Section 1115 Waiver Renewal Concept Development

Wendy Soe
Senior Advisor for Policy Development
Department of Health Care Services
January 23, 2015
<table>
<thead>
<tr>
<th><strong>1115 Waivers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Allow states flexibility to design demonstration projects that promote the objectives of the Medicaid program</td>
</tr>
<tr>
<td>Demonstrations are typically approved for five years; states may submit request for renewal for 3 - 5 years</td>
</tr>
<tr>
<td>Must be budget neutral</td>
</tr>
</tbody>
</table>
2010-2015 Bridge to Reform
## “Bridge to Reform” Waiver
### 2010 - 2015

Current Waiver demonstration sunsets October 31, 2015

Waiver renewal request must be submitted to the Centers for Medicare and Medicaid Services (CMS) at lest 6 months before the end of the current Demonstration

<table>
<thead>
<tr>
<th>Six Primary Goals</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strengthen California’s health care safety net</td>
</tr>
<tr>
<td></td>
<td>Maximize opportunities to reduce the number of uninsured individuals</td>
</tr>
<tr>
<td></td>
<td>Optimize opportunities to increase federal financial participation and maximize financial resources to address uncompensated care</td>
</tr>
<tr>
<td></td>
<td>Promote long-term, efficient, and effective use of state and local funds</td>
</tr>
<tr>
<td></td>
<td>Improve health care quality and outcomes</td>
</tr>
<tr>
<td></td>
<td>Promote home-and community-based care</td>
</tr>
</tbody>
</table>
Successes of “Bridge to Reform”

- Low Income Health Program (LIHP)
- Delivery System Reform Incentive Pool (DSRIP) + Category 5 HIV Transition Projects
- Transition of Seniors and Persons with Disabilities (SPDs) into Mandatory Managed Care
- California Children’s Services (CCS) Pilots
- Health Families Program (HFP) Transition
- Rural Managed Care Expansion
- Indian Health Services Uncompensated Care claiming
- ACA Optional Medi-Cal Expansion
- Community-Based Adult Services (CBAS)
- Integration of Outpatient Mental Health Services
- Safety Net Care Pool / Designated State Health Programs
- Coordinated Care Initiative (CCI)
- Organized Delivery System Waiver for the Drug Medi-Cal (DMC) Program (pending)
- Full Scope Medi-Cal for Pregnant Women 109-138% FPL (pending)
2015 Waiver Renewal
Initial Concepts & Stakeholder Process
Objectives

Shared Goals with CMS

• To further delivery of high quality and cost efficient care for our beneficiaries
• To ensure long-term viability of the delivery system post-ACA expansion
• To continue California’s momentum and successes in innovation achieved under the “Bridge to Reform” Waiver

Bring together state and federal partners, plans and providers, and safety net programs to share accountability for beneficiaries’ health outcomes and expand access

Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency

Use California’s sophisticated Medicaid program as an incubator to test innovative approaches to whole-person care
Initial Waiver Concepts

- Federal-State Shared Savings
- Provider / MCO Incentive Programs
- Safety Net Payment Reform – DSH/SNCP
- FQHC Payment/Delivery Reform
- Successor DSRIP
- CCS Program Redesign
- Housing/Shelter for Vulnerable Populations
- Workforce Development
The Department is in the midst of a stakeholder process with workgroups dedicated to each initial concept. Workgroup members are comprised of subject matter experts in each respective area.

Behavioral/physical health integration strategies are a sub-topic of several of the workgroups

Meetings are open to the public with time allotted to public comment

Submission of Waiver Renewal to CMS anticipated for February/ March 2015

Development of Special Terms and Conditions and negotiations with CMS through Fall 2015
Federal/State Shared Savings

• Under the Waiver, a per-beneficiary-per-month cost amount would be established based on predicted costs for those beneficiaries absent the waiver

• The state would retain a portion of federal funding for the difference between actual expenditures and pre-established per beneficiary amounts

• The savings serve as key reinvestment funding that will allow CA to implement many of the other waiver initiatives that will drive this savings as well as quality improvement

• Concept is not a per-capita cap that limits entitlement spending; any excess spending over the anticipated per-beneficiary cost would count against budget neutrality margin

• **Stakeholder Process**: One all-day stakeholder meeting for the Department to present the savings model and solicit input from a broad, impacted

**Related Objective**: Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
Provider/MCO

Incentive Programs

• CA would seek Waiver authority to create one or more incentive programs to achieve goals of the Triple Aim
• Focus on coordinated care across physical health, mental health, substance abuse disorder services, and long term care as well as improved quality and value within the delivery system
• Incentive payments could target total cost of care and allow for shared savings amongst impacted entities for meeting specified quality and outcome measures
• Incentives could be targeted at both managed care plans or Medi-Cal providers in order to impact both members in managed care and FFS
• Stakeholder Process: Three targeted workgroup sessions on incentive programs and financing strategies

**Related Objective:** Strengthen primary care delivery and access

**Related Objective:** Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency

**Related Objective:** Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
Successor DSRIP

- Would build on lessons learned from 2010 DSRIP and other states’ DSRIPs
- Lessons learned from the BTR DSRIP could inform program design for Non-Designated Public Hospitals (NDPHs)
- Successor DSRIP would be more outcomes and value-oriented and seek to demonstrate advancement of the Triple Aim more consistently across the public hospital systems
- 5 new potential domains: 1) Delivery System Transformation, 2) Care Coordination for High Risk, High Utilizing Populations, 3) Resource Utilization Efficiency, 4) Prevention, 5) Patient Safety
- **Stakeholder Process**: Four targeted workgroup sessions of impacted hospital associations and affiliated stakeholders

**Related Objective**: Strengthen primary care delivery and access

**Related Objective**: Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency

**Related Objective**: Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
Housing/Shelter and Supportive Services for Vulnerable Populations

- Potential to test integrated whole-person care concepts that coordinate and facilitate access to housing and supportive services with the goal of better health outcomes for vulnerable high-need populations.
- Stakeholder process will help identify opportunities tailored to enhance local efforts and Waiver demonstration options (target populations, geographies, funding streams, coordination with regional partners-plans, counties, housing authorities/agencies, etc.)

**Related Objective:** Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency.

**Related Objective:** Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care.
Workforce Development

• Address need to transform and expand primary care delivery systems to serve the Medi-Cal population, given increased competition for providers post-ACA
• Expand existing providers’ ability to deliver quality care to additional Medi-Cal members and users of CA’s safety net
• Attract additional workforce to participate in the Medi-Cal program including new categories of health workers with expertise in physical-behavioral health integration and that have cultural and linguistic skill sets for broad community reach
• Drive value by leveraging non-physician workforce
• Potential incentive concepts: telehealth, loan repayment and other provider incentives tied to service commitment, provider training and education
• **Stakeholder Process:** Three targeted workgroup sessions

**Related Objective:** Strengthen primary care delivery and access
Safety Net Payment Reform – DSH/SNCP

• Aim for innovation in aligning incentives for safety net providers by transforming the traditional Disproportionate Share Hospital (DSH) and Safety Net Care Pool (SNCP) reimbursement structures
• Explore concept of county-specific global payments that seeks federal flexibility to integrate DSH and SNCP funding and serve as lever for whole-person coordinated care
• Support safety net providers in their efforts to provide comprehensive care for the remaining uninsured that includes primary care, in lower costs outpatient and clinic settings
• **Stakeholder Process:** Three targeted workgroup sessions with on payment and delivery system reform for the safety net/uninsured

**Related Objective:** Strengthen primary care delivery and access

**Related Objective:** Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency

**Related Objective:** Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
FQHC Payment/Delivery Reform

• Discussions on FQHC payment and delivery system reform occurring in separate workgroup efforts; under the waiver, the reforms will further support the goals of quality and value-based purchasing.

• Not seeking Waiver authority to waive PPS or Alternative Payment Methodology requirements

• Goal is to transform care at FQHCs from a volume-based model to a risk-based model and provide FQHCs with incentives and flexibilities to provide cost-effective, patient-centered care

Related Objective: Strengthen primary care delivery and access

Related Objective: Avoid unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency

Related Objective: Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
California Children’s Services

• Existing demonstration pilots will continue (HPSM, Rady Children’s Hospital)
• Separate stakeholder process administered by UCLA Center for Health Policy Research in conjunction with DHCS
• No predetermined delivery system identified, all options to be considered
• Key program principals will be maintained (e.g.: provider standards, whole child approach, maintaining regional provider network)
• Will include workgroups in key subject matter areas (e.g.: funding simplification, provider network, care coordination, patient centered medical care)

Related Objective: Use California’s sophisticated Medicaid Program as an incubator to test innovative approaches to whole-person care
Questions / Comments:

WaiverRenewal@dhcs.ca.gov

Wendy Soe, MPA
Senior Advisor for Policy Development
(916) 552-9185
wendy.soe@dhcs.ca.gov

Department of Health Care Services
1501 Capitol Ave MS 0000
P O Box 997413
Sacramento, CA 95899-7413