NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
PROVIDER ADVISORY COMMITTEE

THURSDAY, SEPTEMBER 12, 2019
8:00 A.M.

CALOPTIMA
505 CITY PARKWAY WEST, SUITE 109-N
ORANGE, CALIFORNIA 92868

AGENDA

This agenda contains a brief, general description of each item to be considered. The Committee may take any action on all items listed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

Information related to this agenda may be obtained by contacting the CalOptima Clerk of the Board at 714.246.8806 or by visiting our website at www.caloptima.org. In compliance with the Americans with Disabilities Act, those requiring special accommodations for this meeting should notify the Clerk of the Board's office at 714.246.8806. Notification at least 72 hours prior to the meeting will allow time to make reasonable arrangements for accessibility to this meeting.

I. CALL TO ORDER
Pledge of Allegiance

II. ESTABLISH QUORUM

III. APPROVE MINUTES
A. Approve Minutes of the August 8, 2019 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee.

IV. PUBLIC COMMENT
At this time, members of the public may address the Committee on general topics. Public Comment on posted item(s) will follow staff presentation of the item(s) to the Committee. If you wish to speak on an item contained in the agenda, please complete a Public Comment Request Form(s) identifying the item(s) and submit the form to the assistant to the Provider Advisory Committee. When addressing the Committee, it is requested that you state your name for the record. Please address the Committee as a whole through the Chair. Comments to individual Committee members or staff are not permitted. Speakers will be limited to three (3) minutes.

V. CEO AND MANAGEMENT REPORTS
A. Chief Executive Officer (CEO) Update

VI. INFORMATION ITEMS

A. Network Strategy Project
B. Federal and State Legislative Update
C. Provider Advisory Committee Member Updates

VII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' PROVIDER ADVISORY COMMITTEE

August 8, 2019

A Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC) was held on Thursday, August 8, 2019, at the CalOptima offices located at 505 City Parkway West, Orange, California.

CALL TO ORDER

John Nishimoto, O.D., PAC Chair, called the meeting to order at 8:04 a.m. Member Patton led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: John Nishimoto, O.D., Chair; Teri Miranti, Vice Chair; Anja Batra, M.D. (8:12 A.M); Donald Bruhns; Tina Bloomer, MHNP; John Kelly, M.D. (8:08 A.M); Junie Lazo-Pearson, Ph.D.; Craig Myers; Pat Patton, MSN, RN; Jacob Sweidan, M.D.; Loc Tran, Pharm.D.

Members Absent: Jena Jensen

Others Present: Michael Schrader, Chief Executive Officer; Ladan Khamseh, Chief Operating Officer; David Ramirez, M.D., Chief Medical Officer; Nancy Huang, Interim Chief Financial Officer; Gary Crockett, Chief Counsel; Michelle Laughlin, Executive Director, Network Operations; Betsy Ha, Executive Director, Quality & Population Health Management; Tracy Hitzeman, Executive Director, Clinical Operations; Candice Gomez, Executive Director, Program Implementation; Cheryl Simmons, Staff to the Advisory Committees; Samantha Fontenot, Program Assistant.

PAC members welcomed new members, John Kelly, M.D., as the Physician Representative and Loc Tran, Pharm.D., as the Pharmacy Representative. Dr. Kelly and Dr. Tran were both appointed by the CalOptima Board at its meeting on June 6, 2019. Chair Nishimoto notified the members of the passing of Dr. Theodore Caliendo, long time PAC member, and also noted the resignation of Brian Lee, L.Ac., Ph.D., PAC's Allied Health Representative. The PAC will begin an active recruitment for the Allied Health Representative.

MINUTES

Approve the Minutes of the June 13, 2019 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee

Action: ***On motion of Member Patton, seconded and carried, the Committee approved the minutes of the June 13, 2019 meeting. (Motion carried 10-0-0; Members Batra and Jensen absent)***

PUBLIC COMMENTS

There were no requests for public comment.

REPORTS

Consider Recommendation for Long-Term Services and Supports Representative (LTSS)

Member Dr. Sweidan summarized the LTSS recommendation on behalf of the PAC Nominations Ad Hoc Committee. After discussion, it was recommended that the PAC reopen the recruitment for the LTSS Representative.

Action: ***On motion of Vice Chair Miranti, seconded and carried, the Committee directed Staff to continue recruitment of candidates for the LTSS Representative. (Motion carried 11-0-0; Member Jensen absent)***

CEO & MANAGEMENT REPORTS

Chief Executive Officer Update

Michael Shrader, Chief Executive Officer, notified the PAC that a Special Meeting of the CalOptima Board of Directors would be held on Friday, August 9, 2019. Mr. Schrader stated that no actions are expected to be taken at the special meeting, which will start the process of developing a three-year Strategic Plan for 2020-23.

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer, provided an update on the July 1, 2019 Whole-Child Model (WCM) program implementation. Ms. Khamseh noted that the transition has been smooth to date with the help of the providers and health networks. She also mentioned that staff from CalOptima, California Children's Services (CCS), and health networks and providers, have daily calls to ensure continuity of care for members. Ms. Khamseh also informed the PAC that CalOptima continues to provide daily updates to the Department of Health Care Services (DHCS) on the transition of members into the WCM program. In addition, CalOptima communicates with members and providers on the benefits of the program and outreach continues to non-contracted providers for contracting opportunities.

Chief Financial Officer Update

Nancy Huang, Interim Chief Financial Officer, provided an overview of the June 2019 unaudited financials. She also provided an update on the Health Home Program's original rates, which CalOptima received from the state in April 2018, and noted that they had been updated by DHCS as of July 26, 2019.

Chief Medical Officer Update

David Ramirez, M.D. Chief Medical Officer, provided a verbal update on the Health Homes Program, noting that starting on January 1, 2020, CalOptima will manage the behavioral health benefit for the OneCare and OneCare Connect programs, which are currently managed by Magellan Health. Dr. Ramirez also updated the PAC on the Homeless Health Initiatives and noted that the Board approved additional funding for mobile clinics to provide care at shelters for all CalOptima members regardless of their network. Dr. Ramirez mentioned that the State is updating its quality measures and CalOptima will incorporate these changes into its programs. In addition, Dr. Ramirez informed the PAC that DHCS is in the process of updating policies related to its Telehealth program and that we are awaiting the release of the relevant All Plan Letter (APL) and updated provider manual.

Network Operations Update

Michelle Laughlin, Executive Director, Network Operations, provided an update on the July 2019 DHCS Network Adequacy requirement and the work currently underway to be ready for the March 2020 submission to the state. Ms. Laughlin noted that CalOptima is addressing deficiencies noted by DHCS specific to OB/GYN PCPs located in the South Orange County area and mentioned that Network Adequacy requirements are mandatory for the delegated health networks as well

INFORMATION ITEMS

Health Homes Program Update

Pallavi Patel, Director, Process Excellence, provided an update on the Health Homes Program (HHP). Ms. Patel noted the CalOptima anticipates a launch date of January 1, 2020 for members with chronic conditions, and July 1, 2020 for those with serious mental illness with or without a chronic medical condition. She also mentioned that the DHCS goal for the HHP is to ensure sufficient provider infrastructure and capacity to implement HHP as an entitlement benefit, and to ensure that HHP providers are appropriately serving members experiencing homelessness. Ms. Patel further advised the PAC that CalOptima and its delegated health networks would be expected to participate in HHP to provide HHP-related services to their respective assigned members.

New CalOptima Website Demonstration

Geoff Patino, Manager, Creative Branding and Rudy Huebner, Graphic Designer, Communications, provided a visual demonstration of CalOptima's updated website.

Federal and State Budget Update

Shamiq Hussain, Sr. Policy Advisory, Government Affairs, provided an update on the California state budget. Mr. Hussain discussed Proposition 56's (Tobacco Tax) new proposed supplemental payments and noted that the payments would remain in their current form and at current payment levels. Mr. Hussain also discussed the anticipated expansion of the full scope Medi-Cal to the undocumented population starting with ages 19-25. This expansion is anticipated to go into effect no sooner than January 1, 2020. Based on analysis from the California Legislature, it is anticipated that there could be 90,000 new enrollees across the state based on this expansion. Mr. Hussain also discussed the Pharmacy carve-out being put forward by Governor Newsom.

PAC Member Updates

Chair Nishimoto reminded PAC members to let Staff know if they had any agenda items for the September 12, 2019 meeting. Chair Nishimoto also reminded the PAC members of their upcoming annual compliance training obligation.

ADJOURNMENT

There being no further business, Chair Nishimoto adjourned the meeting at 10:20 a.m.

/s/ Cheryl Simmons
Cheryl Simmons
Staff to the Advisory Committees

Approved: September 12, 2019

MEMORANDUM

DATE:	September 5, 2019
TO:	CalOptima Board of Directors
FROM:	Michael Schrader, CEO
SUBJECT:	CEO Report
COPY:	Sharon Dwiers, Interim Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; OneCare Connect Member Advisory Committee; and Whole-Child Model Family Advisory Committee

CalOptima Boosts Homeless Health Initiatives Through Meetings, Outreach Efforts

To ensure awareness of CalOptima's commitment to improved homeless health, leaders and staff are working to engage various audiences. Below are summaries of several recent meetings.

- *Provider Workgroup:* On July 30, CalOptima launched the Outreach and Navigation Workgroup to keep health network and hospital leaders apprised of our homeless health efforts and to collaborate on enhancing the existing delivery model. Now meeting on a biweekly basis, the workgroup is discussing how to improve engagement of members experiencing homelessness and identifying best practices for delivering primary and preventive care within our delegated delivery system.
- *City Manager Meeting:* On August 20, members of CalOptima's executive team and I met with the city managers of Orange, La Habra and Buena Park, three of the 13 cities in the North Orange County Service Planning Area (SPA). The managers stated that the North SPA cities are in the process of establishing two homeless navigation centers in Buena Park and Placentia, including at least 200 beds, per local mandate. We shared information about the significant medical services and supports that would be available once the shelters open, including recuperative care, respite care, mobile clinics and clinical field teams.
- *Ad Hoc/Hospital Meeting:* On August 21, your Board's ad hoc committee on homeless health and CalOptima executives met with a group of hospital clinical leaders to discuss care transitions and discharges. Selected by the Hospital Association of Southern California, the group included representatives from St. Joseph Hospital, Orange County Global Medical Center, UCI Medical Center and Fountain Valley Regional Medical Center.
- *Shelter Visits:* CalOptima is reaching out to homeless shelter operators to build relationships and raise awareness about services. Thus far, staff and/or I have toured La Mesa Emergency Shelter in Anaheim, operated by Illumination Foundation; the Anaheim temporary shelter, operated by The Salvation Army; and the Tustin Temporary Emergency Shelter, known as the Village of Hope.
- *Clinical Field Team Presentations:* CalOptima Directors Sloane Petrillo (Case Management) and Debbie Kegel (Strategic Development) made two presentations about our clinical field team services, first to the staff at Orange County Rescue Mission and most recently to the Continuum of Care Board Emergency Shelter Committee, which included representatives from 12 shelters.
- *Shelter Survey:* The Continuum of Care Board Emergency Shelter Committee distributed a survey on behalf of CalOptima to help us learn about current and needed health care services

at shelters. The results will assist us in establishing predictable and recurring schedules for mobile clinics.

Strategic Planning Session Considers Health Care Landscape, Identifies Priorities
On August 9, CalOptima conducted a full-day Strategic Planning session for the Board and executive team, led by Chapman Consulting with separate featured presentations by Pacific Health Consulting Group and special guest Mark Ghaly, M.D., MPH, secretary, California Health and Human Services Agency. To set priorities for 2020–22, the session included an overview of the health care landscape and an assessment of the external forces on CalOptima. The discussion identified that the public is concerned about the cost of health care yet growingly supports the Medi-Cal program. Health care experts and advocates generally view public plans, like CalOptima, as part of the solution but are interested in increased oversight of managed care plans. From a regulatory standpoint, the Department of Health Care Services (DHCS) is focused on specific initiatives, such as population health, value-based payments, social determinants of health and integrated care. In this environment, Secretary Ghaly shared his strategic priorities of building a healthy California through expanded coverage, seeking value by balancing cost and quality, and focusing on Whole-Person Care and individuals who are the sickest and most medically complex. The outcome of the session was agreement on initial priority areas for CalOptima that pertain to members, value, stakeholders, sustainability and innovation. This month, we will define specific objectives and goals under each priority area. On October 10, CalOptima will hold a joint meeting for your Board's advisory committees to solicit feedback. A draft plan will be ready for Board review in November, with a final version to be considered for approval in December.

Medi-Cal Pharmacy Benefit Carve-Out Moves Forward With a Request for Proposal (RFP); Legislators Express Concerns
State Senate legislative leaders sent letters to DHCS Director Jennifer Kent requesting a 60-day delay in the final RFP for a statewide pharmacy benefit manager that would implement the governor's Medi-Cal pharmacy benefit carve-out plan. The leaders are calling for more time to allow for stakeholder feedback and RFP responses. The letters reflect the concerns that have been shared during significant advocacy efforts by our industry associations and a broad coalition of hospitals and clinics. DHCS released the final RFP on August 22; however, there is some indication that the department adjusted the RFP language to account for stakeholder concerns. The RFP does contain language that allows for the possibility of a delay in awarding the contract. Our associations are carefully reviewing the document and analyzing its potential impact.

Program of All-Inclusive Care for the Elderly (PACE) Enrollment Growing Based on Efficient Processes Gained From PACE 2.0 Initiative
In August, CalOptima PACE enrolled 19 new participants. This is the highest gross enrollment month to date, according to PACE Program Director Elizabeth Lee. The net gain in membership was 11, bringing the August census to 346 participants. Lee attributes this success to the center's participation in PACE 2.0, a collaborative program through the National PACE Association focused on scaling PACE programs through building capacity and streamlining processes. Lee said CalOptima PACE has experienced a significant reduction in the time from when an individual expresses interest in PACE to the first day of care. Further, the Alternative Care Setting (ACS) model is also contributing to enrollment gains. About 15% of PACE participants

currently receive their care at one of five contracted ACS centers. The team is working hard to balance growth and quality, and Lee expects that the strong enrollment performance realized in August is likely to continue.

Two-Year Federal Budget Passes; Medicare Programs Protected From Sequestration Cut
On August 2, President Trump signed HR 3877 into law, which provides a two-year framework for the federal budget through FY 2021. Congressional appropriations committees must now decide how much to spend on each federal program before the end of the fiscal year on September 30, 2019. The budget agreement prevents the implementation of automatic spending cuts, also known as sequestration, that are triggered when Congress misses budget deadlines. Medicaid funding is specifically exempted from sequestration cuts, but Medicare funding is not. A 2% cut to Medicare was set to be triggered on October 1 if Congress had not been able to pass a budget for FY 2020. The passage of HR 3877 means funding for OneCare and OneCare Connect programs will remain whole.

Federal and State Regulatory Changes Affect Members, Health Networks
Two regulatory changes have the potential to impact individuals receiving Medi-Cal services and the health networks that provide those services.

- *Public Charge:* The U.S. Department of Homeland Security released the final public charge rule, which goes into effect October 15. Under the rule, the federal government may deny legal permanent resident status or deny entry into the U.S. based on a determination of whether the individual is likely to become a public charge. Medicaid is included as a public benefit; therefore, receipt of the benefit will be considered a negative factor during public charge determinations. There are exceptions for certain cases, such as pregnancy and coverage for children. This past month, California Attorney General Xavier Becerra filed a lawsuit against the federal government, arguing the rule will have harmful human and financial impacts. One primary concern is the rule's chilling effect, which may lead individuals not to seek public services lest they risk their immigration status. Our trade associations are tracking this issue closely.
- *Network Adequacy of Delegated Entities*: DHCS has informed managed care plans that it intends to issue guidance describing how plans like CalOptima are expected to assess and certify the network adequacy of delegated entities, effective July 1, 2020. DHCS' forthcoming guidance is expected to indicate that delegated networks are subject to the same annual network certification requirements that the primary managed care plan is, including provider-to-member ratios, the presence of mandatory provider types, time and distance standards, and timely access standards. Health networks have historically been evaluated only at the aggregated, managed care plan level. This change is expected to create a significant administrative burden on CalOptima and our health networks. DHCS convened a workgroup of select managed care plan representatives and trade associations to discuss the content and impact of the guidance. CalOptima was one of the plans selected to participate in the workgroup over the coming weeks and months.

CALOPTIMA
PROVIDER ADVISORY COMMITTEE
SEPTEMBER 12, 2019

Prepared by Pacific Health Consulting Group and Milliman

August 2019

Back to Agenda

Meeting Agenda

- Introductions
- Project Background
- CalOptima Networks Overview
- Discussion

- **Today's Goal**
  - **Understanding provider perspectives related to CalOptima network models**

Introductions

Pacific Health Consulting Group

Bobbie Wunsch
Founder and Partner

Tim Reilly
Founder and Partner

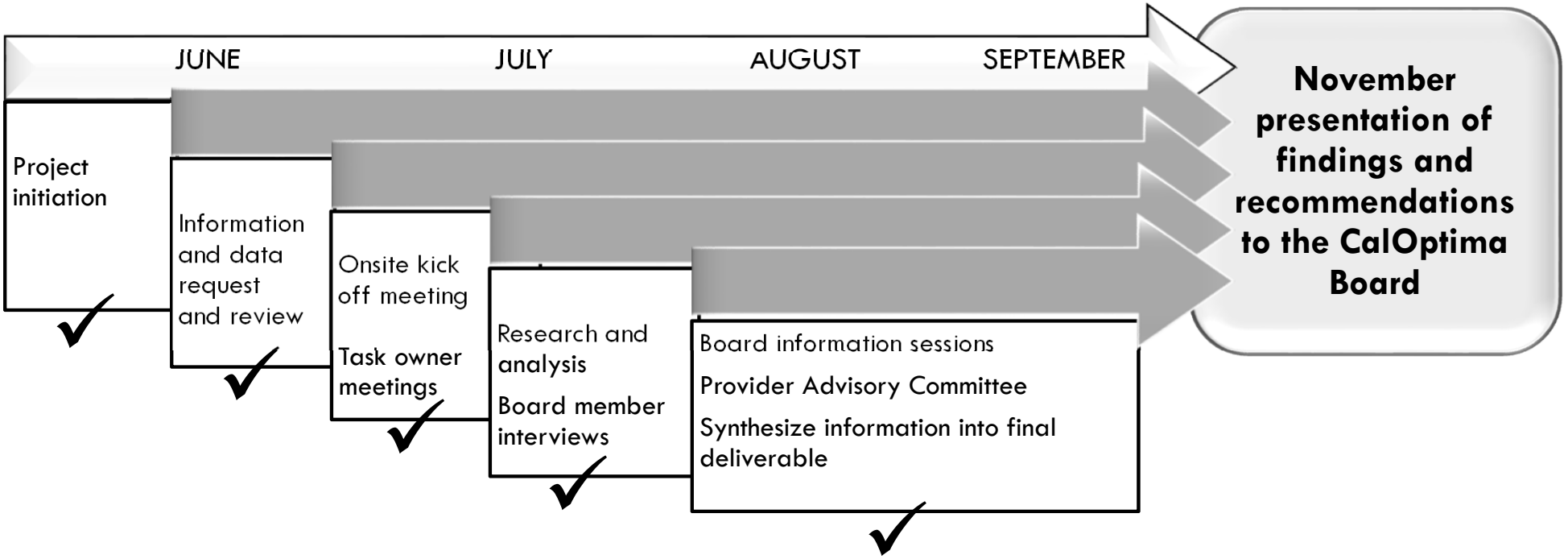
Scope of Work

PHCG and Milliman providing analysis of components of the provider network strategy

Key Task	Task Lead
Board Interviews	Bobbie Wunsch
Board presentation of network payment models	Bobbie Wunsch
Board presentation of models to motivate network outcomes	Bobbie Wunsch
Review administrative cost allocation model	Maureen Tressel Lewis
Review network MLR comparative analysis	Tim Reilly
Research network models	Tim Reilly
Research provider payment methodologies	Maureen Tressel Lewis
Evaluate pre-contracting criteria	Maureen Tressel Lewis
Analyze membership limitation approach	Maureen Tressel Lewis
Evaluate auto assignment	Maureen Tressel Lewis
Analyze Health Needs Assessment considerations	Barbara Culley
Analyze member and provider satisfaction implications	Barbara Culley
Develop network performance evaluation tool	Barbara Culley

Project Approach

Structured project methodology and progress



CalOptima Networks

Model	Entities	Members	Percentage
Kaiser	1	44,557	6.0%
HMO*	3	118,215	16.0%
PHC**	3	210,235	28.7%
SRG	5	187,524	25.5%
CCN	-	77,333	10.0%
COD	-	98,873	13.8%
Total	**12**	**736,737**	**100.0%**

Model	Professional	Hospital	Pharmacy	Other Medical
Kaiser	Capitation	Capitation	Capitation	Capitation
HMO*	Capitation	Capitation	Fee-For-Service	Fee-For-Service
PHC**	Capitation	Capitation	Fee-For-Service	Fee-For-Service
SRG	Capitation	Fee-For-Service	Fee-For-Service	Fee-For-Service
CCN	Fee-For-Service	Fee-For-Service	Fee-For-Service	Fee-For-Service
COD	Fee-For-Service	Fee-For-Service	Fee-For-Service	Fee-For-Service

* HMO – Comprised of one entity; assumes both professional and hospital risk. Not to be confused with industry terminology.
** PHC – Comprised of two entities; one for professional risk and one for hospital risk

Source: CalOptima Delivery System Review, September 6, 2018, Greg Hamblin

IEHP and LA Care Networks

Monthly Enrollment

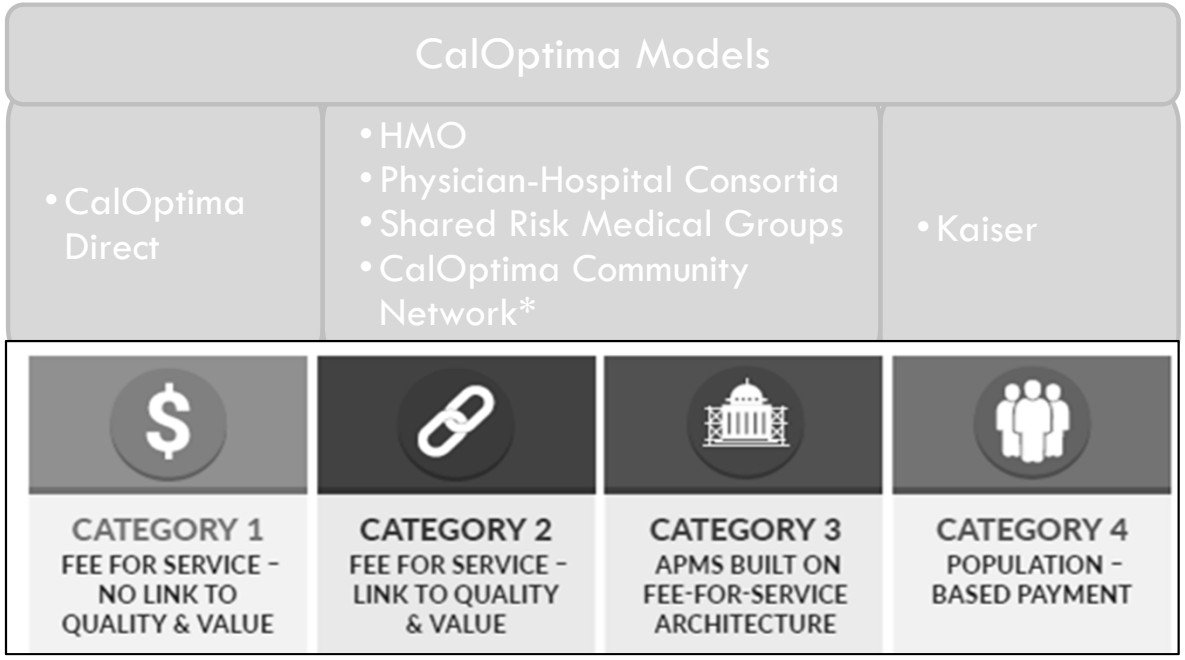
	Kaiser	HMO	Restricted License	Dual Cap/PHC	Cap IPA/SRG	Direct	Total
IEHP	112,392	0	8,548	0	554,531	508,074	1,183,545
LA Care	205,451	779,339	50,000	350,000	669,203	126,398	2,180,391

Enrollment Percent

	Kaiser	HMO	Restricted License	Dual Cap/PHC	Cap IPA/SRG	Direct	Total
IEHP	9.50%	0.00%	0.72%	0.00%	46.85%	42.93%	100.00%
LA Care	9.42%	35.74%	2.29%	16.05%	30.69%	5.80%	100.00%

CalOptima Network Models

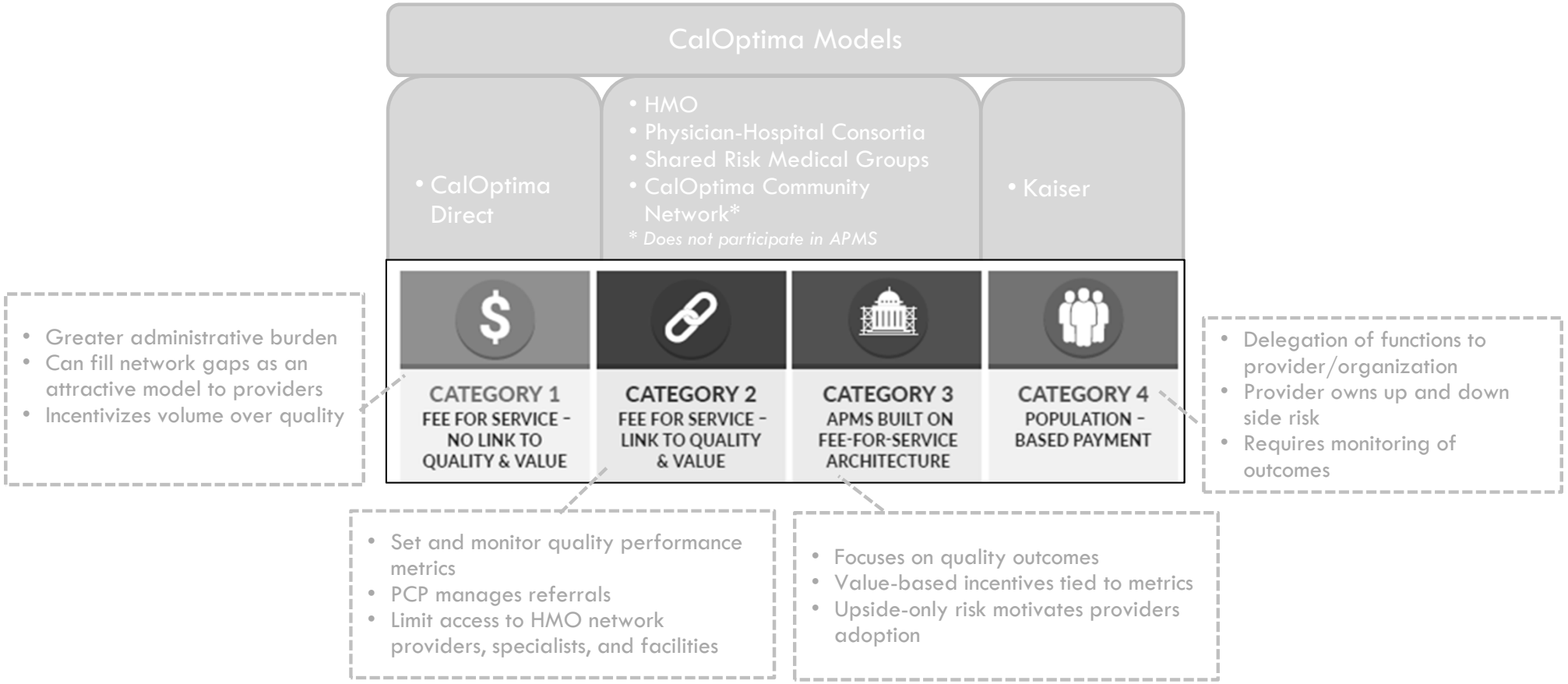
- Each model has advantages and disadvantages
- Variety of options provides flexibility
- Models match member and provider needs



** Does not participate in APMS*

CalOptima uses different models to serve members

CalOptima Network Models Attributes



Source: Health Care Payment Learning & Action Network. *Alternative Payment Models Framework*. July 11, 2017. https://hcp-lan.org/

Caveats

This presentation is subject to the terms and conditions of the Consulting Services Agreement between CalOptima and Pacific Health Consulting Group (PHCG) dated May 7, 2019.

This presentation has been prepared solely for the internal business use of and is only to be relied upon by the management of CalOptima. No portion of this presentation may be provided to any other party without PHCG and Milliman's prior written consent. In the event such consent is provided, the presentation must be provided in its entirety.

These slides are for discussion purposes only. They should not be relied upon without benefit of the discussion that accompanied them.

CalOptima Delivery System Review

Provider Advisory Committee (PAC) Meeting
September 13, 2018

Greg Hamblin, Chief Financial Officer

Back to Agenda

Overview

- Background: Provider Network
- Comparable Health Plans
- Last CalOptima Network RFP
- Delivery System Metrics
  - Medi-Cal Membership by Network
  - Contracted Medi-Cal Providers by Network
  - Contracted Hospitals by Network
- Quality/ HEDIS Metrics
- Financial Metrics
- Health Network Requirements
- Summary/ Considerations

Background: Provider Network

History of Health Networks – Year First Contracted with CalOptima

1995 (23 years)	2003 (15 years)	2004 (14 years)	2006 (12 years)	2015 (3 years)
• CHOC Health Alliance • Kaiser Permanente • Prospect Medical Group • United Care Medical Network	• Arta Western* • Family Choice Health Network* • Noble*	• Monarch Family Healthcare • Talbert Medical Group	• AMVI Care Health Network • Alta Med Health Services	• OC Advantage**# • Heritage – Regal Medical Group**

* Health networks have been contracted since at least January 1, 2003

** Health networks were added as part of the network expansion related to Medi-Cal Expansion and OneCare Connect (OCC) program implementation

Health network has not been able to meet minimum membership requirement of 5,000 members after three years

Background: Provider Network (cont.)

- CalOptima non-delegated responsibilities (for all members)
  - Grievances and appeals (except Kaiser)
  - Health education (except Kaiser)
  - Long term services & supports (except Kaiser)
  - Managed care plan – Provider screening for Medi-Cal
  - Member and provider communications
  - Model of Care
  - Oversight of health networks and delegates
  - Provider data management/ Provider directory
  - Quality improvement
- Health network delegated key responsibilities
  - Claims
  - Credentialing
  - Provider contracting
  - Utilization management
- CalOptima performs all health network functions for CCN/COD

Comparable Health Plans

- Queried two of the largest Medi-Cal plans in California: LA Care and Inland Empire Health Plan (IEHP)
  - Consistent responses between the two plans
    - Have not performed a request for proposal (RFP) for re-procurement related to core health network providers
    - Any substantial changes to the provider network would be disruptive to existing members
  - Most all provider contracts are evergreen (no annual renewal)
    - Contract amendments are made, as required

Comparable Health Plans (cont.)

	CalOptima	Inland Empire	LA Care
Issuance of RFP	RFP issued for significant increase in MCE population growth and Medicare/ Medi-Cal providers for OCC	Has not issued RFP or re-procurement of core Medi-Cal network	Has not issued RFP or re-procurement of core Medi-Cal network
Medi-Cal Membership (June 2018)	Orange: 756,881	Total: 1,222,350 Riverside: 604,614 San Bernardino: 617,736	Los Angeles: 2,066,390
Delegated Entities	HMO/IPAs: 13	IPAs: 17	IPAs: 28
Global Sub-capitated arrangements (100% full risk)	One health plan: • Kaiser	One health plan: • Kaiser	3 health plans: • Kaiser • Anthem • Care First
Contracted Hospitals	30	30	40
Direct Provider Network (Y/N)	Y	Y	Y
Contract Period	Generally, 1 year period – Renewed on an annual basis	Evergreen (no specific end date) – Rates and other contract changes made as needed through amendments	Evergreen (no specific end date) – Rates and other contract changes made as needed through amendments

Back to Agenda

Last CalOptima Network RFP

- March 2013: Released RFP to modify or add health networks
  - Reason for RFP
    - New members: Medi-Cal Expansion expected to increase membership by over 45%
    - Need for Providers: OCC implementation to begin July 2014; need to add providers who serve Medicare members
  - Evaluated medical groups and health plans based on their ability to meet the minimum quality, administrative and financial participation criteria
  - Developed formal scoring criteria to evaluate RFP responses
  - Used Board-approved criteria to select medical groups and health plans
- At the same time, CalOptima explored direct contracting with independent providers through CCN to maintain provider-patient relationships through OCC implementation
  - Any willing and qualified provider
  - Providers had to agree to CalOptima contract terms and requirements in order to contract

Last CalOptima Network RFP (cont.)

- RFP submission and results
  - 17 proposals submitted
    - 5 proposals from existing health networks proposing to change their current contract model (e.g., SRG to full risk HMO)
    - 12 proposals from new health networks

	Total Number
Total number of new health networks assessed	12
Number of health networks that met the RFP minimum requirements	5
Number of health networks that chose not to contract due to readiness review, contract terms, or other business decisions	3
Number of health networks that proceeded with contracting	2

Last CalOptima Network RFP (cont.)

- Lessons Learned
  - Last RFP for additional health networks resulted in only 2 out of 12 respondents being added through the RFP and contracting process
    - However, one of the two contracted health networks has not met the minimum membership requirement of 5,000 members after three years
    - Since the health network has failed to meet this requirement, a termination notice is anticipated
  - Significant administrative workload to process all RFP responses
    - Very low execution rate from RFP to sustainable network contract
      - Low membership after 3 years for the 2 new health networks
  - Unlikely that any new health network could reach the minimum membership requirement (5,000) without adding new member population
    - Members would have to transfer from other health networks or CCN
      - By member choice only
    - Auto-assignment could be minimal as performance measures may not exist for the first year

Delivery System Metrics

Medi-Cal Membership by Network – July 2018

Health Network	Model	Enrollment	% Total
CHOC Health Alliance	PHC	146,549	19.4%
COD – CalOptima	FFS	104,533	13.8%
Monarch Family Healthcare	HMO	81,235	10.7%
CCN – CalOptima	FFS	75,618	10.0%
Arta Western	SRG	65,592	8.7%
Alta Med Health Services	SRG	46,335	6.1%
Family Choice Health Network	PHC	46,227	6.1%
Kaiser Permanente	HMO	45,659	6.0%
Prospect Medical Group	HMO	33,989	4.5%
United Care Medical Network	SRG	32,334	4.3%
Noble	SRG	24,798	3.3%
Talbert Medical Group	SRG	23,889	3.2%
AMVI Care Health Network	PHC	22,386	3.0%
Heritage – Regal Medical Group	HMO	5,863	0.8%
OC Advantage	PHC	2,126	0.3%
Total Medi-Cal Enrollment Only		**757,133**	**100.0%**

Delivery System Metrics (cont.)

Contracted Medi-Cal Providers by Network

Health Network	Orange County PCPs	Network Unique PCPs		Overlap with Other Networks	
		Count	%	Count	%
Alta Med Health Services	110	7	6.4%	103	93.6%
AMVI Care Health Network	79	2	2.5%	77	97.5%
Arta Western	255	6	2.4%	249	97.6%
CHOC Health Alliance	425	33	7.8%	392	92.2%
CCN – CalOptima	598	107	17.9%	491	82.1%
Family Choice Health Network	174	11	6.3%	163	93.7%
Heritage – Regal Medical Group	332	40	12.0%	292	88.0%
Monarch Family Healthcare	315	56	17.8%	259	82.2%
Noble	116	6	5.2%	110	94.8%
OC Advantage	75	4	5.3%	71	94.7%
Prospect Medical Group	236	21	8.9%	215	91.1%
Talbert Medical Group	234	36	15.4%	198	84.6%
United Care Medical Network	186	49	26.3%	137	73.7%
Total PCP's	**1,068**				

Notes: Each PCP count represents unique PCP physicians; a PCP may be affiliated with one or more networks
Kaiser is excluded from the data
Overlap – PCP is available for selection from at least two entities at minimum

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A Public Agency
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Delivery System Metrics (cont.)

Contracted Hospitals by Network – Summary

Health Network	Model	Total Hospital Affiliations
CCN/COD/SRGs	FFS	30*
Monarch Family Healthcare	HMO	14
Heritage – Regal Medical Group	HMO	8
CHOC Health Alliance	PHC	6
Prospect Medical Group	HMO	5
Family Choice Health Network	PHC	1
AMVI Care Health Network	PHC	1
OC Advantage	PHC	1

* 9 of the 30 total hospitals are only affiliated with CCN/COD/SRG CalOptima is at risk for hospital costs related to CCN/COD/SRGs. SRGs are not contracted directly with these hospitals for CalOptima members.

Delivery System Metrics (cont.)

Contracted Hospitals by Network – Detail

Hospital	CCN/COD SRG	Monarch	Heritage Regal	CHOC	Prospect	Family Choice	AMVI	OC Ad-vantage	Total
	FFS	HMO	HMO	PHC	HMO	PHC	PHC	PHC	
Anaheim Global Medical Center	1								1
Anaheim Regional Medical Center	1	1			1				3
Chapman Global Medical Center	1	1							2
Children's Hospital of Orange County	1			1					2
CHOC Children's at Mission Hospital	1	1		1					3
College Hospital – Cerritos	1								1
College Hospital Costa Mesa	1		1						2
Foothill Regional Medical Center	1				1				2
Fountain Valley Regional Hospital & Medical Center	1	1	1		1	1	1	1	7
Garden Grove Hospital and Medical Center	1								1
Healthbridge Children's Hospital – Orange	1								1
Hoag Memorial Hospital Presbyterian	1			1					2
Huntington Beach Hospital	1	1							2
Kindred Hospital – Brea	1								1
Kindred Hospital – Santa Ana	1		1						2
Kindred Hospital – Westminster	1		1						2
Long Beach Memorial Medical Center	1	1							2

Delivery System Metrics (cont.)

Contracted Hospitals by Network – Detail (cont.)

Hospital	CCN/COD SRG	Monarch	Heritage Regal	CHOC	Prospect	Family Choice	AMVI	OC Ad-vantage	Total
	FFS	HMO	HMO	PHC	HMO	PHC	PHC	PHC	
Long Beach Memorial Medical Center Miller Children's	1	1							2
Los Alamitos Medical Center	1	1	1		1				4
Mission Hospital Regional Medical Center	1	1		1					3
Orange County Global Medical Center	1	1	1						3
Placentia Linda Hospital	1	1	1		1				4
Prime HealthCare La Palma Intercommunity Hospital	1	1							2
Promise Hospital of East Los Angeles LP	1								1
South Coast Global Medical Center	1	1	1	1					4
St. Joseph Hospital	1			1					2
St. Jude Medical Center	1								1
UCI Medical Center	1								1
West Anaheim Medical Center	1	1							2
Whittier Hospital Medical Center	1								1
Total	**30**	**14**	**8**	**6**	**5**	**1**	**1**	**1**	

Quality/ HEDIS Metrics

Raw Scores by Measure

	Adult Access to Preventive Care Services	Adolescent Well Care Visits	Breast Cancer Screening	Children's Access to Primary Care Physician	Cervical Cancer Screening	Diabetes Care: Eye Exam
CCN	71%	37%	55%	78%	53%	49%
Health Network 1	58%	59%		90%		67%
Health Network 2	69%	45%	66%	86%	59%	62%
Health Network 3	72%	48%	64%	88%	58%	56%
Health Network 4	60%	72%	69%	91%	63%	59%
Health Network 5	67%	49%	66%	80%	57%	59%
Health Network 6	62%	41%	63%	82%	51%	65%
Health Network 7	71%	53%	65%	87%	60%	52%
Health Network 8	68%	24%		75%	47%	62%
Health Network 9	57%	49%	64%	82%	55%	72%
Health Network 10	63%	52%	64%	88%	52%	57%
Health Network 11	66%	26%			48%	59%
Health Network 12	51%	44%	49%	81%	42%	55%

Based on 2017 measurement results

Quality/ HEDIS Metrics (cont.)

Raw Scores by Measure (cont.)

	Diabetes Care: HbA1c Screening	Childhood Immunizations Combo 10	Appropriate Treatment for Children with Pharyngitis	Medication Management for People with Asthma	Appropriate Treatment for Children with URI	Well Child Visits 3-6 years
CCN	84%	27%	58%	42%	94%	64%
Health Network 1	92%	31%	57%	34%	94%	80%
Health Network 2	87%	20%	51%	56%	93%	76%
Health Network 3	86%	21%	54%	46%	90%	79%
Health Network 4	87%	22%	19%	39%	91%	84%
Health Network 5	87%	39%	33%	42%	94%	75%
Health Network 6	87%	17%	74%	44%	92%	69%
Health Network 7	88%	26%	37%	35%	92%	74%
Health Network 8	88%				76%	50%
Health Network 9	88%	28%	41%	35%	91%	70%
Health Network 10	85%	20%	46%	40%	93%	73%
Health Network 11	90%					
Health Network 12	80%	27%	53%	49%	93%	69%

Based on 2017 measurement results

Financial Metrics

Medi-Cal MLR Audit Results – Summary

	Combined 3-year Average (CY 2014-2016)
Total Health Networks	13
Health Networks <85% MLR	3

- Medical Loss Ratio (MLR) is only applicable to capitation
  - ➢ Contract requirement – to ensure at least 85% of their capitation payment is spent on medical care
    - Capitation rates are risk adjusted by CalOptima to account for member acuity/cost variation
- CCN is not a capitated health network
  - ➢ However, health networks are capitated based on the FFS rates that CCN pays providers
  - ➢ In addition, health networks are given a 10-15% administrative load in their capitation rates

Financial Metrics (cont.)

Medi-Cal MLR Audit Results by Network

Health Network	Combined 3-year Average (CY 2014-16)
Health Network 1	75%*
Health Network 2	89%
Health Network 3	88%
Health Network 4	85%
Health Network 5	94%
Health Network 6	86%
Health Network 7	117%
Health Network 8	89%
Health Network 9	85%
Health Network 10	72%*
Health Network 11	79%*
Health Network 12	96%
Health Network 13	85%
Average	**91%**

* Health network is under corrective action for not meeting 85% minimum MLR requirement

Health Network Requirements – 2015 RFP

- Minimum New Health Network Requirements
  - Physician network requirements
    - 95% of primary care physicians must practice in Orange County
    - 50% of physicians must be specialists
    - 20% of physicians are not currently affiliated with any existing CalOptima delegated health network
  - Participate in all CalOptima programs
    - Medi-Cal, OneCare and OneCare Connect
  - Qualify to participate in an established health delivery model
    - SRG: Shared Risk Group
    - PHC: Physician and Hospital risk sharing partnership
    - HMO: Full risk health network and Knox-Keene licensed medical groups
  - Demonstrate medical, quality, administrative, operational and financial readiness as described in the Statement of Work (SOW)

Health Network Requirements – Contract

- Fulfill and comply with all requirements of:
  - CalOptima Readiness Assessment
  - CalOptima Policies and Procedures
  - CMS, DHCS and NCQA

- Agree to:
  - CalOptima contractual terms
  - CalOptima reimbursement methodology and capitation rates
  - Divisions of financial responsibility (DOFRs)
  - Participate in all state and federal audits and corrective action plans
  - Participate in CalOptima's Quality, Utilization Management and oversight programs
  - Requirements of the Delegation and Business Associate Agreements

Summary/ Considerations

- Market
  - New health networks must share auto-assignments with other existing health networks which makes growth very slow
  - New health networks may also add members if existing members in other health networks choose to move; also a slow growth process
  - The addition of new health network will not add new Medi-Cal members to CalOptima
- Member
  - New health network would receive members by choice or through the auto-assignment process
    - Auto assignment would be minimal the first year, as performance measures might not exist or qualify to be measurable
    - Difficult for health network to meet minimum membership – either by member choice or by auto-assignment
  - Member always has the choice to select a different health network or CCN each month
  - Changes in health networks could create significant member disruption

Summary/ Considerations (cont.)

- Provider
  - CalOptima has 100% of providers who want to participate in Medi-Cal
  - All health networks willing to contract with new providers based on need
  - CCN/COD network accepts any willing and qualified provider as long as they meet and agree to the contract standards and requirements
  - Result: Providers have opportunity through health networks and CCN/COD to participate in CalOptima
- Financial
  - CalOptima sets the payments rates
  - CalOptima sets the performance standards and completes periodic reviews and audits to ensure compliance and enforce contract terms
  - Result: CalOptima ensures the delegation of risk to a health network is appropriate
- Regulatory
  - DHCS contract requires written approval prior to making any substantial changes in the availability or location of covered services

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