

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

DEPT: Health Services Agency *1107*

BOARD AGENDA # 6:35 p.m.

Urgent Routine

AGENDA DATE March 18, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Public Hearing to Consider Dental and Mental Health Benefit and Service Reductions for Medically Indigent Adult Program Patients

STAFF RECOMMENDATIONS:

1. Conduct a public hearing to consider and approve:
 - 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.
2. Authorize Health Services Agency Managing Director to fulfill the operational activities associated with the implementation of the above recommendations.

FISCAL IMPACT:

If approved, 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. 2008-190

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

Ayes: Supervisors: Grover, Monteith and Chairman Mayfield

Noes: Supervisors: O'Brien and DeMartini

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST: Christine Ferraro
CHRISTINE FERRARO TALLMAN, Clerk

File No.

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. Notices of this hearing were posted in accordance with this Section. Additionally, and although not required, the notice was published in both English and Spanish in local newspapers.

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.

Public Hearing to Consider Dental and Mental Health Benefit and Service Reductions
for Medically Indigent Adult Program Patients
Page 3

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. Specifically, section 17000 imposes upon counties a duty to provide hospital and medical services to indigent residents who are not eligible for any other publicly supported program such as Medi-Cal, Medicare, Social Security "SSI" or other similar programs. Only this very limited group of persons, largely comprised of single adult men and women between the ages of eighteen and fifty-five, are eligible to apply for MIA benefits and the sole source of funding is from the County's General Fund; there are no State or Federal funds available. Historically, the State included this same group in the Medi-Cal program but eliminated their eligibility in 1988 when it created the Medically Indigent Adult program and left the funding to the County. 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. In 1985 the State Legislature enacted the Mental Health Services Reform Act, commonly referred to by the names of its original principal legislative sponsors "Short-Doyle", generally sections 5600 through 5727 regarding indigent mentally ill persons and other mental health programs.

In Board of Supervisors of Los Angeles County v. The Superior Court of Los Angeles (1989) 207 Cal.App.3d 552. Attorneys representing indigents within the County of Los

Public Hearing to Consider Dental and Mental Health Benefit and Service Reductions
for Medically Indigent Adult Program Patients
Page 4

Angeles brought suit against the county arguing section 17000 of the California Welfare and Institutions Code obligates the county to provide mental health services to its indigent population. The court of appeal ruled that section 17000 does not impose any obligation upon a county to provide mental health services. The Court's decision makes it perfectly clear that the county's obligation for the provision of mental health services is limited to the specific statutory requirements set forth in the Short-Doyle statutory system. The court of appeal also made it clear that providing mental health care to indigents within the state of California was a matter of statewide concern which required legislation, that has never been forth coming.

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.

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.

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 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.



6:35 pm

MENTAL HEALTH BOARD

800 Scenic Drive, Modesto, CA 95350
Phone: 209.525.6225 Fax: 209.558.8233

March 14, 2008

2008 MAR 14 P 11:30
RECEIVED
STANISLAUS COUNTY MENTAL HEALTH BOARD

The Honorable Thomas W. Mayfield, Chairman
Stanislaus County Board of Supervisors
1010 Tenth Street
Modesto, CA 95354

Dear Supervisor Mayfield:

As you are aware, the Stanislaus County Mental Health Board's role is established under the Welfare and Institutions Code and includes the review and evaluation of the community's mental health needs, services, facilities and special programs. With regard to this mandated responsibility, the Board wishes to voice our sincere concern with regard to the Health Services Agency's (HSA) proposed enforcement of the benefits policy excluding coverage for mental health and substance abuse treatment under the Medically Indigent Adult (MIA) program.

Under this 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 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. This would affect approximately 157 MIA program patients with an estimated savings of \$280,000 annually.

Many MIA patients receiving care under this program, are not eligible for Medi-Cal benefits, and thus, are not able to receive services through Behavioral Health and Recovery Services (BHRS), since BHRS reduced services to uninsured individuals. These individuals rely on psychotropic medications to improve their quality of life, and the loss of these services will negatively impact the lives of these patients, many of whom do not have the support systems to cope with the loss of these medications.

The impact to the community will also be seen in an increase in emergency room visits and hospitalizations in the psychiatric inpatient hospital with increased costs to taxpayers. Some of the patients may also be arrested and jailed as a result of their mental illness, which also results in increased costs to taxpayers. It is the belief of Mental Health Board members that the costs associated with not continuing to provide psychotropic medications to the 157 individuals would be much more than the \$280,000 that would be saved annually.

We respectfully request that individuals with a serious mental illness continue to receive psychotropic medications through the MIA program. Thank you for your consideration.

Sincerely,

Robert A. Angell
Robert Angell, Chair