L.A. Care Health Plan
John Baackes, CEO

Hospital Association of Southern California
2018 Annual Meeting
What’s next for Medi-Cal?
How to live and thrive in LA with Medi-Cal and Covered California
L.A. Care Membership

Since the ACA was implemented, L.A. Care has almost doubled in size and taken on higher risk populations.

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Enrollment (March 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medi-Cal</td>
<td>2,056,571</td>
</tr>
<tr>
<td>L.A. Care</td>
<td>(1,053,341)</td>
</tr>
<tr>
<td>Subcontracted Plan Partners</td>
<td></td>
</tr>
<tr>
<td>Anthem Blue Cross</td>
<td>(456,151)</td>
</tr>
<tr>
<td>Care 1st</td>
<td>(347,503)</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>(199,576)</td>
</tr>
<tr>
<td>L.A. Care Covered</td>
<td>71,180</td>
</tr>
<tr>
<td>Cal MediConnect</td>
<td>15,411</td>
</tr>
<tr>
<td>PASC-SEIU</td>
<td>49,921</td>
</tr>
<tr>
<td>Total</td>
<td>2,193,083</td>
</tr>
</tbody>
</table>
Since the 2016 election, the additional enrollees since the ACA was implemented are threatened

• Repeal and Replace of the ACA failed
  o Future funding in jeopardy – current growth rate unsustainable
  o There has been no recession since the 2014 implementation to test California’s capacity to support the local share for the expanded population

• Termination of CSRs and the Individual Mandate threaten to destabilize Covered California
  o CSR termination factored into 2018 rates…cushioned by APTC
  o Impact of Individual Mandate elimination untested until 2019
2016 Megal Rule published by CMS

• Will change how public and private hospitals receive supplemental payments
  o HQAF, EPP, QIP, etc.

• Currently Medi-Cal Managed Care plans distribute funds regardless of contractual status but do not determine amounts

• To comply with new regs California is proposing payments go to plans who pay hospitals with contracts with the plan
  o NO MMC Plan contract NO $$

• Calculation of payments will rely heavily on encounter data
  o Incomplete encounter data submissions will jeopardize the amount a hospital receives
Strategic Initiatives to Mitigate Threats

Reimbursement compression

• Value-based contracting between plans and Medi-Cal in the future

• L.A. Care has introduced Value Initiative for IPA Performance to prepare IPAs and other contracted medical groups by improving their performance on a set of measures likely to be incorporated in Value-based contracting.
  o Access and Availability
  o 17 HEDIS measures
  o CAHPS
  o Five utilization metrics around hospital and ER use
  o Timeliness of encounter data submission
Example VIIP Scorecard


<table>
<thead>
<tr>
<th>Domain</th>
<th>Domain Score*</th>
<th>Points</th>
<th>Final Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access and Availability</td>
<td>N.R.</td>
<td>25</td>
<td>N.R.</td>
</tr>
<tr>
<td>HEDIS</td>
<td>0.483</td>
<td>25</td>
<td>12.08</td>
</tr>
<tr>
<td>Member Satisfaction</td>
<td>0.938</td>
<td>20</td>
<td>18.76</td>
</tr>
<tr>
<td>Utilization</td>
<td>0.453</td>
<td>15</td>
<td>6.80</td>
</tr>
<tr>
<td>Encounter Timeliness</td>
<td>1.000</td>
<td>15</td>
<td>15.00</td>
</tr>
</tbody>
</table>

Points Earned out of Total Possible 75

52.64

Prior Year (Report Year 2016 Measurement Year 2015)

Current Year (Report Year 2017 Measurement Year 2016)

| Percent Score | 29.86% | 70.19% |
| Total Rank    | 16     | 2      |

Out of 56 Groups
Out of 56 Groups
Value Initiative for IPA Performance (VIIP)

VIIP 2017 Results

VIIP: Reporting Year 2017 Final Overall IPA Performance Score (%)

Color | % | Rank | Tertile
--- | --- | --- | ---
Green | 30% - 91% | 1-20 | Upper
Orange | 23% - 30% | 20-39 | Middle
Blue | 0%-23% | 40-58 | Lower
Strategic Initiatives to Mitigate Threats

Direct contracting with MDs

• L.A. Care has been a delegated model exclusively until 2016 – 58 separate delegated entities
  o All are measured in the VIIP

• Began direct contracting to provide additional access in underserved areas in 2016
  o 273 providers contracted and growing
  o Offers opportunity to reduce admin costs and provide more $$ for providers
Strategic Initiatives to Add Value to Members and Providers

Family Resource Centers

• Centers for health and wellness in the community

• L.A. Care currently has five Family Resource Centers (FRCs) located in Lynwood, Inglewood, Pacoima, Boyle Heights and Palmdale

• Goal is to have a total of 13 FRCs by end of 2020

• FRCs offer free
  – Health education classes
  – Exercise classes
  – Health screenings
  – Health coverage information
  – Plan to offer additional services including Case Management and Disease Management
Strategic Initiatives to Add Value to Members and Providers

In-Home Supportive Services + Home Care Integration Training

- L.A. Care sponsored California Long-term Care Education Center (CLTCEC) to provide the IHSS+ Home Care Integration Training Program, a 10-week course that prepares IHSS providers in:
  - CPR/first aid
  - Infection control
  - Nutrition and diet
  - Body mechanics
  - Model of care and communication with health care providers, including participation in interdisciplinary care team meetings

- Accomplishments since launching in July 2017:
  - 17 classes over 2 trimesters
    - Taught in 5 languages (Armenian, Cantonese, English, Mandarin, Spanish)
    - Taught in 9 communities across L.A. County
    - Most recent trimester had a 96.66% attendance rate and an 87% completion rate
  - Trained 579 IHSS Providers
    - These providers care for 696 L.A. Care members
Strategic Initiatives to Add Value to Members and Providers

Community Investment
Since 2000, L.A. Care’s Community Health Investment Fund (CHIF) has funded about 500 projects for over $66 million, benefitting over 135 community clinics, CBOs and the L.A. County Departments of Health Services and Public Health.

Recent Highlights:
• $20M long-term investment to support homeless housing (over five years)
• $554K to 26 community health clinics for adaptive medical equipment
• Grants to seven agencies to support CalFresh enrollments and assist with Earned Income Tax Credits
• Funding for CHIRLA and CARECEN to provide legal education and services for immigrants
Strategic Initiatives to Add Value to Members and Providers

Transforming Clinical Practice Initiative (TCPI) is a $685 million CMS program to help 140,000 clinicians nationwide improve quality of care, increase patients’ access to information, and spend dollars more effectively.

- TCPI aims to achieve several nationwide quality improvement goals:
  - Transform 140,000 clinicians’ practices
  - Improve health outcomes
  - Reduce unnecessary hospitalization
  - Save $1-$4 billion
  - Reduce unnecessary testing and procedures
  - Transformation includes practice readiness for Value Based Payments
  - Build practice transformation evidence base

- In 4Q 2015, L.A. Care received $16 million over four years to help 3,200 L.A. County clinicians serving more than one million patients improve diabetes and/or depression outcomes and transform their practices.

- In 2.5 years, the L.A. Care program is already meeting target points for several diabetes and depression related clinical measures and producing tens of millions of dollars in cost savings.
Strategic Initiatives to Add Value to Members and Providers

Los Angeles Network for Enhanced Services (LANES) is a nonprofit health information exchange (HIE) organization for L.A. County that allow participating physicians, health care facilities, hospitals and other health care providers to efficiently share patient medical information.
To Live and Thrive in LA with Medi-Cal and Covered California

• Plans, providers and regulators will need a new level of communication and trust based on data sharing and transparency
  o HIEs must be embraced and provide value to providers

• Simplification of contractual structures and accountability will be critical
  o Less delegation and sub-delegation

• Interoperability between providers and payers is essential to eliminate waste, errors and frustration for patients and providers
  o If the financial industry can provide the ability for a consumer to access cash, account balances and make deposits from any ATM on the planet regardless of the consumers’ home bank...why can’t health care get into the 21st century?