

Equity and Practice Transformation Payments






Department of Health Care Services 2022-23 Updated May Revisions Proposal

During the COVID-19 Public Health Emergency (PHE) DHCS has seen a significant reduction of preventive and routine chronic condition care, which disproportionately affected low-income communities of color. Furthermore, 55% of school aged children are enrolled in Medi-Cal, 50% of the state's births are in Medi-Cal, and 68% of the Medi-Cal population is Black, Latino or people of color. As COVID-19 laid bare, the communities most affected by COVID-19 also are often in most dire need of investments, health care access and infrastructure. The department proposes one-time \$700 million (\$350 million General Fund) to advance equity, reduce COVID-19-driven care disparities, invest in up-stream care models and partnerships to address health and wellness for ages zero to five and fund practice transformation aligned with value-based payment models to allow Medi-Cal providers to better serve the state's diverse Medi-Cal enrollee population. This funding is proposed to be available until June 30, 2027.

To align with the goals of the Medi-Cal Comprehensive Quality Strategy and Equity Roadmap, these funds would pay for delivery system transformation grants to pediatric, primary care, OB/GYN and behavioral health providers focused on advancing DHCS' equity goals in the **"50 by 2025: Bold Goals" Initiative** and to prepare them to participate in alternative payment models.

**BOLD GOALS:
50x2025**

STATE LEVEL

-  Close racial/ethnic disparities in well-child visits and immunizations by 50%
-  Close maternity care disparity for Black and Native American persons by 50%
-  Improve maternal and adolescent depression screening by 50%
-  Improve follow up for mental health and substance use disorder by 50%
-  Ensure all health plans exceed the 50th percentile for all children's preventive care measures

Consistent with the proposed budget bill language, these funds would include funding for a state-wide learning collaborative to support implementation and share best practices; initial planning grants and practice transformation grants:

Statewide Learning Collaborative (\$25 million over 5 years) would support all participants in the incentive program in implementation of practice transformation activities, sharing and spread of best practices, and achievement of stated quality and equity goals. Different tracks would be created for different workstreams.

Initial Planning Grants (\$25 million over 1 year) would help small/medium/ independent practices apply for the Practice Transformation Grants. This grant funding could be used by each

practice for staff time to prepare the grant application and/or the hiring of a consultant to help the practice conduct a needs assessment, assist with research, tools, strategies, and recommendations to include in the development of their grant proposal and with completing the grant application.

Equity and Practice Transformation Payments—\$650 million (\$325 million General Fund) over 5 years would support investment in provider infrastructure, including infrastructure to support data exchange and advanced data analytics, and practice transformation efforts to achieve Medi-Cal's quality and equity goals and support practices to prepare for alternative payment model arrangements. Such interventions include, but are not limited to case management and/or system mechanisms for identifying and addressing underutilization and closing care disparities, clinical infrastructure, electronic medical record system updates, population health improvements, telehealth, remote patient monitoring, etc. and will help practices in their work to make it possible for DHCS to realize its 50% by 2025 Bold Goals. Full grant design details, to be finalized.

DHCS proposes practices work on one or more of the following workstreams:

- Maternity and early childhood health transformation: Aimed at identifying and addressing disparities and clinical quality outcomes for pregnant persons and infants
- Childhood and adolescent health transformation: Aimed at identifying and addressing disparities and clinical quality outcomes for school-aged children and adolescents
- Whole person primary care transformation: Aimed at identifying and addressing disparities and clinical quality outcomes for primary care patients (of all ages), especially focused on addressing social and behavioral health needs
- Early childhood health: Aimed at upstream prevention and addressing social drivers of health using evidence-based models of care and partnership with local entities outside of healthcare (e.g. scaling models such as Health Steps or Project Dulce, efforts to coordinate and increase enrollment into home visiting programs, WIC, and CalFresh benefits)

Moreover, \$200 million (\$100 million General Fund) of the \$650 million will be dedicated towards preparing practices for value-based care. This includes implementing practice infrastructure such as electronic health record systems, data collection, recording capabilities, improved data exchange) and implementation of care management systems. Such funds shall focus on areas located in the first and second quartiles of the Healthy Places Index, to support provider practices to adopt value-based and other payment models that improve health care quality while reducing costs.