

# Kaiser Statewide No-Bid Commercial Contract

## OVERVIEW

- ❖ Proposed statewide, no-bid contract with Kaiser effective **January 1, 2024**
- ❖ **Kaiser Medi-Cal enrollment allowed to expand** into any areas KP has geographical business, including areas where Kaiser does not currently participate in Medi-Cal

## POLICY CONCERNS

- ❖ **Undercuts local public health care infrastructure** & expands the reach of a large commercial plan
- ❖ Expansive **trailer bill language that grants DHCS unilateral decision making** to contract with Kaiser in any geographic area – not limited to areas that have a physical Kaiser presence
- ❖ State **guaranteeing minimum enrollment levels** for private business, without a cap on overall growth



- ❖ Creates a **dangerous precedence** for future no-bid contracts with commercial plans with little to no public input

## MEMBER IMPACTS

- ❖ **PHC will continue to serve the highest acuity Medi-Cal members** as they do today. Currently, Kaiser's population is disproportionately children and families, with low enrollment of members with higher levels of acuity – PHC is offering more Community Supports
- ❖ Safety net providers will serve fewer but more acute members, **destabilizing the carefully balanced local safety net**
- ❖ Local plans will **cover an even higher percentage of high acuity enrollees** who need high-cost care and supports
- ❖ **Kaiser is not equipped to meet needs of the foster care population**, with needs primarily related to social determinants and behavioral health rather than high-cost medical conditions

## FINANCIAL IMPACT

- ❖ Most local plans contracting with Kaiser **pass 98% of premium** to Kaiser. The remaining 2% does not fully cover local plans' oversight and administrative costs
- ❖ The 2% funding withheld from Kaiser's rates helps fund services that **Kaiser does not provide or does not provide as robustly** as local plans, such as community supports