



CalOptima
Better. Together.

Medicaid Expansion: A Local Perspective

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CalOptima's Mission



To provide members with access to quality health care services delivered in a cost-effective and compassionate manner

Background: Delivery Models



- **Medi-Cal Managed Care Models**



Geographic Managed Care: State contracts with various commercial plans



Two-Plan: State contracts with a local public plan and commercial plan



County Organized Health Systems (COHS): State contracts with a local public plan

- **Fee-for-Service (FFS)**



Fee-for-Service: State contracts with individual providers

Governance



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Board of Directors

- 11-member volunteer board
- Appointed by Orange County Board of Supervisors

**Member
Advisory
Committee**

**Provider
Advisory
Committee**

**Investment
Advisory
Committee**

Advisory Committees

**Finance
and Audit
Committee**

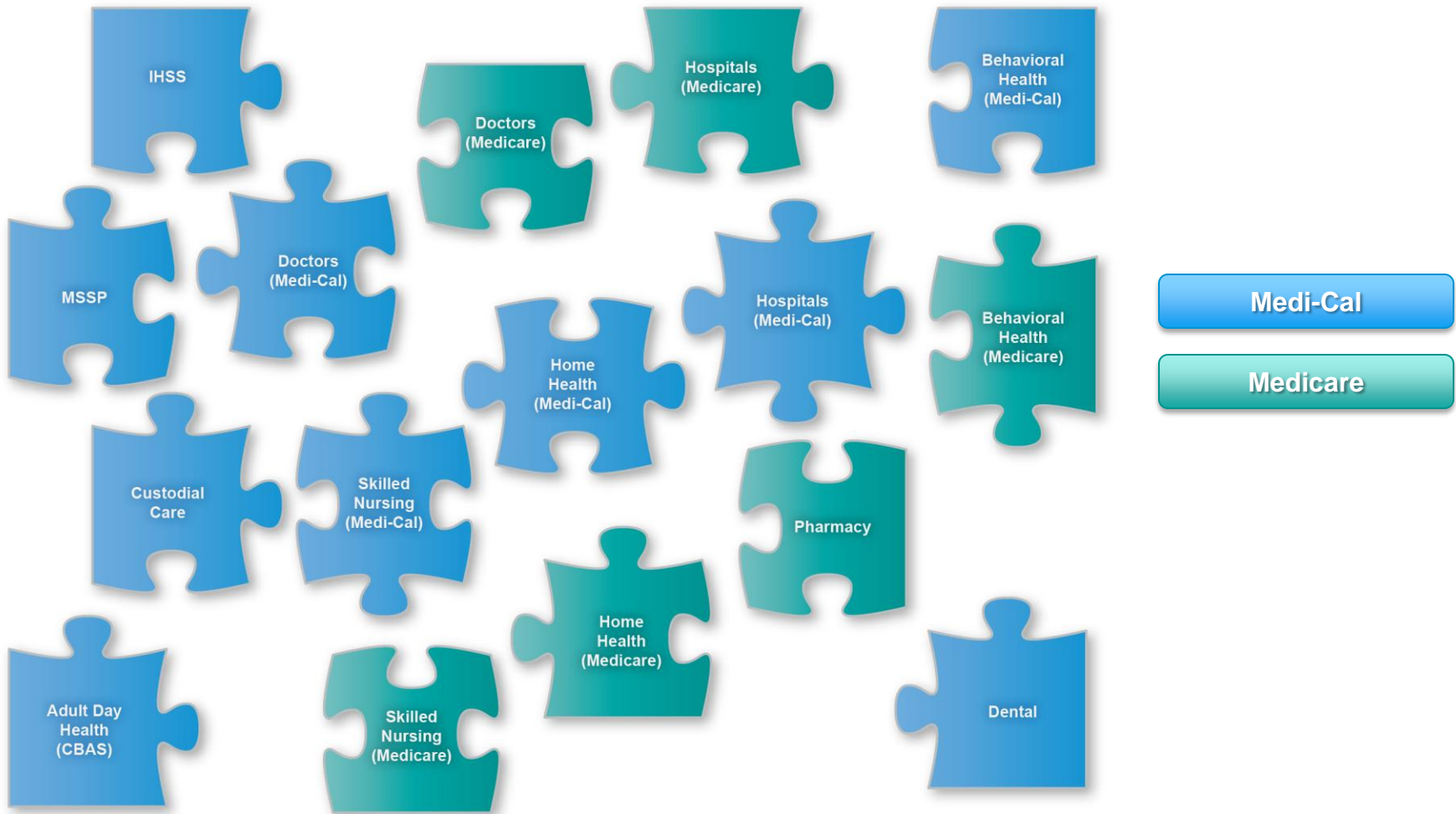
**Quality
Assurance
Committee**

Standing Committees



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Delivery System Before CalOptima



Key Milestones

August 1993	—	Board of Supervisors created CalOptima
October 1995	—	Enrolled families and children with Medi-Cal
February 1996	—	Enrolled aged, blind, disabled, and dual eligible members
April 1996	—	Enrolled long-term care (LTC) members
June 1998	—	Added LTC room and board benefit
July 1998	—	Launched Healthy Families Program
March 2001	—	Became 1 of 2 county Multipurpose Senior Services Programs
October 2005	—	Launched Medicare Advantage Special Needs Plan
January 2007	—	Launched Healthy Kids Program
January 2008	—	Received funding for Aging and Disabilities Resource Center
July 2009	—	Added 2nd county Multipurpose Senior Services Program
July 2010	—	Mental Health ASO for Orange County
September 2010	—	Established CalOptima Regional Extension Center (COREC)
April 2011	—	Submitted application to become a Program of All-Inclusive Care for the Elderly (PACE)
April 2012	—	Selected for the Dual Eligibles Coordinated Care Demonstration

CalOptima Programs

	Medi-Cal	OneCare	CalOptima Kids	Multipurpose Senior Services Program
Logo				
Program	California's Medicaid program	Medicare Advantage Special Needs Plan (HMO SNP)	Healthy Families Program (California's CHIP)	Medi-Cal home and community-based services (HCBS) program
Contractor / Regulator	California Department of Health Care Services (DHCS)	Centers for Medicare & Medicaid Services (CMS); Department of Managed Health Care (DMHC) for Solvency & Licensure Only	Managed Risk Medical Insurance Board (MRMIB) & Department of Managed Health Care (DMHC)	California Department of Aging (CDA)
Enrollment	382,339	14,126	35,639	465
Eligibility	<ul style="list-style-type: none"> • Low-income individuals • Families with children • Seniors • People with disabilities 	Medi-Cal member who also has Medicare	Child who is: <ul style="list-style-type: none"> • Age 0 to 19 • Income < 250% FPL 	Medi-Cal member who is: <ul style="list-style-type: none"> • Over 65; and • At risk for nursing home placement
Services	<ul style="list-style-type: none"> • Comprehensive health • Prescriptions • Vision 	<ul style="list-style-type: none"> • Comprehensive health • Comprehensive dental • Prescriptions • Vision 	<ul style="list-style-type: none"> • Comprehensive health • Prescriptions (vision and dental provided by MRMIB) 	<ul style="list-style-type: none"> • Assessments • Care planning • Coordination of care • In-home services
Budget FY12–13	\$1.2 billion	\$201 million	\$37.9 million	\$1.9 million

Source: CalOptima Fast Facts, October 2012

CalOptima Medi-Cal Coverage

Covered Benefits	Carved Out Benefits
<ul style="list-style-type: none">• Physician services• Hospital services• Lab tests and X-rays• Prenatal care• Durable medical equipment• Medical supplies• Prosthetics and orthotics• Long-term care• Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for Children• Prescription drugs• Physical, speech and occupational therapy• Transportation• Hospice• Community-Based Adult Services (CBAS)	<ul style="list-style-type: none">• Specialty mental health services• Psychotropic medications• California Children's Services (CCS)• Personal care services• Dental

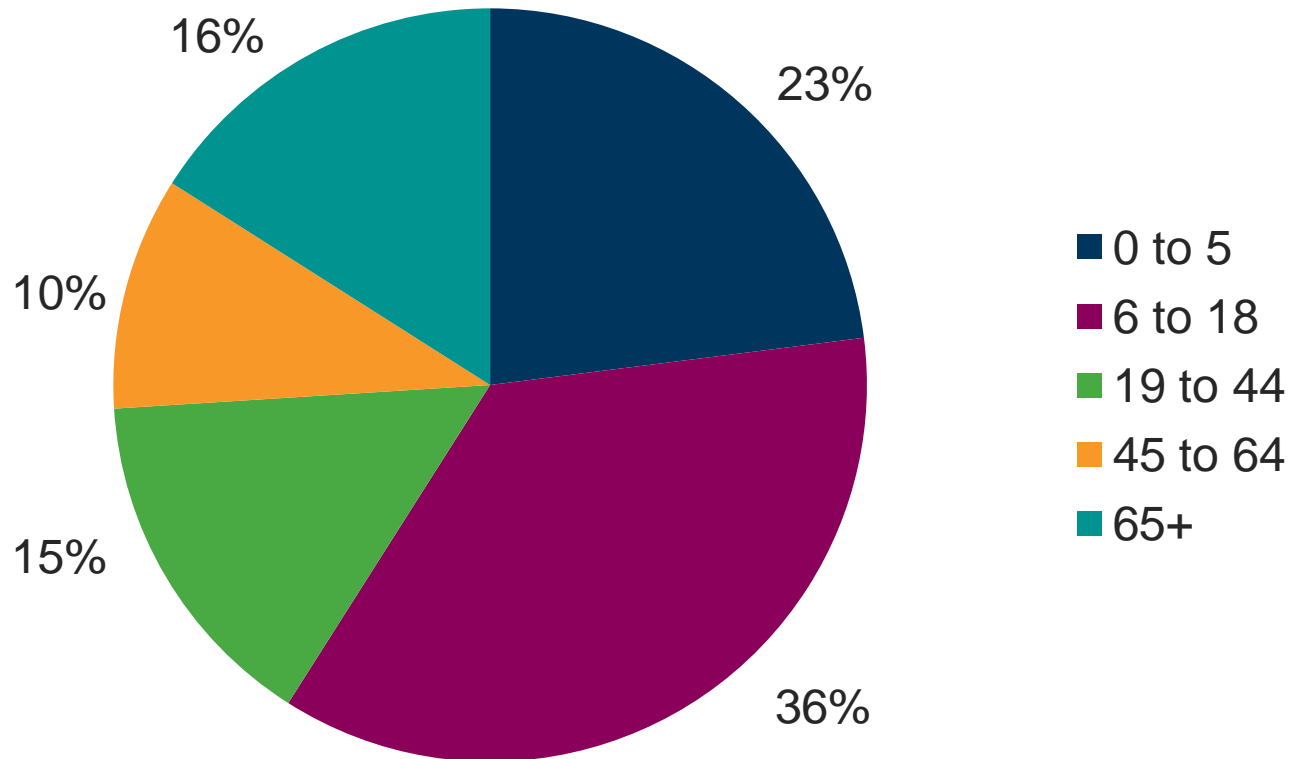
Medicaid Expansion Under ACA

- Raises poverty threshold for Medicaid eligibility to 133% of the federal poverty level (FPL)
- Broadens eligibility to include adults with no minor children between the ages of 19 and 64
- Initial costs for newly-eligible members covered 100% by federal government in the first two years of the expansion, gradually dropping to 90 percent in 2019 and beyond
- Increases reimbursement rates for primary care physicians to 100% of Medicare, with the federal government paying 100% of the additional costs, but only for 2013 and 2014

Membership Overview

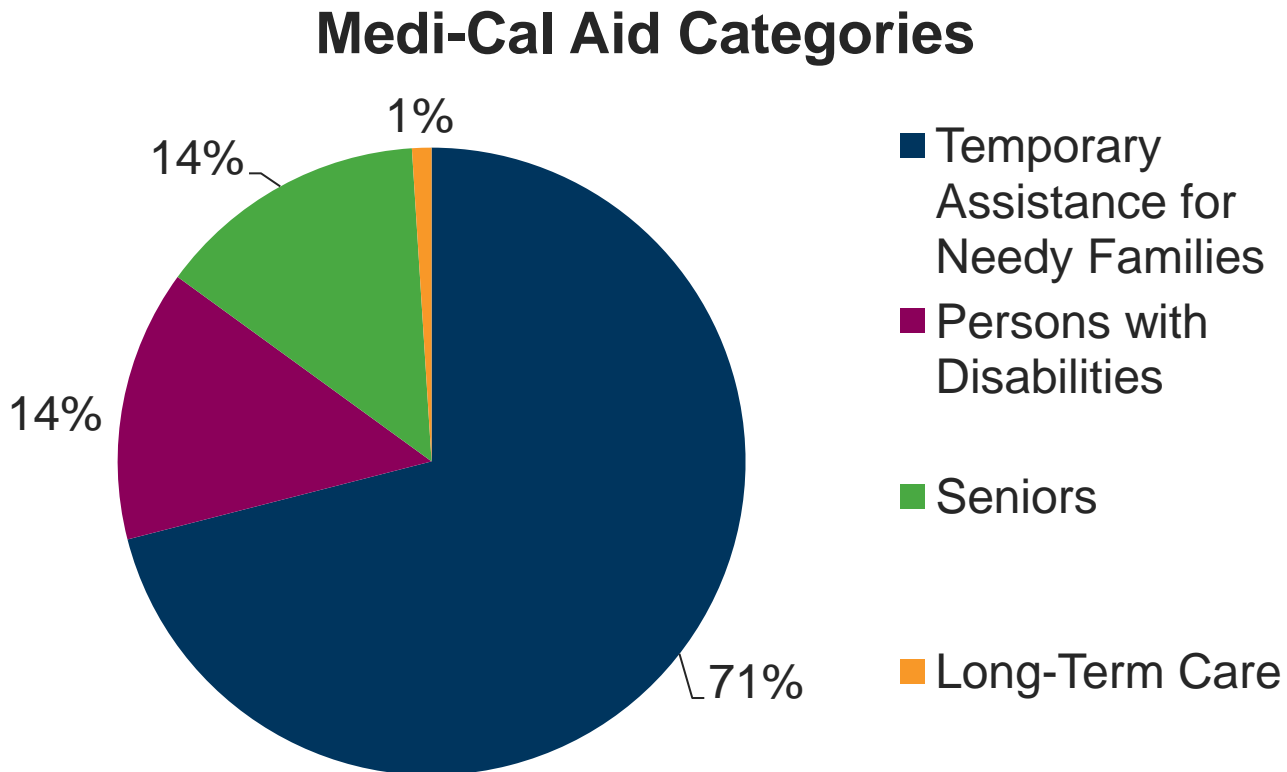
- 417,978 total members
- 1 in 7 OC residents are covered by CalOptima
- CalOptima serves 32% of children in Orange County
- 57% of our members live in five cities: Santa Ana, Anaheim, Garden Grove, Westminster and Orange
- Diverse membership speaking English, Spanish, Vietnamese, Farsi and Korean
- New membership under Medicaid expansion expected
 - Estimated between 100,000 and 140,000 additional members
 - Adults with no minor children between ages 19 and 64
 - Parents of children previously eligible or enrolled in California's Healthy Families Program, which is currently being transitioned to Medi-Cal

Current Membership By Age



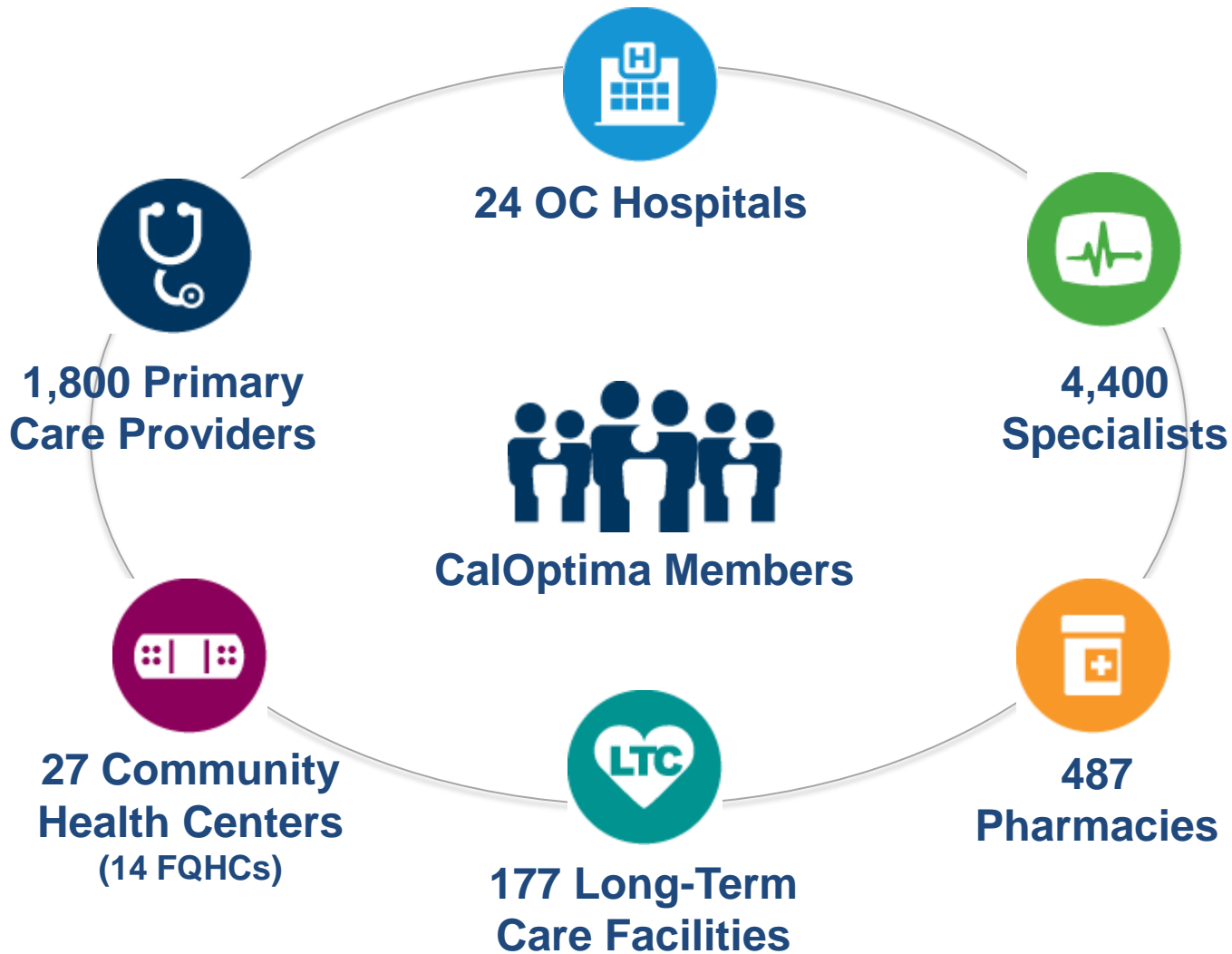
Source: CalOptima Organizational Reporting Environment, October 2012

Current Membership by Medi-Cal Aid Categories



Source: CalOptima Fast Facts, October 2012

Contracted Provider Network



Consolidated Change in Net Assets (\$000)

Fiscal Year	Consol. Revenue	Medi-Cal	OneCare	Healthy Families	Healthy Kids	MSSP	All Others	Operating Results	Investment Income	Total	Cumulative Net Assets
Pre-2000	1,468,427	62,463	0	(124)	0	0	0	62,339	17,762	80,102	80,102
2000	570,892	26,078	0	286	0	0	0	26,364	8,665	35,029	115,131
2001	638,594	(257)	0	363	0	0	0	106	11,421	11,527	126,658
2002	707,956	13,498	0	(72)	0	(1)	0	13,425	7,341	20,766	147,424
2003	756,763	(5,398)	0	1,568	0	(0)	0	(3,830)	5,075	1,245	148,669
2004	790,224	(19,532)	0	(846)	0	(0)	0	(20,378)	1,114	(19,264)	129,405
2005 ⁽¹⁾	800,921	(17,408)	(877)	354	0	(0)	0	(17,931)	4,045	(13,886)	115,519
2006 ⁽²⁾	890,432	(3,352)	2,276	(104)	0	(42)	0	(1,223)	4,465	3,242	118,761
2007 ⁽³⁾	969,336	(3,969)	8,838	1,870	(20)	(56)	0	6,662	13,727	20,389	139,150
2008	979,399	(7,744)	5,051	9	4	(99)	0	(2,780)	12,470	9,690	148,840
2009	1,078,195	(34,880)	7,470	891	36	(194)	0	(26,677)	9,188	(17,490)	131,350
2010	1,225,121	165	10,483	2,196	16	(36)	0	12,825	4,874	17,699	149,049
2011	1,464,526	(8,450)	10,837	1,454	(141)	(6)	(1,914)	1,780	2,490	4,270	153,320
2012	1,466,103	(5,450)	12,808	888	0	(154)	(7,766)	326	2,329	2,655	155,975
2013 ⁽⁴⁾	222,751	(7,110)	2,753	363	0	(7)	(1,699)	(5,700)	733	(4,967)	148,353
Total	14,029,640	(11,348)	59,639	9,098	(104)	(596)	(11,380)	45,309	105,699	151,008	
Pre-2000	1,468,427	62,463	0	(124)	0	0	0	62,339	17,762	80,102	
2000-2004	3,464,429	14,387	0	1,300	0	(1)	0	15,686	33,617	49,303	
2005-2013	9,096,784	(88,198)	59,639	7,922	(104)	(595)	(11,380)	(32,717)	54,319	21,603	
Net Assets	14,029,640	(11,348)	59,639	9,098	(104)	(596)	(11,380)	45,309	105,699	151,008	

⁽¹⁾ Excludes \$10,288 premium deficiency reserve, reversed in FY2006

⁽²⁾ Excludes \$10,288 premium deficiency reserve reversed for FY05 and \$38,038 recorded for FY06

⁽³⁾ Excludes \$38,038 premium deficiency reserve reversed for FY06

⁽⁴⁾ FY13 is year to date actual

California's "Bridge to Reform"

- Early adopter of Medicaid expansion through the renewal of its 1115 Medicaid waiver
 - Shifted Seniors and Persons with Disabilities (SPDs) into managed care arrangements
 - CalOptima has served this population since 1996
 - Expanded programs for low-income, uninsured adults through county based programs called Low Income Health Programs (LIHPs) as of July 2011
 - The LIHPs expanded on previous county Health Care Coverage Initiatives (HCCI) with the objective of transitioning enrollees to Medi-Cal in 2014
 - Program Requirements: Medical homes for enrollees and adequacy requirements for provider networks, including geographic accessibility and cultural competence
 - Orange County's program currently has approximately 50,000 enrollees

Competing ACA Priorities

- Coordinated Care Initiative which is intended to better manage services for members eligible for both Medicaid and Medicare
 - Duals Demonstration – June 2013
 - Selected as a participant in April 2012
 - Integration of Behavior Health and Physical Health – multi-year implementation
 - Integration of Long-Term Services and Supports (LTSS) – March 2013
 - Long-term institutional care
 - Multipurpose Senior Services Program
 - Community-Based Adult Services
 - In-Home Supportive Services
- Health Care Exchange
- Delivery Model Changes
 - Accountable Care Organizations
 - Other health care entity affiliations

Additional Considerations

- Final determination of the scope of benefits and rates
- Funding uncertainty
 - Automatic rate cuts in domestic programs resulting from sequestration scheduled for January 1, 2013
 - 30% cut in reimbursement for Medicare providers
 - Ballot initiatives aimed at covering state budget shortfall
- Additional challenges to ACA implementation
 - Outcome of November elections
- Litigation risks based on program changes
- Increased focus on fraud, waste and abuse
- Success of Medicaid expansion and the Exchange at enrolling the uninsured

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