

LOCAL PLANS SUPPORT HOSPITALS



LHPC
Local Health Plans of California

Local plans, which cover 70 percent of all Medi-Cal managed care enrollees, have stepped up to provide support for their hospital partners to ensure continued access to critical services. As an important and necessary part of the health care safety net, local plans' support of hospitals has helped lessen the impact of some hospitals' challenges over the recent years related to pandemic recovery, inflation, increasing demand and utilization, and

workforce shortages. In addition to identifying creative ways to support their hospital partners, plans continue to advocate for policy solutions that will address the systemic underfunding of the Medi-Cal program, especially for hospitals that are financially distressed and serve a high proportion of Medi-Cal patients.

LOCAL PLAN SUPPORT FOR HOSPITAL PARTNERS



Quality Incentive Payments

Many local plans provide additional funding to hospitals through quality improvement programs. This focus on quality helps improve both plans and hospitals' performance on state and national quality metrics and, ultimately, will improve health outcomes for vulnerable Medi-Cal populations.

- For the past seven years, Inland Empire Health Plan (IEHP) has offered a hospital pay for performance program that incentivizes hospitals to engage in process and outcome measures aimed at improving quality and experience of care.
- CenCal Health collaborates with hospitals on a readmission reduction incentive and the hospitals' primary care groups through a quality care incentive program.

Emergency Grants and Capital Support

Local plans have provided grants to address urgent shortfalls, support capital improvements and bridge financing for a short period of time.

- L.A. Care Health Plan provided \$2 million to ensure Catalina Island Health could remain open through the end of 2024.
- Alameda Alliance for Health supported infusion center upgrades at St. Rose Hospital, in addition to other short-term financial supports.
- CenCal Health provided \$2.3 million to help one of their hospitals construct a psychiatric unit in their service area.
- Partnership HealthPlan of California funded essential neonatal devices for Plumas District Hospital.



Programs that Decrease ED Usage

Local plans work to ease demand on hospital Emergency Departments as a regular source of care and increase the use of preventive care to reduce the need for ED visits. For example, CalAIM Enhanced Care Management (ECM) helps connect members to needed care and avoid unnecessary hospitalizations.

- CalOptima Health helped launch Orange County's first street medicine program to deliver comprehensive health care to individuals experiencing homelessness through a street medicine model.
- CenCal Health supported a hospital system's development of interim supportive housing for individuals experiencing homelessness.
- Kern Health Systems has provided over \$2.6 million to Kern Medical Center for ECM and for mobile clinics in underserved areas.
- Partnership HealthPlan of California has awarded over \$500,000 to street medicine programs to help them build capacity to deliver medical care and social services to individuals who are unhoused and unsheltered.

Transitions of Care

Supporting transitions of care ensures placement and care for hospital patients that are ready to be discharged or moved to a different level of care. Local plans help link hospitals with case managers and ECM providers to support discharge and follow-up care.

- To support its hospital partners, IEHP is integrating real-time messages into a hospital dashboard that allows for real time review of member needs and discharge planning that truly begins at the time of admission.
- Kern Health Systems has invested \$2.6 million for recuperative care and short-term post-hospitalization care in their region.
- L.A. Care hosted collaborative sessions with hospitals and skilled nursing facilities to identify barriers to successful transitions of care, and discovered a lack of trust around information exchanged by providers was a key issue. The sessions led to stronger relationships among all entities, and L.A. Care created a pilot to test new discharge coordination methods.
- CenCal Health has launched an incentive payment program for ECM and is partnering with its local hospitals' transitional care services.

Workforce Development

Provider shortages have strained hospital staff and administrators and have increased costs. Local plans have a long history of supporting residency slots, providing scholarships, and funding retention programs to build and retain hospitals' workforce.

- Kern Health Systems has given over \$7 million to support medical education programs, retention programs, and residency feasibility studies.
- L.A. Care Health Plan's Elevating the Safety Net initiative has committed \$205 million for four-year medical school scholarships, physician recruitment grants for safety net clinics/ practices, medical school loan repayments for new physicians committing to work in the safety net for three years, and a 10-week caregiver training for in-home supportive services providers.
- CalOptima Health championed a \$50 million Provider Workforce Development Initiative, including \$25 million that was awarded to health care educational institutions, which aims to secure the delivery of health care safety net services and ease workforce shortages in Orange County.
- Community Health Group provides scholarships to local colleges, high schools, and community organizations, supporting students in health care fields and enhancing community well-being and economic health.

Hospital-Directed Payments

In addition to base rates paid to hospitals by local plans, the California Department of Health Care Services (DHCS) provides hospitals with supplemental funding through directed payments, the vast majority of which are paid through Medi-Cal managed care plans.

- Local plans ensure that in-network hospitals receive directed payments timely and consistent with DHCS guidance. The magnitude of hospital-directed payments is significant, totaling \$13-15 billion annually in net benefit to hospitals on top of the base rates that plans pay to hospitals.