

California Department of Managed Health Care Update

December 3, 2018

Mary Watanabe, Deputy Director
Health Policy and Stakeholder Relations



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DMHC Mission Statement

The California Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system.



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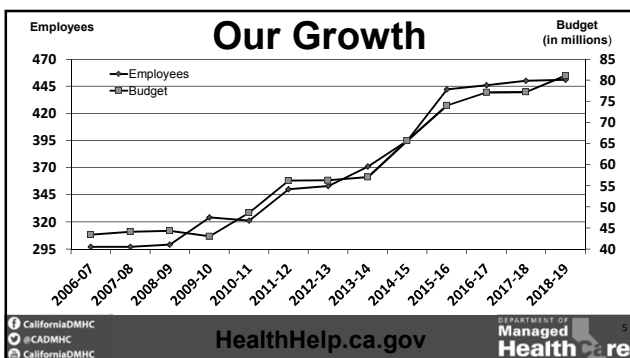
Our Accomplishments

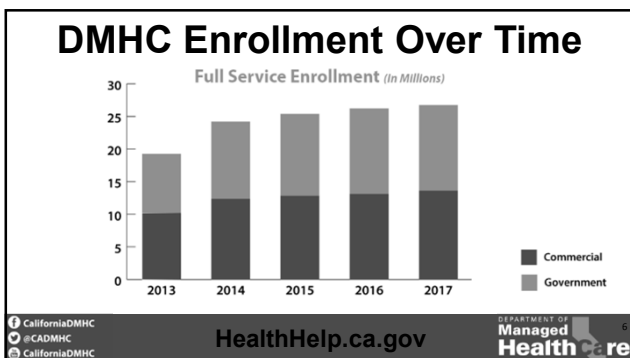


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- ### DMHC Priorities
- Provider Directories
 - Timely Access to Care
 - Prescription Drug Costs (SB 17)
 - Oversight of Delegates
 - Mergers & Acquisitions
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- ### Provider Directories
- SB 137 (Hernandez)
 - Set standards for provider directories
 - Uniform Provider Directory Standards
 - Initial standards released: December 31, 2016
 - Compliance date: January 1, 2018
 - Final Regulations: January 1, 2021
 - Provider Directory Utility
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Timely Access to Care

- MY 2017 Report
- MY 2018 Data Collection
- MY 2019 Improvements

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SB 17 (Hernandez) Prescription Drug Costs

- Health plans must report by October 1, 2018 and annually thereafter to the DMHC:
 - 25 most frequently prescribed drugs
 - 25 most costly drugs by total annual spending
 - 25 drugs with highest year-over-year increase in total annual spending
- DMHC will issue a report to Legislature with aggregate data beginning January 1, 2019 and annually thereafter

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Oversight of Delegated Entities

- Holding plans accountable for the behavior of their delegates
- “Delegates” broadly defined
 - Includes all entities that are delegated responsibility for Knox Keene Act-regulated functions, not just RBOs
- Evaluating revisions to survey and exam processes
- Evaluating needed statutory and regulatory revisions

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Mergers & Acquisitions

- **Merger Mania 2.0**

- Optum/DaVita
- CVS/Aetna
- Cigna/Express Scripts

- **Impact of AB 595**



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Regulations - 2018

- Risk and Restricted License (General Licensure)
- Average Contracted Rate Methodology (AB 72)
- Risk Bearing Organization (RBO) Requirements (Financial Solvency)
- Cancellations, Rescissions and Non-renewals (AB 2470)
- Standard Formulary Template (SB 1052)



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Regulations – 2019 and Beyond

- Timely Access Methodology
- Large Group Rates (SB 546) and Prescription Drug Cost Transparency (SB 17)
- Provider Directories (SB 137)
- Prescription Drug Tiering (AB 339)
- Out-of-Pocket Maximum Tracking



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2018 Enacted Bills Summary

- AB 1092 (Cooley) – Vision Care Service Plans
- AB 1860 (Limón) – Oral Anticancer Medications
- AB 2193 (Maienschein) – Maternal Mental Health
- AB 2499 (Arambula) – Medical Loss Ratio Requirements
- AB 2674 (Aguiar-Curry) – Provider Complaints


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2018 Enacted Bills Summary

- AB 2863 (Nazarian) – Prescription Drug Cost-Sharing
- AB 2941 (Berman) – States of Emergency
- SB 910 (Hernandez) – Short Term Health Insurance
- SB 997 (Monning) – Physician to Enrollee Ratios
- SB 1021 (Wiener) – Prescription Drug Tiers & Cost-Sharing
- SB 1375 (Hernandez) – Small Employer Groups


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


AB 315 (Wood) Pharmacy Benefit Managers

- DMHC Task Force
 - Convene by July 1, 2019
 - Determine reporting criteria for PBMs/plans
 - Report to Legislature by February 1, 2020
- Contracting requirements for PBMs/plans
 - Effective January 1, 2020
 - Includes registration of PBMs with DMHC


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AB 315 (Wood)
Pharmacy Benefit Managers



- Pilot Project
 - Effective January 1, 2020 for pharmacy services provided in Sonoma and Riverside counties
 - Plans or their contracted PBMs may not restrict quantities to be dispensed at retail locations if they allow larger quantities to be dispensed by a pharmacy owned or controlled by the plan/PBM
 - Plans will report changes in utilization resulting from this pilot project and the DMHC will issue a report by December 31, 2022


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AB 315 (Wood)
Pharmacy Benefit Managers



Business & Professions Code Provisions:

- Requires pharmacies to inform customers of lower retail price option and submit claims to the plans and insurers in the same manner as cost-sharing, if retail price is paid
- Payments must be applied to the deductible and out-of-pocket maximum
- Establishes various contracting requirements between PBMs and purchasers (excluding Knox-Keene plans), including reporting of specified cost/rebate metrics


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AB 595 (Wood)
Mergers and Acquisitions

- Expands DMHC's oversight of mergers
- For "major" transactions, DMHC will:
 - Conduct an independent impact analysis
 - Issue a statement describing the transaction
 - Hold a public meeting
- Transaction may be disapproved based on anti-competition findings
- Merging health plans are responsible for reimbursing the costs of merger review


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SB 1008 (Skinner) Dental Plan Disclosures

- Effective the later of January 1, 2021 or 12 months after regulations are adopted, a plan that covers dental services is required to utilize a uniform benefits and coverage disclosure matrix
- The dental plan matrix must include:
 - Annual deductible
 - Annual benefit limit
 - Coverage for the following categories: preventive/diagnostic services, basic services, major services, orthodontia services
 - Reimbursement levels and estimated enrollee cost-share for services
 - Waiting periods
 - Examples to illustrate coverage of commonly used benefits


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Additional Bills

AB 1810 (Committee on Budget)

- Establishes a Council on Health Care Delivery Systems
- Charges Covered California with developing options for providing financial assistance to help low- and middle-income Californians access health care coverage
- Charges OSHPD with developing a Health Care Cost Transparency Database

AB 2472 (Wood)

- Requires AB 1810 Council to analyze the feasibility of a public health insurance plan


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Questions

Mary Watanabe
 Deputy Director, Health Policy and
 Stakeholder Relations
Mary.Watanabe@dmhc.ca.gov
 (916) 324-2560


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