



California's Duals Demonstration

By John Shen

Olmstead Advisory Committee Meeting

November 9, 2011

Medicare & Medi-Cal Demonstrations

- **Demonstration Goals:**

- Coordinate Medi-Cal and Medicare benefits: medical, mental health, home & community based, and institutional long-term care services.
- Maintain beneficiary's health and help them to remain in their homes and communities.
- Create a single financing stream, channeled through a full-risk-bearing entity that aligns incentives to promote care coordination at beneficiary level.



California Duals

- Duals as beneficiaries who have Medicare Part A, B, and D benefits and are also eligible for full scope Medi-Cal.
- Approximately 1.1 Million dually eligible in CA
- Roughly 10% of Medi-Cal population and 8.6 billion in Medi-Cal costs = **Nearly 25% of Medi-Cal costs.**
- In 2007, duals comprised 21 percent of the Medicare population, but 36 percent of Medicare spending.



Spending on Duals

Table 1: Medicare and Medi-Cal Expenditures for Dual Eligibles, 2007

	Expenditures	Enrollment	Per Capita Cost
Disabled	\$5.45 billion	395,808	\$13,770
Aged	\$11.4 billion	511,030	\$22,306
Blind	\$247 million	12,754	\$19,333
LTC	\$3.75 billion	67,803	\$55,321
Other	\$148 million	25,364	\$5,831
Total	\$21 billion	985,383	\$21,396

Source: DHCS RASS using Medicare and Medi-Cal aid claims data from Jan. 1 2007-Dec. 31, 2007



Challenges with Status Quo

- Currently 75% of California's dual eligibles navigate two separate health care systems on their own. This leads to many problems, including:
 - Different coverage rules
 - Poor care coordination
 - Lack of shared data
 - Misaligned financial incentives
 - **Result = fragmented, inefficient care, high utilization of institutional services**





Medicare and Medi-Cal: Division of Responsibility

Medicare	Medi-Cal
<ul style="list-style-type: none">• Acute (hospital) services• Outpatient services (physicians and other qualified providers)• Temporary skilled nursing facility services• Rehabilitation services• Home health services• Dialysis• Durable medical equipment• Prescription drugs• Hospice	<ul style="list-style-type: none">• Services not covered by Medicare, including transportation, vision, some mental health services• Cost-sharing for Medicare (Part A & B deductibles, Part B premiums and coinsurance)• Skilled nursing facilities after Part A benefits are exhausted• Home health, personal care services, and other home-based services not covered by Medicare• Portion of the cost for prescription drugs• Durable medical equipment not covered by Medicare

Affordable Care Act on Duals

- Created the Medicare-Medicaid Coordination Office.
- Purpose: Improve quality, reduce costs, and improve the beneficiary experience.
- CA is one of the 15 states selected to receive up to \$1 million to design new models for serving Medicare-Medicaid enrollees.



Demonstration Timeline

- Spring 2011: DHCS released an RFI
- August 30th 2011: RFI Conference in Sacramento
- Fall 2011: Stakeholder Outreach & Policy Development
- December 2011: DHCS will release its RFS for those organizations who want to be sites
- Spring 2012: Sites will be selected with a CMS required public comment period.
- January 1, 2013: Demonstrations will begin



Stakeholder Outreach

- Shares the goal of consumers and advocates in creating an interactive exchange of ideas regarding program design.
- Actively seeks input from a range of stakeholders, including consumers, advocates, providers, health plans, and researchers.
- Numerous individual meetings, as well as group meetings, have been held and will continue to do so.
- Will host three public forums in early December for comments.



Policy Development

- Open, interactive exchange of ideas.
- Stakeholder input from a diversity of folks will be sought around key issue areas, including:
 - **Long-term care services,**
 - **Behavioral health, and**
 - **Consumer protections.**
- Key frameworks and policy options have been developed and discussed with stakeholders.



Site Selection Process

- **SB 208 (2010):**
 - Demonstrations in up-to four counties.
 - One two-plan model county.
 - One county organized health county.
- **Under SB 208, the director shall consider:**
 - Local support for integrating medical care, long-term care, and home and HCBS; and
 - Input from health plans, providers, community programs consumers, and other stakeholders.



Request for Solutions (RFS)

- Criteria for a number of issue areas and for applicants to demonstrate their ability to satisfy all criteria.
- Assess all entities through a pass-fail lens; all entities meeting or exceeding the high bar permitted to enter the operations planning phase.
- Once sites are selected through this process, each will have to engage in rate negotiation and detailed readiness assessments.



Finance Models

- Integration of all current fee-for-services spending by Medicare and Medi-Cal on the Duals: all medical services, mental health services, home & community based services and nursing home services.
- In a September, DHCS sent a letter of intent to CMS identifying two financial models the state would be pursuing:
 - **Capitated model:** CMS, the State, and health plans would enter into a three-way contract.
 - **Managed FFS model:** CMS and a State will enter into savings agreement.
- DHCS is having conversations with CMS regarding the development of the finance mechanism.



Evaluation Framework

- Demonstrations will be evaluated on clinical improvements and efficiencies, as well as on their care coordination activities.
- DHCS will collect qualitative and quantitative data through:
 - Survey of enrollees;
 - Medicare and Medi-Cal claims and encounter data; and
 - Enrollment data.



Evaluation Framework cont.

- **Evaluation Framework will include:**
 - Enrollment and Retention of Beneficiaries in Demonstrations
 - Care Coordination, Access and Continuity
 - Integrating Behavioral Services
 - Beneficiary Health Outcomes/Health Status
 - Utilization of Hospitals and Nursing Homes
 - Beneficiary Satisfaction
 - Provider Satisfaction
 - Cost Saving and Slower Budgetary Growth





Questions?

