

HFMA 2022 Health Care Legislative California Update

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1. Governor's Budget

2. Medi-Cal Update

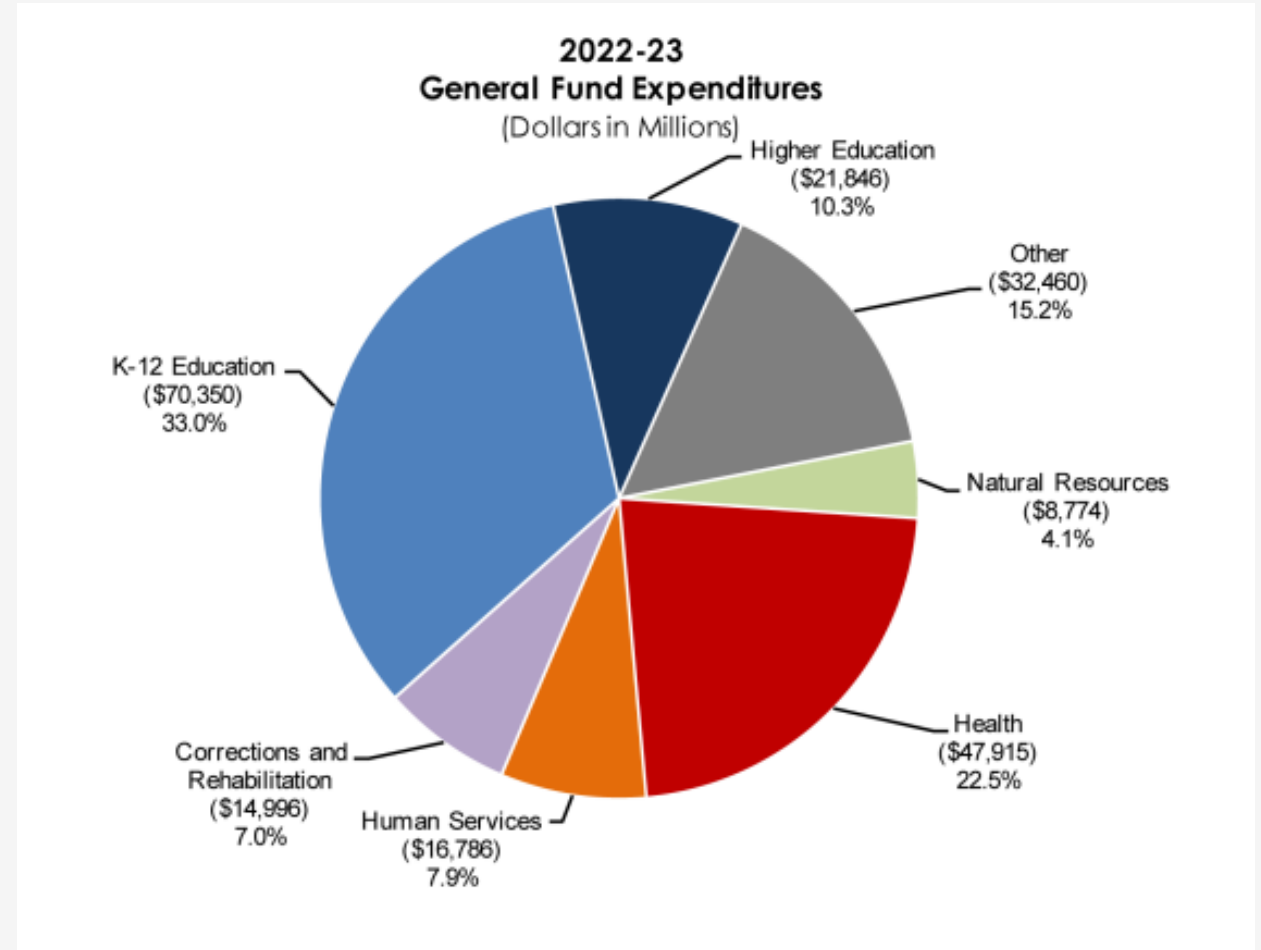
- CalAIM Initiative
- Managed Care RFP

3. Legislative Update

- Health Care Affordability
- AB 1020
- AB 532

State Fiscal Year 2022-23

- Total Budget Plan of \$286.4B
 - Projected surplus of \$45.7 billion
- General Fund expenses projected to increase by 1.5%



Key Initiatives (proposed)

- \$2.7B immediate response to COVID-19
 - Focused on testing, vaccinations, support front-line workers (\$614M)
- \$1.7B Investments in the Care Economy Workforce
 - Training strategies to increase the state's workforce of nurses, social workers, emergency medical technicians, behavioral health care providers, and community health care workers.
- Significant investments in Medi-Cal, including:
 - Expansion of Medi-Cal to all income-eligible Californians (26-49 years old),
 - New Behavioral Health benefit (mobile crisis services)
 - Additional investments in CalAIM
- Office of Health Care Affordability

CHA Budget Requests (Medi-Cal)

1. Medi-Cal Equitable Payment Modernization

- 3 components to the request:
 - Unfreeze hospital APR-DRG payments which have been frozen since 2012-13,
 - Make annual payment adjustments to account for patients' social and environmental challenges
 - Convert from a fee-for-service hospital inpatient reimbursement to a value-based structure that includes General Fund support.

2. Medi-Cal Graduate Medical Education (GME)

- 2 components to the request:
 - Expand the existing Medi-Cal GME program to include private and district hospitals
 - Commit state General Fund resources to support Medi-Cal GME

Significant changes impacting Medi-Cal

- Medi-Cal Reform (“CalAIM”)
 - Multi-year proposal to reform Medi-Cal
 - Focusing on 3 primary goals: 1) whole person-centered care, reducing complexity and increasing flexibility, 3) value-based initiatives through payment reform.
- 2022 Go-Live:
 - Medi-Cal Rx
 - Standardization of benefits (including new benefits ECM, ILOS)
 - Standardization of Managed Care enrollment (non-duals)

Rocky Rollout

- Medi-Cal Rx went live on January 1, 2022.
- Significant challenges with the implementation.
 - Over the first 6 weeks, the state/Magellan received more than 81,000 calls to the call center—creating 3-5 hour wait times. 30% abandonment rates.
 - Prior authorization volume also significantly increased and there were lengthy delays in approvals—7-8 days on average with approvals instead of the 24 hours required under the contract.
 - Unexpected claims denials, and reimbursement less than required amounts (340B providers)
- Response:
 - By the end of April, Magellan is projecting to nearly double their staffing levels.
 - Many short-term/temporary workarounds have been deployed
- Provider concerns still remain.

What's next?

- CalAIM continues
 - ECM/ILOS
 - New incentive payments
 - Phase 2, Regional Rates
 - Behavioral Health changes
 - Payment reform 7/23

CalAIM Initiatives – Go-Live Dates (pending readiness and federal approvals)			
Initiative	1/22	7/22	1/23
Administrative Integration of SMH and SUD	Starts		
Benefits Standardization	Transplant In/MSSP out		LTC
Dental (new benefits and P4P)	X		
Enhanced Care Management (ECM)/Community Supports (ILOS) ¹	X	X	X
Incentive Payments	X		X
Mandatory Managed Care Enrollment	Non-Duals		Duals
PATH Funds (ECM, Community Supports, Justice-Involved)	X		
Regional Capitation Rates and Shared Savings/Risk	X		X
Specialty Mental Health Services - Criteria for Services	X		
DMC-ODS Renewal and Policy Improvements	X		
Behavioral Health No Wrong Door		X	
Contingency Management		X	
SMI/SED IMD Waiver		Earliest to CMS	
Population Health Management (including Service)			X
Behavioral Health Standard Screening and Transition Tools			X
Behavioral Health Documentation Redesign			X
Improving Beneficiary Contact and Demographic Information			X
County Eligibility and Oversight			X
Transition to Statewide LTSS and D-SNP (CCI ends)			CCI Counties
Justice-Involved Package			X

- Medi-Cal Managed Care procurement

Medi-Cal Managed Care Procurement

- Request for Proposal released on February 9, 2022
 - Proposals due back April 11, 2022
 - “Notice of Intent to Award” released on August 9, 2022
- RFP will impact the commercial plan contracts in 21 counties
 - Two-Plan, Geographic Managed Care, Regional Model counties
 - 37 counties now will be considered County Organized Health Systems (COHS) or the new “Single-Plan” counties.
- New contract requirements will impact all plans
- Go live 2024

2022 Session update

- 2,100+ bills introduced and CHA is actively tracking over 550 bills
- Key Bills
 - AB 1130; Office of Health Care Affordability
 - AB 2080; Health Care Consolidation & Contracting Fairness Act of 2022
 - SB 958 ([Sponsor](#)); Medication and Patient Safety Act of 2022
- Review enacted legislation (AB 1020, AB 532)

AB 1130; Office of Health Care Affordability

- Bill introduced by Dr. Wood and TBL from Administration (joint effort)
- New Office of Health Care Affordability will regulate the health care industry, through the following:
 - Data collection, analysis, and transparency (annual reports, public meetings) of the change in payer's expenditures
 - Establish new statewide and sector/geographic-based cost targets that will be enforceable—entities that miss targets could be subject to financial penalties
 - Establish standards for alternative payment models, quality, workforce standards
 - New role in conducting market review impact assessments (mergers/acquisitions)
- New office structure—\$28M budget, 120+ employees, half attorney/auditors

Other key bills:

- AB 2080; Health Care Consolidation & Contracting Fairness Act of 2022
 - Prohibits contractual terms included in contracts issued, amended, or renewed on/after January 1, 2023, between plans and providers, specifically restricting steering patients to other providers or facilities.
 - Expands AG oversight, and requires DMHC authority of health plan mergers.
- SB 958; Medication and Patient Safety Act of 2022
 - Prevent health plans from refusing to cover infused and injected medications that the health care provider has in stock, if required for patient safety or medication integrity.

AB 1020 (Chapter 473, Statutes of 2021)

- Effective January 1, 2022
- CHA released “What you need to know” [fact sheet](#)
- All Facility Letter [21-54](#)

- *Overview*—AB 1020 changes eligibility threshold for charity care/discounted care from 350% of FPL to 400% of FPL, redefines high medical cost, adds new notice requirements, limits selling debt to debt buyers, prohibits credit reporting/civil actions for 180 days.

AB 532 (Chapter 465, Statutes of 2021)

- Effective January 1, 2022
- CHA released “What you need to know” [fact sheet](#)
- All Facility Letter [21-54](#)
- *Overview*—AB 532 adds the following requirements:
 - Changes to notice requirements — written patient notices about discount payment and charity care policies.
 - Automatic provision of estimate and financial assistance application —hospitals must provide an individual with an estimate and an application form for financial assistance or charity care, without need for a specific request from the patient



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