

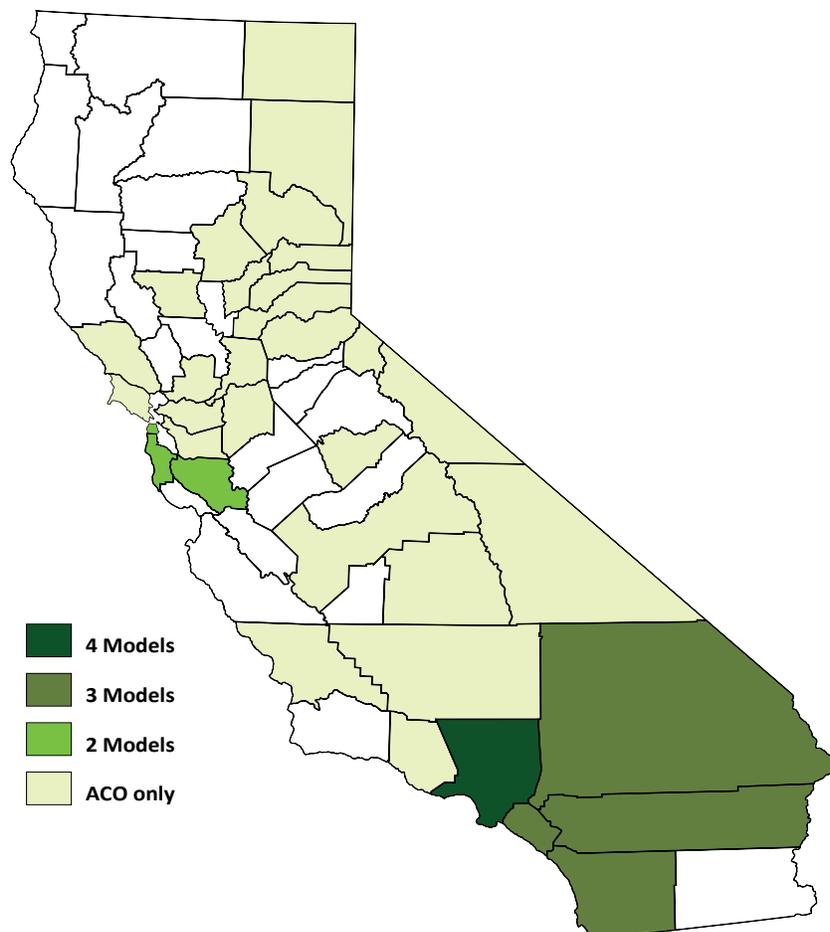
# System Transformation in California: Coordinating Health Care and Long-Term Services and Supports

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This brief summarizes California's implementation of key models from the *Patient Protection and Affordable Care Act (ACA)* to improve care for older adults and people with disabilities, noting current accomplishments and recommendations for further system transformation.

New models from the ACA are transforming care in 35 counties.



## Introduction

California's implementation of the *Patient Protection and Affordable Care Act* (ACA) holds tremendous opportunity for both health care and long-term services and supports (LTSS) delivery.

Much has been written and debated on how health care and LTSS delivery has struggled with creating an understandable and accessible system of care for older adults and persons with disabilities. This schism creates unnecessary burden on individuals, families, providers, and government officials – all of whom are invested in the Triple Aim of improved population health, better care, and lower overall costs. These challenges are not new, nor are they limited to California as evidenced by numerous reports at the federal and state level. Most recently, the state's Senate Select Committee on Aging and Long Term Care published its report, [\*A Shattered System: Reforming Long-Term Care in California\*](#), which offered several building blocks for moving the state's system toward more organized and responsive health care and LTSS.

A major innovation driver for health care system transformation is the 2010 *Patient Protection and Affordable Care Act* (ACA), providing numerous opportunities for new programs and partnerships. California is a leading state in exploring and adopting new models of care available through the ACA. However, implementation varies by county, which creates challenges in understanding the multitude of changes as well as how to engage in these new systems of care.

We recently published a [report](#) with a national view of ACA provisions that have helped connect health care and LTSS. This brief describes California's implementation of key ACA provisions to improve services for older adults and persons with disabilities since enactment. It also notes additional action needed to build on the current momentum so that all Californians with health care and LTSS needs can live well with dignity, choice, and independence.

## Programs Integrating Health Care and LTSS Services

For many older adults, the first interaction with LTSS begins with a trip to the hospital following a medical crisis. Upon discharge, individuals struggle to access services and supports in a coordinated fashion, often leading to re-hospitalization or institutional placement. The following programs in California, born out of the ACA, test various approaches to coordinating medical care and LTSS systems to connect older adults with services in a timely manner, and improve the quality of life while better managing costs.

- **Community-Based Care Transition Program (CCTP):** This program began in 2012 as a public-private partnership between the Centers for Medicare & Medicaid Services (CMS), local hospitals, and community-based organizations (CBOs). Hospitals and CBOs collaborate to improve the care transition experience from inpatient hospitals to home or other care settings, improve quality of care, and reduce costs to the Medicare program.<sup>1</sup> Two CCTP sites in California were established at the start of the program in 2012, growing to eight by 2014. Five of the sites serve portions of Los Angeles County, with others located in Orange, San Diego, and San Francisco counties. While most of the sites were developed by CBOs with connections to aging services, some were initiated by health systems.<sup>2</sup>
- **Accountable Care Organizations (ACO):** The intent of an ACO is to drive care coordination in a fee-for-service model through a network of doctors, hospitals, nurse practitioners, physician assistants, and others working together under a structured agreement to both improve quality and reduce medical cost. ACOs successful at meeting the quality performance measures and benchmark savings established by CMS have the opportunity to receive a portion of the savings. CMS designed three Medicare ACO models ([Pioneer, Advance Payment, and Medicare Shared Saving Program](#)) and will be accepting applications for a fourth model ([Next Generation ACO](#)) in 2015 and 2016.<sup>3</sup> As of March 2015, there are approximately 35 ACOs operating in California, serving nearly 450,000 people in 35 counties.<sup>4</sup>
- **Fully Integrated Dual Eligible Special Needs Plans (FIDE-SNP):** The *Medicare Modernization Act of 2003* created Specialized Medicare Advantage plans for Special Needs Individuals (SNPs). SNPs target care to individuals who are institutionalized, eligible for both Medicare and Medicaid (dual eligible), and/or those individuals with severe or disabling chronic conditions. SNPs are Medicare Advantage health plans that utilize care coordination to improve the delivery of care to specialized populations.<sup>5</sup> A Dual Eligible Special Needs Plan (D-SNP) serves people who are entitled to both Medicare and Medi-Cal.

Approximately 35 ACOs coordinate care for 450,000 Californians with Medicare in 35 counties.

The ACA established Fully Integrated Dual Eligible (FIDE) SNPs in statute. This health plan model integrates and coordinates all Medicare and Medi-Cal benefits, both health care and LTSS, under one managed care plan. There is one FIDE-SNP in California serving approximately 8,000 people in three counties.<sup>5,6</sup>

- **Duals Demonstration, California's Coordinated Care Initiative (CCI):** The ACA established the Medicare-Medicaid Coordination Office and the Center for Medicare and Medicaid Innovation (CMMI) within CMS, charged with creating new integration models to improve service quality and manage the rising cost of care for people eligible under both programs. CMMI launched the Financial Alignment Initiative, referred to as the "duals demonstration," to align funding and services between the two programs.<sup>7</sup>

Dual eligibles can access care coordination through a FIDE-SNP or Cal MediConnect in a limited number of counties.

California's duals demonstration, referred to as Cal MediConnect, is authorized as part of the CCI. Enacted through the 2012-2013 California budget, the CCI began implementation on April 1, 2014.<sup>8</sup> In addition to Cal MediConnect, the CCI includes mandatory enrollment of dual eligible individuals into Medi-Cal managed care, and integration of specified LTSS into managed care. The CCI has been implemented in six counties with a seventh scheduled for August 2015. As of June 2015, nearly 123,000 dual eligible Californians are enrolled in a Cal MediConnect health plan.<sup>9</sup>

- **Health Homes:** The ACA established a Medicaid state plan option permitting states to develop Health Homes that coordinate primary and acute care, behavioral health services, and LTSS for people with multiple chronic conditions and/or a serious mental health condition. Authorized at the state level through Assembly Bill 361 (2013), California has developed its Health Home proposal and intends to submit a Medicaid state plan amendment to CMS by August 2015.<sup>10</sup>

California's Health Home Program will target individuals with multiple chronic conditions and individuals with serious mental illness. Under federal law, dual eligible individuals are required to be included in the Medicaid Health Home State Plan Option. In addition to the regular Medicaid services, Health Home services include comprehensive care management, care coordination, comprehensive transition care, individual and family support, referrals to community and social supports, and use of health information technology. California's proposal requires all Medi-Cal managed care plans to provide administrative oversight and contract with community-based care management entities responsible for providing Health Home services. Under the proposal, the community-based care management entities will be authorized to sub-contract with or make referrals to other community and social support services as needed. California intends to launch the Health Home Program in January 2016 in the CCI counties, expanding to the remaining 51 counties by July 2016.<sup>11</sup>

Table 1 shows the counties where older adults and persons with disabilities have access to programs through these ACA provisions.

**Table 1: California Activity to Transform Care**

Models	Funding Sources		Counties
	Medicare	Medicaid	
<b>CCTP<sup>2</sup></b>	X		Los Angeles, Orange, San Diego, San Francisco
<b>ACO<sup>4,12</sup></b>	X		Alameda, Alpine, Butte, Colusa, Contra Costa, El Dorado, Fresno, Inyo, Kern, Lassen, Los Angeles, Marin, Mariposa, Modoc, Mono, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Clara, Sierra, Solano, Sonoma, Tulare, Ventura, Yuba
<b>FIDE-SNP<sup>6</sup></b>	X	X	Los Angeles, Riverside, San Bernardino
<b>CCI<sup>9</sup></b>	X	X	Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara
<b>Health Homes<sup>11</sup></b>		X	January 2016 - Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara  July 2016 - All Counties

## California's 1115 Waiver: A Vehicle for Change

Many provisions of the ACA have been implemented in California by use of the waiver authority contained in section 1115 of the *Social Security Act* (referred to as 1115 waivers). Typically approved for five years, 1115 waivers can be renewed and must be budget neutral.<sup>13</sup> California's current [Bridge to Reform 1115 waiver](#) was approved in 2010 and includes authority to implement various provisions of the CCI. The state is currently seeking approval of the waiver renewal, referred to as [Medi-Cal 2020](#).

Medi-Cal 2020 builds on the Bridge to Reform waiver, keeping the CCI, among other programs, intact. Key principles of Medi-Cal 2020 are to improve California's health care system through:

- 1) delivery system transformation and program alignment across the continuum of care;
- 2) shared savings with the federal Centers for Medicare and Medicaid Services (CMS); and
- 3) a redesign of reimbursement methods for California's public hospital systems.

Medi-Cal 2020 will focus on whole person care, working to improve care transitions and integrate primary care, behavioral health, and LTSS through a number of strategies. California's Medi-Cal 2020 is currently under review with CMS with an intended start date of November 2, 2015.<sup>14</sup>

## Next Steps for Care Delivery Transformation in California

California is in the early stages of transforming systems of care for older adults and people with disabilities. Integrating health care and LTSS is an important component of improving quality and health outcomes while managing cost. Continued efforts are critical, building on successes and lessons learned, including understanding which components of the programs work best to meet the range of needs among the state's diverse older adult population.

Below are policy recommendations for continuing efforts toward a more organized system of care to support Californians with health care and LTSS needs:

- **Establish principles of person-centered care:** Care coordination models that place person-centered care at the core increase an individual's engagement in his/her care and create better health outcomes. However, person-centered care is defined differently across the system of care. As government agencies and health care providers work to design and integrate person-

centered care into long-term care planning, it is critical that there be a common understanding of person-centered care as well as how to develop and implement these concepts through the health care delivery system. These principles then need to be fully operationalized in all care delivery systems that serve California's older adults and persons with disabilities. As the state responds to new CMS requirements for person-centered planning in the new home- and community-based (HCBS) rules and potential changes to the Medicaid managed care regulations, DHCS should engage in a thorough stakeholder process to define person-centered care across the system of care.

- **Develop person-centered assessment processes:** The current health risk assessment processes conducted by Medicare Advantage plans need to be expanded to include a functional assessment in order to provide a more complete picture on which to develop a plan to address an individual's medical and non-medical needs. A robust health and functional assessment process should also be used by all systems that are organizing care for older adults and persons with disabilities – including ACOs, Health Homes, and others.

Additionally, the California Departments of Health Care Services, Social Services, and Aging are working with stakeholders to develop and pilot a universal assessment tool for individuals needing LTSS. California should continue action to develop and implement this tool for individuals using Medicaid-funded LTSS to provide:

- 1) reliable and person-centered information to facilitate better care coordination;
- 2) consistent information with which to evaluate population level needs; and
- 3) widespread data to inform the development of home- and community-based services quality measures.

- **Utilize quality measures that are relevant to the person:** Existing quality measures are typically driven by the care system's needs and values, and not those of the individual. As such, quality measures need to shift from measuring the system's vision of success to measuring the individual and their family's vision of success. Quality measures should be developed to measure against an individual's goals over time in relation to their environment. Care delivery systems in California should participate in emerging efforts to pilot test and implement this next generation of quality measures.

- **Recognize and support the role of family caregivers:** Unpaid family caregivers often shoulder the primary responsibility of coordinating care for their loved ones. The importance of family caregivers needs to be acknowledged, with corresponding strategies to support their needs in the community. As an example, health or LTSS assessments should also include questions focused on identifying caregiver needs in order to facilitate access to available community resources to assist them in their caregiver role. Many states have also established legal and system supports for family caregivers in addition to existing federal policies. California should consider how it can improve on this area given its low state ranking on the 2014 [State LTSS Scorecard](#) produced by AARP.
- **Increase affordability of LTSS:** Seven in ten Americans will need long-term care at some point in their lives, but only 5% of Californians over age 40 have long-term care insurance. Even with the CA Partnership for Long-Term Care, the state ranks 49<sup>th</sup> for access and affordability in the 2014 State LTSS Scorecard. Developing financing options to make LTSS affordable for working families must be a priority so that Californians can access services to meet their evolving needs while aging with dignity, choice, and independence. The California affiliates of LeadingAge, AARP, and the Alzheimer’s Association are starting dialogue with various stakeholders from industry, government, and advocacy through their Pathways Initiative to drive a renewed policy discussion. In addition, as recommended in the Senate Select Committee on Aging and Long Term Care’s “Shattered System” report, the state should explore options for financing long-term care in California, including examining options for development of a statewide insurance program that offers alternative financing solutions.
- **Develop a cohesive strategy for LTSS system transformation:** Transforming the LTSS system is challenging due to overlapping programs funded through varying sources, such as those described above (i.e., ACO’s, Duals Demonstration, Health Homes, Medicaid waivers). California should develop a strategy for oversight and implementation of programs and initiatives within the state’s authority to transform the LTSS system. Establishing a vision and set standards using common language and guiding principles across programs will provide clarity as to how programs interact, create ease for individuals moving across programs as needs change, and support consumer engagement and choice.

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