

The Future of Delivery System Reform in Medi-Cal: Moving Medi-Cal Forward

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July 13, 2016

Agenda

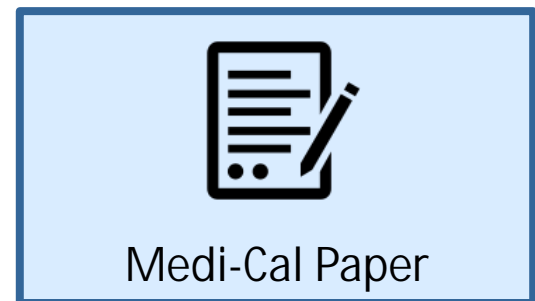
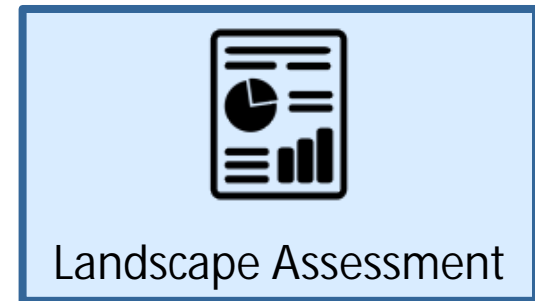
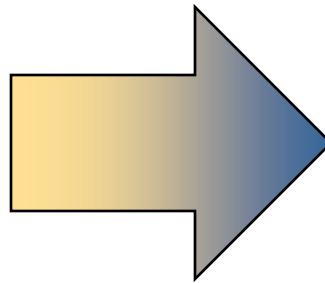
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- Project Overview
- Medi-Cal Today
- Vision for the Future of Medi-Cal
- Near Term Change
- Structural Change

Project Overview

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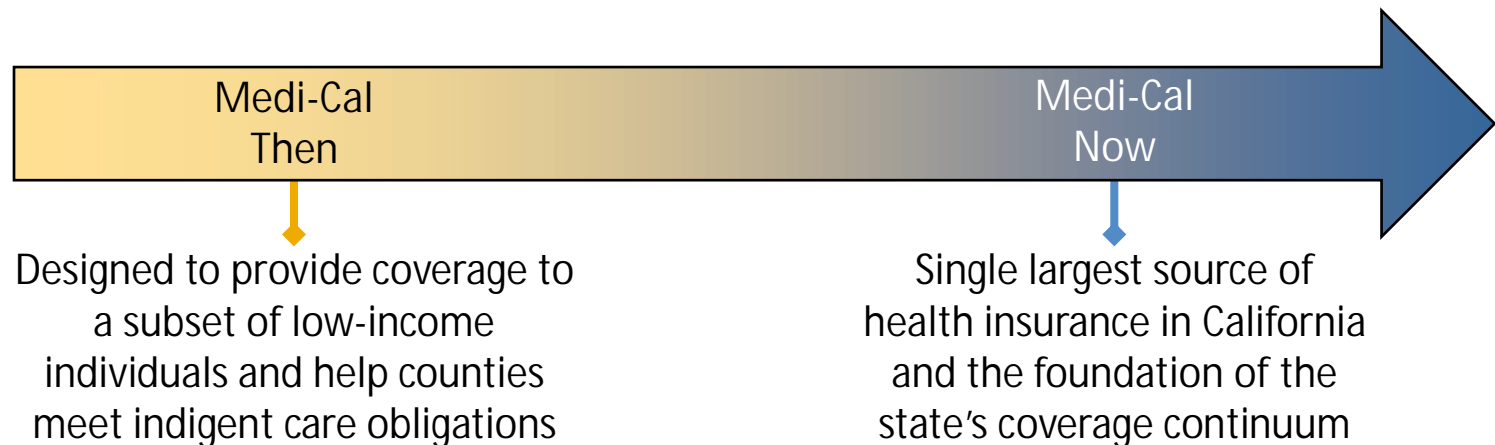
Purpose: To develop an actionable vision and path for statewide delivery system reform in Medi-Cal, with input from a broad array of thought leaders



Medi-Cal Today

Over time, Medi-Cal has been catapulted into a new role

- The program has evolved significantly over the last 50 years:



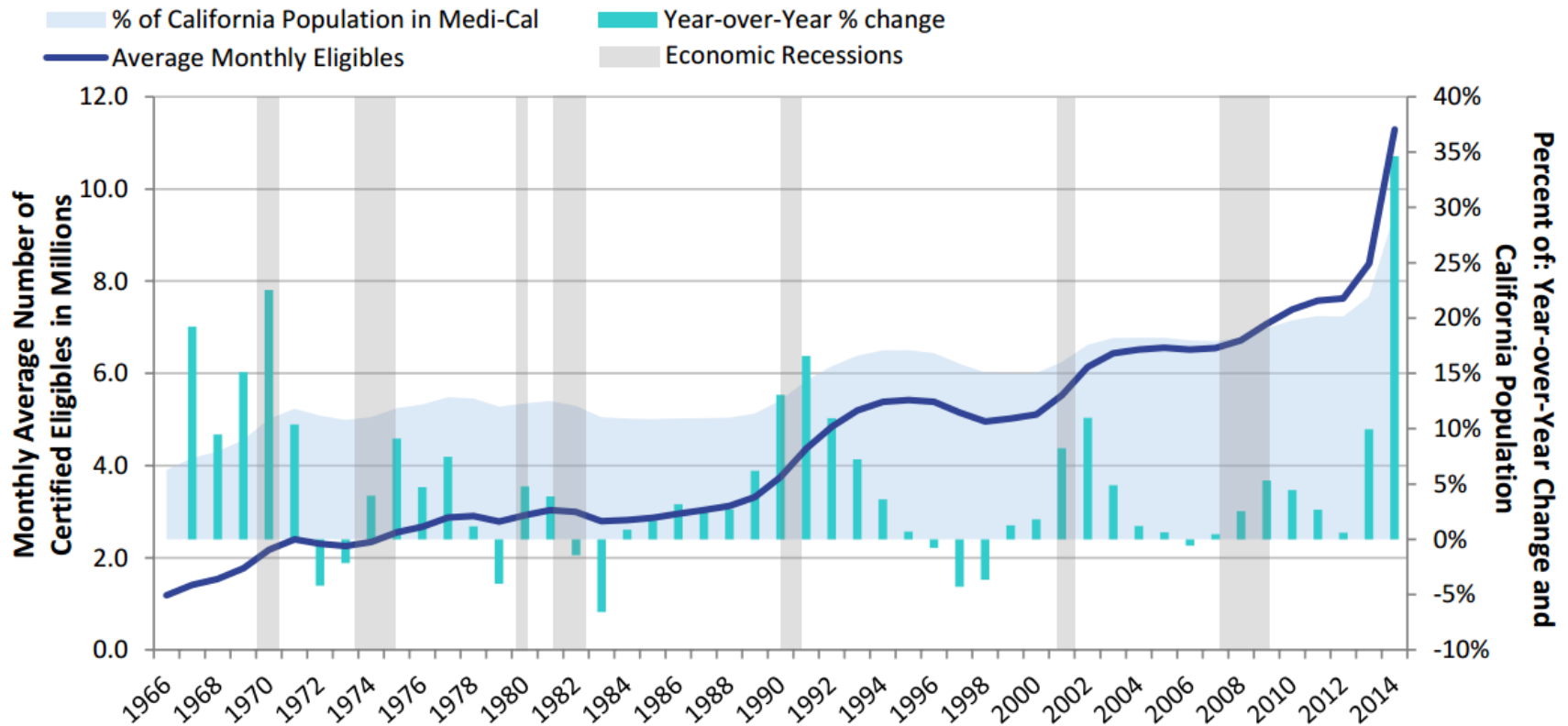
- Medi-Cal needs a vision and structure that recognize and support this evolution

Medi-Cal Today: Enrollment Over Time

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Today, more than 13 million Californians, or one-third of the state's population, are enrolled in Medi-Cal

Trends in Average Monthly Count of Certified Eligibles, Proportion of California Population Enrolled in Medi-Cal, and Year-over-Year Percent Change; 1966-2014



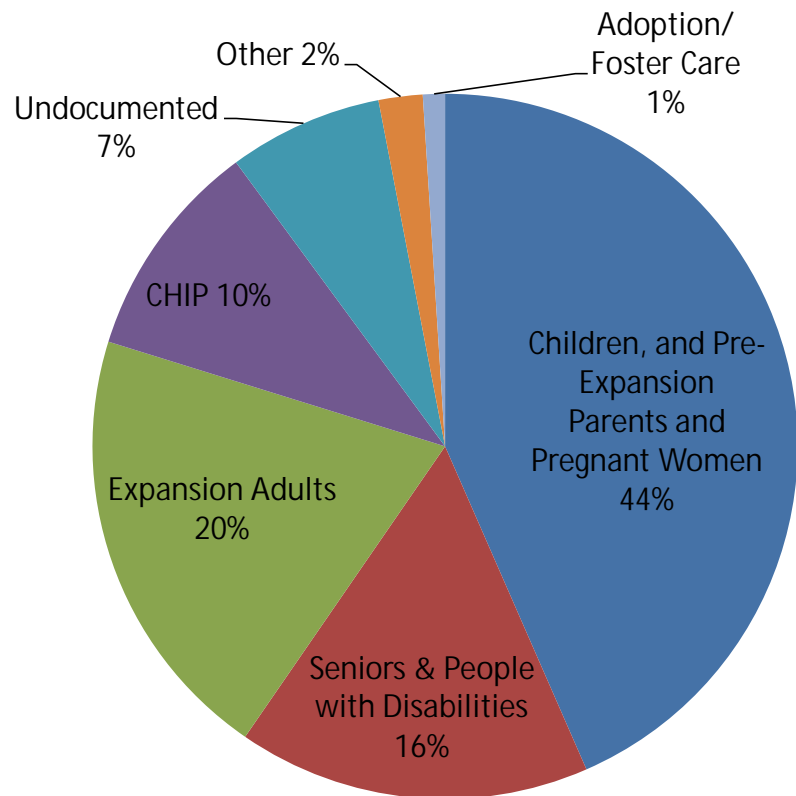
Source: Medi-Cal's Historical Period of Growth, DHCS, August 2015.

Medi-Cal Today: Enrollee Characteristics

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At the end of 2014, expansion adults accounted for 20% of Medi-Cal enrollees

Distribution of Medi-Cal Enrollees, December 2014



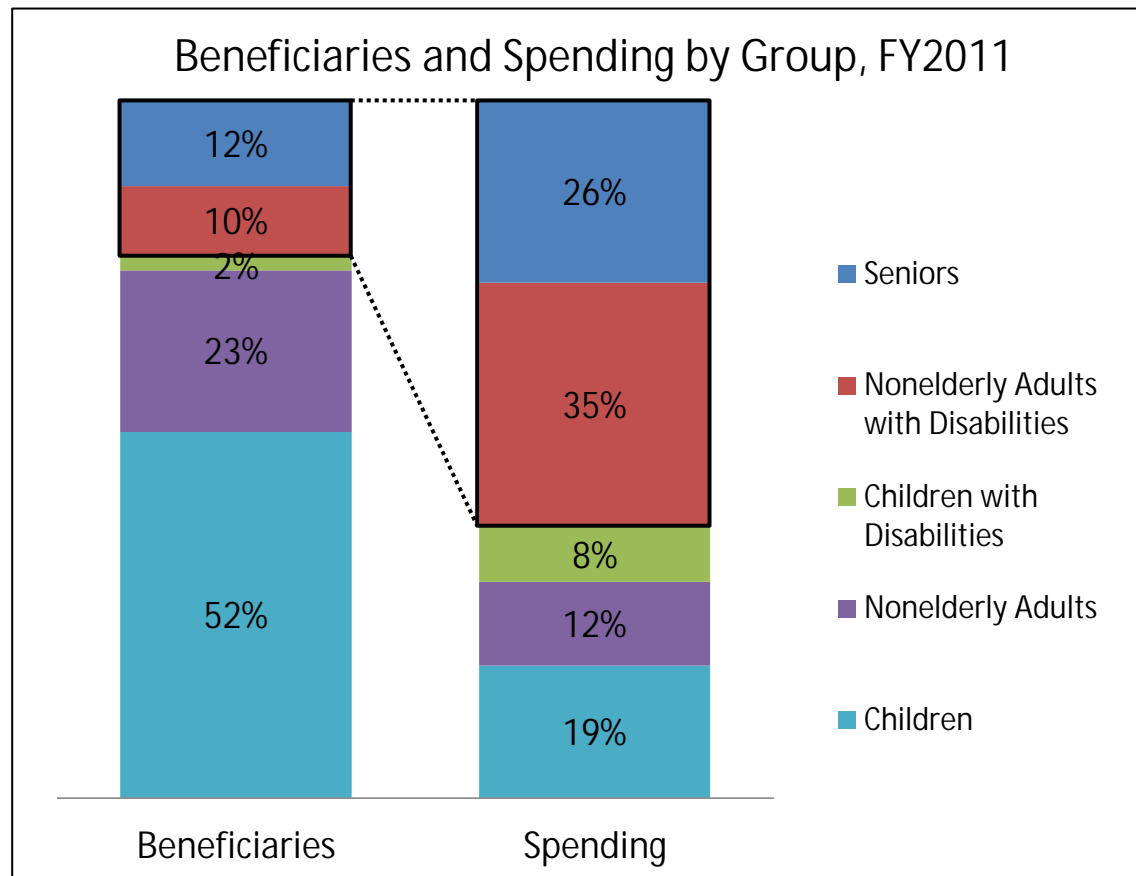
Other Key Characteristics

- Low-income
- More likely to be Latino or African American
- Close to half do not speak English well or at all
- More likely to be in fair or poor health

Medi-Cal Today: Spending by Enrollee Group

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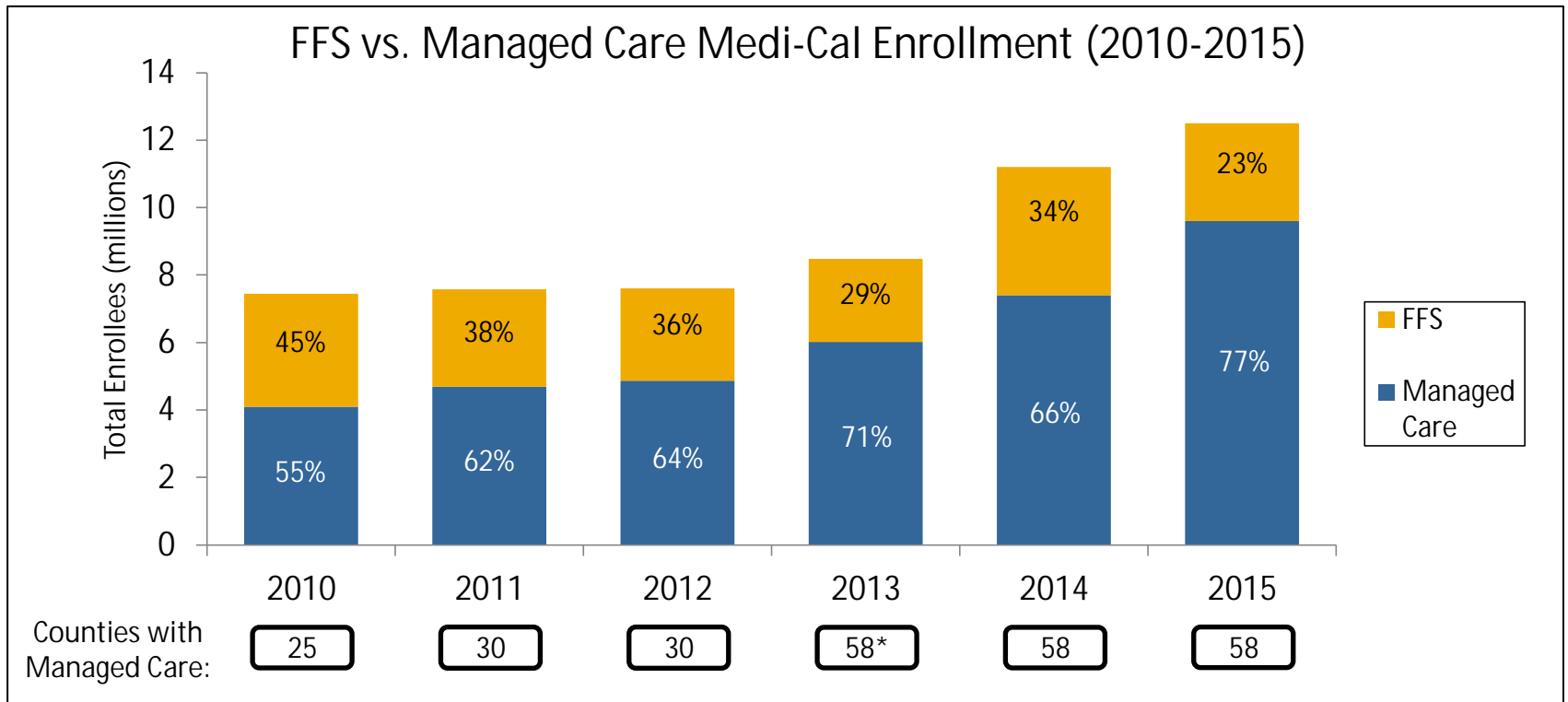
Seniors and nonelderly adults with disabilities account for a majority of program's spending



Medi-Cal Today: The Shift to Managed Care

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Over 10 million of the 13 million beneficiaries are enrolled in managed care, including those with the greatest health care needs



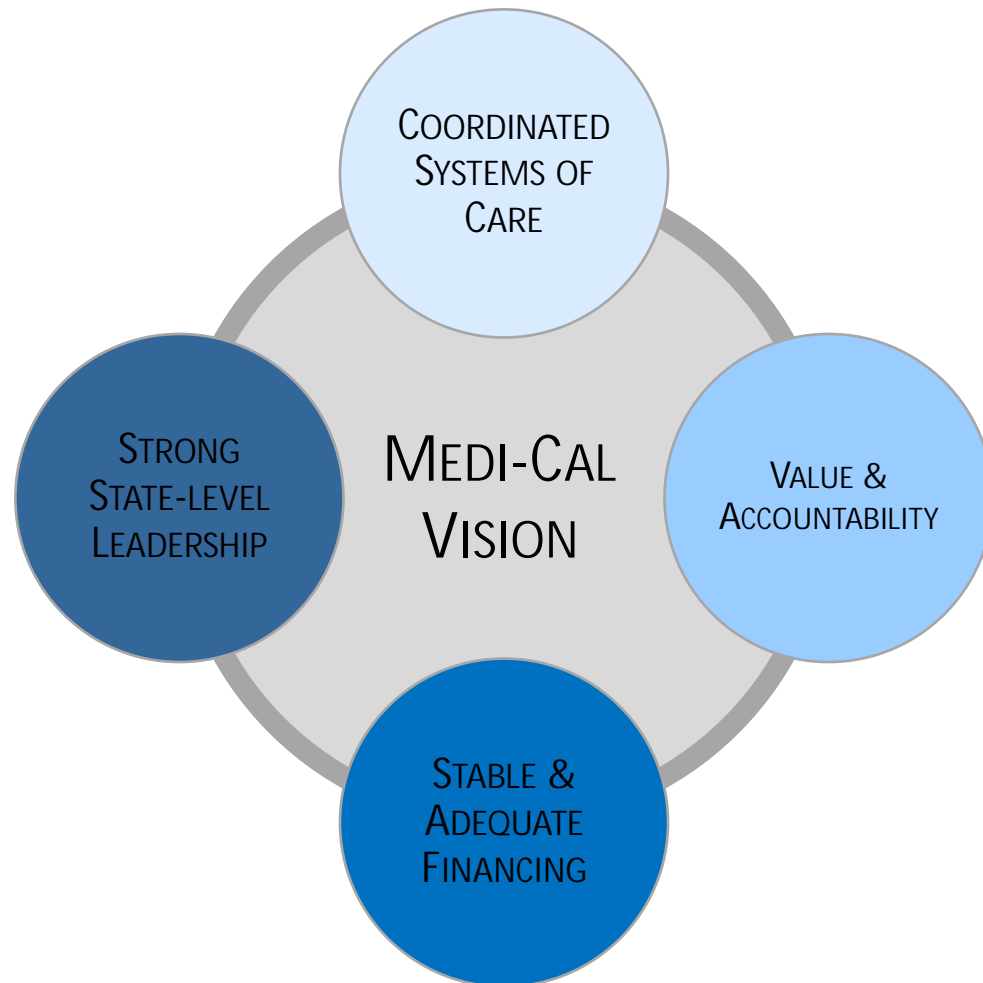
*Medi-Cal managed care expanded to the remaining rural 28 counties in the second half of 2013.

Note: Mandatory transition of seniors and people with disabilities (non-duals) into managed care beginning in 2011 led to managed care enrollment increases in 2011 and 2012.

Medi-Cal Managed Care Vision

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Overall, stakeholders agreed on a vision for Medi-Cal, as expressed in the Medi-Cal 20/20 waiver, to foster, "shared accountability among all providers to achieve high-value, high-quality, and whole-person care"



Priorities for Near Term Change

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- 1 Intensify efforts to coordinate care for people with serious mental illness
- 2 Invest in initiatives that address the pressing health-related needs of the Medi-Cal population with complex health conditions
- 3 Incentivize innovation by revising rate-setting methodologies
- 4 Align incentives across Medi-Cal and across the marketplace
- 5 Focus on data improvement
- 6 Invest in health information technology (HIT) and health information exchange (HIE) across the state
- 7 Address workforce shortages

Barriers to Achieving Medi-Cal's Vision

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Fragmented Delivery System

- Complex mix of plans, counties, and provider systems
- Layers of delegation and sub-delegation



Fragmented Financing

- Supplemental payments account for 25-30% of hospital payments
- Different funding sources for mental health care

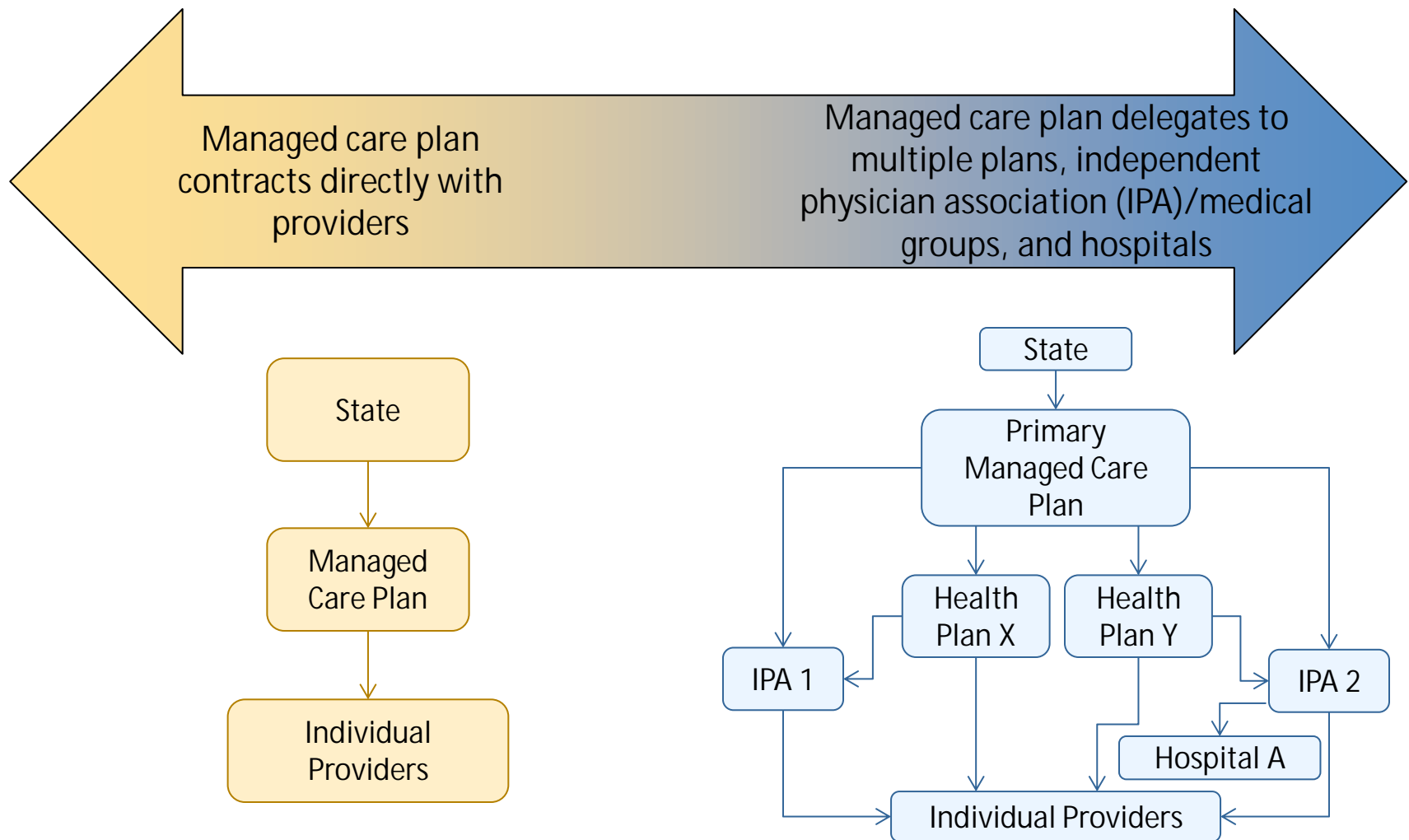


Limited Transparency and Accountability

- Limited visibility into networks and performance of subcontracted and delegated entities
- State constrained in ability to oversee services for serious mental health conditions or address under-performing plans

Managed Care: The Delegation Continuum

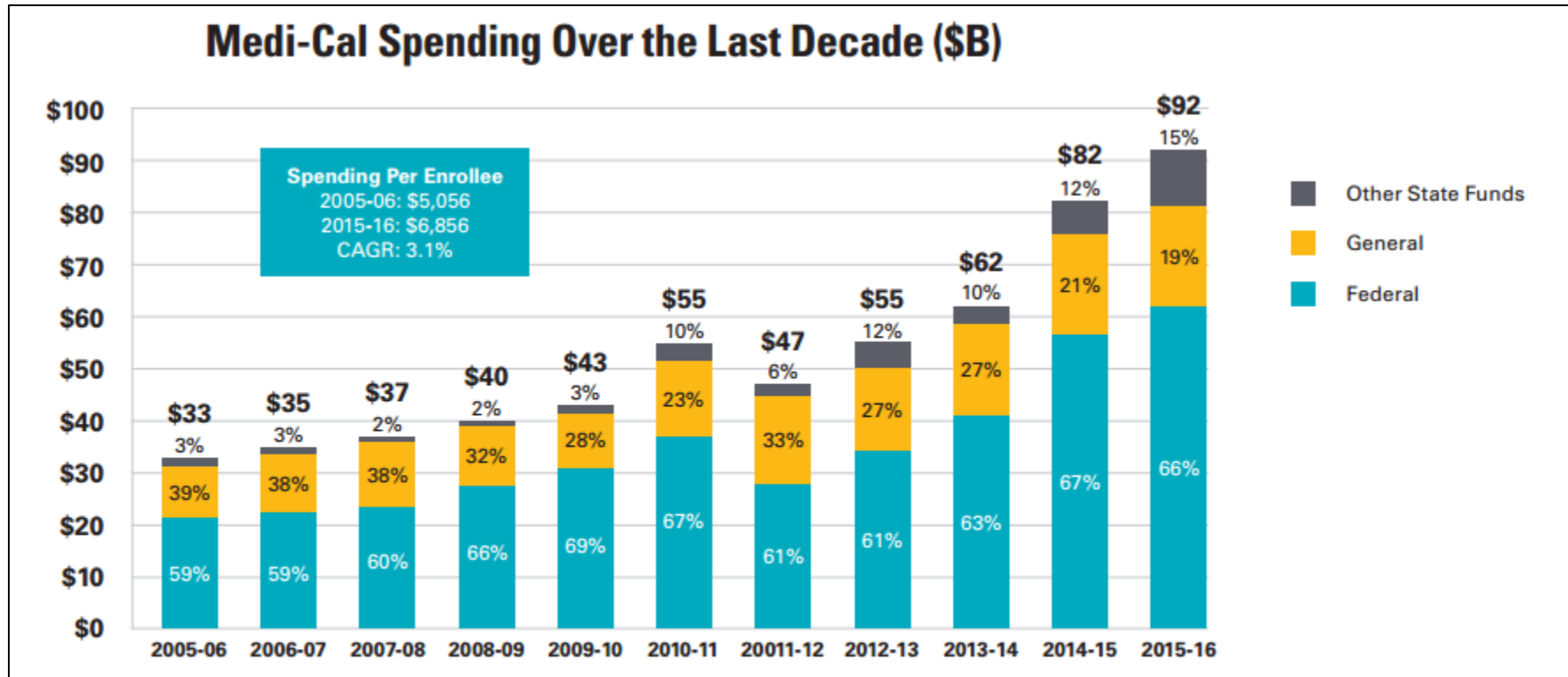
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Medi-Cal Today: Spending

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Total Medi-Cal costs have grown – driven by enrollment, not per-enrollee costs – while General Fund spending as a share of total spending has declined



Notes: Total annual spending is taken from the DHCS May Estimate for the subsequent year (i.e., 2005-06 costs sourced from May 2006 Medi-Cal Estimate), except in the case of 2015-16, in which total spending is pulled from the November 2015 Estimate.

Other State Funds includes all funds except the General Fund, such as provider fee revenue.

CAGR = Compounded Annual Growth Rate

Realizing the Vision: Is Structural Change Needed?

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Is Medi-Cal positioned to achieve the vision of accountable systems of care?



Is the current structure of managed care best suited to drive and support the vision?



Does the current financing structure enable Medi-Cal to achieve this vision?

Rethinking the Core Structures of Care Delivery

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- Should all plans have a direct contractual relationship with the state?
- How can delegation be used to advance accountable systems of care?
- Should counties' roles evolve, given the imperative of focusing on population health?
- Where should responsibilities for care management reside?
- Can value-based initiatives be measured and responsibility for results be attributed in the system that is in place today?

Rethinking Medi-Cal's Financing System

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- Is the overall level of funding sufficient to support adequate networks and encourage coordinated systems of care?
- Is it possible to move to value-based payments given reliance on supplemental payments?
- Can the current financing arrangements for providing serious mental health care support integrated, accountable delivery systems?
- What are the implications for the nonfederal funding for the program?

Medi-Cal Today: Local Innovation

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- Central California Alliance for Health (CCAH) created a Medi-Cal Capacity Grant Program that focuses on:
 - Increasing capacity
 - Improving access to behavioral health and substance abuse services
 - Expanding availability of support resources for frequent care utilizers
- Makes \$20 million available for provider recruitment, \$1.15 million to subsidize equipment costs, and \$1 million in technical assistance and coaching for practices looking to adopt patient-centered medical home (PCMH) models



- Inland Empire Health Plan (IEHP) created an in-house behavioral health program to address the mild-to-moderate mental health needs of its members
- Integrates behavioral health into every department, trained staff, and expanded behavioral health network
- Hosts state-of-the-art system to facilitate communication and collaboration among behavioral health providers, care managers, and primary care providers (PCPs)
- Investing \$20 million to integrate behavioral health at the point of care

Thank You!



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