MEDI-CAL – FUTURE DIRECTION AND DPH OPPORTUNITIES

6.16.2025 San Francisco Health Commission

Goals

- Provide high-level overviews of:
  - Medi-Cal
  - Funding summary
  - Medi-Cal managed care
  - Directed payments
  - Cal-AIM
- Outline DPH reimbursement opportunities
- Summarize key federal changes in Medicaid

Medi-Cal Overview

- Largest Medicaid program in United States
- Covers roughly 37% of all Californians - 14.7 million beneficiaries (as of March 2025)
- Funded through a combination of federal and State/County governments (federal rules and regulations)
- Pays for more than 50% of all births in California
- State-wide delivery models are:
  - Fee-for Service (6% of Medi-Cal beneficiaries)
  - Managed Care (94% of Medi-Cal beneficiaries)

SFHN Funding Summary (FY 2025-26)

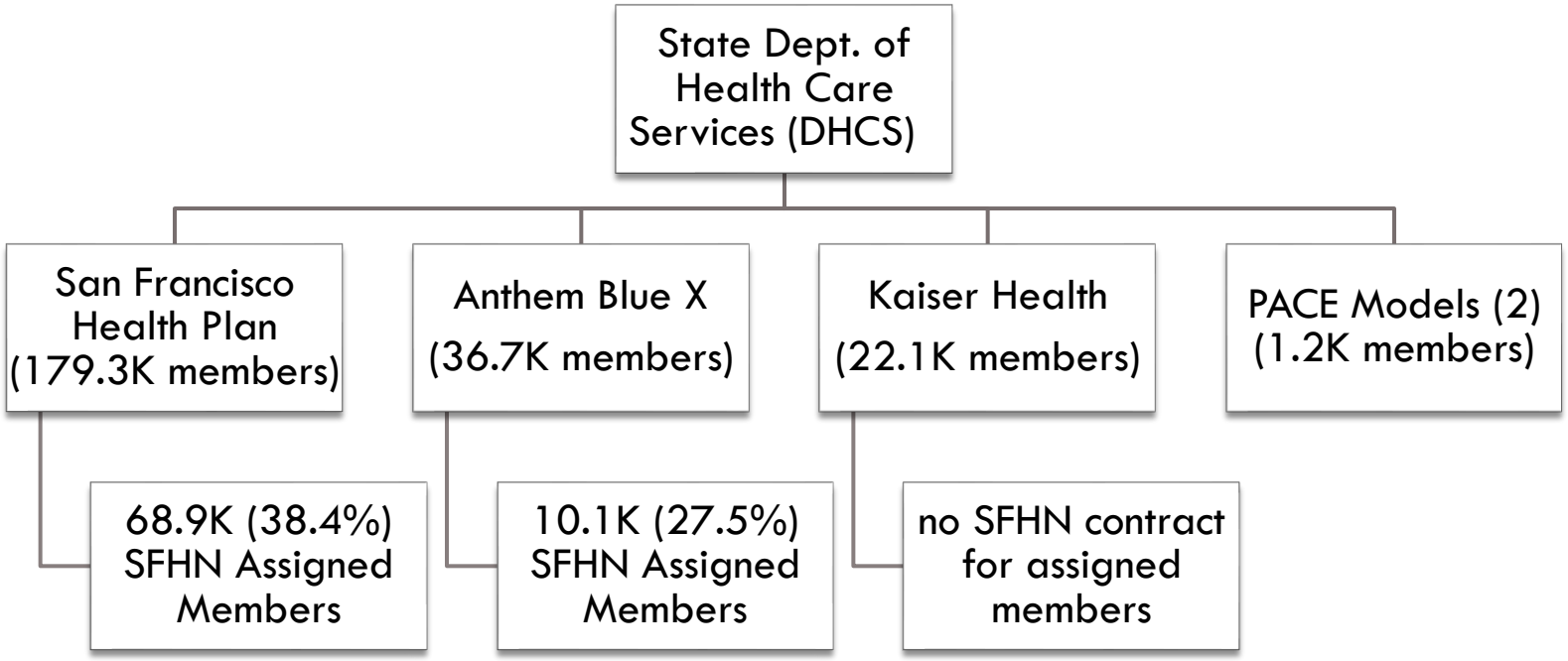
Not fee for service

Funding Source	Amount
1115 Waiver (Medi-Cal)	
- Global Payment Program (expires 12.31.2026)	$115.4M
State Directed Payments	
- Enhanced Payment Program (annual CMS renewal) - Quality Incentive Pool (annual CMS renewal)	$79.0M $87.2M
Medi-Cal Supplementals	
- Assembly Bill 915 (Fee-For-Service [FFS]) - Distinct Part/SNF (Medi-Cal Managed Care) - Medi-Cal Administrative Activities (FFS) - Rate Range (Medi-Cal Managed Care)	$11.1M $85.1M $9.1M $27.2M
Patient Revenue	
- Medi-Cal (FFS and Capitation) - Medicare - Private/Commercial - Healthy Workers	$509.5M $266.1M $129.8M $79.3M
Total	**$1,398.8M**

Note: This does not include all Medi-Cal funding that SFDPH receives (e.g., Behavioral Health Services, PHD) or other SFHN funds (e.g., realignment, retail pharmacy, operating, work order, etc.).

San Francisco's Medi-Cal Managed Care System

- In San Francisco, 240.2K Medi-Cal managed care beneficiaries in April 2025
- Department of Public Health contracts with San Francisco Health Plan and Anthem Blue Cross



Note: The State delegates responsible for Specialty Mental Health Services to counties which operate their own Mental Health Plan. Counties also operate the Drug Medi-Cal Organized Delivery System to deliver substance use disorder treatment services. Services for Medi-Cal members with SMI and/or SUD needs are not provided under Medi-Cal managed care.

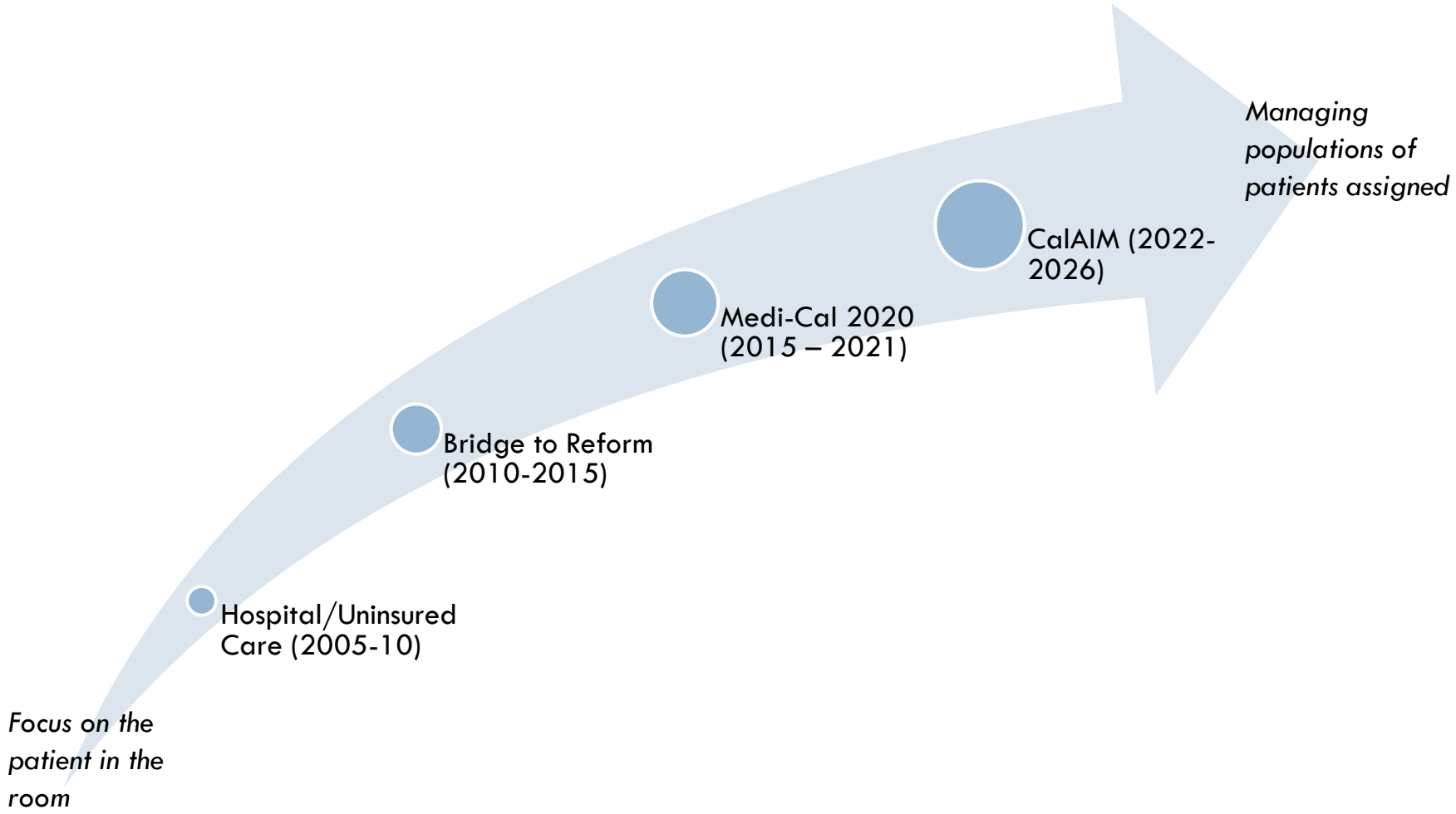
DPH/MCMC Health Plan Relationship

- Medi-Cal Managed Care (MCMC) has become increasingly important to State DHCS
  - Increased enrollment
  - Increased responsibilities/realignment
  - Increased portion of Medi-Cal funding for public health care systems
- Under CalAIM, State DHCS continued this direction
- MCMC is important to DPH's transformation of its delivery system that focuses on access, prevention, wellness and health equity
- DPH relationship that MCMC health plan partners
  - Participation in governance (San Francisco Health Plan only)
  - Identification of common goals, initiatives & innovative models
  - Sustainability based on mutual success
  - Data collaboration, exchange and analysis are critical
  - Funding – base rates and supplemental payments (claims and encounter data)

Directed Payments

- State directed payments (SDPs) help to offset low Medicaid payment rates
- SDPs play an important role in expanding access to high quality care
- SDPs require Medicaid managed care plans to pay providers according to specific rates that advance state quality and access goals
- 40 states use SDPs
- California the following SDPs:
  - Hospital (6; e.g., Quality Incentive Pool)
  - Prop 56 (5)
  - Long-Term Care (2)
  - Other (6; e.g., Equity & Practice Transformation)

Medi-Cal Transformation via 1115 Demonstration Waivers



California Advancing and Innovating Medi-Cal (CalAIM)

- Multi-year initiative by DHCS (Jan 2022 – Dec 2026)
- Enhance care coordination and improve the quality of care
- Implementing broad delivery system, program, and payment reforms
- Builds on prior Medi-Cal pilot projects
- Increased role for and accountability of MCMC health plans
- 11 broad initiatives

CalAIM Initiatives & DPH Participation

Behavioral Health	**Community Supports**	**Dental**
Enhanced Care Management	**Incentive Payment Program**	**Integrated Care for Dual Eligible Beneficiaries**
Justice-Involved Re-entry	**Long-Term Care Carve-In Transition**	**Population Health Management**
Providing Access and Transforming Health	**Support Health & Opportunity for Children and Families**	

Blue = Medi-Cal managed care and delivery system reforms; DPH as a provider
Green = Potential funding and/or technical assistance for DPH
Orange = DPH delivery system reform; DPH as a provider
Yellow = DPH as a provider

CalAIM – What's Next

- State data, evaluation and reports
- Renewal effort

DPH Reimbursement/Revenue Opportunities

- Achieve Waiver-related metrics (funding is tied to access to care)
- Behavioral health contracted services (reimbursement model and CBO infrastructure for Medi-Cal billable services)
- Improve patient flow (clinically appropriate discharge options)
- Improve documentation to address claim denials
- Expand DPH payor mix – serve more Medicare patients (including dual eligibles)
- Reduce out-of-network utilization

Federal Changes and Medicaid

- The Congressional Budget Office's shows that the bill would:
  - reduce federal Medicaid spending by $793 billion and
  - increase the number of uninsured by 7.8 million nation-wide

- Several Medicaid reconciliation provision, but most saving derived from:
  - work requirements for ACA expansion group
  - increasing barriers to enrolling in and renewing coverage
  - limiting states' ability to raise the state share of Medicaid revenues through provider fees

- In California, 63% of Medi-Cal beneficiaries work and 29% take care of children, attend school or are disabled and exempt from work requirement

- Difficult to predict how states will respond to federal policy changes

Federal Changes – Program Funding

- What is the likelihood that critical programs will go underfunded and which programs are most vulnerable?

- Currently level of uncertainty makes it difficult to determine:
  - Respond to what we know
  - Avoid rose-colored glasses
  - Protect existing efforts, if possible
  - Engage in relentless advocacy
  - Stay current

Key Takeaways

- DPH has yet fully tap potential Medi-Cal reimbursement (e.g., for CBOs, some internal services)
- Medi-Cal Managed Care (MCMC) is a significant component of DPH's finances
- Value-based care will continue to be State priority under MCMC
- Data collaboration between DPH and Medi-Cal managed care plans is critical
- Continue to actively monitoring federal and state Medicaid activity


QUESTIONS?
COMMENTS?
CONCERNS?