



Now is the Time to Lead

Cindy Ehnes

Director

Department of Managed Health Care

for

Health Industry Collaboration Effort

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The California Marketplace

- 105 Knox-Keene health plans
- 20.8 million enrollees in full service plans
- Kaiser – 6.8 million enrollees
- 220 provider groups with 6 million enrollees
- Approximately 400 hospitals contracting

As of November, 2008





No Lack of Complex Issues!

Health Plans:

- Dual regulation encourages forum shopping
- Need for affordable product innovation
- Modernizing regulation

Providers and RBOs:

- Enforcement of the “Provider Bill of Rights”
- Financial oversight of groups
- Preservation of the California delegated model (capitation)
- Language assistance requirements

Consumers:

- Unregulated discount plans
- Balance billing of patients
- Rescission practices and settlement offers
- Affordability

Welcome to California





Welcome to California

Ten Commandments for Good Regulation

- **Keep lines of communication open to all**
- **Understand market trends to guide policy**
- **Train and educate staff and industry**
- **Utilize risk-based review**
- **Implement information technology solutions**
- **Streamline procedure to reduce costs**
- **Coordinate with other agencies to reduce duplication and policy confusion**
- **Consider budget and policy impacts**
- **Maintain strong legislative presence**
- **Focus, focus, focus on customer service**





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Fair Claims Initiative – Fall 2008

- Re-evaluate R&C methodologies for non-contracted ER services
- Re-direct resources to those who pay unacceptable rates:
 - Audits
 - Investigations
 - Enforcement Actions
- Provider Complaint Unit to expedite resolution of claim payment violations
- Enhance methods to get more timely, pertinent, and accurate claims data from payers
- Increase outreach to providers and consumers
- Work collaboratively to make IDRPs a more useful process





Mental Health Parity - Autism

The Regulatory response to date:

- Identify access barriers to diagnosis and services
- Use IMR to resolve ABA issues
- Ensure that EOCs properly reflect the law
- Engage the health plans for collaborative system solutions
- Revise the survey tool to incorporate issues identified through the Workgroup collaborative efforts
- Schedule surveys of five behavioral health plans starting in late 2008
- Resolve pending legal concerns re: educational vs. medical, non-licensed care

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Non-Payment to Hospitals for 'Never' Events

- **Transparency and quality are essential**
- **Preventable medical errors, such as leaving an unintended foreign object inside a surgical patient, are no longer tolerable.**
- **Responsible for as many as 98,000 deaths annually, at costs of up to \$29 billion.**
- **The DMHC has reviewed and conditioned one health plan's filing for a hospital contract that will limit payments for Never Events.**
- **Such contracts must demonstrate that the event is preventable and within control of the hospital.**





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DMHC 'Right Care' Initiative

- Convened national and state quality experts, as well as health leaders
- Develop focused strategies to improve quality scores in three areas:
 - Hospital-acquired infections
 - Diabetes Care
 - Heart Disease Care
- First awards given to Kaiser (1st) and Anthem Blue Cross (Hon. Mention)





Timely Access to Care

- **Series of stakeholder workshops held in September 2008, to reconcile adverse positions.**
- **Voluminous stakeholder input guides the forthcoming new proposed regulations, to balance stakeholder concerns and achieve the legislative intent.**
- **These new regulations are likely to combine both performance standards and prescriptive time-elapsed standards to address consumer concerns.**
- **As a result of the extensive advance work done during the informal process, the regulation may be in effect in late Spring 2009.**

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Discount Plan Oversight

- **Enforcement actions:** Cease-and-Desist Orders to stop consumer rip-offs by fraudulent discount plans
- **Licensing:** Only legitimate plans will get a license to sell in California.
- **Regulation development:** Will contain protections for consumers:
 - Fair marketing of discount health plan contracts
 - Bona fide discounts
 - Provider networks with no “Silent PPO” contracts
 - Grievance systems, cancellation and termination protections
 - Language assistance
 - No deception about “insured” products





California will be the First State to offer Language Assistance to All!

- **DMHC and ICE have engaged in an unusual collaborative effort with consumers.**
- **All plans must “go live” to implement their approved programs by January 1.**
- **As of 10/24, 71 of the 80 plan filings received have been approved by the DMHC.**
- **Two (both specialty plans) are delinquent and have been referred to Enforcement.**

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Our Healthcare Vision

- A healthcare system that affords comprehensive health benefits to its population
- A system that provides timely, efficient, effective, patient centered, safe, equitable care
- A system that recognizes the inherent value and personal dignity of each individual





Will the HMO Coordinated Care Model Survive this Turbulence?

- **Economic slowdown will greatly affect health care, with a substantial decline in employer-based coverage affecting small and large businesses.**
- **The high cost of coverage makes health care unaffordable to many Americans, but also makes the solution unaffordable.**
- **CDHP growth is relatively modest, but the economic slowdown may boost HDHP and more restrictive managed care.**
- **More aggressive wellness efforts on the part of employers are important.**
- **More aggressive cost containment is essential.**





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Comprehensive Health Benefits are worth the Fight

- **HMO benefits better insulate consumers financially.**
- **Creating a culture of clinical excellence is the very best approach for the future competitiveness of the integrated care model.**
- **The “new” concept of ‘Medical Home’ is the CA coordinated care model.**





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Thanks to ICE for Its Leadership!

- Language Assistance Program
- AB 1324 – Post-Authorization Rescissions
- Utilization Mgt Shared Auditing
- Claims Auditing and Reporting Changes
- DMHC Timely Access Regulations (when promulgated)
- Risk Adjustment Reporting
- Appeals and Grievances Medicare Templates and Grievance Benchmarking





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Department of Managed Health Care

www.dmhc.ca.gov

Announcements

- Major actions and activities of the DMHC (enforcement actions, public hearings)

Laws

- Knox-Keene Act and DMHC regulations
- Pending regulations, public hearings, and opportunity to comment

Provider Claims Issues

- Provider complaint system
- Independent Dispute Resolution Process
- Related statistics

