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Understanding California's Health Care and Long-Term Services and Supports Systems: Issues and Implications

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Presentation Overview

1. Overview:
   - Medicare
   - Medi-Cal
   - Medi-Cal Long-Term Services and Supports
   - Dual Eligibles
2. California's Medi-Cal Managed Care System
3. California's Long-Term Services and Supports System
4. System Challenges

Overview: Medicare

Medicare: Federal health care program for:

- Individuals age 65+
- Individuals under 65 with disabilities meeting specified requirements (Social Security Disability/24 months)
- Individuals with End Stage Renal Disease (ESRD)

Part A: Hospital Insurance (hospital inpatient, skilled nursing)

Part B: Medical Insurance (outpatient, DME, home health)

Part C: Medicare Advantage plans (managed care plan covering Parts A, B and D)

Part D: Medicare prescription drug coverage

Medicare Doesn't Cover Long-Term Services and Supports

Overview: Medi-Cal

Medi-Cal: California's Medicaid Program

- State/Federal program for low-income individuals, including families with children, seniors and people with disabilities
- Required services: hospital inpatient, outpatient, nursing home
- Optional Medi-Cal services:
  - Prescription drugs
  - Durable Medical Equipment
  - Home and Community-Based Services (HCBS)

Understanding LTSS and Medi-Cal

Long-Term Services and Supports:

- Broad range of non-medical services and supports needed for an extended period of time
- Commonly categorized into two types: (1) institutional care, such as Skilled Nursing Facilities (SNFs), and (2) Home and Community-Based Services (HCBS)

Medi-Cal's Coverage of LTSS:

- Entitlement to institutional care
- HCBS are "optional" in most cases

While people prefer to remain at home and avoid institutionalization, federal Medicaid law provides an entitlement to institutionalization, but only "optional" coverage of HCBS.

Medi-Cal HCBS

Medi-Cal HCBS:

- In-Home Supportive Services (IHSS)
- Adult Day Health Care/Community-Based Adult Services (CBAS)
- Medi-Cal HCBS Waivers:
  - Multipurpose Senior Services Program (MSSP)
  - Assisted Living Waiver
  - HCBS Waiver for the Developmentally Disabled
  - Acute Hospital Waiver
  - AIDS Waiver

While Medi-Cal covers certain HCBS, other state programs also offer important HCBS funded outside of the Medi-Cal program.

Overview: Dual Eligibles

- Low-income individuals who qualify for Medicare & Medi-Cal
- Dual eligibles are among the poorest and sickest in the U.S.
  - 37% have both chronic conditions & functional limitations (vs. 9% of Medicare-only beneficiaries)[1]
  - Utilize more Medicare dollars than non-duals
  - High utilizers of Medicaid services: 18% of Medicaid population, 46% of Medicaid spending[2]

33% of dual eligibles suffer from diabetes, stroke, dementia, and/or COPD

–TSF Data*Brief* Number 1. 2010

[1] TSF Data*Brief* Number 21

[2] Center for Health Care Strategies, Inc. citation of Urban Institute analysis, 2008

Dual Eligibles:
Medi-Cal "Wrap-Around" of Medicare

- Medi-Cal is payor of last resort for health care
- Medicare covers Part A hospital and Part B outpatient services, Medi-Cal provides wrap-around coverage, including cost-sharing
- Medicare Part C: Special Needs Plans for Duals (D-SNPs)
- Medicare pays for Part D (prescription drug), Medi-Cal reimburses federal government through state "clawback"

Medicare and Medi-Cal have different payment rules and cover different services. For beneficiaries, the fragmentation across the medical care and LTSS systems can make it difficult to access services , with no single entity is responsible for ensuring the necessary services and supports are received

Dual Eligibles:

Division of Services Covered by Medicare and Medi-Cal

Division of Services Covered by Medicare and Medi-Cal

Medicare	Medi-Cal
• Acute (hospital) services • Outpatient services (physicians and other qualified providers) • Temporary skilled nursing facility services • Rehabilitation services • Home health services • Dialysis • Durable medical equipment • Prescription drugs • Hospice	• Services not covered by Medicare, including transportation, vision, some mental health services • Cost-sharing for Medicare (Part A & B deductibles, Part B premiums and coinsurance) • Skilled nursing facilities after Part A benefits are exhausted • Home health, personal care services, and other home-based services not covered by Medicare • Portion of the cost for prescription drugs • Durable medical equipment not covered by Medicare

Source: Medicare Payment Advisory Commission, 2011

California's Medi-Cal Delivery System

Two Medi-Cal systems administer the delivery of health care

- Medi-Cal Fee-for-Service:
  - Provider receives payment for each service
  - Beneficiaries obtain services from any participating provider
- Medi-Cal Managed Care:
  - Managed care organizations responsible for Medi-Cal benefits; enrollees obtain coverage from plan providers
  - Capitated payments per member/per month

Current Medi-Cal Managed Care Models

- Two Plan Model: State contracts with 2 plans: a local initiative (locally developed and operated), and a commercial plan.
  - Available in 14 counties, serving 3 million beneficiaries
- County Organized Health System: One health plan administered by a public agency and governed by an independent board.
  - 6 health plans available in 14 counties, serving 850,000 beneficiaries
- Geographic Managed Care: State contracts with several commercial plans in a county
  - Available in 2 counties, serving 450,000 beneficiaries

Medi-Cal Managed Care: Enrollment for SPDs and Dual Eligibles

Mandatory Enrollment:

- Medi-Cal managed care enrollment is mandatory for Medi-Cal only seniors and persons with disabilities for health care services only, not including LTSS

Voluntary Enrollment:

- Dual eligibles: not mandated to enroll in Medi-cal managed care; can choose to receive both Medi-Cal and Medicare services in FFS system (except in COHS, where Medi-Cal coverage is mandated for all Medi-Cal beneficiaries)

Of California's 1.2 million dual eligibles, approximately 15% are enrolled in a Medi-cal managed care plan.

Medi-Cal Managed Care: What it Does and Doesn't Cover

Medi-Cal Managed Care coverage includes:

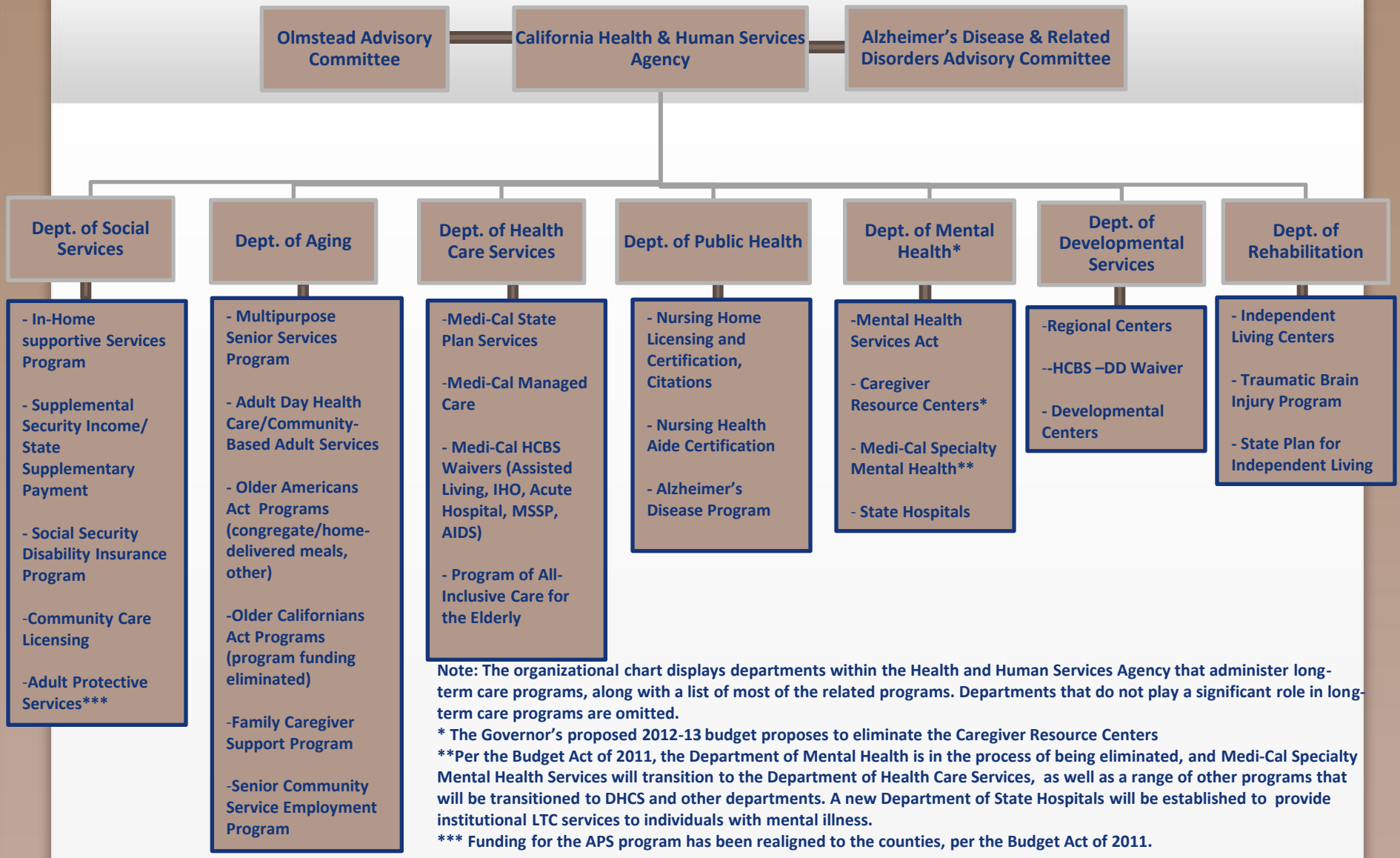
- Medi-Cal covered health care services

Carve-Outs:

- Medicare services (for dual eligibles)
- Long-Term Services and Supports (LTSS), though some COHS cover long-term nursing home care. Community-Based Adult Services (CBAS) will soon be a benefit.
- Behavioral health services

LTSS in California: Programs, Services and State Administrative Structure

California's Departments and Programs for Long-Term Care



Note: The organizational chart displays departments within the Health and Human Services Agency that administer long-term care programs, along with a list of most of the related programs. Departments that do not play a significant role in long-term care programs are omitted.

* The Governor's proposed 2012-13 budget proposes to eliminate the Caregiver Resource Centers

**Per the Budget Act of 2011, the Department of Mental Health is in the process of being eliminated, and Medi-Cal Specialty Mental Health Services will transition to the Department of Health Care Services, as well as a range of other programs that will be transitioned to DHCS and other departments. A new Department of State Hospitals will be established to provide institutional LTC services to individuals with mental illness.

*** Funding for the APS program has been realigned to the counties, per the Budget Act of 2011.

Development of California's HCBS System

- History: Medicaid Coverage of Institutional vs. HCBS
- Development of Home and Community-Based Services
- California's National Models for HCBS
  - Program for All-Inclusive Care for the Elderly (PACE)
  - Adult Day Health Care (Community-Based Adult Services)
  - In-Home Supportive Services
  - Alzheimer's Day Care Resource Centers

Despite its early advancements, California's LTC system is plagued by a number of challenges.

California's LTSS System Challenges

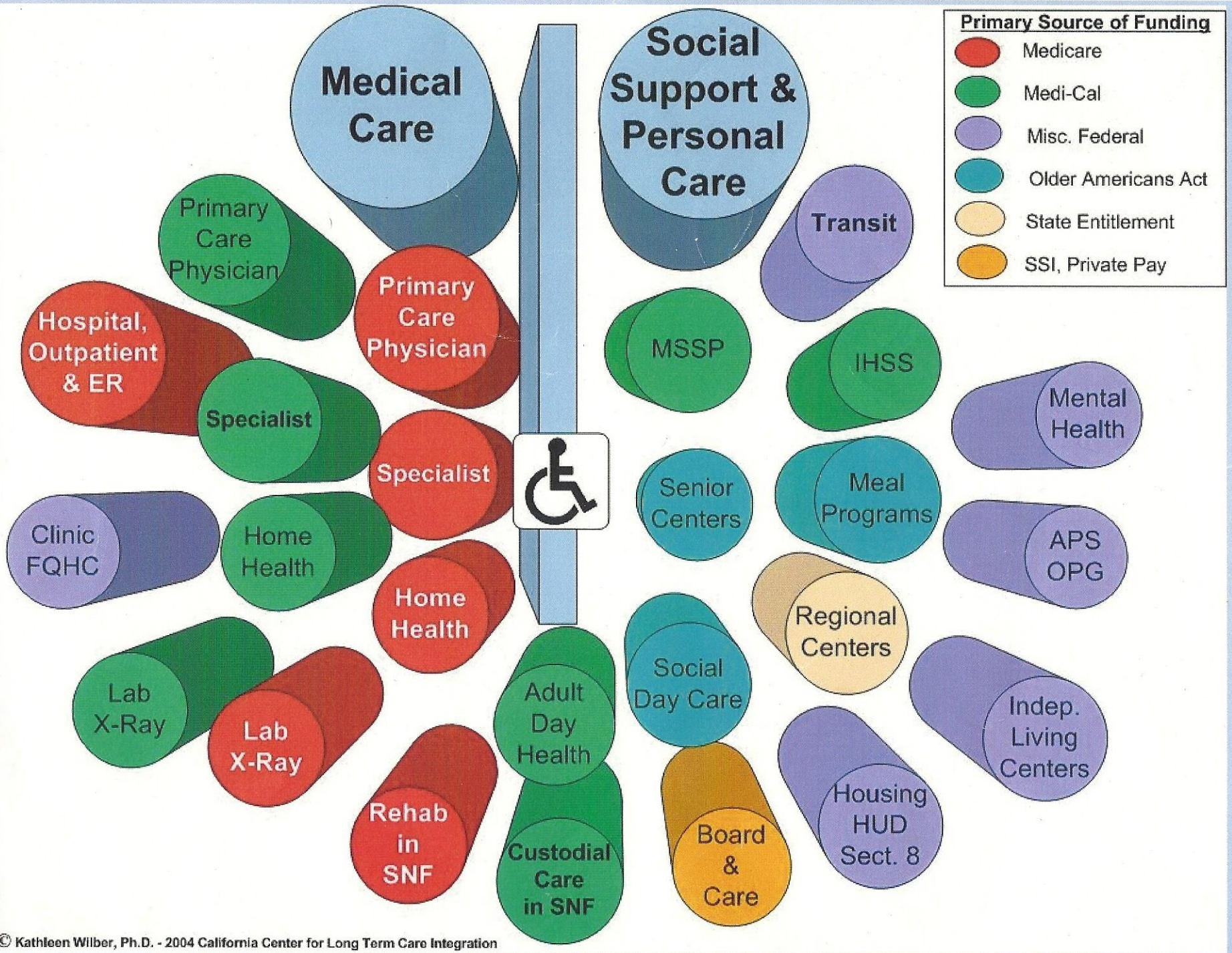
- System Fragmentation
- Lack of Capacity and the Federal Entitlement
- State/Local Fiscal Incentives
- Lack of Data and System-Wide Planning

System Fragmentation

- LTSS program development has occurred in silos
- Fragmentation across individual programs and services
- Fragmentation between medical care and social service system
- Separate assessments, separate data systems

What does this mean for the consumer?

The fragmentation between the medical care and LTSS systems makes it difficult for consumers to access services.


Primary Source of Funding
Medicare
Medi-Cal
Misc. Federal
Older Americans Act
State Entitlement
SSI, Private Pay
Medical Care
Social Support & Personal Care
Primary Care Physician
Primary Care Physician
Hospital, Outpatient & ER
Specialist
Specialist
Clinic FQHC
Home Health
Home Health
Lab X-Ray
Lab X-Ray
Rehab in SNF
Adult Day Health
Custodial Care in SNF
Transit
MSSP
IHSS
Mental Health
Senior Centers
Meal Programs
APS OPG
Regional Centers
Social Day Care
Indep. Living Centers
Housing HUD Sect. 8
Board & Care
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The Federal Entitlement and Lack of HCBS Capacity

- Federal entitlement to institutional care, optional HCBS
- Not all HCBS are available on a statewide basis
- Long wait lists
- Implications for consumers and state budget

State/Local Fiscal Incentives

State-Level:

- State budgeting is “siloed” between programs- No ability to shift funds between HCBS and institutional care
- Budget practices do not consider changing needs of person; programs are static, people are not

County-Level:

- Counties pay a share-of-cost for IHSS (17.5%)
- Counties bear no fiscal responsibility for nursing homes
- Therefore, counties have no fiscal incentive to increase access to home and community-based services, including IHSS

Lack of Data/Statewide Planning

- Programs do not uniformly collect and report data
- No understanding of how consumers use services across the system
- California lacks data to evaluate program effectiveness and identify needs and gaps in service delivery
- No system-wide strategic plan to set priorities and maximize use of limited resources

Conclusion

Important Considerations in Integrating Medical Care and LTSS:

- Address LTSS needs in conjunction with medical care needs
- Take time to improve, build-upon & maintain HCBS infrastructure
- Stakeholder engagement is critical
- Importance of range of HCBS – including personal care, care coordination, transportation, peer mentoring, assistive technology, and support of family caregivers

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Our vision is a society where seniors receive medical treatment and human services that are integrated in the setting most appropriate to their needs and with the greatest likelihood of a healthy, independent life.

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