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Department of Health Care Services



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DATE: January 27, 2012

TO: Interested Parties

FROM: Toby Douglas
Director

SUBJECT: Release of Request for Solutions for the Duals Demonstration

DHCS is pleased to release the final Request for Solutions (RFS) for California's Dual Eligibles Demonstration Project. The final RFS addresses the need to develop coordinated care models that provide seamless access to the full continuum of medical, social, long-term, and behavioral supports and services needed by Medicare-Medicaid beneficiaries. In doing so, DHCS hopes to improve health status, promote a more efficient health care system, and allow more beneficiaries to stay in their homes and communities for as long as possible.

The RFS document reflects input provided by a wide array of consumers and stakeholders during numerous conversations and public meetings over the past six months. I want to personally thank every organization and individual who commented on our draft RFS. DHCS received comments from 55 organizations or individuals. We reviewed them all in detail, and as you can see by the edits in the attached document, we took those comments to heart. Many of the comments we were able to accept, some we were not, and still others need additional analysis before they can be fully addressed.

Indeed, most of the comments received are focused on proposal development, which we intend to do in concert with stakeholders over the next year. To continue the collaborative efforts around the Duals Demonstration, DHCS will soon announce a draft workgroup structure that

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will allow for the interactive development of policy analysis among the Administration, stakeholders, and beneficiaries. The RFS is a critical part of the policy development process in that it allows health plans to engage in an iterative process on the Demonstration with the State and stakeholders.

In the attached, we highlight some of the key comments made to the RFS. To achieve maximum transparency, we are releasing the RFS both in redline and in a clean version so that stakeholders can easily identify the exact changes made to the document.

In terms of next steps, consistent with our published timeline, submissions to the RFS are due Friday, February 24, 2012. Thereafter, DHCS will select sites and incorporate those into its Demonstration Proposal. Development of the Proposal will involve an ongoing conversation on policy development among stakeholders. The Demonstration Proposal will then be posted for public comment. Following any needed changes, the Proposal will be submitted to CMS for additional public comment in late April or early May. With the proposal approved, DHCS will work with CMS to develop a Memorandum of Understanding, and then the selected sites will undergo rigorous site readiness reviews. Finally, DHCS and CMS will work with sites to develop contracts.

Again, thank you for your input. I look forward to working with you in the weeks and months ahead on these important issues. For additional information, please visit www.CalDuals.org and follow us at Twitter @CalDuals.

Attachment

DHCS Response to the Request for Solutions

While the RFS document itself shows all the changes made in red-line edits, the following discusses some of the key issues raised during the comment process. DHCS made every effort to consider all comments made. Those comments are displayed as submitted at www.CalDuals.org, and the comments were then broken down in to a nearly 200-page document also posted to that site. The following briefly addresses some comments that received the greatest interest.

1. **Carve-Out Populations** - By seeking specific comments on whether or not certain populations should be carved out, DHCS intended to support these populations by allowing managed care plans to function for a time prior to taking on particularly frail populations. Many comments reflected a strong desire to include these populations in the Demonstration. The Department agrees. No beneficiaries will be excluded from the Demonstration based on specific diagnostic categories. At the same time, a question was raised about a possible conflict with another Demonstration regarding California Children's Services (CCS). Any dually eligible CCS enrolled-child who lives in a CCS pilot county with a Duals Demonstration will remain in the CCS pilot.

2. **Phased-in Process**- Commenters encouraged flexibility in how the enrollments of dual eligible persons would be phased-in. We agree. For purposes of the RFS, DHCS is committed to a phased enrollment process but will work with health plans, stakeholders, beneficiaries, and the Federal government on the design of this process. There is a need to carefully coordinate Demonstration enrollment with the standard Medicare enrollment process and that will require thoughtful consideration. DHCS is examining different alternatives that would ensure a smooth transition for those enrolled in the Demonstration. We will take our experience from the transition of Seniors and Persons with Disabilities (SPDs) into organized care and improve on that. Our priority is to ensure this is a seamless transition with no disruptions of care for the beneficiary.

3. **Passive Enrollment/Lock-in** - Many comments expressed deep concern about the idea that the population in Demonstration counties would only have the opportunity to opt-out of versus opt-in to the Demonstration. Any enrollment system in the Demonstration will need to focus on clear communication materials in alternative formats and a focus on community groups to help discuss options with beneficiaries so that they can make an informed choice about their care. Within that context, we believe that a

passive enrollment process that allows beneficiaries to opt out is most likely to achieve the enrollment levels needed to make these new organized delivery systems successful. DHCS intends to pursue a passive enrollment policy with strong consumer protections. Also, to promote continuity of care and administrative efficiencies, DHCS intends to pursue special permission from CMS to keep beneficiaries who did not opt out of the Demonstration in the same health plan for six months.

- 4. Qualifications to Apply-** DHCS has continued to keep a rigorous set of criteria under which health plans can exclusively apply for the duals Demonstration. Comments suggested that the requirement of a plan to have a current D-SNP and current Medi-Cal contract unduly limits the pool of applicants. DHCS agrees. The final RFS requires that one plan in each county have experience operating a D-SNP within the last three years. Having experience with a D-SNP ensures that plans participating in the Demonstration have experience providing care to this population that is often older, poorer, and sicker than most Medicare and Medi-Cal enrollees. In addition, it is still the case that DHCS will entertain applications for this Demonstration only from Medi-Cal managed care plans that have a current Medi-Cal contract with the state.
- 5. Self-Direction of Care-** Several commenters raised the point that the ability for an individual to self-direct their care is vital. DHCS agrees. Furthermore, DHCS respects that every individual has the right to make their own medical decisions working directly with their medical providers. While DHCS believes the draft RFS appropriately discussed the importance of self-direction, the final RFS includes explicit language on a beneficiary's right to self-direct care. Within this context, there is a need for new policy on IHSS provider training that the Administration looks forward to addressing in the future.
- 6. Rate Development-** DHCS understands the importance of developing a rate and incentive structure and providing that information to the health plans and other interested parties. The state and CMS are working closely to collect the data needed to develop an actuarially sound capitated rate. Just this week, the Federal government released operational details regarding the capitated financial alignment Demonstration. The purpose of these materials is to provide plans and other interested entities with information to take the necessary steps to participate in the Demonstration, should they wish to do so. This information will help health plans with their own planning activities before all State specific details can be provided. The CMS plan guidance document can be found at www.CalDuals.org.

7. Mental Health and Substance Use Services - Many comments pointed out that there was not sufficient background on behavioral health integration. DHCS agrees. As such, additional text and a new Appendix G were added to provide technical assistance on this issue.