



CalAIM In Lieu of Services Informational Webinar

August 4, 2021



Agenda

- **Welcome and Webinar Overview**
- **What are "In Lieu of Services" (ILOS)?**
- **How will ILOS Impact Members' Health and Health Care Costs?**
- **How will Whole Person Care Pilots Transition to ILOS?**
- **How are ILOS Paid for?**
- **Questions**



What are "In Lieu of Services" (ILOS)?



ILOS Overview and Goals

CalAIM is a new initiative by the Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of Medi-Cal Members by implementing broad delivery system, program, and payment reform. A key feature of CalAIM is ILOS.

- ILOS builds on the work of Whole Person Care (WPC) Pilots, Health Home Program (HHP), and home and community-based services (HCBS) initiatives to better address the health-related social needs of Medi-Cal Members.
- ILOS are optional cost-effective alternatives to covered Medi-Cal services. DHCS strongly encourages managed care plans (MCPs) to offer a robust menu of ILOS to comprehensively address Members' needs.
- ILOS can be highly valuable to Members by substituting for and decreasing utilization of a range of covered Medi-Cal benefits, such as hospital care, nursing facility care, and emergency department use.



List of Pre-Approved ILOS

1. Housing Transition Navigation Services
2. Housing Deposits
3. Housing Tenancy and Sustaining Services
4. Short-term Post-Hospitalization Housing
5. Recuperative Care (Medical Respite)
6. Respite Services
7. Day Habilitation Programs
8. Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for Elderly and Adult Residential Facilities
9. Community Transition Services/Nursing Facility Transition to a Home
10. Personal Care and Homemaker Services
11. Environmental Accessibility Adaptations (Home Modifications)
12. Medically Tailored Meals/Medically Supportive Food
13. Sobering Centers
14. Asthma Remediation



Vision for the Widespread Adoption of ILOS

Widespread adoption of ILOS is critical to enabling California to move beyond county-based Pilots to statewide implementation and funding of whole person-centered care.

Guidance on Adoption of ILOS

- MCPs are strongly encouraged, but not required, to offer a robust list of pre-approved ILOS to all Members who are eligible to receive that service on a county-wide basis.
- MCPs may add ILOS every six months and remove previously offered ILOS annually.
- It is DHCS' expectation that MCPs will transition all WPC Pilot enrollees to any elected ILOS corresponding with the WPC services that enrollee is receiving.



Market Interest in ILOS

Preliminary Insights

Preliminary review of Model of Care Template submissions indicate a high interest among MCPs to offer ILOS beginning 1/1/2022.

Out of the 25 MCPs in California:

- 25 MCPs intend to offer 1 or more ILOS by 1/1/2022
- 9 MCPs intend to offer 7 or more ILOS by 1/1/2022
- Nearly all MCPs are planning on expanding their ILOS elections in the 6-month interim periods following the initial launch of ILOS and are using the extra time to develop their networks and build out future capacity.



MCP Implementation of Elected ILOS

Operationalizing ILOS

- DHCS has developed standardized ILOS service definitions to which MCPs must adhere.
 - Promoting consistency enables preparation for these services to be transitioned into a statewide benefit in the future.
- MCPs may not modify the services that are defined in the ILOS service definitions, including but not limited to:
 - To offer only some components of a service and not others.
 - To change standards around provision of a given service.

(see example on next slide)



Example: MCP Implementation of Elected ILOS (Cont'd)

Example: Asthma Remediation

If an MCP elects to offer the Asthma Remediation ILOS, the MCP:

- **Must commit to providing a comprehensive suite of remediation services** to the home environment that are necessary to ensure the health, welfare, and safety of the individual, or enable the individual to function in the home and without which acute asthma episodes could result in the need for emergency services and hospitalization
- **Be prepared to offer all elements when and if appropriate for an individual's circumstances**; while any given individual may not need every element, an MCP may not, for example, elect to offer Asthma Remediation and only provide de-humidifiers as the service



How will ILOS Impact Members' Health and Health Care Costs?



Potential Impacts of ILOS on the Health of Medi-Cal Members

DHCS has taken a multi-faceted approach to selecting the pre-approved ILOS including by reviewing research literature likely to be a cost-effective alternative service or setting when provided to select populations.

Learning from Experience

- An interim evaluation of the WPC Pilots demonstrated a reduction in hospital utilization and improvements in both physical health and self-reported emotional wellbeing.¹
- Case studies illustrate the personal stories of King County WPC Pilot beneficiaries.

Research Literature

- DHCS has reviewed research literature and found evidence for the cost-effectiveness and medical appropriateness of the state's pre-approved ILOS for select populations.



Case Study: WPC Pilots' Impacts on Non-Medical Services

Related ILOS: Short-term Post Hospitalization Housing and Housing Navigation Services



Kings Area Resource and Enhanced Linkages

- Ms. Jones referred herself to the Kings County WPC Pilot. During the initial screening she disclosed concerns related to both physical and mental health and expressed a goal of gaining housing. Due to Ms. Jones's physical health conditions, she requires a wheelchair, catheter, and colonoscopy bag.
- Shortly after screening, she was hospitalized for an acute mental health issue. Upon release, her housing needs became more crucial. Ms. Jones's case manager in partnership with a housing navigator helped her secure local supportive housing.
- When she was discharged from the hospital, her care manager helped transport her directly to her new home, instead of additional costly nights spent in the hospital.



ILOS Cost-Effectiveness and Health Benefits: *Housing Support Services*

Housing Transition/Navigation, Deposits and Tenancy Sustaining Services use robust case management to help individuals experiencing homelessness/housing insecurity to find and maintain stable housing.

Studies have shown that providing robust housing supports to targeted high-needs populations can have the following impacts:

- Reduce emergency department (ED) visits
- Reduce inpatient hospital utilization
- Reduce emergency behavioral health care utilization

Select research literature includes:

- New York's housing supports program yielded aggregate reductions in inpatient days (40%), ED visits (26%), and inpatient psychiatric admissions (27%).²
- Los Angeles' Housing for Health Program reduced ED visits (67.5%), inpatient days (76.7%), and utilization of Department of Mental Health crisis stabilization services (59.5%).³



ILOS Cost-Effectiveness and Health Benefits: *Recuperative Care*

Recuperative Care (or medical respite) is short-term residential care for individuals who no longer require hospitalization, but still need to heal from an injury or illness (including behavioral health conditions) and whose condition would be exacerbated by an unstable living environment.

Studies have shown Recuperative Care for targeted, high-needs populations can have the following impacts:

- Reduce ED visits
- Reductions in inpatient stays and hospital readmissions
- Reduce individual health care costs

Select research literature includes:

- Seattle–King County’s Begin at Home Program reduced⁴
 - Annual emergency department visits by 3.49 per person, per year.
 - Annual health care costs by \$62,504 per person per year



ILOS Cost-Effectiveness and Health Benefits: *Medically Tailored Meals*

Medically Tailored Meals / Medically Supportive Food includes nutritional support for individuals with chronic diseases and meals provided to individuals following discharge from a hospital or nursing home.

Studies have shown nutritional support for targeted, high-needs populations can have the following impacts:

- Improve health outcomes and healthy choices
- Reduce ED visits
- Reduce inpatient hospitalizations

Select research literature includes:

- Pilot intervention by Feeding America across 3 food banks in CA, OH, TX for diabetics saw a decrease in average hemoglobin A1c levels across participants, an increase in their fruit and vegetable intake, and an improvement in their medication adherence.⁵
- An evaluation of 13 Meals on Wheels programs reduced ED visits by 22% and inpatient hospitalization by 23% across all participants.⁶



How will WPC Pilots Transition to ILOS?



Building on the Success of the WPC Pilots

Transitioning from WPC to ILOS

- Many ILOS have been tested for their efficacy as services through WPC Pilots, Health Home Programs, home and community-based services (HCBS), and other programs.
- The programs have established a groundwork that can be used to support the transition to ILOS.
- DHCS is focused on ensuring a smooth transition for Members and ensuring that the successful work that MCPs, counties, cities, community-based organizations, and Providers have done to implement the WPC Pilots is transitioned to ILOS.



Supporting the Transition from WPC Pilots to ILOS

Process for Member Transition to ILOS

- It is DHCS' expectation that MCPs will transition all WPC Pilot enrollees to any elected ILOS corresponding with the WPC services that enrollee is receiving.
 - Each MCP will receive a list of individuals who should be transitioned.
- Further, MCPs must contract with WPC LEs and/or HHP CB-CMEs as ILOS Providers (if the MCP elects to offer ILOS).



How are ILOS Paid for?



Funding Opportunities Related to ILOS

DHCS intends to provide resources to MCPs, Counties and Providers to support capacity building and, for MCPs, cover benefit costs before the cost of providing ILOS is built into rates.

Supporting the Transition to ILOS

- **MCP Rate Adjustment**: A total of \$115M allocated in State Budget for a proposed adjustment to MCP rates to account for anticipated cost/utilization changes due to WPC Pilots ending.
- **Performance Incentives**: DHCS will provide incentive payments for ILOS and ECM capacity building across information technology and data exchange, workforce capacity, and other infrastructure needs.
- **Providing Access and Transforming Health (PATH) Supports**: A portion of \$2.17B federal funding requested in 1115 waiver renewal application for technical assistance for community-based providers, such as contracting and payment processes and workforce development.



Funding Opportunities Related to ILOS

Shared Risk / Shared Saving

In future years, utilization and actual costs of ILOS will be considered in developing the component of the MCP rates that represents the covered State Plan services for which the ILOS are expected to substitute.



Role of Non-Binding Pricing Guidance in Supporting Fair / Sustainable ILOS Prices

Purpose of Pricing Guidance

- The ILOS initiative prompts MCPs to work and contract with a new set of “non-traditional” service providers that offer services and supports that historically have not been well integrated into the health care system (e.g., housing service providers, home modification companies, sobering centers).
- In recognition that this requires MCPs and ILOS Providers to engage in new contracting and payment relationships, DHCS has prepared non-binding ILOS pricing guidance.
- The guidance offers information on potential rates for each of the 14 pre-approved ILOS, including rate ranges, mid-point benchmarks and a discussion of key cost drivers that MCPs and ILOS Providers may want to consider as they establish their own contracting and payment arrangements.



Role of Non-Binding Pricing Guidance in Supporting Fair / Sustainable ILOS Prices

The upcoming ILOS Pricing Guidance is non-binding. MCPs and ILOS Providers have full flexibility and discretion to agree to ILOS rates that are different than those outlined in the document as appropriate for the circumstances.

Methodology

- Rate ranges and midpoint prices were developed using **statewide average** cost inputs (for example, the ranges reflect the 25th to 75th percentile of statewide average wages). MCPs and providers will need to review the circumstances in their own region to assess whether it is appropriate to consider rates outside of the range.
- There are many reasons outlined in the guidance as to why the rate agreed to between an MCP and ILOS Providers could fall outside of the rate range used estimated in the guidance, including but not limited to:
 - **Variation in program structure, staffing ratios and facility size**
 - **Geographic variation:** labor/wage outliers, rent/brick-and-mortar costs, transportation
 - **Use of a value-based—rather than a cost-based—payment model**



Q&A



Thank you!

Please visit the DHCS ECM & ILOS Website for more information and access to this deck as well as the ILOS Non-Binding Pricing Guidance:
<https://www.dhcs.ca.gov/Pages/ECMandILOS.aspx>

Please send questions to CaAIMECMILOS@dhcs.ca.gov

1. [*Interim Evaluation of California's Whole Person Care \(WPC\) Program*](#)
2. [*Housing is Healthcare: Supportive Housing Evaluation*](#)
3. [*Evaluation of Housing for Health Permanent Supportive Housing Program*](#)
4. [*A Pilot Study of the Impact of Housing First–Supported Housing for Intensive Users of Medical Hospitalization and Sobering Services*](#)
5. [*A Pilot Food Book Intervention Featuring Diabetes-Appropriate Food Improved Glycemic Control Among Clients in Three States; Small Intervention, Big Impact: Health Care Cost reductions to Medically Tailored Meals \(Project Angel Heart\)*](#)
6. [*A New Data Resource to Examine Meals on Wheels Clients' Health Care Utilization and Costs*](#)