer protections to improve the quality of care and beneficiary experience
- Improves State accountability and transparency
- Inclusion of Long Term Services and Supports (LTSS) needs

Implementation Dates

Effective July 5, 2016

- IMD and in-lieu-of-services provisions effective July 5, 2016
- Phased implementation over three years, starting with the July 1, 2017 contract rating period

Major Provisions at a Glance



Key Provisions: 2017

Beneficiary Information Requirements

- Beneficiary communication via email and text
- State operated website with plan specific information (e.g. Provider Directories, drug formularies)
- Model handbook and template notices
- Non English taglines in beneficiary materials

Grievances and Appeals

- Timeframes for resolution of appeals shortened to 72 hours
- Requires that appeals are exhausted at the plan level before proceeding to a State Fair Hearing

Access and Cultural Competency

- Requires gender identity be included as a component of culturally appropriate care

Care Coordination

- Apply to all appropriate settings including behavioral health settings and LTSS

Quality Assessment and Performance Improvement

- MCP Performance Improvement Projects (PIPs) must include mechanisms to assess beneficiaries using LTSS and/or with special health care needs

Key Provisions: 2017 (cont'd)

Drug Utilization Review (DUR)

- Drug Utilization Review requirements as defined in 42 CFR 456, Subpart K and annual reporting requirement

Program Integrity

- Data certification
- Overpayments policy for plan recoveries due to fraud, waste, and abuse
- Ownership and control disclosures
- 10 year records retention period and right to audit
- Increased sanctions limit

State Monitoring & Oversight

- Public posting of MCP compliance and performance

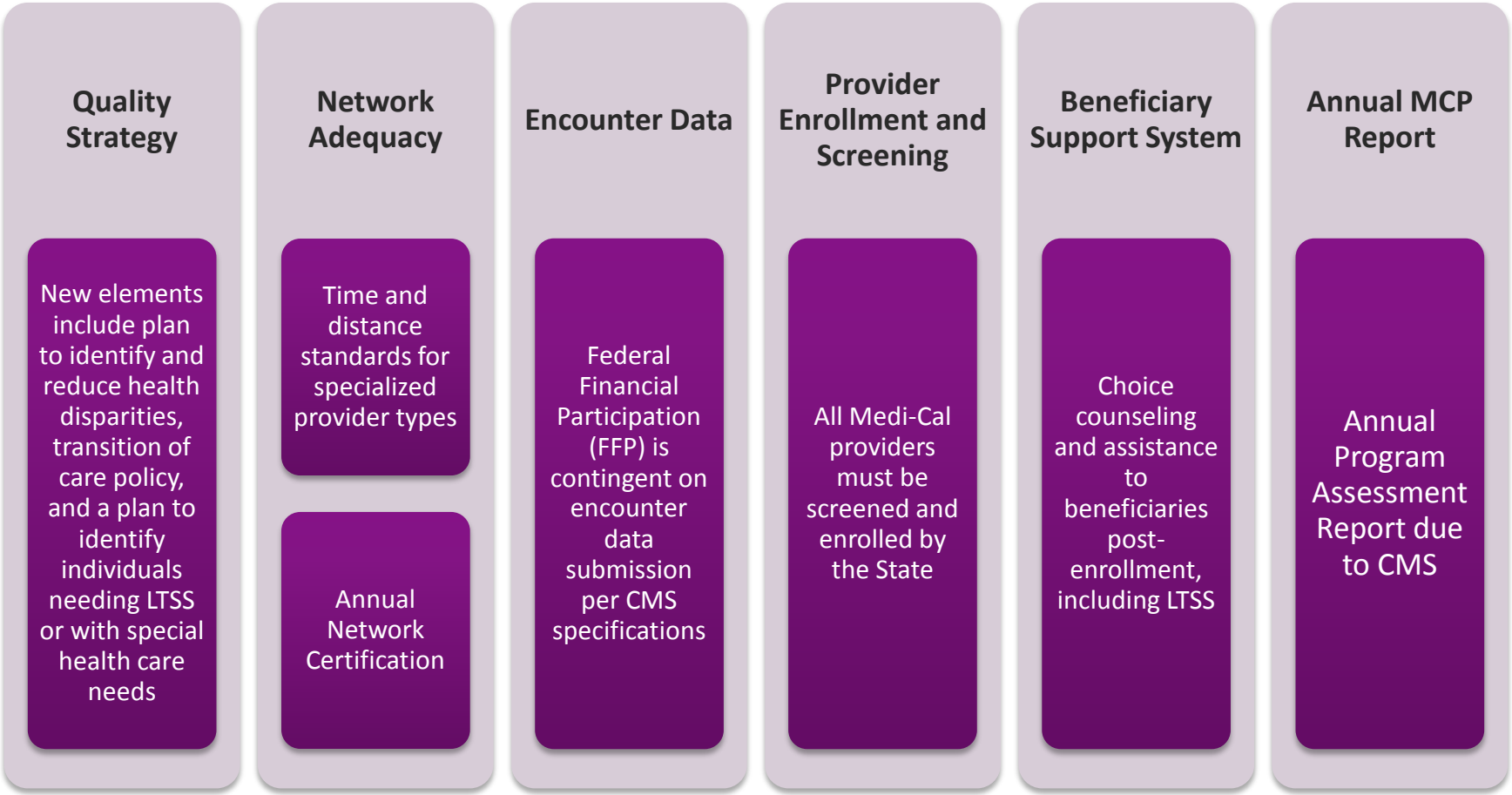
Health Information Systems

- MCP encounter data submissions to the State must be per CMS specifications

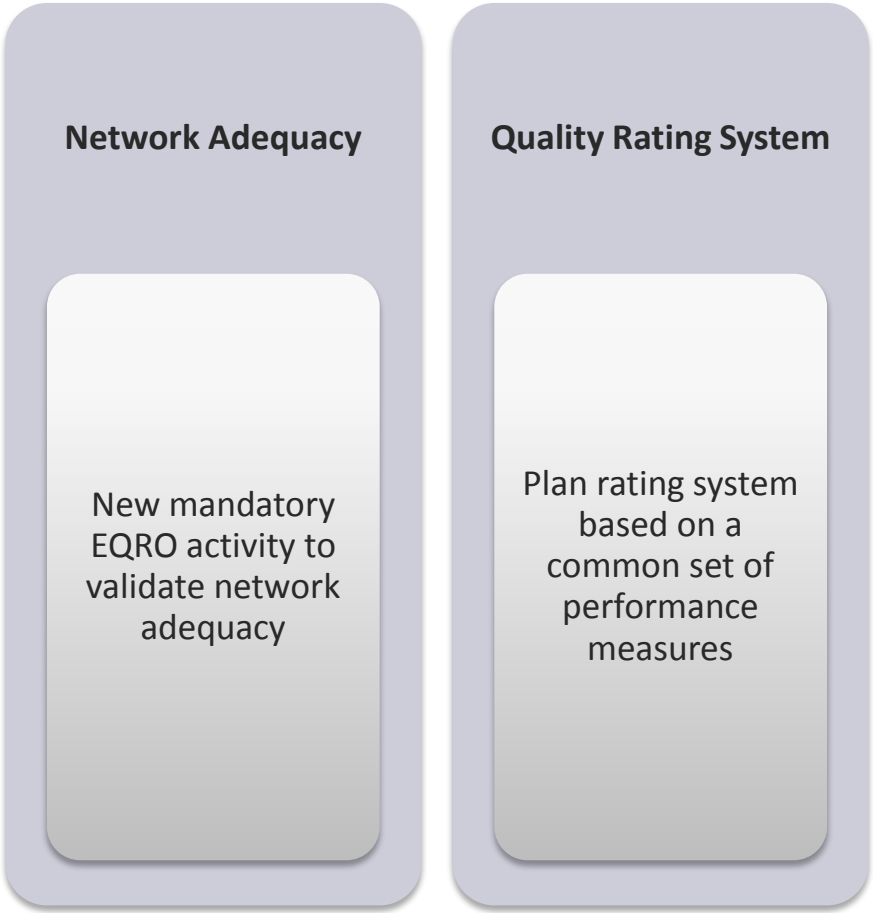
MCP Accreditation Status

- Public posting of each MCP's accreditation status

Key Provisions: 2018



Key Provisions: 2019 and Beyond



Implementation Components

Implementation Strategy

Internal research

- Conducted gap analysis of Final Rule provisions in contrast with current requirements to identify impact
- Consulted with areas across the Department for input on policy and operational considerations

External Stakeholder Input

- Engage the Medi-Cal managed care health plans (MCPs) and stakeholder groups including the DHCS Stakeholder Advisory Committee, Managed Care Advisory Group, topic-specific workgroups, and external partners such as the Department of Managed Health Care (DMHC)
- Collaborate on development of materials, deliverables, and/or processes prior to implementation

Plan Guidance

- Provide guidance to assist MCPs with implementation on each of the activities via All Plan Letters and contract amendments
- Provide deliverables requirements to the MCPs on a flow basis throughout the implementation phases
- Roll out contract amendments per implementation year