



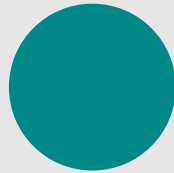
CHCF



Welcome

Briefing: Medi-Cal Explained
An Overview of Program Basics

February 25, 2019



Medi-Cal Explained

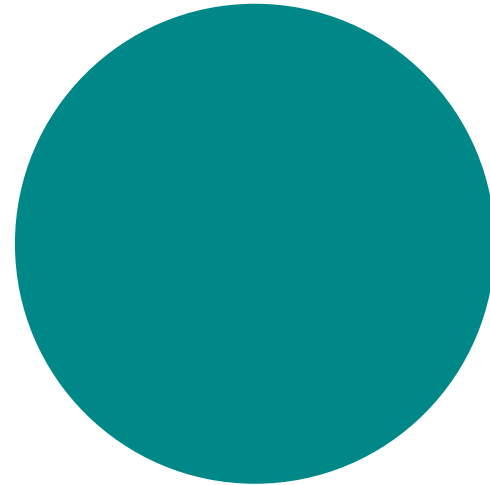
An Overview of Program Basics

Kristof Stremikis
California Health Care
Foundation

February 25, 2019

Thank you

- California Department of Health Care Services
- Assembly Health, Assembly and Senate Budget Committees
- California Budget & Policy Center
- County Welfare Directors Association
- Health Access California
- Health Management Associates
- Insure the Uninsured Project
- Western Center on Law and Poverty

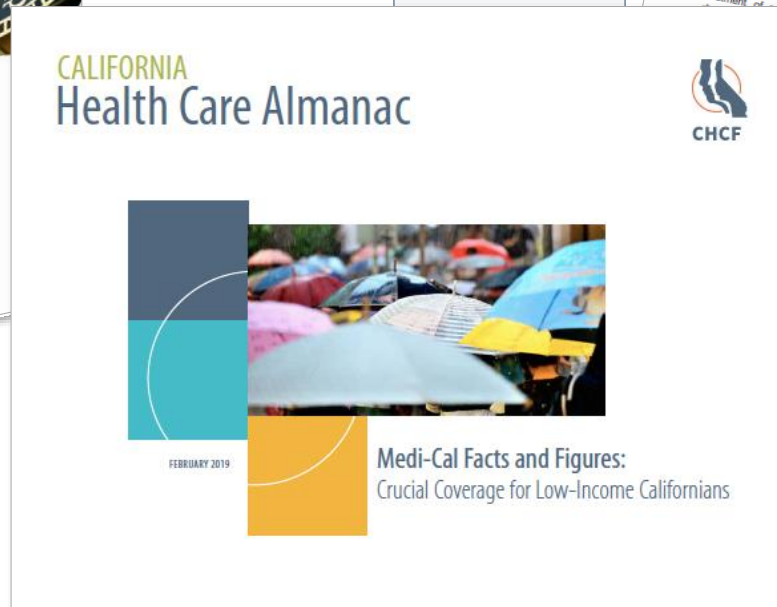
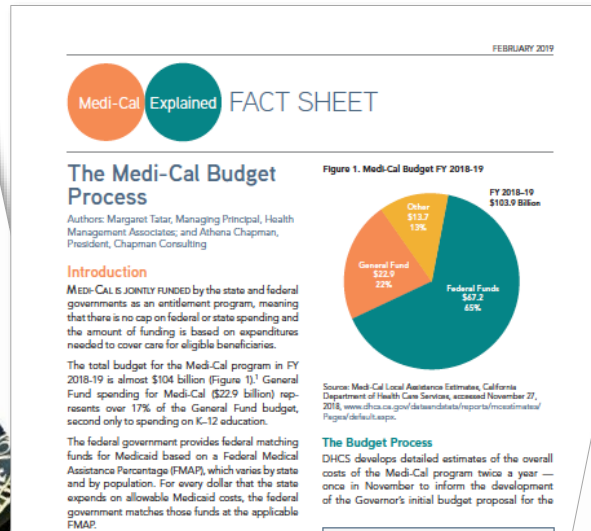


Thank you



New CHCF Resources

www.chcf.org/MC-Explained



Today's agenda

10:00

Welcome and Overview
of Medi-Cal

10:20

Panel 1: Who is eligible for
Medi-Cal and how do they enroll?

11:05

Panel 2: What services does
Medi-Cal cover and how are
they delivered?

11:50

Panel 3: How is Medi-Cal financed and
how do managed care
plans get paid?

12:35

Grab lunch

1:00

Medi-Cal's future: A view from DHCS

2:00

Event ends

Why Medi-Cal is Important



People



Budget



Backbone



Data



Change

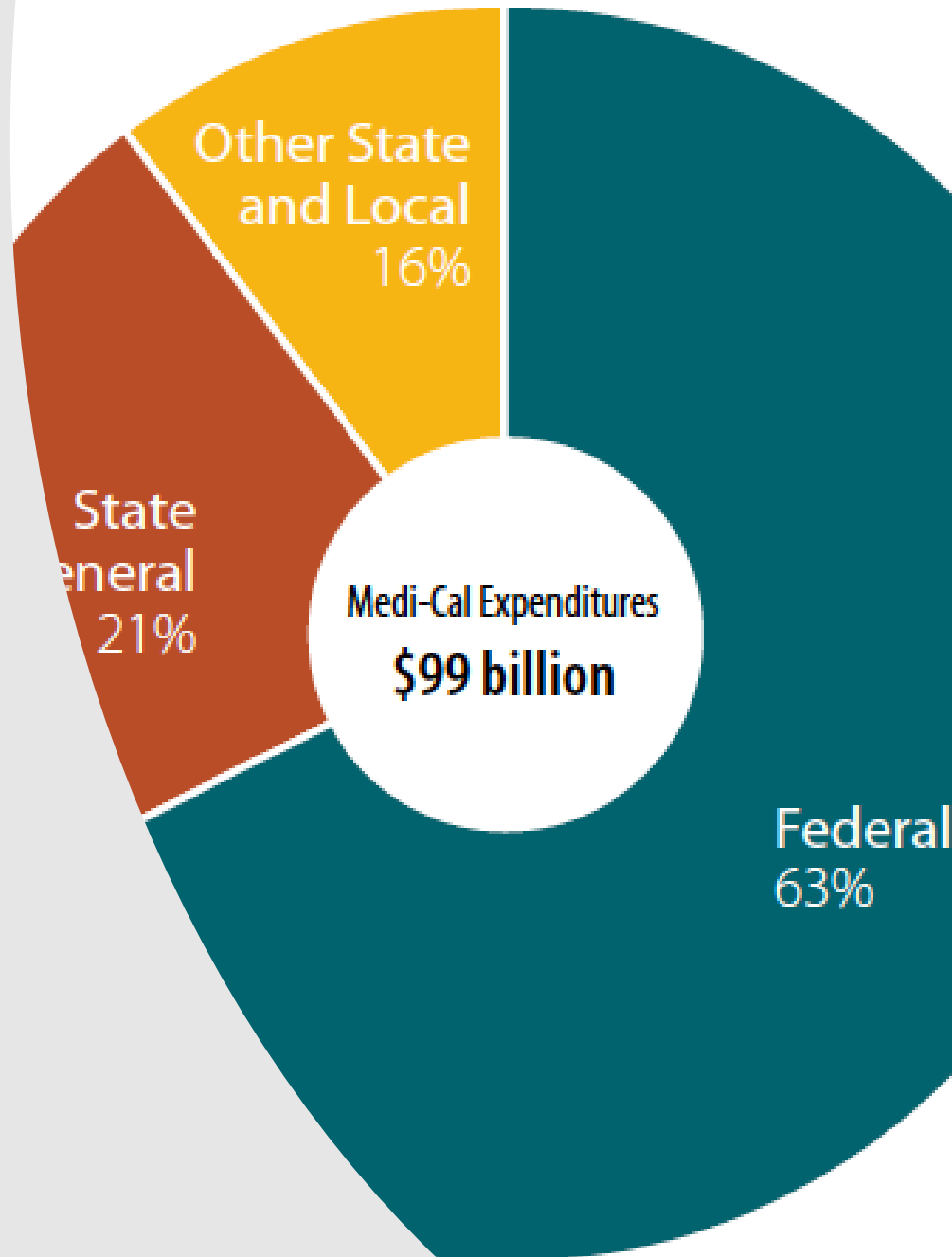
1. Medi-Cal covers a broad range of Californians.

- Nearly **one in five workers** under 65 gets health coverage through Medi-Cal
- Over one million Californians who are **65 or older** rely on Medi-Cal
- Medi-Cal helps around 183,000 **veterans** get care
- About half of California **children** are enrolled in Medi-Cal
- Half of **Californians with disabilities** are covered by Medi-Cal
- One in three Californians seeking help for **mental health** or substance use get care through Medi-Cal



2. The Medi-Cal budget is large.

- Jointly funded by state and federal government
- Multiple state sources including General Fund, local matching funds, provider fees, health plan taxes
- Federal match based on Federal Medical Assistance Percentage (FMAP), which varies by population
- Three categories of expenditures (Benefits, County Administration, Fiscal Intermediary)
- Around half of expenditures through managed care plans



3. Medi-Cal is the backbone of California's health care system.

- Single largest purchaser of health care services
- Accounts for over two-thirds of net patient revenues in city/county hospitals and primary care clinics
- Initiatives and demonstrations contribute to transforming the way health care is delivered to all Californians
- Intersection with numerous issues—health care costs, children's health, mental health, homelessness, long term care, the opioid epidemic



4. Medi-Cal generates a lot of actionable data.

- Access Monitoring Plan
- Quarterly managed care performance dashboards
- Consumer Assessment of Healthcare Providers and Systems (CAHPS), Healthcare Effectiveness Data and Information Set (HEDIS), external quality review organizations (EQROs)
- Claims and encounters
- Research and Analytic Studies Division (RASD)



5. There is uncertainty in Medi-Cal's future.

- New populations?
- Waiver expirations and renewals
- Health plan payment, provider payment and delivery system reform
- Lower ACA match
- MCO tax renegotiation
- Prop 55/56 funding
- Economic downturn?



Our First Panel: Eligibility and Enrollment



Margaret Tatar
Managing Principal
Health Management Associates



Cathy Senderling-McDonald
Deputy Executive Director
County Welfare Directors Association



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Medi-Cal Explained Eligibility and Enrollment

Margaret Tatar, Health
Management Associates

February 25, 2019

The Medi-Cal Population

- Medi-Cal, California's Medicaid program, is the largest Medicaid program in the country
- As of April 2018, 13.2 million people were enrolled in Medi-Cal, roughly one-third of California's population
- Medi-Cal is California's health insurance program for low-income children, people with disabilities, and low-wage workers who do not get health insurance through their jobs
- For low-income seniors, Medi-Cal steps in to cover what is not covered by Medicare, including nursing home care

Who is Covered by Medi-Cal



Working Families

Nearly one in five workers under 65 get health coverage through Medi-Cal. Most work in food service, retail, home health care, and other jobs with low-pay and no benefits.



Children

About half of California children are enrolled in Medi-Cal. Research shows that children covered by Medi-Cal do better in school and are more likely to go to college than uninsured children.



Seniors

Over one million Californians who are 65 or older rely on Medi-Cal to cover out-of-pocket health care costs or long-term care.



People with Disabilities

Half of Californians with disabilities are covered by Medi-Cal. They include people with conditions like multiple sclerosis, epilepsy, blindness, HIV/AIDS, and spinal cord and traumatic brain injuries, and developmental disabilities like Down syndrome or autism.



Veterans

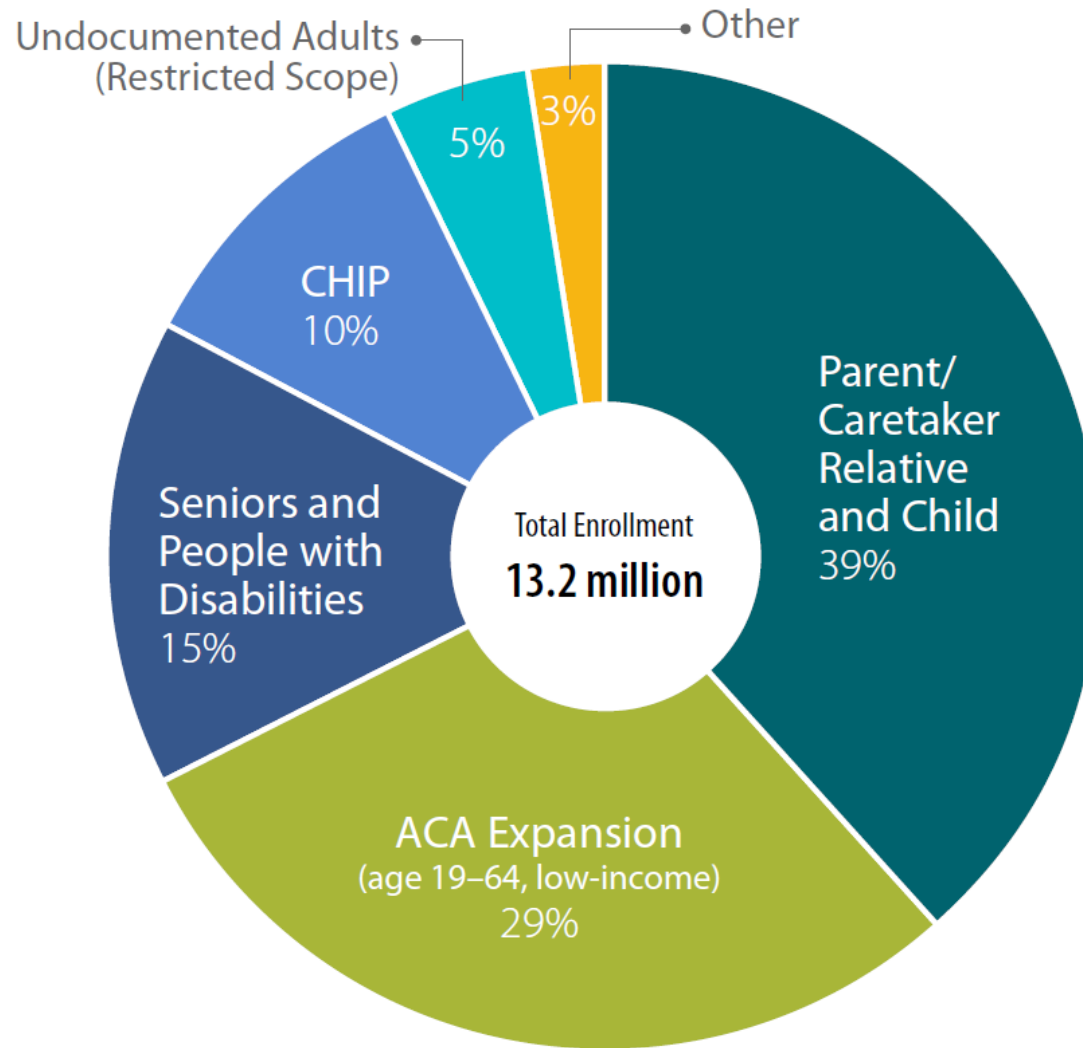
Medi-Cal helps around 183,000 veterans get care, including mental health services.



People with Mental Illness

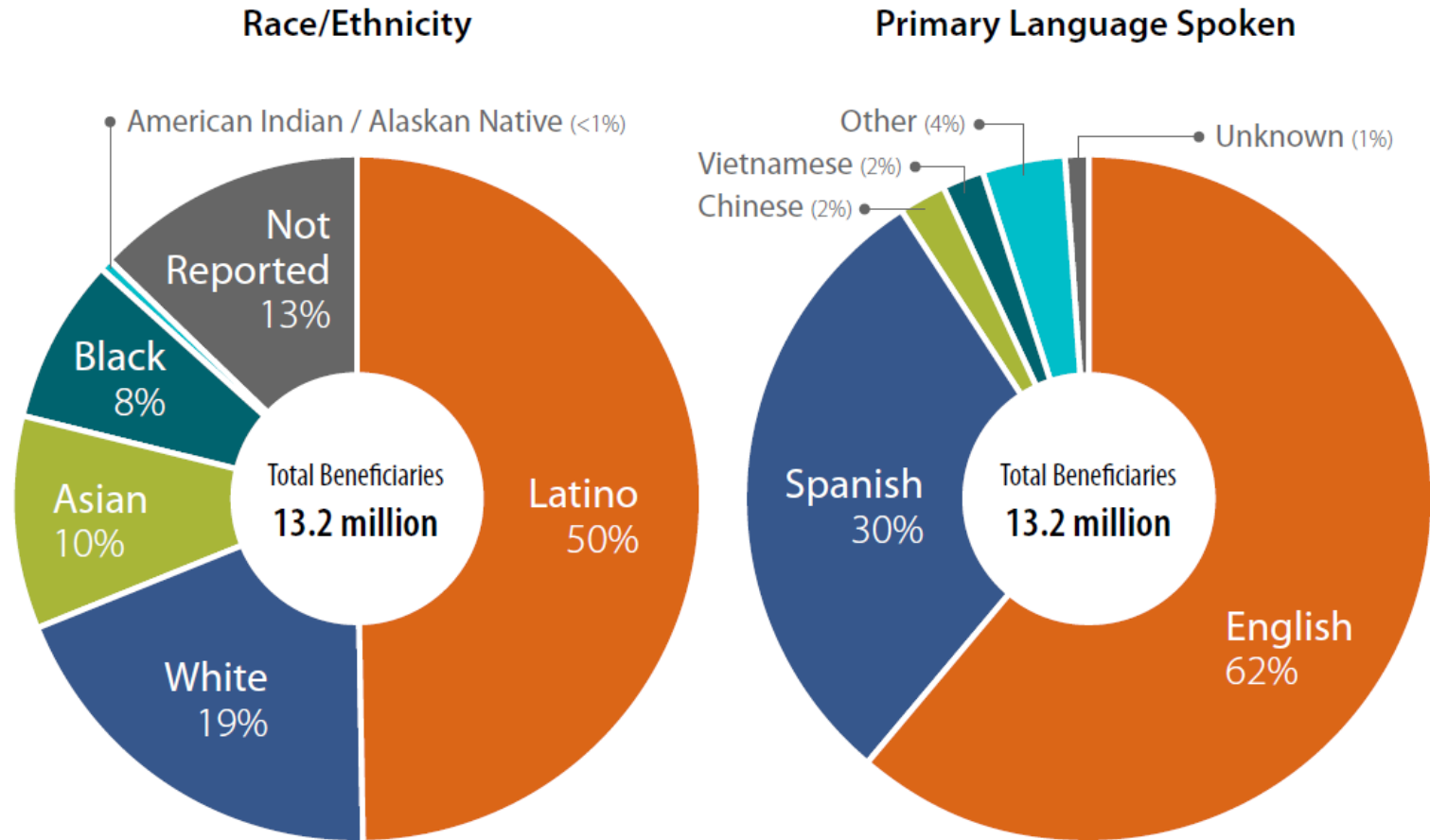
1 in 3 Californians seeking help for a mental health or substance use problem get their care through Medi-Cal

Enrollment, by Aid Category, 2018



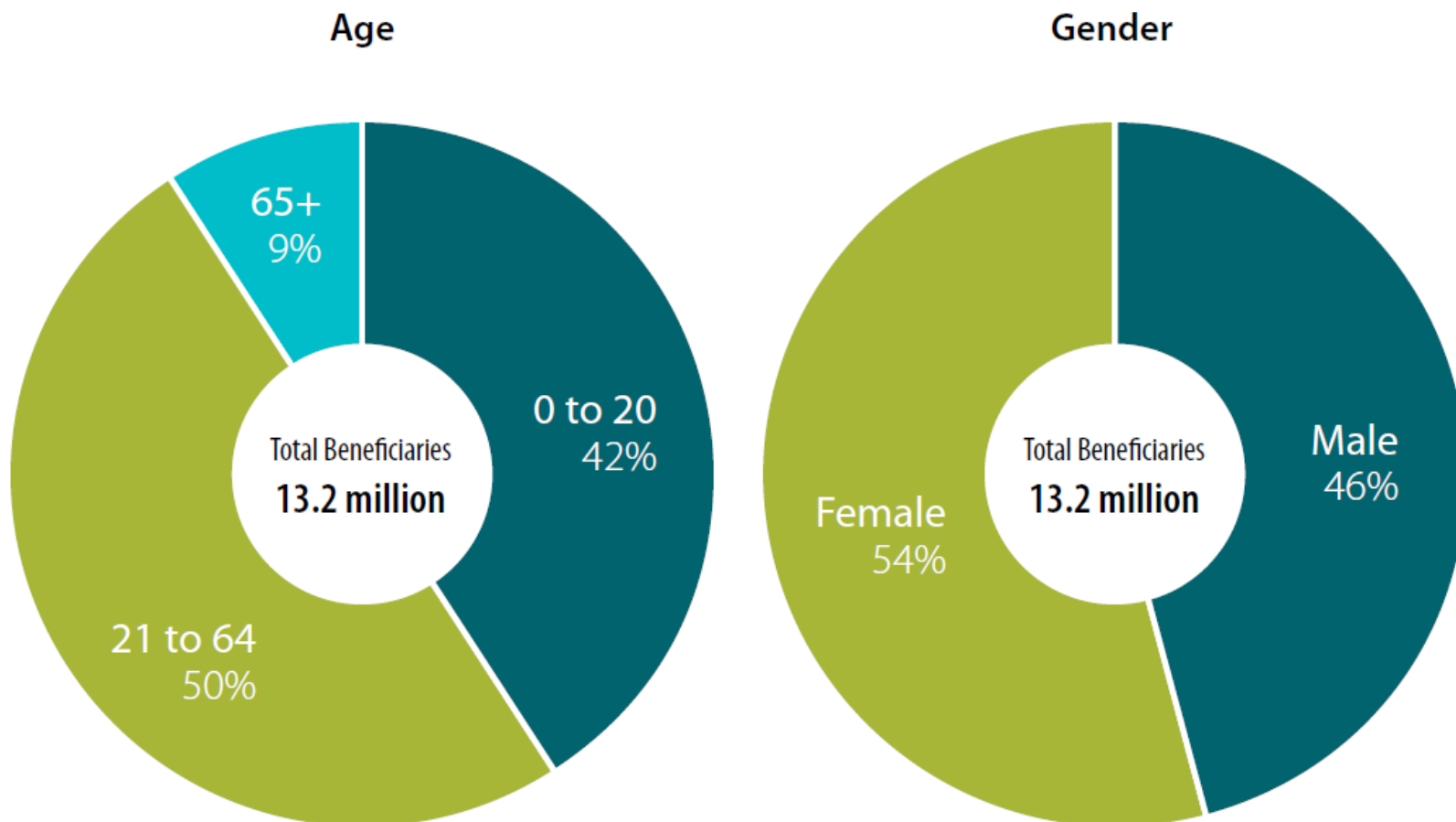
Sources: *Medi-Cal Monthly Enrollment Fast Facts*, DHCS, May 2018, www.dhcs.ca.gov (PDF); and *Aid Code Master Chart*, DHCS, October 18, 2017, www.dhcs.ca.gov (PDF).

Beneficiary Profile, by Race/Ethnicity and Primary Language Spoken, 2018



Source: Medi-Cal Monthly Enrollment Fast Facts, May 2018, California Dept. of Health Care Services, September 2018, www.dhcs.ca.gov (PDF).

Beneficiary Profile, by Age and Gender, 2018



Source: *Medi-Cal Monthly Enrollment Fast Facts, May 2018*, California Dept. of Health Care Services, September 2018, www.dhcs.ca.gov (PDF).

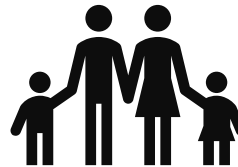
Medi-Cal Eligibility

Medi-Cal eligibility is based on household income and other finances, citizenship and immigration status, and enrollment in other public benefit programs.

- Income
- Property
- Citizenship and immigration status
- Residence. Enrollees must reside in California
- Automatic

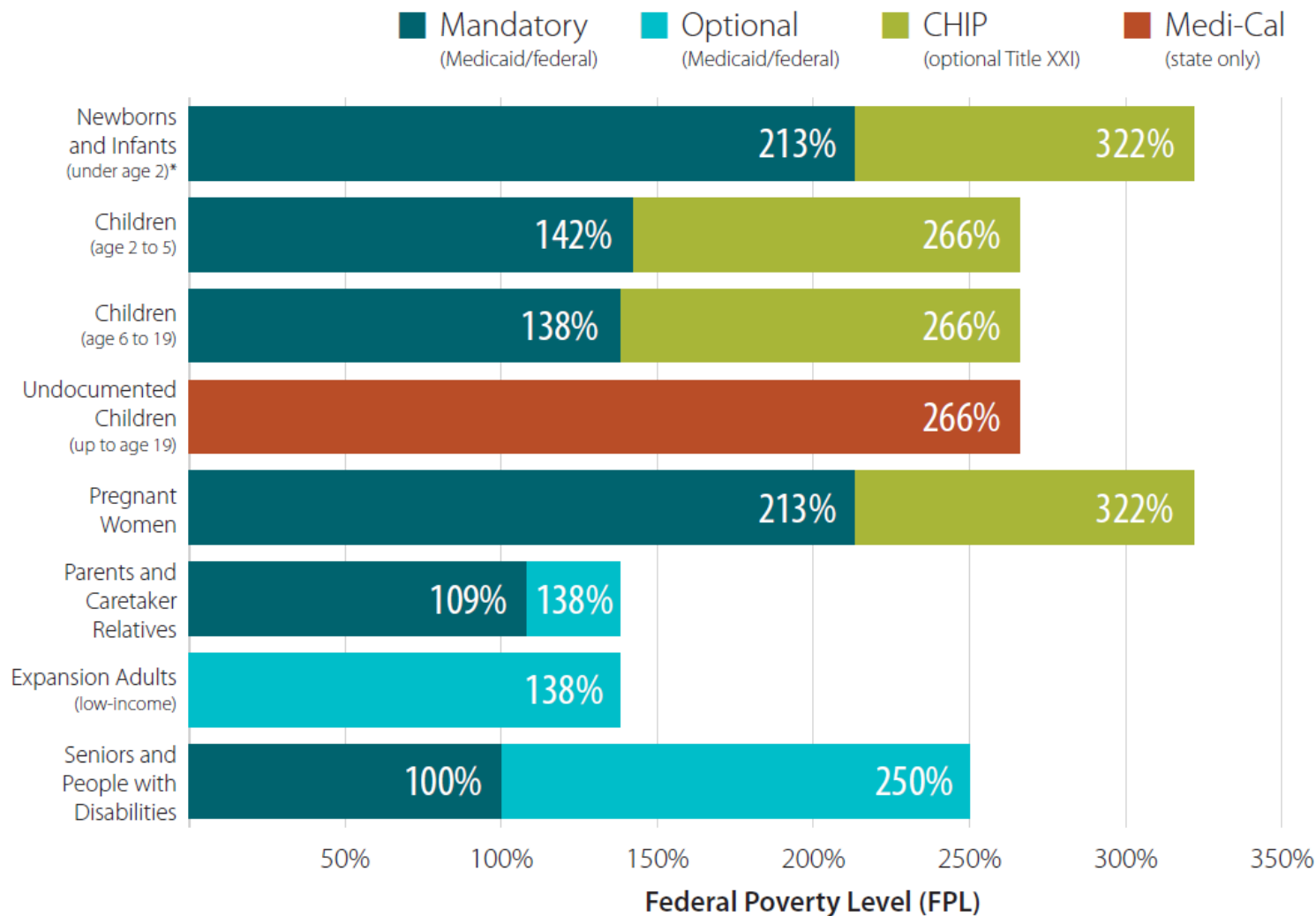


For a single adult,
annual income must
be **less than \$17,236**
to qualify for Medi-Cal.



For a family of four,
annual income must be
less than \$35,535 to
qualify for Medi-Cal.

Income Thresholds, by Funding Source



Sources: Sandra Williams (chief, Medi-Cal Eligibility Div., California Dept. of Health Care Services) to all county welfare directors et al., letter 18-03, January 30, 2018, [www.dhcs.ca.gov\(PDF\)](http://www.dhcs.ca.gov(PDF)); *Program Eligibility by Federal Poverty Level for 2019*, Covered California, October 2018, [www.coveredca.com\(PDF\)](http://www.coveredca.com(PDF)); “Where Are States Today? Medicaid and CHIP Eligibility Levels for Children, Pregnant Women, and Adults,” Kaiser Family Foundation, March 2018, www.kff.org; and *Getting and Keeping Health Coverage for Low-Income Californians: A Guide for Advocates*, March 2016, Western Center on Law and Poverty, wclp.org.

Premiums and Cost Sharing, by Eligible Group

	REQUIREMENTS
Children >160% FPL	<ul style="list-style-type: none"> • Children age 1 to 19 in families with incomes between 160% and 266% of the FPL have a monthly premium. • Premiums are \$13 for each child but cannot exceed \$39 per family per month.
250% Working Disabled Program	<ul style="list-style-type: none"> • People with a medical determination of physical or mental impairment lasting or proposed to last for one year and whose countable monthly income is below 250% FPL. • Working disabled individuals with monthly income under 250% FPL. Disability income is excluded from income calculation. • Monthly premiums range from \$20 to \$250 for a single person depending on income.
Aged, Blind, and Disabled — Medically Needy Program Share of Cost*	<ul style="list-style-type: none"> • People over age 65, blind, or who have a disability with income above \$1,242 per month (after numerous deductions). • People with a medical determination of a physical or mental impairment lasting or proposed to last for one year.

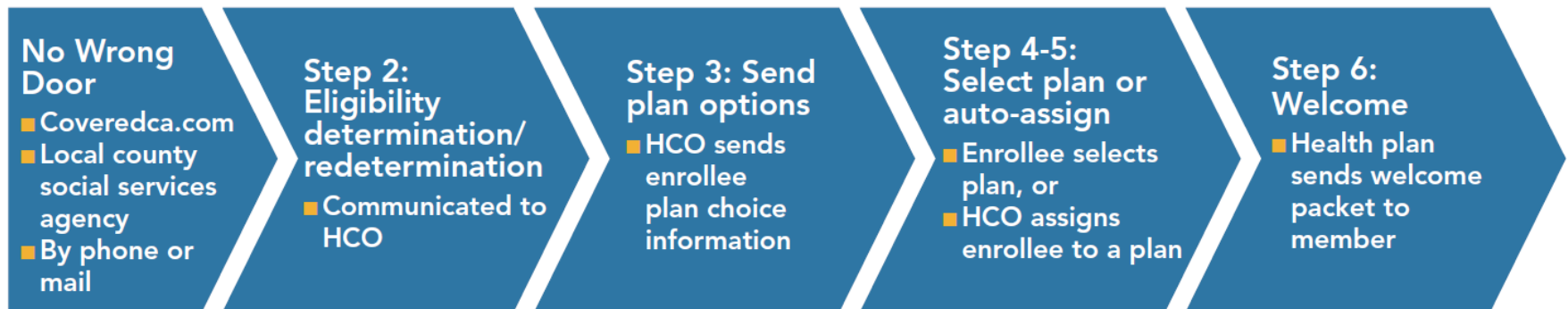
Sources: *Program Eligibility by Federal Poverty Level for 2019*, Covered California, October 2018, www.coveredca.com (PDF); “Medi-Cal Premium Payments for the ‘Medi-Cal for Families’ Program – Frequently Asked Questions,” California Dept. of Health Care Services, September 28, 2018, www.dhcs.ca.gov; and *Community-Based Medi-Cal Programs Fact Sheet*, California Advocates for Nursing Home Reform, May 2, 2018, canhr.org (PDF).

Medi-Cal Enrollment

- Medi-Cal uses a cascading eligibility determination that allows applicants to enroll in the most comprehensive benefit packages for which they qualify
- County social service eligibility workers perform initial and ongoing eligibility and redeterminations
- “No wrong door”
- CalHEERS is the automated eligibility system, interfacing with the 58 counties through SAWS
- Presumptive eligibility allows hospitals and clinics to provide temporary Medi-Cal eligibility for individuals who appear eligible, offering them immediate access to services while they apply for permanent Medi-Cal coverage or other health coverage

Medi-Cal Plan Enrollment

- Most Medi-Cal beneficiaries under 65 years of age and without Medicare are required to enroll in a Medi-Cal managed care health plan.
- Health Care Options (HCO) is Medi-Cal's enrollment broker, whose role is to help ensure access to health care services by providing information about the managed care health and dental plans offered in each county.
- Beneficiaries will be assigned to the default plan if no selection is made.





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Medi-Cal Services and the Delivery System

Jacey Cooper, Senior Advisor
Department of Health Care Services



How are Medi-Cal services provided?

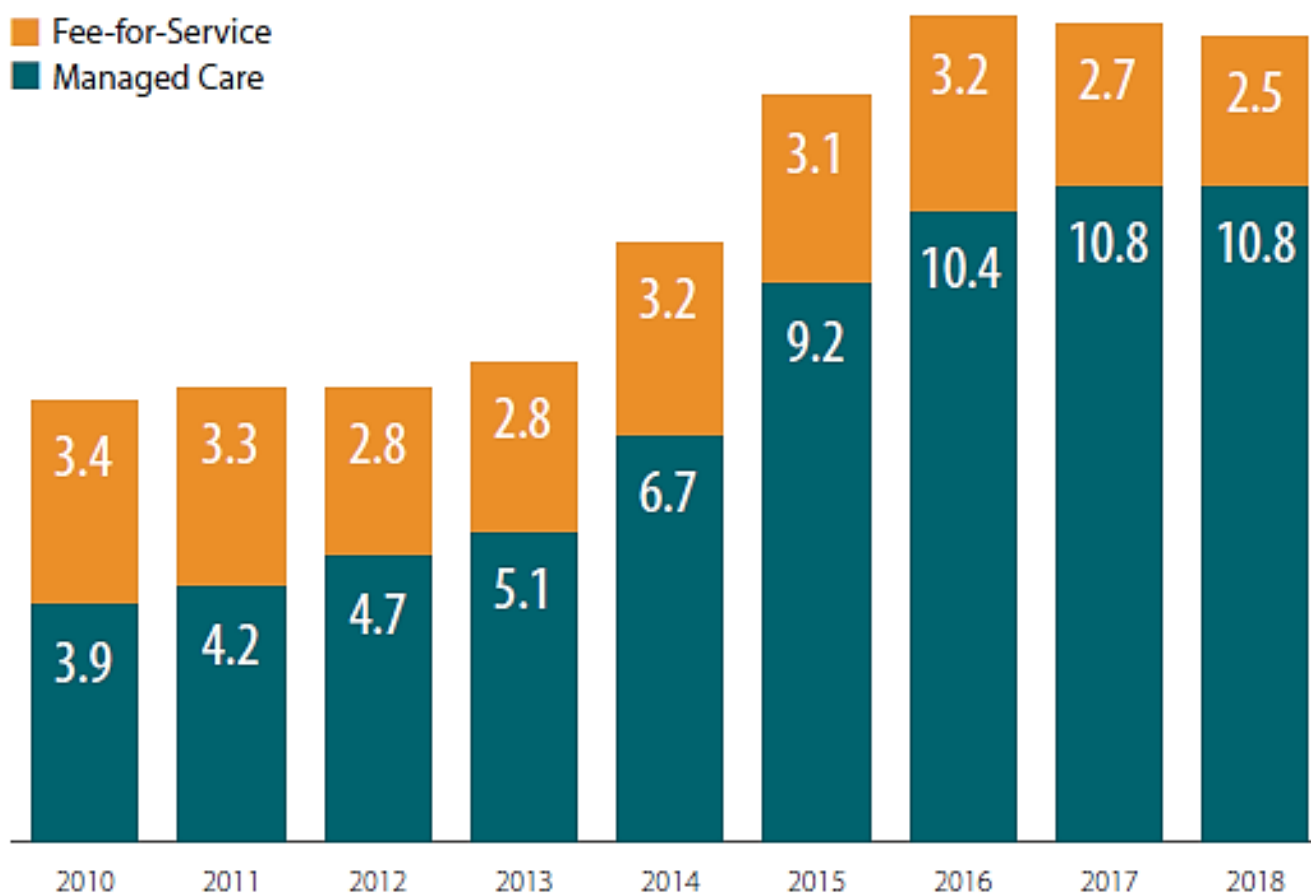
- 82% of Medi-Cal beneficiaries receive their coverage through 24 managed care plans contracted with the state.
- The state pays plans a monthly capitation rate for each member, also known as a per-member-per-month payment (PMPM). Plans negotiate payment rates with contracted network providers.
- Traditional fee-for-service (FFS) covers the remaining beneficiaries.



Fee-for-Service and Managed Care Enrollment

IN MILLIONS

Fee-for-Service
Managed Care





What benefits and services are covered by Medi-Cal?

- “Full scope” benefits are wide-ranging. Examples include:
 - Preventive and wellness services
 - Primary, specialty, and acute care
 - Rehabilitative & habilitative services (e.g., physical therapy or skilled nursing facility services)
 - Personal care services
 - Pediatric and adult dental services
 - Behavioral health services (mental health and substance use disorder treatment)
 - Prescription drugs
- “Restricted scope” benefits for some populations:
 - Emergency care
 - Pregnancy-related services
 - Long-term care



Additional Covered Services and Delivery Systems Through Waivers

Waivers

- 1115(a) Medi-Cal 2020 Demonstration Waiver
 - Some examples:
 - Coordinated Care Initiative
 - Whole Person Care
 - Global Payment Program
 - Drug Medi-Cal Organized Delivery System
- 1915(b) Medi-Cal Specialty Mental Health Services Waiver
- Seven 1915(c) Home and Community-Based Services (HCBS) Waivers

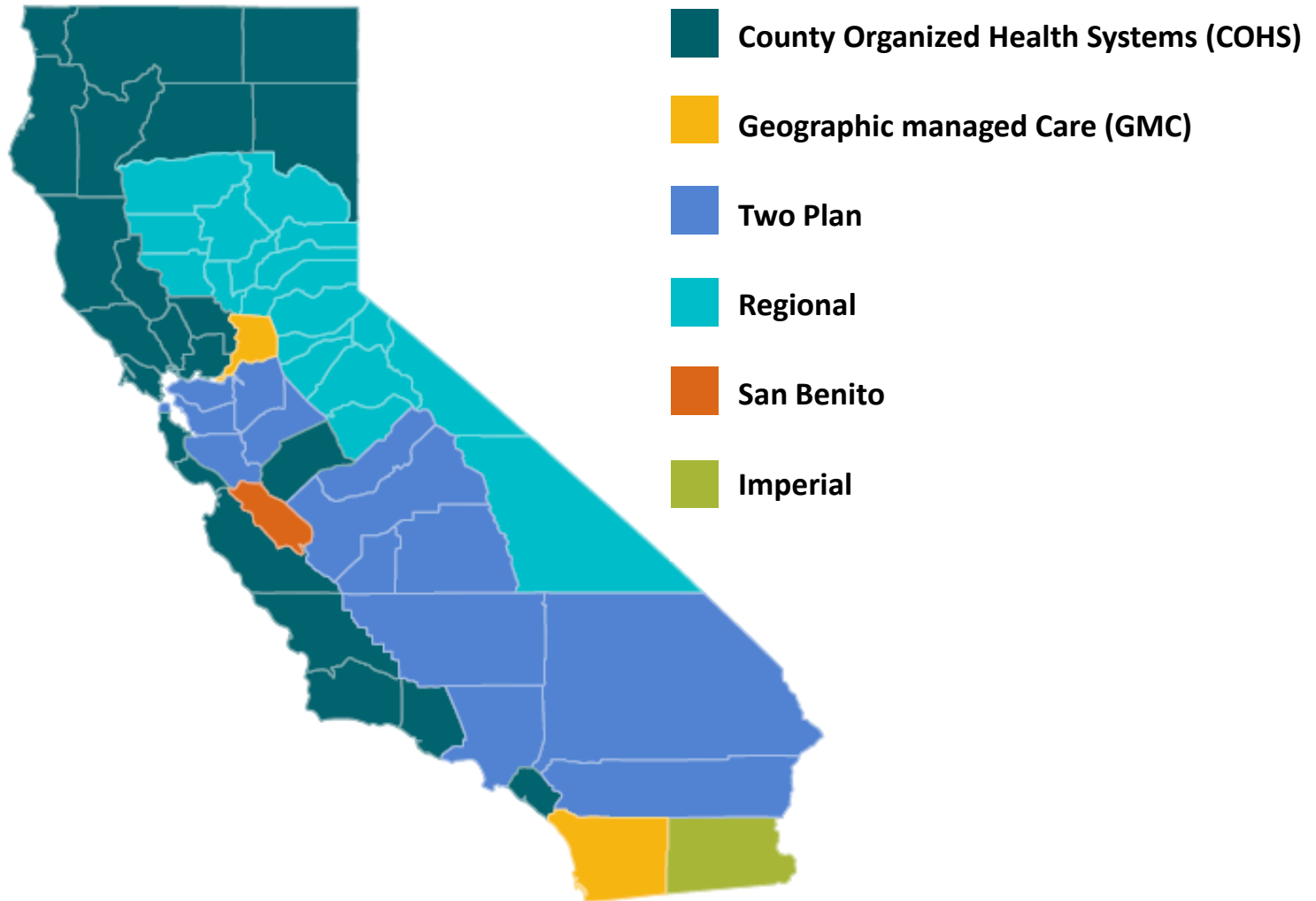


How do state policymakers add a new benefit or population?

- State Plan Amendment (SPA) process
 - For adding benefits or populations that require federal dollars and are consistent with current federal statutes governing Medicaid
 - E.g., Non-medical transportation
- Medicaid Waiver process
 - For adding benefits or using managed care to cover certain populations, and exemptions or exceptions to federal statutes needed
 - E.g., Home and community-based services
- Additional services or populations using only state funds do not require federal waivers
 - E.g., Undocumented children



Managed Care Delivery Systems vary by county





Benefits or Delivery Systems Carved Out of Managed Care Plans

Below is a list of examples of benefits or services carved-out of Medi-Cal Managed Care Plans but not intended to be an exhaustive list as carve outs vary by plan model and county

- Specialty Mental Health
- Substance Use Disorder Services
- Dental
- Long Term Care
- In-Home Supportive Services
- Home and Community Based Services
- California Children's Services
- Targeted Case Management
- High cost pharmaceuticals
- High cost procedures like transplants
- Local Educational Agency (LEA) Services
- Developmental Disability services
- Various populations and/or geographical areas



How does Medi-Cal monitor performance?

- Performance dashboards by delivery system
- Beneficiary satisfaction surveys
- External Quality Review Organization (EQRO) reports and findings
- Performance measures using Healthcare Effectiveness Data and Information Set (HEDIS) or other quality metrics
- Monitors enrollee grievance and appeals
- Audits



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Medi-Cal Financing

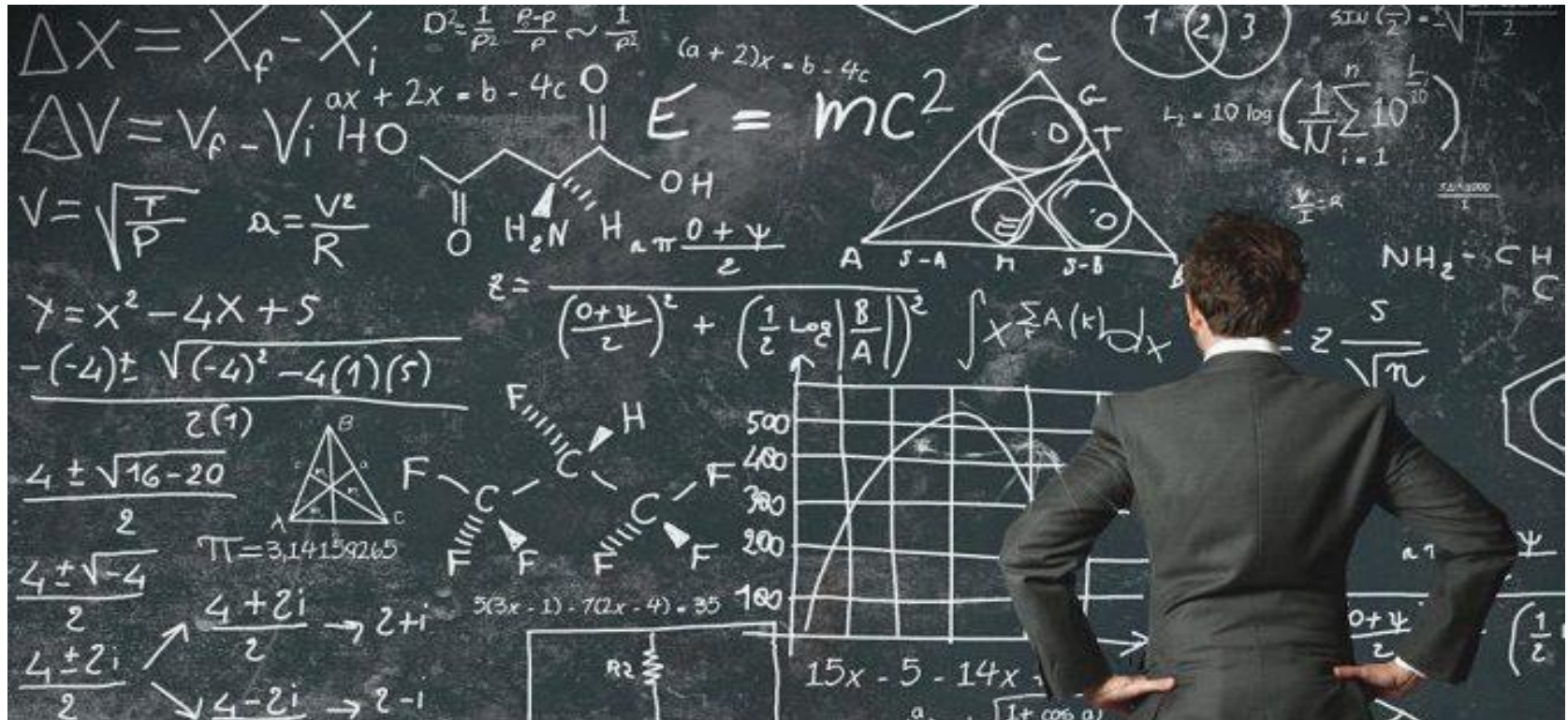
Lindy Harrington

Deputy Director, Health Care Financing

February 25, 2019



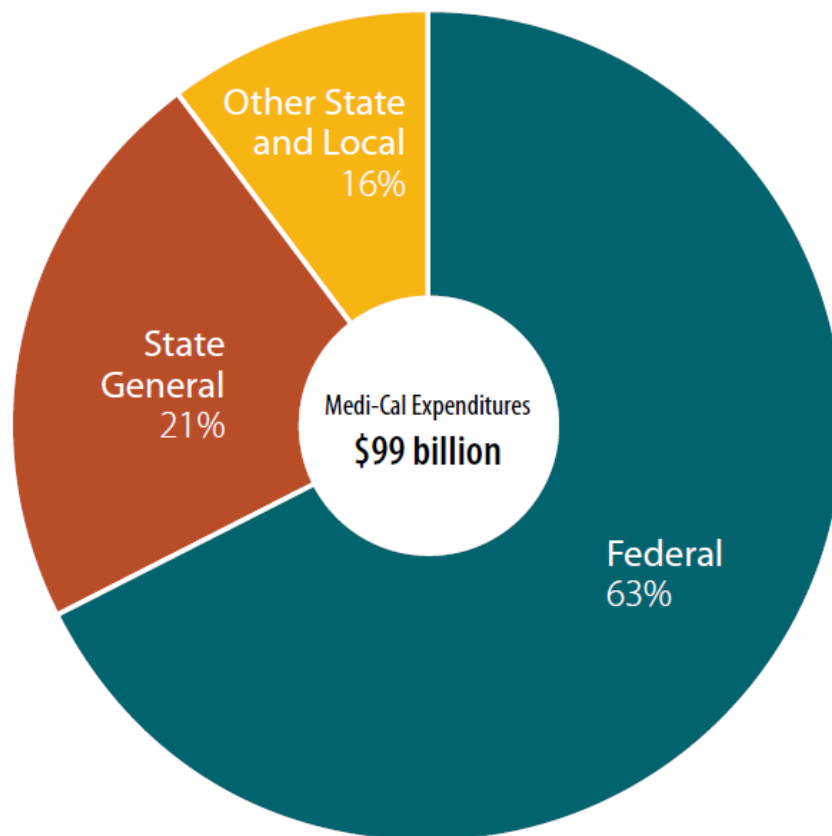
How Medi-Cal Financing Is Developed





How Is Medi-Cal Financed?

- \$99 billion in joint federal/state funds





Source Overview

- Federal Funding: Centers for Medicare & Medicaid Services (CMS) funds a share of the cost at varying matching rates depending on the eligibility category. Standard matching rate in California is 50%.
- Non-Federal Share:
 - General Fund
 - Special funds (taxes and fees)
 - Local government funds (intergovernmental transfers and certified public expenditures)



State Sources

- State share of Medi-Cal funding drawn from multiple sources, including the state General Fund (GF), local matching funds, provider fees, and health plan taxes.
- Funding sources allow California to draw down additional federal matching funds for Medi-Cal while reducing the impact on the GF.
- Counties and the public hospital systems are main sources of local matching funds and have significant impact on Medi-Cal financing and the ability of the state to support the program.



How Is the Medi-Cal Budget Set?

- DHCS develops detailed estimates of the overall costs of the Medi-Cal program twice a year (November and May).
- Three components:
 1. **Benefits**, or expenditures for the care of Medi-Cal beneficiaries;
 2. **County Administration**, or expenditures for the counties to determine Medi-Cal eligibility and administer aspects of the program; and,
 3. **Fiscal Intermediary**, or expenditures associated with the processing of claims.



Legislative Process

- Budget change proposals accompany governor's overall budget package
- Medi-Cal budget issues to Health and Human Services subcommittees in both houses
- Budget must pass both houses by June 15; governor signs along with “trailer bills” containing needed statutory changes



Mid-Year Budget Changes

- Program changes and legislative mandates can require mid-year budget adjustments
 - Examples:
 - Addition, modification, or elimination of a benefit or service
 - Provider fee-for-service (FFS) rate change
 - Eligibility change
 - Administrative requirement for health plans
- Plans and providers are often informed of these changes via All Plan Letters (for the health plans) and provider bulletins (for FFS changes).



How Do Budget Decisions Impact Payments to Doctors and Hospitals?

- Portion of the Medi-Cal budget is paid to managed care plans and each negotiates their own payment rates with doctors and hospitals.
- Providers who see patients in Medi-Cal FFS are paid according to the state fee schedule.
- Both managed care and FFS rates are impacted by state budget decisions and funding levels for Medi-Cal.

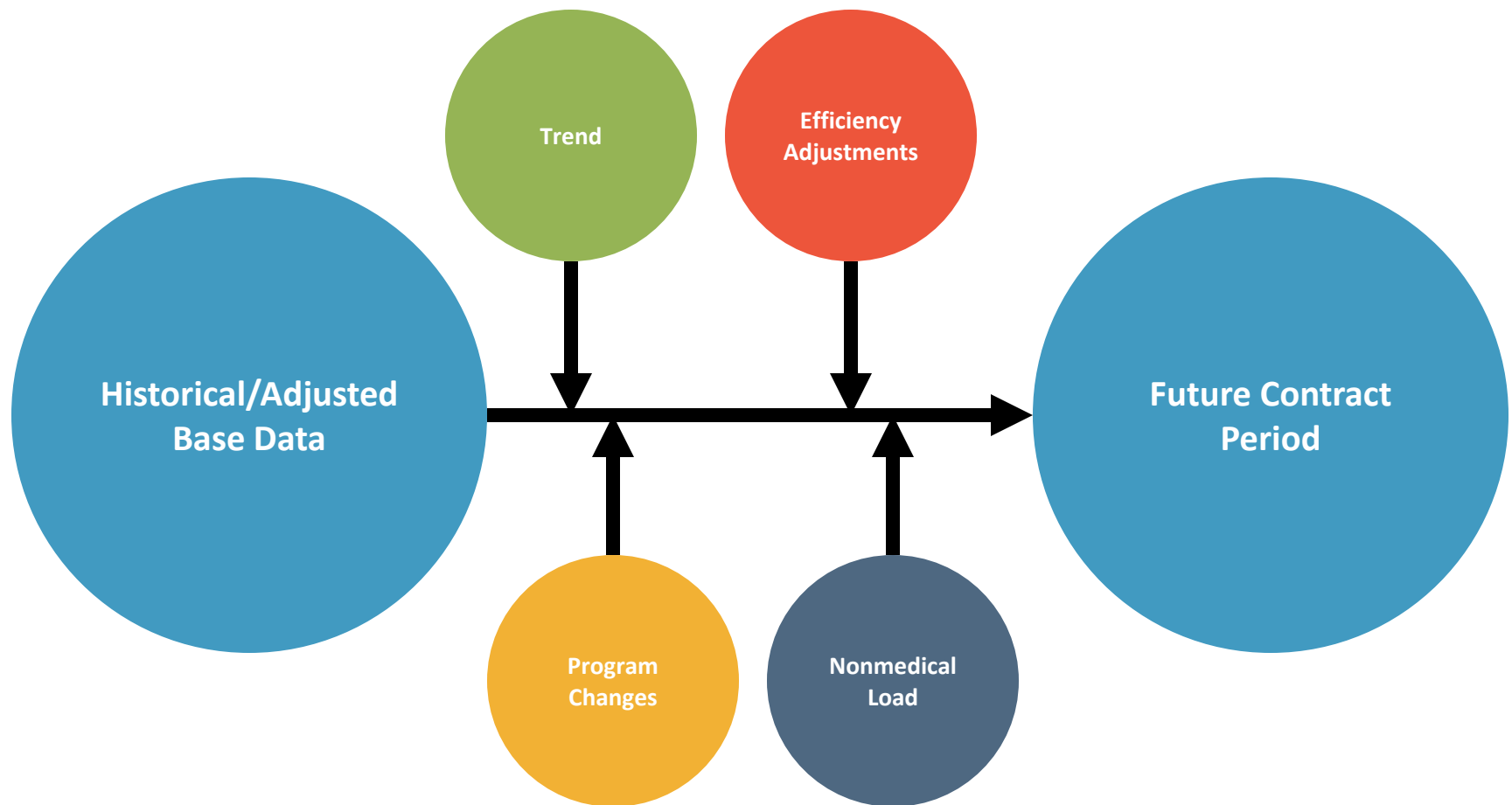


How Are Rates Set for Medi-Cal Managed Care Plans?

- Under a managed care contract, a Medi-Cal plan provides all covered services for a monthly capitation payment, also referred to as a per-member per month (PMPM) payment.
- These PMPM payments are governed by CMS rate setting rules and certified by an independent actuary.
- Separate PMPMs for different groups of beneficiaries (or “categories of aid”).



Rates Adjusted Based on Several Factors



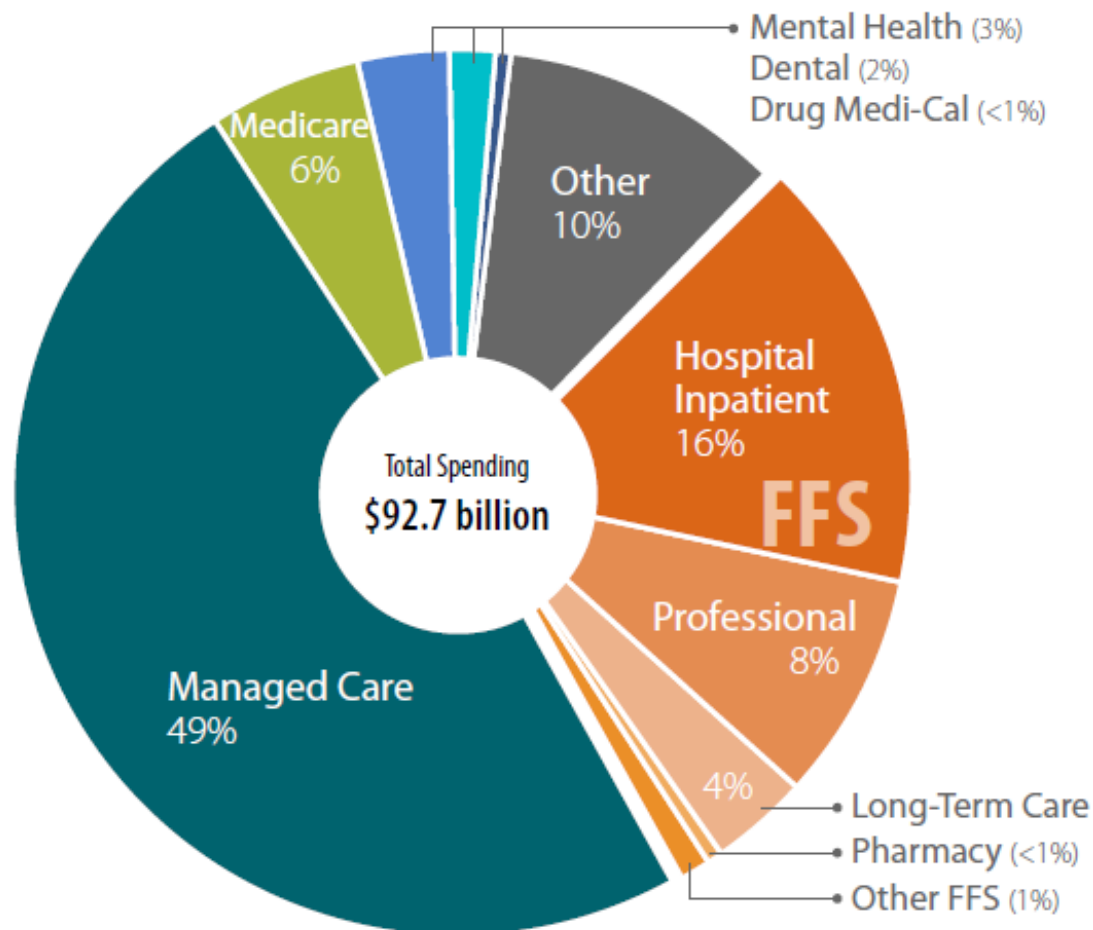


Managed Care Plans Also Receive Supplemental Payments

- Offset plan costs that are difficult to predict
 - E.g., maternity “supplemental capitation”
- Introduction of new services or benefits
 - E.g., hepatitis C drugs

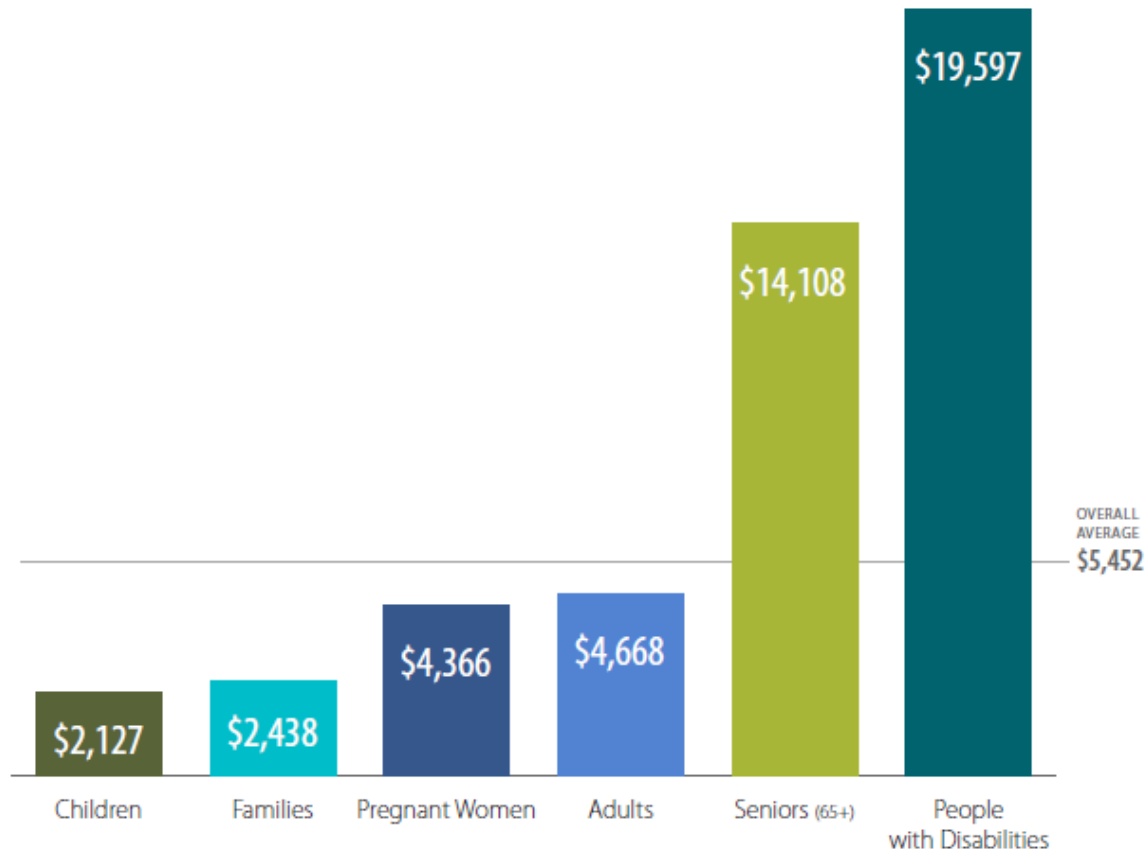


Distribution of Medi-Cal Spending by Service Category, FY 2017-18



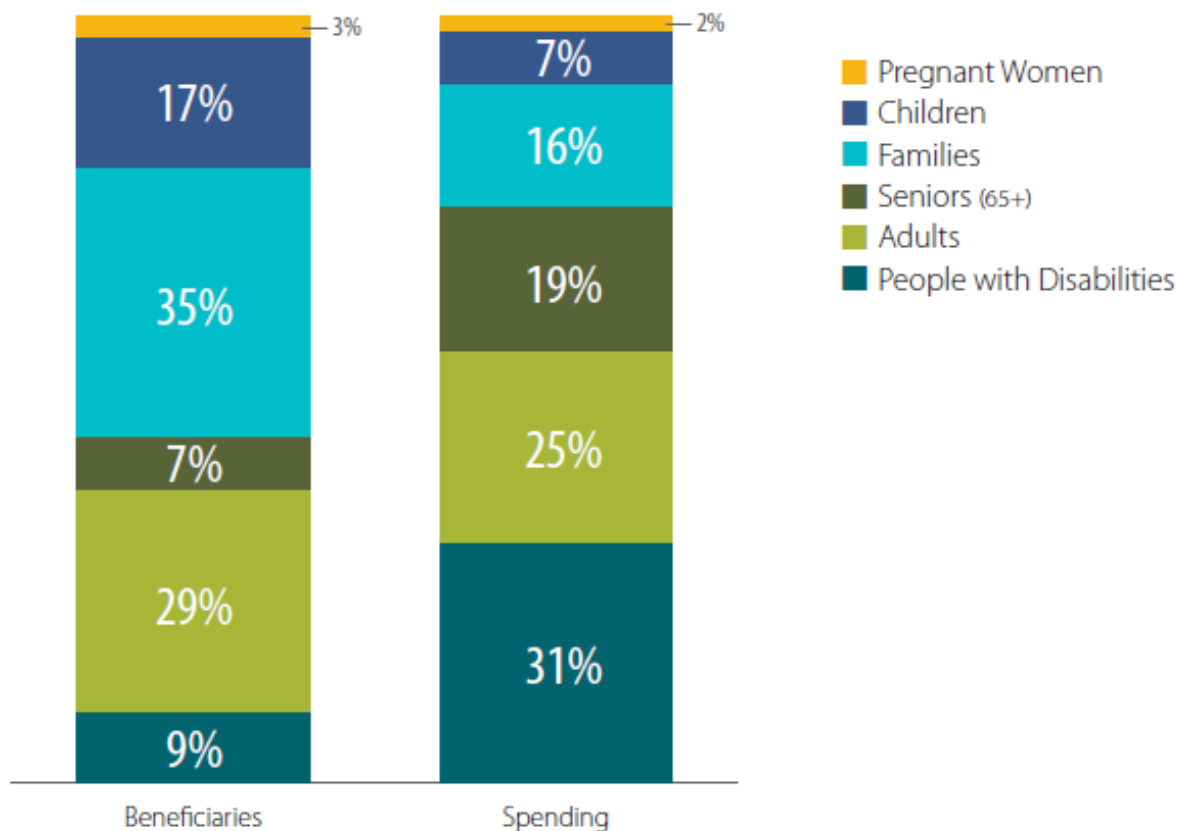


Medi-Cal Annual Spending per Beneficiary, FY 2017-18



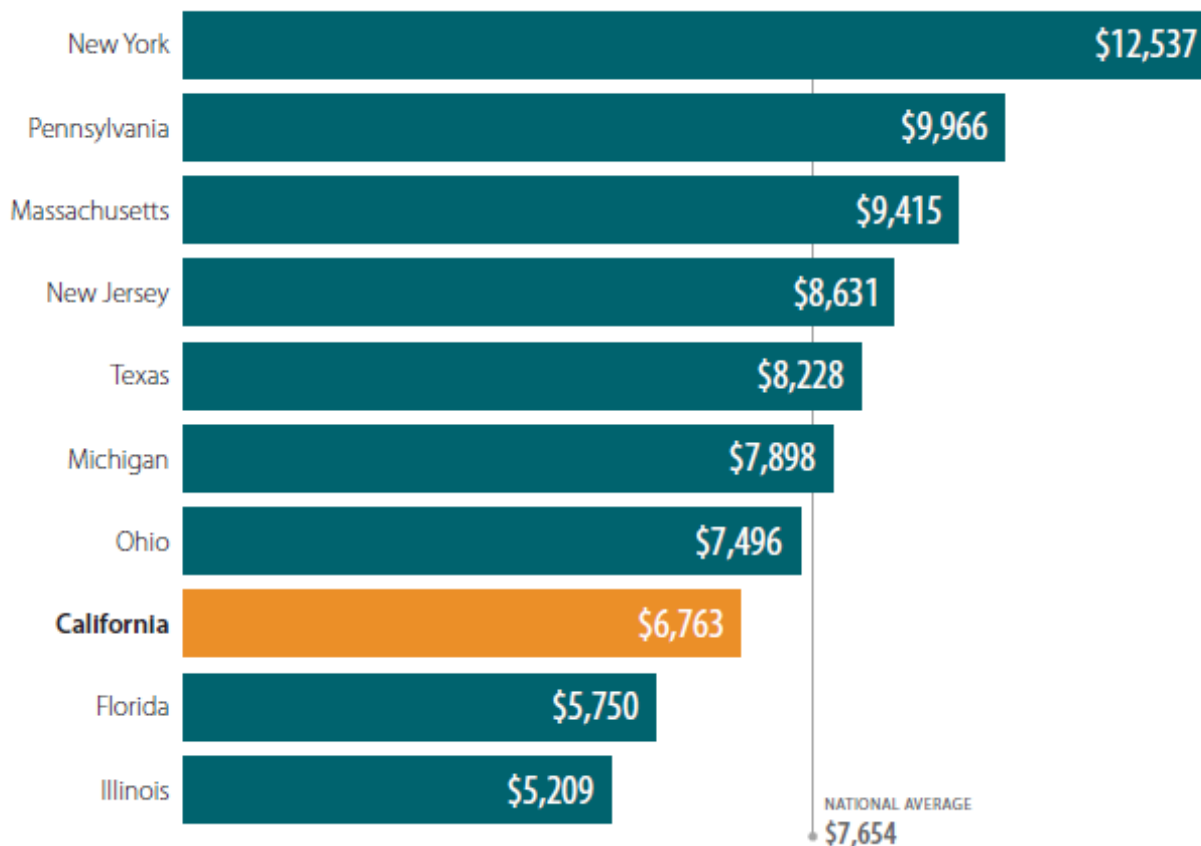


Beneficiaries and Spending, FY 2017-18





Medicaid Spending per Full-Year Equivalent Enrollee, FY 2017





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Thank You

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