ATTACHMENT

Description of Changes to
California's Proposal to Integrate Care for Dual Eligible Individuals

The Department of Health Care Services (DHCS) posted a draft Demonstration Proposal to Integrate Care for Dual Eligible Individuals on its website April 4, 2012 for a 30-day public comment period. DHCS received a range of written comments from a variety of stakeholders. All comments can be found on the DHCS demonstration proposal web page: http://www.dhcs.ca.gov/provgovpart/Pages/DemonstrationProposal.aspx

The draft demonstration proposal being submitted today to the Centers for Medicare and Medicaid Services (CMS) reflects stakeholder comments on the April draft of the proposal. Through the process of developing the version being submitted today, DHCS has addressed many of the stakeholders' key suggestions and has improved the proposal. A version of the proposal being submitted shows edits compared to the draft proposal to help stakeholders track specific changes.

Please note that the proposal as submitted to CMS provides a high-level description of the demonstration. Many stakeholder comments requested details that cannot be addressed in this high-level policy document with a set page limit. Further details and processes will be described in subsequent documents that will be available to the public, such as the Memorandum of Understanding between DHCS and CMS (to be developed) and further written guidance issued by CMS and other state departments.

Please note that this is not a summary of the proposal; it only flags significant changes.

Scope and Timeline

In response to stakeholder comments that more time was needed to prepare for enrollment and implementation, the proposal delays the implementation date from January 2013 to no earlier than March 2013 and no later than June 2013. Enrollment will be phased in over 12 months. Additionally, the proposal calls for scaling back the size of the demonstration in 2013 — from ten counties to eight counties. The State believes this additional time will help ensure readiness of the state demonstration health plans.

In addition, several aspects of the proposal call for maintaining the status quo for a period of time. For example, the state proposes no changes be made toward creating a unified grievance and appeals process for Medi-Cal, Medicare, or IHSS in the first year to allow further time to work on this complex issue.

Clarifications on the Enrollment Process

The integrated service delivery system created by the demonstration will result in better care for beneficiaries. California is pursing a passive enrollment process through which beneficiaries will receive multiple notices of their options to participate. In response to comments on the

importance of beneficiary communications, the proposal being submitted clarifies that there will be a process to ensure that communications will be specific and easily understandable.

Stable enrollment period. The State believes that a six-month stable enrollment period is needed to promote continuity of care. Indeed, DHCS believes that a stable enrollment period is needed to ensure sufficient time for health plans to complete the assessment process and fully implement care plans, thereby demonstrating to beneficiaries that improved care can be achieved by the health plan. The stable enrollment period also will avoid churning and interruptions in beneficiary care. As part of this, DHCS is committed to maintaining continuity of care for beneficiaries coming into the demonstration.

Native Americans will be the only group exempt from the proposed stable enrollment period.

Demonstration Population

Share-of-Cost Beneficiaries. Based on stakeholder feedback that supported the inclusion of all beneficiaries with a Medi-Cal share of cost in the demonstration, all beneficiaries with a Medi-Cal share of cost will be passively enrolled in the demonstration for those months in which they meet their Medi-Cal share of cost. The State will work with health plans and CMS to make the administrative changes necessary to implement this policy.

Beneficiaries exempt from passive enrollment. In addition to current enrollees of PACE programs and the AIDS Health Care Foundation, the demonstration proposal as submitted clarifies that dual eligibles enrolled in a non-demonstration plan Medicare Advantage program are exempt from passive enrollment. Dual eligibles in Special Needs Plans (D-SNPs) will be included in the demonstration and exempt from passive enrollment until January 2014.

Populations excluded from the demonstration

- Under age 21. Based on stakeholder feedback and analysis of the data, the demonstration proposal as submitted excludes dual eligible beneficiaries under age 21, excluding approximately 1,700 children.

- ESRD. Stakeholders have offered mixed opinions regarding the inclusion of beneficiaries with End-Stage Renal Disease (ESRD). DHCS has chosen to follow the Medicare Advantage policy. ESRD beneficiaries will not be eligible for the demonstration, but beneficiaries who develop ESRD after enrollment in the demonstration may stay enrolled. Beneficiaries with ESRD who are currently enrolled in a demonstration health plan and their subcontracting partners may choose to stay in that plan under the demonstration.

- Developmentally Disabled Beneficiaries. Dual eligible beneficiaries receiving services through a California Regional Center or a State Developmental Center are not eligible for the demonstration. The State's 1915(c) waiver for the developmentally disabled provides significant Medicaid services, and the demonstration is not proposing to include those services; as such, beneficiaries receiving those services will be excluded.

Home and Community Based Service 1915(c) Waiver: Enrollment Process and Status

California has always been committed to helping those who want to remain in their home and communities. With the demonstration, DHCS intends to increase that support. As such, DHCS will work with health plans to develop their programs toward fulfilling that goal and to provide services similar to those under the 1915(c) waivers. While the April draft proposal included beneficiaries enrolled in the 1915(c) waiver programs, the demonstration proposal as submitted to CMS excludes beneficiaries altogether. Stakeholder feedback indicated strong interest in continuing the programs outside the demonstration.

California offers several important waiver programs, although their enrollment is limited. For the following small waiver programs, enrollees will be excluded from the demonstration: Nursing Facility/Acute Hospital Waiver Service, HIV/AIDS Waiver Services, Assisted Living Waiver Services, and In-Home Operations Waiver Services. This affects about 3,700 dual eligible beneficiaries statewide. At the same time, those on waiting lists for those waivers will be subject to passive enrollment (if they are eligible) and no further enrollment into the waivers will take place.

Multipurpose Senior Services Program (MSSP)

The demonstration proposal clarifies the transition of the MSSP program in the demonstration, noting that the State will continue working with stakeholders to develop a transition plan that is seamless and incorporates the principles of MSSP into the managed care benefit. Health plans will contract with MSSP organizations to continue their case management functions. Stakeholders will submit a transition plan to the legislature no later than January 2015 — per the request by stakeholders for additional detail and the need to maintain the integrity and principles of the MSSP program.

Behavioral Health Coordination

The proposal as submitted includes a new Appendix that describes a "Framework for Shared Accountability" for coordinating and aligning delivery of behavioral health services between demonstration health plans, county mental health plans (MHPs) and county substance use disorder agencies. CMS and stakeholders requested greater detail on this aspect of the demonstration.

There is now a more detailed description of a shared accountability strategy to achieve the demonstration aims of seamless access to services and reduced cost shifting for individuals receiving county-administered specialty mental health and Drug Medi-Cal services, both of which would not be included in the capitated payments to health plans, at least initially. The framework, developed in consultation with stakeholders, recognizes the value of existing service delivery structures and aims to build on this existing infrastructure to improve coordination and meet the demonstration goals.

Clarifications on the Model of Care

Stakeholder comments reflected a desire for additional detail on the risk-assessment process (medical and social), care planning process, and composition and role of the interdisciplinary care teams. The demonstration proposal provides overarching guidance for these care components, but they will be described in detail in each health plan's Model of Care, which will be submitted to CMS for review. Additionally, through activities of the State's ongoing stakeholder work groups, criteria for demonstration health plan readiness will be further developed.

The proposal as submitted includes a definition of "person-centered" as meaning the beneficiary has the primary decision-making role in identifying his or her needs, as well as preferences and strengths. In addition, person-centered care means a shared decision-making role in determining the services and supports that are most effective and helpful for the beneficiary.

Consumer Protections

Beneficiary and Provider Outreach and Education. The demonstration proposal as submitted clarifies that the state will design an outreach and education strategy for beneficiaries and providers in participating counties. An important part of this process will be to leverage the knowledge of existing community-based organizations. Indeed, DHCS has already begun working on this plan with stakeholders, including consumer advocates and the California Medical Association. Additionally, the demonstration proposal includes requirements that health plans educate their provider networks regarding the availability and usefulness of available social services and also establish teams dedicated to ensuring smooth transitions for all beneficiaries.

PACE. The proposal clarifies that the enrollment process will present an opportunity to indicate an interest in the Program of All-Inclusive Care for the Elderly (PACE) with follow-up taking place with those who indicate an interest.

Network Readiness. The proposal as submitted makes it clear that health plans in the demonstration will be required to meet Medicare network adequacy standards for medical services and prescription drugs, as well as Medi-Cal network readiness standards for long-term services and supports. The latter standards are being developed with stakeholder input through a public work group and will be complete in advance of the readiness review process. The requirements will ensure that beneficiaries have access to providers sufficient to achieve access standards. As part of this process, health plans will need to demonstrate that they have achieved access standards related to cultural competency and accessibility.

Appeals and Grievances. Based on stakeholder input and due to the complexities of both systems and need to amend state regulation, the existing Medi-Cal and Medicare grievance systems will remain in place for the first year of the demonstration. DHCS will work with CMS to develop a single process (including unified forms) through which grievances and appeals would be filed. There will be ongoing collaboration between the State, CMS and stakeholders to develop a unified state and federal grievance and appeals process by the second year of the demonstration.

In addition, the demonstration proposal as submitted clarifies that the current rights and protections for IHSS consumers will remain in place during the demonstration, including the fair hearing process for consumer appeals for hours authorized by counties and the right to self-direct care.

Continuity of Care. DHCS has made continuity of care as a top priority. The draft proposal described a policy aimed at maintaining continuity so that beneficiaries will be able to maintain relationships with their out-of-network physicians for six months for their Medicare benefits and 12 months for their Medi-Cal benefits. In addition, the proposal clarifies that health plans will:

- Enter into agreements with counties and public authorities for care coordination activities; and,
- Establish care coordination teams based on the unique care needs of the individual, with attention to HIPPA issues.

Ongoing Stakeholder Input. The proposal as submitted adds additional details regarding the ongoing stakeholder engagement and feedback process that will continue throughout implementation of the demonstration, including the creation of local advisory boards.

Quality Monitoring

The proposal strengthens the conversation around plan monitoring and oversight. As part of quality monitoring, it is important to keep in mind that all demonstration plans must meet Medicare rules to qualify as a Medicare health plan.

Health Plan Oversight. The proposal includes a new Appendix that offers a graphic on the oversight approach for the health plans. This plan is being further developed and refined prior to the launch of the demonstration.

Role of the Department of Managed Health Care (DMHC). The proposal as submitted expands its description of the role that DMHC will have in health plan monitoring and providing assistance to health plan members through its help center.

Each health plan seeking to participate in the demonstration holds a current license issued by the DMHC under the Knox-Keene Act. To maintain its license, each health plan is required to continuously meet defined regulatory standards, including timely access to care through adequate provider networks, care coordination, continuity of care, financial solvency, and treatment decisions unencumbered by fiscal or administrative considerations. In addition, the DMHC provides comprehensive assistance to health plan members through its Help Center.

Transparent Quality Monitoring Process. The State is holding a series of public work group meetings on quality monitoring and the evaluation of the demonstration. Leading this effort are Dr. Neal Kohatsu, DHCS Medical Director, and Dr. Kenneth Kizer, Distinguished Professor, University of California Davis School of Medicine and Betty Irene Moore School of Nursing. They will guide discussion of the overall approach to evaluating the program, as well as specific performance measures that will be required in contracts with health plans.

Process for discontinuing the demonstration based on quality performance. The April draft proposal described the potential state statutory requirement that the demonstration be discontinued if certain fiscal requirements were not met. The proposal as submitted today responds to stakeholders by clarifying the similar provision that exists in proposed statute that are based on quality requirements, rather than only fiscal requirements.

Rate Setting

Several stakeholders commented on the lack of specific information around the rate development process and the need for greater transparency. While much of this is dependent on forthcoming negotiations between DHCS, CMS and the health plans, DHCS recognizes the importance of providing this information as soon as possible and is working diligently on the necessary data analysis. More information will be provided as soon as possible.