



Section 1115 Waiver **Renewal** **Concept Development**

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September 11, 2014



1115 Waivers

Allow states flexibility to design demonstration projects that promote the objectives of the Medicaid program

Demonstrations are typically approved for five years; states may submit request for renewal for 3 - 5 years

Must be budget neutral



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 least 6 months before the end of the current Demonstration

“Bridge to Reform” Waiver 2010 - 2015



Six Primary Goals

Strengthen California’s health care safety net

Maximize opportunities to reduce the number of uninsured individuals

Optimize opportunities to increase federal financial participation and maximize financial resources to address uncompensated care

Promote long-term, efficient, and effective use of state and local funds

Improve health care quality and outcomes

Promote home-and community-based care



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

Purpose of 1115 Waiver Renewal



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



Objectives

Strengthen primary care delivery and access

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

Address social determinants of health

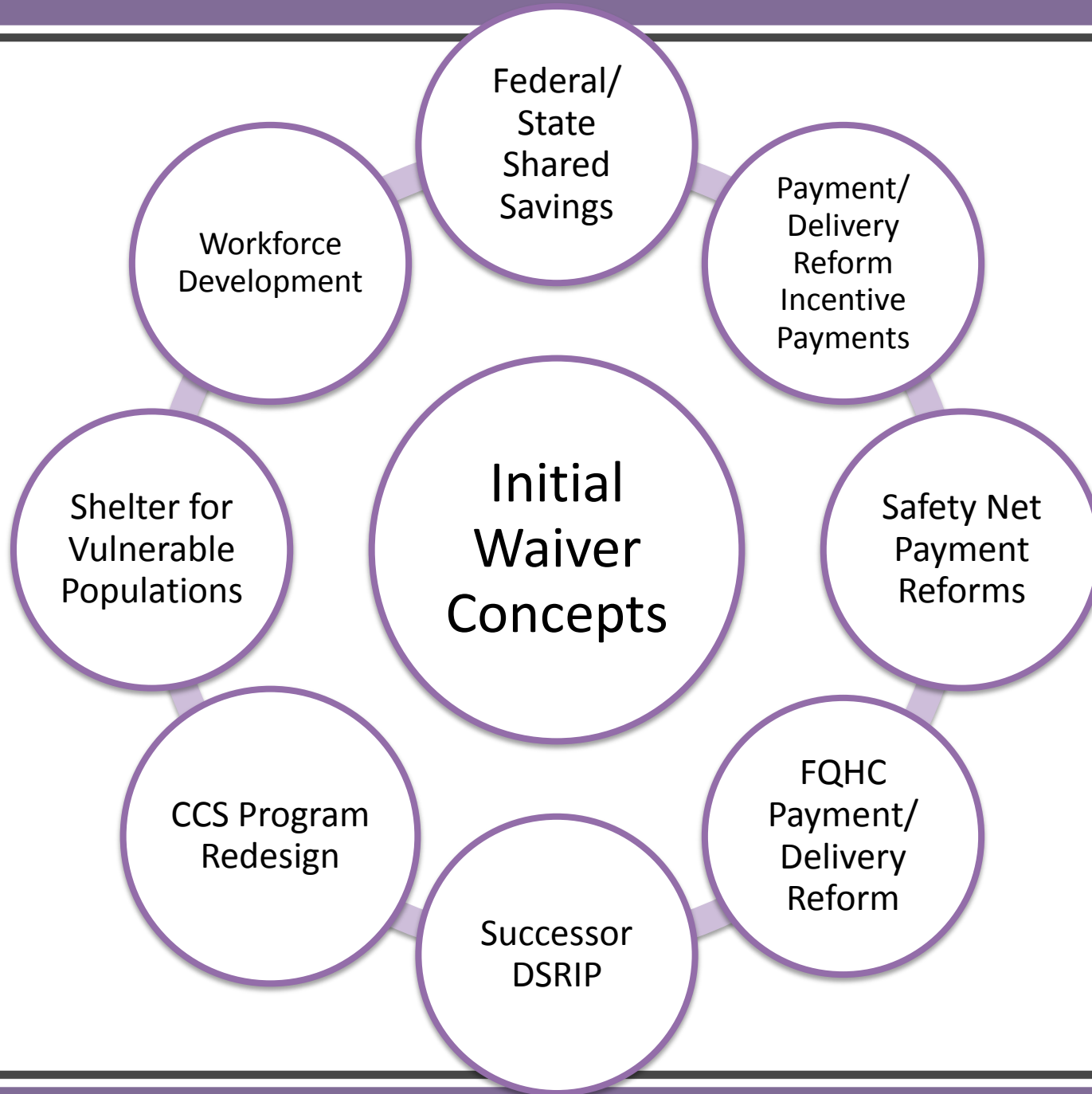
Use California's sophisticated Medicaid program as an incubator to test innovative approaches to whole-person care



Strategy to Achieve Objectives

Implement innovative healthcare financing and delivery system transformation strategies through the flexibilities of the 1115 Waiver to tailored to California Medicaid's unique needs

Additional consideration: Finding areas of synergy with CalSIM and other state initiatives





Federal/State Shared Savings

- Under the Waiver, a per-beneficiary-per-year cost amount would be established based on predicted costs for those beneficiaries absent the waiver
- The state would retain federal funding for the difference between actual expenditures and pre-established per beneficiary amounts
- The savings serve as key component that will allow CA to implement many of the other waiver initiatives
- 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

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

Payment/Delivery Reform

Incentive payments



- CA would seek Waiver authority to create one or more incentive programs to achieve goals of the Triple Aim
- Focus on integration of behavioral health and substance abuse disorder services with medical care, as well as coordination between delivery systems
- Incentive payments would target total cost of care and allow for shared savings when an accountable entity meets specified quality and outcome measures
- Payments could be targeted at both managed care plans and Medi-Cal providers

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

Safety Net Payment Reforms



- 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 a global or bundled payment approach that provides federal flexibility to integrate DSH and SNCP funding and serve as level to drive 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

Related Objective: Strengthen primary care delivery and access

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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 goal of reducing overall costs in Medi-Cal
- 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

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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

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

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California Children Services (CCS)

Pilot Sites under “Bridge to Reform” Waiver

Health Plan of San Mateo

- Operational on April 1, 2013
- All CCS county population covered
- All health conditions covered
- COHS model
- Population size ~1600

Rady Children’s Hospital (San Diego)

- Operational date expected in late 2014
- Includes 5 CCS health Conditions
 - Hemophilia, Cystic Fibrosis, Sickle Cell, Leukemia, Diabetes
- ACO-like model
- Population size ~600



2015 Waiver Renewal and CCS

- Existing demonstration pilots will continue (HPSM, Rady Children's Hospital)
- Separate stakeholder process to begin in late September/early October
- 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)
- UCLA Center for Health Policy Research will administer the stakeholder process
- 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



Medicaid-Funded Shelter

- Potential to test ways in which Medicaid-funded shelter can contribute to better health outcomes and reduced total cost of care for beneficiaries
- Ideas, such as subsidized housing, can support the goal of a whole-person approach to care for vulnerable populations

Related Objective: Address social determinants of health

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



Workforce Development

- Pressing need to transform and expand primary care delivery systems to serve the Medi-Cal population, given increased competition for providers post-ACA
- One concept is to support primary care providers' capacity to serve Medi-Cal populations by offering malpractice insurance premiums for physicians who serve a significant portion of Medi-Cal patients

Related Objective: Strengthen primary care delivery and access



Stakeholder Process

Proposed Stakeholder Concept Development



In developing the approach to stakeholder involvement, DHCS considered:

Best practices from 2010 Waiver Renewal efforts

Timing constraints leading up to CMS submission

Ensuring an efficient and meaningful process with participation from impacted stakeholders

The Department is considering a targeted workgroup structure of subject matter experts, in a format specific to each major Waiver concept

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

Meetings will be open to the public with time allotted to public comment



Stakeholder Engagement

Federal-State Shared Savings

- One all-day stakeholder meeting for the Department to present the savings model and solicit input from a broad, impacted stakeholder group



Stakeholder Engagement (Cont.)

Safety Net Payment Reform / DSH & SNCP Bundled Payment

- Two targeted workgroup sessions with public hospitals, county health agencies and safety net providers on payment reforms for the safety net/uninsured

DSRIP II

- 2-5 targeted workgroup sessions of impacted hospital associations and affiliated stakeholders

MCO and provider incentive programs

- Two targeted workgroup sessions on incentive programs for managed care delivery system

Stakeholder Engagement (Cont.)



Medicaid-Funded Shelter

- Four targeted workgroup sessions
- Meeting 1: Kick-off to establish evidence, best practices, other states' experiences
- Meetings 2-4: identify demonstration options potentially focusing on different target populations

Workforce Development

- Three targeted workgroup sessions
 - One meeting on malpractice subsidies
 - Two meetings on other incentive ideas



Foundation Support

The Blue Shield of California Foundation, the California Endowment, and the California Health Care Foundation will provide funding and technical support to aid in:

Stakeholder workgroup efforts

Technical assistance on concept development including linkage to subject matter experts

Development of Special Terms and Conditions (STCs)



Stakeholder Process: Timing

**Summer
2014**

- July 25, 2014: Webinar on initial DHCS concept paper
- Solicit input on Waiver concepts and stakeholder process

**Fall/
Winter
2014**

- Stakeholder discussions and concept development
- Targeted Workgroups anticipated to begin mid-October 2014

**Winter /
Spring
2015**

- Submission of Waiver renewal to CMS anticipated for February 2015

**Spring/
Fall 2015**

- Development of Special Terms and Conditions (CMS)



Questions / Comments:

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