

Office of the President

TO MEMBERS OF THE HEALTH SERVICES COMMITTEE:

DISCUSSION ITEM

For Meeting of November 12, 2024

UCLA HEALTH MEDICARE ADVANTAGE PLAN UPDATE

EXECUTIVE SUMMARY

UCLA Health will launch its Medicare Advantage health plan under the name “UCLA Health Medicare Advantage Plan” on January 1, 2025, through New Century Health Plan, Inc. (NCHP). NCHP was established on July 6, 2023, as a California general business corporation wholly owned by the Regents of the University of California.

Licensed by the California Department of Managed Health Care (DMHC) under the Knox-Keene Health Care Service Plan Act of 1975, NCHP is a fully authorized healthcare service plan provider offering comprehensive services to Medicare beneficiaries across all zip codes within Los Angeles County. NCHP’s Medicare Advantage and Prescription Drug (MAPD) plan bid was approved by the Centers for Medicare and Medicaid Services (CMS) on August 21, 2024. A calendar year contract for 2025 with CMS was executed on August 27, 2024, allowing NCHP to provide services to enrolled members on January 1, 2025.

BACKGROUND

Medicare is a federal health insurance program primarily for individuals aged 65 and older, as well as younger individuals with disabilities or End-Stage Renal Disease (ESRD), which requires dialysis or a kidney transplant. Medicare helps cover hospital stays, medical services, and other healthcare costs.

Medicare Advantage (MA) plans offer an alternative to traditional Medicare, often including additional services like prescription drug coverage, dental, vision, and hearing care. These plans, administered by private insurers, are contracted with the Centers for Medicare and Medicaid Services (CMS) to provide Medicare benefits. MA plans are designed to offer more comprehensive and affordable coverage, with enhanced flexibility and additional benefits compared to traditional Medicare.

The Medicare market is experiencing significant growth, particularly in Medicare Advantage plans, which are expanding at a faster pace than commercial health plans. This growth trend is expected to continue, driven by an increasing number of eligible Medicare beneficiaries and a

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shift in preference toward MA plans for their affordability and comprehensive coverage. In Los Angeles County, the MA penetration rate is increasing, reflecting a strong and growing demand for these plans among the region's diverse and aging population.

As the MA segment becomes a larger proportion of UCLA Health's patient mix, pursuing a financially sustainable model that supports the continued care of existing patients while addressing the healthcare needs of the growing and diverse Medicare beneficiary population is crucial. Establishing an MA health plan is a strategic initiative to expand UCLA Health's reach, aligning with its mission to provide high-quality care to all communities it serves, particularly in the diverse and underserved areas of Los Angeles County.

With over 30 years of experience in delegated capitation management, UCLA Health brings robust clinical and administrative expertise to the UCLA Health Medicare Advantage Plan. The organization's approach to MA plan design prioritizes a patient-centered model crafted by doctors who understand the needs of the local population. This alignment between plan design and actual care delivery, under the oversight of CMS regulations, is anticipated to improve health outcomes and increase member satisfaction, setting UCLA Health's Medicare Advantage Plan apart in the competitive Los Angeles MA market.

Work Completed for Launch

To ensure the successful launch of the UCLA Health Medicare Advantage Plan on January 1, 2025, several critical components have been established, addressing key operational, clinical, and compliance needs:

- **Executive Team and Infrastructure:** An executive team has been assembled to build the operational infrastructure required for the health plan. This includes the establishment of systems for member enrolment, claims administration, and the creation of a contact center to handle member inquiries and support.
- **Corporate Services:** Corporate services have been implemented to support the health plan's operations, covering essential functions such as finance and accounting, audit, legal, human resources, and compliance.
- **Technology Infrastructure:** The technology infrastructure has been enhanced to ensure effective health plan operations, enabling efficient processes and communication within the plan's framework.
- **Actuarial Services:** Robust actuarial services have been established to provide analytical capabilities crucial for managing risk arrangements and ensuring financial stability.
- **Provider Network Development:** The health plan has completed the development of its provider network, including partnerships with Independent Physician Associations (IPAs), hospitals, and ancillary service providers. This network design and contract management ensure that members have access to high-quality, comprehensive care.
- **Pharmacy Benefits Manager:** A Pharmacy Benefits Manager (PBM) has been selected, and Part D prescription drug benefits have been implemented. This includes the development of the formulary and management of pharmacy services to ensure that members have access to necessary medications.

- **Health Services Team:** A dedicated health services team has been formed to oversee clinical and quality programs. This team will manage key areas such as case management, utilization management, care delivery, and the CMS Five-Star Quality Rating System, ensuring that the plan meets high standards of care.
- **Sales and Marketing Strategy:** A comprehensive sales and marketing strategy has been developed, including branding and the management of brokers and agents. This strategy ensures that the plan reaches Medicare beneficiaries through effective marketing channels and inclusive broker relationships.
- **Product Design and Risk Adjustment:** The product design process included extensive market research, plan strategy development, and CMS filing. A risk adjustment infrastructure was also created to manage encounter submissions, provider education, and compliance monitoring, ensuring the plan's financial sustainability.

Core Benefit Services

The benefits design team, informed by healthcare experience and consumer survey results from Medicare-eligible beneficiaries, developed plan benefits that are both comprehensive and affordable. The UCLA Health Medicare Advantage Plan is designed to address the diverse needs of Los Angeles County's Medicare beneficiary population by focusing on inpatient and outpatient services while also incorporating supplemental benefits that promote wellness, prevent avoidable admissions, and reduce the total cost of care. These benefits address social drivers of health (SDOH) that adversely influence health outcomes, reinforcing UCLA Health's commitment to health equity.

The UCLA Health Medicare Advantage Plan offers two health maintenance organization (HMO) plans that meet the diverse needs of the Los Angeles County Medicare beneficiary market. The approach was to design affordable plans with predictable costs by offering low monthly premiums and an over-the-counter smart benefits card to keep out-of-pocket costs low. In addition to prescription drug coverage, both plans include dental, vision, and hearing benefits, along with fitness and nutrition services to support holistic health. The inclusion of transportation services in the benefits ensures accessible and reliable transportation to and from medical appointments, addressing a critical barrier to care that disproportionately affects underserved communities. Both plans are financially sustainable and market competitive.

Prescription Drug Benefits

The health plan includes full Part D prescription drug benefits, ensuring that members can access a comprehensive range of medications. The plan's pharmacy benefits manager (PBM), MedImpact Healthcare Systems, Inc. (MedImpact), a California-based organization with a vast network of pharmacies, will administer these benefits. MedImpact's services include retail, specialty, and a mail-order pharmacy through BirdieRx, making prescription fulfillment convenient and accessible for members across Los Angeles County.

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Provider Network

CMS requires that MA organizations maintain a network of qualified providers to ensure adequate access to covered services for the population served. The UCLA Health Medicare Advantage Plan has established a network that meets all CMS adequacy requirements, anchored by UCLA Health's 3,000+ providers and five hospitals. This core network is further enhanced by additional provider organizations that align with UCLA Health's commitment to delivering high-quality, patient-centered care in support of its mission to serve diverse communities.

Provider selection was based on key criteria, including robust infrastructure to manage senior populations, expertise in Utilization Management, risk adjustment, and the CMS Five-Star Quality Rating System. Preference was given to independent physician associations (IPAs) with a longstanding presence in their communities, particularly those in underserved areas, and led by engaged physician leaders dedicated to delivering high-quality care.

A key feature of the UCLA Health Medicare Advantage Plan is that members can maintain relationships with their trusted local doctors while also accessing UCLA Health's renowned, world-class care and resources. This ensures continuity of care and supports plan members' overall health and well-being.

Key Activities before the January 1, 2025 Launch

As UCLA Health approaches the launch of the UCLA Health Medicare Advantage Plan on January 1, 2025, it is continuing its efforts to ensure a successful rollout. The following key activities are underway to secure membership growth, meet regulatory requirements, and establish full operations of the health plan:

- **Maximizing Enrollment Opportunities:** UCLA actively focused on securing membership during both the open enrollment and annual enrollment periods, with targeted outreach strategies designed to engage potential members and drive plan selection.
- **Bi-weekly CMS Coordination Meetings:** UCLA holds bi-weekly meetings with the CMS Account Manager to address any outstanding questions and review the CMS plan readiness checklist. These meetings ensure compliance with regulatory requirements and readiness for the January 1, 2025 launch.
- **Provider Network Readiness:** UCLA is completing ongoing provider assessments to ensure that all network providers meet the necessary standards and are prepared to launch.
- **Pharmacy Benefits Implementation:** Pharmacy benefits plan rollout continues in collaboration with MedImpact, the pharmacy benefits manager.
- **Health Services Infrastructure:** Efforts are underway to establish a robust health services infrastructure that will ensure the delivery of high-quality care from day one. Key focus areas include Clinical Services, Quality and Equity, Pharmacy Services, Medical Management, and Behavioral Health.

Commitment to the Mission: Looking Ahead

UCLA Health's commitment to compassionate and high-quality care remains central to its mission. The UCLA Health Medicare Advantage Plan is dedicated to meeting the unique needs of Medicare beneficiaries, ensuring that they receive the best possible care and support. With a strong community focus, UCLA Health is making strides in improving healthcare access and outcomes for those it serves, with particular attention to underserved populations who face significant barriers to care.

What differentiates UCLA Health?

UCLA Health's Medicare Advantage Plan stands out through its unique, patient-centered approach, developed by doctors who understand the local community's needs. With over 30 years of experience in delegated capitation management, UCLA Health leverages its clinical and administrative expertise to design a plan that provides comprehensive, high-quality care. Beneficiaries have access to UCLA Health's renowned provider network and facilities, and the plan includes supplemental benefits that address social drivers of health—such as transportation, fitness, and nutrition services—ensuring holistic care for plan members. This focus on health equity, affordability, and quality distinguishes UCLA's plan from other plans in the competitive Medicare Advantage market in Los Angeles County.

Looking ahead, UCLA is actively pursuing opportunities to expand its reach and enhance the services it provides:

- **Expanding UCLA's Reach:** UCLA is exploring the introduction of a Dual Eligible Special Needs Plan (DSNP) to better serve vulnerable populations, particularly those with complex healthcare needs who qualify for both Medicare and MediCal.
- **Collaboration Across UC Health:** UCLA aims to strengthen partnerships with UC Health medical centers throughout California, ensuring comprehensive coverage for Medicare beneficiaries across multiple counties and fostering a seamless network of care.
- **Senior-Focused Clinics and Care Model:** UCLA is committed to developing clinics specifically tailored for seniors and expanding a senior-focused care model that provides age-appropriate, personalized services designed to meet the unique healthcare needs of the aging population. This approach ensures that seniors receive coordinated and comprehensive care that promotes their overall well-being.

By staying mission-driven and community-focused, the UCLA Health Medicare Advantage Plan is positioned to meet the evolving needs of Medicare beneficiaries, advance health equity, and deliver meaningful, lasting improvements in the quality of care.