Medi-Cal Summary

# Chronic Disease Management in the Medi-Cal Program

**Introduction: Chronic Disease**

Chronic diseases are conditions of long duration that limit a person's activities and may require ongoing medical care.[1] The most common chronic diseases in California are heart disease, hypertension, chronic obstructive pulmonary disease (COPD)/asthma, and diabetes.[2] In California, 14 million people (38 percent) live with at least one chronic condition.[3] Approximately 20 percent of the total population has multiple chronic conditions, accounting for 60 percent of the state's health care expenditures.[4] According to the Legislative Analyst's Office, it is estimated that twenty-five percent of adults currently enrolled in Medi-Cal have at least one chronic condition, which equals approximately 700,000 persons.[5] Chronic disease patients tend to use a greater share of medical services, typically from multiple medical providers and often without care coordination.[6]

**Chronic Disease Management**

Due to the often complicated treatment protocols for chronic disease patients, there is a need for coordination across the multiple settings, providers and treatments of chronic illness care.[7] "Chronic disease management," also called "disease management," describes a coordinated and proactive approach to managing care and support for patients with chronic illnesses.[8] Disease management programs seek to improve patient care and outcomes and reduce health care costs by working directly with chronic disease patients and their physicians on treatment plans, diet, keeping to medicine schedules, and other self-management techniques.[9] Disease management emphasizes the use of primary and secondary screening procedures, as well as prevention activities, to minimize the occurrence of future costly and debilitating complications.[10]

**Medicaid/ Medi-Cal**

Medicaid is a program created by Title XIX of the federal Social Security Act as a partnership between the federal government and state governments to provide coverage for primary, acute, and long-term care services to low-income children, parents, seniors, and non-elderly adults with disabilities.[11] States have created their own individual Medicaid programs within federal guidelines.[12] California's Medicaid program, called Medi-Cal, is the nation's largest Medicaid program in terms of the number of people it serves, 6.6 million, or one in six Californians.[13] It is the single largest source of health insurance coverage in the state and a major source of funding for safety-net providers.[14] Medicaid is overseen by the Centers for Medicare and Medicaid Services (CMS) and at the state level by the California Department of Health Care Services.[15] Disease management programs are currently mandated in Med-Cal managed care contracts.[16]

**Medicaid Waivers**

Since Medicaid is an entitlement program, anyone who meets Medicaid's eligibility requirements is entitled to receive its benefits.[17] A state cannot cap enrollment in Medicaid unless the state obtains a federal "waiver" exempting it from federal Medicaid program rules.[18] Among other things, Medicaid waivers give states broad authority to test policy innovations, so long as federal spending is no greater than it would have been otherwise (without the waiver).[19] The federal government has approved Medicaid waivers and plan amendments for states to create Medicaid disease management programs.[20] In 2004, a federal letter from CMS to state Medicaid directors encouraged them to adopt Medicaid chronic disease management programs and promising to match state costs for running them.[21] The letter suggested several models that would be eligible for a federal match.[22] States could (1) contract with a disease management organization to manage the patient's overall care (but not restrict access to other Medicaid services) and pay the organization a capped amount per patient, (2) establish a primary care case management program where the state works with providers to enhance care for patients with chronic conditions, or (3) contract with individual providers to provide management services.[23] At least 40 states currently have or are planning some sort of disease management programs for some portions of their Medicaid populations, either under fee-for-service, managed care, or both.[24]

**Chronic Disease Management in Medi-Cal Fee-for-Service**

Following the guidance from CMS encouraging states to implement disease management programs, California enacted Welfare and Institutions Code Section 14132.27. [25] Under this law, the State Department of Health Services (DHCS) was required to develop and apply for a waiver of federal law, called the "Disease Management Waiver," to test the efficacy of providing a disease management benefit to fee-for-service Medi-Cal beneficiaries.[26] However, in response to CMS and industry input, the DHCS elected to implement a disease management (DM) pilot program to test the disease management benefit as an administrative cost, instead of through a waiver.[27] The administrative model does not require CMS approval.[28] DHCS decided to enter into contracts with one or more disease management organizations (DMO) and one or more independent evaluation contractors.[29] One DMO contract was to cover the following conditions: advanced atherosclerotic disease syndrome, asthma, coronary artery disease, diabetes and chronic obstructive pulmonary disease (DM1).[30] A second DMO contract will focus on HIV/AIDS separately (DM2).[31]

The two pilot DM programs to test Disease Management (DM) under the Medi-Cal Fee-For-Service (FFS) delivery system will be implemented for three years.[32] The programs will primarily target seniors and persons with disabilities.[33] Funding for each pilot is up to $4 million per year for three years, and a total of $1.5 million is available for a third-party evaluation of both pilots.[34] The contracts with each pilot vendor include a cost-neutrality clause, which could result in some or all of the vendors' fees being returned to DHCS, as needed, to render the program cost-neutral.[35] In other words, the vendors must save as much money as the state pays them in fees.[36] If the program does not generate sufficient savings, the vendor must refund a sufficient portion of their fees to render the program cost-neutral.[37]

DM1 and DM2 will provide eligible beneficiaries with a range of services that enable them to remain in the least restrictive and most homelike environment while receiving the medical care necessary to protect their health and well-being.[38] The California Department of Health Services identified eligible patients for each pilot.[39] For DM1, the state has identified approximately 19,000 eligible beneficiaries in the two pilot counties, which are Los Angeles County (19 of 522 zip codes) and Alameda County (all zip codes).[40] Eligible beneficiaries for DM1 are those who a) are Medi-Cal eligible; b) are 22 years of age or older; and, c) are determined by DHCS to be at risk of, or diagnosed with, one of the following chronic diseases: 1) advanced atherosclerotic disease syndrome; 2) congestive heart failure; 3) diabetes; 4) asthma; 5) coronary artery disease; and, 6) chronic obstructive pulmonary disease.[41]

In August 2006, McKesson Health Solutions, a healthcare services and information technology company, won a competitive bid to fulfill the 43 months, which began February 1, 2007.[42] DM1 began providing services to members in August 2007.[43] The way DM1 works is that McKesson's registered nurses and case workers enroll patients and gather pertinent information about them.[44] McKesson's medical staff then works with patients' physicians to reinforce and teach their care plan.[45] Personalized plans are developed and presented to high-risk/high-cost patients, including easy-to-understand educational materials. McKesson nurses call high-risk/high-cost patients regularly to gauge health status and adherence to plan, answer questions, and provide advice and encouragement; in addition, nurses are available 24/7 to answer questions and provide medical advice to all patients.[46]

McKesson consulted with a number of healthcare organizations in California when developing the pilot.[47] In addition to regular phone contact, participants will receive easy-to-understand written materials in their choice of languages, including Spanish, Vietnamese, Cantonese, Mandarin, Armenian, Russian, Cambodian, Tagalog, Korean and Farsi.[48] Another innovative aspect of McKesson's disease management program is its triage and care coordination services.[49] While most disease management programs focus on proactive care and communication; McKesson's triage services also offer reactive support.[50] Therefore, if patients have questions about symptoms, ailments or psycho-social issues, McKesson's nurses can help them determine the severity of their condition, regardless of whether it is related to their covered chronic illness.[51]

DM2 will serve beneficiaries with Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) throughout California.[52] DHCS has awarded the contract to the winning competitive bidder, AIDS Healthcare Foundation.[53] The start date of this agreement was June 1, 2007.[54] DM 2 began providing services to members in October 2007.[55] The University of California, Los Angeles, Center for Health Policy Research will annually evaluate the financial and health outcomes of DM1 and DM2, including future projections.[56]

**Chronic Disease Management in Medi-Cal Managed Care**

The passage of the Balanced Budget Act of 1997 gave states flexibility to design and implement mandatory managed care programs for Medicaid beneficiaries.[57] As a result, states have a range of options to choose from in deciding how to provide care to people who have chronic conditions.[58]

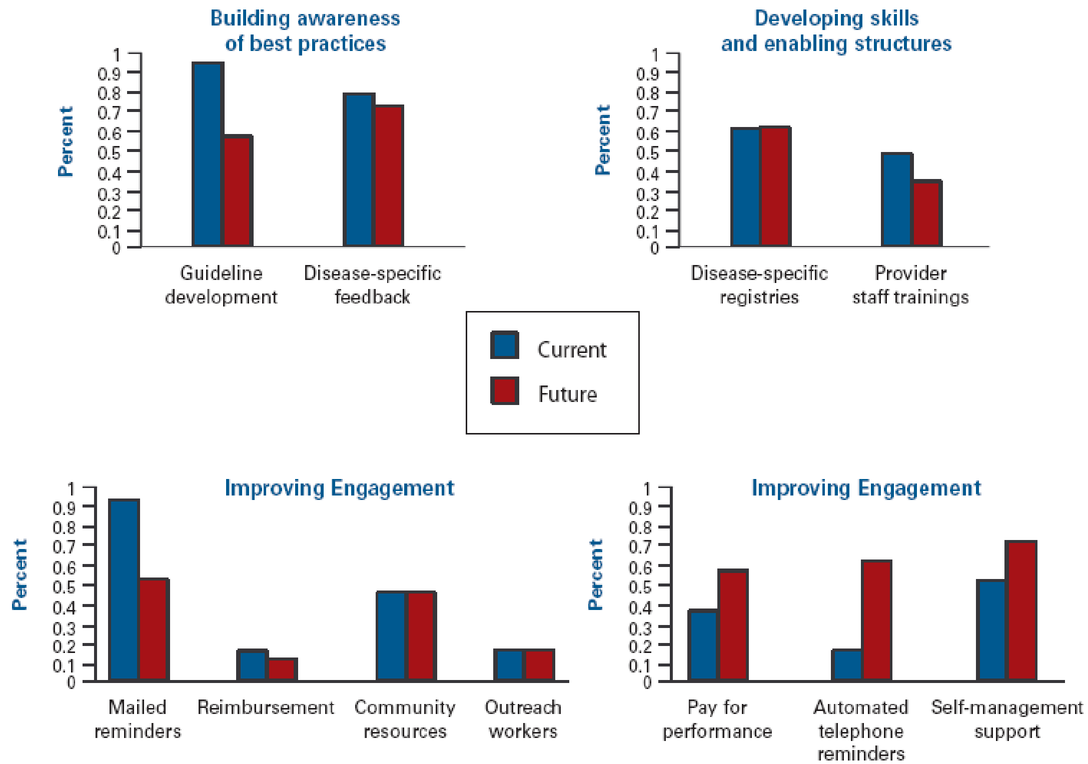
One option is that states can enroll people with chronic conditions in mainstream managed care plans.[59] These plans can then choose to provide integrated services to this population or sub-contract with other managed care plans to provide specific services.[60] Another option is that states can contract with specialized plans to serve individuals with specific diagnoses.[61] These plans receive a capitated reimbursement to provide all services to an enrolled population with specific conditions.[62] A third option is that states can choose to exclude beneficiary groups or services from any managed care plan and continue to provide these services in Medicaid fee-for-service.[63] In this case, beneficiaries or services are "carved out" of the managed care plan and remain in the Medicaid fee-for-service system.[64]

Specific information regarding Medi-Cal managed care health plans that offer disease management and their success/outcomes could neither be obtained from the California Department of Health Care Services nor the California Office of Public Affairs. However, an October 2005 web-based study conducted by researchers at the University of California, San Francisco assessed the extent to which Medicaid managed care (MMC) plans in California are using chronic disease care management (CDCM) in general.[65]

Executives from all 23 general (non-specialized) MMC health plans in California were eligible to participate, including local initiative commercial plans, county-organized health system plans, and geographically defined plans (designations particular to the California health plan market), in an online survey.[66] As part of the consent process to participate in the study, the researchers agreed to maintain the confidentiality of the participants, including the names of both individuals and health plans.[67] The survey was distributed by the California Department of Health Services office to the directors of all 23 eligible MMC plans.[68] Among other things, the survey explored current CDCM goals and activities, including whether the plan had implemented any of eleven specific CDCM strategies.[69]

Executives from 19 (83%) of 23 eligible managed care plans completed the survey.[70] Eighteen (95%) of 19 respondents reported that their plan was engaged in 1 or more component of CDCM, and 14 (74%) reported CDCM programs were among their plan's top 3 current quality improvement objectives.[71]

Figure.[72] Percentage of Medi-Cal Managed Care Plans Engaging in Chronic Disease Care Management Strategies, Current Practices, and Future Intentions




Although most plans reported targeting CDCM strategies for diabetes mellitus (84%) and asthma (100%), few plans reported targeted CDCM strategies for congestive heart failure (21%), coronary artery disease (21%), or depression (21%).[73] In sum, most California MMC executives reported that their health plans are engaged in CDCM and that they intend to shift the focus of their programs to incorporate more CDCM strategies.[74]

Table.[75] Current Medical Conditions That Medi-Cal Managed Care Chronic Disease Care Management Programs Target and Number of Plans With Intentions to Expand

| Variable | Current (n = 19) | Intentions to Expand (n = 19) |
|---|---|---|
| **Condition** | | |
| Asthma | 19 (100) | 11 (58) |
| Diabetes mellitus | 16 (84) | 13 (68) |
| Congestive heart failure | 4 (21) | 6 (32) |
| Coronary artery disease | 4 (21) | 5 (26) |
| Depression | 4 (21) | 5 (26) |
| Human immunodeficiency virus or AIDS | 1 (5) | 3 (16) |
| Substance abuse | 1 (5) | 4 (21) |

*Data are given as number (percentage).

**ENDNOTES**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