

Features

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Pitfalls and Promise of Converting California's Dual Eligibles

by David Gorn, California Healthline Sacramento Bureau

California health care officials are taking on an ambitious project to convert more than one million dual eligibles -- people who receive both Medicare and Medi-Cal benefits -- to managed care.

"We're looking at how we integrate care for our dual eligibles," Toby Douglas, director of the Department of Health Care Services, said, "so we can offer better care, better outcomes and, over time, bend the cost curve."

Douglas addressed a recent gathering of health policy professionals in Sacramento at a conference designed to address the problems related to that conversion, as well as possible solutions.

California is one of 15 states getting \$1 million in federal money to design new ways of handling dual eligibles. In a recent letter to CMS, Douglas said DHCS intended to leave California's financing options open by working on both possible models proposed by CMS -- a capitated approach and a managed fee-for-service model.

The idea of dual-eligible conversion is a relatively simple one, conference organizer Peter Harbage of Harbage Consulting said. The money that the federal and California governments spend on these dual eligibles can be duplicative, and if those funds are consolidated to better manage their care, beneficiaries could receive a greater range of services while the state saves money.

The state invited managed care organizations to identify care models for serving dual-eligible beneficiaries. About 40 California organizations responded.

"So it seems like a good time to talk about what might be the main issues," Harbage said. "The goal of today's event is to see what needs to happen here."

The conference brought most of those 40 organizations together to discuss their ideas -- and to address possible conflicts.

"For too long, people have been experiencing fragmented care," Melanie Bella, director of CMS' Federal Coordinated Health Care Office told conference attendees. "We're not looking for a carve-out or to pass the buck from one department to another. We want to figure out, 'How do you really integrate care?'"

CMS has several demonstration projects in play through its innovation center, she said, for just that reason. "Over time, those [projects] will lead to cost efficiencies, will drive cost efficiencies," Bella said.

"People [in health care policy] are trying to grab any cost savings they can find," she said, "and this population is a huge bull's-eye."

Protecting Consumers

Kevin Prindiville, deputy director of the National Senior Citizens Law Center, said the road toward dual-eligible conversion has some potholes to avoid.

"This could be the best of both worlds," Prindiville said. "It could provide the most access to continuing services. And what's most exciting about this effort is identifying areas where costs could be brought down while care is improved.

But, he said, advocates for seniors and people with disabilities want to make sure that dual-eligibles' rights don't get swept away in the managed care push.

"The first concern is choice," Prindiville said. Beneficiaries should have some input in how they receive care, where they get that care and from whom they receive it, he said.

Beneficiaries also should have "the right to decide who will be part of the medical team," Prindiville said.

Above all, the conversion must be to a beneficiary-centered model, Prindiville said. "It's such a high-needs population, and so heterogeneous," he said. "Really, the whole process needs to focus on the beneficiary -- how to improve the life and care of the beneficiary."

When taking on a change of this size and scope, he said, it can be easy to slip into a way of doing things geared toward providers and plans.

"The networks need to be built around the person, with the beneficiary at the center," Prindiville said. "Not the plan and its relationships with providers."

Prindiville is concerned about the balance of care versus cost savings. "Oversight and monitoring are important to identify gaps in the system," Prindiville said. "We need models of care that incentivize keeping people in the community. And if Medicare dollars are blended, we need to make sure that Medicare doesn't just replace Medicaid dollars, but that the money [saved] is put back into the system of care."

If the move to managed care really does benefit dual eligibles, he said, then the beneficiaries will want to join the movement. The state is looking at passive enrollment in which dual eligibles are moved into managed care plans but then have the choice to opt out.

It's the approach being used with the dual-eligible patients currently receiving adult day health care as a Medi-Cal benefit.

"It should not be a passive enrollment approach, but truly voluntary," Prindiville said, "so people choose to opt into it. It doesn't make sense to start with enrollment, but rather, what's the model of care, and how do we get people to enroll in it?"

Greater Good

Organizations at the conference presented their plans for providing better care while saving the state money.

CareMore, a statewide health plan specializing in seniors, covers patients with chronic conditions and special needs, including about 6,000 dual eligibles.

"We realize how important the medical model is," CareMore's Leeba Lessin said. "We see that medicine is spending 75% of its expenses on 15% of the population, largely because of lack of coordination. So at CareMore, we redesigned the system in a fairly dramatically different way."

Part of the redesign involves new ways to approach preventive care. "We're not preventing diseases like diabetes, but we are trying to prevent the results of that disease," Lessin said.

For instance, she said, diabetic patients at Care More have their feet checked once a month. "We have 60% less than the national average in diabetic amputations," Lessin said.

Discussion and planning -- including presentations at the conference -- are leading to a "stakeholder working process" expected to be defined this fall, according to DHCS.

"We want to have an interactive discussion over the coming months," Douglas said. "The fact that we've never done [something like this before] doesn't mean we shouldn't do it."