



News Release

NUMBER: 12-05
FOR IMMEDIATE RELEASE
April 4, 2012

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DHCS ANNOUNCES INITIAL COUNTIES SELECTED FOR PROJECT TO IMPROVE CARE FOR CALIFORNIANS ELIGIBLE FOR BOTH MEDICARE AND MEDI-CAL

SACRAMENTO – The California Department of Health Care Services (DHCS) today announced that Los Angeles, Orange, San Diego and San Mateo counties would be the initial participants in a proposed three-year demonstration project aimed at improving the coordination of care for low-income seniors and persons with disabilities who are dually eligible for Medicare and Medi-Cal. These are the first of up to 10 counties that could take part in the project in 2013.

“Currently, most dual eligible beneficiaries access services through a complex system of disconnected programs that often leads to beneficiary confusion, delayed care, poor care coordination, inappropriate utilization and unnecessary costs, issues we are addressing with this proposal,” said DHCS Director Toby Douglas. “The goal is to design a seamless system that helps dual eligible beneficiaries get the health care services they need and improve health outcomes in a more fiscally efficient manner.”

California has approximately 1.1 million people enrolled in both Medicare and Medi-Cal. They are among the state’s highest-need and highest-cost users of health care services, accounting for nearly 25 percent of Medi-Cal spending. The proposed three-year project would enroll a portion of California’s dual eligible beneficiaries into integrated care delivery models. An estimated \$678.8 million in General Fund savings is expected in fiscal year (FY) 2012-13, increasing to \$1 billion in 2013-14.

As part of the announcement, the state released a comprehensive draft proposal for public comment that outlines the demonstration project. It is funded by the Affordable Care Act and requires the approval of the federal Centers for Medicare & Medicaid Services (CMS).

The demonstration project is a key part of the Governor’s Coordinated Care Initiative, which is aimed at improving beneficiary health outcomes and care quality, while achieving substantial savings from the rebalancing of care delivery away from institutional settings and into people’s homes and communities.

Today’s announcement follows an extensive public stakeholder process and rigorous site selection process. A team involving departments across the California Health and Human Services Agency reviewed 22 proposals from health plans operating in ten counties. The review team determined that the selected health plans would, upon implementation, improve dual eligible beneficiaries’ care experiences and health outcomes.

Current state law permits implementation in 2013 in the four named counties. Pending further state and federal authority, readiness reviews and preparations, the state believes it will be possible to conduct the demonstration in up to six additional counties in 2013: San Bernardino, Riverside, Santa Clara, Contra Costa, Alameda and Sacramento.

“We will build upon California’s existing structure of managed care health plans, county mental health programs and home- and community-based social services to achieve the financial and service integration necessary to accomplish this goal,” added Douglas.

Under the demonstration, the selected health plans would receive a blended monthly payment from Medicare and Medi-Cal to provide their enrollees all needed services. Beneficiaries will have a single health plan membership card and a care team to help coordinate their services.

Moreover, all medical and long-term services and supports would be integrated as managed care benefits, and strong coordination of mental health and substance use services will be required. A key component for helping people avoid unnecessary hospitalizations and nursing home admissions will be the In-Home Supportive Services (IHSS) program, the nation’s largest personal care provider program.

“In-Home Supportive Services is an important service that assists more than 440,000 people with services they need to live independently at home,” said Will Lightbourne, director of the California Department of Social Services, which oversees the IHSS program. “IHSS will remain an entitlement program and the consumers’ current rights, including the right to self-direct their care by hiring, firing and directing their IHSS workers, will not change.”

Pending approval from CMS, the state would begin notifying beneficiaries of upcoming changes due to the proposed demonstration in the fall of 2012. Enrollment would begin in January 2013. Beneficiaries can choose to keep their Medicare benefits separate from this integration, but those who do not opt out of the demonstration will be enrolled on a phased-in basis throughout 2013.

Further details on how the demonstration would be implemented are described in a comprehensive proposal released today in draft version for public comment. Following a 30-day period for stakeholder input, California will submit this proposal to CMS for approval.

For more information about the demonstration, please visit www.CalDuals.org. All the health plan applications may be viewed online at <http://www.dhcs.ca.gov/provgovpart/Pages/RFSApplications.aspx>.

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