

# Department of Health Care Services Update

February 23, 2022

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Department of Health Care Services**

# DHCS Budget Update

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# Governor's Proposed Budget

- » The Governor's proposed 2022-23 budget includes \$138 billion in total funds for DHCS.
- » Expanding health care access to all Californians is a key focus of the Administration.
  - » Proposed expansion of full-scope Medi-Cal to 700,000 undocumented adults ages 26 through 49, regardless of immigration status, for \$819 million total funds (\$614 million General Fund) in Fiscal Year (FY) 2023-24 and \$2.3 billion total funds (\$1.8 billion General Fund) at full implementation.
  - » With this expansion, full-scope Medi-Cal coverage will be available to all otherwise eligible Californians regardless of immigration status.

# Proposed Budget (Continued)

- » New major budget issues and proposals include:
  - » **CalAIM initiatives**, including capacity-building and implementation funding for justice-involved initiatives; expanded funds to support Providing Access and Transforming Health (PATH) initiatives, including Enhanced Care Management and Community Supports; and continued work with stakeholders on the Foster Care Model of Care effort.

# Proposed Budget (Continued)

## » **Provider Rates Changes and Transformation Payments**

- » Certain Proposition 56 Payments Proposed to Transition to Ongoing General Fund Support
- » Equity and Practice Transformation Payments
- » Elimination of Certain AB 97 Provider Payment Reductions

# DHCS Budget Proposals

- » **Reduce Medi-Cal premiums to zero** for programs under the Children's Health Insurance Program and the 250 percent Working Disabled Program.
- » Proposal for **telehealth** changes to continue to allow Medi-Cal covered benefits and services to be provided via telehealth across delivery systems when clinically appropriate.
- » **Skilled nursing facility payment reform**, which would extend and reform the funding framework to move from a primarily cost-based methodology to one that incentivizes value and quality.

# DHCS Budget Proposals

- » **Behavioral Health Bridge Housing** funding totaling \$1.5 billion General Fund (\$1 billion in FY 2022-23 and \$500 million in FY 2023-24) to address the immediate housing and treatment needs of people experiencing unsheltered homelessness with serious behavioral health conditions.
- » **Mobile Crisis Services** funding totaling \$108 million (\$16 million General Fund) to add qualifying 24 hours a day, 7 days a week community-based mobile crisis intervention services, as soon as January 1, 2023, as a mandatory Medi-Cal benefit available to eligible Medi-Cal beneficiaries statewide.

# Resources

» **DHCS Budget Highlights:**

[https://www.dhcs.ca.gov/Documents/Budget\\_Highlights/DHCS-FY-2022-23-GB-Highlights.pdf](https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2022-23-GB-Highlights.pdf)

» **Governor's Proposed Budget:**

<https://www.ebudget.ca.gov/home.php?selectedYear=2022-23>

» **November Medi-Cal Estimate:**

<https://www.dhcs.ca.gov/dataandstats/reports/mceestimates/Pages/default.aspx>



# Managed Care Procurement

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# Managed Care Procurement Update

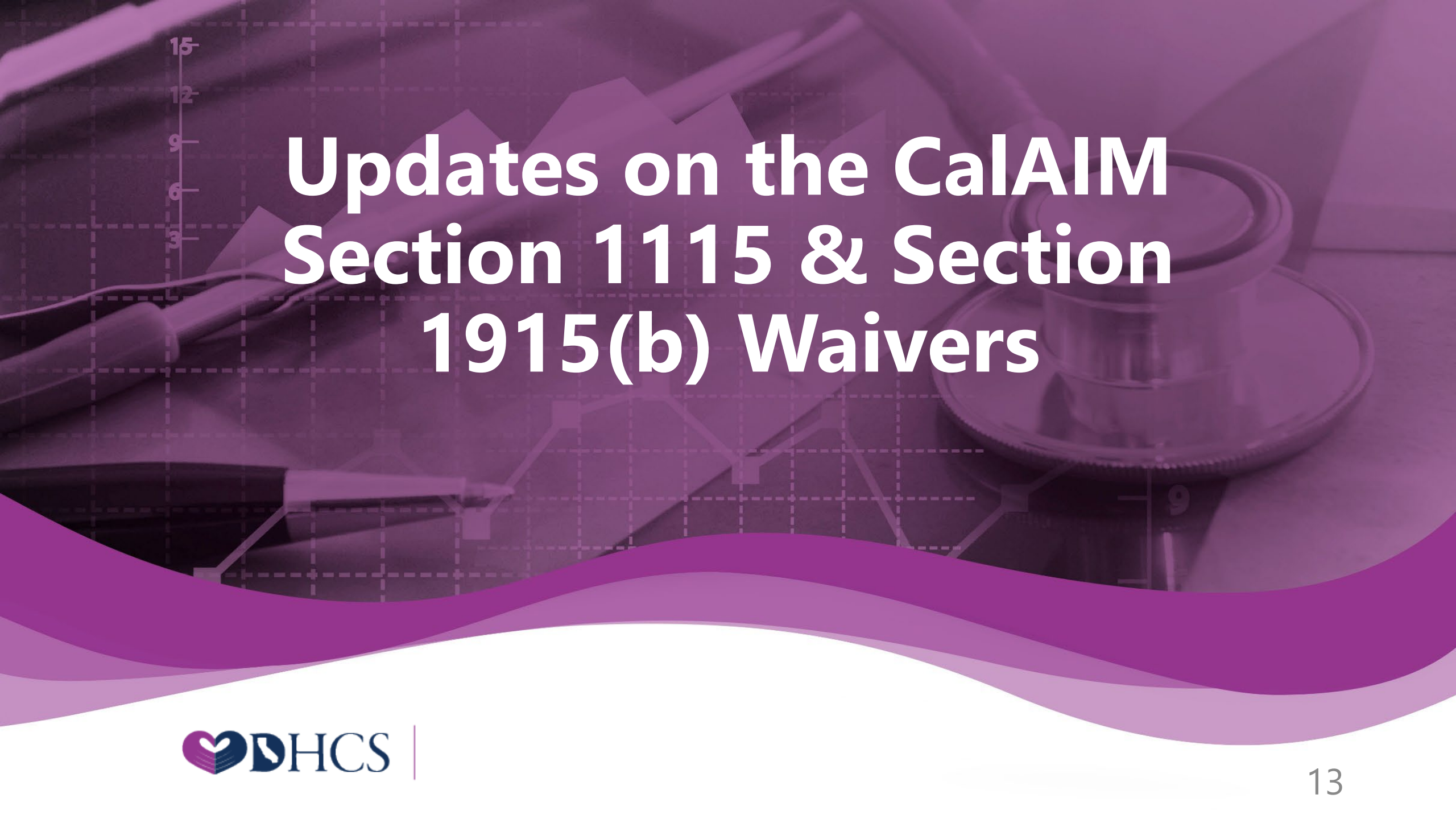
- » On February 9, DHCS released the Medi-Cal managed care plan (MCP) Request for Proposal (RFP).
- » On February 15, DHCS [hosted](#) a webinar for members, advocates, providers, health plans, and other stakeholders to share how DHCS will leverage the MCP RFP and managed care contracts to further DHCS' goals to enhance how care is delivered to Medi-Cal members.
- » On February 24, DHCS will [host](#) a pre-proposal web conference. Details will be included in the RFP, as well as available on the [DHCS website](#).
- » Information for proposers regarding the RFP is posted on the [DHCS website](#).

# Goals of Procurement & Updated Contract

- » DHCS is redefining how care is delivered to more than 12 million Californians through the commercial RFP and the restructured and more robust managed care contract.
- » These efforts will enable DHCS to hold all plan partners and their subcontractors more accountable for:
  - » High quality, accessible, and comprehensive care across all settings and levels of care
  - » Reducing health disparities
  - » Improving health outcomes
- » Members can expect to receive more holistic health care that takes into account social drivers of health, cultural and linguistic differences, and physical and behavioral needs throughout their life span.

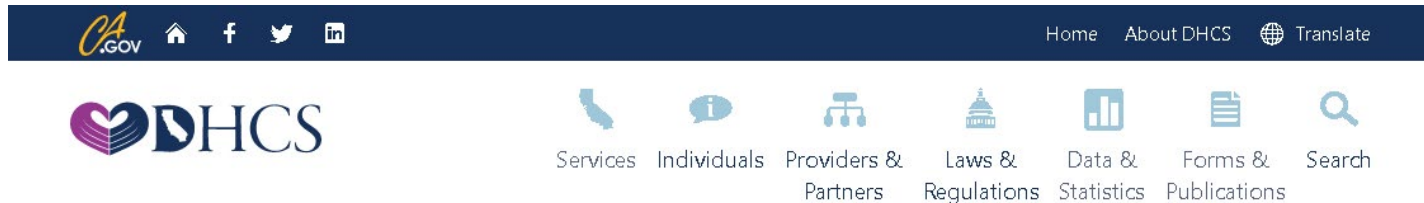
# MCP Procurement Process/Timeline – Next Steps

Key Event	Date	Time (if applicable)
1. RFP Release	February 9, 2022	
2. Voluntary Pre-Proposal Web Conference	February 24, 2022	1:00-2:30 PM
3. Proposals Due	April 4, 2022	4:00 PM
4. Notice of Intent	August 2022	
5. MCP Operational Readiness	Mid 2022 – Late 2023	
6. Implementation	January 2024	



# Updates on the CalAIM Section 1115 & Section 1915(b) Waivers

# New CaAIM 1115 Demonstration & 1915(b) Waiver Webpage



## Sources:

- CaAIM webpage
- [CaAIM Twitter](#) (@CaAIM\_DHCS)
- [CaAIM Facebook](#) (@CaAIMDHCS)

# Approved CalAIM Waivers

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**DHCS received federal approval from the Centers for Medicare & Medicaid Services (CMS) to authorize the CalAIM Section 1115 and CalAIM Section 1915(b) waivers through December 31, 2026.**

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## [CalAIM Section 1115 Demonstration & Section 1915\(b\) Waiver Webpage](#)

- Section 1115
- Section 1915(b)
- Approval letters

## [Approved CalAIM State Plan Amendments](#)

## [CalAIM Homepage](#)

# Approved CalAIM Waiver Requests

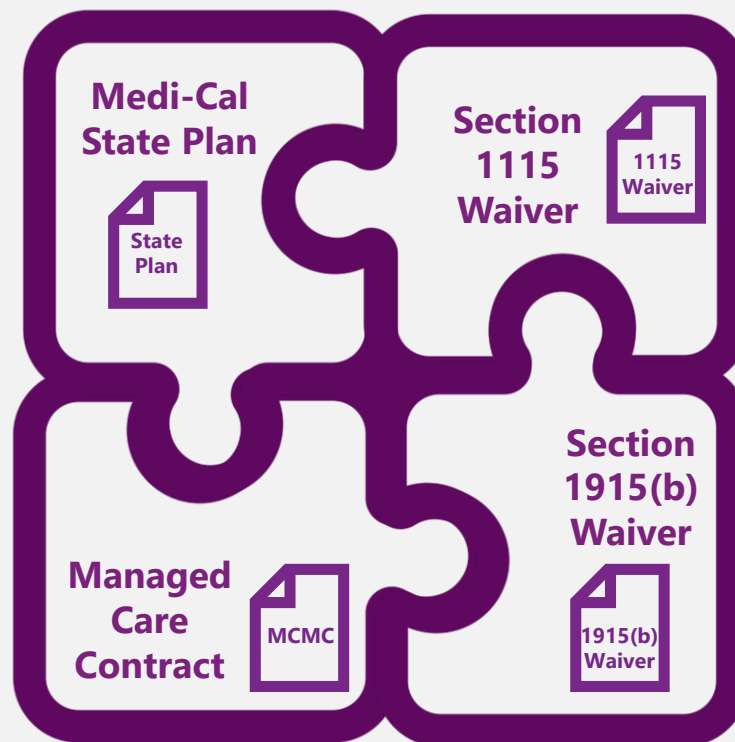


# Approved CalAIM Initiatives

- » Aligned Delivery Systems
- » Enhanced Care Management
- » Community Supports
- » Providing Access & Transforming Health Supports (PATH)
- » Contingency Management in DMC-ODS Counties
- » Peer Support Specialists
- » Aligned Enrollment for Dual Eligibles
- » Global Payment Program
- » Community-Based Adult Services
- » DMC-ODS Services for Short-Term Residents of IMDs
- » Chiropractic Services for Indian Health Service and Tribal Facilities
- » Coverage for Low-Income Pregnant Individuals and Out-of-State Former Foster Care Youth
- » Preventive Dental Benefits and Pay-For-Performance Initiatives for Dental Providers

# Multiple Federal Authorities Support the CalAIM Vision

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Additional details for certain CalAIM initiatives will come from DHCS guidance (e.g., All Plan Letters).

# Delivery Systems Changes



All four delivery systems are now authorized via a single Section 1915(b) waiver.

## Standardize & Streamline

- » **Standardize enrollment, benefits, and payment in managed care delivery systems by:**
  - Eliminating variation in MCMC enrollment and benefits based on a Medi-Cal enrollee's eligibility category and county of residence.
  - Providing services available in the MCMC benefit package statewide, such as major organ transplants and institutional long-term care services.
- » **Streamline SMHS and DMC-ODS policies and access by:**
  - Implementing payment reform for SMHS and DMC-ODS
  - Transitioning to new coding system that will allow for more granular claiming and reporting of services provided and allow for enhanced monitoring of plan performance.

# Oversight & Accountability



**DHCS will implement robust monitoring and oversight focused on access to and availability of services, quality of care, and financial accountability within and across managed care delivery systems.**

## Oversight & Accountability

- » Improve the **consumer experience** by:
  - Continuing to meet quarterly with advocates and stakeholders
  - Establishing Member Advisory Committee
  - Conducting annual consumer satisfaction survey across all four delivery systems, starting in 2023
- » Submit **workplan detailing approach to strengthen monitoring and oversight of plans** to improve member access to care for MCMC, Dental Managed Care, SMHS, and DMC-ODS by June 29, 2022.

# Oversight & Accountability (Continued)



## Oversight & Accountability

- » Support **independent assessments on access to care** for MCMC, Dental Managed Care, SMHS, and DMC-ODS, including an independent assessment comparing MCMC networks with those in Medicare Advantage and private California commercial plans.
- » **Collect and report on data** to create a comprehensive and transparent view of **access to care, provider network capacity, appeals and grievances, quality, and consumer experience.**

# Oversight & Accountability (Continued)



## Oversight & Accountability

**Consistent with CMS-imposed requirements** in the Section 1915(b) Special Terms and Conditions:

- » **Ensure full and partially delegated plans and other subcontractors that assume delegated risk meet the standards** outlined for MCMC plans.
- » **Strengthen Medical Loss Ratio (MLR) oversight:**
  - **Current Practice.** All MCMC prime plans and Dental Managed Care plans report MLR, and Dental Managed Care plans provide remittance if they do not meet MLR minimum
  - **July 2022.** Develop a plan with stakeholders outlining key deliverables and timelines to meet MLR requirements

# Oversight & Accountability (Continued)



## Oversight & Accountability

### » Strengthen Medical Loss Ratio (MLR) oversight (continued):

- **By rating period beginning in January 2023.** All MCMC fully and partially delegated plans, and subcontractors will report MLR
- **By rating period beginning in January 2024.** All MCMC prime plans will provide remittance if they do not meet MLR minimum
- **By rating period beginning in January 2025.** All MCMC fully and partially delegated plans and subcontractors will provide remittance if they do not meet MLR minimum
- **2028.** Conduct five-year retrospective audit of MLR



# Enhanced Care Management (ECM)

Leveraging its managed care authority, DHCS began implementing ECM for populations with complex health and social needs via the Medi-Cal managed care contract in January 2022 and will phase in through 2023.

## Benefit Overview

- » ECM is a **new, statewide Medi-Cal benefit** providing intensive care management to address **clinical and non-clinical needs** of Medi-Cal's **highest-need beneficiaries**, primarily through in-person engagement where enrollees live, seek care, and choose to access services.
- » ECM builds off the successful community-based care management programs piloted in the Medi-Cal 2020 waiver's Whole Person Care (WPC) pilots and Health Homes Program (HHP).
- » In addition to ECM, beneficiaries may have connections to **Community Supports** to address social drivers of health (to the extent their plan elects to provide).

For more information and the full "populations of focus", see [DHCS' ECM webpage](#) and the [ECM Fact Sheet](#).





# Community Supports

**DHCS received federal authority to provide 14 state-proposed Community Supports beginning in January 2022.**

## Service Overview

- » Community Supports refer to 14 **new services** proposed by DHCS and approved by CMS **designed to address social drivers of health and advance health equity.**
- » Benefits will be offered by a local community provider as a **medically appropriate, cost-effective alternative to traditional medical services or settings.**
- » Medi-Cal managed care plans are **encouraged to offer as many of the Community Supports as possible**, which are voluntary for managed care plans to offer and for members to use.

For more information about the Community Supports that managed care plans have opted to provide and when, see [DHCS' Community Supports webpage](#), [Community Supports Fact Sheet](#), and the [CaAIM Incentive Payment Program FAQ](#). 25

# Providing Access & Transforming Health (PATH) Supports

## Program Overview

PATH provides a flexible source of new funding that is intended to:

- » **Maintain, build, and scale** the capacity necessary to ensure successful implementation of CalAIM.
- » **Ensure a smooth transition from the WPC Pilot Program** as ECM and Community Support services are scaled up and implemented statewide.
- » **Support a diverse array of stakeholders participating in CalAIM**, including community-based organizations, counties, tribal organizations, providers, and justice involved stakeholders, as they prepare for implementation.
- » **Advance health equity** by investing in providers, counties, community-based organizations and other entities that support historically underserved and under-resourced populations.

# Dual Eligibles

## Program Overview

- » Effective January 2022, **provide a more integrated experience** for dual eligibles by permitting Medicare plan choice to drive Medi-Cal plan choice.
  - In certain counties, a member's **Medi-Cal plan choice will align with their Medicare Advantage or Dual Special Needs Plan (D-SNP)**, to the extent the Medicare plan has an affiliated Medi-Cal plan
- » Effective January 2023, **transition the Cal MediConnect demonstration to a D-SNP exclusively aligned enrollment model**, with plans that coordinate all Medicare and Medi-Cal benefits for dual eligible.
- » In future years, expand the D-SNP exclusively aligned enrollment model to **additional counties**.

The federal authority is subject to improved care coordination across Medicare and Medi-Cal, integrated appeals and grievances, and integrated member materials for D-SNPs.