NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
MEMBER ADVISORY COMMITTEE

THURSDAY, MARCH 14, 2019
2:30 P.M.

CALOPTIMA
505 CITY PARKWAY WEST, SUITE 109-N
ORANGE, CALIFORNIA 92868

AGENDA

This agenda contains a brief, general description of each item to be considered. The Committee may take any action on all items listed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

Information related to this agenda may be obtained by contacting the CalOptima Clerk of the Board at 714.246.8806 or by visiting our website at www.caloptima.org. In compliance with the Americans with Disabilities Act, those requiring special accommodations for this meeting should notify the Clerk of the Board's office at 714.246.8806. Notification at least 72 hours prior to the meeting will allow time to make reasonable arrangements for accessibility to this meeting.

I.   CALL TO ORDER
Pledge of Allegiance

II.   ESTABLISH QUORUM

III.   APPROVE MINUTES
A. Approve Minutes of the January 10, 2019 Regular Meeting of the CalOptima Board of Directors' Member Advisory Committee

IV.   PUBLIC COMMENT
At this time, members of the public may address the Committee on general topics. Public Comment on posted item(s) will follow staff presentation of the item(s) to the Committee. If you wish to speak on an item contained in the agenda, please complete a Public Comment Request Form(s) identifying the item(s) and submit the form to the assistant to the Member Advisory Committee. When addressing the Committee, it is requested that you state your name for the record. Please address the Committee as a whole through the Chair. Comments to individual Committee members or staff are not permitted. Speakers will be limited to three (3) minutes.

V.   REPORT
A. Consider Recommendation of Member Advisory Committee Candidates for Children Representative and Long-Term Services and Supports Representative.

VI.   CEO AND MANAGEMENT REPORTS
     A. Chief Executive Officer (CEO) Update
     B. Chief Operating Officer (CMO) Update
     C. Chief Medical Officer (COO) Update

VII.   INFORMATION ITEMS
     A. Member Advisory Committee Member Updates
     B. Healthy Smiles
     C. Homeless Health Update
     D. Opioid Crisis Update
     E. Behavioral Health Update
     F. State Budget Update
     G. Dental Initiatives

VIII.   COMMITTEE MEMBER COMMENTS

IX.   ADJOURNMENT

MINUTES

REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
MEMBER ADVISORY COMMITTEE

January 10, 2019

A Regular Meeting of the CalOptima Board of Directors' Member Advisory Committee (MAC) was held on January 10, 2019, at CalOptima, 505 City Parkway West, Orange, California.

CALL TO ORDER
Chair Molnar called the meeting to order at 2:40 p.m. and led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present:	Sally Molnar, Chair; Patty Mouton, Vice Chair; Sandy Finestone (2:45 PM); Diana Cruz-Toro; Connie Gonzalez; Jaime Munoz (2:54 PM); Ilia Rolon; Jacquelyn Ruddy; Sr. Mary Therese Sweeney; Christine Tolbert;
Members Absent:	Donna Grubaugh; Mallory Vega
Others Present:	Ladan Khamseh, Chief Operating Officer; Dr. David Ramirez, Chief Medical Officer; Thanh-Tam Nguyen, Medical Director; Candice Gomez, Executive Director, Program Implementation; Emily Fonda, MD, Medical Director; Michelle Laughlin, Executive Director, Network Operations; Sesha Mudunuri, Executive Director, Operations; Betsy Ha, Executive Director, Quality Analytics, Belinda Abeyta, Director, Customer Service; Mauricio Flores, Manager Customer Service; Cheryl Simmons, Staff to the Advisory Committees; Samantha Fontenot, Program Specialist

MINUTES

Approve the Minutes of the September 13, 2018 Regular Meeting of the CalOptima Board of Directors' Member Advisory Committee

> *Action:*   *On motion of Member Sr. Mary Therese Sweeney, seconded and carried, the MAC approved the minutes as submitted. (8-0-0, Members Grubaugh and Vega absent)*

Approve the Minutes of the November 8, 2018 Special Joint Meeting of the CalOptima Board of Directors' Member Advisory Committee, OneCare Connect Member Advisory Committee, Provider Advisory Committee and the Whole-Child Model Family Advisory Committee

> *Action:*   *On motion of Member Christine Tolbert, seconded and carried, the MAC approved the minutes as submitted. (8-0-0, Members Grubaugh and Vega absent)*

PUBLIC COMMENT
There were no requests for Public Comment.

REPORTS

Chief Medical Officer (CMO) Update
Dr. David Ramirez, CMO, introduced Dr. Thanh-Tam Nguyen, as the new Medical Director for the Whole-Child Model program. Dr. Ramirez also spoke of his goal to improve member experience that would help improve the Consumer Assessment of Healthcare Providers and Systems (CAHPS) scores as well as improve access and remove barriers for members as the three major areas CalOptima would be focusing on this year.

Chief Operating Officer (COO) Update
Ladan Khamseh, COO, provided an update on the changes to CalOptima's Non-Emergency Transportation Service (NEMT) and noted that CalOptima had contracted with Veyo and that this change in vendor should have a minimal impact if any to CalOptima members. Ms. Khamseh also told the MAC that CalOptima is currently conducting a customer service community outreach project which is being provided to qualified members for Medi-Cal's Part A and Part B plans. She noted that 1200 eligible members received mailings and customer service is following up the mailing with phone calls. Ms. Khamseh also noted that CalOptima's current strategic plan ends in 2019 and a Request for Proposal (RFP) will be used to find a vendor to assist with the development of the new strategic plan.

Executive Director Network Operations Update
Michelle Laughlin, Executive Director, provided an update on the results of the Medi-Cal Provider Enrollment initiative. The Department of Health Care Services (DHCS) had required that as of January 1, 2019 any provider providing services to Medi-Cal members must be enrolled in Medi-Cal to receive payment. The CalOptima Board agreed to a six-month extension for payments to Primary Care Physicians (PCPs) provided that they show proof that they had enrolled with the DHCS by December 31, 2019.

INFORMATION ITEMS

MAC Member Updates
Chair Molnar noted that nominations open on January 15, 2019 until February 15, 2019 for the two open seats, Children and Long-Term Services and Supports Representatives. Applications are posted on the CalOptima website under the About Us section and then Board and Advisory Committees. Chair Molnar and Members Finestone and Tolbert agreed to participate in an ad hoc committee to review applications for the two seats and to make recommendations at the next MAC meeting.

Whole-Child Model Update
Candice Gomez, Executive Director, Program Implementation presented a comprehensive update on the Whole-Child Model (WCM) implementation. DHCS notified CalOptima of the delayed implementation which is in Phase 3 and is to begin no sooner than July 1, 2019. The basis for the

delay is the size of CalOptima's California Children's Services (CCS) population within Orange County, along with the complexity of CalOptima's delegated health network model. Ms. Gomez noted that until the WCM implementation begins, children that are currently enrolled in CalOptima and CCS will continue to receive CCS services through the Orange County Health Care Agency (OCHCA).

Vision Care Presentation
Provider Advisory Committee (PAC) Chair, John Nishimoto, O.D., Professor and Sr. Associate Dean for Professional Affairs and Clinical Education, Marshall B. Ketchum University Southern California College of Optometry gave an informative presentation on Optometry's role in patient care, early detection and prevention.

ADJOURNMENT
Chair Molnar announced that the next MAC meeting is scheduled for Thursday, March 14, 2019 at 2:30 p.m.

Hearing no further business, Chair Molnar adjourned the meeting at 4:15 p.m.

 /s/ Cheryl Simmons
Cheryl Simmons
Staff to the Advisory Committees

Approved: March 14, 2019

MEMORANDUM

DATE: March 7, 2019

TO: CalOptima Board of Directors

FROM: Michael Schrader, CEO

SUBJECT: CEO Report

COPY: Suzanne Turf, Clerk of the Board; Member Advisory Committee; Provider
           Advisory Committee; OneCare Connect Member Advisory Committee; and
           Whole-Child Model Family Advisory Committee

Special Board Meeting Approves Immediate Action on Homeless Health Initiatives
In response to your Board's special meeting on February 22, I will be presenting an Information
Item at the March 7 meeting to summarize Board-authorized actions related to homeless health,
including our clinical field team pilot program and CalOptima Homeless Response Team, as well
as follow up on additional initiatives proposed by Supervisor Andrew Do and county
representatives. These include ideas that address both physical health improvements and Whole-
Person Care/housing.

CalOptima Focuses Advocacy Efforts on Detrimental Licensure Proposal
On February 13, CalOptima helped arrange meetings with the governor's office and legislators to
express concern about the Department of Managed Health Care (DHMC) General Licensure
proposed regulation. A group of leaders representing the California Medical Association,
California Hospital Association, California Association of Health Plans, Local Health Plans of
California and America's Physician Groups came together to respond to the proposal, which says
that any entity that takes "global risk" (i.e., risk for both physician and hospital services) from a
full-service health plan would be required to obtain a Knox-Keene license or seek an exemption.
During our meeting with the governor's Deputy Cabinet Secretary Richard Figueroa, the
coalition questioned the broad definition of global risk and the undefined criteria for obtaining an
exemption. With a collective voice, we asked that the governor pull back the proposed regulation
and initiate a stakeholder process so concerns can be addressed. To extend the impact of the
governor's office meeting, I met with five members of our Orange County delegation, including
Assemblywoman Sharon Quirk-Silva, Assemblyman Phillip Chen, Assemblyman Tyler Diep,
Sen. John Moorlach and Sen. Tom Umberg. I briefed them on the concerns with the DMHC
proposed rule.

More recently, the California Hospital Association worked with Sen. Umberg to
introduce SB 714, a bill that may address the concerns with the proposed regulation. The bill will
be considered next by the Senate Health Committee.

Meetings With State Officials Address Proposed Change to Pharmacy Benefits
In January, Gov. Gavin Newsom issued an executive order calling for the transition of Medi-Cal
pharmacy benefits from managed care to fee-for-service (FFS). To raise awareness about the
member impact of a FFS pharmacy program, CalOptima, L.A. Care and Inland Empire Health
Plan leaders participated in a series of Sacramento meetings on February 26 arranged by Local

Health Plans of California and California Association of Health Plans. The group met representatives from the Assembly Republican Caucus, Senate Budget Committee, Senate Republican Caucus and the governor's office to make suggestions about alternate ways to achieve reduced pharmacy costs without affecting the managed care system already in place for more than 10 million Medi-Cal members statewide.

Programs Supporting Quality Care Are Ready for New Fiscal Year
Quality care for members is central to our mission. This month, your Board is considering two items that set quality priorities for Fiscal Year 2019–20. These programs were thoroughly reviewed and approved in advance by your Quality Assurance Committee on February 20. The 2019 Quality Improvement Program and Work Plan incorporates new initiatives, including Whole-Person Care, Whole-Child Model, Health Homes and population health management. The overall goal is to improve our National Committee for Quality Assurance rating from 4.0 to 4.5 by 2021, with special attention on bettering our member experience scores. Also before your Board is the Program of All-Inclusive Care for the Elderly (PACE) Quality Assurance and Performance Improvement Plan. New elements of the PACE plan focus on comprehensive diabetes care, reduced use of high-dose opioids, decreased day center falls, increased satisfaction with center meals and more.

CalOptima Successfully Completes Transition to Single Retirement Plan Vendor
To streamline and enhance retirement plan options for employees, CalOptima recently transitioned from two 457(b) deferred compensation plan vendors to a single vendor, Empower Retirement. More than 460 employees participate in the plan, which is the public agency equivalent of a 401(k) program at a private business. Selected through a competitive process, Empower is one of the nation's largest retirement product companies. CalOptima does not contribute to 457(b) plans on behalf of employees; all employee contributions are voluntary.

1 in 3 OC Children Suffer From Tooth Decay

Tooth Decay is an Epidemic. You Can Help Stop It.

Back to Agenda

Our mission is to improve the oral health of children in Orange County through collaborative programs directed at prevention, outreach and education, access to treatment, and advocacy.

100,000

children and parents reached each year

Who We Are & What We Do

- Smile Center in Garden Grove

- Smile Clinic at CHOC

- Sedation Treatment

- Smile Mobiles

- Community Outreach

- Teledentistry

- Oral Health Education

Meet George

Healthy Smiles
For Kids of Orange County

Meet
Nathaniel

Healthy Smiles
For Kids of Orange County

Meet Jason

Healthy Smiles
For Kids of Orange County

COMMUNITY PARTNERS

HISTORY

FOUNDERS
Jack Shaw
Dr. Richard Mungo
Dottie Andrews

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

OCHCA
1st One
Chair Clinic

CHOC
Children's Hospital
of Orange County

PACIFIC LIFE

UNIVERSITY OF SOUTHERN CALIFORNIA
Herman Ostrow School of Dentistry

GROWTH

SCHOOLS

FQHC
Federally Qualified Health Centers

Hoag, Unihealth, Delta Dental, Other Foundations & Dental Organizations

The Center for Autism & Neurodevelopmental Disorders (The Center)

CALOPTIMA

OCHCA
Orange County
Health Care Agency

Milestones

Education
504,000 kids & parents

Fluoride, Screenings, Sealants
201,500 encounters

Clinic Visits
95,700 visits

Teledentistry Visits
5,200 visits

TOTAL
806,400
encounters

Back to Agenda

Organization Highlights

- **250% Increased** revenue
- Reduced turnover rate by **50%**
- **Tripled** employee headcount
- **Admin costs** are at 15% industry standard is 25%

One of the OC Register's Best Places to Work!

TOP WORK PLACES **2017 & 2018**

THE ORANGE COUNTY **REGISTER**

Healthy Smiles
For Kids of Orange County

What is Teledentistry?

- A groundbreaking service eliminating traditional barriers to dental care
- A child is treated by a dental hygienist in the classroom, receiving a professional cleaning, x-rays, fluoride, sealants, and temporary fillings
- Off site, a dentist reviews the child's chart and creates a treatment plan
- The child misses less than an hour of class and parents do not have to miss work
- If necessary, care coordinators work with families to ensure treatment is completed, linking them to affordable clinics

Tooth Decay is Deadly

- Researchers found that within 8 years, there were more than 61,000 hospitalizations in one state alone.
- This is for an infection at the tip of a tooth's root that is a common symptom of untreated tooth decay.
- Of those 61,000-plus stays, 66 patients died.

Teledentistry Goals

1 **Quality Care**

No needles, sedation, or anesthesia – **it's painless**
No child is ever strapped or held down

2 **Access to Care**

Eliminates transportation barriers that keep kids from getting the care they need

3 **Solution to Absenteeism Rate**

Meet Kimberly

Healthy Smiles
For Kids of Orange County

Smile Score

Centralia Elementary
95% Satisfaction

Danbrook Elementary
91% Satisfaction

Wilson Elementary
95% Satisfaction

Healthy Smiles
For Kids of Orange County

Quality Metrics

Prevention

School-based preventative services

- Cavity Rate
- Participation rate (% of school population)
- % of children with severe decay who receive treatment
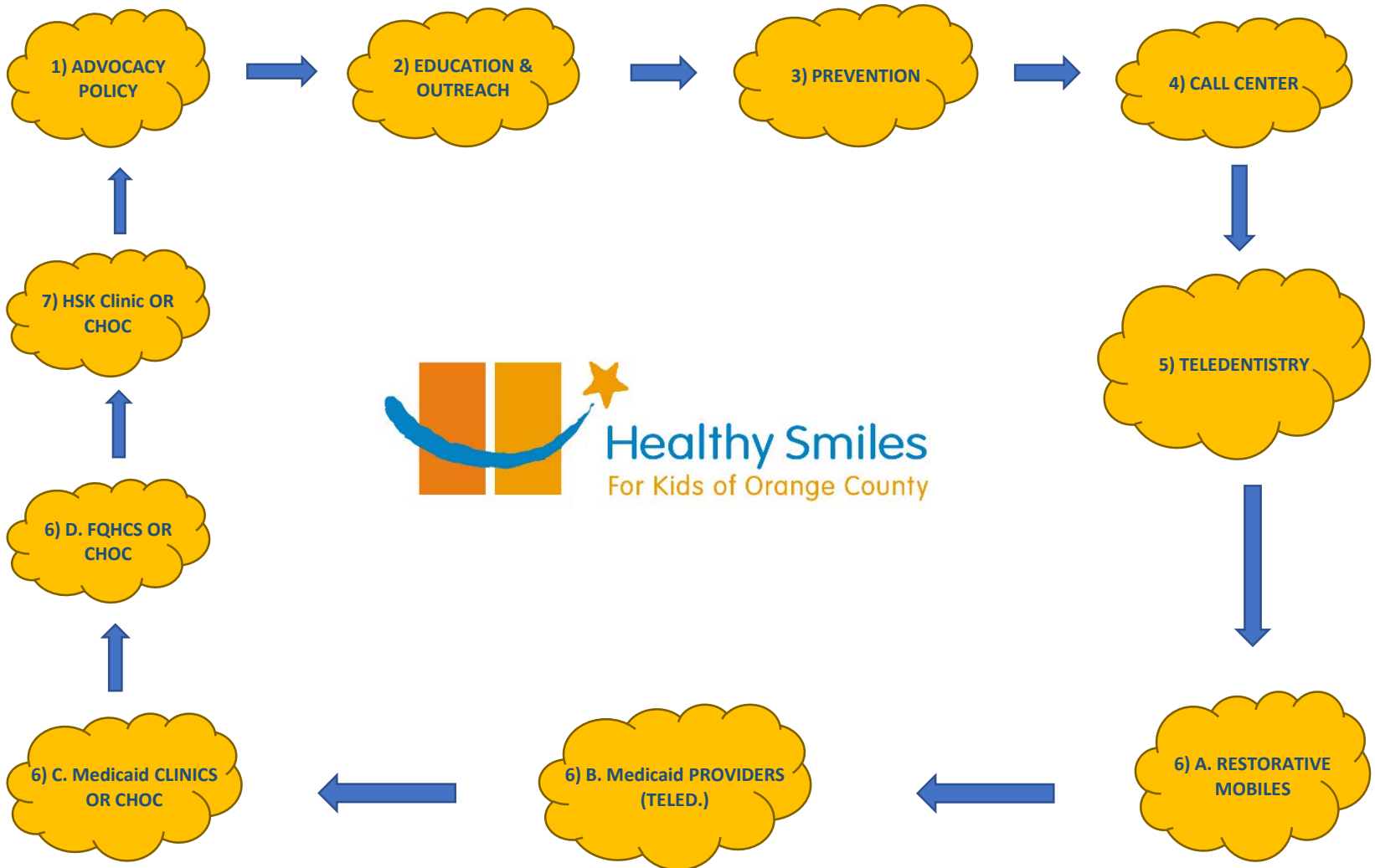
Teledentistry

Classroom dentistry

- Cavity rate - new patients
- Cavity rate - recall patients
- Treatment completed within 6 months
- Percentage of patients served in a community setting

Outreach

Community-based preventative services

- Cavity rate
- % of children with severe decay who are linked to a dental home
- No show rate for dental appointments

Back to Agenda

1) ADVOCACY POLICY → 2) EDUCATION & OUTREACH → 3) PREVENTION → 4) CALL CENTER

5) TELEDENTISTRY

6) A. RESTORATIVE MOBILES

6) B. Medicaid PROVIDERS (TELED.)

6) C. Medicaid CLINICS OR CHOC

6) D. FQHCS OR CHOC

7) HSK Clinic OR CHOC

Healthy Smiles
For Kids of Orange County

IT'S ALL ABOUT THE KIDS!

Opioid Epidemic Update

Member Advisory Committee

March 14, 2019

David Ramirez, MD

Chief Medical Officer

Opioid Epidemic

- Drug overdose is the leading cause of unintentional death in the United States, causing more deaths than motor vehicle accidents.
- Of the more than 70,200 drug overdose deaths in 2017, 68% involved an opioid.
- The most common drugs involved in prescription opioid overdose deaths include:
  - Methadone
  - Oxycodone (such as OxyContin®)
  - Hydrocodone (such as Vicodin®)
- Prescription opioid overdose deaths also often involve benzodiazepines such as:
  - Alprazolam (Xanax®)
  - Diazepam (Valium®)
  - Lorazepam (Ativan®)

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Impact On Medicaid

- Inappropriate prescribing practices and opioid prescribing rates are substantially higher among Medicaid patients than among privately insured patients

- In one study based on 2010 data, 40% of Medicaid enrollees with prescriptions for pain relievers had at least one indicator of potentially inappropriate use or prescribing:
  - ➢ Overlapping prescriptions for pain relievers
  - ➢ Overlapping pain reliever and benzodiazepine prescriptions
  - ➢ Long-acting or extended release prescription pain relievers for acute pain, and
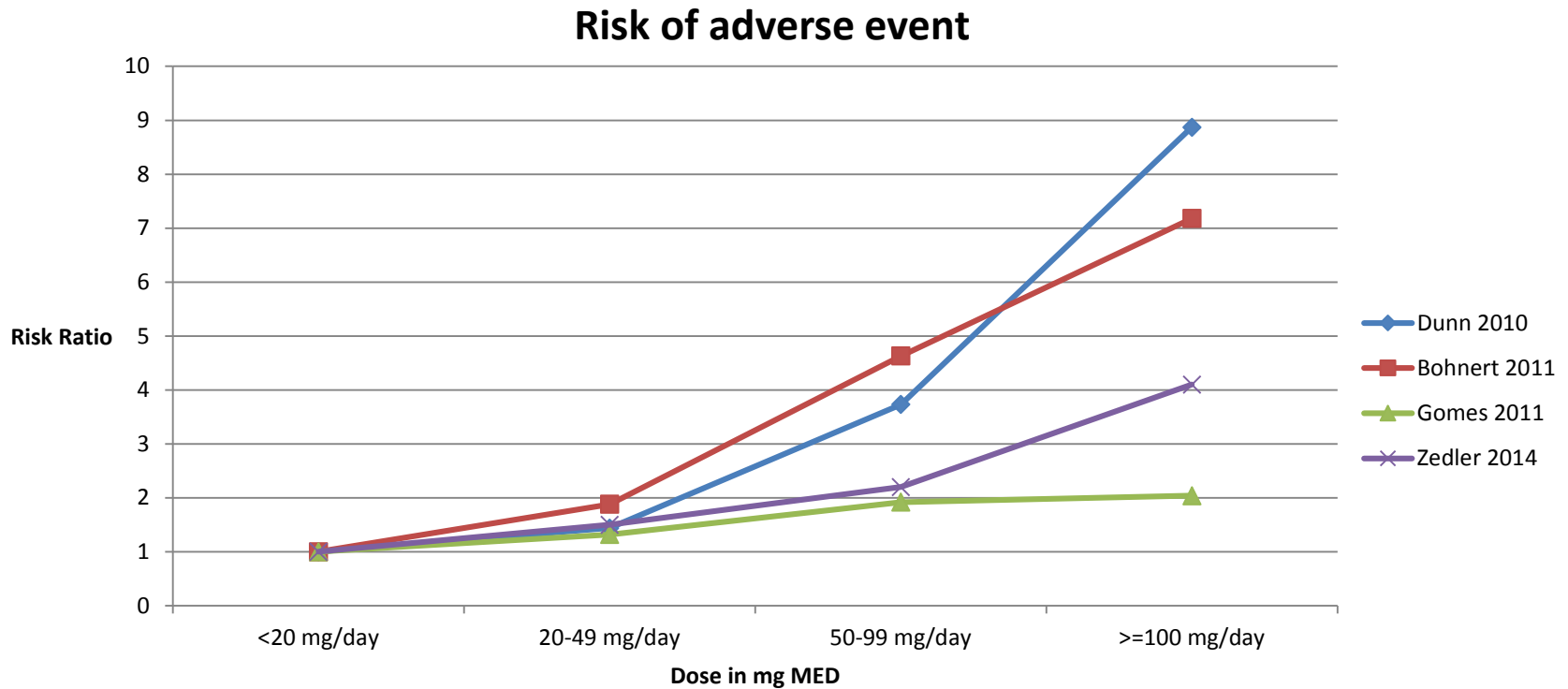 - ➢ High daily opioid doses

3
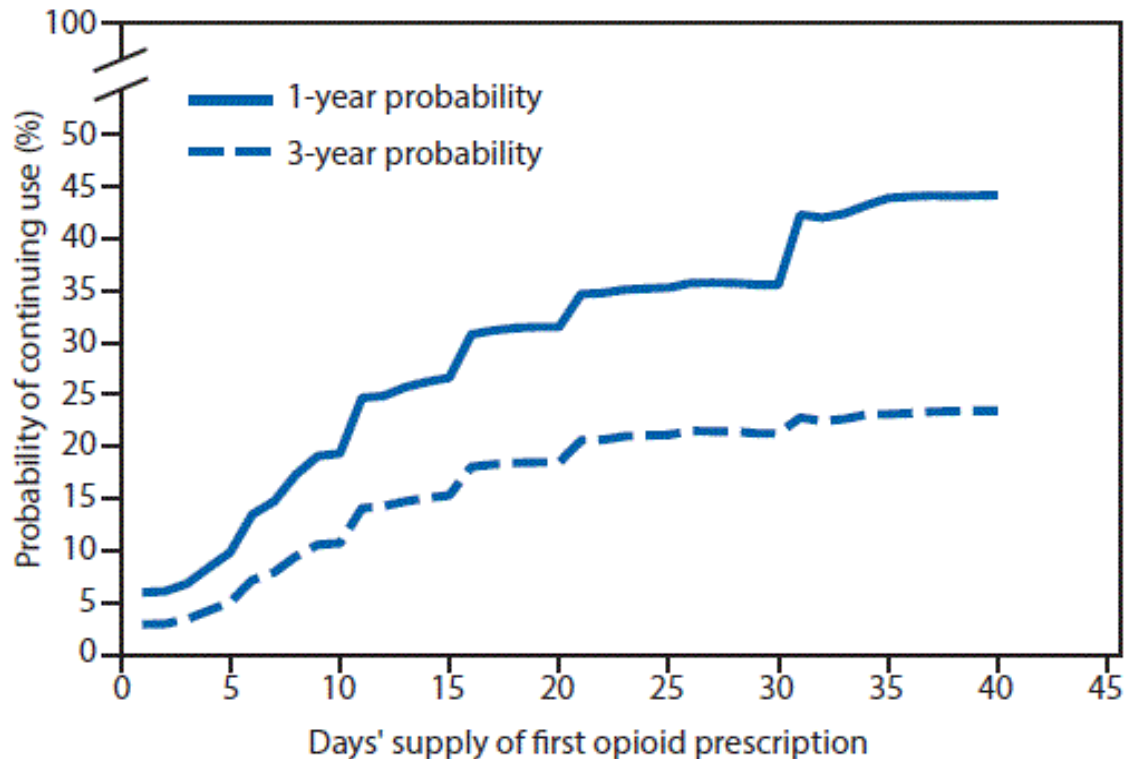
Orange County Opioid Statistics

4
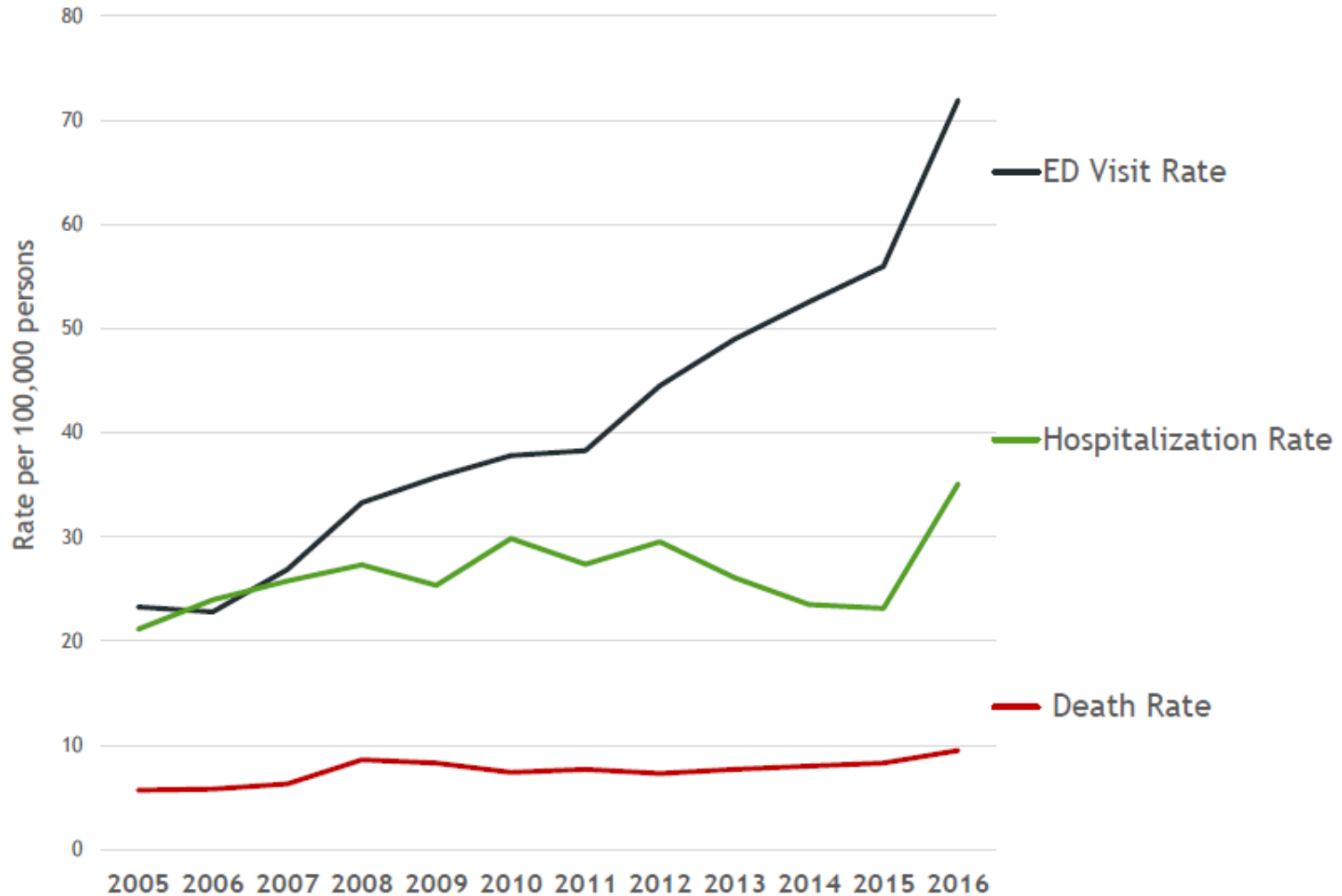
Opioid Overdose Death Rates
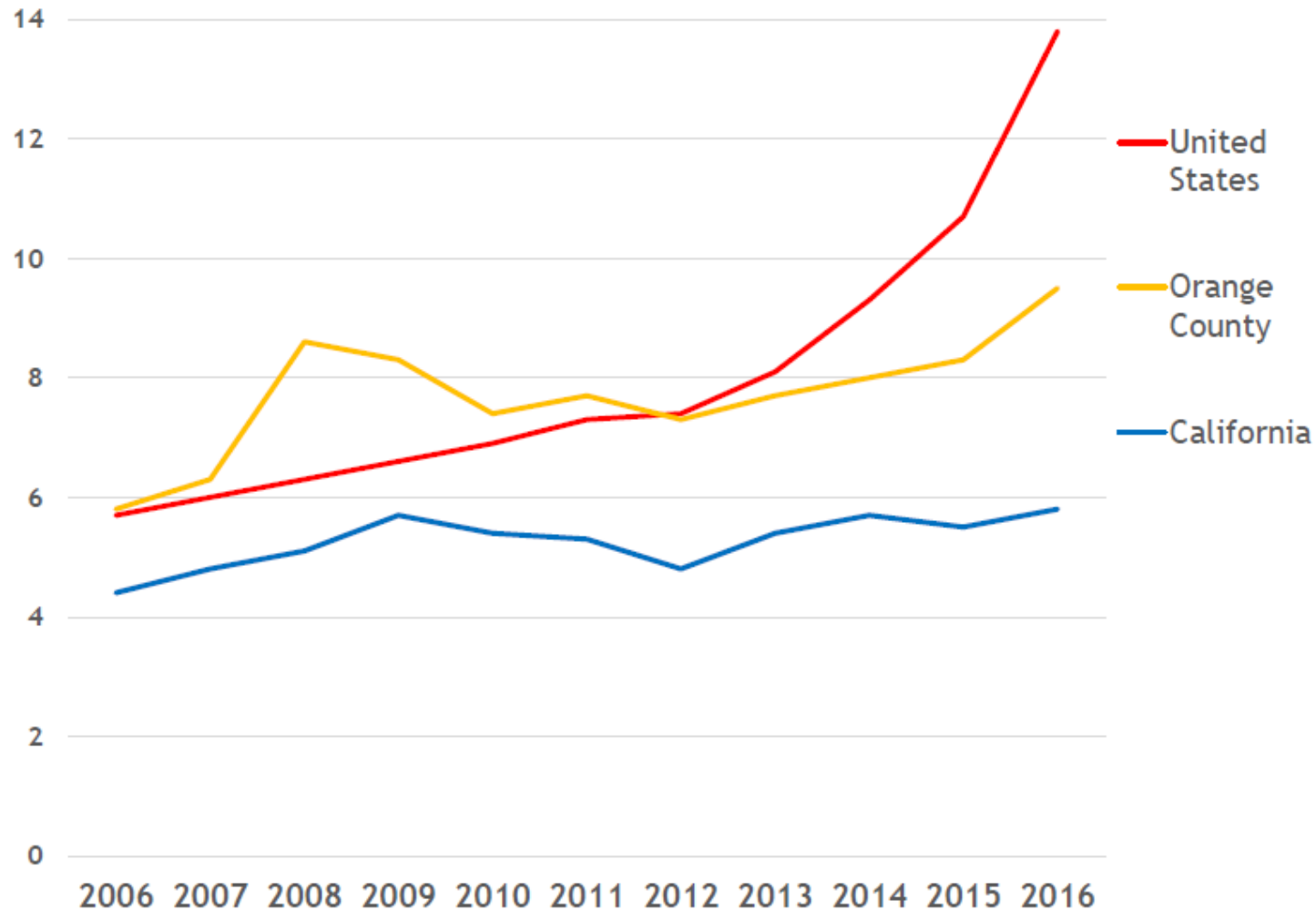
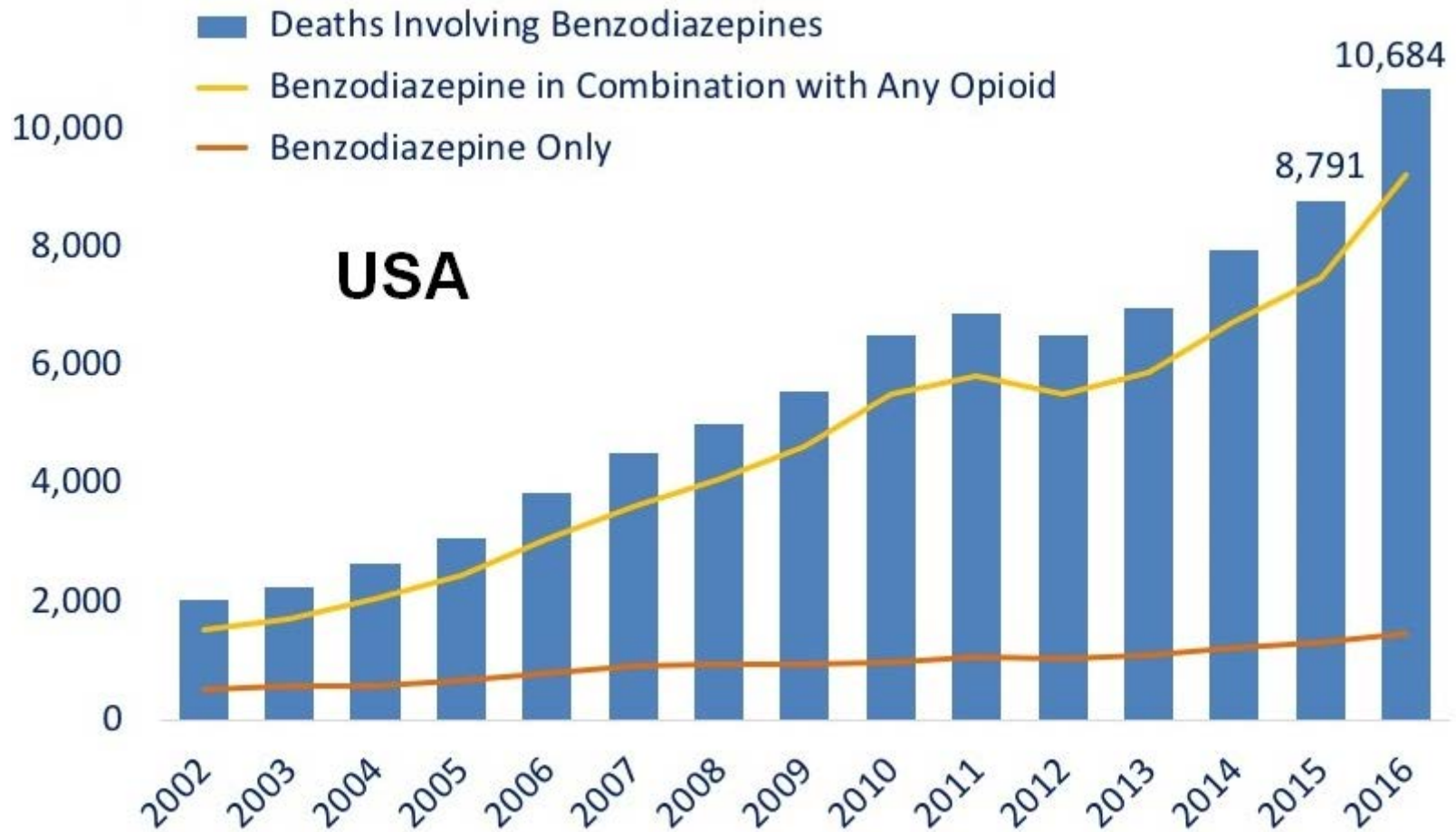# Opioid Dose-Related Risk

Risk of adverse event

Two thirds of those using opioid medications for 90 days continue to use them long term (>2 years)

6

Opioid Addiction Risk For New Prescriptions

Opioids And Benzodiazepines

Source: National Center for Health Statistics, CDC Wonder

CalOptima Opioid Interventions

- Formulary restriction
  - ➤ Require prior authorization for new starts of drugs with the highest risk of overdose
    - ▪ Methadone
    - ▪ Extended-release high-dose morphine
  - ➤ Require prior authorization for short-acting opioid analgesic combinations exceeding formulary quantity limits
- Drug utilization review (DUR) point-of-service pharmacy edits
  - ➤ Cumulative morphine milligram equivalent (MME) pharmacy edits
    - ▪ 90 MME pharmacy edit overridable by the dispensing pharmacy (soft edit)
    - ▪ 200 MME pharmacy edit non-overridable by the dispensing pharmacy (hard edit) OC/OCC
    - ▪ 400 MME pharmacy edit non-overridable by the dispensing pharmacy (hard edit) Medi-Cal

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CalOptima Opioid Interventions (cont.)

- Drug utilization review (DUR) point-of-service pharmacy edits (cont.)
  - Concomitant opioid analgesic/benzodiazepine pharmacy edit overridable by the dispensing pharmacy (soft edit)
- Member interventions
  - Pharmacy Home Program: CalOptima Medi-Cal members filling prescriptions at four or more pharmacies in a two-month period are restricted to a single pharmacy for a period of one year
  - Provider Restriction Program: Members that have filled controlled substance prescriptions from four or more prescribers in a two-month period: Prior authorization required for controlled substance prescriptions not written by the member's designated prescriber
  - Case Management and opioid interdisciplinary care team

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# CalOptima Opioid Interventions (cont.)

- Prescriber interventions
  - High volume/high MME prescriber quarterly report cards
  - Education programs
- Quality initiatives
  - Retrospective identification of opioid overutilization for Medical Director review
  - HEDIS and CMS Star measures

CalOptima Opioid Utilization

% of Members Utilizing Opioid Analgesics

CalOptima Opioid Utilization (cont.)

% Utilizing Members Over 80mg Avg MME
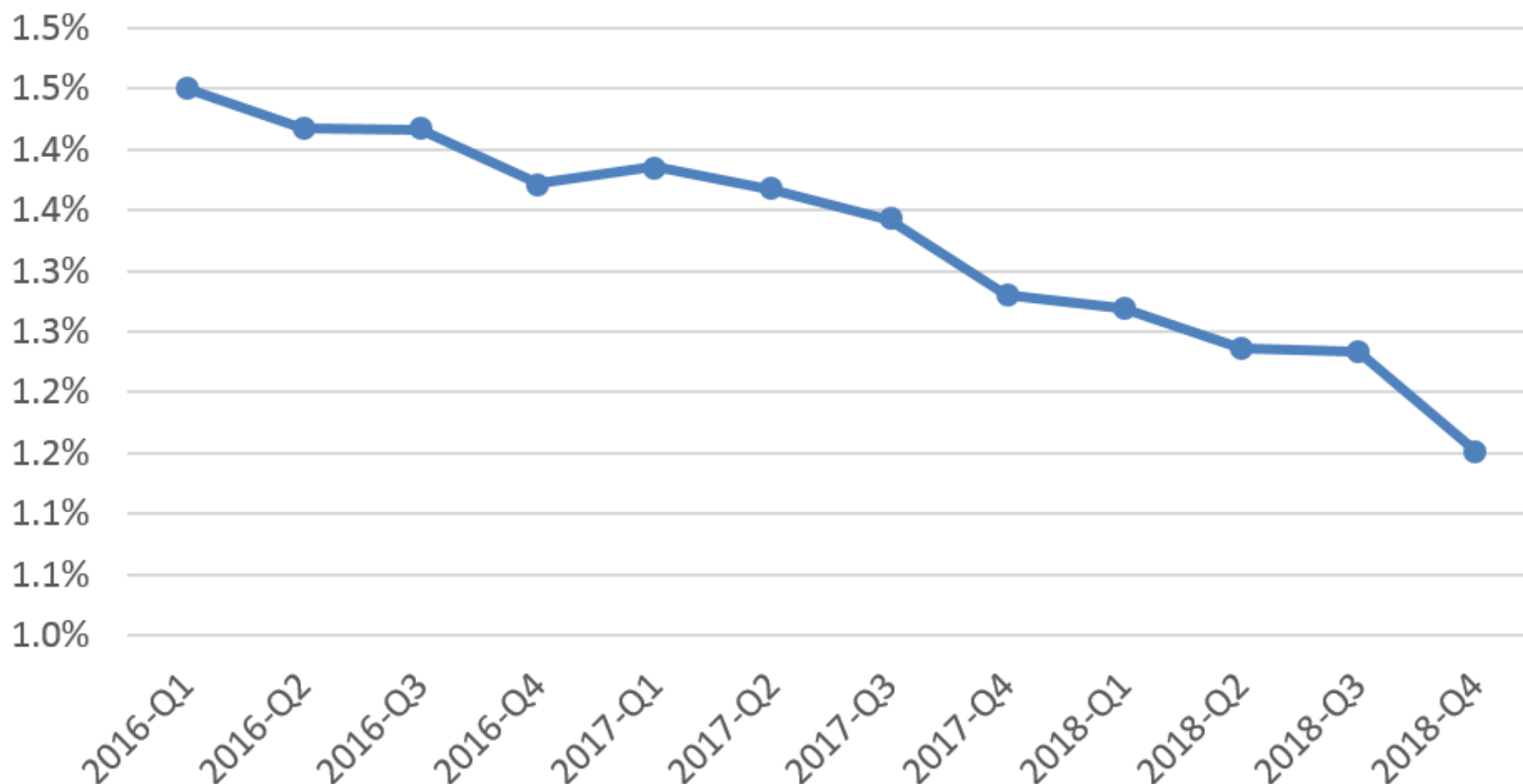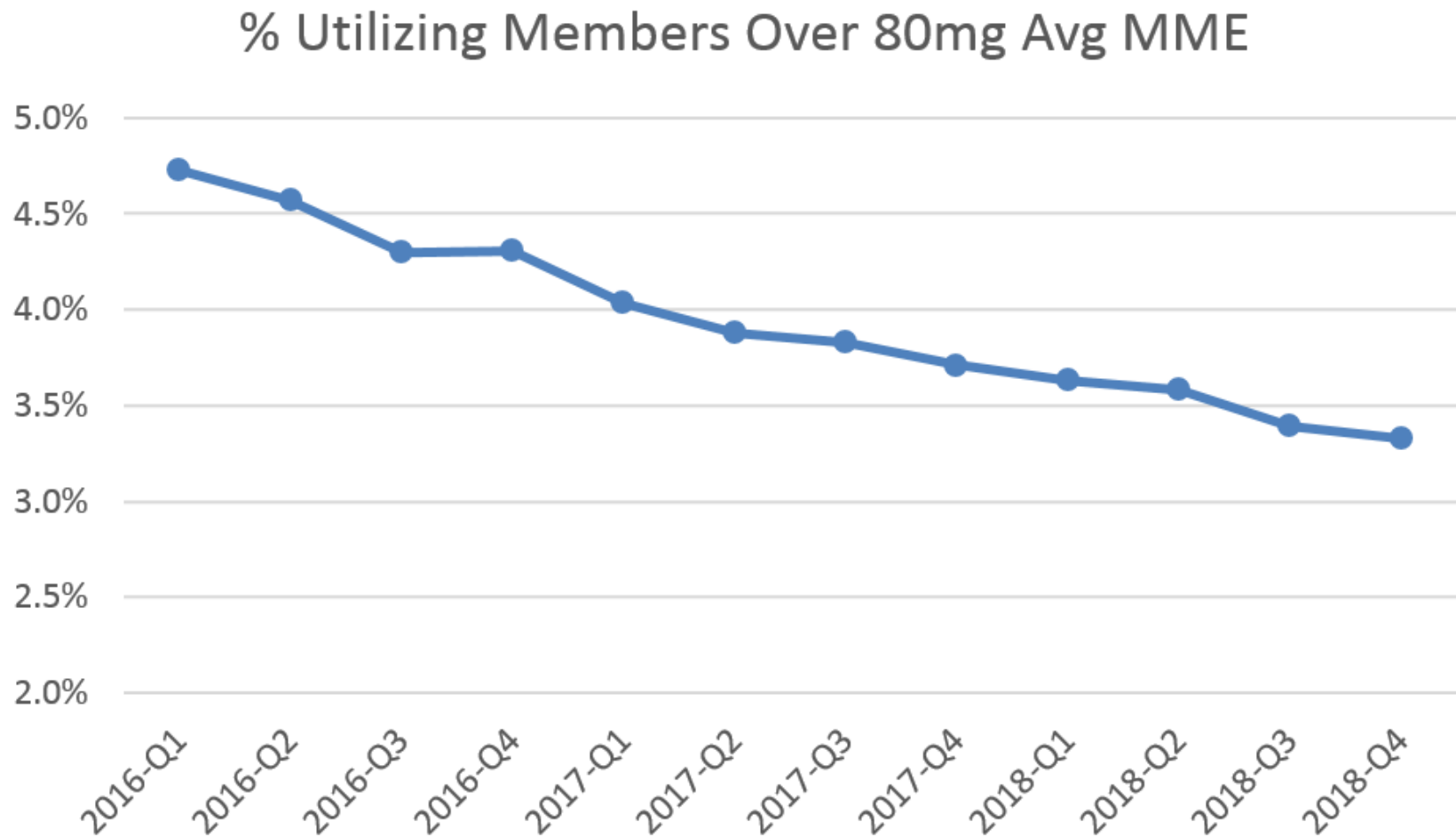
CalOptima Opioid Utilization (cont.)

Substance Use Disorders: All LOB	2018-Q1	2018-Q2	2018-Q3	2018-Q4
Average Morphine Milligram Equivalent (MME)/Member Goal = 10% Decrease (<17.5)	19.5	18.6	17.7	16.9
Number of Members Receiving Concomitant Benzodiazepines and Opioid Analgesics Goal = 5% Decrease (<4,295)	4,522	3,880	3,819	3,521

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What Else Can Be Done?

- Improve opioid prescribing
  - ➢ CDC's Guideline for Prescribing Opioids for Chronic Pain
  - ➢ CURES monitoring requirement
- Prevent opioid use disorders
  - ➢ Facilitating conversations with patients about the risks and benefits of pain treatment options
  - ➢ Patient education, including the safe storage and disposal of prescription opioids

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What Else Can Be Done?

- Treat opioid use disorders
  - Medication Assisted Treatment (MAT)
    - Buprenorphine (Suboxone)
    - Naltrexone (Vivitrol)
    - Methadone
  - Counseling and behavioral therapies
- Reverse overdose to prevent death: Expand access to Naloxone (Narcan)

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CalOptima's Mission

To provide members with access to quality health care services delivered in a cost-effective and compassionate manner

CalOptima Behavioral Health Update

Provider Advisory Committee

Member Advisory Committee

March 14, 2019

Donald Sharps, M.D.

Medical Director, Behavioral Health

CalOptima Behavioral Health Integration

- 2018 — CalOptima began directly managing Medi-Cal mental health (MH) / behavioral health treatment (BHT)
  - ➢ Member support, provider network, claims and utilization management
  - ➢ CalOptima had delegated Medi-Cal MH and BHT to a managed behavioral healthcare organization (MBHO) from 2014 to 2017.
- Magellan MBHO continues to manage OneCare and OneCare Connect (OC/OCC) mental health.
- County mental health (MH) level of care for Medi-Cal unchanged with Affordable Care Act in January 2014

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CalOptima BH Integration — Strategic Focus

- Integrated care
  - ➢ Mental health screening at primary care settings
  - ➢ Psychological factors affecting physical health
  - ➢ Co-location of behavioral and physical health services
  - ➢ Interdisciplinary care team

- Network development
  - ➢ Special populations
  - ➢ Specialty areas

- Quality of care
  - ➢ Access and availability
  - ➢ Member satisfaction

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CalOptima Mild to Moderate Outpatient

- 47,012 incoming calls to access a provider
  - ➢ 18 percent of calls transferred to clinical team for additional support
- 18,050 average of encounters per month
  - ➢ 25,861 unique members in 2018 (4.1 percent penetrance)
- 155 psychiatrists*
- 32 nurse practitioners*
- 10 physician assistants*
- 608 therapists*
- Open access with monitoring of appropriate level-of-care and utilization

*2018 claims data

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CalOptima Mild to Moderate Outpatient

- Top 10 diagnoses included:
  - ➢ Generalized anxiety disorder and unspecified
  - ➢ Major depressive disorders — single and recurrent no psychosis
  - ➢ Dysthymia
  - ➢ Bipolar unspecified

- Diagnoses excluded County Mental Health Plan
  - ➢ Intellectual disabilities from mild to profound
    - ▪ If mild to moderate MH impairment, CalOptima offers medication management and counseling for MH needs
    - ▪ If severe MH impairment, CalOptima assists Regional Center of Orange County (RCOC) in linking them to county mental health services

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CalOptima Behavioral Health Treatment (BHT)

- BHT includes Applied Behavior Analysis (ABA)
- 3,662 unique members received ABA in 2018
  - One in 84 <21 year old members received ABA (1.2 percent penetrance)
- Requests for services in 2018
  - 10,117 authorizations
  - 365 modifications and 60 denials
  - 10 state fair hearings
  - Criteria — MCG, APL 18-006, and CalOptima GG.1548
- Eight hours per week average for all ages
- More than 60 providers (CalOptima has met with half)
- Five meetings of ABA Transition Council

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CalOptima — OCC/OC

- 8,680 incoming calls to access a provider

- 1,067 average encounters per month

  - ➢ 1,769 unique members in 2018 (11 percent penetrance)

- 33 psychiatrists/nurse practitioners with claims

- 62 therapists with claims

- Open access with monitoring of appropriate level-of-care and utilization

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Drug Medi-Cal Organized Delivery System

- Alcohol Misuse Screening and Behavioral Counseling Interventions (APL 18-014 & APL 17-006)
  - ➢ Replaced Screening, Brief Intervention, Referral for Treatment
- Medical admits versus voluntary inpatient detoxication(VID)
  - ➢ 882 Medi-Cal admissions with primary alcohol diagnoses (2016)
  - ➢ VID is a prior authorized hospitalization (APL 18-001)
- Outpatient drug free
- Intensive outpatient
- Residential
- Social model detoxification
- Medication assisted treatment (MAT) — CalOptima
  - ➢ 266 prescribers of buprenorphine for CalOptima members (2018)
  - ➢ Top 10 prescribers with 35 percent of prescriptions

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Drug Medi-Cal Organized Delivery System (cont.)

- **Beneficiary Access Line (BAL) July–Dec 2018**
- **631** screenings for clients seeking Drug Medi-Cal services
  - ➤ 41 percent of these referrals screened for residential
  - ➤ 40 percent of these referrals screened for outpatient
  - ➤ 12 percent screened for detox services
  - ➤ Six percent screened for Methadone or other MAT
- **354** clients in outpatient contracted programs
  - ➤ Last year at this time, they were serving **32** DMC clients
  - ➤ Nine contract locations and four county operated sites
  - ➤ Medical withdrawal management expanded from one to four days/wk
  - ➤ 48 clients have received Vivitrol
- **1,750** clients in methadone programs
  - ➤ Providers now include subutex, antabuse and naloxone

*Beneficiary Access Line (BAL): (800)-723-8641

CalOptima BH Line

- **855-877-3885**
  - Toll-free number for members to access outpatient MH and BHT services
  - Staffed by customer service representatives, licensed behavioral health clinicians, and member liaison specialists
  - Level of care screening
  - Routine with assistance
  - OC/OCC members are connected to Magellan MBHO

CalOptima's Mission

To provide members with access to quality health care services delivered in a cost-effective and compassionate manner

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California State Budget: FY 2019–20 Proposal

Member Advisory Committee

March 14, 2019

Arif Shaikh

Director, Public Policy and Government Affairs

California Budget Overview

- Fiscal Year (FY) 2019–20
- Total Proposed Budget = $209 billion
- General Fund = $144 billion
- Budget Surplus = Approximately $20 billion

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Proposed Medi-Cal Budget

- Estimated enrollment of 13.2 million members

FY 2019–20 Proposed Medi-Cal Budget	
General Fund	$22.9 billion
Federal Funds	$62.7 billion
Other	$15.1 billion
Total	**$100.7 billion**

Funding Shares

- Medi-Cal Classic = 50/50 federal/state

- Medi-Cal Expansion
  - 2019 = 93/7 federal/state
  - 2020 = 90/10 federal/state

- Children's Health Insurance Program (CHIP) = 88/12 federal/state

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Pharmacy Services Carve-Out

- Executive Order: Carve out pharmacy services from Medi-Cal managed care and return to fee-for-service
- No sooner than July 1, 2021
- Part of an effort to control drug costs
- Senate Budget Committee Informational Hearing on February 14, 2019

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Additional Prop. 56 Funding

- Maintain existing Prop. 56 supplemental payments to providers

- Create new Prop. 56 programs
  - ➤ Example: Incentives for providers to increase or improve services in high-impact areas, such as behavioral health integration, prenatal/postpartum care or chronic disease management
  - ➤ Requires trailer bill language to implement
  - ➤ Program details pending

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MCO Tax Sunset

- Budget proposal assumes the Managed Care Organization (MCO) Tax sunset on June 30, 2019
  - ➢ MCO Tax brought in approximately $1 billion/year for Medi-Cal

- Key legislators are interested in extending the MCO Tax
  - ➢ Sen. Richard Pan, Chair, Senate Health
  - ➢ Assemblyman Jim Wood, Chair, Assembly Health

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Expanding Full-Scope Medi-Cal

- Expand full-scope Medi-Cal to undocumented individuals up to age 25

- No sooner than July 1, 2019

- DHCS estimates:
  - 138,000 newly eligible individuals
  - $194 million General Fund cost in FY 2019–20

- AB 4/SB 29: Expand full-scope Medi-Cal to all undocumented individuals

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Next Steps

- Governor's January budget proposal is just the first step
- Legislature will now begin holding budget hearings
- Governor will release the May Revise
- Legislature then has until June 15 to pass a final state budget
- Governor has until June 30 to sign

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To provide members with access to quality health care services delivered in a cost-effective and compassionate manner

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California State Budget: FY 2019-20 Proposal Analysis and CalOptima Impacts
January 2019

Overview

On January 10, 2019, Governor Gavin Newsom released his 2019-20 state budget proposal. The total budget proposed is $209 billion, with General Fund spending at $144 billion, which is flat compared to current year spending. The budget anticipates that the state's economy and associated revenues will grow at a modest rate, approximately 3.5 percent, which is lower than previous expectations, but still enough to drive an ambitious policy agenda.

Specific to health policy, Gov. Newsom put forward major changes soon after his inauguration on January 7. He announced a plan to expand Medi-Cal to cover undocumented young adults, proposed a statewide individual health insurance mandate and issued an Executive Order to consolidate pharmacy purchasing in order to lower drug costs. He also sent a letter to Congress and the Administration requesting that the Federal Government grant California the regulatory and statutory flexibility required to implement a single-payer system, stating that it does not have the latitude to do so under current law.[1] The budget proposal provides additional detail regarding some of these potential changes.

The Medi-Cal Budget

The increase in General Fund dollars allocated to Medi-Cal funding (see table 1 below) is based on an estimated Medi-Cal enrollment of 13.2 million members in fiscal year (FY) 2019-20.[2]

FY 2019–20 Proposed Medi-Cal Budget[3]

General Fund	$22.9 billion (10.6 percent increase from 2018-19)
Federal Funds	$62.7 billion (includes $19.9 billion for MCE)[4]
Other	$15.1 billion (includes $1.05 million in Prop. 56 funds)[5]
Total	**$100.8 billion**

Please note that the federal portion of the Medi-Cal budget is funded through several avenues. For original Medi-Cal, also known as Medi-Cal classic, there is a 50/50 match. For the Medi-Cal expansion (MCE) population,

there is an enhanced federal match (93/7 for calendar year 2019 and 90/10 for calendar year 2020).[6] For the Children's Health Insurance Program (CHIP) population, there is currently an 88/12 match.

Additional Proposition 56 Medi-Cal Funding

The "other" portion of the Medi-Cal budget, by and large, accounts for state dollars that are drawn from the special funds pool, which includes, for instance, tobacco tax revenue designated for Medi-Cal. A large portion of the revenue raised by Prop. 56's expansion of the tobacco tax, approved by California voters in November 2016, is designated for augmenting the state's Medi-Cal budget through supplemental payments for physicians and dentists, among other health care related expenditures. The budget proposes to maintain existing Prop. 56 supplemental payments to providers and create new programs funded by these revenues, which, including federal matching dollars, totals $3.2 billion for FY 2019–20. One new Prop. 56 program would establish incentives for providers to increase or improve services in high-impact areas, such as behavioral health integration, prenatal/postpartum care or chronic disease management.

Pharmacy Services Carve-Out

One of the most impactful elements of Gov. Newsom's health policy agenda is the carve-out of prescription drugs from Medi-Cal managed care and the return of this benefit to fee-for-service (FFS), no sooner than January 1, 2021.[7] While some additional information about this transition was in the budget proposal, many aspects are yet to be defined. The governor's Executive Order (N-01-19), announced immediately after his inauguration, requires the Department of Health Care Services (DHCS) to begin planning for the transition to FFS in order to boost the state's negotiating power with pharmaceutical companies. This is part of the governor's effort to address the rapidly rising cost of prescription drugs. However, numerous questions remain, including whether the state can strengthen its ability to negotiate more effectively with drug companies without a total carve-out of the pharmacy benefit. Carving pharmacy services out of Medi-Cal managed care is likely to result in serious unintended consequences, such as reduced care coordination,

inefficient drug utilization and a far greater administrative burden on the state. Given these considerable concerns, health plans are working with the Newsom Administration on this issue to point out potential challenges as well as suggest alternate solutions, while still supporting his overall goal of controlling pharmaceutical costs and increasing health care affordability.

Expanding Full-Scope Medi-Cal

The Budget proposal includes a provision to expand full-scope Medi-Cal to undocumented individuals between the ages of 19 to 25, no sooner than July 1, 2019.[8] According to DHCS, by the end of the first year of implementation, this expansion would result in an estimated 138,000 newly eligible individuals receiving full-scope benefits at a cost of $194 million to the state's General Fund ($260 million total). Of note, two companion bills were recently introduced in the legislature – Assembly Bill (AB) 4 and Senate Bill (SB) 29 – that would expand full-scope Medi-Cal to cover undocumented individuals regardless of age. Analyses of AB 4/SB 29's enrollment and fiscal impacts are not currently available, but are likely to be produced as these bills proceed through the legislative process.

Managed Care Organizations (MCO) Tax

Also of note, the budget proposal assumes the sunset of the MCO Tax.[9] The MCO Tax is one of the financing mechanisms that the State of California utilizes to obtain increased federal funding to support the Medi-Cal program. The current iteration of the MCO tax, which became effective in July 2016 via a Centers for Medicare & Medicaid Services (CMS) waiver process, will sunset on June 30, 2019. Extending it would require reauthorization from the State Legislature and approval from CMS.[10] The health insurance industry in California has supported participation in the MCO tax, as it has resulted in substantial revenue streams for health care programs. Specifically, the MCO tax results in more than $1 billion in annual funding for the Medi-Cal program, as well as $300 million in funding to support services for people with developmental disabilities. Notably, there were

complexities associated with enacting the current MCO tax, as CMS required that it must meet new criteria, based on Medicaid financing provisions in the Social Security Act. Our state trade associations, California Association of Health Plans (CAHP), and Local Health Plans of California (LHPC) have begun discussions with key stakeholders, including legislators and state officials, to look at options for a potential renewal of the MCO tax, taking into account the criteria that was used to ensure the passage of its current iteration. Of note, Senator Richard Pan, Chair of the Senate Health Committee, Assembly Member Jim Wood, Chair of the Assembly Committee on Health, and officials from the state Department of Finance have all recently indicated their willingness to consider a MCO tax extension.[11]

Next Steps

Many of these policy changes are predicated on the new administration's expectation that the state's economy will experience moderate growth in the next fiscal year. The Governor's May Revise of the budget proposal could include adjustments based on a revised economic outlook or potential federal policy changes. We will continue to follow these proposals closely as they move through the budget process. Also, both the expansion of full-scope Medi-Cal and the Prop. 56 changes would require legislation to implement. Specific to the expansion, DHCS will propose trailer bill language to implement this change and it is likely to be dependent on systems changes and network readiness approvals being in place prior to implementation.

It is important to remember that the Governor's January budget proposal is just the first step in the state's budget process. The Legislature will now begin holding budget hearings in an effort to build consensus. After the Governor releases the May Revise, the Legislature will have until June 15 to submit a final state budget for the Governor's approval. CalOptima will continue to closely follow these ongoing budget discussions and provide updates regarding any issues that have a significant impact on the Agency.

About CalOptima

CalOptima is a county organized health system that administers health insurance programs for low-income children, adults, seniors and people with disabilities in Orange County. Our mission is to provide members with access to quality health care services delivered in a cost-effective and compassionate manner. We provide coverage through four major programs: Medi-Cal, OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan), OneCare (Medicare Advantage Special Needs Plan), and the Program of All-Inclusive Care for the Elderly (PACE).

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Endnotes

[1] The Governor's Letter to Congress and the Administration is available at: https://www.gov.ca.gov/wp-content/uploads/2019/01/1.7.19-Letter-to-the-White-House-and-Congress.pdf

[2] Governor's Budget Summary 2019-20, p. 62

[3] Department of Health Care Services, "2019-20 Governor's Budget Highlights," p. 14

[4] Governor's Budget Summary 2019-20, p. 67

[5] Ibid

[6] Chernew, Michael. "The Economics of Medicaid Expansion," Health Affairs Blog, available at: https://www.healthaffairs.org/do/10.1377/hblog20160321.054035/full/

[7] Department of Health Care Services, "2019-20 Governor's Budget Highlights," p. 6

[8] Governor's Budget Summary 2019-20, p. 65

[9] Ibid, p. 70

[10] Legislative Analyst's Office, "The 2019-20 Budget: Overview of the Governor's Budget," p. 12

[11] "California Should Extend Tax on Managed Care Organizations, Lawmakers Say," Politico Pro California, February 12, 2019, available at: https://subscriber.politicopro.com/states/california/story/2019/02/12/california-should-extend-tax-on-managed-care-organizations-lawmakers-say-851571

Denti-Cal Initiative

Member Advisory Committee

March 14, 2019

Arif Shaikh

Director, Public Policy and Government Affairs

Agenda

- Background
- Opportunity
- Exploration
- Next Steps

Background

- The Department of Health Care Services (DHCS) is responsible for administrating dental benefits for Medi-Cal beneficiaries through a system separate ("carved out") from medical benefits

- Dental benefits are administered by Denti-Cal using two different models
  - Fee-for-Service (FFS): Beneficiaries receive dental services from any licensed Denti-Cal-enrolled provider who accepts Denti-Cal payments and agrees to see them
  - Dental Managed Care (DMC): Medi-Cal pays dental plans a set amount per member per month, and members are only allowed to receive services from providers within the plan's network

Background (Cont.)

- The Little Hoover Commission issued a scathing 2016 report about FFS Denti-Cal
  - ➢ Denti-Cal is "broken, bureaucratically rigid and unable to deliver the quality of dental care most other Californians enjoy."
  - ➢ Utilization of dental benefits for Medi-Cal members is low, due primarily to a shortage of dental providers who participate in Denti-Cal

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Background (Cont.)

- Currently, two California counties have DMC
  - Sacramento County: DMC model is mandatory, and Medi-Cal beneficiaries are mandatorily enrolled in a DMC plan Beneficiaries, however, may opt out of a DMC plan and move to a FFS Denti-Cal plan
  - Los Angeles County: Beneficiaries are automatically enrolled in FFS Denti-Cal and must opt in to participate in a DMC plan

- San Mateo County scheduled to launch DMC in July 2019
  - Gov. Brown signed State Bill 849 on June 27, 2018, authorizing a dental integration pilot program with Health Plan of San Mateo
  - Pilot is designed to test the impact on access, quality, utilization and cost when dental care is a managed care benefit

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Opportunity

- CalOptima is committed to ensuring the health and well-being of our community
  - ➢ Track record of collaborating with providers, regulators and other stakeholders to improve the local delivery system
  - ➢ Ample experience at integrating programs and realizing better access and improved care coordination for members

- On November 1, 2018, CalOptima's Board of Directors authorized staff to explore policy opportunities to carve in dental benefits for Orange County Medi-Cal members

Exploration

- CalOptima staff will take a three-pronged approach to exploring the policy opportunity to carve in dental benefits
  1. Engage local stakeholders, including the Orange County Dental Society, to discuss opportunities for CalOptima to develop a dental provider network that increases access to dental care for Medi-Cal members
  2. Engage regulators and statewide advocacy organizations, including DHCS and the California Dental Association, to determine their level of support for policy solutions that integrate dental benefits into Medi-Cal managed care in Orange County
  3. Engage members of the Orange County delegation to identify opportunities through the state legislative process

Engage Local Stakeholders

- CalOptima is now working to gather feedback from local stakeholders who understand the needs of the community

- CalOptima will be seeking letters of support from organizations that share our interest in integration
  - Response is requested by March 1, so CalOptima can further discussions with regulators and state advocacy groups

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