Medi-Cal Healthier California for All

Managed Care Financing Considerations

Discussion Topics

- Enhanced Care Management
- In Lieu of Services
- Seniors and Persons with Disabilities (SPD)/Long-Term Care (LTC) Blended Rate and Shared Risk/Savings
- Incentive Program

Enhanced Care Management

- Enhanced Care Management (ECM) will be a State Plan benefit statewide.
  - ECM will replace the current Health Homes Program (HHP) and elements of the Whole Person Care (WPC) pilots, building on lessons learned and positive outcomes from those programs.
  - ECM will provide a whole-person approach to care that addresses the clinical and non-clinical needs of high-cost and/or high-need Medi-Cal managed care members.
  - ECM is a collaborative and interdisciplinary approach to providing intensive and comprehensive care management services to targeted individuals.

Proposed Phased Implementation for ECM

Phase I: January 1, 2021

- All counties with WPC or HHP
- All plans in these counties will go live, with all target populations*
- Plans without WPC or HHP can voluntarily opt-in

Phase II: July 1, 2021

- All counties with no WPC or HHP
- All plans in these counties will go live, with all target populations*

- *Post incarceration population only required to go-live in 2021 if transitioning an existing WPC pilot

ECM Rate Considerations

- Recognizing varying plans/counties ECM benefit starting points, we anticipate rates will reflect this variation.
  - Our preliminary assumption is the ECM benefit will serve approximately 1% of managed care members.
- Funding for the ECM benefit will be included in the managed care plan's base capitation rates and will vary by rating category.
  - Unlike the HHP, which was funded by supplemental payments and paid based on actual utilization.

ECM Rate Considerations

- Part of the ECM funding would include considerations for outreach and engagement activities.
  - We recognize plans/providers may need to reach out to approximately 2-3% of members in order to fully engage the targeted 1% (percentages are illustrative for discussion purposes).
  - This assumption would differ for non-HHP/non-WPC counties, due to benefit starting point differences.

ECM Rate Considerations

- The current anticipated rate approach would be to leverage the HHP rate development structure and then modify components, factors, and assumptions to fit the final ECM program design and parameters.
- DHCS plans to prioritize the delivery of the ECM component of the final rate to aid plans' downstream contracting and network development.

In Lieu of Services (ILOS)

- ILOS are cost-effective, medically appropriate, and voluntary alternatives to State Plan benefits/services.
  - ILOS are not mandatory benefits.
  - ILOS are voluntary for managed care plans to provide and for members to utilize.
- DHCS anticipates Medi-Cal managed care plans to be motivated to provide ILOS to achieve positive financial and member health outcomes.

Proposed ILOS

- DHCS has proposed 13 ILOS:
  - Housing Transition/Navigation Services
  - Housing Deposits
  - Housing Tenancy and Sustaining Services
  - Short-Term Post-Hospitalization Housing
  - Recuperative Care (Medical Respite)
  - Respite
  - Day Habilitation Programs
  - Nursing Facility Transition/Diversion to Assisted Living Facilities
  - Nursing Facility Transition to a Home
  - Personal Care (beyond In-Home Supportive Services) and Homemaker Services
  - Environmental Accessibility Adaptations (Home Modifications)
  - Meals/Medically Tailored Meals
  - Sobering Centers

ILOS Federal Requirements

- Federal regulatory requirements for ILOS (42 CFR 438.3(e)(2)):
  - ILOS must be determined to be medically appropriate and cost-effective substitutes for State Plan services.
  - Beneficiaries must voluntarily agree to utilize ILOS in place of State Plan services.
  - ILOS must be authorized and identified in plan contracts.
  - With all of the above, DHCS can consider the utilization and cost of ILOS in rate development.

ILOS Rate Considerations

- DHCS will consider:
  - Utilization data from the WPC pilots to determine if plan base data adjustments are required.
  - Differences in the existing ILOS infrastructure across WPC counties.
  - Plan-reported data on existing utilization of ILOS collected through the rate development template that crosswalks to the 13 proposed ILOS.
  - Other available data sources deemed appropriate by DHCS and its actuaries.
- ILOS will not be a new rating category.

SPD/LTC Blended Rate and Shared Risk/Savings

- With the implementation of the LTC benefit statewide in managed care, and to facilitate a robust ILOS structure, DHCS will utilize a blended SPD/LTC rate payment structure to incentivize the use of home- and community-based alternatives to long-term institutional care.
- Due to the phased transition of non-dual and dual LTC beneficiaries, the SPD/LTC blended rate application for non-dual and dual will vary by model type.
  - Note that CCI plans/counties rate structure will not transition to this new structure until calendar year (CY) 2023.

SPD/LTC Blended Rate and Shared Risk/Savings

- A multi-pronged rate setting strategy is anticipated to be employed.
- Blended Rate: SPD/LTC rates will be blended based on projected member mix.
- Risk Provision on Blended Rate: For non-COHS/non-CCI counties a risk provision will be implemented to control for projected member mix vs. actual member mix differences.

SPD/LTC Blended Rate and Shared Risk/Savings

- Risk Provision on Rates (Post Rating Period): Shared Risk/Savings via a Financial Calculation in which revenue and expenses will be reviewed.
  - Tiered Risk Sharing with Plan and State/Feds (similar to a Medical Risk Corridor)
  - Due to differing populations served across managed care model types and the phased transition of the LTC population into managed care, the timing of this provision differs by model type.
- Shared Savings via Rate Development: Beginning in CY 2024, CY 2021 ILOS utilization will be considered in rate development.

Incentive Program

- Incentive payments to plans are permissible per 42 CFR 438.6(b)
- Payments are in addition to the approved capitation rates
  - Payments must not exceed 5% of the approved capitation payments attributable to the enrollees or services covered by the incentive arrangement.
- Available to public and private plans under the same terms of performance.
- Time-limited and linked to performance during the rating period.
- Necessary for the specified activities, targets, performance measures, or quality-based outcomes that support program initiatives as specified in the State's quality strategy.

Incentive Program

- Per the Governor's January 2020 proposed budget, an Incentive Program will be offered statewide to all plans for the service period of January 2021 to June 2023.
  - Purpose of the Incentive Program is to reward plan investment in ECM and ILOS implementation.
  - We recognize the need for variability, given the difference in existing capacity statewide.

Incentive Program

- The Incentive Program will be designed to reward plans that meet defined milestone/metrics tied to ECM/ILOS.
  - Payment will be contingent upon meeting defined milestone/metrics, and is not guaranteed.
- DHCS is leading a public stakeholder process to determine what milestones/metrics should be incentivized to effectuate change, given the incentive program is time-limited.
  - Written feedback must be submitted to DHCS at CalAIM@dhcs.ca.gov no later than February 29, 2020.

Questions?