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Use of Capitated Managed Care For Dual Eligibles

Fifth National Medicaid Congress

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Chief Executive Officer

Overview

- **Managed Care in County Organized Health Systems (COHS)**

- **Current opportunities for LTC integration:**
  - Under Health Care Reform
  - In California

- **Models for Dual Eligibles**

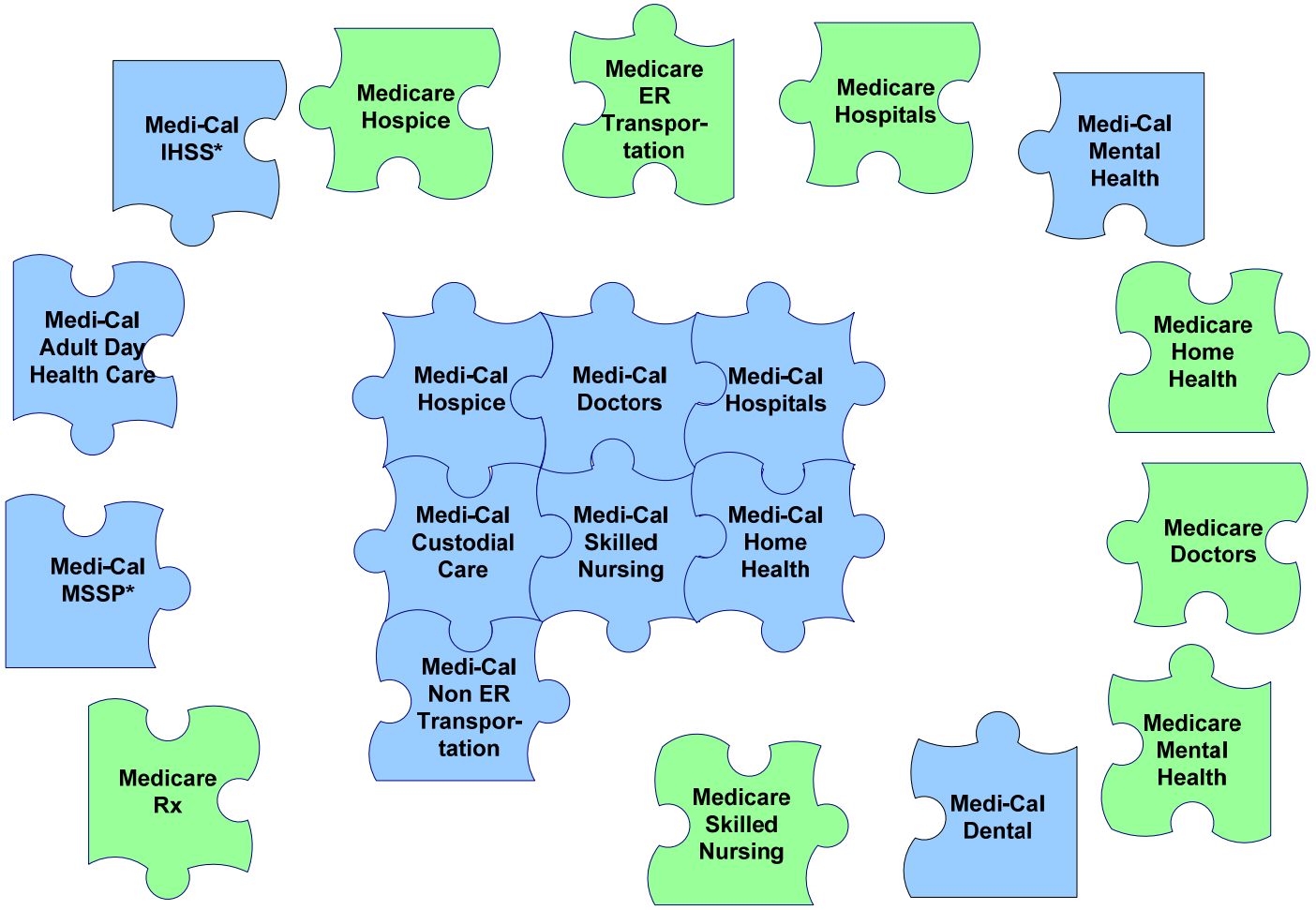
COHS plans – Community-created Plans

- **Public agencies authorized by county, state and federal actions**
- **5, soon to be 6, COHS plans in California, serving 12 counties**
  - Serve 14% of California's Medicaid beneficiaries
  - Serve more beneficiaries than 37 State Medicaid programs
- **Governed by locally appointed Boards of Directors**
  - Locally created
  - Locally governed
  - Publicly accountable

COHS Plans – By the Numbers

COHS Plan	Counties	Medi-Cal Members	HFP Members	MA SNP Members	Other Members
CalOptima	Orange	353,100	39,100	10,500	1,000
CenCal Health	Santa Barbara, San Luis Obispo	89,100	7,500	NA	2,200
Central California Alliance for Health	Santa Cruz, Monterey, Merced	168,700	19,800	NA	2,600
Health Plan of San Mateo	San Mateo	55,600	5,900	7,800	6,900
Partnership Health Plan of CA	Solano, Napa, Yolo, Sonoma	150,000	NA	4,600	1,800
New COHS Plan	Ventura*	112,000	NA	NA	NA
Total:	12 Counties	928,500	72,300	22,900	14,500
Percent of State:		14%	8%	18%	NA

COHS as a Medicaid Integrator



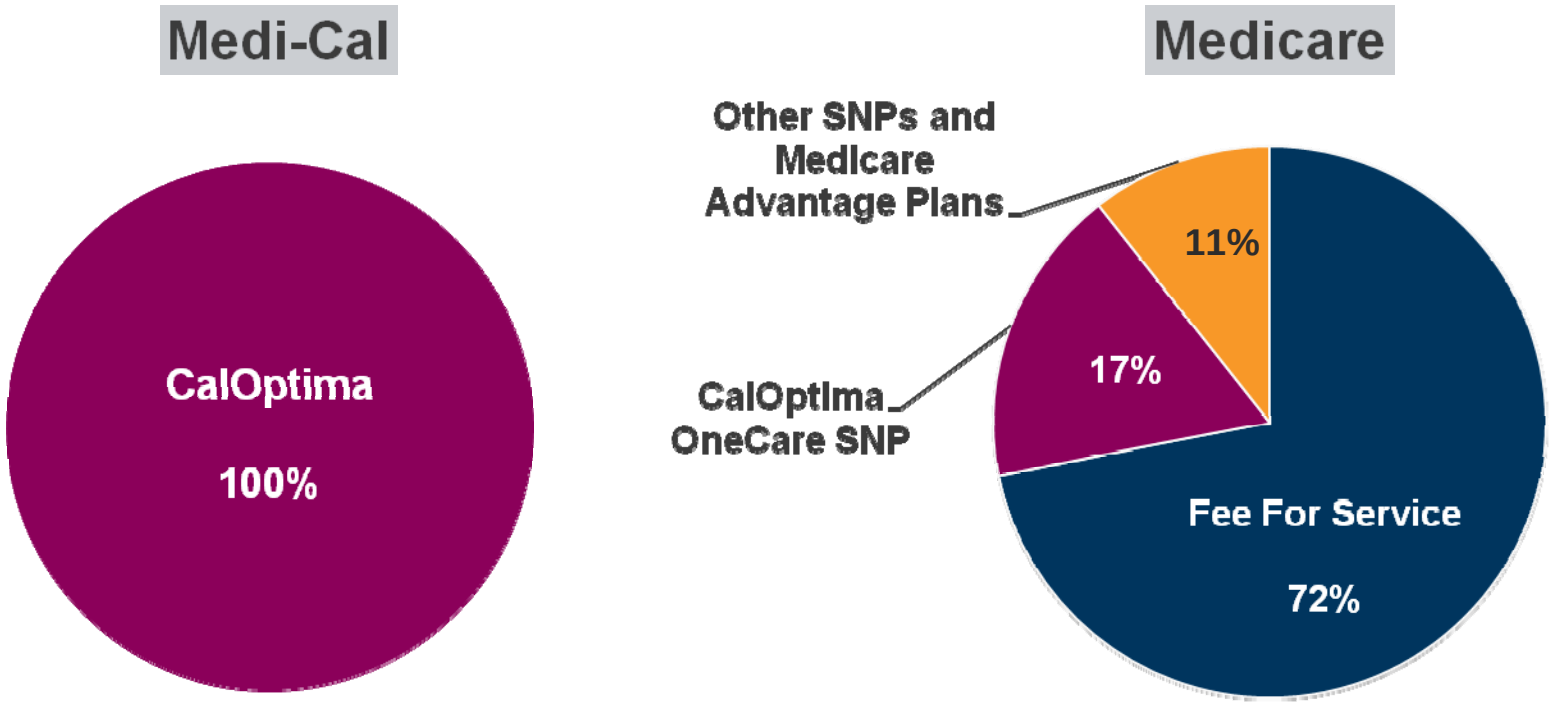
*IHSS: In Home Supportive Services (HCBS Waiver)
*MSSP: Multipurpose Senior Services Program (HCBS Waiver)

COHS – Vehicles for Integrated Care

- **Serve entire Medicaid population in county:**
  - Mandatory enrollment of entire Medicaid population in county
  - Including Seniors and Persons with Disabilities (SPD)
  - Including dual-eligibles
  - Including nursing facility custodial care
- **CalOptima, for example:**
  - Has 64,000 duals mandatorily enrolled in the COHS for Medi-Cal
  - Is capitated for the Medi-Cal LTC room and board benefit
  - Operates a 1915 (c) HCBS waiver program, MSSP, for 600 members
  - Operates a Dual SNP for 10,000 members
  - Operates Aging and Disability Resource Connection (ADRC) for the County
  - Is preparing an application to become a PACE provider
- **3 COHS (including CalOptima) also offer Dual Eligible Special Needs Plans (SNP)**

Coverage for Dual Eligibles

64,000 Duals in Orange County, CA



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Managed Care Models for Duals

1. **Special Needs Plans for Duals**
   - SNPs are a great start…but
   - Carve-outs of HCBS services limit full integration
2. **PACE**
   - PACE is a fully integrated model…but
   - Start-up and enrollment costs are limitations to PACE growth
3. **Shared Savings Model**
   - North Carolina Medicare waiver provides an interesting model…but
   - Results will take time, and the model may be hard to replicate
4. **State as Integrated Entity for Medicare and Medicaid**
5. **Federal government as Integrated Entity for Duals**

Opportunities under Health Care Reform

- **CMS Center for Medicare and Medicaid Innovation**
  - Test payment and service delivery models
  - Reduce expenditures and enhance quality
  - Examples:
    - Allow States to test/evaluate fully integrating care for duals
    - Allow States to test/evaluate all payer payment reform

- **CMS Federal Coordinated Health Care Office**
  - Eliminate regulatory conflicts between Medicare and Medicaid
  - Improve care continuity and eliminate cost shifting
  - Provide tools to align Medicare and Medicaid benefits
  - Support State efforts to coordinate/align acute and long term care

Options Under California's 1115 Waiver

- **California's 5-year Section 1115 Medicaid Waiver**
  - Current waiver expires August 31, 2010
- **Waiver renewal presents opportunities to reshape Medicaid in these areas:**
  - Enroll Seniors and Persons with Disabilities (SPD) in organized systems of care
  - Behavioral Health integration with physical health
  - Creating new systems of care for Children with Special Health Care Needs (CCS)
  - Expansion of Health Care Coverage Initiative (HCCI) for uninsured
  - Integration of care for Dual Eligibles (Medicaid, Medicare, LTC)

Current Options: Medicaid Managed LTC

- **State could include HCBS in managed care contracts**
  - **Benefits:**
    - Ability to develop meaningful care plans
    - Ability to modify /correct institutional bias in rate-setting
    - Ability to strengthen HCBS services/safety net
  - **Threats:**
    - Proposed reductions/elimination of key HCBS services in State budget
    - Continued near-term bleak State revenue forecasts
  - **Limitations:**
    - Addresses Medicaid costs only
    - For duals, effective use of HCBS services may result in savings to Medicare

Current Options: COHS as PACE

- **CalOptima is applying to become a PACE provider using "COHS system" model (i.e. single program, multiple delivery sites)**

  - **Benefits:**
    - Ability to offer PACE among menu of programs
    - Ability to provide choice for Orange County Dual Eligibles
    - Ability to completely integrate care for Dual Eligibles in a PACE program

  - **Threats:**
    - Possible delays at State level in approving application
    - Likely reductions in rates at State and Federal level
    - State tightening "level of care" definition (budget driven?)

  - **Limitations:**
    - PACE program requirements
    - Historically, low enrollment in PACE programs
      - Enrollees must change PCP and specialists
      - Must forego other perceived Medicare FFS "freedoms of choice"

Current Options: Full Integration Pilots

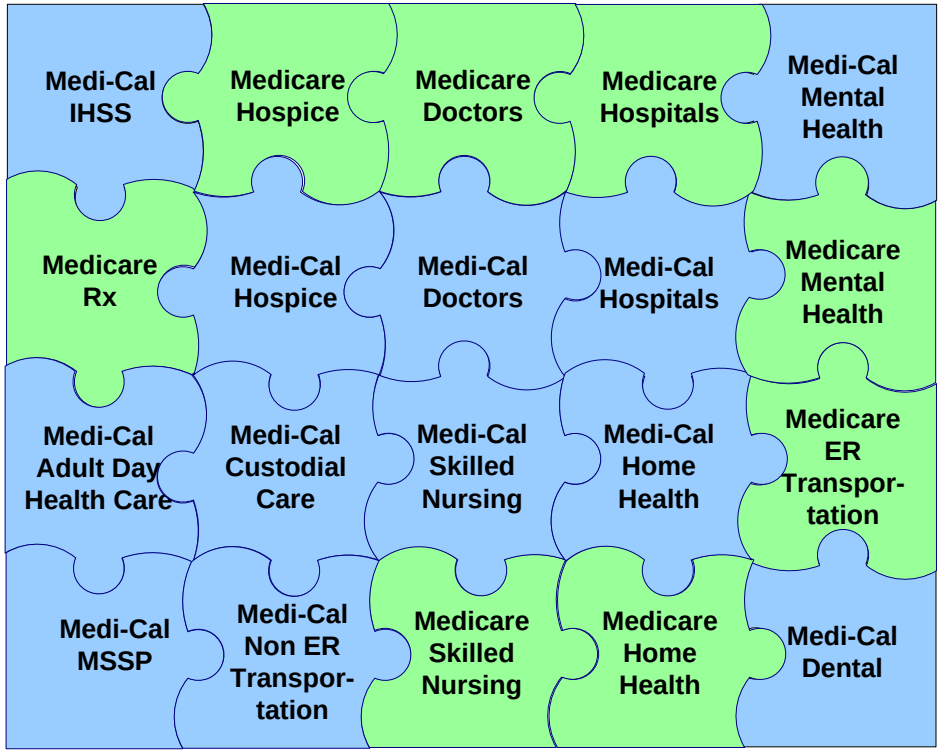
- **California will be proposing in 1115 Waiver renewal to create pilot sites for Dual Eligible Program (shared savings, State as integrator) in up to four counties**

  - **Benefits:**
    - Establishing a “COHS” for both Medicare and Medicaid creating a single point of accountability for beneficiaries and payers
    - Ability to pilot new programs such as the “Big Bang for Acute and LTC Integration” including “PACE without walls” delivery models
    - Ability to enhance MMLTC program by intervening in chronic care earlier
    - Ability to access Medicare data on duals and fully integrate care
  - **Threats:**
    - Uncertainty regarding regulatory and risk environment
  - **Possible Limitations:**
    - How flexible CMS will be on integrating care for duals
    - Ensuring that savings are reinvested in the program(s)

Conclusions

- **COHS plans are perfect vehicles for pilots on full integration of acute and LTC services for duals**
- **Through such pilots, we can test and evaluate PACE-like full integration in a system, county-wide approach**
- **Such pilots also meet the objectives of the newly created Office of Innovation and Federal Coordinated Health Care Office at CMS**

Vision for Acute and LTC Integration for Dual Eligibles



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