



# News Release

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## **CALIFORNIA EMBARKS ON MAJOR TRANSFORMATION OF MEDI-CAL MANAGED CARE**

*First statewide procurement with health plan partners will improve equity, quality, access, and transparency*

SACRAMENTO — The California Department of Health Care Services (DHCS) today released a Request for Proposal (RFP) for its commercial Medi-Cal managed care plan contractors that will redefine how care is delivered to more than 12 million Californians. The RFP raises the state's expectations of managed care plans in the Medi-Cal program.

DHCS is seeking managed care plans committed and able to advance equity, quality, access, accountability, and transparency to reduce health disparities and improve health outcomes for Californians. Health plans will be expected to deliver person-centered care that addresses the physical and mental health needs of enrollees, as well as unmet social needs that affect an individual's health outcomes, such as food insecurity and housing. The new contract terms, which are part of this RFP, would also apply to Medi-Cal managed care plans, including County Organized Health Systems, Local Initiatives, and the new Single Plan Model, which do not have to participate in the RFP process.

"One-third of Californians rely on Medi-Cal for their health care," said Governor Gavin Newsom. "With this new procurement and contract, California and its managed care plan partners have an unprecedented opportunity to transform delivery of care for our Medi-Cal enrollees and set the pace for transformation of the entire health care system."

Medi-Cal is California's Medicaid program, covering more than half of the state's school-age children and half of all births. It also covers more than two in three long-term care patient days. The trend in Medi-Cal is toward managed care enrollment. By 2024, approximately 99 percent of Medi-Cal beneficiaries will be in managed care plans.

"California is known for pushing the envelope, and the RFP does exactly that," said California Health & Human Services Agency Secretary Dr. Mark Ghaly. "With equity, access, and quality as our anchors, the new contract transforms existing partnerships and invites new ones that firmly place the person, their needs, and meeting these needs in a high-quality, respectful, and impactful manner as our north star."

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Signaling a big shift in Medi-Cal managed care plan contracts, this RFP will be California's first statewide procurement. Contract changes that accompany the procurement will apply to all Medi-Cal managed care plans, including County Organized Health Systems, Local Initiatives, and the new Single Plan Model.

Managed care plans selected as contractors through the RFP, as well as all other managed care plans that contract with DHCS, must commit to a range of new requirements that advance health equity and improve population health. Priorities include the delivery of high-quality, culturally competent care and access to providers, and coordination of care across settings and at all levels. All managed care plans also will be expected to engage and coordinate with local community partners, invest resources into the community, and make public their performance and health equity activities.

"The procurement and new contract will advance the state's vision of Medi-Cal as the thread to pull together distinct county and community-driven programs – including public health, human services, housing, and probation – so that a person's health is considered holistically," said DHCS Director Michelle Baass.

DHCS is adjusting the rates it pays plans based on quality and equity. "We are requiring plans to report on primary care expenditures, and strengthening the requirements related to how much they spend on medical care and quality improvement activities," said DHCS Chief Deputy Director and State Medicaid Director Jacey Cooper. She added that DHCS is also raising expectations of itself. "To reinforce this opportunity for better transparency and accountability of the state's managed care plans, the Department is improving its oversight of plans and their subcontractors."

As the state implements unprecedented recent investments in Californians' health and well-being, including California Advancing and Innovating Medi-Cal (CalAIM, the initiative that serves as the framework for overall Medi-Cal transformation), Medi-Cal expansion to new populations, development of a prevention-focused behavioral health system, infrastructure investments related to behavioral health and home and community-based services, new benefits to support culturally competent services, and the commitment to a comprehensive roadmap for quality and equity, the Department insists on Medi-Cal managed care plans that are able to deliver high-quality, equitable, and accountable care to millions of Californians.

Proposals from managed care plans are due on April 11, 2022. DHCS expects to award contracts to selected plans in August 2022. Plans will have more than a year to prepare their Medi-Cal delivery systems to meet new contract requirements beginning in January 2024.

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