



May 8, 2015

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 Kern Medical Center 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. But we know 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 this reason, we urge CMS to approve the renewal of the state's 1115 Medicaid Waiver.

Kern Medical Center (KMC) is a county owned and operated designated public hospital. KMC plays a vital role in the community, including but not limited to:

- a level II trauma program, the second busiest trauma program in Southern California;
- an academic medical center, training hundreds of residents and medical students each year, many who choose to stay and provide much needed medical services in the Central Valley;
- a source of highly trained and specialized physicians for Kern County;
- a neonatal intensive care unit and a labor and delivery unit that delivers the majority of the County's high risk babies;
- the only fully integrated inpatient psychiatric unit with medical capabilities in Kern County; and;
- a mission to serve all patients in the community regardless of their ability to pay, resulting in KMC becoming an expert in providing care to medically and socially complex patients.

The current "Bridge to Reform" waiver has been critical to the state's early success with expanding coverage under the Affordable Care Act. Under the Low Income Health Program (LIHP), Kern Medical Center was able to transition over 11,000 individuals directly into MediCal Expansion on January 1, 2014 and from 2011-13 served over 18,000 enrollees in Kern County's LIHP, Kern Medical Center Health Plan. The LIHP was not only able to provide enhanced access to medical care for so many Kern County residents but also provided increased access to behavioral health services, provided intense care management services for the medical complex and introduced continuity of care and preventive healthcare to many that historically used the emergency department for episodic care.

The Bridge to Reform waiver also enabled KMC and other public healthcare systems to 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 KMC on an ambitious journey to transform their systems to more integrated, cost effective and patient-centered. KMC embarked on 17 projects, including 178 milestones and tracked over 30 outpatient quality measures. Below are a few KMC achievements through the DSRIP:

- 23.6% reduction in Sepsis mortality rate
- 100% reduction of CLABSI rate for acute care and all intensive care units
- 0% incidence of potentially preventable VTE
- 50% decrease in ER visits and a 60% decrease of IP admissions among care managed patients
- 48% increase in primary care access
- Time to third next available appointment has decreased by nearly 50%
- 68% improvement in diabetes-specific patient identification, outreach and disease management
- 40% improvement in decreasing patient no-show rates
- 50% increase of interpreter technology
- 80% of patients with a behavioral health care need received an appointment and saw a behavioral health professional

The next 1115 Medicaid waiver offers California a historic opportunity to test 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, Kern Medical Center 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 KMC lay a sturdy and stable groundwork for our delivery system improvement efforts and the next five years are critical to more fully transform our health care system so that we can provide everyone with timely access to high-quality, and effective care. The state's inclusion of a Public Safety Net Transformation and Improvement Program will allow us to continue to leverage data systems, disease registries and clinical decision support tools to improve the quality of care and manage the lives of so many statewide, while building on our lessons learned to move to value driven care and better standardization.

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 KMC to redirect funds to lower-cost and more patient-friendly outpatient and primary care settings, and 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. It 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 was critical in California's efforts to 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 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.

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

Sincerely,



Russell V. Judd
Chief Executive Officer, Kern Medical Center