

1115 Medicaid Waiver Renewal Opportunities to Ensure Health Equity and Advance California's Leadership in ACA Implementation

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Community Disproportionate Share Hospitals (DSH) are Critical Partners in California's Safety Net

On average, California's community DSH hospitals provide 86% of their care to low income Californians—Families, Children and Individuals on Medi-Cal-- Medicare beneficiaries and the Uninsured

California's community safety net hospitals also provide:

- One-third of all inpatient care to Medi-Cal patients statewide
- 66% of all Medi-Cal mental health inpatient days
- One-third of all hospital care to Dual Eligible Californians
- 44% of their Medi-Cal care to Seniors and Persons with Disabilities

California's Diverse, Low-income Communities Rely on their Community Safety Net Hospitals: Examples throughout the State

- **Fresno County: Fresno Community Regional Medical Center (CRMC)** is the region's largest safety net provider and one of the largest full-service emergency departments in CA
 - Only comprehensive burn and Level I trauma center between Los Angeles and Sacramento
 - Level III Neonatal Intensive Care Unit
 - Provides extensive outpatient and services at its Ambulatory Care Center
 - Diabetes Care Center, Centers for Children's Health, Family Health, and Women's Health, dental and eye clinics, and surgical and internal medicine services
 - Affiliated with University of California, San Francisco, providing more than 300 doctors with specialized education each year
 - **Fresno CRMC Provides:**
 - 54% of its care to Medi-Cal beneficiaries
 - 23% of its care to Medicare beneficiaries
 - 5% of its care to Medically Indigent Services Program (MISP) or other uninsured
 - 18% to patients with commercial managed care plans
 - Average of 265 Emergency Department Visits daily
 - 16% (\$186 million) of Fiscal year 2013-14 operating expenses were dedicated to unreimbursed costs for care and services
- Community Snapshot:**
- More than half the population is either on Medi-Cal or uninsured (2009)
 - 54% have incomes below 200% of federal poverty level (2009)
 - 40,000 estimated medically indigent persons in Fresno County live below the federal poverty level

Los Angeles County: White Memorial Medical Center (WMMC)

- For more than 100 years WMMC has provided high quality, culturally appropriate care to its low-income Boyle Heights community, with its Graduate Medical Education program, Level III NICU, and affiliated clinics and nationally-recognized chronic disease management programs, providing:
 - 47% of its care to Medi-Cal beneficiaries
 - 33% of its care to low-income Medicare beneficiaries
 - 13% to patients with commercial managed care plans
 - 4% to charity/self pay
 - 3% private payer
 - 51,833 Emergency Department visits annually
- **Community Snapshot:**
 - Nearly one million people living within 5 miles of WMMC
 - 81% of community is Hispanic with 64% speaking Spanish predominately
 - 33% of the population 25 years or older have less than a high school education
 - 57% of households have an annual income of less than \$25,000
 - 41% earn less than \$15,000 annually

San Bernardino County: Loma Linda University Medical Center

- Serving its community since 1905, Loma Linda University Medical Center is a nationally recognized teaching and research institution serving 1.5 million patients annually, providing:
 - 46% of its care to Medi-Cal beneficiaries
 - 25% of its care to low-income Medicare beneficiaries
 - 22% of its care to patients with commercial managed care plans
 - 7% of its care to uninsured/self pay patients
 - 85,000 Emergency Department and urgent care visits per year
 - 700,000 Outpatient visits per year

Community Snapshot:

- Most impoverished large metropolitan area in the U.S., with 18.2% of residents of the San Bernardino-Riverside-Ontario region living below the poverty line in 2013
- San Bernardino County has the worst Retail Food Environment Index—ratio of fast-food/convenience stores-to-grocery stores/produce vendors—of all CA counties with a population > 250,000

The ACA's Massive Expansion of Medi-Cal Calls for More Cost-Effective and Integrated Care by both Community DSH and Public Hospital Sectors

Under the ACA, Medi-Cal enrollment has increased from 7 million in 2010 to 11 million in 2014

Expansion of Medi-Cal to one-third of all Californians requires more integrated regional systems of Health Information Technology sharing and public-private collaboration to better serve the entire Medi-Cal population

Expanding system transformation in the renewed 1115 Waiver will ensure that the majority of the State's hospital safety net can pursue innovative strategies to help millions of existing and new Medi-Cal patients get higher quality, more coordinated care while reducing the State's health care costs

Challenges to Community DSH Delivery System Transformation

Community DSH hospitals have begun implementing programs to provide their low-income and senior communities with higher quality, whole-person care

However, they face several challenges to more effective, widespread delivery system transformation:

- Medi-Cal payments continue to be among the lowest in the U.S. (tied for 48th lowest in 2012)
- State and federal reforms are rapidly and radically changing market dynamics; community safety net hospitals are losing money on the ACA–Medicare DSH losses; Medicaid DSH in 2017
- They will continue to provide a significant portion of care to the remaining uninsured without baseline funding such as Realignment/SNCP/County taxpayer support
- Dependent on the quality assurance fee (QAF) and supplemental DSH and PHSF payments to help cover costs of direct services to their low-income populations
 - **The future of these funding sources is uncertain and threatened at the federal level**
 - **Even with the QAF, total net hospital Medi-Cal payments to private hospitals represent only 71% of what Medicare would pay (Upper Payment Limit)**

Impact of ACA Reductions on Community DSH Hospitals

- As a result of the Medicare DSH cuts mandated by the ACA, California's private DSH hospitals have lost over \$389 million in Medicare DSH payments in FFY 2014 (\$163M) and FFY 2015 (\$226M)
- These Medicare DSH cuts are scheduled to go on through FFY 2019
 - Nationwide, Medicare DSH payments will be reduced by about \$5 billion for each remaining year of the cuts
- Since October 2014, other ACA-mandated cuts have cost California's private DSH hospitals nearly \$63 million in lost Medicare revenue
- 2017 Medicaid DSH Reductions could mean a loss of 50% of DSH Replacement Funding

Expanding Delivery System Transformation to Private DSH Hospitals will help the State Achieve the ACA's Triple Aim and 1115 Waiver Renewal Objectives

- The Waiver provides an opportunity to create measurable programs necessary to more quickly and effectively achieve value-based, cost-effective private DSH and public hospital delivery system transformation to:
 - Meet Triple Aim goals and the demands of the unprecedented expansion of Medi-Cal to nearly 3 million new enrollees, and further the State's 1115 Waiver renewal objectives
 - Strengthening primary care delivery and access
 - Avoiding unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency
 - Addressing social determinants of health
 - Using California's sophisticated Medicaid program as an incubator to test innovative approaches to whole-person care

Proposed Community DSH System Transformation Projects

- Based on a similar framework as the 2010 Waiver Designated Public Hospital DSRIP Improvement Projects:
 - Infrastructure Development
 - Innovation & Redesign (testing and replicating innovative care delivery models)
 - Population-focused Improvement (required reporting on same 21 measures, including patient experience, effectiveness of care coordination, prevention, health outcomes of at-risk populations)
 - Augmented with population-focused system improvements
 - Urgent Improvement of Care (inpatient safety improvements)

Additional Community DSH Hospital Delivery System Transformation Projects

- Would include updated project domains
- Would require projects focusing on transforming delivery systems into high-performing, whole-person centers of excellence, including those recently approved by CMS in other states in the areas of:
 1. Infrastructure Development & Capacity Building
 2. Innovation and Redesign
 3. Population-Focused Improvement Projects
- Opportunities to Form Regional Collaborative Relationships
 - Valuation should also recognize projects that include collaborations across providers, including learning collaboratives, among safety net health care providers, managed care plans, community based organizations, and county-based entities which emphasize the building blocks of the California State Innovation Model (CalSIM) plan

Infrastructure Development & Capacity Building Project Examples

- These projects would emphasize increasing capacity so that patients can access the right care in the right setting at the right time – avoiding care in more costly and less patient-centered settings including:
 - Establishing more primary care clinics
 - Expanding existing primary care capacity
 - Establishing a continuing care program for frequent ED users
 - Improving/expanding access to specialty care services
 - Implementing telemedicine programs to provide or expand specialist referral services in a service area identified as a community need

Innovation and Redesign Project Examples

These projects would seek to improve the quality of care and lead to better patient outcomes for California's most vulnerable patients as they recover from an illness or maintain health in order to avoid unnecessary hospitalizations and help them navigate the delivery system, and could include:

- Improving access to primary care services with a patient centered medical home (PCMH) model co-located/adjacent to community emergency services
- Providing a 30-day supported transition period after a hospitalization to ensure discharge directions are understood and implemented by the patients at high risk of readmission, particularly those with cardiac, renal, diabetes, respiratory, and/or behavioral health disorders
- Implementing a home visit program to the highest-risk uninsured and Medi-Cal patients
- Establishing a whole-person patient care navigation/care management program
- Developing withdrawal management (e.g., ambulatory detoxification, ancillary withdrawal services) capabilities and appropriate enhanced abstinence services within community-based addiction treatment programs
- Integrating behavioral health services and primary care services
- Implementing evidence-based best practices for disease management in medical practice for individuals with cardiovascular conditions, diabetes or asthma
- Implementing Nurse-Family Partnership for maternal and child health, including high-risk pregnancies
- Implementing a post-partum care program for high-risk patients
- Integrating palliative care into acute care services
- Convening a regional DSRIP Learning Collaborative to share best practices and lessons learned

Population-Focused Improvement Project Examples

- These projects would be focused on proactively improving population health:
 - Preventing substance abuse and other mental-emotional behavioral disorders
 - Reducing the rate of preterm births within a specific geographic area
 - Establishing self-management and wellness programs using evidence-based designs
 - Implementing evidence-based wellness strategies in the community to engage the at-risk population in primary and secondary disease prevention strategies related to:
 - cardiovascular health
 - diabetes
 - asthma

Incentivizing Partnerships that deliver Integrated Whole-Person Care: USC-Eisner Family Medicine Center at California Hospital

- Partnership between Keck School of Medicine at University of Southern California (USC), California Hospital Medical Center and Eisner Pediatric and Family Medical Center
 - Formed an FQHC in 2012 co-located at community DSH hospital California Hospital Medical Center to better serve Downtown and South Los Angeles community
 - Staffed by physicians who are professors at the Keck School of Medicine at USC along with Family Medicine resident physicians from the USC/California Hospital Family Medicine Residency Program
 - Medical Home Model that delivers comprehensive team-based, coordinated, community-linked physical and behavioral health care managed by EPFMC
 - Expanded access to outpatient care for 2,000 more individuals in underserved area
 - Increased efficiency and care coordination through shared health information technology and electronic health records among three partner providers

Funding Community Safety Net Hospital Transformation Projects: Short-term Investment for Long-Term Benefits

- To the extent that funding is available from the shared savings component of the renewed 1115 Waiver, we urge the state to invest in both public and private safety net hospital system transformation
 - Size and scope of the program would be dependent on shared savings available
- CMS has encouraged other states to expand their delivery system transformation programs; including a short-term investment for community DSH hospital transformation could help California meet this request

Benefits of Supporting Community DSH Delivery System Transformation Programs: Achieving 1115 Waiver Renewal Objectives and Health Equity for Medi-Cal Beneficiaries

Would achieve measurable, scalable delivery system reform to more effectively meet the Triple Aim and maximize state and federal resources

Ensures majority of the State's hospital safety net and their provider and plan partners can pursue innovative strategies to help millions of Medi-Cal patients get and maintain optimal mental, physical and emotional health, while reducing State and Federal health care costs

Would help guarantee health equity for the Medi-Cal population served by safety net hospitals—regardless of their point of access to care

Questions & Answers

