

MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled for Medicare and Medicaid with an improved care experience and better align the financial incentives of the Medicare and Medicaid programs. CMS is working with States to test two integrated care delivery models: a capitated model and a managed fee-for-service (MFFS) model.

California and CMS launched the Cal MediConnect demonstration in seven counties on April 1, 2014. Cal MediConnect will end on December 31, 2022.

Key Features of the California Demonstration

- The demonstration uses the capitated model based on a three-way contract between each Medicare-Medicaid Plan (MMP), CMS, and the State to finance all Medicare and Medicaid services.
- Participating MMPs operate in seven counties.
- Each MMP provides care coordination, and some also provide plan-specific flexible benefits.
- On January 1, 2023, Cal MediConnect will transition to CalAIM, aligning Medi-Cal plans with Dual Eligible Special Needs Plans (D-SNPs) to provide integrated care to dually eligible beneficiaries statewide.

PARTICIPANTS



MEDICARE-MEDICAID PLANS

- There are 10 county-operated and commercial MMPs in the demonstration.
- In two of the counties, only a county-operated MMP is available, mirroring the Medi-Cal managed care plan structure outside of the demonstration.
- Most MMPs delegate all or some managed care activities to providers.
- In 2021, some MMPs began offering Community Supports, a new set of services to address beneficiary needs related to social determinants of health.



BENEFICIARIES

As of December 2021,



24%

were enrolled in a Medicare-Medicaid Plan.

115,562 of the total 479,461 eligible Medicare-Medicaid beneficiaries were participating in the California demonstration.

FINDINGS



IMPLEMENTATION

- In 2019, 2020, and 2021, with support from the California Department of Health Care Services and the Contract Management Team, MMPs worked to **increase participation in Individualized Care Plans** by Cal MediConnect enrollees.
- MMPs and stakeholders continued to report care coordination **challenges resulting from the carve-out of the In-Home Supportive Services program.**
- During the COVID-19 public health emergency, MMPs focused on **maintaining service delivery** and pivoting to **virtual and telephonic support** for enrollees.
- **Competition** from other Medicare Advantage products and **enrollee misunderstanding about Cal MediConnect ending affected enrollment rates.**

FINDINGS *(continued)*



MEDICARE & MEDICAID EXPENDITURES

Regression analyses of the demonstration impact on Medicare Parts A and B costs found **increased costs of \$62.82 per member per month (PMPM) cumulatively over demonstration years 1 through 5**, for all eligible beneficiaries, relative to the comparison group. The demonstration was also associated with **increased Medicaid costs of \$325.46 PMPM**, cumulatively over the first 5 demonstration years.

Monthly demonstration effect on Medicare Parts A and B costs & Medicaid total costs of care, by demonstration year

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM	Average Demonstration Effect on Medicaid Total Costs of Care, PMPM ¹
DY 1 (April 2014–December 2015)	\$65.65*	\$251.27*
DY 2 (2016)	\$52.97*	\$495.64*
DY 3 (2017)	\$53.27*	\$474.02*
DY 4 (2018)	\$48.20*	\$156.80*
DY 5 (2019)	\$58.28*	\$174.38*
Demonstration period (Years 1–5, cumulative)	\$62.82*	\$325.46*

*p<0.05. DY = demonstration year; PMPM =per member per month.

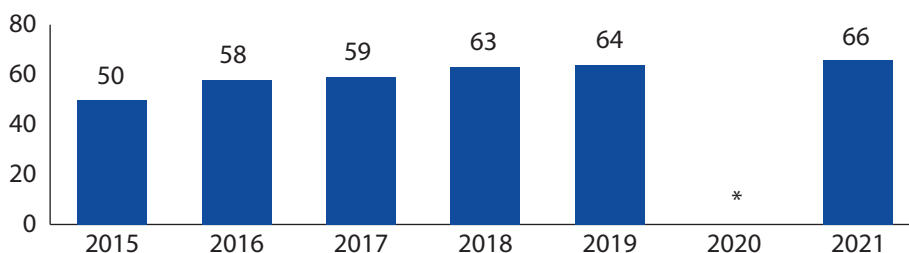
Note: Cost analyses are considered preliminary because of a delay in cost corridor data.

¹ We account for differences across states in Medicaid eligibility, spending, and services covered by controlling for individual-level Medicaid eligibility categories and area-level averages in Medicaid spending and utilization in the regression model. Results are robust to potential Transformed Medicaid Statistical Information System (T-MSIS) submission errors reported by Medi-Cal representatives.



CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEM (CAHPS) SURVEY RESULTS

All Cal MediConnect MMPs: Percentage of beneficiaries rating their health plan as a 9 or 10



* = data not available.

- Beneficiary satisfaction with the demonstration increased over time. By 2021, 66 percent of Cal MediConnect enrollees rated their plans highly on the CAHPS surveys.

KEY TAKEAWAYS

At the conclusion of the demonstration, the State will transition to the CalAIM model, which will include exclusively aligned D-SNPs and Medi-Cal plans. In the last 2 years of the demonstration, Cal MediConnect was able to maintain a stable enrollment. In late 2021, the demonstration had approximately 115,000 enrollees, representing less than one-quarter of the eligible beneficiaries. Most beneficiaries reported satisfaction with their MMP, rating the plans highly on the CAHPS survey. The demonstration was associated with a cumulative increase in Medicare Parts A and B costs and Medicaid total cost of care, and with increases in each of the 5 demonstration years, relative to the comparison group.