CHCF Issue Brief

CalAIM Explained for Assisted Living Community Operators

California's assisted living and adult residential care communities are beginning to partner with Medi-Cal managed care plans as part of implementing CalAIM (California Advancing and Innovating Medi-Cal), which started in January 2022. Although CalAIM seeks to benefit all Medi-Cal enrollees, this brief focuses on its provisions for older adults, explaining how it aims to increase access and to improve the delivery of long-term services and supports. Under CalAIM, assisted living and adult residential care operators can tap into the Enhanced Care Management (ECM) benefits and optional Community Supports services through contracts with managed care plans (MCPs).[1] This creates new opportunities outside of the existing Assisted Living Waiver to expand access to assisted living and adult residential communities and to enhance the quality of life for Medi-Cal enrollees.[2]

Opportunities and Considerations

As with any new initiative, there are opportunities, challenges, and unknowns with this fledgling partnership between assisted living and adult residential care operators (referred to throughout this brief as "licensed operators") and MCPs. Licensed operators will have to determine if contracting with MCPs to serve eligible members through CalAIM aligns with the organization's business strategy. This begins with analyzing internal processes and systems and assessing external requirements and market demands.

The potential benefits to licensed operators of engaging with MCPs under CalAIM include these:

▶ Increasing access to assisted living and adult residential programs for Medi-Cal enrollees. Estimates suggest that a significant percentage of people living in skilled nursing facilities, at least 9%, could be better served in less restrictive environments like assisted living or adult residential care communities.[3]

▶ Opening up new market opportunities, which could boost occupancy levels in competitive markets and support stabilization of occupancy in older properties.

▶ Diversifying the payer mix, with the potential to strengthen financial stability.

▶ Collaborating with community-based agencies to supplement core residential services that could result in better outcomes and increased resident retention.

▶ Negotiating rates that better align with regional market demands and individual care needs.

However, there are considerations and challenges that assisted living operators must pay attention to when entering into a contract with an MCP. Participating in the delivery system through such a contract may require changes to internal processes and systems. Some considerations include these:

▶ Navigating more oversight, reporting, and infrastructure requirements to meet MCPs' approval and billing standards.

▶ Changing workflows to meet stricter regulatory requirements related to comprehensive assessments, care coordination and documentation, and updated residency agreements and house rules.

▶ Managing operational uncertainties related to new types of contractual agreements around eligibility, admission, and retention requirements for residents, including potential regulatory restraints around Supplemental Security Income recipients.

▶ Addressing MCP-specific invoicing, documentation, coding, and prior authorization requirements before approving and paying out claims.[4] Also, residents are

billed separately for room and board, which creates an additional layer of operational complexity.

➤ Negotiating rates with MCPs, which will require that operations and marketing teams can clearly articulate the care needs and associated costs for providing care to MCP enrollees.

➤ Planning for possible service disruptions due to potential changes in MCP service areas.[5] In January 2024, MCPs will enter into new contracts with California's Department of Health Care Services, and some will leave service areas, enter them, or both. In addition, each year MCPs can choose to stop covering optional Community Supports benefits, which may require renegotiating payments or relocating residents.

CalAIM Overview

The primary ways that assisted living operators could partner with MCPs are through ECM and Community Supports, two key initiatives within CalAIM with the potential to improve care for older adults.

ECM is a new Medi-Cal managed care benefit that provides intensive coordination of health and health-related services to address the clinical and nonclinical needs of MCP enrollees in nine "populations of focus." The three relevant ECM populations for assisted living operators include these:

➤ Adults living in the community and at risk for long-term care institutionalization

➤ Adult nursing facility residents transitioning to the community

➤ Adults at risk for avoidable hospitalization or emergency department utilization. This includes those who meet one or both of these conditions:

   ➤ Five or more emergency room visits in a six-month period that could have been avoided, or

   ➤ Three or more unplanned hospital and/or short-term skilled nursing facility stays in a six-month period

Under ECM, a licensed operator could either provide care coordination or develop relationships with ECM providers offering care coordination. These services must be provided under ECM:

➤ Outreach and Engagement

   ➤ Assisted living operators could either serve as ECM providers themselves or collaborate with others to identify and engage people in nursing facilities who could thrive in an assisted living community, or to get referrals from people in the community at risk of institutionalization.

➤ Comprehensive Assessment and Care Management Plan

➤ Enhanced Coordination of Care

➤ Health Promotion

➤ Comprehensive Transitional Care

➤ Member and Family Supports

➤ Coordination of and Referral to Community and Social Support Services

The ECM policy guide provides more detail that may help clarify this benefit.[6]

Community Supports are also provided by MCPs as alternatives to traditional medical services or settings, and are optional for MCPs to offer. These include 14 services that address challenges, including social drivers of health, that contribute to unnecessary and costly delivery of care. A key goal of Community Supports is to let enrollees obtain care in the least restrictive setting possible and to remain in community settings, as appropriate.

Of the Community Supports available, two have the most potential to support Medi-Cal enrollees who qualify for assisted living and residential care: Skilled Nursing Transition/Diversion to Assisted Living and Respite Care. All Community Supports have specific qualification criteria that can be found in the Community Supports policy guide.[7]

CalAIM encourages — but does not require — MCPs to provide these supports in service areas where they are needed. MCPs choose which Community Supports will be offered by service area, and these elections are updated every six months. In a given county, each MCP

can add new Community Supports every six months and can stop offering a specific Community Support once a year. At the time of publication, 74 plans in 39 of California's 58 counties were offering Skilled Nursing Transition/Diversion, and 97 plans in 57 counties were offering Respite Care.[8]

Skilled Nursing Transition/Diversion to Assisted Living

The most notable opportunity within Community Support services for assisted living operators is Skilled Nursing Transition/Diversion. Medi-Cal MCP enrollees residing in a skilled nursing facility or at home, but at a high risk of needing skilled nursing care, may be eligible to choose to live in a contracted assisted living community. This service is designed to prevent unnecessary institutionalization and promotes supportive person-centered living. Participating MCPs negotiate rates with licensed operators based on individual needs and market demands in the region. The state provided nonbinding pricing guidance for this and other Community Supports.[9] This guidance offers information on potential rates for MCPs and providers to consider for the transition itself and for ongoing services. The guidance clarifies that the two services could be combined into a single rate, and while it prices ongoing services hourly, it also references the per diem tiers of the Assisted Living Waiver. Participating licensed operators are reimbursed for providing care and support with personal care, medication oversight, and observation by round-the-clock on-site direct care staff. The resident is responsible for the payment of room and board (typically using SSI/SSDI income), while the MCP picks up the cost of wraparound services that support help with activities of daily living.

Respite Services

Respite services are provided to caregivers of MCP members who require intermittent temporary supervision. The services are provided short term to relieve caregivers and are nonmedical. Licensed operators may contract with MCPs to offer short-term respite services.

Respite services offered by licensed operators could include these:

- ➤ Services provided by the day or overnight on a short-term basis because of the absence of, or need for relief for, those normally providing the care.

- ➤ Services that attend to the managed care plan member's basic self-help needs and other activities of daily living, including interaction, socialization, and continuation of usual daily routines ordinarily performed by those who normally care for and/or supervise them.

Some licensed operators are also considering offering Short-Term Post-Hospitalization and Recuperative Care (Medical Respite), two Community Supports services especially geared toward people experiencing homelessness.

CalAIM and the Assisted Living Waiver

CalAIM's ECM and Community Supports and the Assisted Living Waiver (ALW) program are separate programs. CalAIM is a statewide reform of the Medi-Cal program and expands access to assisted living and adult residential care through MCPs. The MCPs administer optional services known as Community Supports and a benefit called Enhanced Care Management. The ALW is a distinct waiver program that has limited capacity and geographic coverage and remains outside of managed care. Unlike the ALW program's statewide reimbursement tiers set by the Department of Health Care Services, reimbursement for services under CalAIM is negotiated locally.

Next Steps

Assisted living and residential care operators who partner with MCPs can increase Medi-Cal enrollees' access to appropriate care and services, which could improve their quality of life. In addition, operators can diversify their services and payer mix by partnering with MCPs. When approaching managed care plans, assisted living operators should be prepared to:

- ➤ Demonstrate the ability to meet the MCP members' needs and preferences, including providing support for activities of daily living and independent activities of daily living based on individual needs, medication

management, person-centered assessments, service plans, and oversight.

▶ Use effective documentation and interventions to reduce negative outcomes (e.g., fall mitigation plans, hospital readmission mitigation, behavior management programs, medication management protocols, care coordination and quality improvement programs).

▶ Provide accurate and timely billing based on eligibility criteria.

▶ Support care coordination through regular partner meetings focused on key quality indicators such as changes in condition, incident reviews, demographic information, and move-in/move-out data.

Finally, assisted living and residential care operators should carefully consider how contracting with MCPs to provide services to Medi-Cal enrollees under CalAIM aligns with their organization's mission, strategic focus, and long-term sustainability.

About the Authors

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About the Foundation

The California Health Care Foundation is an independent, nonprofit philanthropy that works to improve the health care system so that all Californians have the care they need. We focus especially on making sure the system works for Californians with low incomes and for communities who have traditionally faced the greatest barriers to care. We partner with leaders across the health care safety net to ensure they have the data and resources to make care more just and to drive improvement in a complex system. For more information, visit www.chcf.org.

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Endnotes

1. "CalAIM Enhanced Care Management and Community Supports," Dept. of Health Care Services (DHCS), accessed August 2, 2023.

2. "Assisted Living Waiver," DHCS, accessed August 10, 2023.

3. Jesse Bedayn, "No Way Out: How the Poor Get Stranded in California Nursing Homes," CalMatters, January 20, 2022.

4. *CalAIM Data Guidance: Billing and Invoicing Between ECM/ Community Supports Providers and MCPs* (PDF), DHCS, updated April 2023; and *Enhanced Care Management and Community Supports Coding Options* (PDF), DHCS, updated March 2022.

5. *Medi-Cal Managed Care Plans by County (as of 2023 and 2024)* (PDF), DHCS, April 2023.

6. *CalAIM Enhanced Care Management Policy Guide* (PDF), DHCS, updated July 2023.

7. *Medi-Cal Community Supports, or In Lieu of Services (ILOS), Policy Guide* (PDF), DHCS, updated July 2023.

8. *CalAIM Community Supports - Managed Care Plan Elections* (PDF), DHCS, updated June 2023.

9. *Non-Binding ILOS Pricing Guidance* (PDF), DHCS, updated August 5, 2021.