National Health Policy Forum Session

“Medicare Advantage SNPs: A New Opportunity for Integrated Care”

November 18, 2005

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Chief Executive Officer
# Managed Care Models in California

<table>
<thead>
<tr>
<th>County Organized Health System (COHS)</th>
<th>Geographic Managed Care (GMC)</th>
<th>Two Plan Model (TPM)</th>
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<tr>
<td>Single, local public plan</td>
<td>Multiple commercial plans</td>
<td>One local public plan and one commercial plan</td>
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<td>5 plans in 8 counties</td>
<td>2 counties</td>
<td>12 counties</td>
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<td>Mandatory enrollment:</td>
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<td>— LTC</td>
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CalOptima Background

- Medicaid managed care plan for Orange County
- Operates under Federal authority as a Health Insuring Organization (HIO)

Milestones:
- October 1995: went live with TANF population
- February 1996: ABD enrolled, including dual eligibles
- June 1998: LTC/NF added
- July 1998: SCHIP program begins
- March 2001: became provider for limited HCBS services
- October 2005: Medicare SNP starts serving dual members
CalOptima Delivery System

- 75% of CalOptima Medi-Cal members are in contracted health networks
  - All TANF members and Medicaid-only ABDs
  - 9 Physician-Hospital Consortiums (like PHOs)
  - 2 HMOs (Kaiser and Universal Care)

- Delegated model: physicians & hospitals take fully capitated risk

- Dual eligibles are in CalOptima Direct fee-for-service program
CalOptima Programs

California Department of Health Services
- Mandatory Enrollment
- 300,000 Members
- Annual Revenues $800 million

Centers for Medicare & Medicaid Services
- Voluntary & Passive Enrollment
- Current 2005 320 Members
- Potential 2006 20,000 Members
- Annual Revenues $300 million (est.)

California Managed Risk Medical Insurance Board
- Voluntary Enrollment
- 30,000 Members
- Annual Revenues $26 million

Mandatory Enrollment
Voluntary Enrollment
Potential 2006

Current 2005

Annual Revenues
$300 million (est.)

Annual Revenues
$300 million (est.)

Annual Revenues
$26 million
Medicaid Membership
by Aid Category

(Tanf 70%)

LTC 2%

Aged 13%

Blind/Disabled 15%

TANF 70%

(October 2005)

CalOptima - TANF vs. ABD Medical Cost

- TANF 70%
- ABD & LTC 30%
- TANF 29%
- ABD & LTC 71%

% Members

% Medical Costs

ABD&LTC TANF
2005 Snapshot of Dual Eligibles in Orange County

- **Approximately 55,000 full benefit Dual Eligibles**
  - 5,000 enrolled in Medicare risk plans
  - 50,000 in fee-for-service (FFS) Medicare
  - All 55,000 receive Medicaid wrap-around services from CalOptima

- **Challenges of Different Funding Streams**
  - Coordination of benefits
  - Coordination with providers
  - Lack of consistent communication with members
  - Lack of care management and utilization controls for FFS Medicare duals
Opportunities for Integration

**Historically:**
- 2000: began exploration of Medicare M+C option
- 2001: proposed to State a 1915(c) Home and Community-Based Services Waiver (Texas Star Program look-alike)
- 2003: MMA enactment provided option for Medicare Advantage Special Needs Plan for Dual Eligibles

**Future:**
- Implementation of a comprehensive 1915(c) waiver
- Acute and Long-Term Care Integration Pilot for Orange County
- Would provide a single, coordinated delivery system for all acute and LTC services under both Medicaid and Medicare
The First Steps: A Linked Database

- Contracted with JEN Associates to link Medicare, Medicaid FFS, and CalOptima claims and enrollment data
  - First Analysis in 2000: 1994-1997 service dates
  - Second Analysis in 2004: 1998-2000 service dates

- Population separated into:
  - Community Other
  - Community LTC
  - Institutional LTC
## Trending the Data: Case Mix and Costs

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<th>2004</th>
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<tr>
<td></td>
<td>Aged</td>
</tr>
<tr>
<td>Institutional LTC</td>
<td>12% (-)</td>
</tr>
<tr>
<td>Community LTC</td>
<td>8% (-)</td>
</tr>
<tr>
<td>Community Other</td>
<td>54% (+)</td>
</tr>
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<td>Totals:</td>
<td>74%</td>
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CalOptima’s Special Needs Plan
Options for Dual Eligibles in 2006

If a Dual Eligible stays in Medicare fee-for-service:

- FFS Medicare (Parts A and B)
- Medicare Part D (Prescription Drugs)
- Medicaid

If a Dual Eligible chooses another Medicare Advantage plan:

- Medicare Parts A and B
- Medicare Part D
- Medicaid

If a Dual Eligible chooses OneCare:

- Medicare Parts A and B
- Medicare Part D
- Medicaid
OneCare Advantage

● Single organization to coordinate full medical care benefit specifically for Dual Eligibles
  ─ Provide Medicare covered services
  ─ Provide Medicaid wrap-around services

● “One-stop” for members
  ─ Care management and coordination of Medicare and Medicaid services
  ─ Personal assistance in navigating system
  ─ Two benefit programs managed through one plan

CALOPTIMA
A Public Healthcare Agency
Passive Enrollment

- CalOptima was one of a small number of plans that were approved by CMS for passive enrollment
- A plan needed to be a Medicaid health plan with dual members, and be approved as a SNP
- Concerns about Part D for 2006 played into decision
- Passive enrollment process:
  - During October, SNP mailed CMS-approved letter to Medicare FFS dual members
  - Member had 3 choices: 1) become member of SNP, 2) join another Medicare Advantage plan; or 3) elect to remain in FFS Medicare and select Part D Plan
  - Could make choice by phone, by form, or in person
  - If no active choice was made, the member would be enrolled in the SNP 1/1/06
- One-time occurrence
- Members can change plans or choose to return to fee-for-service Medicare *on a monthly basis*
### 2006 Snapshot of Dual Eligibles in Orange County

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<tr>
<th>Plan Type</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>OneCare</td>
<td>500</td>
<td>20,000</td>
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<tr>
<td>Other MA or SNP Plans</td>
<td>5,000</td>
<td>10,000</td>
</tr>
<tr>
<td>FFS Medicare (and Part D)</td>
<td>50,000</td>
<td>25,000</td>
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Challenges for Medicaid Health Plans that Become SNPs

• Start-up costs
• Need for appropriate case-mix
• Adjusting to a new “dance partner”: CMS
• Building Medicare knowledge and expertise
• Opposition from Medicare FFS physicians
• Coordinating Medicare and Medicaid services if no state contract for duals
• Medicare grievance & appeals process different
Challenges for SNPs (continued)

• Marketing is new for most Medicaid health plans

• Competing against Medicare FFS

• Competition in the Medicare Advantage world

• Need to have medical partnerships with Medicare-risk experienced providers—typical Medicaid delivery system including FQHCs/clinics will be challenged

• Risk adjustment is critical for financial viability -- need doctors/medical groups with coding experience

• Medicare quality requirements (HEDIS & Disease Mgt.)
Issues for Policymakers

- CMS learning to “dance” with new partners
- Medicare marketing rules
- Flexibility on drug cost sharing
- One-time passive enrollment for new SNPs
- Passive enrollment for newly eligible duals
- Future of plan payment structures
  - avoid reductions in MA/SNP payment rates
  - will risk adjustment be sufficient for duals?
  - will an additional frailty adjuster be necessary?
Acute and Long Term Care Integration (ALTCI): Fully Integrated Care

- **Pilot program proposed by State for ABD populations in 3 counties:**
  - Two Plan Model (TPM) – Contra Costa
  - Geographic Managed Care Model (GMC) – San Diego
  - County Organized Health System (COHS) – Orange County

- **Coordinate all health care services**
  - Acute care (Medicaid and Medicare)
  - Home and Community-Based Services
  - Long Term Care

- **Why it makes sense for CalOptima**
  - ABDs served in our plan since 1996
  - Have experience beyond acute care services: NFs & MSSP
  - Under development since 2001
CalOptima’s Future

A Fully Integrated System of Care

- Hospitals
- Personal Care
- Adult Day Health Care
- Nursing Home
- Home-Based Care
- Doctors
- Hospice