NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
ONECARE CONNECT CAL MEDICONNECT PLAN
(MEDICARE-MEDICAID PLAN)
MEMBER ADVISORY COMMITTEE

THURSDAY, FEBRUARY 27, 2020
3:00 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 October 10, 2019 Special Joint Meeting of the CalOptima Board of Directors' Member Advisory Committee (MAC), OneCare Connect Member Advisory Committee (OCC MAC), Provider Advisory Committee (PAC) and the Whole-Child Model Family Advisory Committee (WCM FAC).

B. Approve Minutes of the October 24, 2019 Regular Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee (OCC MAC).

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 OCC MAC. 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. REPORTS

A. Consider Recommendation to Revise OneCare Connect Member Advisory Committee Chair and Vice Chair Term Lengths

VI. CEO AND MANAGEMENT REPORTS

A. Chief Executive Officer (CEO) Update
B. Chief Operating Officer (COO Update)
C. Chief Medical Officer (CMO) Update

VII. INFORMATION ITEMS

A. OneCare Connect Member Advisory Committee Member Updates
B. Health Homes Program Update
C. Intergovernmental Transfer (IGT) 9 Update
D. Medi-Cal Healthier California for All Update
E. Behavioral Health Update

VIII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

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MINUTES

SPECIAL JOINT MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' MEMBER ADVISORY COMMITTEE, ONECARE CONNECT CAL MEDICONNECT PLAN (MEDICARE-MEDICAID PLAN) MEMBER ADVISORY COMMITTEE, PROVIDER ADVISORY COMMITTEE AND WHOLE CHILD MODEL FAMILY ADVISORY COMMITTEE

October 10, 2019

A Special Joint Meeting of the CalOptima Board of Directors' Member Advisory Committee (MAC), OneCare Connect Member Advisory Committee (OCC MAC), Provider Advisory Committee (PAC) and Whole-Child Model Advisory Committee (WCM FAC), was held on Thursday, November 8, 2018, at the CalOptima offices located at 505 City Parkway West, Orange, California.

CALL TO ORDER

PAC Chair Nishimoto called the meeting to order at 8:12 a.m., and WCM FAC Chair Byron led the Pledge of Allegiance.

ESTABLISH QUORUM

Member Advisory Committee

Members Present: Christine Tolbert, Chair; Pamela Pimentel, Vice Chair; Diana Cruz-Toro; Connie Gonzalez; Sally Molnar; Patty Mouton; Jamie Munoz (8:50 A.M.); Ilia Rolon; Sr. Mary Therese Sweeney

Members Absent: Sandy Finestone, Jacqueline Ruddy, Mallory Vega

OneCare Connect Member Advisory Committee

Members Present: Patty Mouton, Chair; Jyothi Atluri (non-voting); Josefina Diaz; Keiko Gamez (9:10 AM); Sara Lee; Mario Parada; Donald Stukes

Members Absent: Gio Corzo; George Crits (non-voting); Sandy Finestone; Erin Ulibarri (non-voting)

Provider Advisory Committee

Members Present: John Nishimoto, O.D., Chair; Teri Miranti, Vice Chair; Donald Bruhns; Jena Jensen; John Kelly, M.D.; Junie Lazo-Pearson Ph.D.; Craig Myers; Jacob Sweidan M.D.; Loc Tran, Pharm.D.

Members Absent: Anja Batra, M.D., Tina Bloomer, MHNP, Pat Patton, MSN, RN

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Others Present: Michael Schrader, Chief Executive Officer; Ladan Khamseh, Chief Operating Officer; Dr. David Ramirez, M.D. Chief Medical Officer; Len Rosignoli, Chief Information Officer, Candice Gomez, Executive Director, Program Implementation; Albert Cardenas, Director, OneCare Connect Customer Service; Tracy Hitzeman, Executive Director Clinical Operations; Thanh-Tam Nguyen, M.D., Medical Director, Medical Management; Dr. Emily Fonda, Medical Director, Medical Management; Cheryl Simmons, Staff to the Advisory Committees, Customer Service; Samantha Fontenot, Program Assistant, Customer Service

Whole-Child Model Family Advisory Committee

Members Present: Maura Byron, Chair; Pam Patterson, Vice Chair (8:58 AM); Sandra Cortez; Brenda Deeley, Kristen Rogers (8:39 AM); Malissa Watson

Members Absent: Cathleen Collins, Kathleen Lear
WCM FAC did not achieve a quorum.

PUBLIC COMMENT

There were no requests for public comment.

Michael Schrader, Chief Executive Officer, welcomed all the four Board Advisory Committee members and provided a brief background of the strategic plan formulation and introduced Athena Chapman and Caroline Davis of Chapman Consulting who would be presenting the draft plan.

INFORMATION ITEMS

CalOptima Strategic Plan Update

Athena Chapman and Caroline Davis of Chapman Consulting provided a comprehensive presentation regarding CalOptima's 2020-2022 Strategic Plan. Mrs. Davis reviewed CalOptima's goals and strategic plan development process with the Members. This process included interviews with CalOptima Board Members, Executive Staff, and the Board Advisory Committees' Chairs and Vice Chairs. Mrs. Chapman discussed the five priorities and objectives for the 2020-2022 Strategic Plan and provided the members with three key discussion questions to solicit feedback. The feedback received by the Advisory Committee Members will be included in the draft presentation at the November 7, 2019 CalOptima Board of Director's Meeting for approval.

Health Homes Program Whole Person Care Program Comparison

MAC Chair Tolbert introduced Melissa Tober- Beers from the Orange County Health Care Agency (OCHCA) along with CalOptima's Candice Gomez, Executive Director, Program Implementation and Tracey Hitzeman, Executive Director, Clinical Operations. Ms. Tober-Beers, Ms. Gomez, and Ms. Hitzeman jointly presented on the Whole Person Care (WPC) and Health Homes Program (HHP) providing details on the comparisons and contrasts of each of these programs.

ADJOURNMENT

There being no further business before the Committees, PAC Chair Nishimoto adjourned the meeting at 10:10 a.m.

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

Approved: February 27, 2020

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MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' ONECARE CONNECT CAL MEDICONNECT PLAN (MEDICARE-MEDICAID PLAN) MEMBER ADVISORY COMMITTEE

October 24, 2019

A Regular Meeting of the CalOptima Board of Directors' OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee (OCC MAC) was held on October 24, 2019 at CalOptima, 505 City Parkway West, Orange, California.

CALL TO ORDER

Chair Patty Mouton called the meeting to order at 3:07 p.m. and led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Patty Mouton, Chair; Josefina Diaz; Sandy Finestone; Keiko Gamez (3:20 p.m.); Sara Lee; Mario Parada; Donald Stukes; Erin Ulibarri (non-voting)

Members Absent: Gio Corzo, Vice Chair; Adam Crits, M.D. (non-voting), Jyothi Atluri (non-voting)

Others Present: Michael Schrader, Chief Executive Officer; Ladan Khamseh, Chief Operating Officer; David Ramirez, M.D., Chief Medical Officer; Emily Fonda, M.D., Deputy Chief Medical Officer; Belinda Abeyta, Interim Executive Director, Operations; Candice Gomez, Executive Director, Program Implementation; Shamiq Hussain, Sr. Policy Advisor, Government Affairs; Albert Cardenas, Director, Customer Service (Medicare); Andrew Tse, Manager, OneCare Connect Customer Service; Cheryl Simmons, Staff to the Advisory Committees; Samantha Fontenot, Program Assistant, Customer Service.

MINUTES

Approve the Minutes of the August 22, 2019 Special Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee

Action: ***On motion of Member Sandy Finestone, seconded and carried, the Committee approved the minutes of the August 22, 2019 meeting. (Motion carried 6-0-0; Members Corzo and Gamez absent)***

PUBLIC COMMENT

There were no requests for public comment

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CEO AND MANAGEMENT REPORTS

Chief Executive Officer Update

Michael Schrader, Chief Executive Officer, provided a verbal update on CalOptima's NCQA Rating and noted that this year we tied with four other public plans with a 4.0 rating. Goal for next year is to achieve a 4.5 rating. Mr. Schrader also discussed the 2020-2022 Strategic Plan that is being formulated by Chapman Consulting. He noted that a draft proposal will be discussed at the November 7, 2019 Board meeting and based on feedback received by the Board the consultants will come back in December for final approval of the Strategic Plan. Mr. Schrader also discussed the Delivery System evaluation that is being prepared by Pacific Health Group (PHG) who is working with Milliman to determine a new delivery model. He noted that providers had requested individual meetings prior to a decision by the Board before they present a draft recommendation at the December 5, 2019 Board meeting and a possible final decision at the February 6, 2020 Board meeting.

Mr. Schrader also discussed a new Department of Health Care Services (DHCS) program called California Advancing and Innovating Medi-Cal (CalAIM). CalAIM is a multi-year initiative by DHCS to improve the quality of life and health outcomes for Medi-Cal members by implementing a broad delivery system, program and payment reform across the Medi-Cal program. He noted that DHCS will formally release the CalAIM proposal on October 29, 2019 and he would keep the OCC MAC updated as information becomes available.

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer discussed the Qualified Medicare Beneficiary (QMB) Program. The QMB program is one of four Medicare savings program that allows members to get help from DHCS to pay their Medicare premiums with help paying for Part A premiums, Part B premiums and deductibles, coinsurance as well as copayments. She noted that working in conjunction with the Orange County Social Services Agency (SSA) outreach has begun to members who were eligible for Medicare Part A through Social Services. Ms. Khamseh notified the committee that a vacancy exists for a Consumer Representative on the Member Advisory Committee (MAC) and asked the members to notify Cheryl Simmons, Staff to the Advisory Committees if they knew of a Medi-Cal member who might be interested in applying for the Consumer Representative seat on the MAC.

Chief Medical Officer Update

David Ramirez, M.D., Chief Medical Officer, announced that Emily Fonda, M.D., had been promoted to Deputy Chief Medical Officer. Dr. Ramirez also discussed the initiative to become a 4.5 quality rated health plan.

INFORMATION ITEMS

Homeless Health Update

Marie Jeannis, Enterprise Analytics Manager, presented an update on the Homeless Health Initiative. Ms. Jeannis gave a comprehensive overview of CalOptima's homeless identification methods and homeless disparities, which were identified as diagnoses of behavioral health, chronic conditions, homeless utilization metrics, and cost comparisons. Ms. Jeannis provided a detailed disparities summary regarding CalOptima members who are homeless in comparison to those who aren't

homeless. Ms. Jeannis also noted that CalOptima is in alignment with partnering organizations such as, the Orange County Health Care Agency (OCHCA) who provides data from the DHCS and the Sheriff's and Coroner's office of the deceased members.

Ombudsman Update

Member Sara Lee, Legal Aid Society of Orange County (LASOC), reported that the Ombudsman Service Program (OSP) at LASOC continues to assist members with OneCare Connect (OCC) enrollment issues, potential OCC disenrollment, and to help bridge services for members who have been terminated from OCC. Other services include assistance to those dual eligible members with Share of Cost issues and education of members on their OCC benefits, the role of the Personal Care Coordinator and care coordination. Ms. Lee noted that the phone number for members to contact Legal Aid has recently been changed and asked that CalOptima update their records so that the correct phone number is given to the member. Ms. Lee will provide CalOptima's OCC Customer Service with the new number.

Federal & State Legislative Update

Shamiq Hussain, Sr. Policy Analyst, Government Affairs provided a verbal update on the Federal and State Budgets. Mr. Hussain reported on the State of California's health policy to date and gave a preview of the 2020 State health policy agenda, which includes CalAIM and Healthy California for All. Mr. Hussain noted SB 29 bill which offers expanded full-scope Medi-Cal to the undocumented individuals of the senior population, which will be highlighted in Governor Newsom's 2020 Health policy agenda. Mr. Hussain also discussed the SB 503 and AB 1642 bills which highlight the Medi-Cal Managed Care Plans.

OCC MAC Member Updates

Chair Mouton reminded the members that their compliances courses were due by November 8, 2019 and if they needed assistance to contact Cheryl Simmons, Staff to the Advisory Committees. Chair Mouton also discussed the Recruitment Ad Hoc Committee that was formed with members from MAC and PAC. She noted that the first ad hoc meeting was held on October 16, 2019 and the first meeting was spent reviewing seat descriptions. Chair Mouton suggested that members form a similar ad hoc to review seat descriptions for the OCC MAC. Sandy Finestone, Keiko Gamez and Chair Mouton agreed to be part of the OCC MAC recruitment ad hoc.

ADJOURNMENT

Chair Mouton announced that the next regular meeting would be held on Thursday, December 19, 2019 at 3:00 p.m.

Hearing no further business, the meeting adjourned at 4:46 p.m.

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

Approved: February 27, 2020

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MEMORANDUM

DATE:	January 28, 2020
TO:	CalOptima Board of Directors
FROM:	Michael Schrader, CEO
SUBJECT:	CEO Report — February 6, 2020, Board of Directors Meeting
COPY:	Sharon Dwiers, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; OneCare Connect Member Advisory Committee; and Whole-Child Model Family Advisory Committee

January 2020 Brings Two Program Launches, Restoration of Medi-Cal Benefits

As the new decade rang in, two CalOptima programs designed to enhance services and care coordination for members began and a variety of Medi-Cal benefits were restored.

- *Health Homes Program (HHP)*: Phase 1 of CalOptima's HHP went live January 1 for members with eligible chronic conditions and substance use disorders. Raising awareness about the voluntary program is an ongoing priority, and CalOptima and our health networks are reaching out to eligible members with information about the program and enrollment details. HHP benefits range from comprehensive care management and care transitions support to housing navigation services and accompaniment to doctor visits. Data show that approximately 7,000 members may be eligible to participate in the first phase. A second phase is planned for July 2020.
- *Behavioral Health*: Administration of behavioral health benefits for OneCare and OneCare Connect (OCC) members has transitioned from Magellan Healthcare to CalOptima. Members in need of services for mild to moderate mental health conditions will now work with CalOptima directly. The January 1 change went smoothly, as CalOptima took over utilization management of members with active services and began responding to incoming calls. The transition allows for a more coordinated approach to physical and mental health.
- *Restored Medi-Cal Benefits*: California has reinstated several Medi-Cal benefits that were cut in 2009 due to the recession. Effective January 1, adult members are now covered for eyeglasses, podiatry, audiology, speech therapy, and incontinence creams and washes. The FY 2019–20 state budget includes more than $17 million for the benefits.

California Advancing and Innovating Medi-Cal (CalAIM) Changed to Medi-Cal Healthier California for All; Stakeholder Engagement Continues

Effective January 8, Gov. Gavin Newsom and the Department of Health Care Services (DHCS) renamed CalAIM to Medi-Cal Healthier California for All. The change was made to highlight the well-known Medi-Cal name and better align the initiative with the governor's platform to build a "California for All," according to a press release. The effort to gather stakeholder feedback about the many proposals is ongoing. As I have shared in prior reports, CalOptima is focused on those initiatives that have the most potential to immediately impact our agency, especially enhanced care management and in lieu of services. In fact, managed care plans must provide a transition plan by July 2020 that addresses how Whole-Person Care and HHP will move to enhanced care management and in lieu of services, effective January 2021. CalOptima is looking forward to a February 10 meeting with DHCS to learn more about the proposed

transition. Given the significance of the changes under consideration, I will continue to share regular updates about Medi-Cal Healthier California for All with your Board.

State Budget Proposal Offers a Glimpse at FY 2020–21 Priorities
On January 10, Gov. Newsom released his proposed budget for FY 2020–21. Overall, the budget anticipates that the California economy will continue to grow (albeit at a slower rate than previous years) and proposes a total state budget of $222.2 billion, with a surplus of more than $5 billion. Some of the surplus will support the governor's policy priorities, including expanding access to Medi-Cal for undocumented seniors age 65 and older, and addressing the state's homelessness crisis. To that end, the budget proposes $750 million to establish the California Access to Housing and Services Fund, which would be dedicated to moving individuals and families into stable housing. The governor is also pursuing an ambitious agenda to transform the Medi-Cal delivery system through the newly renamed Medi-Cal Healthier California for All package of proposals, which received a $695 million allocation. Another major piece of the governor's health plan is reducing prescription drug costs. This past year, his emphasis was on bulk purchasing of prescription drugs by carving out pharmacy from Medi-Cal managed care. This year, he proposes that the state negotiate partnerships with generic drug manufacturers to establish California's own generic drug label. The May Revision is the next step in California's budget process, and staff are monitoring its development.

Organizations Respond to Behavioral Health Integration (BHI) Incentive Opportunity
Aiming to improve health outcomes, DHCS created six BHI incentive programs using Proposition 56 funds and tasked Medi-Cal managed care plans with administering the application process and applying DHCS-developed selection criteria. CalOptima received 30 BHI incentive program applications from 15 organizations seeking nearly $10 million.

BHI Incentive Program	Number of Applications	Dollars Requested
Basic behavioral health integration	13	$6,974,676
Maternal access to mental health and substance use disorder screening and treatment	1	$200,000
Medication management for beneficiaries with co-occurring chronic medical and behavioral diagnoses	4	$710,000
Diabetes screening and treatment for people with serious mental illness	5	$740,160
Improving follow-up after hospitalization for mental illness	4	$755,000
Improving follow-up after emergency department visit for behavioral health diagnosis	3	$530,000
TOTALS	30	$9,909,836

CalOptima is required to review and score applicants, subject to DHCS criteria and approval, as well as distribute funding and monitor the programs. CalOptima formed an evaluation committee of internal and external reviewers, and the group met in late January for training on the state's scoring criteria and timeline. Reviews are due to DHCS by February 18, and CalOptima will issue participation decisions by March 18. Programs are then expected to go live on April 1 and continue until December 31, 2022.

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CalOptima Submits Medicaid Fiscal Accountability Rule (MFAR) Comment Letter
In my December 2019 CEO Report, I shared the growing concern about MFAR's impact on Medi-Cal financing. At the recommendation of our advocates, CalOptima submitted formal comments to complement the efforts of DHCS and our state and federal trade associations. MFAR's proposed constraints on generating additional funding through public hospital financing, the Managed Care Organization tax, and supplemental payments, such as Intergovernmental Transfers, could leave a large hole in California's budget that was previously filled by federal matching dollars.

Supreme Court Permits Public Charge Rule, Potentially Affecting Medicaid Enrollment
On January 27, in a 5–4 decision, the Supreme Court ruled to allow the Trump Administration to implement the Public Charge Final Rule with an expanded means test for immigrants seeking naturalization. The rule expands how the federal government interprets and determines "public charge" to include immigrants who access cash public benefits, such as welfare, but also non-cash public benefits, including Medicaid (Medi-Cal in California). The rule makes it more difficult for immigrants to obtain permanent residency if they have used or are likely to use public benefits. Observers believe the rule will discourage immigrants from seeking health care coverage or cause them to drop their existing coverage, lest they compromise their naturalization status. The Supreme Court lifted a stay that had blocked implementation until a lawsuit against the rule was settled. The lawsuit is still pending.

California Children's Services (CCS) Advisory Group to Gather Post-Transition Data
The January 22 quarterly meeting of the CCS Advisory Group focused on upcoming efforts to capture family feedback about the Whole-Child Model (WCM) and establish health plan performance measures.

- *Telephone Survey:* UC San Francisco has been engaged to conduct a telephone survey of parents of CCS children in WCM and non-WCM counties. The goal is to assess participant satisfaction, experiences with care, and perceived changes in access, quality and care coordination since the WCM transition. UCSF is in the process of finalizing the survey, which will be administered from April to June. The target sample size is 3,000 respondents. Preliminary findings are not expected until December 2020.
- *Dashboard Template:* The state released a sample WCM Performance Dashboard for stakeholder review and comment. It is designed to collect data about health plans' WCM programs. Some of the suggested measures include enrollment figures, emergency room visits, inpatient admissions, prescription use, mental health services, NICU authorizations, and grievances and appeals. The timeframe for publishing the dashboard was not announced. The group was supportive of the dashboard and asked that it include data from not only the five WCM plans but also from the counties that have not transitioned to WCM.

Annual State Audit Underway, Reviewing Medi-Cal and OCC
On January 27, DHCS began its annual medical audit of Medi-Cal and OCC (Medicaid-based services only). Auditors are expected to be on site until February 7, studying CalOptima's compliance with contractual and regulatory requirements in the areas of utilization management, case management and coordination of care, availability and accessibility, member's rights, quality management, and administrative and organizational capacity, for the review period of February 1, 2019, to January 31, 2020.

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OCC Event Draws Current and Prospective Members
On Saturday morning, January 25, CalOptima welcomed more than 60 prospective and current members to our third OCC Member Retention/Outreach Event at the Garden Grove Community Center. The event included a presentation about the 2020 OCC program and benefits, which was followed by a Q&A session with internal subject matter experts from our Customer Service and Pharmacy departments as well as external experts from Community Legal Aid SoCal, Vision Service Plan and Denti-Cal. In addition, members had an opportunity to visit 16 resource tables, which featured contracted health networks, vendors, CalOptima departments and community-based organizations.

CalOptima Names Sharon Dwiers Clerk of the Board
After serving in an interim capacity, Sharon Dwiers has been named Clerk of the Board. Ms. Dwiers assists the Board and Board committee chairs in conducting public meetings and serves as the custodian of official agency records for public and government use. She has been with CalOptima for more than 23 years.

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Intergovernmental Transfer (IGT) 9 Update

Special Meeting of the CalOptima Board of Directors'
OneCare Connect Member Advisory Committee
February 27, 2020

Candice Gomez, Executive Director, Program Implementation

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IGT Background

- IGT process enables CalOptima to secure additional federal revenue to increase California's low Medi-Cal managed care capitation rates
  - IGT 1–7: Funds must be used to deliver enhanced services for the Medi-Cal population
    - Funds are outside of operating income and expenses
  - IGT 8–10: Funds must be used for Medi-Cal covered services for the Medi-Cal population
    - Funds are part of operating income and expenses

IGT Funding Process

High-Level Overview
1. CalOptima receives DHCS notice announcing IGT opportunity
2. CalOptima secures funding partnership commitments (e.g., UCI, Children and Families Commission, et al.)
3. CalOptima submits Letter of Interest to DHCS listing funding partners and their respective contribution amounts
4. Funding partners wire their contributions and an additional 20% fee to DHCS
5. CMS provides matching funds to DHCS
6. DHCS sends total amount to CalOptima
7. From the total amount, CalOptima returns each funding partner's original contribution
8. From the total amount, CalOptima also reimburses each funding partner's 20% fee and where applicable, retained amount for MCO tax (IGT 1–6 only)
9. Remaining balance of the total amount is split 50/50 between CalOptima and the funding partners or their designees

CalOptima Share Totals to Date

IGTs	CalOptima Share	Date Received
IGT 1	$12.43 million	September 2012
IGT 2	$8.70 million	June 2013
IGT 3	$4.88 million	September 2014
IGT 4	$6.97 million	October 2015 (Classic)/ March 2016 (MCE)
IGT 5	$14.42 million	December 2016
IGT 6	$15.24 million	September 2017
IGT 7	$15.91 million	May 2018
IGT 8	$42.76 million	April 2019
IGT 9*	TBD	TBD (Spring 2020)
IGT 10*	TBD	TBD
Total Received	**$121.31 million**	

** Pending DHCS guidance*

IGT 9 Status

- CalOptima's estimated share is approximately $45 million
  - Expect receipt of funding in calendar year 2020
  - Funds used for Medi-Cal programs, services and operations
  - Funds are part of operating income and expenses
    - Medical Loss Ratio (MLR) and Administrative Loss Ratio (ALR) apply
    - Managed through the fiscal year budget

- Stakeholder vetting on the following focus areas
  - Member access and engagement
  - Quality performance
  - Data exchange and support
  - Other priority areas

Proposed Allocation

Focus Area	Amount Requested
Member access and engagement	$6.5 million
Quality performance	$3.4 million
Data exchange and support	$2.0 million
Other priority areas	$33.1 million

- Staff has identified initiatives targeted $40.5 million of the anticipated $45 million
- Additional initiatives in development will be presented before the end of the fiscal year

1. Member Access and Engagement: Expanded Office Hours

- Description
  - Offer additional incentives to providers and/or clinics
    - Expand office hours in the evening and weekends
    - Expand primary care services to ensure timely access
- Guidelines
  - Primary care providers in community clinics serving members in high-demand/impacted areas are eligible
  - Per-visit access incentive awarded to providers and/or clinics for members seen during expanded hours
- Key Components
  - Two-year initiative
  - Budget request of $2.0 million ($500,000 in FY 2019–20)

2. Quality Performance: Post-Acute Infection Prevention Initiative (PIPQI)

- Description
  - Expand CalOptima's PIPQI to suppress multidrug-resistant organisms in contracted skilled nursing facilities (SNFs) and decrease inpatient admissions for infection
- Guidelines
  - Phase 1: Training for 41 CalOptima-contracted SNFs not currently participating in initiative
  - Phase 2: Compliance, quality measures and performance incentives for all participating facilities
  - Two FTE to support adoption, training and monitoring
- Key Components
  - Three-year initiative
  - Budget request of $3.4 million ($1 million in FY 2019–20)

3. Data Exchange: Hospital Data Exchange Incentive

- Description
  - Support data sharing among contracted and participating hospitals via use of CalOptima selected vendors
    - Other organizations within the delivery system may also be added
  - Enhance monitoring of hospital activities for CalOptima's members, aiming to improve care management and lower costs
- Guidelines
  - Participating organizations will:
    - Work with CalOptima and vendor to facilitate sharing of ADT (Admit, Discharge, Transfer) and Electronic Health Record data
    - Be eligible for an incentive once each file exchange is in place
- Key Components
  - One-year initiative
  - Budget request of $2.0 million (CY 2020)

4. Other Priorities: IGT Program Administration

- Definition
  - Administrative support for prior, current and future IGTs
    - Continue support for two existing staff positions to manage IGT transaction process, project and expenditure oversight
    - Fund Grant Management System license, public activities and other administrative costs
- Guidelines
  - Will be consistent with CalOptima policies and procedures
  - Will provide oversight of the entire IGT process and ensure funding investments are aligned with CalOptima strategic priorities and member needs
- Key Components
  - Five years of support
  - Budget request of $2.0 million

5. Other Priorities: Whole-Child Model (WCM) Program

- Definition
  - CalOptima launched WCM on July 1, 2019
  - Based on the initial analysis, CalOptima is projecting an overall loss of up to $31.1 million in FY 2019–20
- Challenges
  - Insufficient revenue from DHCS to cover WCM services
  - Complex operations and financial reconciliation
- Key Components
  - One year
  - Budget request of up to $31.1 million to fund the deficit from WCM program in FY 2019–20

Next Steps

- Present recommendation during the March 2020 Board of Directors meeting

- Return to the Board as needed regarding
  - New or modified policy and procedures
  - Contracts
  - Additional initiatives

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 Advancing and Innovating Medi-Cal (CalAIM) - Update

February 2020

Candice Gomez, Executive Director, Program Implementation
Pallavi Patel, Director, Business Integration/Process Excellence

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Background

- On October 28, the Department of Health Care Services (DHCS) released California Advancing and Innovating Medi-Cal (CalAIM), a proposal with the potential to significantly impact the future of the Medi-Cal delivery system framework.
  - Spans a five-year period from 2021 to 2026
  - Contains numerous core initiatives
  - Expands Medi-Cal managed care plans' responsibilities

CalAIM- Goals

- Identify and manage member risk and need through whole-person care approaches and address social determinants of health.
- Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility.
- Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems and payment reform.

DHCS Timeline

2019

- *October 28, 2019:* DHCS releases CalAIM proposal
- *November 5, 2019:* DHCS begins stakeholder meetings

2020

- *July 1, 2020:* CalOptima submits plan to DHCS describing the transition of WPC and HHP services into ECM and ILOS
- *December 31, 2020:* WPC and HHP programs sunset and integrate within ECM and ILOS

2021

- *January 1, 2021:* Plan incentives, blended LTC/SPD rate, ECM and ILOS begin

2022

- *January 1, 2022: PHM begins,* Full integration plans move forward with an RFP (1/1/22), selection (7/1/22) and 18-month readiness assessment (7/1/22–12/31/23)

WPC = Whole-Person Care
HHP = Health Homes Program
ECM = Enhanced Care Management
ILOS = In Lieu of Services

LTC = Long-Term Care
SPD = Seniors and Persons With Disabilities
PHM = Population Health Management

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DHCS Timeline (cont.)

2023

- *January 1, 2023:* CMC/OCC plans transition to D-SNPs and mandatory managed care enrollment for dual eligible members begins
- *January 1, 2023:* DHCS implements regional rates for Orange County
- *January 1, 2023:* ECM model of care for re-entry population is due to DHCS

2024

- *January 1, 2024:* Full integration plans go live

2025

- *January 1, 2025:* NCQA accreditation of managed care plans and delegated entities begins

2026

- *January 1, 2026:* LTSS, LTC and D-SNPs are implemented statewide

OCC = OneCare Connect
CMC = Cal MediConnect
D-SNPs = Dual Eligible Special Needs Plans
LTSS = Long-Term Services and Supports

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Proposals Impacting CalOptima

Proposals	Implementation Date
Enhanced Care Management Benefit	January 2021
In Lieu of Services	January 2021
Shared Risk/Savings and Incentive Payments	January 2021
Population Health Management Program	January 2022
Regional Managed Care Capitation Rates	January 2023
Discontinue Cal MediConnect and transition to D-SNPs	January 2023
Full Integration Plans*	January 2024
NCQA Accreditation**	January 2025

**Current status: Behavioral health partially integrated; dental services not integrated*

***NCQA accreditation for health networks is new; may have new requirements for managed care plans*

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Internal Work Efforts

Finance

- Regional Rates
- Shared Risk/Savings and Incentives
- Blended Rates

Quality

- Population Health Management
- Behavioral Health
- NCQA Accreditation

Medical

- Enhanced Care Management
- In Lieu of Services

Operations

- Transition of Cal MediConnect to D-SNP
- Full Integration Plan

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Transition Plan

- DHCS expects CalOptima and all managed care plans to submit a transition plan demonstrating:
  - How elements of existing programs, such as HHP and WPC, will be integrated into the new ECM and ILOS programs
  - A good faith effort to come to agreement with local government agency providers that are rendering HHP and/or WPC services

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Upcoming Activities

Date	Milestone
February	Participate in DHCS stakeholder meetings; provide general updates to advisory committees
March	Continue DHCS stakeholder meeting participation; prepare draft transition plan
April	Vet transition plan strategy with Member Advisory Committee, OneCare Connect Member Advisory Committee, Whole-Child Model Family Advisory Committee and Provider Advisory Committee
May	Vet transition plan strategy with Quality Assurance Committee and Finance and Audit Committee
June	Seek transition plan approval from Board of Directors
July 1	Submit transition plan to DHCS

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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

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A Public Agency

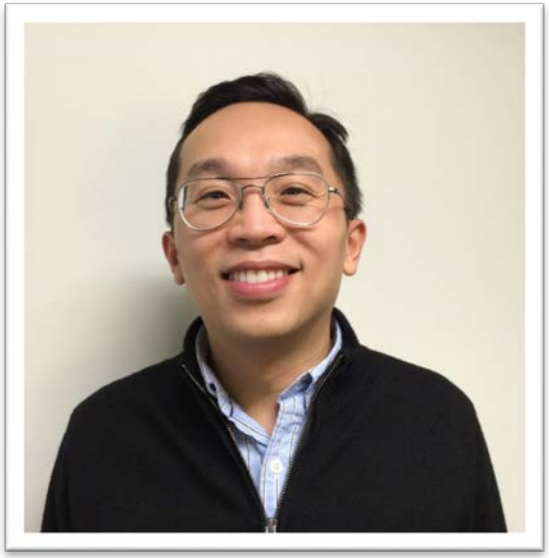
CalOptima

Better. Together.

Behavioral Health (BH) Transition Update

Edwin Poon, Ph.D.

Director, Behavioral Health (Integration)



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BH Transition

- In May 2019, the Board of Directors approved transitioning OneCare and OneCare Connect BH services from Magellan to CalOptima

- Multiple departments were involved in the implementation
  - Contracting
  - Provider Relations
  - Claims
  - Customer Service
  - Behavioral Health Integration
  - Information Services
  - Utilization Management
  - Regulatory Affairs and Compliance
  - Process Excellence

- Effective January 1, 2020, CalOptima manages BH services for all lines of business

CalOptima BH Benefits

Mental Health Services	Medi-Cal	OC/OCC
Outpatient psychotherapy	✓	✓
Psychological testing	✓	✓
Medication management	✓	✓
Behavioral Health Treatment*	✓	N/A
Inpatient mental health care	County	✓
Partial hospitalization program	County	✓

**For members under 21 years of age*

CalOptima BH Benefits (cont.)

Substance Use Disorder (SUD) Services	Medi-Cal	OC/OCC
Alcohol misuse screening and counseling	✓	✓
Office-based Medication Assisted Treatment (MAT)	✓	✓
Opioid Treatment Program (OTP)	Drug Medi-Cal Organized Delivery System	✓
Medical detox	✓	✓
All other SUD services (e.g., residential treatment, recovery services and withdrawal management)	Drug Medi-Cal Organized Delivery System	Drug Medi-Cal Organized Delivery System

BHI Department Restructure

- Integration
  - BH initiatives (Quality, Utilization Management, Regulatory, etc.)
  - Community partnerships
  - Regulatory (DHCS and CMS audits, NCQA, policies, etc.)
  - Internal departments support

- Clinical Operations
  - BH call center
  - Care management
    - Behavioral Health (Individual Care Team meetings, transitions of care, and BH utilization management/concurrent review)
    - Behavioral Health Treatment (ABA)

CalOptima BH Line

855-877-3885

For screening and referral to mental health services.

This number is available 24 hours a day, 7 days a week.

TTY/TDD: **800-735-2929**

Thank You

- BHI would like to thank everyone who supported the implementation process for the past two years
- We could not have done it without your hard work and dedication!

2019–20 Legislative Tracking Matrix

COVERED BENEFITS

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
H.R. 4618 McBath	**Medicare Hearing Act of 2019:** Effective no sooner than January 1, 2022, would require Medicare Part B to cover the cost of hearing aids for Medicare beneficiaries. Hearing aids would be provided every five years and would require a prescription from a doctor or qualified audiologist.	**10/17/2019** Passed the Committee on Energy and Commerce **10/17/2019** Introduced	CalOptima: Watch
H.R. 4650 Kelly	**Medicare Dental Act of 2019:** Effective no sooner than January 1, 2022, would require Medicare Part B to cover the cost of dental health services for Medicare beneficiaries. Covered benefits would include preventive and screening services, basic and major treatments, and other care related to oral health.	**10/17/2019** Passed the Committee on Energy and Commerce **10/11/2019** Introduced	CalOptima: Watch
H.R. 4665 Schrier	**Medicare Vision Act of 2019:** No sooner than January 1, 2022, would require Medicare Part B to cover the cost of vision care for Medicare beneficiaries. Covered benefits would include routine eye exams and corrective lenses. Corrective lenses covered would be either one pair of conventional eyeglasses or contact lenses.	**10/17/2019** Passed the Committee on Energy and Commerce **10/11/2019** Introduced	CalOptima: Watch

EARLY AND PERIODIC SCREENING, DIAGNOSIS, AND TREATMENT (EPSDT)

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
AB 385 Calderon	**Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Performance Outcome System:** Would require the Department of Health Care Service (DHCS) to improve existing performance outcome systems measuring the outcomes of EPSDT services.	**05/16/2019** Committee on Appropriations; Held under submission **04/24/2019** Passed Committee on Health **02/05/2019** Introduced	CalOptima: Watch

ELIGIBILITY

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
AB 4 Arambula	**Medi-Cal Eligibility Expansion:** Would extend eligibility for full-scope Medi-Cal to eligible individuals of all ages regardless of their immigration status. The Legislative Analyst's Office projects this expansion would cost approximately $900 million General Fund (GF) in 2019-2020 and $3.2 billion GF each year thereafter, including the costs if In-Home Supportive Services (IHSS).	**07/02/2019** Hearing canceled at the request of the author **06/06/2019** Referred to Senate Committee on Health **05/28/2019** Passed Assembly floor **12/03/2018** Introduced	CalOptima: Watch CAHP: Support LHPC: Support
AB 526 Petrie-Norris	**Women, Infants, and Children (WIC) to Medi-Cal Express Lane:** Would establish an "express lane" eligibility pathway for pregnant women and children from the California Special Supplemental Nutrition Program for WIC to Medi-Cal. WIC, within the Children's Health Insurance Program (CHIP), is a federally funded program that provides supplemental food, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and postpartum women, and infants and children up to age five. The bill intends to leverage the similarity between WIC and Medi-Cal eligibility rules, to ensure that uninsured children and pregnant women who are eligible for Medi-Cal are able to conveniently enroll in the program through the express lane. Of note, the express lane program was never implemented due to a lack of funding.	**08/30/2019** Senate Committee on Appropriations; Held under submission **06/27/2019** Passed Senate Committee on Health **05/23/2019** Passed Assembly floor **02/13/2019** Introduced	CalOptima: Watch
AB 683 Carrillo	**Adjusting the Assets Test for Medi-Cal Eligibility:** Would eliminate specific assets tests, such as life insurance policies, musical instruments, and living trusts, when determining eligibility for Medi-Cal enrollment.	**05/16/2019** Committee on Appropriations; Hearing postponed at the request of the Committee **04/02/2019** Passed Committee on Health **02/15/2019** Introduced	CalOptima: Watch
SB 29 Durazo	**Medi-Cal Eligibility Expansion:** Would extend eligibility for full-scope Medi-Cal to eligible individuals ages 65 years or older, regardless of their immigration status. The Assembly Appropriations Committee projects this expansion would cost approximately $134 million each year ($100 million General Fund, $21 federal funds) by expanding full-scope Medi-Cal to approximately 25,000 adults who are undocumented and 65 years of age and older. The financial costs for In-Home Supportive Services (IHSS) is estimated to cost $13 million General Fund.	**09/13/2019** Held in Assembly **05/29/2019** Passed Senate floor **12/03/2018** Introduced	CalOptima: Watch

HOMELESSNESS

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
H.R. 1978 Correa/Lieu	**Fighting Homelessness Through Services and Housing Act:** Similar to S. 923, would establish a federal grant program within the Health Resources and Services Administration to fund comprehensive homeless support services through the appropriation of $750 million each year for five years, beginning in FY 2020. Included would be a one-time grant of $100,000 to support program planning for existing programs serving those who are homeless or at risk of being homeless. Each eligible entity would be able to receive up to $25 million each year for up to five years. Government entities eligible to apply for grant funding would include counties, cities, regional or local agencies, Indian tribes or tribal organizations. Each agency would be able to enter partnerships to meet eligibility status. Additionally, comprehensive homeless support services, such as mental health services, supportive housing, transitional support, and case management must be provided by the agency to be considered to receive grant funding. Individuals eligible to receive comprehensive homeless support services through this program include persons who are homeless or are at risk of becoming homeless, including families, individuals, children and youths.	**03/28/2019** Introduced; Referred to the House Committee on Financial Services	CalOptima: Watch
S. 923 Feinstein	**Fighting Homelessness Through Services and Housing Act:** Similar to H.R. 1978, would establish a federal grant program within the Health Resources and Services Administration to fund comprehensive homeless support services through the appropriation of $750 million each year for five years, beginning in FY 2020. Included would be a one-time grant of $100,000 to support program planning for existing programs serving those who are homeless or at risk of being homeless. Each eligible entity would be able to receive up to $25 million each year for up to five years. Government entities eligible to apply for grant funding would include counties, cities, regional or local agencies, Indian tribes or tribal organizations. Each agency would be able to enter partnerships to meet eligibility status. Additionally, comprehensive homeless support services, such as mental health services, supportive housing, transitional support, and case management must be provided by the agency to be considered to receive grant funding. Individuals eligible to receive comprehensive homeless support services through this program include persons who are homeless or are at risk of becoming homeless, including families, individuals, children and youths.	**03/28/2019** Introduced; Referred to Committee on Health, Education, Labor, and Pensions	CalOptima: Watch

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
AB 563 Quirk-Silva	**Mental Health Funding for the North Orange County Public Safety Task Force:** Would establish a two-year pilot program in Orange County with the appropriation of $16 million from the General Fund to support those experiencing a mental health crisis. Funds to be allocated to the North Orange County Public Safety Task Force: $8 million by January 1, 2020 and $8 million by January 1, 2021. Funds would establish programs such as urgent and nonurgent telephone lines, case management, and a mobile response team.	**05/16/2019** Committee on Appropriations; Held under submission **04/24/19** Passed Committee on Health **02/13/2019** Introduced	CalOptima: Watch Orange County Board of Supervisors: Support

PHARMACY

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
SB 852 Pan	**California Generic Prescription Drugs:** Would authorize the State of California to manufacture and manage their own generic prescription drugs.	**01/13/2020** Introduced	CalOptima: Watch

PROVIDERS

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
AB 741 Kalra	**Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program Provider Training:** Would expand provider training, for those providing EPSDT services, to include universal trauma screenings. Training would include how to administer and use the new trauma screening tool, providing care, proper diagnosis and referrals for patients who have tested positive in trauma screenings, and connecting patients to proper resources and care.	**05/16/2019** Committee on Appropriations; Held Under Submission **04/24/2019** Passed Committee on Health **02/19/2019** Introduced	CalOptima: Watch

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
AB 890 Wood	**Nurse Practitioners:** Would permit nurse practitioners to open and operate their own private practice. Would also permit a board-certified nurse practitioner to perform specific functions, without supervision by a physician and surgeon, in settings such as clinics, medical group practices, and health care agencies.	**05/16/2019** Hearing postponed at the request of the Appropriations Committee **05/15/2019** Committee on Appropriations; Suspense file **04/11/2019** Passed Committee on Business and Professions **02/20/2019** Introduced	CalOptima: Watch LHPC: Support

REIMBURSEMENT RATES

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
SB 66 Atkins/ McGuire	**Federally Qualified Health Center (FQHC) Reimbursement**: Would allow an FQHC to be reimbursed by the state for a mental health or dental health visit that occurs on the same day as a medical face-to-face visit. Currently, California is one of the few states that do not allow an FQHC to be reimbursed for a mental or dental and physical health visits on the same day. A patient must seek mental health or dental treatment on a subsequent day for an FQHC to receive reimbursement for that service. This bill would distinguish a medical visit through the member's primary care provider and a mental health or dental visit as two separate visits, regardless if at the same location on the same day. As a result, the patient would no longer have to wait a 24-hour time period in order to receive medical and dental or mental health services, while ensuring that clinics are appropriately reimbursed for both services. Additionally, acupuncture services would be included as a covered benefit when provided at an FQHC.	**09/13/2019** Carry-over bill; Moved to inactive filed at the request of the author **08/30/2019** Passed Assembly Committee on Appropriations **05/23/2019** Passed Senate floor **01/08/2019** Introduced	CalOptima: Watch CAHP: Support LHPC: Co-Sponsor, Support
AB 316 Ramos/Rivas	**Medi-Cal Dental Services:** Would increase the fee-for-service reimbursement rate for Denti-Cal providers that provide services to individuals with special needs. Pending approval from the Centers for Medicare & Medicaid Services (CMS), the increase in reimbursement rates to Denti-Cal providers would allow the provider to be reimbursed for the additional time and resources required to treat a patient with special needs. Providers are currently not receiving additional funds if a patient with specials needs uses more time and resources than originally allocated. Would allow the member four dental visits within a twelve-month period. The reimbursement rate would increase from $100 per visit to $140 per visit with support from Proposition 56 dollars.	**05/17/2019** Committee on Appropriations; Held Under Submission **04/10/2019** Passed Committee on Health **01/30/2019** Introduced	CalOptima: Watch

TELEHEALTH

Bill Number (Author)	Bill Summary	Bill Status	Position/Notes*
H.R. 4932 Thompson	**Creating Opportunities Now for Necessary and Effective Care Technologies (CONNECT) for Health Act of 2019:** Similar to S. 2741, would expand telehealth services for those receiving Medicare benefits and remove restrictions in the Medicare program that prevent physicians from using telehealth technology. Would also: ■ Provide the Secretary of Health and Human Services with the authority to waive telehealth restrictions when necessary; ■ Remove geographic and originating site restrictions for services like mental health and emergency medical care; ■ Allow rural health clinics and other community-based health care centers to provide telehealth services; and ■ Require a study to explore more ways to expand telehealth services so that more people can access health care services in their own homes.	**10/30/2019** Introduced; Referred to the Committees on Energy and Commerce; Ways and Means	CalOptima: Watch AHIP: Support
S. 2741 Schatz	**Creating Opportunities Now for Necessary and Effective Care Technologies (CONNECT) for Health Act of 2019:** Similar to H.R. 4932, would expand telehealth services for those receiving Medicare benefits and remove restrictions in the Medicare program that prevent physicians from using telehealth technology. Would also: ■ Provide the Secretary of Health and Human Services with the authority to waive telehealth restrictions when necessary; ■ Remove geographic and originating site restrictions for services like mental health and emergency medical care; ■ Allow rural health clinics and other community-based health care centers to provide telehealth services; and ■ Require a study to explore more ways to expand telehealth services so that more people can access health care services in their own homes.	**10/30/2019** Introduced; Referred to the Senate Committee on Finance	CalOptima: Watch AHIP: Support

*Information in this document is subject to change as bills are still going through the early stages of the legislative process.

CAHP: California Association of Health Plans
CalPACE: California PACE Association
LHPC: Local Health Plans of California
NPA: National PACE Association

Last Updated: January 15, 2020

2020 Federal Legislative Dates

April 4–19	Spring recess
August 10–September 7	Summer recess
October 12–November 6	Fall recess

2020 State Legislative Dates

January 6	Legislature reconvenes
January 31	Last day for bills introduced in 2019 to pass their house of origin
February 21	Last day for legislation to be introduced
April 2–12	Spring recess
April 24	Last day for policy committees to hear and report bills to fiscal committees
May 1	Last day for policy committees to hear and report non-fiscal bills to the floor
May 15	Last day for fiscal committees to report fiscal bills to the floor
May 26–29	Floor session only
May 29	Last day to pass bills out of their house of origin
June 15	Budget bill must be passed by midnight
July 2–August 3	Summer recess
August 14	Last day for fiscal committees to report bills to the floor
August 17–31	Floor session only
August 31	Last day for bills to be passed. Final recess begins upon adjournment
September 30	Last day for Governor to sign or veto bills passed by the Legislature
November 3	General Election
December 7	Convening of the 2021–22 session

Sources: 2020 State Legislative Deadlines, California State Assembly: http://assembly.ca.gov/legislativedeadlines

About CalOptima

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California State Budget: FY 2020-21 Proposal Analysis and CalOptima Impacts

January 2020

Overview

On January 10, 2020, Governor Gavin Newsom released his fiscal year (FY) 2020-21 state budget proposal. The total proposed budget is $222.2 billion, with General Fund spending at $153.1 billion, which is approximately two percent higher than current year spending.[i] The budget anticipates that the state's economy and associated revenues will grow at a modest rate – 3.8 percent – slower than previous expectations, but still enough to drive an ambitious policy agenda.

Specific to health policy, Governor Newsom is continuing to focus on the priorities funded in last fiscal year's budget, including expanding access to health care via Medi-Cal, controlling prescription drug costs and addressing both the homelessness and housing affordability crises affecting the state. All of these priorities received a significant amount of attention in his press conference as well as the written budget proposal. Governor Newsom announced a plan to expand Medi-Cal to cover undocumented seniors, proposed that California start its own generic drug label and proposed an additional $1 billion in funding to address the homelessness crisis, which he called the "issue that defines our times." These topics are covered in more detail below. The governor also proposes funding for new initiatives that were not priorities in the prior year's budget, but that complement his administration's focus on healthcare and quality of life issues. To this end, the budget endorses and funds Medi-Cal Healthier California for All (formerly "CalAIM") proposals to the tune of $695 million.

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 12.9 million members in fiscal year (FY) 2020-21, which is a slight increase (less than one percent) as compared to FY 2019-20.[2]

FY 2020–19 Proposed Medi-Cal Budget[3]

General Fund	$26.4 billion
Federal Funds	$67.5 billion
Other	$13.4 billion
Total	**$107.4 billion[4]**

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 federal/state funding match. For the Medi-Cal expansion (MCE) population, there is an enhanced federal match (90/10 for 2020 and subsequent calendar years).[5] For the Children's Health Insurance Program (CHIP) population, which was carved in to Medi-Cal in 2013, there is currently an 88/12 match.

Of note, the 2019-20 budget increased funding for Proposition 56 programs, creating several news ones, but attached a December 31, 2021 sunset date to the funding. The governor is proposing to push the sunset date of Proposition 56 programs by 18 months, to July 31, 2023, due to the anticipated surplus as well as the state's expectation that the latest iteration of the MCO tax* will be approved by CMS, albeit not in time to generate revenue for this fiscal year. In his budget announcement, Governor Newsom stated that he expected MCO tax funding – anticipated to be between $1.2 and $1.9 billion – to impact the 2021-22 Medi-Cal budget, at the earliest.

Medi-Cal Healthier California for All (The Program Formerly Known as CalAIM)

The governor is pursuing an ambitious agenda to transform the Medi-Cal delivery system to expand both access to care and the types of services available. Much of this agenda is captured in the Medi-Cal Healthier California for All initiative, which received a $695 million allocation in the FY 2020–21 budget proposal. This funding will cover enhanced care management and in lieu of services, as well as infrastructure investments needed to expand whole person care programs statewide.[6] Funding commitments are expected to increase in upcoming fiscal years as more Medi-Cal Healthier California for All programs are launched. Of note, the package of proposals that comprise Medi-Cal Healthier California for All will need federal approval before they can be initiated. DHCS plans on submitting the requisite applications to the Centers for Medicare & Medicaid Services (CMS) in summer 2020, contingent on feedback received from affected stakeholders as well as state funding allocated as part of the final FY 2020-21 budget.[7]

**On January 31, 2020, CMS rejected California's proposal to reinstate the MCO tax, basing the denial on the hold harmless structure of the tax*

Expanding Full Scope Medi-Cal

The Medi-Cal budget also contains funding to expand full-scope Medi-Cal to cover undocumented seniors age 65 and older, no sooner than January 1, 2021. This expansion is projected to bring 27,000 new enrollees into the program statewide. The budget proposal includes $80.5 million ($64.2 million General Fund) for this expansion, including In-Home Supportive Services costs, in FY 2020-21. Beginning FY 2022-23, these costs are expected to be approximately $350 million ($320 million General Fund) per year.[8]

Efforts to Control Prescription Drug Prices

Another major piece of Governor Newsom's health policy agenda is the effort to reduce prescription drug costs. Last year, his emphasis was on bulk purchasing of prescription drugs, effectuated partly through the pharmacy carve-out. In January 2019, Governor Newsom issued Executive Order N-01-19 to carve prescription drugs out of Medi-Cal managed care and transition the benefit to state administration, no sooner than January 1, 2021.[9] DHCS is continuing to work on the process of this transition and has selected a vendor, Magellan Medicaid Administration, to administer the benefit once it is transitioned over.[10] Of note, the budget assumes that the majority of the financial benefit from the carve-out, amounting to "hundreds of millions of dollars in annual General Fund savings," will not accrue to the state until FY 2022-23.[11] The budget proposal estimates that the state will benefit from $178.3 million in savings associated with the carve-out during FY 2020-21.[12]

To build on these efforts, the governor is also proposing that California negotiate partnerships with generic drug manufacturers to establish the state's own generic drug label, with the aim of building toward a single market for drug pricing within the state.[13] During his press conference announcing the budget, the Governor Newsom shared that the state is currently negotiating with drug manufacturers and that further details regarding this proposal would be forthcoming in the spring.

Office of Health Care Affordability

Also of note, the governor is planning to create a new Office of Health Care Affordability under the California Health and Human Services Department. It is unclear how this office would impact Medi-Cal, but it is clear that the governor would like his health policy agenda to dovetail with his broader focus on affordability and quality of life issues facing California residents. The Office's prime directives would be to increase price and quality transparency by developing industry-specific strategies and cost targets as well as "financial consequences for entities that fail to meet these targets."[14]

Other Health Priorities

Behavioral Health: The Governor proposes to establish a Behavioral Health Quality Improvement Program to fund county mental health plans and substance use disorder systems to prepare for Medi-Cal Healthier California for All. The funding of $45.1 million GF in FY 2020-21 and $42 million in FY 2021-22[15] is intended to assist these delivery systems in developing improvements to data-sharing capabilities for care coordination, performance measurement, and payment reform.

Public Option: The Governor's priorities also include specific reference to public Medi-Cal managed care plans. The Budget includes a statement that the Administration plans to leverage California's public Medi-Cal managed care plans and Covered California to "build an even more robust public option in California."[16]

Homelessness: The 2019-20 budget invested $1 billion in this effort, including $650 million in emergency aid to local governments and hundreds of millions of dollars for expanded health and social services targeted to homeless individuals and individuals at risk of becoming homeless.[17] The proposed 2020-21 budget includes $750 million (one-time, General Fund) to establish the California Access to Housing and Services Fund, administered by the state's Department of Social Services. The Fund would be dedicated to moving individuals as well as families into stable housing and funds would "flow through performance-based contracts between the state and regional administrators and [would] be subject to a 10-percent administrative cap."[18] Additionally, many of the Medi-Cal Healthier California for All programs are designed to address the needs of California's homeless population. Medi-Cal Healthier California for All proposals adapt and expand whole person care (WPC) principles into a statewide program and empower plans to address social determinants of health as appropriate, such as housing navigation and other social services.[19]

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, such as CMS' proposed Medicaid Fiscal Accountability Regulation. We will continue to follow these proposals closely as

they move through the budget process. Many of these proposals, such as the expansion of full-scope Medi-Cal, will require additional 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.

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 a revision to the January budget proposal in May, 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.

Endnotes

[1] Governor's Budget Summary 2020-21, Appendix 5, available at: http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf

[2] Ibid., p. 24

[3] DHCS, "2020-21 Governor's Budget Highlights," p. 3, available at: https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2020-21-Governor%27s-Budget-Highlights.pdf

[4] Governor's Budget Summary 2020-21, p. 32, available at: http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf

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

[6] Governor's Budget Summary 2020-21, p. 33, available at: http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf

[7] DHCS, "Medi-Cal Healthier California for All, Executive Summary," p. 14, available at: https://www.dhcs.ca.gov/provgovpart/Documents/6422/Medi-CalHealthierCAforAllExecSummary.pdf

[8] Ibid., p. 34

[9] DHCS, "2019-20 Governor's Budget Highlights," p. 6, available at: https://www.dhcs.ca.gov/Documents/Budget_Highlights/FY2019-20-GB-Highlights.pdf

[10] Medi-Cal Rx Advisory Group, PowerPoint presentation, available at: https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MRX_Advisory_Workgroup_01-14-20.pdf

[11] Governor's Budget Summary 2020-21, p. 27 available at: http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf

[12] Ibid., p. 35

[13] Ibid., p. 28

[14] Ibid., p. 26

[15] Ibid., p. 33

[16] Ibid., p. 26

[17] Ibid., p. 104

[18] Ibid., p. 106

[19] Ibid., p. 107

About CalOptima

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STRATEGIC PLAN 2020–2022

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A Message From the CEO

Like many of you, I consider the beginning of the new 2020 decade as an opportunity to look ahead and to plan. So, it is the perfect time to launch CalOptima's next Strategic Plan, for 2020–2022. The guidance it offers and the priorities it sets have been carefully considered by a wide variety of leaders, including our Board of Directors, advisory committee members, executive staff, community stakeholders and industry consultants. Collaboration strengthens our plan and reflects our Better. Together. approach to quality health care for Orange County's vulnerable low-income residents.

If this decade is anything like the last, the one constant will be change. Recognition of this fact is central to the content of CalOptima's Strategic Plan. An overview of the health care landscape explains the federal, state and local drivers of change, followed by our strategic priorities and objectives in this environment.

Responding effectively in dynamic conditions does not mean CalOptima will alter our mission or vision, both of which are focused on members. Our commitment to members is as strong as ever, and you will see that dedication underlying all the priority areas, from innovation and community partnerships to value, quality and operational excellence. While we may adjust our efforts along the way in response to regulatory changes or community needs, we will not waver about putting members first.

And one final comment about 2020 — it's CalOptima's 25th anniversary year. We celebrate you and all the providers, community-based organizations, elected officials and stakeholders who partner with us. Together, we have accomplished so much, including statewide recognition year after year as a leading Medi-Cal health plan. Our shared goal of a healthier Orange County has brought us far and will carry us confidently into the future.

Michael Schrader
Chief Executive Officer

About CalOptima

CalOptima's Mission

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

CalOptima's Vision

To be a model public agency and community health plan that provides an integrated and well-coordinated system of care to ensure optimal health outcomes for all our members

Programs

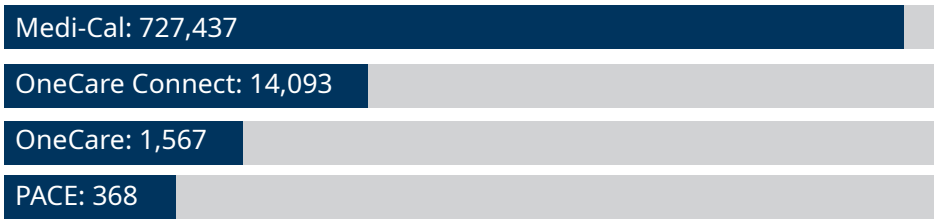
Medi-Cal (California's Medicaid Program): For low-income children, adults, seniors and persons with disabilities.

OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan): For people who qualify for both Medicare and Medi-Cal, combining Medicare and Medi-Cal benefits. Also included are benefits for worldwide emergency care, dental care, vision care and fitness. Other benefits are transportation to medical services and a Personal Care Coordinator.

OneCare (HMO SNP): A Medicare Advantage Special Needs Plan for low-income seniors and people with disabilities who qualify for both Medicare and Medi-Cal. Benefits are covered in one single plan, making it easier to get health care.

Program of All-Inclusive Care for the Elderly (PACE): A long-term comprehensive health care program that helps older adults remain as independent as possible. PACE coordinates and provides all needed preventive, primary, acute and long-term care services so seniors can continue living in their community. PACE provides all the acute and long-term care services covered by Medicare and Medi-Cal.

As of October 31, 2019, CalOptima has approximately 743,000 members:



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Health Insurance Coverage in Orange County

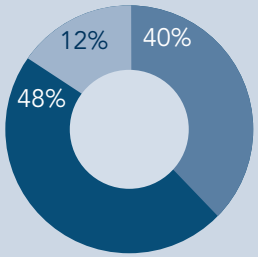
CalOptima covers more than 20% of Orange County residents.

Current Health Insurance Coverage Type	Orange County
Uninsured	6.7%
Medicare and Medicaid (Dual Eligibles)	3.0%
Medicare	11.2%
Medicaid	19.1%
Employment-Based	51.8%
Privately Purchased	7.5%
Other Public Coverage	0.7%

Source: California Health Interview Survey, 2017

CalOptima Profile

Members by Age



Age 0–18	40%
Age 19–64	48%
Age 65+	12%

As of October 31, 2019

Low Administrative Costs

CalOptima spends nearly 96 cents of every dollar on member care and only 4 cents on program administration, which reinforces our commitment and mission as a community health plan that provides quality health care services in a cost-effective, compassionate manner.

96¢ of every **$1**

Provider Network Composition

CalOptima has a strong provider network to serve our members. As of October 31, 2019, this includes:

- 1,567 primary care providers
- 6,944 specialists
- 40 acute and rehab hospitals
- 35 community health centers
- 570 pharmacies
- 100 long-term care facilities
- 5 PACE alternative care settings

High-Quality Care

CalOptima offers high-quality care to our members:

- For five years in a row, CalOptima was the top rated Medi-Cal plan in California, according to the National Committee for Quality Assurance (NCQA) Medicaid Health Insurance Plan Ratings (2014–2019).
- For 2019–2020, no other health plan received a higher rating.
- NCQA has awarded an accreditation status of Commendable to CalOptima Medi-Cal.

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Health Care Landscape Review

CalOptima's 2020–2022 Strategic Plan reflects the need to be responsive to a wide variety of federal, state and local priorities, considerations and issues. The landscape review is a summary of highlights from a comprehensive Environmental Scan that was completed to inform the Strategic Plan.

Federal Landscape

At the federal level, the policy landscape has been characterized by uncertainty for the past three years, and this is expected to continue for the foreseeable future. The Centers for Medicare & Medicaid Services (CMS), which provides the federal funding for, and oversight of, California's Medi-Cal program, has established a set of strategic priorities focused on driving innovation, implementing patient-centric approaches, and demonstrating results that improve care and lower costs. CalOptima will look to CMS's goals to prioritize development of innovative approaches that are aligned with the federal government. In addition, federal immigration policy may negatively impact Medi-Cal enrollment.

State Landscape

Within California, the health policy landscape is in transition with the election of Governor Gavin Newsom. Governor Newsom has an ambitious health care agenda focused on expanding coverage for all Californians and reigning in costs. Within the California Department of Health Care Services (DHCS), key initiatives are underway that will shape the future of the Medi-Cal program and impact CalOptima's work over the next three years.

Medi-Cal Vision: 2021 and Beyond

The current federal Section 1115 Medicaid waiver, referred to as Medi-Cal 2020, expires at the end of 2020. As part of renewing the waiver, DHCS has launched a major restructuring of Medi-Cal, known as California Advancing and Innovating Medi-Cal (CalAIM), which is designed to reduce the complexity of the program, focus on population health and increase the use of value-based purchasing strategies. CalOptima will contribute to the CalAIM discussions and, ultimately, to the implementation of Medi-Cal's next chapter.

Prescription Drug Carve-Out

On his first day in office, Governor Newsom signaled his intent to address rising pharmacy costs by shifting to bulk purchasing of prescription drugs for all government programs, including Medi-Cal (the largest purchaser in the state). CalOptima will continue to work closely with DHCS on the design of the carve-out to minimize the impacts on our members and their health.

Future of the Coordinated Care Initiative and Cal MediConnect

The Coordinated Care Initiative (CCI) focuses on integrating delivery of medical, behavioral and long-term services and supports (MLTSS) benefit into California's Medi-Cal care delivery system. The CCI also includes the Cal MediConnect (CMC) duals demonstration, combing Medicare and Medi-Cal into a single program. CCI and CMC are currently operating in only seven counties and the federal authority for CMC is scheduled to sunset on December 31, 2022. As part of the CalAIM initiative, DHCS has proposed that all Medi-Cal managed care plans, including CalOptima, be required to operate a Dual Eligible Special Needs Plan (D-SNP) by January 1, 2023, and assume responsibility for all Medi-Cal long-term care services effective January 1, 2021. CalOptima will engage with DHCS and CMS on the CCI and CMC transitions.

Health Care Landscape Review (continued)

Orange County Landscape

CalOptima is an integral part of the business community and the health care sector in Orange County. As the sole Medi-Cal plan in the County, CalOptima is in a unique position to impact care delivery and partner with County agencies and other stakeholders to improve access to care and quality for all members.

Homelessness and Behavioral Health

In Orange County, as across the state, the population of individuals experiencing homelessness has increased significantly over the past few years. Orange County has focused on developing a system of care that recognizes a multifaceted approach is necessary to respond to the needs of County residents experiencing homelessness. CalOptima has committed enhanced funding for homeless health programs in the County. For example, CalOptima is funding programs in collaboration with its community health centers to provide members on-call medical services in the field and increased preventive and primary care at shelters, establishing an internal homeless response team, and supporting hospital discharge coordination, recuperative care and respite care.

In 2018, local public and private stakeholders came together to work on behavioral health issues. Under this initiative, known as Be Well OC, a regional wellness center will be constructed in Orange County to serve individuals with mental health needs regardless of payor source. CalOptima is participating in this collaborative by prepaying for services at the Be Well OC wellness center. Be Well OC is part of the larger Mind OC initiative to integrate behavioral health services across silos to address social determinants of health.

CalOptima Workforce Needs

CalOptima will continue to face an extremely competitive employment environment over the next three years. The high cost of living in Orange County coupled with the County's low unemployment rate, staff retirements and turn-over contribute to a tight labor market.

Physician Networks and Access to Care

Across California, there are concerns about access to care, the rising cost of living, and a lack of physicians and other health workers. These issues are particularly acute in the Medi-Cal program. To address access issues, CalOptima will continue to develop stronger networks with innovative value-based payment arrangements over the next three years.

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Strategic Plan Development Process

To develop our 2020–2022 Strategic Plan, we gathered input from a wide range of CalOptima stakeholders:

Step 1

CalOptima's Board members, executive team and advisory committee leaders were interviewed to gather feedback about the 2017–2019 Strategic Plan as well as the issues and challenges facing the health plan over the next three years.

Step 2

Then, we held a Strategic Planning Session with the Board to review the findings from the interviews and to identify and discuss the priorities for the next Strategic Plan given the health care landscape in which CalOptima operates.

Step 3

Following the Strategic Planning Session, we held a joint meeting of all the advisory committees to solicit their input on the strategic priorities. We also convened health network representatives to gather their input on the next Strategic Plan.

Step 4

The draft 2020–2022 Strategic Plan was presented to the Board on November 7, 2019, for review and discussion.

Step 5

The final 2020–2022 Strategic Plan was adopted by the Board on December 5, 2019.

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Strategic Priorities and Objectives

Our members are the essential focus of the Strategic Priorities and Objectives for the 2020–2022 Strategic Plan and are supported by the programs and services provided by CalOptima.

Innovate and Be Proactive

- Anticipate Likely CMS and DHCS Priorities
- Identify and Collaborate on Local Priorities and Needs
- Leverage New Federal and State Programs and Services to Improve Access and Quality of Care for Members
- Seek Opportunities to Further Integrate Care for Members

Expand CalOptima's Member-Centric Focus

- Focus on Population Health
- Strengthen Provider Network and Access to Care
- Enhance Member Experience and Customer Service

Strengthen Community Partnerships

- Increase Collaboration with Providers and Community Stakeholders to Improve Care
- Utilize Strong Advisory Committee Participation to Inform Additional Community Engagement Strategies

Increase Value and Improve Care Delivery

- Evaluate and Implement Value-Based Purchasing Strategies that Drive Quality
- Deploy Innovative Delivery Models to Address Social Determinants of Health and Homelessness
- Maintain Focus on Providing High-Quality Care to Members

Enhance Operational Excellence and Efficiency

- Maintain Strong Culture of Compliance
- Preserve CalOptima's Financial Stability
- Invest in Infrastructure and Efficient Processes
- Engage Workforce and Identify Development Opportunities

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Board of Directors

Paul Yost, M.D. (Chair)
Anesthesiologist, CHOC Children's and St. Joseph Hospital
Designed seat: Licensed physician, representing a health network

Dr. Nikan Khatibi (Vice Chair)
Anesthesiologist, Pain Specialist and Addiction Medicine Physician
Designated seat: Licensed medical professional, not representing a health network

Ria Berger
CEO, Healthy Smiles for Kids of Orange County
Designated seat: Community clinic representative

Doug Chaffee
Orange County Board of Supervisors Supervisor, Fourth District
Designated seat: Orange County Board of Supervisors (alternate)

Ron DiLuigi
Retired Health Care Executive
Designated seat: Legal resident of Orange County

Andrew Do
Orange County Board of Supervisors Supervisor, First District
Designated seat: Orange County Board of Supervisors

Alexander Nguyen, M.D., MPH
Psychiatrist, Long Beach Veterans Affairs Medical Center
Designated seat: Family member of a CalOptima member

Lee Penrose
Health Care Executive
Designated seat: Current or former hospital administrator

Richard Sanchez, REHS, MPH
Director, Orange County Health Care Agency
Designated seat (non-voting): Orange County Health Care Agency

J. Scott Schoeffel
Attorney
Designated seat: Legal or finance professional

Michelle Steel
Orange County Board of Supervisors Supervisor, Second District
Designated seat: Orange County Board of Supervisors

CalOptima
A Public Agency
Better. Together.

505 City Parkway West, Orange, CA 92868
www.caloptima.org

The 2020–2022 Strategic Plan was created with the assistance of Athena Chapman and Caroline Davis from Champan Consulting. This plan was adopted by the CalOptima Board of Directors on December 5, 2019, and provides a framework for future direction. This document does not authorize expenditure of funds or commitment of resources.

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