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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Executive Office

SUBMITTAL DATE:
May 22, 2012

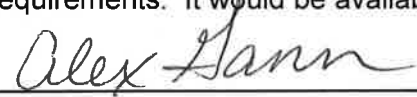
SUBJECT: Senate Bill 703 (Hernandez), which would create the Basic Health Plan, a health insurance alternative to the California Health Benefits Exchange

RECOMMENDED MOTION: That the Board of Supervisors:

1. Support Senate Bill 703; and
2. Authorize the Chairman of the Board to forward a letter of support to our Sacramento-based advocates and the bill's author.

BACKGROUND:

SB 703 (Hernandez) is state legislation that would create the Basic Health Plan (BHP), a health insurance alternative to the California Health Benefits Exchange for low-income individuals that is designed to offer lower premiums and cost-sharing requirements. It would be available to



 Alex Gann, Principal Management Analyst

Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost: \$0	\$ 0	In Current Year Budget:	NA
	Current F.Y. Net County Cost:\$0	\$ 0	Budget Adjustment:	NA
	Annual Net County Cost FY:\$0	\$ 0	For Fiscal Year:	NA

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE


 BY: _____

County Executive Office Signature Christopher M. Hans

- Consent
- Policy
- Consent
- Policy

Dept't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.:

District:

Agenda Number:

3.2

SUBJECT: Senate Bill 703 (Hernandez)

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BACKGROUND (cont.):

individuals earning 133%-200% of the Federal Poverty Level (FPL), or roughly an annual income of \$14,850 - \$22,340.

The BHP has the potential to significantly reduce the number of uninsured in California. Studies indicate it would be considerably more affordable for low-income individuals in comparison to the California Exchange, providing the opportunity for more low-income individuals to purchase health care coverage. The BHP would also likely include in its network local Medi-Cal managed care plans and safety net providers that have extensive experience serving low-income populations.

The BHP would also offer an additional benefit. The 133%-200% FPL population is currently part of the County's Medically Indigent Services Program. The availability of the BHP would significantly increase the likelihood that these individuals will get health care coverage and the County in turn would begin to receive reimbursement to cover cost that is currently unreimbursed.

Inland Empire Health Plan, which serves over 550,000 members in Riverside and San Bernardino Counties, supports SB 703.



COUNTY OF RIVERSIDE

Board of Supervisors

District 1	Bob Buster 951-955-1010
District 2 <i>Chairman</i>	John F. Tavaglione 951-955-1020
District 3	Jeff Stone 951-955-1030
District 4	John Benoit 951-955-1040
District 5	Marion Ashley 951-955-1050

June 4, 2012

The Honorable Ed Hernandez
Chair, Senate Health Committee
State Capitol, Room 4085
Sacramento, CA 95814

Subject: SB 703 (Hernandez) – SUPPORT

Dear Chairman Hernandez:

On behalf of Riverside County Regional Medical Center (RCRMC) and the approximately 24,000 uninsured patients served on a monthly basis, I am writing in support of SB 703, which would create the Basic Health Plan (BHP) and provide a more affordable health coverage option for low-income Californians.

RCRMC is the only county-owned and operated public teaching hospital in Riverside County, serving as the largest safety net provider. RCRMC's mission is to provide superior care for the benefit of all county residents, including a special focus on low-income individuals and other special populations in need. The hospital operates 362 licensed general acute care beds, 77 psychiatric beds, and has the capacity to manage 200,000 patients per year in its specialty outpatient clinics and 100,000 patient visits per year in its emergency room. RCRMC cares for nearly half the trauma patients in the county, and is the first responder in case of a natural disaster.

Given RCRMC's role as a safety net provider which serves a large number of uninsured individuals, Riverside County cares deeply about the need to expand coverage in California. We believe the Basic Health Plan offers an exciting opportunity to address affordability issues for low income individuals and families.

The BHP would be available to individuals earning between 133%-200% of the Federal Poverty Level, or roughly \$14,850-\$22,340 per year. Through the BHP, the State would contract with health plans to offer more affordable coverage to this population, without compromising benefits. The BHP would be financed through federal subsidies that individuals would have received if they had purchased coverage on their own through the Exchange. Moreover, the BHP can build on an existing safety net plan and provider network that has extensive experience in serving this patient population and their complex needs.

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The BHP's structure has the potential to greatly reduce premiums to low-income individuals and generate significantly higher enrollment than would otherwise participate in the Exchange. According to a Mercer study, monthly premiums in the Exchange are likely to range from \$54-\$114 per month, while the BHP premiums would range from \$10-\$20 per month. Additional cost sharing (i.e. co-pays and deductibles) is also expected to be lower for BHP enrollees. For working Californians who are struggling to make ends meet, this low-cost premium would likely be their only viable option to obtain coverage under health care reform. According to the Urban Institute, more than 100,000 low-income individuals and families would purchase health coverage under the BHP than would otherwise participate in the Exchange.

There has been some discussion about the potential impact of a BHP to the size and risk pool of the Exchange. Despite the reduced size with a BHP, the remaining Exchange-eligible population of roughly 2 million would still be larger than almost every other state exchange in the nation. With this sizeable market, the California Exchange can maintain its ability to influence the marketplace, attract health plans and providers, and be a leader in establishing new standards to improve health for all Californians.

For these reasons, we strongly support SB 703 and the creation of the BHP. The BHP will ensure greater overall enrollment in coverage for this low-income population, thereby reducing the remaining number of uninsured. If you have any questions regarding our position, please contact Douglas Bagley, RCRMC's Hospital Director, at (951) 486-4470.

Thank you for your consideration.

Sincerely,

John Tavaglione
Chairman, Board of Supervisors

cc: The Honorable Felipe Fuentes, Chair Assembly Appropriations
The Honorable Members of the Assembly Appropriations Committee
California Association of Public Hospitals and Health Systems
Douglas Bagley, Hospital Director