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UC HEALTH

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Andy Slavitt, Administrator
Centers for Medicare & Medicaid Services (CMS)
Department of Health and Human Services
Room 445-G, Hubert H. Humphrey Building
200 Independence Avenue SW
Washington, D.C. 20201

Subject: California’s Section 1115 Medicaid Waiver

Dear Administrator Slavitt,

On behalf of the University of California (UC) we are writing in support of California’s 2020 Waiver Renewal Proposal. As you know, more than 12 million low-income Californians rely on Medicaid (Medi-Cal) for their health coverage and nearly 60% of UC patients are either publicly insured or uninsured. But we understand that coverage is only the first step. Significant payment and delivery system reform are also needed to advance patients’ care experience; improve the health of populations; and reduce costs. For these reasons, and for California to maintain the momentum that has helped lead the nation’s Affordable Care Act implementation efforts, we urge CMS to approve the renewal of the state’s 1115 Medicaid Waiver.

The UC system includes 17 health professional schools and five academic medical centers located at the Davis, Irvine, Los Angeles, San Diego, and San Francisco campuses, collectively known as UC Health. UC Health operates the nation’s largest health sciences education system, training nearly half of the medical students and medical residents in California. Our five medical centers provide half of transplants and one-fourth of extensive burn care in California while also serving as a vital part of the state’s safety net.

The current “Bridge to Reform” waiver has been critical to the state’s early success with expanding coverage under the Affordable Care Act. UC medical centers are a part of California’s safety net hospitals and health systems, which provide access to high quality health care for vulnerable populations. UC Health generates more than 159,136 inpatient discharges, 334,065 emergency room visits and more than 4.2 million outpatient visits each year. UC Health’s dedication in caring for our nation’s most vulnerable patient populations is crucial to the success of our mission.

The “Bridge to Reform” waiver also enabled UC Health and other public healthcare systems to help lead the nation in delivery system transformation, through the country’s first of its kind pay-for-performance incentive program, the Delivery System Reform Incentive Payment (DSRIP) program. The DSRIP launched UC Health on an ambitious journey to transform our systems to be more integrated, cost effective and patient-centered. UC Health’s five academic medical centers are active and enthusiastic participants in California’s DSRIP efforts. Collectively, UC medical centers set 733 milestones across 60 projects to capture a maximum of \$500 million in at-risk funding over five years. While complex in its entirety, the DSRIP is widely viewed across the UC system as a vehicle for accelerating delivery-system

transformation within the context of national health reform.

UC medical centers are working locally on their campuses and together across the system to share best practices and to become more responsive, efficient and adaptable. At its core, the DSRIP is a vehicle for transitioning from longstanding systems of care that were often fragmented to increasingly integrated systems of patient-centered care that are better equipped to manage the health of populations. Major DSRIP activities focus on:

- Transforming the delivery infrastructure to become more patient-centered
- Recalibrating the workforce to maximize individual skill sets
- Building bridges to population health management
- Accelerating patient safety and quality initiatives

UC medical centers are testing new and exciting models that seek to address some of the most entrenched problems in health care today. Among these are challenges related to: shortages of primary care providers; managing access to specialists; limiting unnecessary use of high-cost services; reducing hospital-acquired conditions; and improving chronic disease management and care across the continuum, including transitioning patients safely from acute inpatient settings to ambulatory clinics and their homes. Across UC's DSRIP projects clinicians, administrators and front-line staff are working together to improve the outcomes and experience of patients.

For example, a project to improve response time to patients with severe sepsis and septic shock has resulted in systematic improvements that were previously not thought possible. As a result, sepsis mortality rates are declining at all UC medical centers. In another case, UC is working to change the culture of primary care by creating patient-centered medical homes to better deliver care in UC's outpatient settings. The patient-centered medical home model aims to integrate and coordinate care through a multidisciplinary approach that leverages the skills of diverse providers. Initial findings suggest that this redesign of primary care is resulting in fewer emergency department visits, reductions in 30-day readmission rates, and improved patient satisfaction.

The next 1115 Medicaid waiver offers California an historic opportunity to again lead the nation in meeting the challenge and promise of health care reform, by testing payment and delivery system reforms that can help both the state and federal government achieve success. A renewed waiver is needed in 2015 in order to best leverage California's coverage expansion with significant payment reforms and delivery system improvements that will help patients utilize their coverage in cost-effective, patient-centered settings.

For these reasons, UC Health strongly supports California's proposal to renew the 1115 Medi-Cal waiver, especially:

1. A Public Safety Net Transformation and Improvement Program that Rewards Continued Improvement, Health and Value

The current DSRIP has helped UC Health create a sturdy and stable groundwork for our delivery system improvement efforts. The next five years will be critically important as we work to more fully transform our health care system to provide all of our patients with timely access to high-quality, and effective care. The state's inclusion of a Public Safety Net Transformation and Improvement Program will allow UC Health to continue to become high-performance health systems that integrate care delivery across the continuum, engage in population health management, embrace innovation, and apply evidence-based practices to improve patient care.

2. Public Safety Net System Global Payment for the Remaining Uninsured.

We strongly support the state's proposed Public Safety Net System Global Payment for the Remaining Uninsured, which would reform uncompensated care payments to public health care systems to support access to more cost effective care for the remaining uninsured. Such a pilot would create incentives for

UC Health to redirect funds to lower-cost and more patient-friendly outpatient and primary care settings, and to utilize alternate modalities that make health care more convenient for the patient.

3. Regional Integrated Whole Person Care Pilots

Regional Integrated Whole Person Care pilots would provide comprehensive services to high-risk Medi-Cal beneficiaries seeking to support each “whole person” through the integration of physical and behavioral health services, along with robust care coordination with social, housing, vocational training and other services that are critical to comprehensively addressing the needs and care of high-risk patients. We believe that these pilots would allow for higher value use of limited resources; contain costs, and coordinate care beyond traditional health services.

4. A Federal Investment that Supports California’s 2020 vision

The “Bridge to Reform” waiver positioned California to help lead the national efforts to prepare for and implement the Affordable Care Act. However, much more work is needed to build upon this foundation and ensure that the Affordable Care Act can be sustained for the long-term. We believe that the innovative payment and delivery system reforms mentioned above will help us achieve our vision of becoming truly integrated, cost-effective models of care. Accomplishing this goal will require a renewed investment at the same level, and will allow California’s Medi-Cal population the opportunity for improved health, not just insurance coverage.

A renewed waiver with these elements will improve the health care services – and as a result, the overall health – of the Medi-Cal and remaining uninsured populations in California, while continuing to support the success of the Affordable Care Act in California.

For these reasons, we strongly support the state’s proposal for a renewed Section 1115 Waiver.

Sincerely,



John D. Stobo, MD
Executive Vice President
UC Health

cc: UC Medical Center CEOs
Assistant Vice President Nation
Legislative Director Gilliard