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Medi-Cal Managed Care: Opportunities in the Midst of Turmoil

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Overview

- Introduction to CalOptima
- Medi-Cal Managed Care Today
- Opportunities on the Horizon

CalOptima

- County Organized Health System for Orange County
- Public agency authorized by federal, state and county
- Key features:
 - Single plan responsible for providing Medicaid benefits
 - Mandatory enrollment of all full scope Medicaid beneficiaries
 - Includes Seniors and Persons with Disabilities since 1996
 - Includes Dual Eligibles since 1996
 - Responsible for nearly all acute medical services
 - Includes nursing home care (long term institutional care)
 - Certain benefits still carved out (e.g., CCS, dental, behavioral, home and community-based)

CalOptima Programs

	Medi-Cal	OneCare	Multipurpose Senior Services Program	Healthy Families Program
Program Type	Medicaid	MA-SNP	HCBS (1915c waiver)	CHIP
Enrollment	380,000	12,000	500	38,000
Eligibility	TANF SPD Duals	Duals	Medicaid eligible who is: <ul style="list-style-type: none"> • 65+ • Risk for nursing home placement 	Children under 250% FPL
Services	<ul style="list-style-type: none"> • Health • Rx • Vision 	<ul style="list-style-type: none"> • Health • Rx • Vision 	<ul style="list-style-type: none"> • Assessments • Care planning • Coordination • In-home services 	<ul style="list-style-type: none"> • Health • Rx
Revenue (FY11)	\$1.2 B	\$1.71 M	\$2 M	\$38 M

- In addition, the CalOptima Foundation operates the Orange County Regional Extension Center

Medi-Cal Managed Care: Today



“Challenging” seems an understatement

Medi-Cal Managed Care Challenges

- Fiscal Year 11-12 State Budget Cuts
 - Benefit reductions
 - Provider payment reductions
 - Beneficiary cost-sharing
- Uncertainty of State Budget Cut Implementation
 - Court challenges
 - Unresolved implementation details (e.g. ADHC)
 - Pending CMS approval of Medi-Cal program changes
- FY 11-12 State Budget Revenues Below Projections
 - Pose further threat to Medi-Cal service levels

Medi-Cal Managed Care Challenges

- Medi-Cal Efficiency Adjustments
 - Methodology used to evaluate how efficient a health plan and/or medical group is at providing care
 - Based on potentially avoidable utilization and/or costs
 - Penalties for plans not meeting efficiency adjustment benchmarks – No rewards
- Three types of efficiency adjustments
 - Inpatient
 - Emergency Room
 - Pharmacy

Challenges on Horizon

- Federal Entitlement Reform / Budget Reduction
 - Key topic on legislative agenda
 - Looming November 2011 federal deadline
 - November 2012 elections
- Affordable Care Act Implementation
 - Large investment needed to prepare infrastructure and shape successful Medi-Cal transition to 2014
 - Many open policy questions
 - Exchange
 - Basic Health Plan Option
 - Continued threat to ACA defunding / legislative changes

On Bright Side..... Expansion Opportunities

- 1115 Waiver Low Income Health Program (LIHP)
 - Offers counties federal matching funds for early coverage expansion to medically indigent adults
 - Orange County MSI program projected to expand to 55,000 medically indigent adults
- Healthy Families Program Transition to Medi-Cal
 - Remains a fiscal goal for State DHCS
 - Could result in 80,000 more Medi-Cal members for CalOptima
- Medicaid Expansion in 2014
 - Est. 140,000 newly eligible Medi-Cal members for CalOptima
 - Newly eligible population may have high pent-up demands

On Bright Side..... Other Opportunities Ahead

- The turmoil and uncertainty facing Medicaid creates breeding ground for innovation and transformative change
- Medicaid state and federal fiscal crisis forces need to drive service delivery system innovation
- Opens federal / state window of flexibility for programmatic changes
 - Increase managed care
 - Reduce fragmentation in delivery systems
 - Foster improved integration of Medicaid benefits

Increased Focus on Systems of Managed Care

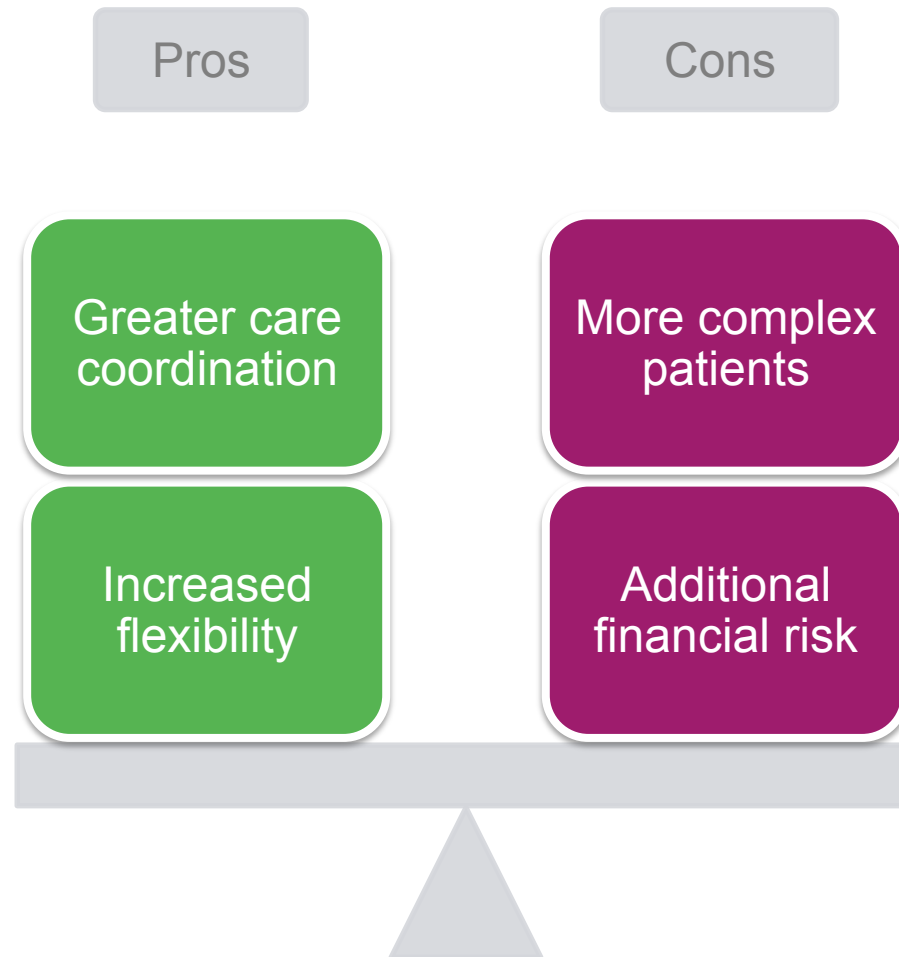


- Beyond acute medical services and ‘silos’ of care delivery
- Increased service coordination
 - Role of medical home
 - Enhancement of communication and data integration
- Fundamental changes to existing delivery systems
 - Inclusion of non-traditional provider types
 - Relationships between program / service providers
 - Increased engagement of members / patients

Plan as the Integrator

- Opportunity for the plan to assume responsibility for managing care across the continuum
- Specific areas of focus for integration:
 - Integration of behavioral health and acute care
 - Increased use of Medicaid managed long term care
 - Integrated care for duals (e.g., PACE)
 - Integrated care for special needs children

Plan as the Integrator



Potential Benefits for Members

- Simplified delivery system to navigate
- Flexibility to offer new service options (e.g. social supports / services)
- Improved systems of care coordination for seniors and persons with disabilities
- Improved quality outcomes and patient satisfaction

Potential Benefits for Providers

- Greater administrative efficiencies
- Flexibility to offer more cost-effective service options along the health care continuum
- Streamlined coordination of care amongst providers
- Improved patient outcomes

Opportunity to Shape the Future





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Medi-Cal

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OneCare (HMO SNP)

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Healthy Families

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