Integrated Healthcare Association

# *California Healthcare Policy Pulse*: Legislative Updates and the Roadmap for Quality and Health Equity

A part of the 2024 Stakeholders' Series

Integrated Healthcare ASSOCIATION

# Welcome

**Jeff Rideout, MD, MA**
President & CEO, IHA

# Webinar Agenda

| | |
|---|---|
| **Welcome and introductions**<br>*Jeff Rideout, MD, MA, President & CEO, IHA* | 11:30 – 11:35 AM |
| **Legislative and policy updates**<br>*Donna Cullinan, MPPA, Director, Chapman Consulting*<br>**AB 236 Discussion**<br>*Jeff Rideout, MD, MA, President & CEO, IHA*<br>*Katie Van Deynze, Policy and Legislative Advocate, Health Access* | 11:35 AM – 12:00 PM |
| **Quality and health equity landscape**<br>*Jeff Rideout, MD, MA, President & CEO, IHA*<br>*Andrea Snyder, RN, BSN, MBA, VP of Health Services, Sharp Rees-Stealy Medical Centers*<br>*Edith Fox, MPH, Manager, Program Design, IHA*<br>*Crystal Eubanks, MS, Vice President, Care Transformation, CQC/PBGH* | 12:00 – 12:55 PM |
| **Wrap up and adjourn**<br>*Jeff Rideout, MD, MA, President & CEO, IHA* | 12:50 – 1:00 PM |

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# Speaker slide

**Donna Cullinan, MPPA**
Director
**Chapman Consulting**

**Katie Van Deynze**
Policy and Legislative Advocate
**Health Access**

**Edith Fox, MPH**
Manager, Program Design
**IHA**

**Andrea Snyder, RN,BSN, MBA**
VP of Health Services
**Sharp Rees-Stealy Medical Centers**

**Crystal Eubanks, MS**
Vice President, Care Transformation
**CQC/PBGH**



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11:35am – 11:45pm

# Healthcare legislative and policy updates

**Donna Cullinan** | Director, Chapman Consulting


# Agenda

01 Legislative & Budget Timeline

02 State Budget Overview

03 MCO Tax  Budget Impact

04 Budget Program Impacts

05 State Agency & Regulatory Spotlight

06 Legislative Updates

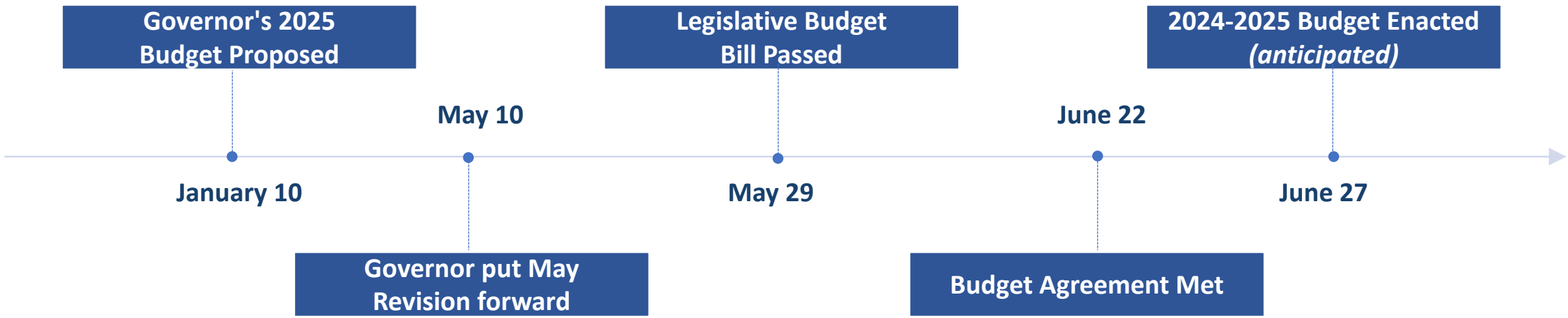
# Budget & Legislative Updates

# Key 2024 Legislative & Budget Deadlines

2024 is the second year in the legislative cycle

- **June 27:** 2024-2025 Budget must be enacted by Governor Newsom
- **June 27:** Last day for a legislative measure to qualify for the November 5 General Election ballot
- **July 3:** Last day for Policy Committee to hear and report bills
- **July 3 – August 4:** Legislative Summer Recess
- **August 15:** Last day for Fiscal Committee to meet
- **August 31:** Last day for each house to pass bills
- **September 30:** Last day for Governor to sign or veto bills passed by the Legislature
- **November 5:** General Election

# 2024 California Budget Timeline



# 2024-25 Final State Budget Overview

- Governor and Legislature finalized 2024-25 budget on Saturday, June 22
- Budget anticipated to be enacted June 27
- Final budget addresses a $47 billion deficit through a multi-year solution, which includes:
  - Reducing spending for most state departments by 8%
  - Eliminating vacant positions
  - Drawing on state reserves
  - Deferring payments from one fiscal year to another
  - Reducing funding for affordable housing programs by $1.1 billion
  - Reducing healthcare workforce spending by $746 million

# MCO Tax: Final Budget Provisions

- Pending CMS approval, MCO Tax expanded to include to Medicare payors, generating an additional $689 million in General Fund savings in the budget year, $950 million in 2025-26, and $1.3 billion in 2026-27.
- Includes $133 million in 2024-25, $728 million in 2025-26, and growing to $1.2 billion in 2026-27 for new targeted Medi-Cal provider rate increases and investments from the MCO Tax revenues. This is in addition to the approximately $300 million in provider rate increases that became effective January 1, 2024.

| Targeted Rate Increases Effective 1/1/2025 | Targeted Rate Increases Effective 1/1/2026 |
|---|---|
| • Abortion and Family Planning Services<br>• Physician Emergency Department Services<br>• Ground Emergency Transportation<br>• Air Ambulances<br>• Community-Based Adult Services<br>• Community Health Workers<br>• Congregate Living Health Facilities<br>• Pediatric Day Health Centers | • Evaluation & Management Codes for Primary Care and Specialist Office Visits, Preventative Services, and Care Management<br>• Obstetric Services<br>• Non-Specialty Mental Health Services<br>• Vaccine Administration<br>• Vision (Optometric) Services<br>• Other Evaluation & Management codes<br>• Other Procedure Codes commonly utilized by Primary Care, Specialist, and ED Providers<br>• Federally Qualified Health Centers/Rural Health Clinics<br>• Private Duty Nursing<br>• Non-Emergency Medical Transportation |

# MCO Tax Budget Trailer Bill Language

- Includes funding to implement continuous Medi-Cal eligibility for children aged 0-5, effective January 1, 2026.
- Provides $40 million in 2026-27 for Medi-Cal Workforce Pool, Labor Management Committees.
- Reflects $3.8 billion in General Fund savings from the extension of the MCO tax and the drawdown of reserve funds in the budget year, as adopted in Early Action.
- The budget agreement includes language that would make parts of this agreement inoperable if the ballot measure passes in November.

# MCO Tax Ballot Measure

- The **Coalition to Protect Access to Care** is sponsoring an initiative that would permanently authorize an MCO Tax to fund Medi-Cal Health Care Services.
- The ballot measure officially qualified for the November ballot on June 4, and the final day the measure could be rescinded June 27.
- The initiative would create a permanent MCO Tax and ensure the funds went to supporting the Medi-Cal program and provider rate increases.
- The initiative would also require the proceeds of the MCO Tax to cover a portion of the cost of the tax on Medi-Cal enrollment and administrative costs. In 2025 and 2026, the remaining proceeds would be allocated to the Medi-Cal program and health workforce initiatives (estimated $2.7 billion) and to the general fund to offset Medi-Cal funding (estimated $2 billion).
- Backers of the Initiative: California Medical Association, California Hospital Association, ambulance operators, Planned Parenthood Affiliates of California, health insurers and others.
- Learn more here: https://accesstohealthcareca.com/

# Health Care Related Budget Items

## Medi-Cal

Maintains funding for the expansion of health care to all income eligible Californians regardless of immigration status, inclusive of In-Home Supportive Services

## Behavioral Health

Largely preserves funding across multiple programs supporting the expansion of the continuum of behavioral health treatment and infrastructure capacity for providing behavioral health services to children and youth ($7.1 billion total funds).

# Budget Program Impacts

- **Equity and Practice Transformation (EPT) Payments to Providers:** The final budget reduces ongoing funding for EPT Payments, with final details still being worked out. The May Revision had previously eliminated $280 million that had been allocated to the EPT directed payment program, which was approximately 80% of total funding to this program.
  - The EPT program was currently funded at $700 million including a 50% federal match.
- **Healthcare Workforce:** The budget includes a $746.1 million reduction for various healthcare workforce programs and delays the previously approved $25 minimum wage for healthcare workers which was supposed to begin 6/1.

# Agency Program Spotlights

# Other Policy Activities

- Office of Health Care Affordability – Spending Target Set
- Health Care Payments Database (HPD)
- Encounter Data Improvement Program
- Data Exchange Framework (DxF)
- CalAIM
- Department of Managed Health Care – Health Equity Metrics

# Legislative Updates

# Legislation of Interest: Status and Updates

| SB 1290 (Roth)<br>Essential Health Benefits | AB 2200 (Kalra)<br>Guaranteed Healthcare for All | AB 236 (Holden)<br>Provider Directories |
|---|---|---|
| • SB 1290 states the intent of the legislature to review California's Essential Health Benefits and create a new EHB benchmark plan for the 2027 plan year.<br>• ***Status:*** *On June 25, 2024, SB 1290 passed unanimously out of the Assembly Health Committee and is awaiting hearing in the Appropriations Committee. It passed with a recommendation to go to the 'Consent' calendar, which means it is non-controversial and small fiscal impact.* | • AB 2200 was this year's iteration of a single payer proposal and would have created the California Guaranteed Health Care for All program, or CalCare, to provide universal health care coverage and a health care cost control system for all residents of the state.<br>• ***Status:*** *AB 2200 did not make it out of policy committee, and is 'dead' for this legislative session* | • AB 236 would require health plans and insurers to annually audit and delete inaccurate listings from their provider directories and tie existing requirements to accuracy benchmarks and associated penalties.<br>• ***Status:*** *AB 236 was passed out of the Senate Health Committee on June 26, 2024 with a 9-1 vote. It will next go to the Senate Appropriations Committee in August to be heard for fiscal impact.* |

# AB 236 (Holden) – Provider Directories Discussion

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11:45am – 12:00pm

# AB 236 discussion

**Jeff Rideout, MD, MA** | President & CEO | IHA

**Katie Van Deynze** | Policy and Legislative Advocate, Health Access

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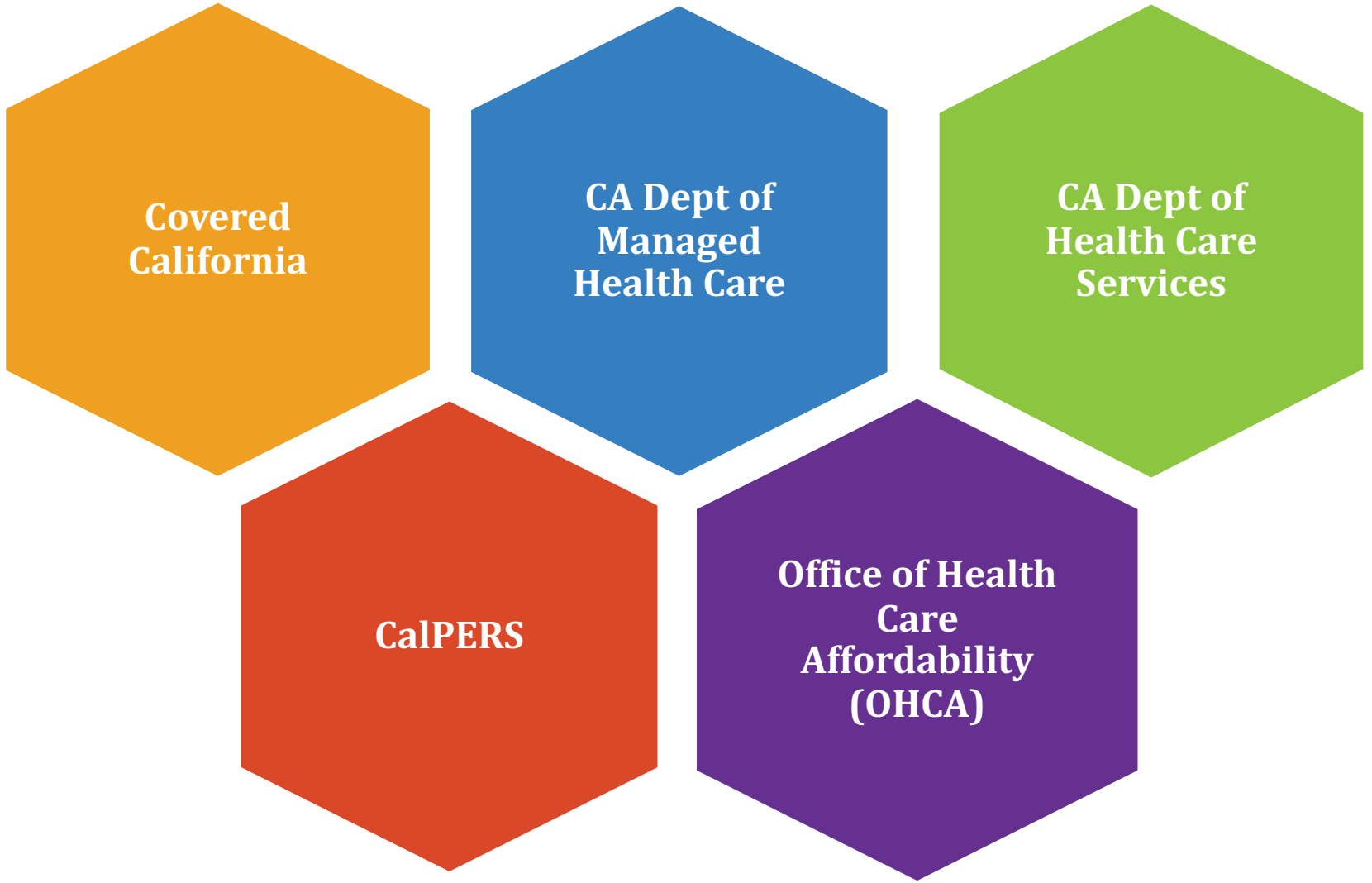
12:00pm – 12:55pm

# Quality and health equity landscape

**Jeff Rideout, MD, MA** | President & CEO | IHA

# California's new performance accountability landscape



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# AMP redesign for MY 2024 aligns with the California landscape

| Covered CA Quality Transformation Initiative-2025 | CalPERS Clinical Performance (QAMS)-2026 | DMHC Quality and Health Equity Program | DHCS Managed Care Accountability Program-active | VOLUNTARY California Advanced Primary Care Initiative | VOLUNTARY AMP PO Incentive Program MY 2024+ |
|---|---|---|---|---|---|
| 4 (6) measures<br>13 QHPs affected | 8 measures<br>12-13 plans affected | 13 measures<br>96 plans affected | 18 measures<br>25 MCOs affected | 12 measures<br>3 plans to date | 15 measures<br>13 plans, 200+ POs |

Includes “Core 4” measures: Colorectal Cancer, Blood Pressure, HbA1c, Childhood Immunizations

Assesses performance against set benchmarks

Includes race & ethnicity stratification



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# Align. Measure. Perform. (AMP)

**Andrea Snyder** | VP of Health Services | Sharp Rees-Stealy Medical Centers

**Edith Fox** | Manager, Program Design | IHA

# IHA's Align. Measure. Perform. (AMP)

AMP is a statewide, voluntary, value-based healthcare performance improvement measurement program for plans and providers.

Since 2003, our **single, industry-curated measure set** has tracked the quality, resource use, and cost measures that have the biggest impact on care outcomes.

AMP offers **impartial, validated results and a neutral appeals process** to benchmark quality, resource use, and cost performance.

**200+**

Medical Groups, IPAs, ACOs, and FQHCs

**13** Health Plans

**2** Public Purchasers

**13.6** Million Californians

across Commercial HMO, Medicare Advantage, and Medi-Cal Managed Care (Medicaid)




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# AMP redesign to amplify industry-wide performance goals

Drive achievements and improvements in **clinical quality**

Accelerate reporting by **race and ethnicity** and progress toward **health equity**

Address ongoing **data quality** challenges

Align with **regulator and public purchaser priorities**

**Evaluate program administration costs**
to optimize program administration and cost of participation



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# Maximizing program value

Focused **measure set**

Higher-impact **incentive design**

Prioritize quality and equity with **recognitions**

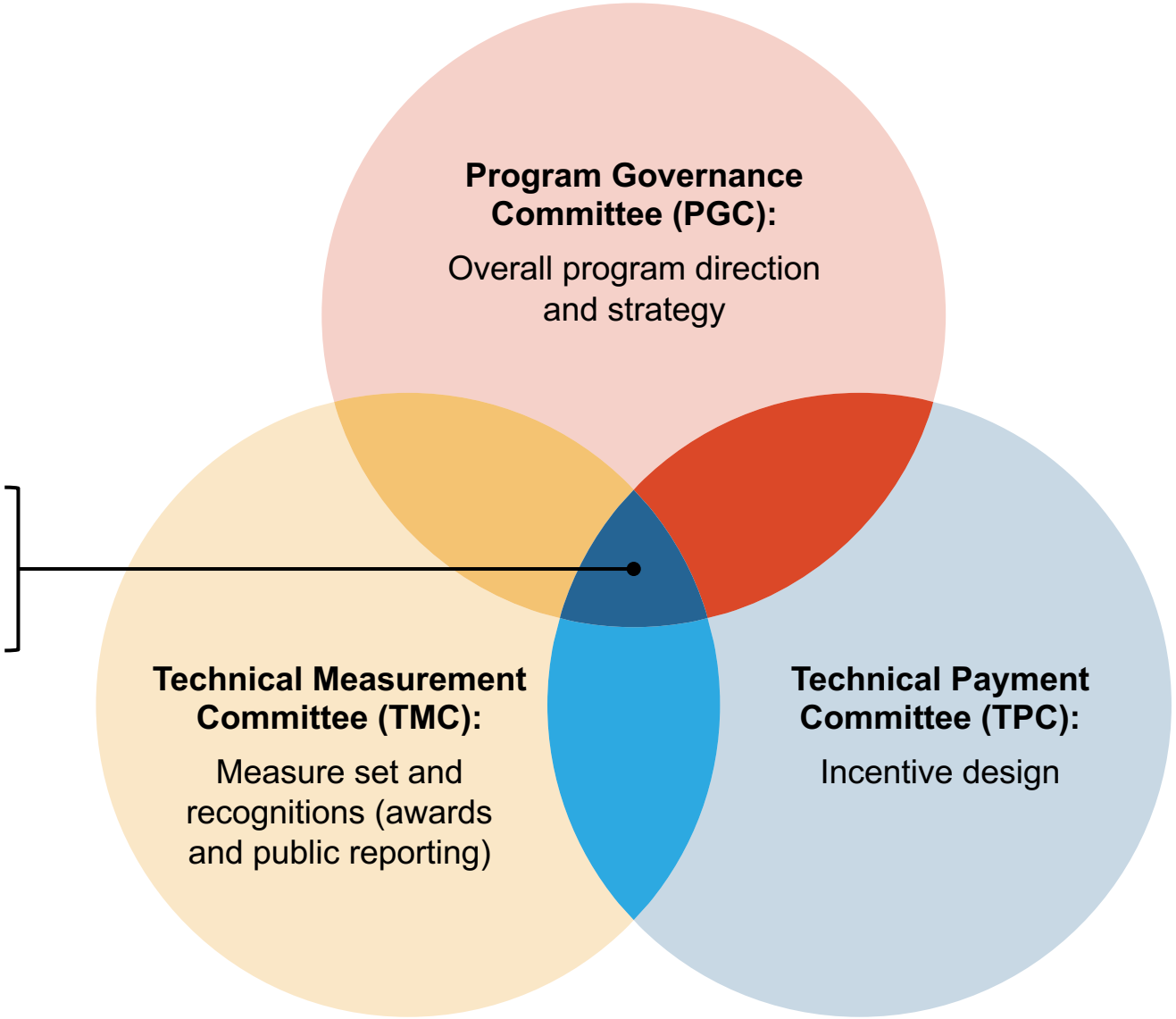
Evolve **public reporting**

# April Tri-Committee brought experts together to work on redesign

Each IHA committee has equal representation from plans and POs

Committees work toward industry-wide consensus on program decisions

**April Tri-committee drew on expertise of three committees working on different, overlapping aspects of AMP**



# Key features of the new incentive design

Universal design for all POs

Quality is basis of payment

Total cost is an adjuster

Payment based on performance on individual, high-priority measures

"Core 4" measures double weighted

Incentives for achievement and improvement

Aligned to national benchmarks

No eligibility gates



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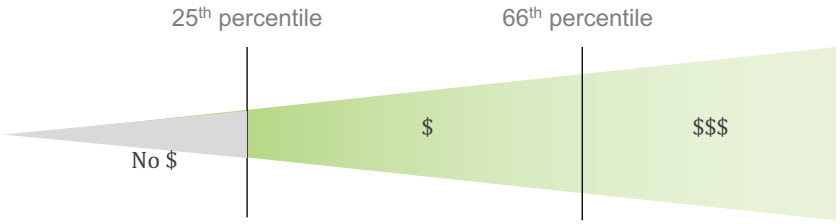
# Process for calculating provider organization payment

**STEP 1**

## Calculate payment by measure

Payment for each measure is calculated against national benchmarks

*(per member per month)*




**STEP 2**

## Sum all payments

All individual measure payments summed

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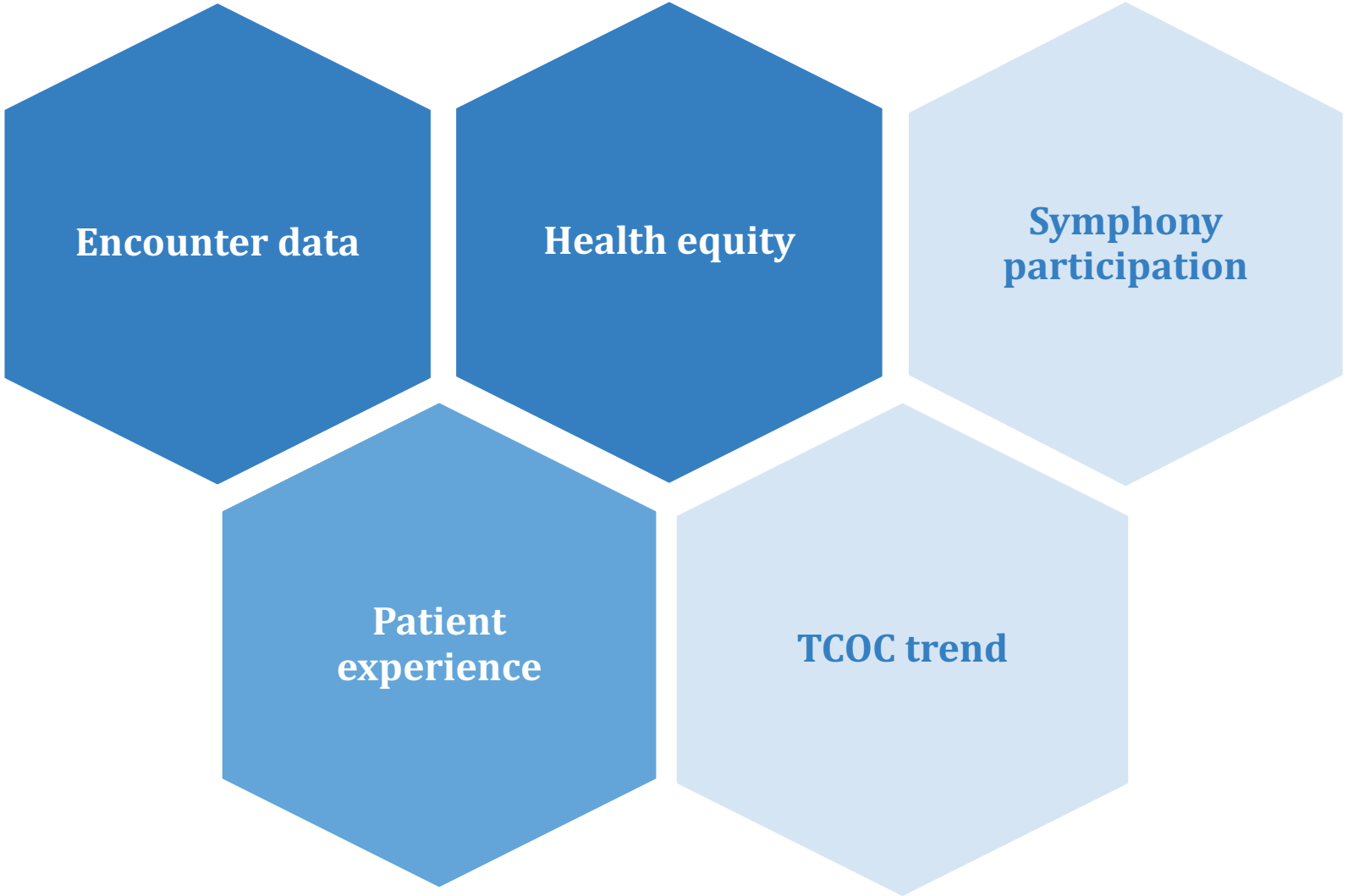
**STEP 3**

## Adjust for TCOC

Total summed payment adjusted for Total Cost of Care (TCOC) amount, up or down

# What's on the horizon for possible new features

IHA is exploring additional topics for model to incentivize



# California Advanced Primary Care Initiative

**Crystal Eubanks** | VP Care Transformation | CQC/PBGH

# Strengthening primary care through alignment and collaboration

## Industrywide collaboration and alignment

Multi-payer alignment ensures simple, consistent definitions of primary care across payer contracts.

## Proactive, whole person care

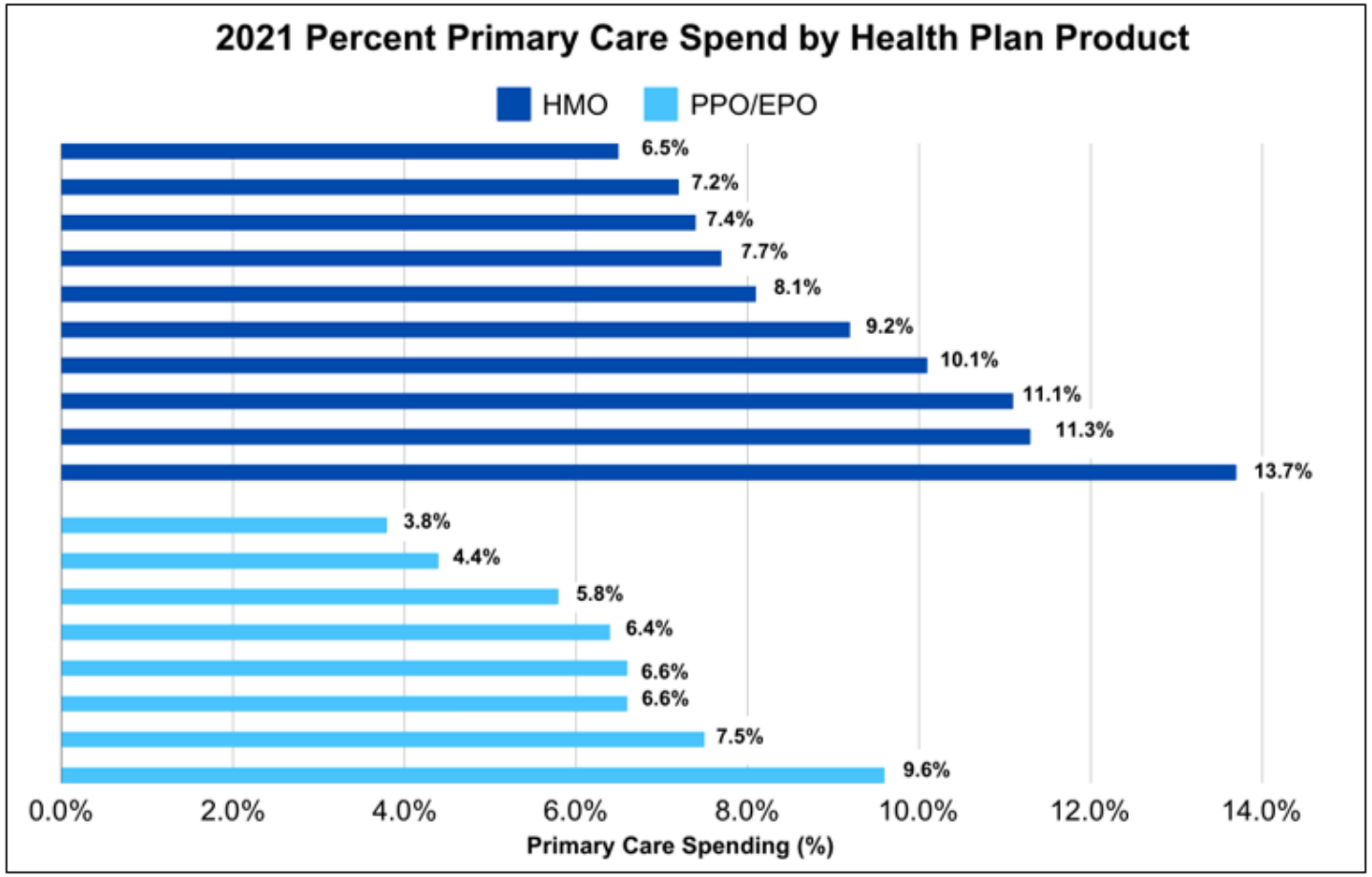
Technical assistance supports practice transformation efforts toward proactive, outcomes-driven care.

## Improved patient and provider experience

Increased primary care investment improves patient health outcomes without increasing the overall cost of care.

# Primary Care Spending by Commercial Payer-Product Type

- 2021 commercial data from the Integrated Healthcare Association shows that primary care spend varies by product type and within product types.
- PPO/EPO (6.3%) had a lower average percent primary care spend for 2021 than HMO (9.2%).
- The primary care investment targets seek to reflect these differences.




Source: Integrated Healthcare Association analysis of California Commercial primary care spending in 2021. Chart developed using the same methodology described in California Health Care Foundation's *Investing in Primary Care: Why it Matters for Californians with Commercial Coverage* (2022, April). https://www.chcf.org/wp-content/uploads/2022/04/InvestingPrimaryCareWhyItMattersCommercialCoverage.pdf

HCAI Department of Health Care Access and Information

# Primary care investment complements OHCA cost growth target

## California Advanced Primary Care Initiative:

### Informs OHCA

- Provide data to inform recommendations of OHCA's Investment and Payment Workgroup
  - Current primary care investment levels by payer and product type
  - Impact of including/excluding certain specialties and places of service
  - Types and contribution of non-claims investments

### Amplifies OHCA

- Payment model demonstration project aligns with OHCA's goals to increase and measure investment in primary care

### OHCA's proposed targets

- Primary care spending at 15% of total costs by 2034

AND

- Increase spend by 0.5-1% per year

# Setting up the industry for scalable success

California Advanced Primary Care Payment Demonstration Project tests a new common **payment model, that seeks to increase investment to primary care practices by up to 30%, coupled with intensive support**

1 Technical assistance and direct practice coaching

2 Common reporting platform (Cozeva) across plans

3 Options available for practices not yet ready to take on Value Based Payments

For more information on the payment model, please see the Common Guide

# Encounter Data Governance Entity (EDGE)

**Jeff Rideout, MD, MA** | President & CEO | IHA

# The EDGE program has several components

## Technical assistance will have the biggest impact

### Resource Hub

- Free, publicly available, customizable resources
- Best practices, biller checklists, policy templates, and other tools
- For community health centers, health plans, and provider practices

### Performance reporting

- Utilize AMP data to identify who needs help first
- Better direct resources for technical assistance

### Direct Training and Technical Assistance

- Improve encounter data submission quality and completeness with provider practices and community health centers
- Use multiple, vetted TA partners



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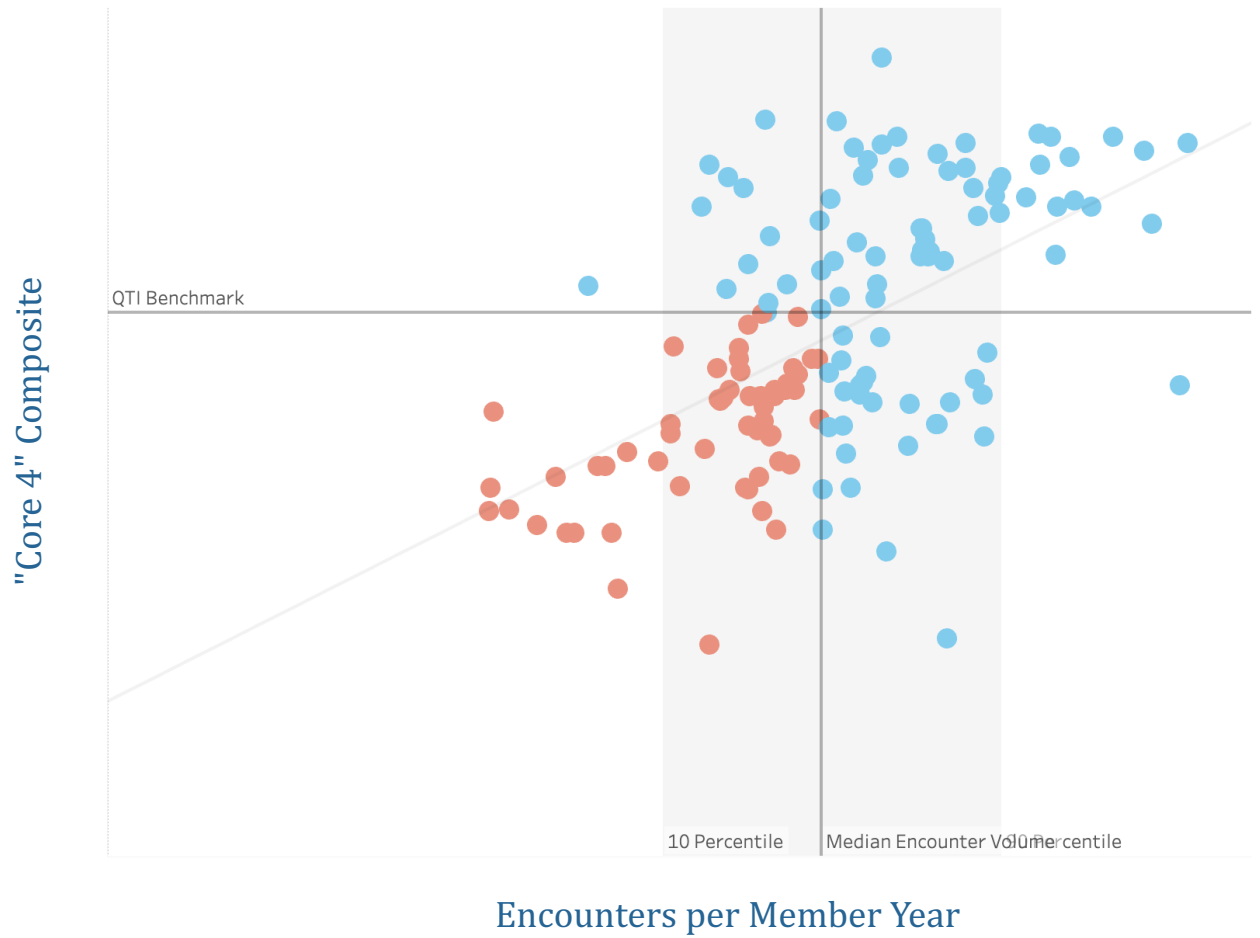
# Encounter data gaps need to be addressed

## Current focus of EDGE technical assistance work

IHA identifies POs with low encounter rates in conjunction with low PO performance to determine eligibility for EDGE technical assistance

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# Emerging opportunities to sustain encounter data improvement efforts

## Covered California

- More complete, frequent, and granular performance data to inform quality improvement
- Technical assistance informed by IHA performance data

## Encounter Data Improvement Program RFI

- Provide data-driven insights to support technical assistance administered by practice transformation vendors
- Provide deep context knowledge of encounter data and DHCS submission pipeline to inform improvement efforts



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# Thank you!