



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** A 15-013, **Version:** 1

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Approve and Authorize the Director of Health to sign Amendment No. 5 to the Primary Care Physician Services Agreement, between the Health Department's Clinic Services Bureau and Central California Alliance for Health, changing the Payment Methodology for Primary Care Services from Fee For Service (FFS) to Capitation and changing CCAH's criteria for 2015 for Care Based Incentives.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and Authorize the Director of Health to sign Amendment No. 5 to the Primary Care Physician Services Agreement, between the Health Department's Clinic Services Bureau and Central California Alliance for Health, changing the Payment Methodology for Primary Care Services from Fee for Service (FFS) to Capitation and changing CCAH's criteria for 2015 for Care Based Incentives.

### SUMMARY/DISCUSSION:

The report will provide information regarding the two changes Central California Alliance for Health (CCA) is presenting in this Fifth Amendment to the Primary Care Physician Services Agreement:

1. A change in reimbursement methodology from Fee for Service (FFS) to Capitation.
2. A change in the Care Based Incentive criteria for 2015.

#### 1. The Change in Reimbursement Methodology:

Under the current FFS reimbursement agreement, CCAH pays the Health Department's primary care clinics the Medi-Cal rate for services provided in a face to face visit with a credentialed medical provider. The State of California then pays the balance to equal the Federally Qualified Health Center prospective payment rate.

Under the proposed Amendment, CCAH would pay a Per Member Per Month (PMPM) rate or Capitation, for Primary Care Physician Services for CCAH linked members. This payment methodology would take effect after approval by the County Board of Supervisors and the Community Health Center Board. PMPM rates are based on the patient's Medi-Cal aid code, which is ascertained by the Department of Social Services and the State of California. It should be noted that the Laurel Women's Health Clinic would continue to provide services on a Fee for Service basis as they are not a primary care clinic and have no linked members.

The service level criteria that must be measured in order to maintain the capitated reimbursement is that the MCHD Clinics see their linked members, on average, 1.47 visits per linked member per year. The CS Bureau has the capacity to monitor the criteria and will do so monthly in order to ensure compliance to the goals of capitation, which are to both ensure access and promote higher quality of care outcomes.

#### 2. The Change in the Care Based Incentive criteria:

Care Based Incentives (CBI) is a program designed to compensate CCAH Primary Care Providers for efforts undertaken to improve the access, quality and efficiency of care provided to eligible CCAH members. The Care Based Incentives program for 2015 will continue with minimal changes based on what CCAH learned from operating the program in 2014. Changes to CBI include: capitated providers will receive 5% of capitated rates

for extended office hours; addition of new performance improvement measures and removal of Body Mass Index as a quality of care measure.

The CS Bureau reviews the CBI related service level criteria (Care Coordination, Quality of Care, Performance Improvement, Information Technology, and Access) and has instituted ongoing processes and reporting to improve performance in the CBI Measures.

As of January 1, 2015, there were 37,770 CCAH members linked to the Health Department Clinics. Calculations based on linked membership in 2014 indicate that capitation would be the preferred payment methodology for Clinic Services' linked CCAH Medi-Cal members. Should Clinic Services find that the capitated payment structure does not benefit the organization, or if Clinic Services does not achieve 1.47 visits per linked member per year, we will return to the FFS payment methodology.

OTHER AGENCY INVOLVEMENT:

County Counsel and the Auditor-Controller have approved Amendment No. 5 as to Legal Form and Fiscal Provisions. A copy of Amendment No. 5 to the Primary Care Physician Services Agreement is on file with the Clerk of the Board.

FINANCING:

Under the current FFS <<http://www.pbs.org/wgbh/pages/frontline/shows/doctor/care/glossary.html>> reimbursement agreement, Clinic Services Bureau received a total of \$3,563,427 from CCAH in Fiscal Year 2013-2014. The estimated revenue using the proposed capitation payment methodology, for the same period, would have been \$4,510,452. In Fiscal Year 2014-2015, while monthly average FFS payments by CCAH was \$304,830, total payment by CCAH using the capitation PMPM payment method is estimated to rise by 46.80% over the current FFS payment method, averaging \$447,500 per month.

The Affordable Care Act, Medi-Cal Expansion and SB 98 have increased the number of Medi Cal enrollees assigned to Clinic Services. As of January 1, 2015, a total of 37,770 CCAH members have been assigned to Clinic Services as their PCP, which is an additional 3,812 members since July 2014. Estimated capitation PMPM payments for the remaining four months of Fiscal Year 2014-2015 are estimated at \$1,829,998.

Through the capitation payment method, Clinic Services will benefit from predictable and guaranteed monthly incomes based on the number of members assigned and, reduce the possible code 18 wrap payment owed by the state, which is settled over a three year period. If visit counts remain at the level of 1.47 per member per year or higher, there is no known risk foreseen with the capitation PMPM method.

There is no effect to the County General Fund resulting from requested action.

Prepared By: Stephanie Shonley, Management Analyst, 1313

Approved By: Ray Bullick, Director of Health, 4526

Attachments:

Amendment No. 5 is on file with the Clerk to the Board  
Amendment No. 4 is on file with the Clerk to the Board  
Amendment No. 3 is on file with the Clerk to the Board  
Amendment No. 2 is on file with the Clerk to the Board  
Amendment No. 1 is on file with the Clerk to the Board  
Agreement is on file with the Clerk of the Board

