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Commission Urges Transformation of Medi-Cal

The Little Hoover Commission on Thursday urged transformation of California's Medi-Cal program to focus on prevention, coordinated care, cost effectiveness and health outcomes.

In its report, *A Smarter Way to Care: Transforming Medi-Cal for the Future*, the Commission said that the success of health care reform in California will depend on the state's ability to transform the Medi-Cal program. The Commission recommended that the Governor and Legislature support the Department of Health Care Services in taking a smarter approach to providing health care for the state's most vulnerable residents.

"As California's single largest purchaser of health care, the Medi-Cal program is too big to be an afterthought in the debate on how to untie the knot of rising health care costs, the lack of affordability, and the growing burden of cost-shifting on business," Commission Chairman Dan Hancock said.

The Medi-Cal program is an essential piece of the state's health care system, yet cost growth will render the program unsustainable unless changes are made. The program is the second single largest investment the state makes, behind only education, and this year will consume \$37.7 billion of state and federal dollars.

Despite its commitment to providing health coverage to 6.6 million low-income, senior and disabled Californians, the state lacks the data and analysis capacity to know how effective its efforts are in preventing chronic illnesses, ensuring quality care, and promoting positive health outcomes.

“For far too long, the state has focused on what Medi-Cal is paying for health care, not on what it is buying.” Hancock said. “By knowing what it is buying, the state can focus its dollars on what works to improve the health of Medi-Cal’s enrollees. And it can stop spending money on treatment that doesn’t add value.”

The Commission made four recommendations for the transformation of the Medi-Cal program:

- ***Make Medi-Cal a value-driven purchaser of health care.*** The Department of Health Care Services must develop a strategic plan emphasizing prevention, designate a leader and strategy team, and ensure that the program has the staff to employ value-based purchasing.
- ***Improve access to care.*** The department should strengthen and expand managed care, support local innovation in community-level approaches with dollars and increased flexibility, and provide incentives for improved health outcomes. The department must support alternatives to emergency room usage, ensure enrollees have medical homes and encourage patients to be responsible for their health.
- ***Leverage data and analytical capacity.*** The department must be equipped to measure health outcomes, plan for the future, prevent fraud and promote the most appropriate and cost-effective health care.
- ***Ensure all Medi-Cal eligible Californians are enrolled.*** The department must work to enroll all eligible uninsured individuals in Medi-Cal, and reduce churning in and out of the program by individuals who remain eligible for coverage. Application, eligibility and renewal procedures must be simplified.

Now is an opportune time for transformation. In July, the state health department will give its public health responsibilities to a newly created Department of Public Health, allowing the Department of Health Care Services to focus on ensuring that the Medi-Cal program makes the most effective and efficient use of taxpayer dollars.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to increase the efficiency and effectiveness of state programs. The Commission’s recommendations are sent to the Governor and the Legislature. To obtain a copy of the report, *A Smarter Way to Care: Transforming Medi-Cal for the Future*, contact the Commission or visit its Web site: www.lhc.ca.gov/lhc.html.