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Changes for Dual Eligibles–Opportunities for Providers?

In less than two months, Cal MediConnect will start enrolling almost 500,000 "dual eligibles" (patients who qualify for both Medicare and Medi-Cal) from California's eight largest counties into new managed care plans. Providers who treat this population should act quickly to navigate this new program successfully.

For healthcare providers who treat patients with both Medicare and Medi-Cal coverage ("dual eligibles"), big changes are afoot in how care is delivered and paid for. California's new Coordinated Care Initiative (CCI) aims to "transform California's Medi-Cal care delivery system to better serve the state's low-income older adults and persons with disabilities." One prong of CCI is the Dual Eligibles Integration Demonstration, now called "Cal MediConnect." The program, planned to last three years, will enroll dual eligibles into managed care plans. The plans will be paid on a capitated basis to coordinate individual patients' care. Cal MediConnect will be piloted in eight counties — Alameda, Los Angeles, Orange, Riverside, San Bernadino, San Diego, San Mateo, and Santa Clara — and affect approximately 456,000 beneficiaries, making it the largest dual eligible demonstration project in the country.

Cal MediConnect is meant to reduce state healthcare spending while improving care coordination. The hope is that improved care coordination will lead to decreased utilization and hence lower costs. Of particular focus is dual eligibles' hospital utilization, which the state predicts will drop by 15% in the first year and by 20% per year thereafter.

Dual eligibles will begin receiving notices regarding the program this summer. Those who qualify for the program(1) will be "passively enrolled," meaning that if they do not affirmatively opt out of the program or choose a specific plan, they will be assigned to a Cal MediConnect plan. Each county has developed its own enrollment plan, with the earliest enrollments beginning in October 2013. Beneficiaries who opt out will remain in traditional fee-for-service Medicare for their Medicare benefits; beneficiaries can opt out of the Medicare portion of the program and return to fee-for-service Medicare at any time. However, regardless of what Medicare option they choose, beneficiaries will continue to be enrolled in a managed care plan for their Medi-Cal benefits.

The dual eligible population on the whole has high rates of chronic illness and comorbidity, and uses a disproportionately high level of healthcare services. Advocates have raised concerns about whether the change will limit beneficiaries' access to their providers and medications. However, the plans are required to provide care coordination services and offer Interdisciplinary Care Teams to ensure continuity and integration of care. Proponents say these features will provide more support than the existing system. Further, the plans must meet standards that ensure beneficiaries have access to an adequate network of providers.

What does this mean for providers who treat dual eligibles? Kim Fenton, CEO of Coastal Healthcare Consulting Group, is helping providers navigate through these changes. She notes that each county is working with a few major entities, such as LA Care and CalOptima, which have delegated their obligations to various medical groups and independent practice associations (IPAs). Ms. Fenton advises providers to sign up for two to three of these entities in their geographic areas—and to act quickly, because the networks are filling up. For example, LA County has capped enrollment in the Cal MediConnect program at 200,000 beneficiaries, meaning the plans will also limit the number of providers they enroll. (Providers should read each contract carefully, though, to make sure it isn't exclusive—that is, that it does not state that the provider agrees not to sign on with any other IPAs.) Ms. Fenton also advises providers to affiliate with at least one hospital that has a significant number of Cal MediConnect contracts. Although the reimbursement may be lower than they are accustomed to, Ms. Fenton thinks providers should look ahead. "The dual eligible population is going to grow, and the government is going to be funding more and more healthcare," she predicts. "Those patients are going somewhere. If you don't sign on now, you may well lose the chance to serve this population."(2) This is especially true for nephrologists, cardiologists, rheumatologists, and other specialists who treat chronic conditions.

Providers who join IPAs should continue to monitor their contracts. If they decide they no longer want to participate, they can leave after the required notice period. But avoidance is not a winning strategy: "This is not going away," says Ms. Fenton. "I think providers should sign up with a good attitude and take this as an opportunity to make their

practices more efficient while building patient loyalty."

Update: Providers now have a bit more time to decide whether and how to participate in the dual-eligible demonstration project. The state's Department of Health Care Services now says the Cal MediConnect dual-eligible demonstration project "will be implemented no sooner than April 2014."

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(1) To qualify, a dual eligible must be at least 21 years old at the time of enrollment, entitled to Medicare Part A and enrolled in Parts B and D, receiving full Medicaid benefits, and residing in one of the eight demonstration counties. Individuals with End Stage Renal Disease in San Mateo and Orange Counties will also qualify, while individuals with ESRD in the other counties will be excluded.
(2) Where a beneficiary has an established treatment relationship with a provider who is not contracted with the county Cal MediConnect plan, the beneficiary will be able to continue seeing that provider for six months (for Medicare services) or 12 months (for Medi-Cal services). However, the provider must be willing to accept payment from the MediConnect plan. For Medicare services, payment will be based on the current Medicare fee schedule; for Medi-Cal services, the provider will receive either the MediConnect plan's rate or the applicable Medi-Cal rate, whichever is higher.