

## **AB 537 (Wood): Medi-Cal Quality Improvement and Disparities Reduction**

### **Summary**

This proposal would improve the quality of health care services provided by Medi-Cal managed care plans and reduce health disparities. It would hold plans accountable so that Medi-Cal enrollees achieve better health outcomes, regardless of the factors that determine their health.

### **Background**

California has rightly invested in expanding Medi-Cal, which now covers 1 in 3 people in our state. Over 80% of Medi-Cal members are enrolled in a Medi-Cal managed care plan, which receive a monthly payment per enrollee for delivering health care services. As a result, these health plans have reaped significant financial rewards.

The Department of Health Care Services (DHCS) measures and monitors the quality of care provided by Medi-Cal managed care plans and can place poorly performing plans under enforcement actions. Under recent federal rules, Medi-Cal must focus on identifying and reducing health disparities and ultimately publicly rate health plans on how they are providing treatment and preventing illness. Similarly, Covered California, California's state based marketplace, has led the way in holding health plans accountable for improving the health of enrollees. Covered California's contracts will require health plans to demonstrate year-over-year reductions in disparities in four chronic diseases: diabetes, asthma, hypertension and behavioral health.

### **Problem**

DHCS has delegated the responsibility of providing health care to managed care plans, and the results do not show the progress anticipated with the Affordable Care Act. Existing quality improvement efforts are not standardized across plans and do not require plans to show specific improvements in care, treatment or prevention. Meanwhile, the health of Californians relying on Medi-Cal suffers and wide disparities in race and ethnicity persist. For instance, African-Americans had a nearly 20 percent higher prevalence of hypertension than other race and ethnic groups and African-American women with recent births had the lowest postpartum visit rate of any race or ethnic group.

### **Solution**

Because Medi-Cal managed care plans provide care for nearly 11 million enrollees, the state has an opportunity to improve the lives of millions and reduce health disparities. This proposal would:

- Establish a new minimum performance level (MPL) that takes into account factors that will drive quality and reduce health disparities,
- Establish a financial incentive program to reward Medi-Cal plans that meet performance targets, which exceed the new MPL,
- Create a public stakeholder process to develop the new MPL, measures by which the MPL and performance targets are assessed, and the financial incentive program.

### **Contact**

Marques Castrejon, Policy Advocate  
California Pan-Ethnic Health Network  
1107 9th Street, Suite 410  
Sacramento, CA 95814  
(916) 447-1299  
[mcastrejon@cpehn.org](mailto:mcastrejon@cpehn.org)

Linda Nguy, Policy Advocate  
Western Center on Law & Poverty  
1107 9th Street, Suite 700  
Sacramento, CA 95814  
(916) 282-5117  
[lnguy@wclp.org](mailto:lnguy@wclp.org)