

# Issue At A Glance:

## The Future of Medi-Cal: CalAIM

*California Advancing and Innovating Medi-Cal (CalAIM) aims to improve health outcomes of Medi-Cal enrollees by focusing on population health, person-centered care, and streamlined processes. This issue brief reviews CalAIM's guiding principles, primary goals, and whole-person approach.*

### Introduction

Funded by both the state and the federal government, Medicaid provides public health insurance coverage to low-income individuals. In California, the Medicaid program is called Medi-Cal and is managed by the Department of Health Care Services (DHCS).<sup>1</sup> According to the latest available public data from March 2021, Medi-Cal had 13,749,247 enrollees, covering about one-third of the state's population.<sup>2</sup>

Over the past ten years, Medi-Cal has experienced significant expansions and changes—mostly due to the changes brought on by the Affordable Care Act along with state-level statutory and policy changes. The COVID-19 pandemic also resulted in a steady increase in Medi-Cal enrollment, with caseloads being about 9% greater in January 2021 compared to January 2020.<sup>3</sup>

On October 29, 2019, just a few months prior to the onset of the pandemic, DHCS formally unveiled a new framework for Medi-Cal called CalAIM: California Advancing and Innovating Medi-Cal. This brief will cover key features of CalAIM, including its guiding principles, three primary goals, and whole-person approach.

### Key Dates for CalAIM

- 1/1/2022** New start date for CalAIM implementation (delayed one year due to the COVID-19 public health emergency)
- 1/1/2023** Mandatory enrollment of dual eligible populations into managed care
- 1/1/2027** Transition to statewide Long-Term Services and Supports

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# CalAIM's Guiding Principles and Primary Goals

In developing CalAIM, DHCS refined a core set of guiding principles created by the Care Coordination Advisory Committee, and some of the key principles are as follows (direct quotes)<sup>4</sup>:

- Improve the member experience
- Deliver person-centered care that meets the behavioral, developmental, physical, long term services and supports, and oral health needs of all members
- Build a data-driven population health management strategy to achieve full system alignment
- Identify and mitigate social determinants of health and reduce disparities and inequities
- Drive system transformation that focuses on value and outcomes
- Eliminate or reduce variation across counties and plans, while recognizing the importance of local innovation
- Improve the plan and provider experience by reducing administrative burden when possible

To achieve the principles outlined above, CalAIM has three primary goals (direct quotes)<sup>4</sup>:

1. Identify and manage member risk and need through whole person care approaches and addressing Social Determinants of Health;
2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
3. Improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation through value-based initiatives, modernization of systems and payment reform

## What is Medi-Cal Managed Care?

Medi-Cal Managed Care is a way of delivering Medi-Cal benefits and additional services through managed care organizations (MCOs) contracted with DHCS.<sup>5</sup> As health care delivery systems organized to manage cost, utilization, and quality, MCOs receive a set per member per month (capitation) payment for these services with the goal of providing cost-effective, high quality care. Roughly 10.8 million beneficiaries in all 58 counties receive their health care through six main models of managed care in California: Two-Plan, County Organized Health Systems (COHS), Geographic Managed Care (GMC), Regional Model (RM), Imperial, and San Benito.<sup>5,6</sup>



# CalAIM's Integrated Whole-Person Approach

## Population Health Management

Under CalAIM, there will be a statewide population health management strategy, and each managed care plan has to develop a plan on how it will keep all members healthy through preventive and wellness services, mitigate social determinants of health, reduce health disparities, manage outcomes, etc.<sup>4</sup>

## Enhanced Care Management

Building on the current Health Homes Program and Whole Person Care Pilots, CalAIM plans to establish a new, statewide enhanced care management benefit that would address both the clinical and non-clinical aspects of high-need Medi-Cal beneficiaries through systematic coordination of services. Proposed target populations include children or youth with complex needs, homeless individuals, and high utilizers, among others. It will be implemented in a phased approach with a goal of full implementation of all target populations in all counties by January 1, 2023.<sup>4</sup>

## In Lieu of Services

CalAIM proposes in lieu of services, which are flexible, wrap-around services that serve as medically appropriate and cost effective alternatives to services covered under the state plan. Examples include respite services, short-term post-hospitalization housing, medically tailored meals, etc. Provision of such services will be voluntary for the plans.<sup>4</sup>

## Full Integration Plans

CalAIM proposes to pilot plans that fully integrate physical health, behavioral health and oral health under one contracted entity. Due to needing extensive stakeholder engagement and planning prior to launch, it will be at least 2027 before the first selected plans go live.<sup>4</sup>

## Behavioral Health

CalAIM proposes behavioral health payment reform, revision of the medical necessity criteria for specialty mental health services, statewide integration of administrative aspects of behavioral health services, and regional contracting to reduce complexity and increase flexibility.<sup>4</sup> It also proposes to update the Drug Medi-Cal Organized Delivery System, which is a demonstration project providing organized treatment for substance use disorder.<sup>4,7</sup>

## Oral Health

Building on the lessons learned from the Dental Transformation Initiative (DTI), CalAIM proposes adding new dental benefits: a Caries Risk Assessment Bundle for young children (0 to 6 years of age) and Silver Diamine Fluoride for young children and specified high-risk and institutionalized individuals. It also proposes to continue and expand Pay for Performance initiatives started under the DTI that reward the use of preventive services and provision of continuity of care through a Dental Home.<sup>4</sup>

## Conclusion

As DHCS looks forward to improving Medi-Cal through CalAIM, many pieces would need to fall into place to successfully and seamlessly implement the various components of CalAIM. For example, the California State Legislature would need to ensure proper funding and clarify the legal process for implementation while Medi-Cal's managed care organizations would need to come up with plans and build capacity in providing additional services and enrolling additional members.

Once successfully implemented, California could lead other states in modelling how a person-centered care with a combined population health approach can improve outcomes and decrease cost long term. In innovating and investing now, the state of California will hopefully have healthier and happier residents in the future.

## References

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## Did you know?

Through Assembly Bill 4 and Senate Bill 56, California's legislators are considering the possibility of expanding Medi-Cal eligibility to undocumented Californians who otherwise meet eligibility criteria.<sup>8,9</sup>



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Questions?

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