

AMERICA'S  
PHYSICIAN  
GROUPS 




# CALIFORNIA POLICY COMMITTEE

NOVEMBER 29, 2018




AMERICA'S  
PHYSICIAN  
GROUPS 

 2

## GENERAL SESSION AGENDA

- 2:00: Welcome and Introductions by Chair, Paul Durr
- 2:05: Summary of 2018 Legislative Session Outcomes
- 2:20: DMHC Regulatory – Risk Regulation, RBO Regulation & Timely Access Compliance Changes
- 3:00 Adjourn

AMERICA'S  
PHYSICIAN  
GROUPS 

# SUMMARY OF THE MIDTERM ELECTION

BILL BARCELLONA

PHYSICIAN GROUPS

## DEMOCRATIC SUPER-MAJORITY

The Blue Wave continues to wash away the California Republican Party

This week another Congressional seat and a State Senate seat fell to Democratic Party challengers. Another Assembly seat is still in the balance.

The State Legislature has hit historic super-majorities not seen since the 1880s.

But single-party control has its disadvantages – factions exist within the Democratic caucus between “progressives” and “business” or “New Dems.”

Single payer will not likely be an immediate focus, however split roll/Prop 13 tax reform may emerge as the first big issue in the next legislative session

AMERICA'S PHYSICIAN GROUPS

## NEWSOM ADMINISTRATION

5

- Ana Matosantos will serve as Cabinet Secretary – great understanding of Medicaid funding issues and interaction with CMS – former Finance Director for the two prior Governor’s. Has consulted for APG in the past
- HHS Secretary, Director DHCS and DMHC and Governor’s Legislative Deputy positions have not yet been announced
- Governor must face a “veto-proof” Legislature

AMERICA'S  
PHYSICIAN  
GROUPS

## OTHER ISSUES

6

- Attorney General’s action against Sutter for alleged antitrust
- Labor and Employers will continue to seek cost control relief in health care
- Medi-Cal reprourement of contracted health plans will span 2019-2020
- DHCS must address the upcoming expiration of the 2020 Section 1115 Waiver with CMS – there are significant challenges and opportunities
- The state must address the continuing impact of homelessness and housing affordability
- Any tax increases or reformation of the state tax code will run into Prop 98 barriers that give automatic increases to schools under the State Constitution

AMERICA'S  
PHYSICIAN  
GROUPS

## SUMMARY OF 2018 LEGISLATIVE OUTCOMES

BILL BARCELLONA

PHYSICIAN  
GROUPS

## NEW LEGISLATION

- Single Payer stalled, but Universal Coverage will be explored in 2019
- Cost Control legislation stalled, but advocates will continue to pursue solutions and this will likely impact our members
- New Merger Review Legislation will impact M&A transactions
- Non-Physician stakeholders are seeking greater inclusion and scope within the healthcare system – there will be bills from PAs, NPs, Chiro, etc.
- DMHC may pursue legislation on the Delegated Model and/or MSO

AMERICA'S  
PHYSICIAN  
GROUPS

## DMHC RBO REGULATION

BILL BARCELLONA

9

PHYSICIAN  
GROUPS

## ELEMENTS

10

- Goal: to update and tighten requirements for financial solvency reporting across increasingly complex arrangements where multiple RBOs are involved, particularly when entities delegated 100% of the risk to another entity within RKK or Foundation models
- Generally, the Department wants to see RBOs holding assets within their own organization, rather than with a sponsor
- There has been a significant increase in the number of RBOs on the solvency watch list, and over the past year, commercial RBOs have come onto the watch list, which was historically limited to Medi-Cal groups
- Implementation periods for increased liquid asset requirements and decreased use of less tangible receivable assets are pushed out to a year
- Look for implementation and effective date of regulation in early 2020

AMERICA'S  
PHYSICIAN  
GROUPS

## DMHC RISK REGULATION

PHYSICIAN  
GROUPS

## ELEMENTS

- Restricted Licenses have been processed on an ad hoc basis since the inception of the Limited License in the 1990s. They do not formally exist in the text of the Knox Keene Act.
- The DMHC issued the risk regulation to clarify global risk and provide a formal filing program for applicants
- The first two versions of the draft regulation needed revision to clarify ambiguity of the global risk definition and application
- The third version, issued in May, caused a commotion because of revised scope language that stated ACOs would need to file to seek exemption from the RKK process. The Department stated that 2/3rds of California ACOs would likely need an RKK license

AMERICA'S  
PHYSICIAN  
GROUPS

## STATUS

13

- The final version was submitted to the Office of Administrative Law but was rejected on technical grounds
- The Dept. has to obtain clearance on the financial impact estimate and clarify the exemption process
- Dept. expects to file the final version in mid-December with a 15-day comment period

AMERICA'S  
PHYSICIAN  
GROUPS

## STATUS

14

- APG will provide comment, but the Department will only consider comments on the revised portions of the regulation
- Several stakeholders are engaged in this process, including large employers, COHS plans and other associations
- But the Department will not consider comments on the underlying problems in the regulation and those problems will not be addressed by the anticipated revisions to the regulation
- Alternatives: Litigation, Legislative

AMERICA'S  
PHYSICIAN  
GROUPS

## DMHC TIMELY ACCESS REGULATION

REVISED MY 2018 REPORTING METHODOLOGY

15

PHYSICIAN  
GROUPS

## MY 2018 METHODOLOGY

16

- The Department is required to modify the reporting methodology for timely access compliance under statute. The staff has struggled trying to implement an increased methodology under the existing parameters of the law.
- APG attempted to develop a safe-harbor pilot to measure compliance in a different way, and if successful, present it to the Department as an alternative to the less-effective model that uses telephone surveys. We did not succeed.
- The new methodology was devised by a statistician hired by the Department, and as it is being rolled out, our members are finding that the calling methodology is guaranteed to reflect rampant non-compliance across the entire delivery system.
- The Department is open to alternative methodologies, but none have been submitted by Plans or APG.

AMERICA'S  
PHYSICIAN  
GROUPS



## MOVING FORWARD

17

- We know that APG members provide superior access to care than other delivery systems
- But the metrics under the timely access law and regulation have always been inadequate to capture the true picture
- Proving timely access will be more important than ever in the coming years, and the current methodology is going to cost our groups more money to incent individual providers to respond to phone calls, etc.
- The current methodology does not take into account the provisions under the regulation that allow physicians to document that the time-elapse standard is not necessary in a particular referral, nor does it credit the value of patient portal functions used by our members to avoid physical visits

AMERICA'S  
PHYSICIAN  
GROUPS

## APG ACTION

18

- In the absence of an alternative methodology pilot, we are compiling information on our member's alternative access patient portal technology, its elements and its scope of use across the entire delegated model
- We plan to use this information to advocate for use of the "advanced access" alternative under the regulation by health plans, but in the second phase of our project we'll need to develop data that quantifies the impact of patient portals and other mechanisms used by our groups to reduce the need for in-person, traditional visits that fall under the time-elapse standards
- We'll need a Plan partner to participate in this effort. We are discussing a joint approach with Anthem, but have no final strategy developed with them at this time.

AMERICA'S  
PHYSICIAN  
GROUPS

## 2019 MEETING DATES

19

- Thursday, March 21, 2019
- Thursday, May 23, 2019
- Thursday, August 22, 2019
- Thursday, October 31, 2019

AMERICA'S  
PHYSICIAN  
GROUPS