

Financial Alignment Initiative Demonstration: California

States participate in the Financial Alignment Initiative, a demonstration program administered by the Centers for Medicare & Medicaid Services, under either a capitated model, a managed fee-for-service model, or an alternative model. The purpose of the demonstration is to test ways to improve care for dually eligible beneficiaries and reduce program costs by aligning financing and coordinating care across Medicaid and Medicare. This fact sheet provides details about California's demonstration.

TABLE 1. California's Capitated Model

Demonstration name: Cal MediConnect	
Timeline	
MOU signed	March 27, 2013
Opt-in enrollment starts ¹	April 1, 2014–July 1, 2015
Passive enrollment ²	Suspended
Scheduled to end	December 31, 2022
Enrollment	
Covered population	Age 21 and older; not enrolled in certain HCBS waivers, not receiving care from or residing in certain institutions, and meets certain continuous eligibility requirements; and lives in one of the following counties: Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara.
Enrolled (as of January 2022)	114,001
Payment	
Number of participating plans	10
Savings percentage range	1–5.5% ³
Number of rating categories	4
Other risk mitigation strategies	Risk corridors
Benefits	
Expanded benefits	Transportation and vision
Carved out benefits	Behavioral health, in home supportive services, and hospice ⁴
Required community involvement	Not specified



Demonstration name: Cal MediConnect	
Care coordination	
Number of days to complete HRA	Within 45 days of enrollment for high-risk enrollees and within 90 days for low-risk enrollees
Number of days to establish ICP	Within 90 days of enrollment
Education requirements for care coordinator	Not specified
Care coordinator caseload requirements	Not specified
Number of days to maintain continuity of care from previous coverage	Maintain non-participating providers and services for 12 months
Consumer protections	
Ombudsman	Health Consumer Alliance

Notes: HCBS is home- and community-based services. HRA is health risk assessment. ICP is individualized care plan. MOU is memorandum of understanding.

¹ Opt-in and passive enrollment start dates varied by county or region.

² In May 2016, California announced that it would suspend passive enrollment into the program beginning July 2016. (California Department of Health Care Services 2018).

³ The state establishes minimum savings percentages, but each county adds county-specific interim savings percentages (CMS 2013).

⁴ Plans are financially responsible for all Medicare behavioral health services, with the exception of some Medicaid specialty mental health rehabilitative and targeted case management services and non-Medicare drug services that are not included in the capitated payment. These services are financed and administered by county agencies under the provisions of the state's Medicaid managed care waiver and its regular Medicaid state plan.

Sources: CalDuals 2017; California Department of Health Care Services 2018, 2021; CMS 2013, 2018, 2019, 2020, and 2021; ICRC 2022; and Medicare Payment Advisory Commission (MedPAC) 2018.

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