



HEALTHY CALIFORNIA FOR ALL

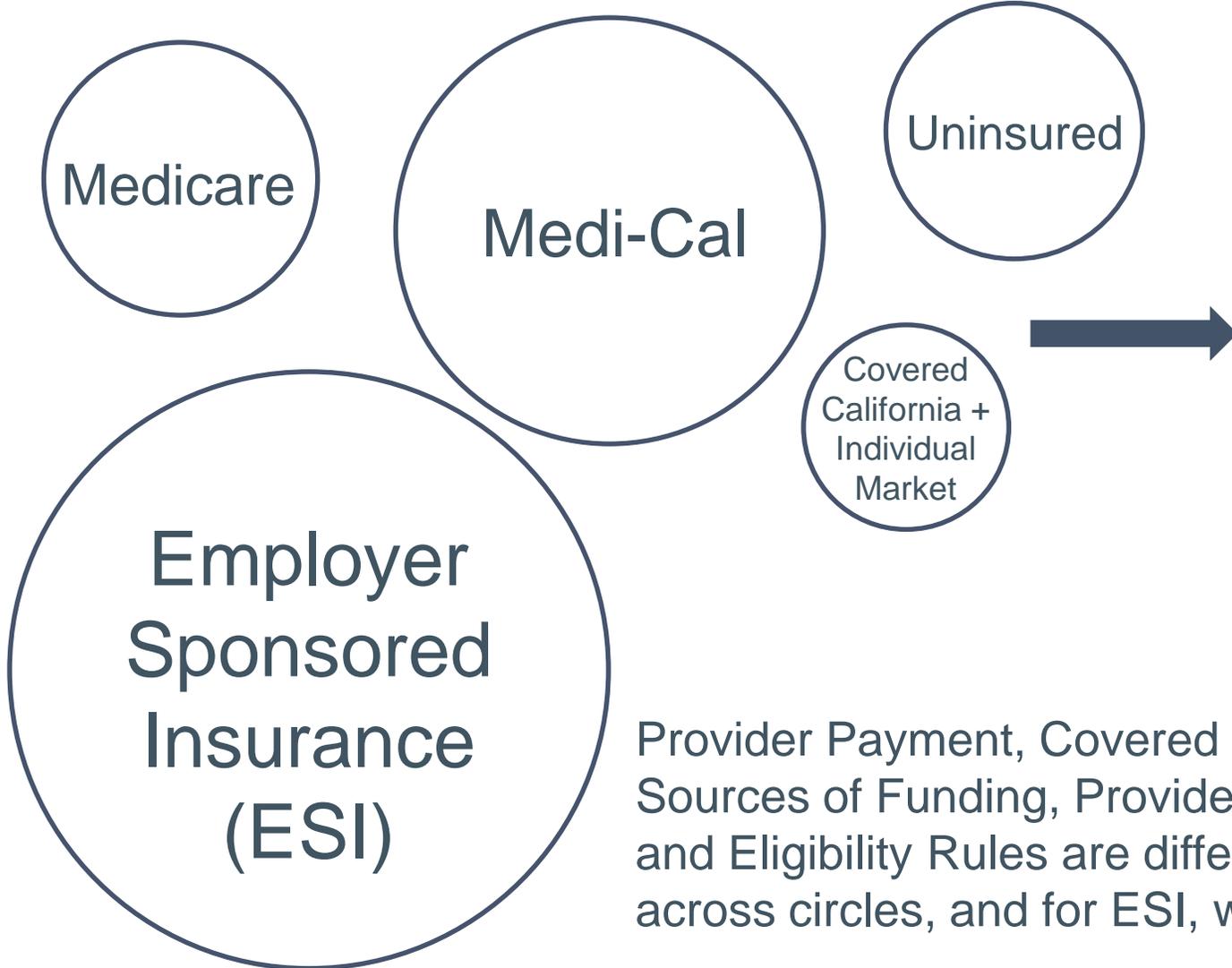
Accessible, Affordable, Equitable, High Quality, Universal

Policy Considerations

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Rick Kronick, Ph.D.
Dept. of Family Medicine and Public Health
University of California, San Diego

Status Quo Fragmented Financing



Unified Financing



Provider Payment, Covered Benefits, Sources of Funding, Provider Networks, and Eligibility Rules are different across circles, and for ESI, within.

Unified Financing



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- All Californians would be entitled to receive a package of health care services
- Entitlement would not vary by age, employment status, disability status, income, or other characteristics
- Distinctions among Medicare, Medi-Cal, employment sponsored insurance, and individual market coverage would be eliminated

International Examples Show Many Paths to Unified Financing (UF)



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- Canada – single payer
- United Kingdom – publicly provided care
- Germany and the Netherlands – mandatory purchase of standardized insurance

Broad Areas in which Decisions Needed in Order to Implement UF



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- Eligibility, Covered Benefits, and Patient Cost Sharing
- Provider Payment
- Financing
- Governance
- Role, if any, for health plans
- Transition issues
- Quality Improvement
- Data and Health Information Technology
- Evaluation

Eligibility



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- How will decisions be made about whether a person has established residency in California and is eligible to receive coverage through the UF?

Covered Benefits



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- What benefits would be covered by UF?
- Within broad benefit categories, how would decisions be made about whether and when a particular item would be covered?
- How would decisions about whether a procedure is medically necessary be made under UF?
- If there are benefits currently covered by Medi-Cal that are not covered by UF, how would those be handled?
- If a formulary is used, how would it be created?
- What benefits would be covered when a California resident is out of state?



Patient Cost Sharing

- If low income people face no, or at most, nominal, copayments or deductibles, as in Medi-Cal today, would patients at higher income levels also face only nominal (or zero) cost sharing?
 - If patient cost sharing for higher income people is used, how should it be structured?



Provider Payment

- What method(s) and principles would be used to determine payment rates for each category of provider (e.g., inpatient hospital, outpatient hospital, physician, laboratory, etc.) for year 1?
- What method(s) and principles would be used to determine the year-to-year change in provider payment rates?



Provider Payment (cont.)

- Should global budgets for inpatient hospital services be implemented, and, if so, how would they be determined and adjusted over time?
 - Should the budgets be adjusted for changes in volume?
 - How would capital investments be financed and how would decisions about investments be made?

Provider Payment (cont.)



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- How can payments best be structured to encourage care coordination and integration?

Financing



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- Federal
 - How should the year 1 levels of federal payments in lieu of payments for Medicare, Medi-Cal, Covered California subsidies, and CHAMPUS be determined?
 - How should the rate of growth in federal ‘in lieu of’ payments be determined?
 - For other federal programs would the status quo be maintained, or would ‘in lieu of’ payments be made?

Financing



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- State
 - What sources of revenue will the state use to replace money currently paid by employers and employees?
 - How will the year 1 and rate of increase in General Fund payments that are made ‘in lieu of’ Medi-Cal be determined?

Financing



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- State (cont.)
 - How would we unify behavioral health financing across public and private sectors?
 - Are there other state or county payments for health care that should be redirected to UF?
 - Would a reserve fund be created, and, if so, how would it be funded?

Governance



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- What organization would be responsible for managing UF?
- How would authority and responsibility be divided between the governing agency and legislature?
- How would decisions be made about what actions to take if available funds are not sufficient to meet obligations?
- What role, if any, would county governments have in administering UF?

Role, if any, for Health Plans



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- Would health plans have any role in UF, or would all payment be made on a fee-for-service basis?
- If there is limited or no role for health plans under UF, how would integrated health care systems that traditionally have not accepted fee-for-service payment function and be paid?

Transition Issues



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- How would a transition from the status quo to UF be managed? Would all Californians be transitioned to UF at the same time, or might some groups (e.g., Medicare beneficiaries or children) transition on a different schedule?
- How should California address workforce transitions as billing and insurance related functions use fewer resources, and direct medical care uses more?

Quality Improvement



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- What should the agency implementing UF do to:
 - Improve the availability and continuity of primary care?
 - Increase integration of physical and behavioral health care?
 - Measure disparities in access, utilization, and outcomes?
 - Reduce disparities in access, utilization, and outcomes?
 - Improve population health outcomes?
 - Increase receipt of recommended preventive services?
 - Reduce the utilization of low value care?
 - Monitor and reduce fraud?
- What resources are needed to create a robust quality improvement effort?

Data and Health Information Technology



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- What data does the agency implementing UF need from health care providers to operate the UF system and to work on quality improvement?
- What resources are needed to create a robust data infrastructure, and how long will it take to establish it?

Evaluation



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- How can an ongoing evaluation of UF be created and funded?
- How can an ongoing evaluation be structured to assure that evaluation results are used to improve the functioning of UF?

Federal Statutory and Regulatory Changes Needed to Implement UF



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- Changes to Medicare statute
- Likely changes to Medicaid statute, although a Section 1115 waiver might be sufficient
- Waiver of the Affordable Care Act
- Statutory change for CHAMPUS
- Potential statutory change needed to ERISA (the Employee Retirement and Income Security Act)
- Statutory changes needed if financing for other federal programs is folded into UF

State Statutory and Constitutional Changes Needed to Implement UF



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- Statutory change needed to create UF, including enacting financing sources
- Ballot approval likely needed to modify Gann limits and restrictions created by Proposition 98 and 111

Evaluation Criteria



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- Accessibility
- Affordability
- Equity
- Quality
- Universality

Public Option



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- What are the opportunities to design a Public Option that would serve as a pathway to UF?

Questions for Commissioners



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- Which broad areas and decision points would you prioritize for in-depth description and analysis of options?
- What suggestions do you have for a public option, and what information would you like about a public option?
- Can transition problems be made more manageable by transitioning some subgroups to UF more quickly, or others more slowly?