



# **Medi-Cal 2020: California's 1115 Waiver Renewal**

**Hannah Katch, Assistant Deputy Director**  
Health Care Delivery Systems  
California Department of Health Care Services

October 1, 2015



# Overall Context & Framework

California's 2010 Waiver was critical to successful implementation of ACA

This Waiver renewal is critical to ongoing success, viability, and long-term sustainable change of the Medi-Cal Program

## *CRITICAL COMPONENTS FOR CALIFORNIA*

### Strategies

- Delivery System Transformation & Alignment Incentive Programs
- Payment and Delivery System Alignment for Public Safety Net Systems for the Remaining Uninsured

### Financing

- Federal/State Partnership on Shared Savings
- Budget Neutrality
- Continued Federal Funding Support



# Bridge to Reform Waiver 2010 – 2015 Achievements

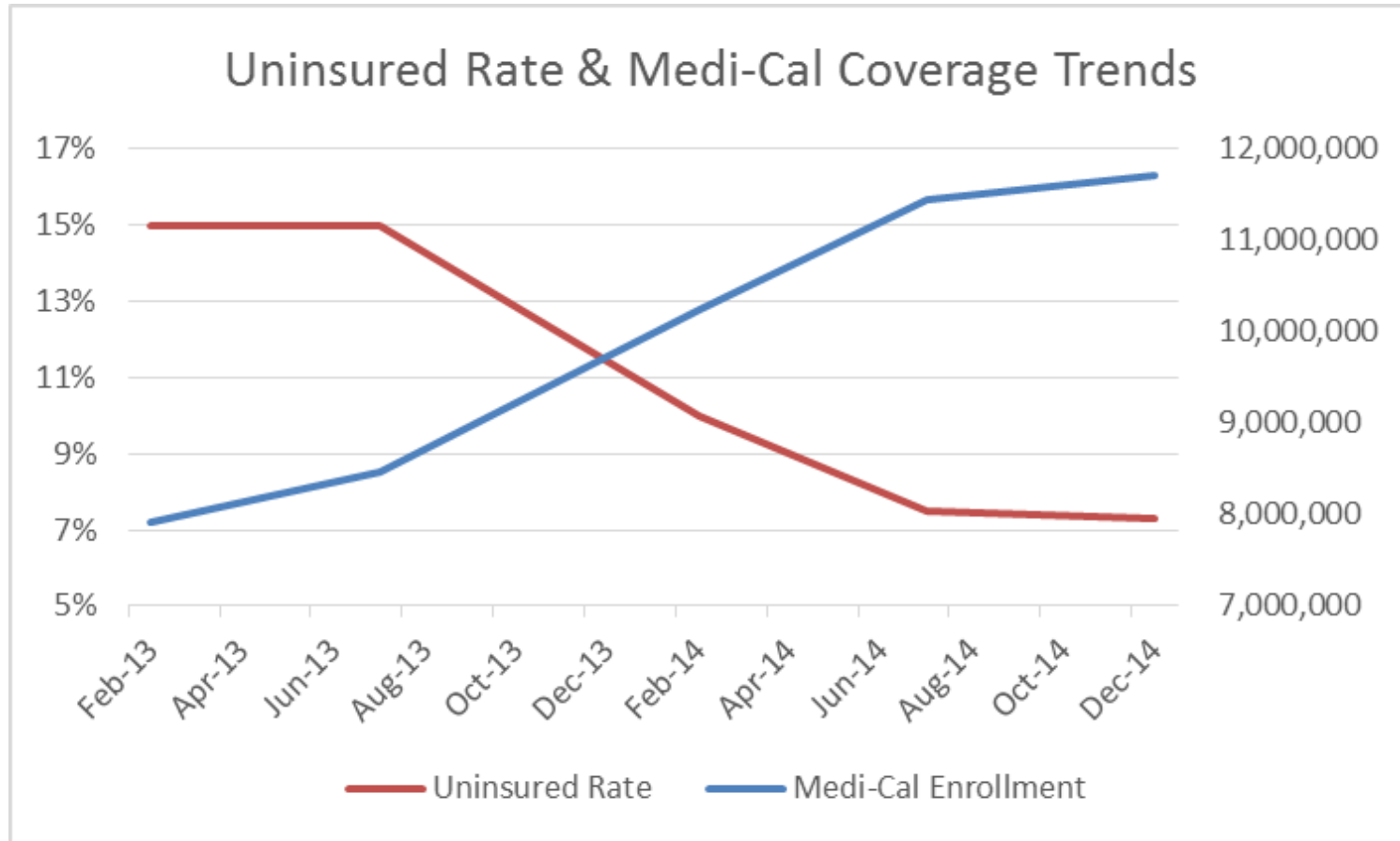
The Bridge to Reform Demonstration has been successful.

## Key Achievements

- Cut the uninsured rate in California by **50%** (*29% increase in Medi-Cal enrollment due to expansion – More than 12 million Californians enrolled in Medi-Cal today, about 1/3 of the entire state*).
- Led the nation in implementation of DSRIP; 21 public safety net systems participating
- Completed full implementation of managed care delivery system
- Promoted long-term, efficient, and effective use of state, local and federal funds
- Advanced utilization of home and community-based care
- Sustained the critical role of the safety net

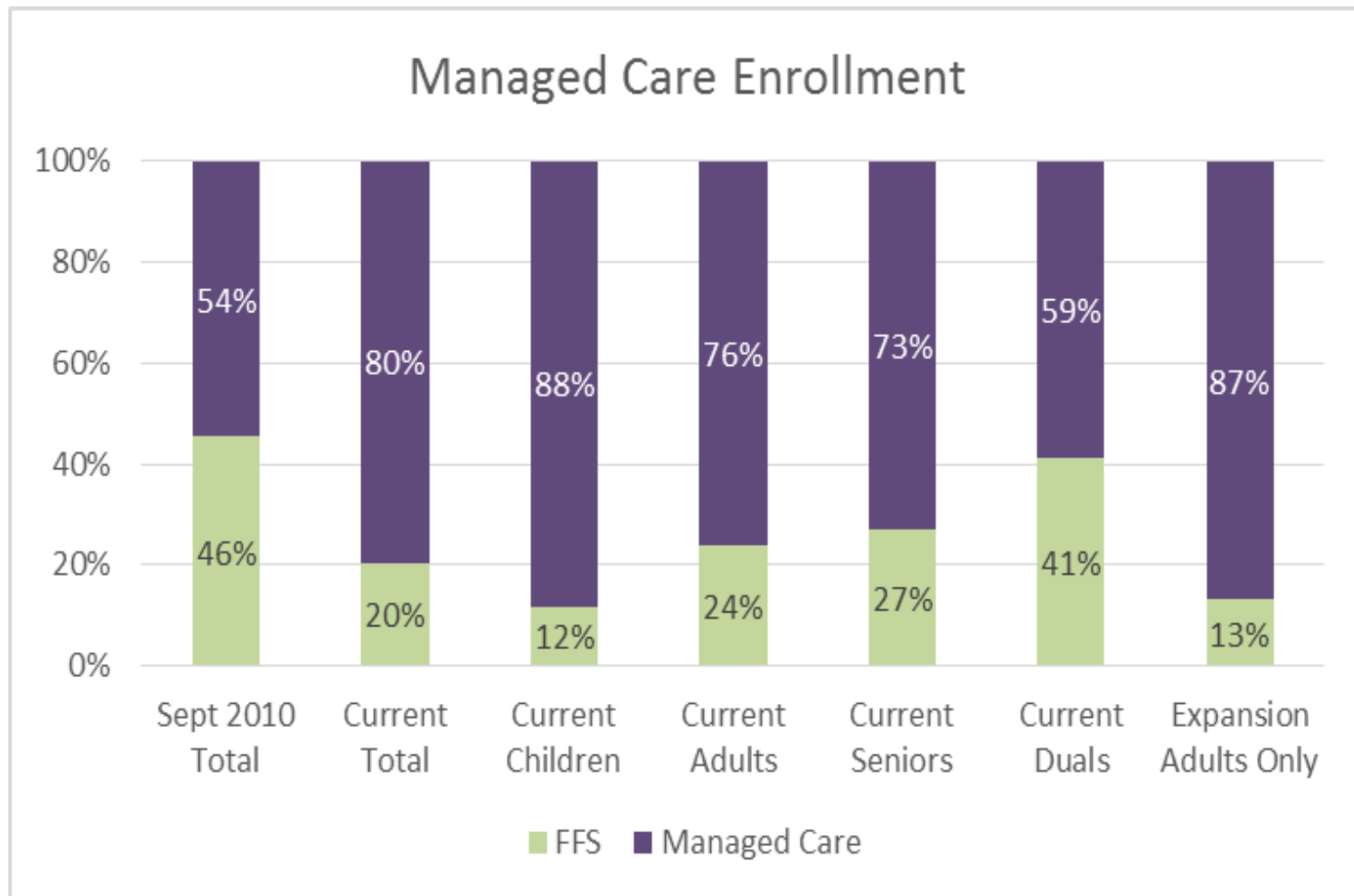


# Medi-Cal 2010: Crossing the “Bridge to Reform”





# ***Medi-Cal 2010: Crossing the “Bridge to Reform”***

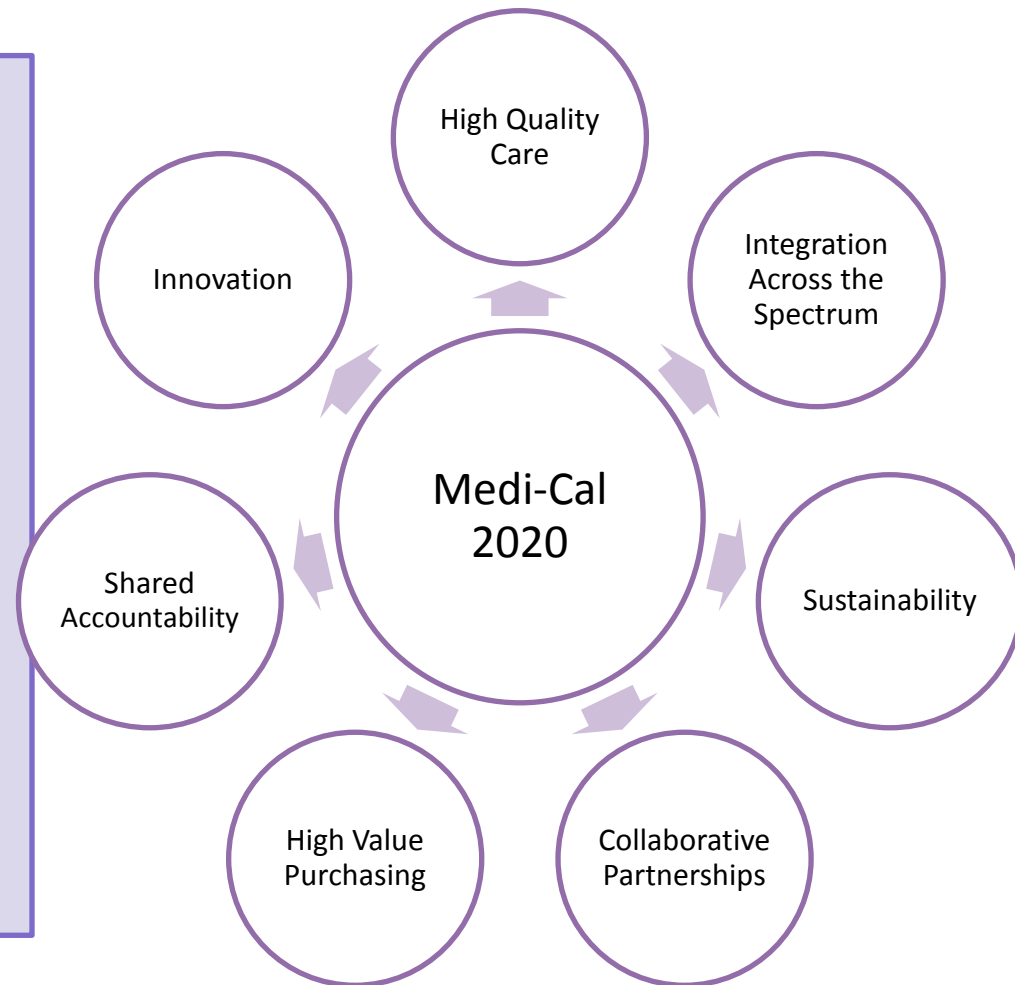




# Medi-Cal 2020: Vision

## Vision for 2020

- Continue to build capacity in ways that better coordinate care and align incentives around Medi-Cal beneficiaries to improve health outcomes and reduce disparities, while also containing health care costs.
- Bring together state and federal partners, county systems, plans and providers, and safety net programs to share accountability for beneficiaries' health outcomes.





# Core Goals

- 1 Improve health care quality and outcomes for the Medi-Cal population
- 2 Strengthen primary care delivery and access
- 3 Build a foundation for an integrated health care delivery system that incentivizes quality and efficiency
- 4 Address social determinants of health and improve health care equity
- 5 Use CA's sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care



# Core Strategies

**Core Strategy 1:** \$15 - \$20 billion Federal investment in the Waiver's comprehensive approach to delivery system alignment and innovation

**Core Strategy 2:** Advance quality improvement and improved outcomes through expanded Delivery System Transformation & Alignment Incentive Programs

**Core Strategy 3:** Transform California's public safety net for the remaining uninsured by unifying DSH and Safety Net Care Pool funding streams into a county-specific global payment system





# Core Strategy 2: Delivery System Transformation & Alignment Incentive Programs

Building upon successes under Bridge to Reform and broad innovation in healthcare, reinvent approaches to care delivery and purchasing that will improve health of Medi-Cal beneficiaries

Ability to target populations in need of specific focus or services

Establish statewide, regional, or provider level metrics working towards improvements in health equity, integration, and reducing total cost of care

1. Public Safety Net Transformation & Alignment
2. Managed Care Transformation & Alignment
3. Fee-for-Service Transformation & Alignment
4. Workforce Development initiatives
5. Access to Housing and Supportive Services
6. Whole-Person Care Pilots



## 2. Managed Care Transformation & Alignment

---

Focus on coordinated care across physical health, mental health, and long term care; improve quality and value within the delivery system

---

Incentive arrangements would require Medi-Cal managed care plans, county behavioral health systems, and providers to work together to achieve specific metrics



## 2. Managed Care Transformation & Alignment (cont.)

### Strategy 1: Shared Savings & Flexibilities:

- Use Waiver authority and funding to test alternative flexibilities to traditional Medicaid services that address social determinants of health, enhance plan/provider capacity, and foster enhanced care coordination
- As a long-term goal, transition away from eligibility group-specific cost-based ratesetting to a blended value-based model
- Identify specific expenditure categories of plan rate (e.g.: inpatient expenditures) that would be available for shared savings within and beyond the standard rate development process.
- Rebased on these categories would not be based on actual utilization trend rates but rather, one that falls between the predicted trend and a lower trend that is indicative of health plan efficiencies and resource stewardship
- Shared savings and distribution linked to meeting quality targets for performance and reduction in total cost of care (adjusted for geography and risk)



## 2. Managed Care Transformation & Alignment (cont.)

### Strategy 2: Pay-for-Performance for Provider organizations:

- P4P programs for Managed Care Plans with standardized core design elements, with flexibility for tailoring to local area or provider sophistication
- Standardized core elements include: quality measures, health equity, patient satisfaction and resource use measures that all plans must adopt as well as an optional set of measures from which plans can choose
- Alignment with State and Managed Care Quality Strategy, the Triple Aim and broad Waiver metrics for Delivery System Transformation and Alignment Incentive Programs
- DHCS chart on potential target areas for health plans (“Three Linked Goals”):  
[http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/MCO3\\_DHCS2.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/MCO3_DHCS2.pdf)



## 2. Managed Care Transformation & Alignment (cont.)

### Strategy 3a: Integrated Physical Health and Behavioral Health:

- ***Plan/County Coordination Model:*** Enhance behavioral health integration achievements under Bridge to Reform to coordinate full spectrum of care for beneficiaries with behavioral health conditions
- Reduce total cost of care across physical health and behavioral health systems through value-based purchasing strategies at the health plan, county behavioral health systems and provider level
  - Incentive program design starts as incentive payments under which a formal agreement between entities would exist to share in incentive payments for achievement of joint performance/total cost of care targets
  - Over time, the structure could transition into a shared savings arrangement
- Build upon strategies in Cal Medi Connect



## 2. Managed Care Transformation & Alignment (cont.)

### Strategy 3b: Integrated Physical Health and Behavioral Health:

- ***Provider Integration Model:*** Team-based integrated care model with tiered care coordination services for mild/moderate/severe mental health needs
- Care coordination or co-location approach
- Incentive design could include:
  - 1. Supplemental payments for care coordination tiered based on acuity
  - 2. P4P payments for achievement of quality, integration, and health equity goals
  - 3. Shared savings structure that incentivizes use of an integrated care model
- Could be complemented by a health home program



## 5. Access to Housing and Supportive Services

Potential target populations: high-utilizers, nursing facility discharges; those experiencing or at risk for homelessness

Provide funding for housing-based care management/tenancy supports (outreach and engagement, housing search assistance, crisis intervention, application assistance for housing and benefits, etc.)

Allow health plans flexibility to provide non-traditional Medicaid services (discharge planning, creating care plan, coordination with primary, behavioral health and social services, etc. )

Allow plan contribution of funding to shared savings pool with county partners that could be used to fund respite care, housing subsidies, additional housing-based case management

Allow for health plans and counties to form regional integrated care partnership pilot programs leveraging the range of existing local, state and federal resources in a targeted approach



## 6. Regional Integrated Whole-Person Care Pilots

An enhanced model of Regional Partnerships requiring proposals for a geographic region, likely a county or group of counties, jointly pursued by the county and applicable Medi-Cal plans for that region

Subject to State and federal approval with potential to test additional flexibilities not currently allowed under Medicaid

Would include: Medi-Cal managed care plans, county entities (e.g. physical health, behavioral health, social services, etc), spectrum of providers (e.g. hospitals, clinics, doctors, other medical/behavioral health providers), non-traditional supportive providers/services, etc.

Encourage innovation in delivery and financing strategies to improve health outcomes of target populations

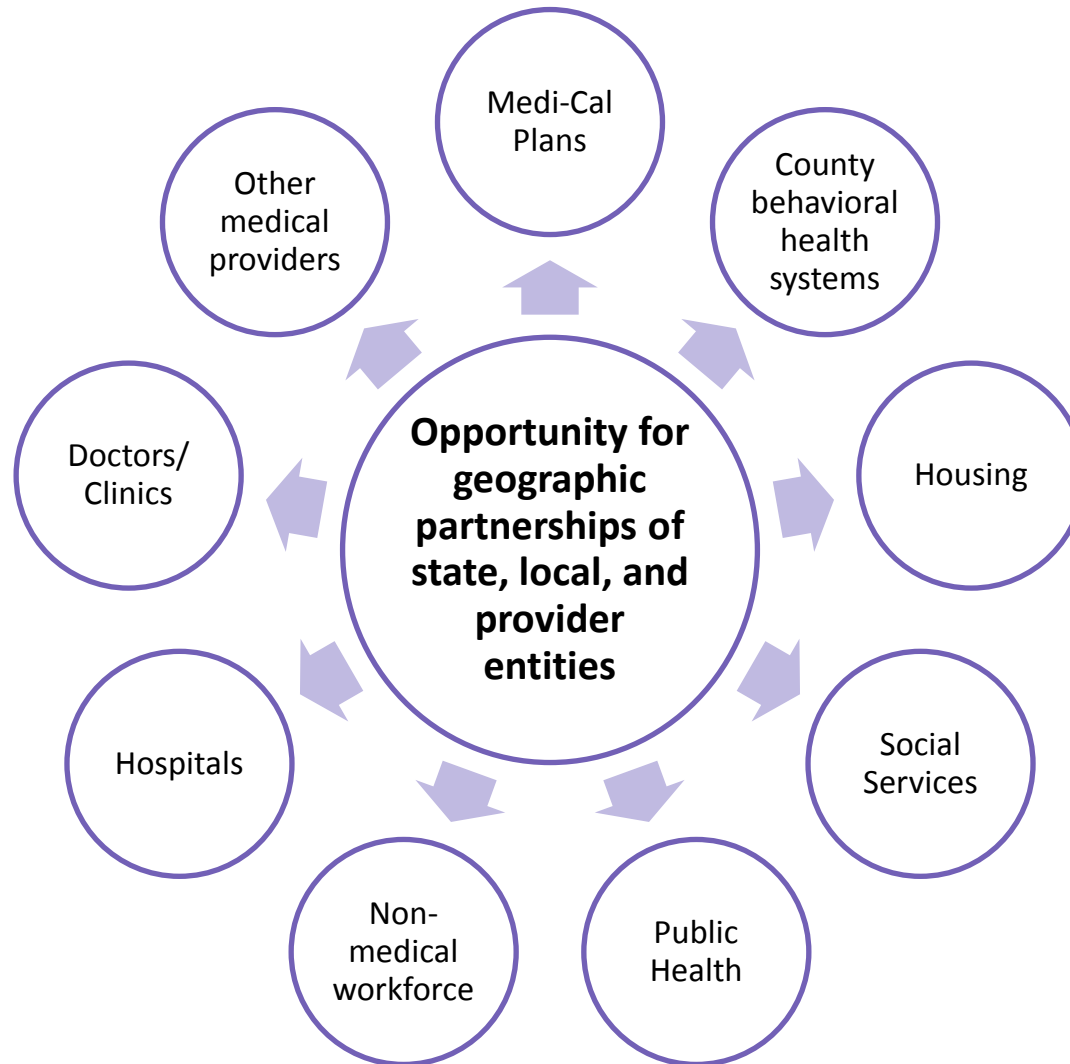
Include approaches across the spectrum of delivery system alignment and transformation (MCO/provider, MCO/county, access to housing and supportive services, workforce development)

Evaluation component will measure health outcomes, impact on total cost of care, scalability, and sustainability beyond Waiver term





# 6. Regional Integrated Whole-Person Care Pilots





# Questions / Comments?

More info:

[http://www.dhcs.ca.gov/provgovpart/  
Pages/WaiverRenewal.aspx](http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx)