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

FROM: Executive Office

SUBMITTAL DATE:
February 26, 2013

SUBJECT: Health Care Governance Committee Monthly Update

RECOMMENDED MOTION: That the Board of Supervisors receive and file the Health Care Governance Committee Monthly Update

BACKGROUND:
In this second in a series of monthly reports to the Board, staff will provide information on the RFP as well as discussion on State vs County Option for Medicaid (Medi-Cal) expansion.

County Purchasing and Fleet Services on behalf of the Executive Office released a request for proposals on January 28, 2013 seeking a consultant(s) with expertise in health and mental health delivery system strategic planning; and operational and financial performance of public hospital and clinics. The bid closing date is February 27, 2013 and it is anticipated that the proposals will be evaluated, top candidates interviewed and

Debra Cournoyer, Deputy County Executive Officer

Departmental Concurrence

FINANCIAL DATA	**Current F.Y. Total Cost:**	$	**In Current Year Budget:**	
	Current F.Y. Net County Cost:	$	**Budget Adjustment:**	
	Annual Net County Cost:	$	**For Fiscal Year:**	

SOURCE OF FUNDS:

Positions To Be Deleted Per A-30 ☐

Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION: APPROVE

BY: George A. Johnson

County Executive Office Signature

☐ Policy ☐ Policy
☒ Consent ☑ Consent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes:	Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays:	None
Absent:	None
Date:	February 26, 2013
xc:	E.O.

Kecia Harper-Ihem
Clerk of the Board
By: Deputy

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

Prev. Agn. Ref.: | **District:** All | **Agenda Number:** 2-8

the consultant(s) selected by early April. Research and evaluation will begin in April and continue through the summer, with the expectation that recommendations will be presented to guide Board during the budget approval process. The Health Care Governance Committee (HCGC) will use these monthly reports to update the Board on the status of the RFP as well as the consultant(s) progress.

The Governor's 2013-14 budget summary outlines two possible approaches to Medicaid (Medi-Cal) expansion each with its own set of strengths, challenges, risks and benefits. Either approach will have a significant effect on both the state and county finances. Currently, counties provided health care to medically indigent adults using a combination of county funds and state 1991 realignment funds. The expansion of Medi-Cal provides an opportunity to reassess this relationship.

- State-based approach: This approach builds upon the existing state-administered Medicaid program and managed care delivery system. A standardized statewide benefit package, comparable to that currently available in MediCal, would be offered (long-term care benefits would continue to available through the traditional Medicaid program)

The state-based approach would require that counties contribute 1991 realignment money upfront. Counties would assume programmatic and fiscal responsibility for various human services programs. Counties would fund the new responsibilities with savings from indigent adults receiving coverage through MediCal. The state will discuss the appropriate state and local relationship in the funding and delivery of health care and what additional programs counties should be responsible for if the state assumes the majority of health care costs.

- County-based approach: The approach builds upon the existing low income health program (LIHP). Counties would continue to be responsible for indigent health care services. Counties would need to meet statewide eligibility requirements and provide a minimum in health benefits consistent with those offered through Covered California (the health benefit exchange).

Counties would act as the fiscal and operational entity responsible for the expansion and would build on their LIHP as the basis for operating the expansion. Counties would be responsible for developing provider networks, setting rates and processing claims. Federal approval and specified waivers are required under this option. It may be difficult to receive federal approval for the county-based approach given the federal desire for a nationwide approach to increasing insurance coverage.

The California State Association of Counties (CSAC) is working with counties to explore a third alternative. The CSAC Health and Human Services Policy Committee and the CSAC Board of Directors will meet on February 15, 2013 and February 21, 2013, respectively, to discuss the third alternative outlined below.

There are risks associated with both the state and county based approaches. With an eye toward mitigating risks for counties and supporting a responsible and efficient Medi-Cal expansion, CSAC staff arrived at the following principles:

- Counties must retain sufficient health realignment funds to be able to fulfill residual responsibilities (such as serving the remaining uninsured and public health services).
- 1991 realignment funds should not be redirected to offset state costs until there are net state costs associated with the Medi-Cal "optional" expansion.
- Because counties have different delivery systems, some counties may experience savings prior to 2017 and those counties should address how to reinvest those savings in local health and public health systems.
- County savings should only be recognized in arrears once actual savings can be quantified.
- Counties believe there is an urgency to the Medi-Cal expansion and will work with the Administration, Legislature and other stakeholders on an immediate path forward.
- Do no harm to the safety net.
- Counties use existing realignment funds to allow them to provide the non-federal share to draw down available federal funds for care to Medi-Cal and uninsured patients (through the use of certified public expenditures and intergovernmental transfers) and to leverage federal funds for public health programs. State efforts to reduce realignment funding to counties should not undermine counties' ability to obtain available federal matching funds or result in disproportionate revenue losses to local systems.

Framework for an alternative option:

- The Medi-Cal expansion should happen within the state system – the state would be in charge of contracting with Medi-Cal managed care plans, network adequacy, billing, cost sharing and legal issues. County human services departments would continue to administer Medi-Cal eligibility as under current law.
- Counties would like to explore the option of a county demonstration project (or pilot) in a limited number of counties to expand their LIHP programs in lieu of the existing managed care plans.
- The Medi-Cal expansion should include assurances that some portion of the newly eligible Medi-Cal recipients continue to remain as patients in county hospital systems. (For example, the "min-max" requirements that were part of managed care's creation in the 1990s).
- If savings in 1991 realignment are achieved, counties should reinvest those savings in prevention programs that will reduce health care costs for counties and the state.
    - Public health. Examples: prevention , public health/primary care intersection, chronic disease prevention, communicable disease mandates, addressing health disparities.
    - County hospital investment. Examples: health information technology and electronic medical records, expansion of primary care and outpatient care (hire more providers, expand sites)
    - Behavioral health. Examples: care coordination, behavioral health/primary care integration (bending the medical cost curve), information technology and improving data reporting systems

Counties are open to a conversation about the appropriate use of 1991 realignment after the Medi-Cal expansion. However, we are mindful that the evaluation of costs and benefits resulting from the expansion is a critical component to that discussion; specifically, when benefits begin to appear and where, who is responsible for evaluating the costs and benefits, and the methodology associated with any transfer of funds or responsibilities must be resolved. It will be critical that legislation include a formal process for arriving at a methodology.