

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *max*

BOARD AGENDA # *B-2

Urgent

Routine

AGENDA DATE February 26, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Set a Public Hearing on March 18, 2008 at 6:35 p.m. to Consider Dental and Mental Health Benefit and Service Reductions for Medically Indigent Adult Program Patients

STAFF RECOMMENDATIONS:

1. Set a Public Hearing pursuant to the Health and Safety Code § 1442.5 on March 18, 2008 at 6:35 p.m. to consider:
 - a. The establishment of a \$1,000 annual maximum dental benefit for Medically Indigent Adult (MIA) program patients; and
 - b. The elimination by the Health Services Agency Clinic and Ancillary division and the Medically Indigent Adult program of providing at no cost, mental health benefits and services including prescription drugs.

FISCAL IMPACT:

If approved at a subsequent public hearing, these recommendations are estimated to reduce expenditures by \$586,988 annually. Assuming approval and implementation by May 1, 2008, it is projected that expenditures during the remainder of Fiscal Year 2007-2008 would be reduced by approximately \$97,831.

Continued on Page 2

BOARD ACTION AS FOLLOWS:

No. 2008-120

On motion of Supervisor Monteith, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, DeMartini, and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

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FISCAL IMPACT (Continued):

As the Health Services Agency entered the third year of the Board-approved three-year Strategic Plan, it faced a significant financial challenge, both in its operating budget and in its cash position. The 2007-2008 Proposed Budget for the Clinics and Ancillary Services Division reflected an unfunded shortfall of \$12.6 million for which funding was not identified, after the planned General Fund contribution of \$4.4 million. The final approval of the County's application for Federally Qualified Health Center Look-Alike (FQHC-LA) was received on September 24, 2007. Based on the FQHC-LA designation, the Agency was able to project an increase in net revenue of \$6.4 million annually. The remaining shortfall of \$6.2 million however, necessitated significant changes in the Agency's operations. Those changes, in the form of several recommended initiatives were approved by both the Community Health Center Board and the Board of Supervisors, during meetings which took place in September and October of 2007, and which were estimated to save the Agency between \$6.2 and \$7.8 million annually. Additionally, as part of the First Quarter Financial Report, on November 6, 2007 the Board of Supervisors authorized the use of an additional \$4,189,655 of General Funds for the Health Services Agency to fund the remaining current year operating deficit of the Clinic system. This additional support is necessary since the initiatives are being implemented throughout the fiscal year. As additional savings are identified and achieved, the Agency plans to reduce its use of the additional General Fund contribution.

DISCUSSION

Staff is recommending the reduction of benefits that may be provided for patients who qualify for the Medically Indigent Adult program. Under Section 1442.5 of the Health and Safety Code, a public hearing is required in order for the Board to consider the staff recommendation. As such, staff is requesting that a hearing be scheduled to consider the following two recommendations.

Medically Indigent Adult - Dental Benefits

Dental utilization and costs are rising at an unanticipated rate. For Fiscal Year 2007-2008 it is projected that the cost for dental services will be approximately \$1.6 million. The increase of about \$300,000 over last year is based on utilization of services, rather than price increases for services. The following table shows the amount incurred in cost and utilization over the past four years.

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Dental Services	2004-2005	2005-2006	2006-2007	2007-2008 projected
Annual Expenditure	1.3 million	1.0 million	1.3 million	1.6 million
Percentage Increase from previous year		-23%	30%	23%
Number of services (claims) paid	4,960	4,610	4,816	5,812
Percentage Increase from previous year		-7%	4%	21%

Note: The Agency no longer provided dental services in-house as of Nov 2005.

As a partial means to limit the expenditure for dental services, it is recommended that an annual maximum dental benefit of \$1,000 be established. Annual benefit maximums are a standard in the private insurance market and a ceiling of \$1,000 is relatively common.

Approximately 6,126 county residents receive eligibility in the Medically Indigent Adult program annually. Of those approximately 1,891 seek dental services, and approximately 23% receive dental benefits valued at greater than \$1,000. Using Fiscal Year 2006-2007 data, it is projected that 437 individuals would be impacted if this policy is approved. This recommendation is projected to save the Agency \$306,604 on an annual basis.

Medically Indigent Adult (MIA) - Mental Health Services

Under Section 17000 of the State Welfare and Institutions Code, the county is required to provide medical care for qualified indigents. Qualifications and specific scope of benefits are subject to the discretion of each County's Board of Supervisors. Since the inception of Stanislaus County's MIA program, mental health and substance abuse services have been explicitly excluded from the scope of benefits. This policy is supported by the Short-Doyle Act (Welfare and Institutions Code Section 5600) which describes the State and County funded mental health services obligations and limits, and was recently upheld in the California courts (BOARD OF SUPERVISORS OF LOS ANGELES COUNTY et al., Petitioners, v. THE SUPERIOR COURT OF LOS ANGELES COUNTY, Respondent).

The practical division between mental and medical health services is less exact, and as access to mental health services for the underserved is reduced, as has been the case locally in recent years, pressure and demand upon primary care physicians has grown. While it is not uncommon for instance for primary care physicians to manage mild depression, while treating other physical health ailments, it is beyond the industry standard scope of practice for a primary care physician to manage more complex and acute mental health problems. However, in recent years, the Agency primary care physicians have received a growing number of patients with requests to treat complex mental health problems and renew psychotropic medications initially written by a Psychiatrist.

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Although the Agency's Medically Indigent Adult program has continued to consider mental health and substance abuse services to be outside the scope of benefits, when a qualified Medically Indigent Adult patient presented at the Agency's pharmacy with a prescription written by an Agency provider, the prescription was filled without regard to whether the condition being treated was one of physical or mental health. As such, the Agency calculates that mental health medications alone have cost the Agency approximately \$872,114 annually; of which approximately \$300,000 may be attributed to the more complex conditions that are generally treated by a Psychiatrist.

In addition, the primary care physicians treating the Medically Indigent Adult patients take the position, that without access to the necessary mental health services, including psychotropic medications, their ability to effectively care for the physical health conditions is seriously impaired, and could drive up the cost of treating the physical needs; cost which the Agency bears. For instance, it is extremely difficult to control a patient's diabetes, if his schizophrenia is not managed.

Considering the existing issue and having collected relevant information on other counties' indigent programs, the Agency is recommending that the Board of Supervisors confirm that mental health and substance abuse benefits are excluded from the Medically Indigent Adult program, with the following clarification. Mild mental health conditions, commonly treated by primary care providers, can continue to be treated when and only when the provider is also providing care for a physical health issue. Under this policy, for instance, an MIA patient calling for a doctors appointment for the stated purpose of seeking a medication refill for a mental health condition, will be considered an uninsured patient and the personal pay policies will apply rather than the services being expensed to the MIA program.

In an effort to provide effective case management, control MIA costs and exposures, and achieve desirable patient outcomes, it is also recommended that the Agency, to the extent resources are available, provide the administrative work necessary to seek, receive and dispense free drugs made available by drug manufacturers to treat mental health conditions, at no cost to the patient. On average, the Agency estimates this internal cost to be approximately \$22 per prescription, and using historical utilization the annual cost to the Agency would be approximately \$24,000. Note: it generally takes approximately 3 - 4 weeks to receive free drugs under these programs, so the initial prescription would require payment from the patient or the patient would forego the medication until the free drugs were made available. It is important to note that this operational policy would not constitute an obligation on the part of the Agency or County to provide these medications; availability would be at the discretion of the manufacturers' programs, which change from time to time, and subject to the administrative resources of the Agency.

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The net result of this mental health related recommendation is a projected annual savings of \$280,384 and this reduction would impact an estimated 157 individual patients.

POLICY ISSUE:

Approval of this item to set a public hearing to consider benefit and service reductions for the Medically Indigent Adult program patients, will address the Board of Supervisors' priorities of a healthy community and efficient delivery of public services, by more cautiously utilizing scarce public and private resources, and more appropriately aligning provider scope of expertise with service expectations, while continuing to meet mandates.

STAFFING IMPACT:

There is no staffing impact associated with these recommendations.



NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that, pursuant to Section 1442.5 of the California Health and Safety Code and other applicable laws, the Board of Supervisors of the County of Stanislaus, State of California, will hold a public hearing regarding the reduction or elimination of certain health and medical services provided by the County. The public hearing will commence on **Tuesday, March 18, 2008 at 6:35 p.m. in the Board Chambers, 1010 10th Street, Modesto, California**, at which time and place all interested persons may appear and be heard. The hearing shall be in accordance with the provisions of Health and Safety Code Section 1442.5.

Those services that are proposed for reduction or elimination are listed on the continuation of this notice on pages following. At any time prior to the time fixed for the hearing, any interested person may file written comments on the proposed action with the Clerk of the Board of Supervisors of the County of Stanislaus. Both oral and written comments will be considered by the Board of Supervisors at the time and place fixed for hearing.

Additional information regarding this hearing may be obtained by contacting the Stanislaus County Health Services Agency at (209) 558-7163, or by writing:

Stanislaus County Health Services Agency
Attention: Administration
P.O. Box 3271
Modesto, CA 95353

THIS NOTICE shall be posted at the entrance to all County health care facilities.

Date: February 27, 2008

Please remove this notice after March 18, 2008, as instructed.



PROPOSED SERVICE LEVEL REDUCTION

Reductions in the level of services that provide medical care to indigent persons are subject to prescribed formal Public Notice and Public Hearings (Health and Safety Code Section 1442.5). The reduction of these services in the Health Services Agency is estimated to save approximately \$587,000. This Notice contains a list of the proposed service reductions, with an estimate of reduced expenditures and number of persons affected.

Savings	Description of Reduction or Elimination
\$307,000	1. Establishment of an annual dental benefit maximum of \$1,000 per Medically Indigent Adult (MIA) program patient. Qualified Medically Indigent Adult patients will no longer be eligible for dental services under the MIA program once the services they've received have totaled \$1,000 within a twelve-month period. Both MIA program payments and patient co-payments will be applied to the \$1,000 benefit limit. Should a patient receive a service that reaches and exceeds the \$1,000 benefit maximum, the patient will be responsible to pay the dental provider the balance that will not be paid by the MIA program. It is estimated that approximately 437 patients would be affected by this reduction.
\$280,000	2. Enforcement of the benefits policy excluding coverage for mental health and substance abuse treatment under the Medically Indigent Adult program. Under this reduction in coverage for services, MIA program patients could continue to receive primary care mental health services <u>when</u> being treated for physical health conditions, but would not be eligible under the MIA program for treatment, including prescription medications for services when only a mental health condition is present and/or when the condition is a serious mental health condition that is not commonly treated by primary care physicians. On an annual basis, approximately 157 MIA program patients were treated for serious mental health conditions including the receipt of prescription medications.

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ADDITIONAL NOTICE IS GIVEN that the services proposed for reduction or elimination are as follows:

Savings	Description of Reduction or Elimination
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NOTICE IS FURTHER GIVEN that at any time prior to the time fixed for the hearing, any interested person may file written comments on the proposed action with the Clerk of the Board of Supervisors of the County of Stanislaus. Both oral and written comments will be considered by the Board of Supervisors at the time and place fixed for hearing. Additional information regarding this hearing may be obtained by contacting the Stanislaus County Health Services Agency at (209) 558-7163, or by writing the Stanislaus County Health Services Agency, Attention: Administration, P.O. Box 3271, Modesto, CA 95353.

DATED: February 26, 2008

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk of
the Board of Supervisors of the County of Stanislaus,
State of California

BY: Elizabeth King, Assistant Clerk of the Board

**DECLARATION OF PUBLICATION
(C.C.P. S2015.5)**

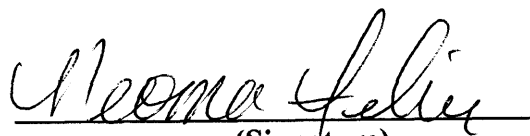
**COUNTY OF STANISLAUS
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of **THE MODESTO BEE**, printed in the City of **MODESTO**, County of **STANISLAUS**, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of **STANISLAUS**, State of California, Under the date of **February 25, 1951, Action No. 46453**; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

MARCH 5, 12, 2008

I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at **MODESTO, California** on

MARCH 12, 2008


(Signature)

NOTICE OF PUBLIC HEARING

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Savings - \$280,000

Description of Reduction or Elimination: 2. Enforcement of the benefits policy excluding coverage for mental health and reduction in coverage for services, MIA program patients could continue to receive primary care mental health services when being treated for physical health conditions, but would not be eligible under the MIA program for, including prescription medications for services when only a mental health condition is present and/or when the condition is a serious mental health that is not commonly treated by primary care physicians. On an annual basis, approximately 157 MIA program patients were treated for serious mental health conditions including the receipt of prescription medications.

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DATED: February 26, 2008

ATTEST: CHRISTINE FERRARO TALLMAN,
Clerk of the Board of Supervisors of the County of Stanislaus,
State of California
BY: Elizabeth King, Assistant Clerk of the Board

**DECLARATION OF PUBLICATION
(C.C.P. S2015.5)**

BOARD OF SUPERVISORS

2008 APR 15 A 11:18

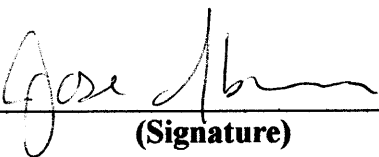
**COUNTY OF STANISLAUS
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of **THE MODESTO BEE**, printed in the City of **MODESTO**, County of **STANISLAUS**, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of **STANISLAUS**, State of California, Under the date of **February 25, 1951, Action No. 46453**; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

**Vida En El Valle Publication
Week of MARCH 5 & Week of MARCH 12, 2008**

I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at **MODESTO, California** on

APRIL 9, 2008


(Signature)

AVISO DE AUDIENCIA PUBLICA

SE AVISA POR ESTE MEDIO que el seguimiento a la Sección 1442.5 del Código de Seguridad y Salud de California y otras leyes que se apliquen, el Consejo de Supervisores del Condado de Stanislaus, Estado de California, efectuará una audiencia pública en cuanto a la reducción o eliminación de ciertos servicios médicos y de salud proporcionados por el Condado. La audiencia pública comenzará el Martes 18 de Marza, 2008 a las 6:35p.m., o tan pronto como sea posible, en la Cámara del Consejo, en el 1010 10th Street, Modesto, California, a la hora y lugar que las personas interesadas aparezcan y sean escuchadas.

TAMBIEN SE AVISA que los servicios propuestos para la reducción o eliminación sean los siguientes:

Ahorros	Descripción de Reducción o Eliminación
\$307,000	1. Establecer un máximo de \$1,000 como beneficio dental anual por cada paciente del programa Adulto Indigente por Médico (MIA, por sus siglas en Inglés). Aquellos que califiquen no podrán ser elegibles para los servicios bajo el programa MIA, una vez que los servicios que han recibido tengan un total de \$1,000, durante un periodo de 12 meses. Ambos pagos del programa MIA y pagos adjuntos de los pacientes se aplicaran a los \$1,000 del limite del beneficio. Si un paciente recibe servicio que exceda el limite, el paciente será responsable por pagar el balance que no será pagado por el programa. Aproximadamente 437 pacientes serán afectados por esta reducción.
\$280,000	2. Refuerzo de las políticas de los beneficios excluyendo cobertura. Para salud mental y abuso de substancias bajo el programa MIA. Bajo esta reducción en la cobertura de los servicios, los pacientes del programa MIA pueden continuar recibiendo servicios de cuidados primarios para salud mental cuando se le trata por condiciones físicas en su salud, pero no será elegible bajo el programa de tratamiento MIA, incluyendo medicamentos con prescripciones para los servicios cuando solo una condición mental esta presente y/o cuando una condición mental sería que normalmente es tratada por médicos de cuidados primarios. Anualmente, aproximadamente 157 pacientes del programa MIA son tratados por condiciones mentales serias, incluyendo el recibo de prescripciones para medicamentos.

ADEMÁS, SE AVISA que en un tiempo anterior a la hora de la audiencia, cualquier persona interesada puede dar sus comentarios por escrito en la acción propuesta con el Oficinista de el Consejo de Supervisores del Condado de Stanislaus. Ambos comentarios, por escrito y orales, serán considerados por el Consejo de Supervisores en la audiencia. Información adicional acerca de la audiencia puede ser obtenida si se comunica con la Agencia de Servicios de la Salud del Condado de Stanislaus al (209) 558-7163, o by por correo, Atención a: Administración, P.O. 2008.