

# NEWS RELEASE



## CALIFORNIA TAKES A HISTORIC STEP IN TRANSFORMING THE MEDI-CAL PROGRAM

*New Managed Care Contracts Will Prioritize Equity, Access, Quality, and Transparency*

SACRAMENTO – The Department of Health Care Services (DHCS) today announced its intent to award contracts to three managed care plans (MCP) to dramatically improve how health care is delivered to millions of Medi-Cal members. This is the first-ever statewide MCP procurement, and the resulting contracts will set a new standard for what person-centered and equity-focused care looks like in California.

“Selecting these plans to fulfill the promise and power of our new managed care contract will not only help improve the health of our Medi-Cal members, but will also build a healthier and more equitable state and transform the overall health care system,” said Dr. Mark Ghaly, Secretary of the California Health & Human Services Agency.

MCP partners (listed below) will engage with local entities to promote member needs for not only medically necessary health care services, but also any supportive services needed to treat the whole person. This entails partnerships with local health departments, local educational and governmental agencies, and other local programs and services, including social services, child welfare departments, and justice departments, to ensure member care is coordinated and members have access to community-based resources, including Community Supports available through California Advancing and Innovating Medi-Cal (CalAIM).

“These partnerships will help expand the reach of our health investments, and braid our broader efforts with the individual at the center,” said Secretary Ghaly.

DHCS is also strengthening its oversight of MCP partners. DHCS’ payments to plans are now linked more closely to the value they provide in terms of member access and outcomes. This will give plans incentives to provide care in a way that is aimed at improving health and well-being rather than just providing services. Moreover, the contract will help reduce disparities in care and improve health outcomes, while enhancing transparency so Medi-Cal members can find the plan that best suits their needs.

“California’s new agreement with Medi-Cal health plans establishes new standards of care and greater accountability, helping ensure Medi-Cal members have the care and support they need to live healthier, more fulfilling lives. This is a defining moment for Medi-Cal and its millions of members,” said DHCS Director Michelle Baass. “We’re raising expectations for our plan partners as we begin a multiyear, multistep plan to transform Medi-Cal and support the health and well-being of all our members.”

-more-

Additionally, plan partners have committed to meeting stronger requirements that hold them and their subcontractors accountable for reducing health disparities and improving health outcomes for Medi-Cal members. As part of the enhanced contract requirements, MCPs will now have to deliver more comprehensive and holistic health care to members, which includes addressing their unmet social needs that contribute to health and wellness, such as food insecurity and housing. And plans will face stronger requirements related to ensuring access for their members to the health care providers and community services they need, and providing the right level of care management for all members.

“The bold commitments of this procurement will help ensure that Medi-Cal members get the health care services they need and deserve,” said DHCS Chief Deputy Director and State Medicaid Director Jacey Cooper. “We’re grateful for our plan partners and their commitment to quality, and we look forward to working together to usher in this new standard of care for Medi-Cal members.”

### **Medi-Cal members can expect:**

**Coordinated access to care:** Members who need extra help will have access to care management based on their health care needs. This means having a designated point person, a care manager, who can assist them and their families with navigating the health care system, handle referrals, and support communication with providers.

**More culturally competent care:** Members will benefit from care and services that take into account their culture, sexual orientation, gender and gender identity, and preferred language.

**Better behavioral and physical health integration:** Members’ physical health care will be better integrated with their behavioral health care, narrowing the divide between the two and improving access to mental health support and substance use disorder treatment.

**Focus on primary care use and investment:** MCPs will be required to review utilization reports to identify members not accessing primary care. For example, if members are underutilizing primary care, they may not be obtaining appropriate screenings, preventive care, or managing their conditions to prevent exacerbation. The contract also includes steps to ensure MCPs are investing in primary care. Plans will be required report on primary care spending (as a percentage of total expenditures) to help ensure sufficient investment in upstream and preventive care.

**Reinvestment in community:** For the first time, MCPs and their fully delegated subcontractors with positive net income will be required to allocate 5 to 7.5 percent of these profits (depending on the level of their profit) to local community activities that develop community infrastructure to support Medi-Cal members. Plan partners will be required to annually submit a Community Reinvestment Plan and Report that details how the community will benefit from the reinvestment activities and the outcomes of such investments.

**Robust engagement with community advisory groups:** Historically, Medi-Cal MCPs are required to maintain a Community Advisory Committee (CAC) that serves to inform the plan’s cultural and linguistic services program. DHCS seeks to elevate the CAC by clarifying its role and member composition and prescribing the plan’s role in providing support for CAC members in order to maximize participation and involvement. In addition, CAC members will have the opportunity to serve on a DHCS Member Stakeholder Committee. MCPs will be expected to ensure that their CAC membership reflects that of the health plan and the county being served.

**Increased transparency:** Members will have easy access to information that can guide them in choosing the best plan for their families and/or individual needs. Plans will also be required to routinely and publicly report on access, quality improvement, and health equity activities, including their fully delegated subcontractors' performance and consumer satisfaction.

Below are the intended awardees.

Intended Awardees	Counties
Molina Healthcare	Los Angeles, Riverside, San Bernardino, Sacramento, San Diego
Anthem Blue Cross Partnership Plan	Alpine, Amador, Calaveras, El Dorado, Fresno, Inyo, Kern, Kings, Madera, Mono, Santa Clara, San Francisco, Sacramento, Tuolumne
Health Net	Amador, Calaveras, Inyo, Mono, San Diego, San Joaquin, Stanislaus, Tulare, Tuolumne

This procurement effort is part of DHCS' broader efforts to redefine how care is delivered to Medi-Cal beneficiaries, 99 percent of whom will be enrolled in managed care by 2024. Finally, DHCS is entering a direct contract with Kaiser Permanente in 32 counties, subject to federal approval. New contracts will apply to all Medi-Cal MCPs beginning on January 1, 2024, and the contract term will be through December 31, 2028.

For more background on the procurement process, visit the links below.

[Medi-Cal Managed Care Procurement Update](#)

[Procurement press release](#)

[Procurement issue brief](#)

###

**NUMBER:** 22-10 | **DATE:** August 25, 2022  
**CONTACT:** [DHCS Office of Communications](#), (916) 440-7660

[www.dhcs.ca.gov](http://www.dhcs.ca.gov)