LA Times Responses

1. Why has there been such a gaping hole in preventative services for kids in California, and how did we get to this point?

DHCS Response: DHCS is committed to improving and expanding health care access for children in California. The struggles California has experienced in providing preventive services are not new and not unique to our state, including provider shortages, especially in some of the rural and central valley regions of California, workforce shortages, and global under-investments in primary care. These long-standing trends were further compounded by the COVID-19 public health emergency, which resulted in large backlogs of children who needed to catch up on preventive services, a worsening crisis in the health care workforce, and limited additional capacity for pediatric services.

In response to these universal challenges, California has made historic investments and launched new initiatives across the California Health & Human Services Agency (CalHHS) that, when combined, look to lift our youngest Californians and allow them to be healthy and to thrive, which in turn lifts entire families and neighborhoods. DHCS' work includes initiatives to support family health and wellness through investments to expand access, including the use of telehealth, to developmental screenings, behavioral health services, and Medi-Cal benefits that support a family-centered approach, such as the addition of doulas and community health workers, and adding dyadic services where the focus of these services is on meeting the needs of the child while providing supportive services to the parent/caretaker. Please see below for more information.

Governor Newsom's Master Plan for Kids' Mental Health: A $4.7 billion investment so every Californian aged 0-25 has increased access to mental health and substance use supports.

Medi-Cal Strategy to Support Health and Opportunity for Children and Families: Providing a comprehensive vision of children's health investments, Medi-Cal's Strategy to Support Health and Opportunity for Children and Families outlines key policy developments and how they fit together, and new strategies to establish greater accountability for the care provided to children.

Comprehensive Quality Strategy (CQS): Assesses the quality of care that all Medi-Cal members receive, regardless of delivery system. The CQS includes the ambitious Bold Goals 50x2025 initiative that includes focused initiatives around children's preventive care, behavioral health integration, and maternity care, focusing particularly on health equity within these domains.

Medi-Cal for Kids & Teens (also known as Early and Periodic Screening, Diagnostic, and Treatment [EPSDT]): Requires the provision of services to Medi-Cal enrolled children and adolescents, including check-ups, shots, and health screenings, to keep them healthy from birth to age 21. To help increase awareness of these required benefits for kids, teens, and young adults, DHCS conducted extensive outreach (including brochures for and mailings to members), launched a dedicated webpage, and created materials for both Medi-Cal members and providers, including toolkits and trainings, as well as a dedicated section of the Provider Manual. Also, within the construct of EPSDT, Medi-Cal is required to provide medically necessary services and supports to covered individuals, including treatments for physical, mental, and oral health problems.

Children and Youth Behavioral Health Initiative (CYBHI): Reimagines the systems, regardless of payer, that support behavioral health for all California's children, youth, and their families.

Birthing Care Pathway: The state is developing a comprehensive Birthing Care Pathway to cover the journey of a Medi-Cal member from conception through 12 months postpartum. It is envisioned as a care model with related benefit and payment strategies in Medi-Cal to reduce maternal morbidity and mortality and address significant racial and ethnic disparities in maternal health outcomes. The project will culminate with a public report outlining the policy recommendations for how the state can most effectively reduce maternal morbidity and mortality and address racial and ethnic disparities. The report is expected to be published in summer 2024.

California Advancing and Innovating Medi-Cal (CalAIM): DHCS is implementing a series of reforms to prevent children (and others) from falling through the cracks of multiple delivery systems. Specifically, these changes include a provision that specialty mental health services can be provided during an assessment period even if a child does not have a diagnosis; a "no wrong door" approach to providing children the needed services, regardless of whether they first present to a provider who is part of an MCP or a mental health plan; and a standardized screening process to connect children to the appropriate delivery system for their behavioral health needs. Taken together, these changes will reduce historical barriers to behavioral health care for children and families.

Quality Measures: DHCS in 2022 followed through on its commitment to hold Medi-Cal managed care plans (MCP) accountable for improving health outcomes for their members, an important step in DHCS' sweeping transformation of Medi-Cal. DHCS added multiple quality measures to its 2022 Managed Care Accountability Set (MCAS) specifically focused on children's preventive care, and quality measures related to children now make up the majority of the MCAS. As part of a pledge to increase

transparency and accountability for MCPs, DHCS publicly issued quality measure ratings, with a specific disaggregated look at children's health measures, for all MCPs and required immediate and concrete action from MCPs to improve their quality ratings. These efforts are aimed at improving health outcomes for millions of Californians, including children.

New MCP Contract: In 2024, all MCPs are operating under a new contract to provide quality, equitable, and comprehensive coverage for MCP members. MCPs have new contract obligations for children with special health care needs that require them to implement methods for ensuring care management and care coordination with appropriate programs. For example, there are specific provisions for MCPs to partner with Local Educational Agencies to provide medically necessary behavioral services, including mental health and substance use disorder treatment, across settings, including home, school, and in the community. MCPs will be newly required to provide medically necessary health and behavioral health services in schools and other settings (i.e., at home and in the community) and implement interventions by school-affiliated providers that increase access to preventive, early intervention, and behavioral health services.

MCPs will also be required to review utilization reports to identify members not accessing primary care. DHCS will be able to identify strategies tailored to the reasons for underutilization.

The MCP contract requires MCPs to invest in primary care, as MCPs will be required to report on primary care spending as a percentage of total expenditures to help ensure sufficient investment in upstream and preventive care. Additionally, for the first time, plans will be required to train providers on the EPSDT benefit. Further, MCPs will be expected to ensure that their Community Advisory Committee membership reflects that of the health plan and the county being served, including children (or parents/caregivers of children) and adolescents.

Lastly, through a series of initiatives, DHCS is strengthening requirements and holding MCPs accountable for coverage of Medi-Cal services provided to children and youth in school-based settings. For example, in January 2024, DHCS launched the first cohort of the CYBHI multi-payer fee schedule program, which obligates Medi-Cal MCPs, Medi-Cal fee-for-service (FFS), commercial health plans, and disability insurers to reimburse eligible school-linked providers for the provision of behavioral health services to a student under the age of 26 at a school site. Starting in January 2025, as part of its contract with Medi-Cal MCPs, DHCS is further expanding access to school-based Medi-Cal services, including preventative services for children in transitional kindergarten-12 settings.

2. Why have young kids (0-5) in particular fallen through the cracks in the Medi-Cal system, and is it something particular to the way the plan payments are structured?

DHCS Response: There are several root causes that make effectively serving the 0-5 population more challenging than older populations who attend school and have other touch points with educators and school clearance processes that help ensure children are up to date with preventive care, such as vaccinations and well-child visits. DHCS has identified and is addressing many of these challenges. Our recent participation in the CMS Infant Well-Child Visit Learning Collaborative demonstrated that many infants were receiving infant well-child visits, but because these visits occurred while they were on their parents' Medi-Cal number, these visits were not reflected in our data. The Newborn Hospital Gateway initiative will enable these infants to get their own Medi-Cal number in a timely way. Additional requirements in the new DHCS MCP contracts also require MCPs to establish memorandums of understanding (MOUs) with entities, such as First 5 Associations and Local Health Jurisdictions, to strengthen relationships with other programs that serve the 0-5 population.

This is a constant work in progress, and the Newsom Administration has been a leader in advancing equity, quality, and accessibility in our health programs, improving the state's health care delivery system to ensure Californians can get the right care at the right time in the right setting. However, we have much more work ahead of us to bridge systems and blend and braid programs and services to better serve the needs of the whole child.

3. How does the state justify paying for medical insurance for care that families haven't been able to access?

DHCS Response: The capitated payments DHCS makes to MCPs serve as the medical insurance "premium" for all covered services under the MCP contract, not just for preventive services. Capitation rates are developed in accordance with actuarial standards to provide for all reasonable, appropriate, and attainable projected costs under the MCP contract.

Access to care is a critical requirement in the 2024 MCP contract. Through the new contract, we increased our expectations for MCPs' roles in providing access across the continuum of care, including to social services. This includes additional requirements around care management services, new Transitional Care Services requirements to reduce discharge risk from institutional settings, and implementation of Enhanced Care Management, Community Supports, and newly carved in long-term care benefits. In addition, to better coordinate services and help address social drivers of health, MCPs are responsible for coordinating health and social services between settings of care,

across delivery systems and programs, even if they are carved out of managed care. DHCS requires MCPs to have MOUs with local health departments and other local programs and services, such as child welfare departments, Women, Infants, and Children (WIC) Supplemental Nutrition Programs, and Regional Centers that serve individuals with developmental and intellectual disabilities.

DHCS continues to conduct network adequacy reviews annually, and began conducting reviews of MCPs' delegated networks. Moreover, DHCS submitted a State Workplan for Access Improvement to the Centers for Medicare & Medicaid Services to strengthen monitoring and oversight of plans to improve member access to care in the Medi-Cal managed care, dental managed care, specialty mental health services, and Drug Medi-Cal Organized Delivery System delivery systems. Lastly, DHCS has worked since April 1, 2023, to get the word out to families to renew their Medi-Cal coverage so they can continue to receive quality, equitable preventive services.

DHCS restructured and overhauled the 2024 MCP contract to transform Medi-Cal managed care to improve equity, quality, access, and transparency. Through the MCP contract, DHCS raised its expectations of plans in the Medi-Cal program to better reflect DHCS' intention to hold all plan partners and their subcontractors more accountable. We are implementing our transformational policies to improve the health outcomes of millions of California's children and families and look forward to the California State Auditor's continued oversight and support.

4. Did you think that the state audits were fair and pointed out problems the department needed to fix?

DHCS Response: In the 2022 CSA audit report, CSA issued eight recommendations for DHCS. DHCS agreed with all but one of CSA's recommendations and prepared corrective action plans for implementation. DHCS also noted certain inaccuracies in CSA's audit report.

Preventive health services for children in Medi-Cal is a priority for DHCS, but when the CSA audit was issued in 2022, DHCS and our partners were focused on appropriate response to the unprecedented COVID-19 public health emergency as well as its impending end and unwinding to ensure minimum disruption to the more than 15 million Californians who rely on DHCS for their vital health services.

We previously responded to your questions about the status of DHCS' work in implementing CSA's recommendations.

5. Why did the state not implement the recommendations immediately after the first audit? Why did it take a follow-up report from the state auditor three years later?

DHCS Response: DHCS took an active role in addressing CSA's March 14, 2019, report recommendations. Out of the 14 recommendations issued, DHCS fully implemented six, partially implemented seven, and disagreed with one. The eight recommendations not fully implemented are what is reported in the CSA September 13, 2022, report. For this report, Recommendation 1 was fully implemented in July 2022 and closed by CSA.

Recommendations 2-6 are fully implemented as of September 2023. DHCS is implementing these recommendations through stronger monitoring of various key performance indicators in the Population Health Management (PHM) program, conducting annual encounter data validation assessments, health disparities reporting, and a preventive services report that allows DHCS to track and monitor improvement across various quality performance measures. Additionally, the External Quality Review Organization (EQRO) provides recommendations that are monitored by the state. EQROs review MCPs to ensure quality care is being provided to members through a series of activities (information about EQRO projects and activities is available here). The results yielded from these activities are analyzed, and recommendations are provided to better manage MCPs. The recommendations can take time to operationalize depending upon the changes needed.

Additionally, for recommendation 7, which is partially implemented, DHCS is in the process of completely transferring responsibility to the EQRO for reviewing provider directories. As a parallel process, DHCS continues to use the existing manual process to review provider directories and provide plans with necessary feedback when issues are identified.

6. Can you walk me through the biggest steps you've taken so far that you believe will change the situation?

DHCS Response: As described above, a multi-pronged approach that aims to improve funding, raise Medi-Cal rates to providers, continue loan repayment programs to increase the Medi-Cal workforce, improve the quality of data and monitoring of children's preventive services, and increase transparency with publicly reported data and improving accountability for MCPs required to provide these services are all critical. In addition, DHCS has reorganized its own internal process, including centralizing and elevating its new Quality & Population Health Management Program, and hired a dedicated Children's Health Champion on its executive team.

Often though, the levers that achieve the fastest improvements are those tied to payment, so the biggest impact will likely come from a combination of financial sanctions (penalties) that DHCS has levied against MCPs failing to provide high-quality care, as well as the additional value-based payments DHCS has tied to children's preventive care measures through its new Quality Withhold program and other directed payment programs. In addition, DHCS has received feedback in the past about low reimbursement rates, especially for primary care, so the new Targeted Rate Increases as a part of the Managed Care Organization Tax that went into effect on January 1, 2024, will bring all pediatric primary care reimbursement rates to 87.5 percent of Medicare and will support pediatric providers to expand and improve their services. Additionally, as part of the Governor's 2024-25 Budget, DHCS is proposing additional rate increases, effective January 1, 2025, for primary care.

Furthermore, DHCS is transforming Medi-Cal to ensure Californians get the care they need to live healthier lives. Medi-Cal members have growing access to new and improved services to get well-rounded care that goes beyond the doctor's office or hospital and addresses all physical and mental health needs. These changes are part of a broad transformation of Medi-Cal to create a more coordinated, person-centered, and equitable health system that works for all Californians.

DHCS has undertaken several initiatives, including the new 2024 MCP contract, as described above. Over the coming years, DHCS will continue to drive quality of care improvements, streamline and reduce complexity, and build upon equity-focused, data-driven, and whole-person care through the Behavioral Health Continuum Infrastructure Program to improve access to community-based behavioral health treatment and offer Medi-Cal covered doula, community health worker, and dyadic services while following DHCS' CQS.

To learn more about the goals of DHCS' groundbreaking changes and how they will positively impact Medi-Cal members, please visit the Medi-Cal Transformation Goals webpage. To learn more about how the change in the 2024 Medi-Cal MCP will help drive these transformational changes, see the Medi-Cal MCP Transition webpage.

7. What are the remaining barriers to accessing preventative care for young children with Medi-Cal, and what is the sense of urgency?

DHCS Response: As DHCS has shared publicly and with providers and plans in multiple forms, improving children's preventive care is one of DHCS' top priorities and is reflected across all CalAIM and other initiatives. Addressing challenges, such as provider and workforce shortages, are not overnight remedies, and will require continued support and collaboration across the state.

DHCS is setting higher standards of care and requiring greater accountability for children's health outcomes from our health plan partners through our new Medi-Cal MCP contract and enforcing new contract provisions. Additionally, we have begun to drive greater connection between disparate systems—health care, public health, and social services—allowing us to improve how we work together across siloes while delivering better results for children and families.

8. How much money does Medi-Cal pay a plan per year to insure a 0–5-year-old child?

DHCS Response: MCPs are paid on a capitated (per-member, per-month) basis. MCPs receive separate and distinct rates for members in different population-based rating categories. The rating categories reflect broad eligibility groupings, such as "Child", "Adult", "Seniors and Persons with Disabilities", and so on. Most children aged 0-5 are included within the "Child" rating category. However, there are children aged 0-5 that are included within the Whole Child Model (WCM) rating category (for members with California Children's Services-eligible conditions) and small numbers of children aged 0-5 in other rating categories.

The rates for each rating category vary by MCP and rating region as rate setting takes into consideration historical cost and utilization data along with other relevant data on an annual basis. The rates cover all services under the MCP Contract, with limited exceptions, such as hospital and emergency department care, professional services, laboratory and radiology services, transportation services, and so on.

Individual base rates by rating category paid to MCPs are available on the Open Data Portal by searching for "Capitation Rates"; currently, data is available through the Calendar Year 2022 rating period.

9. How many children 0-5 are covered by Medi-Cal? What percentage of the state's total 0–5-year-old population does this represent?

DHCS Response: As of September 2023, Medi-Cal covered 1.4 million children ages 0-5, representing approximately 55 percent of California's total population of children ages 0-5.