



# SB260 Update

January 19, 2011

Department of Managed Health Care





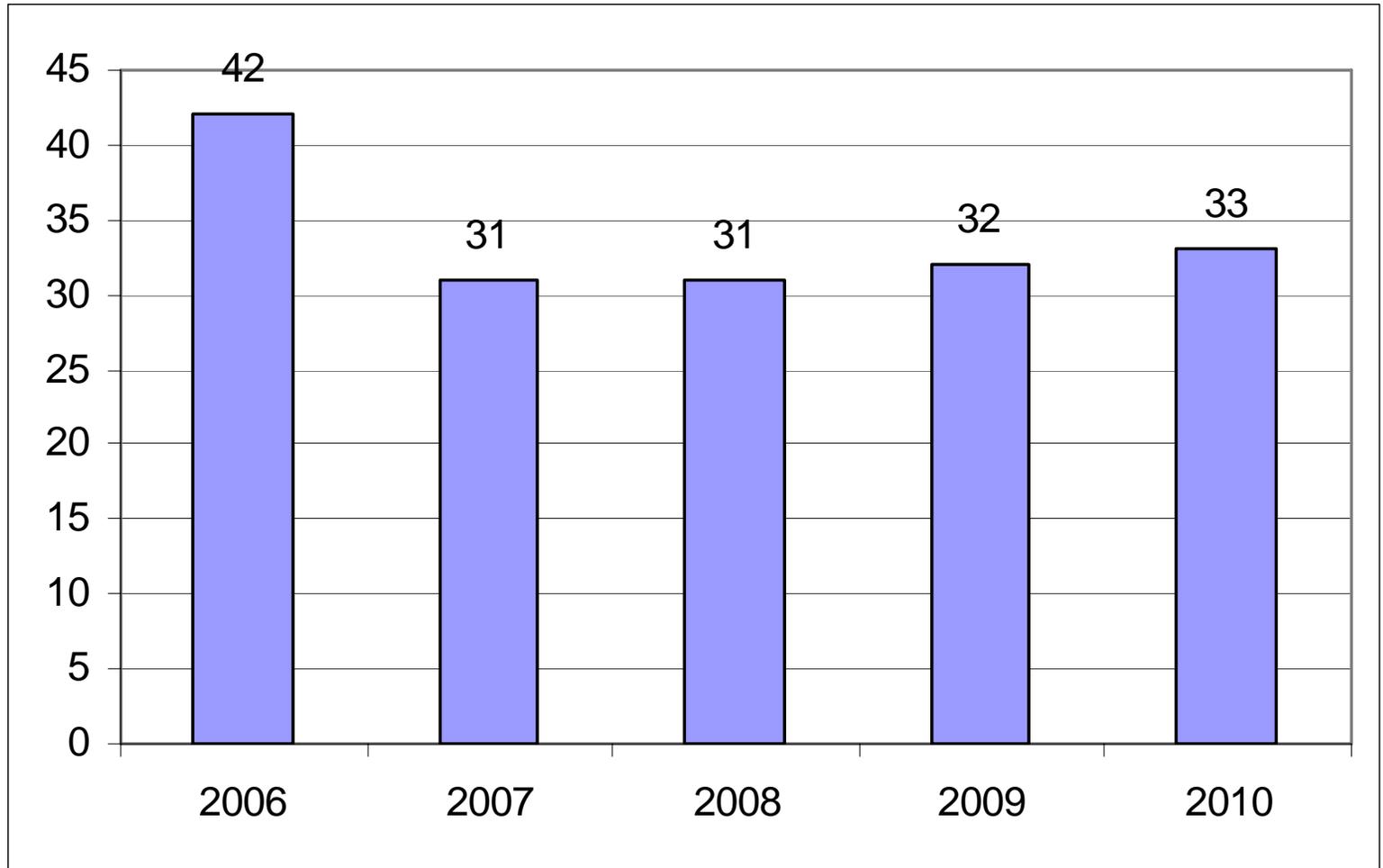
# SB260 Update

## Corrective Action Plans

- Different Views
  - Total CAPs managed
  - Total CAPs by origination year
- Improving metrics
- Safety Net CAPs need balance
- CAP exposure improved

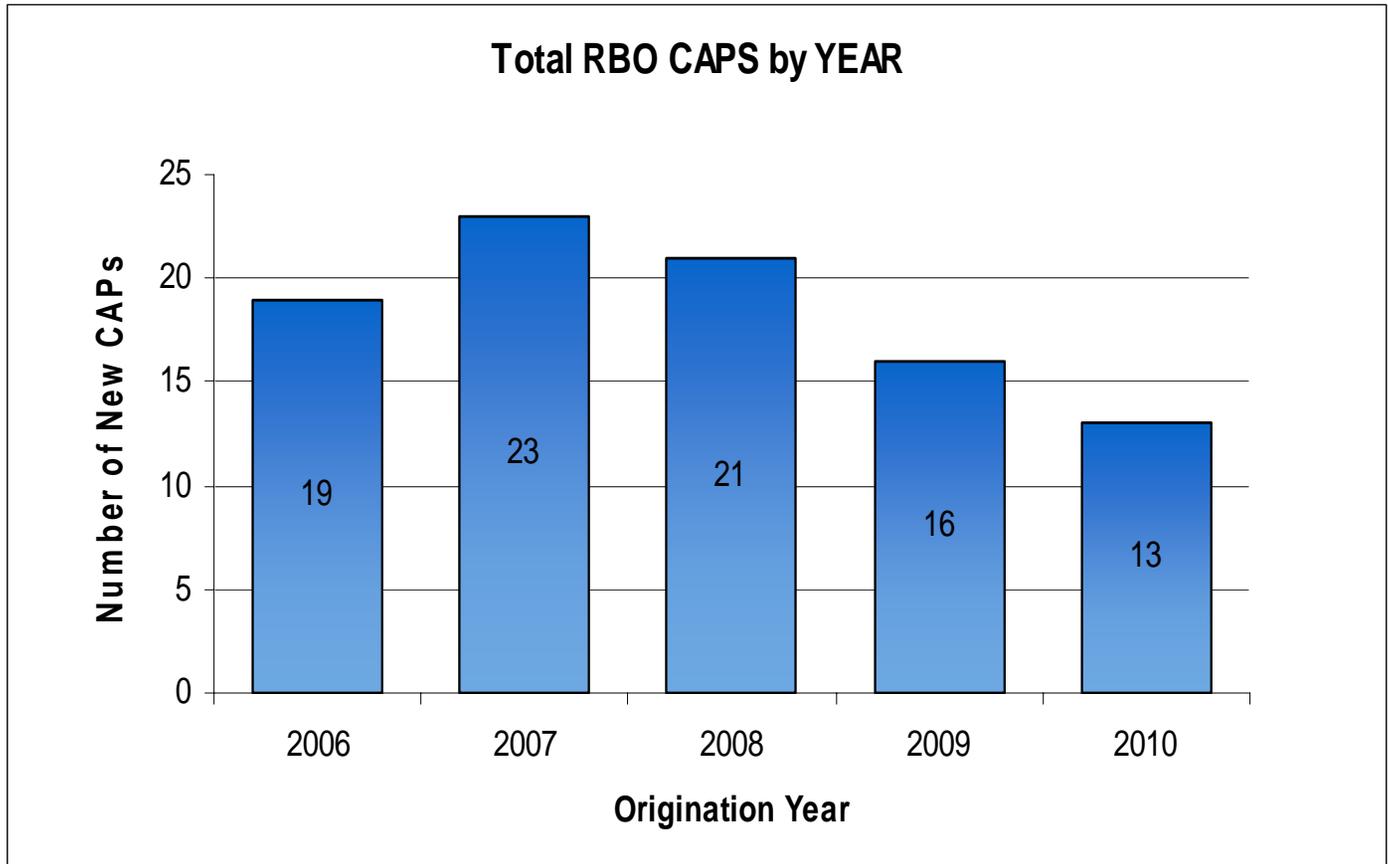


## Total RBO Corrective Action Plans



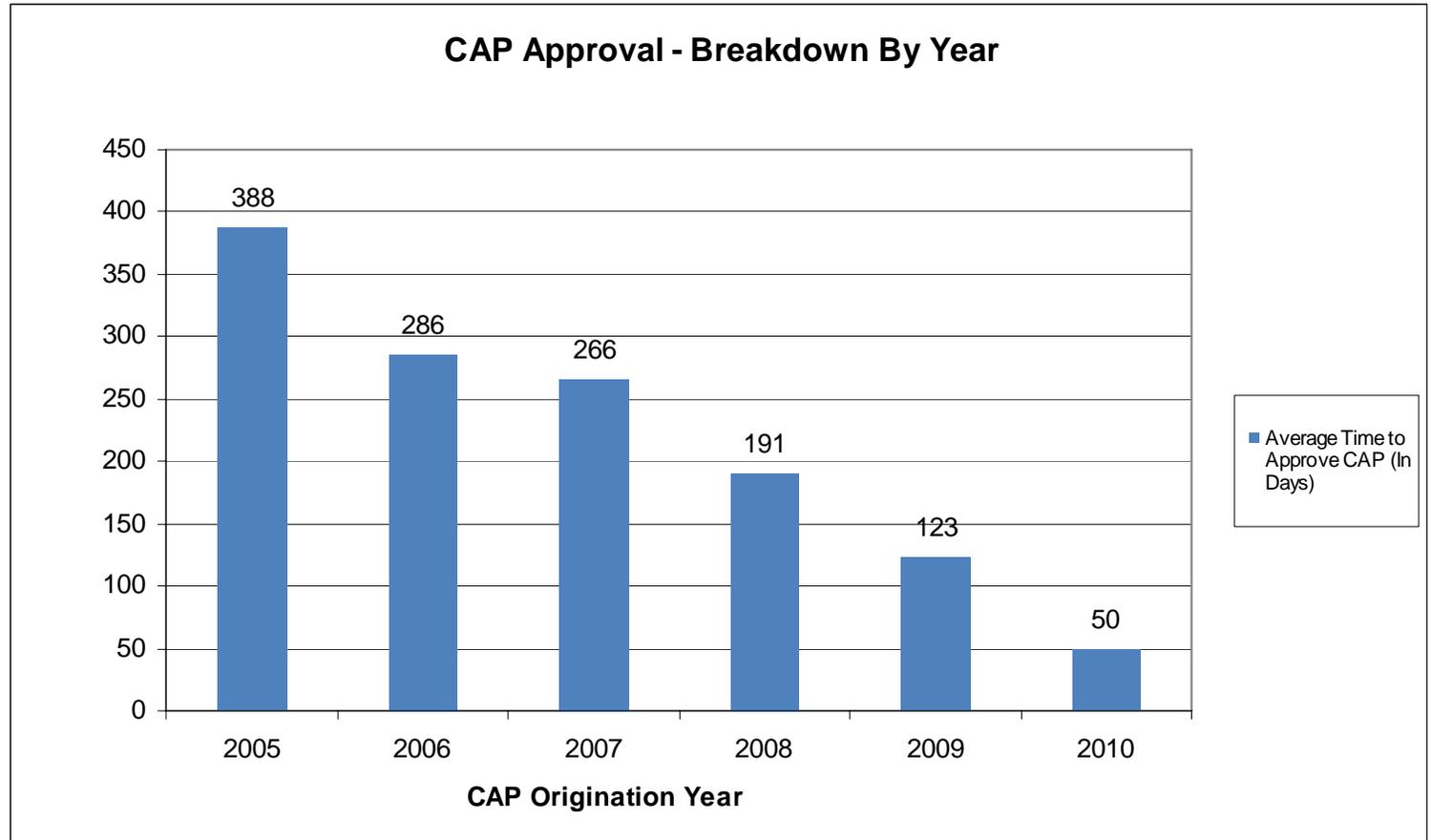


# RBO Corrective Action Plans 2005-2010



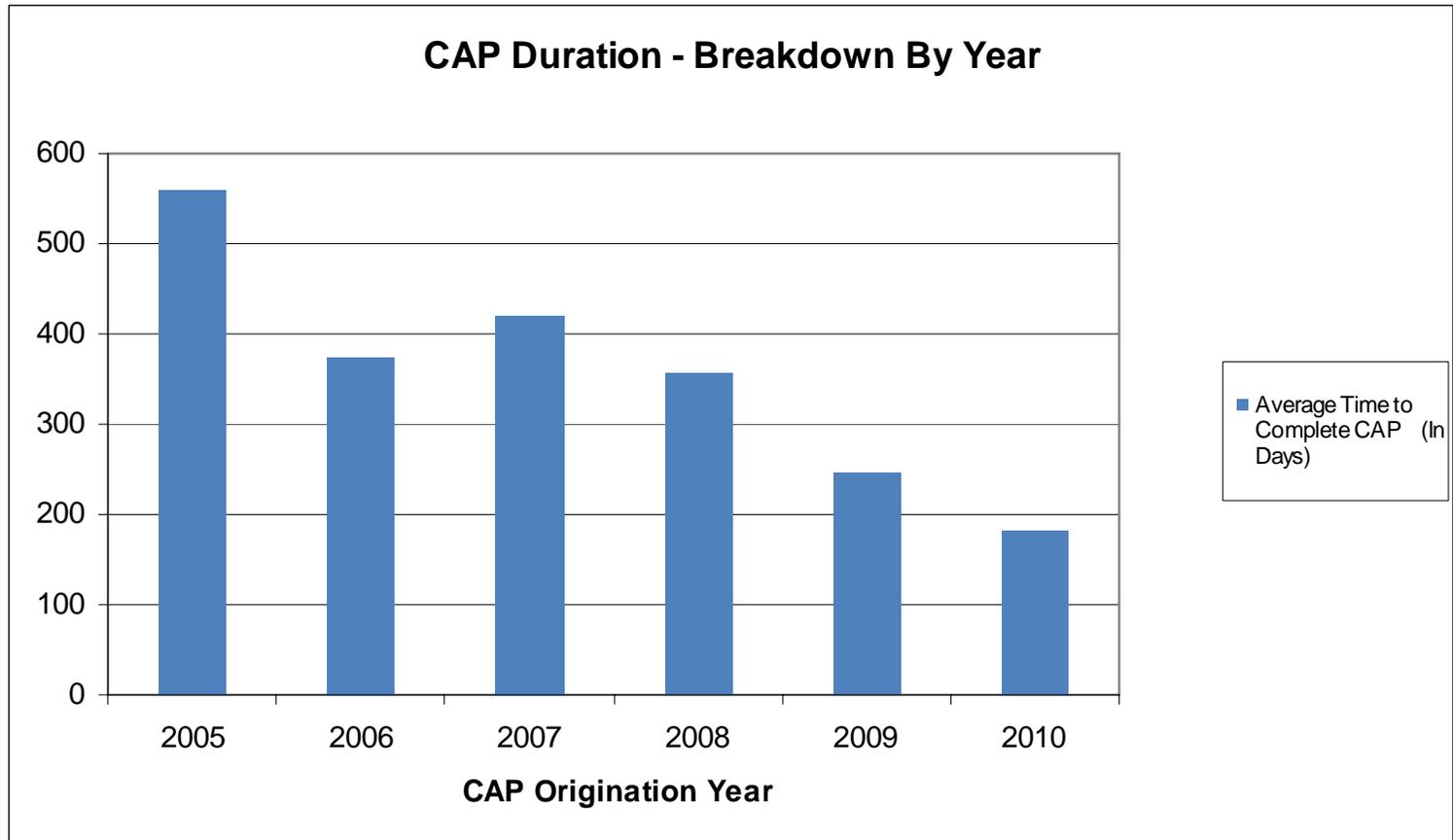


# CAP Approval Time 2005 - 2010





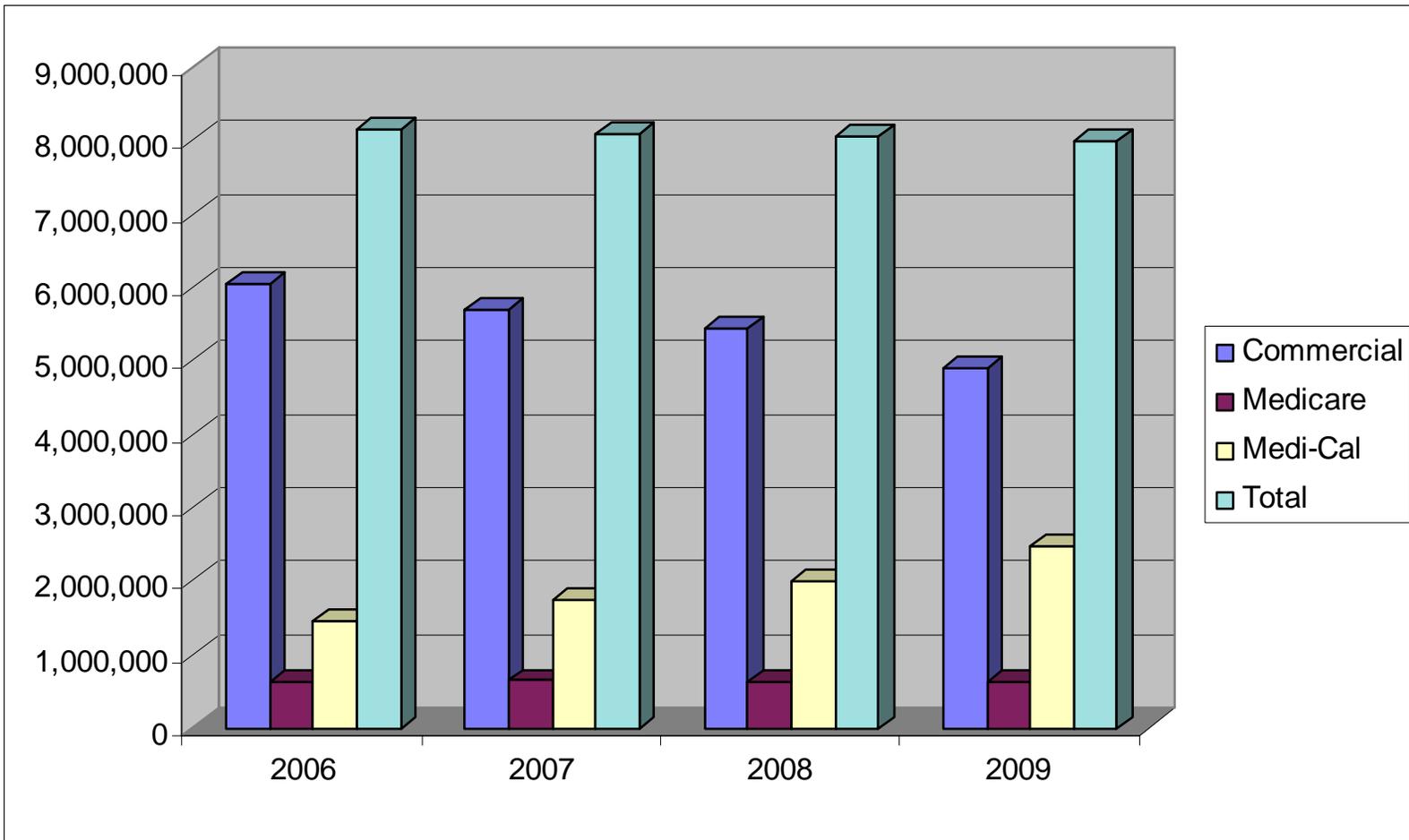
# Average CAP Duration from Start to Finish 2005 - 2010





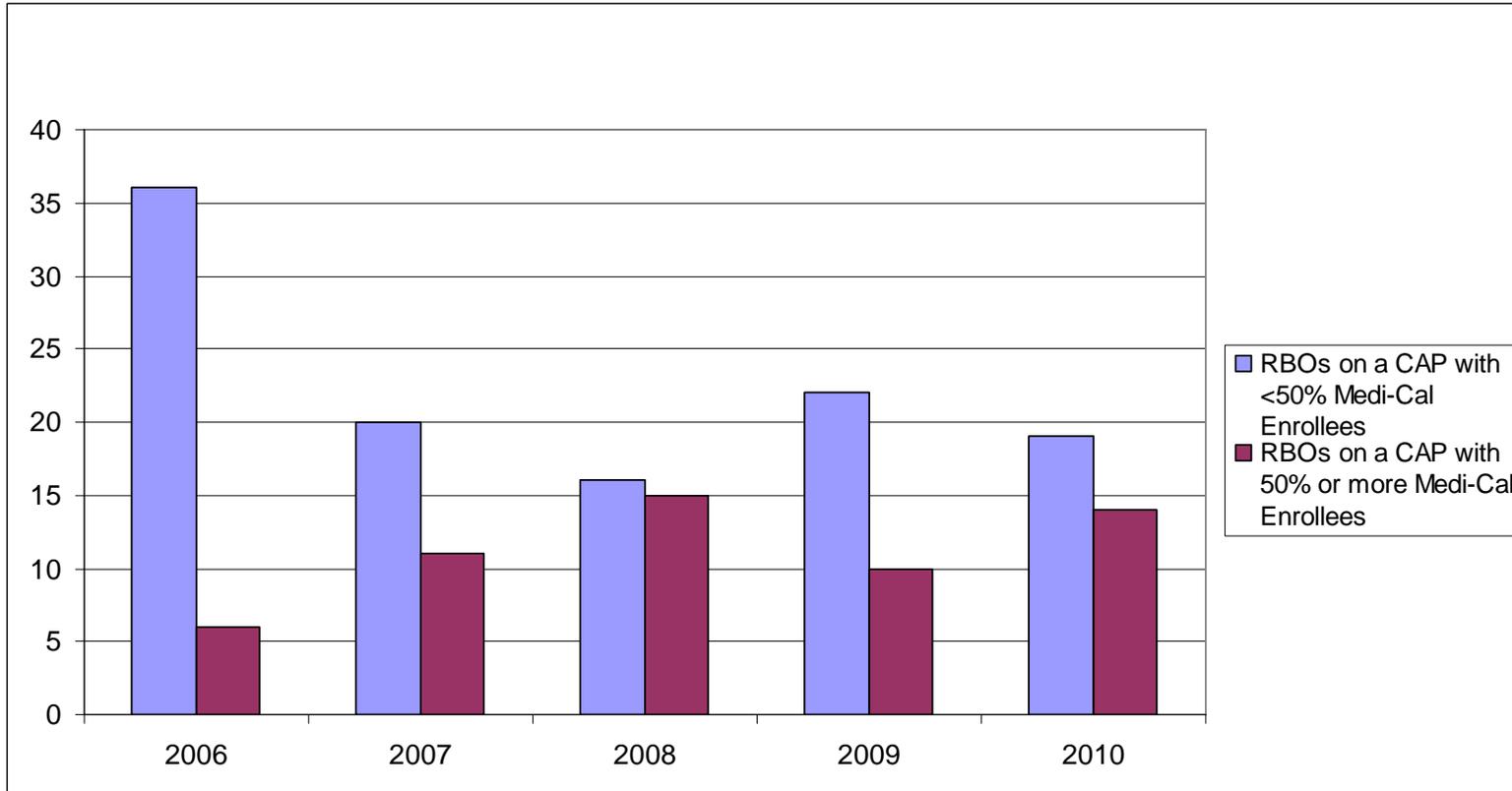
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# Total Medical Group Enrollment by Business Type



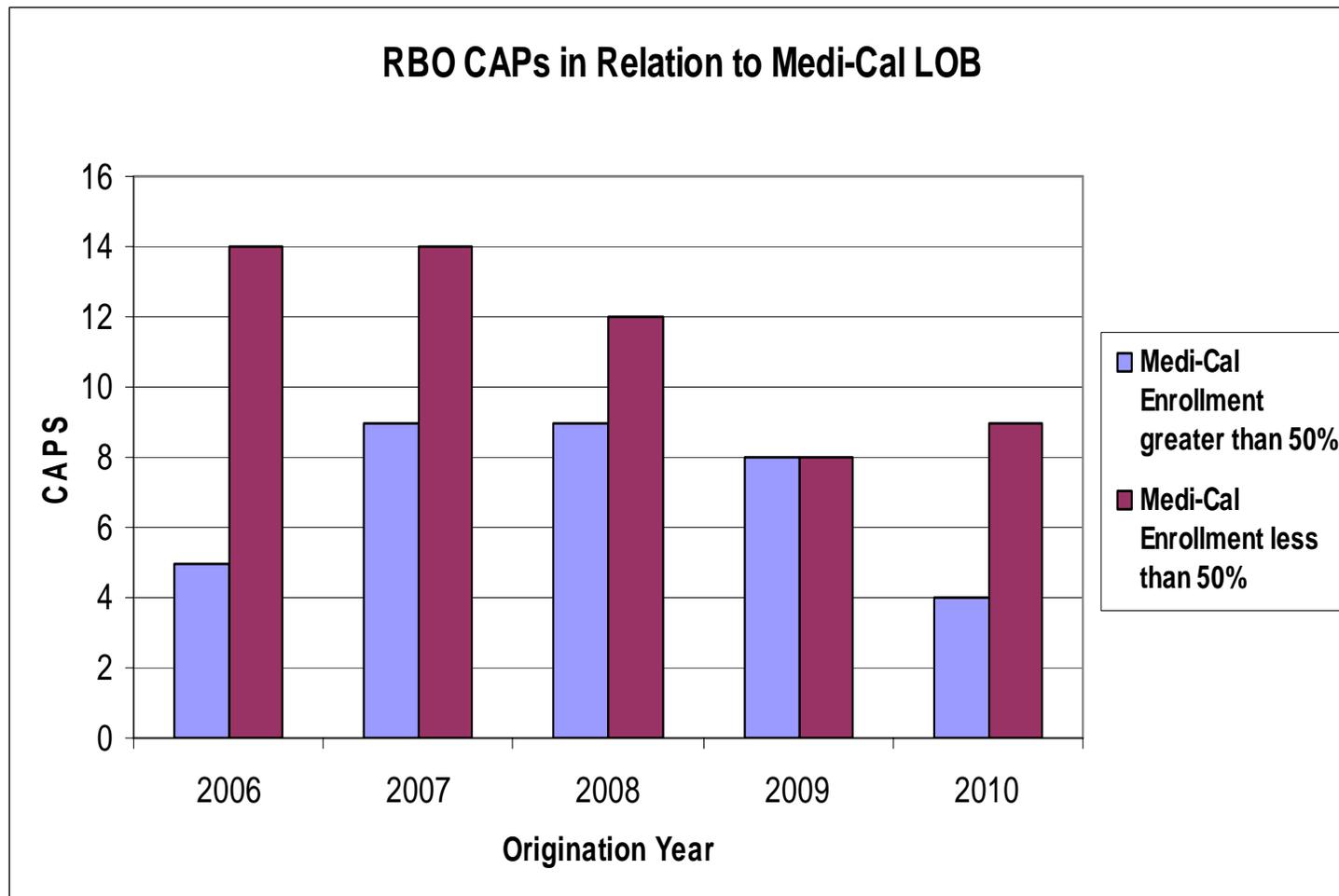


# RBO CAPs: >50% Medi-Cal versus <50% Medi-Cal



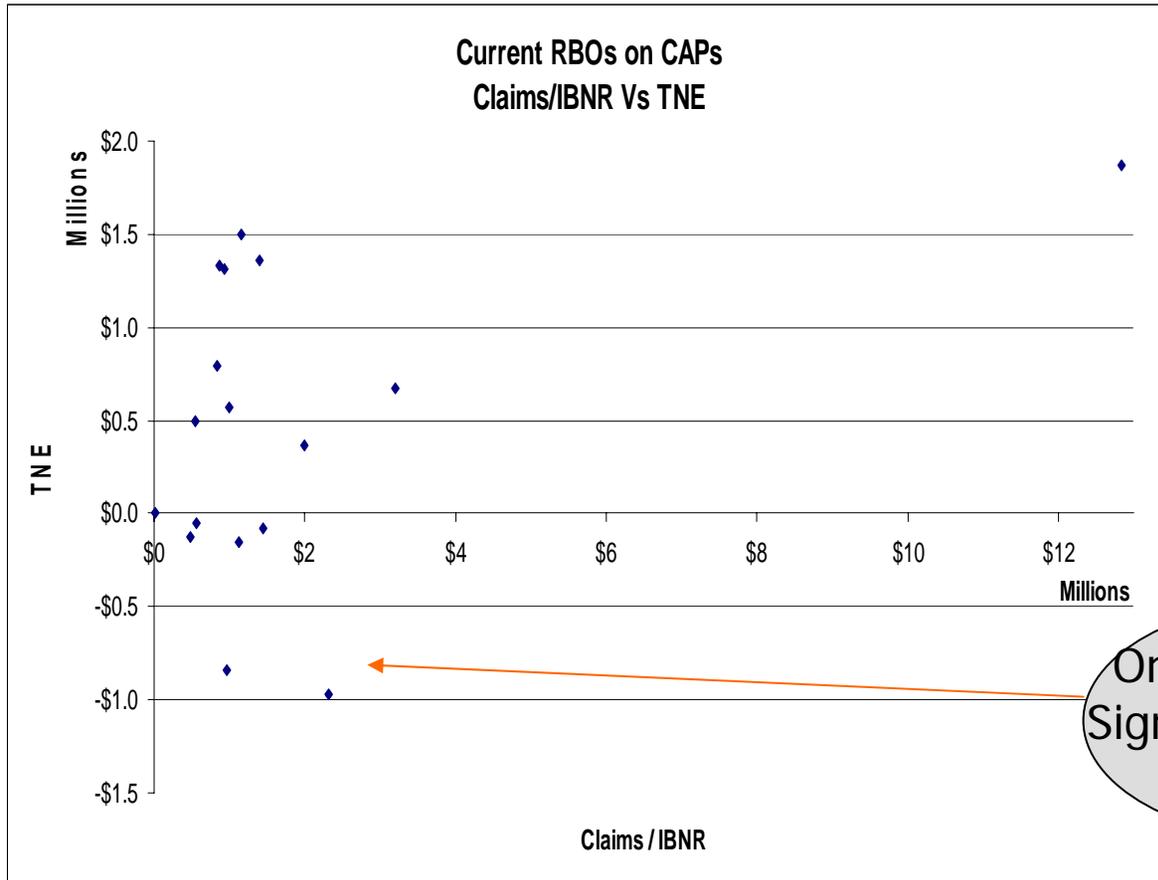


## RBO CAPs: >50% Medi-Cal versus <50% Medi-Cal





# Current CAPS Graph



Only 2 Caps with Significant exposure



# DMHC Administrative Actions Since Last Board Meeting

- Fined 5 Health Plans nearly \$5M for deficiencies in claims processing and dispute resolution processes
- Continued investigation of capitation withholds
- Initiated enforcement action involving 7 RBOs
  - Froze enrollment for 2 RBO
  - Recommended freeze for 3 RBOs
  - Recommended de-delegation of 2 RBOs
- Defended suit challenging access to RBO/MSO books and records
- Addressed SB260 reporting deficiency



# Financial Solvency Standards Board SB260 Update

- Areas to talk about
  - Improve Corrective Action Process (CAP)
  - Administrative Capacity
  - RBO reporting requirements
  - Claims issues
  - Provider Dispute Resolution
  
- Initial Focus: Speed of Resolution
  - Statute?
  - Regulation?
  - Administrative?



# SB260 Status Update

## “Legal Reviews”

- Seeking opinion on “material events”
- Have had failures and CAPs resulting from
  - MSO changes
  - Claims processing system changes
- Received legal review. Will require legislative or regulatory change
- Seeking opinion on RBO vs Capitated Provider
  - Better understanding of exemptions
  - Some very large safety net “capitated providers”
- Still evaluating



# SB260 Status Update

## CAP Process

- Today takes up to 85 days
- Looking to accelerate w/out regulatory change
  - Streamline to 40-50 days
    - Use web portal to share CAP w/ all contracted plans
    - Copy DMHC on all individual CAPs to plans
  - Freeze enrollment if:
    - Failure to file CAP timely
    - Non-viable CAP
    - Final CAP accepted by plan(s)

Moving ahead with changes



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## SB260 Status Update

### Claims Timeliness

- 1300.71(q)1 “Plan or plans capitated provider demonstrates an unjust payment practice...”
  - 1300.71(k) “failure to reimburse at least 95% of complete claims over any three month period”
  - 1300.71(l) “failure to contest or deny...”
  
- 1300.75.4.2(b)(1)B “percentage of completed claims the organization has timely reimbursed, contested, or denied during the quarter”
  
- Must include “claims over 45 days not reimbursed, contested, or denied”
  
- Will require regulatory change; need to take to industry groups for solution.



# SB260 Status Update

## Provider Dispute Resolution

### ➤ TODAY:

- Provider not paid for billed service w/in 45 days
- Files dispute with non paying capitated provider (45 biz days to respond)
- Files dispute with Department
  
- Regulation assumes payment or denial
- Need something that expedites payment and engages parties faster.

Would like to see plan utilize cap deduct to take provider out of dispute. Will take to industry group and pursue regulatory change.



# SB260 Status Update

## Areas to be addressed

- Areas still to be addressed
  - Oversight of MSOs
  - Sub-delegated enrollment
  - Reporting of Affiliates (Consolidated Reporting)
  - Plan/provider claims audits
  - Capitation withholds
  
- Not pursuing
  - Cash and cash reserves
  - Compliance statement vs quarterly financial



## Backup



# Financial Solvency Standards Board

## “Statement of Organization”

- RBO Model Type (e.g. IPA, Foundation)
- Legal Ownership (e.g. Professional Corporation, Not-for-Profit)
- RBO Ownership (Partially or wholly owned by a hospital or health care system)
- RBO lives under risk arrangements
- Counties Served
- Foundation Information
- Contracting Health Plans
- Total Primary Care Physicians in Employment or Under Contractual Arrangements
- Total Specialist Physicians in Employment or Under Contractual Arrangements
- MSO Information (name, contact person, address, phone number, email)
- If the RBO is related to the MSO
- Dispute Resolution Information (address, phone, web site address)



# Financial Solvency Standards Board CAP

- Initiated when RBO fails solvency or claims timeliness
- Statutes allow 6-12 months for correction
- Time starts from approved CAP or non-compliance?
  - CAP usually submitted on ICE document
  - Quarterly financial projections and tracking
  - Two quarters compliance for closure
- Different rules for repeat offenders? **NO**
- Different rules for safety net providers? **NO**