Proposed Directed Payments

Pass-Through Payments (§438.6(d))

- Impermissible under the Final Rule, subject to a 10-year phasedown
- DHCS will continue to administer the following Pass-Through Payment arrangements in SFY 2017-18:
  - SB 239 (Hospital Quality Assurance Fee (HQAF) $1.8 Billion
  - SB 857 (Martin Luther King Jr. Community Hospital Payments) $18 Million

Allowable Directed Payments (§438.6(c))

- Value-based purchasing models
- Delivery system reform and/or performance improvement initiatives
- Minimum or maximum fee schedules, and uniform dollar or percentage increases

Proposed Directed Payments

Hospital Directed Payments

- Designated Public Hospital (DPH) Directed Payment Program
- DPH Quality Improvement Program
- Private Hospital Directed Payment Program

Physician Directed Payments

- Prop 56 Physician Directed Payments (for 13 E/M codes)

Dental Directed Payments

- Proposition 56 Dental Directed Payments

Goals

- Maintain/improve quality of and access to care
- Improve encounter data reporting

Designated Public Hospital Directed Payment Program

Providers Subject to Directed Payment

- DPHs and University of California (UC) systems
- 5 separate classes of providers (A-E) in two pools

DPH Fee-For-Service (FFS) Sub-pool ($550M)

- (B) Alameda, Kern, Monterey, Riverside, Ventura
- (C) Contra Costa, San Joaquin, San Mateo
- (D) University of California systems (LA, Orange, Sac, SD, SF)
- FFS sub-pool funding split into two sub-pools (IP/OP), which DHCS will direct MCPs to pay a uniform add-ons for actual IP/OP utilization (contracted services/network providers).

DPH Directed Payment Program (continued)

DPH Capitated (Cap) Sub-pool ($928M)

- (A) Los Angeles
- (E) Santa Clara, San Francisco
- Cap sub-pool funding split into two sub-pools (Capitated/FFS), which DHCS will direct MCPs to pay an uniform percent increase to their capitated payments, or uniform add-ons for actual IP/OP utilization (contracted services/network providers).

Uniform Dollar or Percentage Increase

- Proxy PMPM developed on projected expenditure levels in SFY17-18
- Proxy PMPM will be adjusted and paid based on actual utilization/assignment in SFY 2017-18 (reported in encounter data)

Proposed Amount

- $1.5 Billion Total Funds in SFY 2017-18

Designated Public Hospital Quality Incentive Program (QIP)

Providers Subject to Directed Payment

- DPHs (1 class of providers)

QIP

- Participating DPHs must report on at least 20 of 26 quality measures
- Proxy PMPM will be developed based on projected expenditure levels in SFY 2017-18
- Proxy PMPM will be adjusted and paid based on actual achievement of quality measures in SFY 2017-18

Quality Measures

- 26 measures separated into 4 categories: Primary Care, Specialty Care, Inpatient, Resource Utilization

Proposed Amount

- $640 Million Total Funds in SFY 2017-18

Private Hospital Directed Payment Program

Providers Subject to Directed Payment

- Private hospitals (1 class of providers)

Uniform Dollar Increase

- Pooled amount separated into two sub-pools (IP/OP)
- Proxy PMPM will be developed based on projected expenditure levels in SFY 2017-18
- Proxy PMPM will be adjusted and paid based on actual IP/OP utilization in SFY 2017-18 (as reported in encounter data)

Proposed Amount

- $2.1 Billion Total Funds in SFY 2017-18

Physicians (Proposition 56) Directed Payment Program

Providers Subject to Directed Payment

- Primary Care Physicians (PCPs), Specialty Physicians, Mental Health Outpatient Providers (MHOPs)
  - Providers ineligible to receive directed payments:
    - FQHCs, RHCs, IHS/MOAs, and CBRCs.

Uniform Dollar Increase for 13 E/M Codes

- Risk-based for Managed Care Plans
- 10 PCP/Specialty and 3 MHOP procedure codes
- Rate add-on will be developed based on projected utilization of the 13 procedures in SFY 2017-18

Proposed Amount

- $790 Million Total Funds in SFY 2017-18

Dental (Proposition 56) Directed Payment Program

Providers Subject to Directed Payment

- Dental providers
- Providers ineligible to receive directed payments:
  - FQHCs, RHCs, IHS/MOAs, and CBRCs.

Uniform Percentage Increase

- Risk-based for Managed Care Plans
- 40% more than the Schedule of Maximum Allowances (SMA) for selected procedures
- Rate add-on will be developed based on projected utilization of selected procedures in SFY 2017-18

Proposed Amount

- $22 Million Total Funds in SFY 2017-18

Proposed Directed Payments Estimated Timeline

June 2017	• DHCS formally submitted 5 proposals ("pre-prints") to CMS
Aug-17-Jan-18	• DHCS received and has responded to 3 rounds of CMS questions
March 2018	• DHCS will release an All Plan Letter (APL) detailing the directed payment arrangements for Managed Care Plans (MCPs)
Mar/Apr 2018	• DHCS to pay MCPs SFY 2017-18 rates with Physicians and Dental DP per-member-per-month (PMPMs) (March cap)
SFY 2018-19	• DHCS to pay MCPs the SFY 2017-18 Hospital DP PMPMs by end of SFY 2018-19

Questions & Open Discussion