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

DEPT: Health Services Agency **BOARD AGENDA #** 9:15 a.m.

Urgent ☐ **Routine** ☒ **AGENDA DATE** September 1, 2009

CEO Concurs with Recommendation YES ☒ **NO** ☐ **4/5 Vote Required YES** ☐ **NO** ☒
(Information Attached)

SUBJECT:

Public Hearing Pursuant to Section 1442.5 of the Health and Safety Code to Consider Changes to the Medically Indigent Adult Program to include the Reduction to the Income Limits at which Patient Cost Sharing Applies, the Reduction to the Asset Limits for Eligibility, a Reduction in the Dental Scope of Benefits, and an Increase in Patient Cost Sharing Specifically for Major Restorative Dental Services

STAFF RECOMMENDATIONS:

1. Conduct a public hearing to consider changes to the Medically Indigent Adult program to include:
   a. the reduction to the Income Limits at which patient cost sharing applies;
   b. the reduction in the Asset Limits for eligibility;
   c. a reduction to the Dental Scope of Benefits; and
   d. an increase in patient cost sharing specifically for major restorative dental services.

2. Approve the reduction to the Income Limits at which patient cost sharing applies effective October 1, 2009.

(Continued on Page 2)

FISCAL IMPACT:

The Medically Indigent Adult (MIA) program represents the majority of the Health Services Agency's Indigent Health Care Program budget. The approved preliminary budget for Fiscal Year 2009-2010 for the Indigent Health Care Program is $14,127,100. Funding for the MIA program is comprised of Realignment (sales tax and vehicle license fees) and a required county match. The actual financial impact

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BOARD ACTION AS FOLLOWS:

No. 2009-605

On motion of Supervisor Grover, **Seconded by Supervisor** O'Brien
and approved by the following vote,
Ayes: Supervisors: O'Brien, Chiesa, Grover, and Chairman DeMartini
Noes: Supervisors: None
Excused or Absent: Supervisors: Monteith
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.**

STAFF RECOMMENDATIONS (Continued):

3. Approve the reduction in the Asset Limits for eligibility effective October 1, 2009.

4. Approve the reduction to the Dental Scope of Benefits effective October 1, 2009.

5. Approve the increase in patient cost sharing specifically for major restorative dental services effective October 1, 2009.

6. Authorize the Health Services Agency Managing Director to fulfill the operational activities associated with the implementation of the above recommendations.

FISCAL IMPACT (Continued):

of the changes to be considered following the recommended public hearing, will be based on the actual applicants, enrollment and utilization of covered services under the Medically Indigent Adult program during the fiscal year. By analyzing recent actual utilization and cost information of services provided to MIA program enrollees, it is estimated that annualized savings may be achieved in the range of $392,158 – $422,158 if the proposed changes are approved. Assuming declining funding, the Health Services Agency seeks to manage the program within available resources through various administrative and care management initiatives, combined with the proposed changes contained herein.

DISCUSSION:

Under Welfare and Institutions Code Section 17000, the County is required to provide or arrange for the provision of medical care services for the Medically Indigent Adult residents of the County. Under the law, the scope of benefits and eligibility guidelines are established at the discretion of each county's Board of Supervisors.

Due to decreasing MIA program funding coupled with rising enrollment, policy changes are necessary in order to produce decreased program expenditures and avoid deficit spending. Although funding was down by approximately 10% during Fiscal Year 2008-2009, the combination of policy changes made by the Board of Supervisors and other operational changes implemented by staff, allowed the program to operate within budget. Anticipating possible further decreases in funding for Fiscal Year 2009-2010, while experiencing an increase in program applications, staff projects the inability to operate at a break-even without making policy changes. Enrollment in Fiscal Year

2009-2010 is projected to increase by more than 15% based upon trends in applications and enrollment during the 2008-2009 Fiscal Year. Expenditure reductions could be achieved by reducing eligibility or by reducing the covered benefits of the program, or both. Staff recommendations give preference to providing lesser benefits over a larger population of qualified individuals, rather than more service to fewer individuals.

Eligibility and Cost Sharing

The Medically Indigent Adult (MIA) program is for legal county residents who are not otherwise eligible for other healthcare coverage or access. Presently, the eligibility process includes obtaining various financial and other demographic information from an applicant in order to first determine eligibility, and second, for those who meet the eligibility criteria, to determine if the applicant is subject to a financial responsibility (cost sharing), and to what extent.

The financial guidelines include both an income and asset limit in order to qualify. Currently the income limit is set at 200% of the Federal Poverty Guideline (FPG), which is consistent with the majority of county medically indigent adult programs. No changes are recommended to the income limit. The asset limit for an applicant with a family size of one, after exemptions such as primary residence and automobile, is $3,000. The recommended changes to be considered during the public hearing, include reducing the asset limit, after exemptions, to $2,000. The actual limit would vary by family size as shown in Table 1. The $2,000 recommended limit is for family size of one, which corresponds with approximately 90% of the MIA enrollees. Based on an analysis of recent actual eligibility, utilization, and cost information, it is estimated that this change could result in a program savings of up to $30,000. However, applicants would have the option of "spending down" the amount over $2,000 in order to qualify for or maintain eligibility. Spending down means prepaying certain expected liabilities such as mortgage or rent, and utilities.

Table 1 - Asset Limits for Eligibility – Current and Proposed

No. of Persons in County Family Budget Unit (CFBU)	Current MIA Enrollment	Current MIA Eligibility Asset Limits (150% FPG)	Proposed MIA Eligibility Asset Limits
1 Person	90.8%	$3,000	$2,000
2 Persons	8.7%	$4,500	$3,000
3 Persons	<1%	$4,725	$3,150
4 Persons	<1%	$4,950	$3,300
5 Persons	<1%	$5,175	$3,450
6 Persons	<1%	$5,400	$3,600
7 Persons	0	$5,625	$3,750
8 Persons	0	$5,850	$3,900
9 Persons	0	$6,075	$4,050
10 Persons	0	$6,300	$4,200
Each Added Person		N/A	$150

The second level of financial assessment determines whether a qualified applicant is subject to a financial responsibility of either copayments or monthly share of cost, based on monthly income. Presently, MIA enrollees who have income of less than 50% of the FPG qualify with the County bearing 100% of the enrollee's medical care cost (for covered services). Enrollees with income between 50% and 130% of FPG, are subject to copayments for care provided, and enrollees with income above 130% of FPG have a share of cost approximately equal to the amount of excess income above the 130% FPG amount. As a point of reference, presently 50% of FPG is $451, 130% of FPG is $1,173. The share of cost works similar to a health insurance deductible but on a monthly basis during months in which care is provided to the enrollee. For every dollar that the enrollee's income exceeds 125% of the FPG, the enrollee is responsible for that amount of his/her monthly medical care costs, and the MIA program becomes responsible for costs above the enrollee's share of cost. *Note: The formula to determine the actual monthly amount of share of cost begins at 125% of FPG to apply cost sharing on a fair basis. If the share of cost were calculated beginning at 130% of FPG, an enrollee with income just over 130% of FPG would incur less than an enrollee with income just below the 130% amount who is subject to copayments for each service provided.* The upper limit of share of cost is equal to the 200% of FPG, which is also the ceiling for eligibility. To be considered during the recommended public hearing, is a change which would lower the monthly income level at which the minimal copayments would apply to $300, and lower the monthly income level at which share of cost would

apply to $600. These figures would apply to a family size of one, while higher varying limits would apply by family size, and are as reflected in Attachment A.

The recommended amounts would be set dollar thresholds and changed by Board of Supervisor approval, rather than percentages of the FPG and subject to automatic adjustments based upon the federal government's annual updates. This share of cost level and methodology is equivalent to the "Maintenance Need Level" applied by the State of California for determining share of cost under the Medi-Cal program. Based on an analysis of recent actual eligibility, utilization and cost information, it is estimated that this change could result in a program savings of up to $233,000 annually, and impact approximately 2,653 individuals.

Under current policy, 69% of MIA enrollees have income levels which do not require cost sharing. Under the proposed policy it is projected that 61% of MIA enrollees would continue to be exempt from a financial responsibility of either copayments or monthly share of cost – see Table 2. Most enrollees that currently are subject to the small copayments ($3 to $25 depending on type of service) would instead be subject to the higher share of cost responsibility, ranging from $45 to $574. Enrollees that currently have a share of cost ranging from $45 to $677 would have a share of cost ranging from $575 to $1,205.

Table 2 - MIA enrollees by financial responsibility – Current and Proposed Policy

Current Policy Results		**Proposed Policy – Estimated Results**	
Monthly Income	% of Enrollees	Monthly Income	% of Enrollees
No Financial Responsibility (0 – 49% of FPG – Income) *Currently 50% FPG = $451*	69%	No Financial Responsibility (0 - $299)	61%
Eligible with Copay (50 – 129% FPG – Income) *Currently 130% FPG = $1,173*	23%	Eligible with Copay ($300 - $599)	11%
Eligible with Share of Cost (130 – 200% of FPG - Income) *Currently 200% of FPG is $1,805*	7%	Eligible with Share of Cost ($600 – 200% of FPG)	28%

It is estimated that 2,653 patients would have an increased financial responsibility under this proposal. The remaining patients would be eligible for services at no cost.

While the State's Medi-Cal program policies were considered in the development of these proposals, the recommendations are to change Medically Indigent Adult program

policies as proposed, but not to directly adopt the Medi-Cal policies. At any given time, approximately 30% of the MIA enrollees have a pending application for the Medi-Cal program. If those applications are approved by the State, the Medi-Cal eligibility generally is made retroactive to the application date. The MIA program monitors this activity and then seeks to recover payments made for services rendered for which Medi-Cal will retroactively accept financial responsibility. For this reason, it is beneficial for the MIA financial policies regarding cost sharing to be consistent with Medi-Cal policy. However, given local funding constraints and the financial exposure held by the County, staff recommends retaining the discretion to analyze future Medi-Cal policy changes and as applicable, make appropriate recommendations to the Board of Supervisors.

Based on a recent staff conducted survey, the recommended changes to the eligibility and financial cost sharing policies are consistent with that applied by 40 of 58 counties' medically indigent adult programs including the small counties' County Medical Services Program operated by the State, and are consistent with the State Medi-Cal program.

Dental Related Changes

Presently, the MIA program covers preventative, restorative and emergency dental services within the Scope of Benefits, with an annual benefit limit of $1,000. Prior to 1994, the program covered only emergency dental services. At that time, and although the law provides for County Board of Supervisor discretion, a court decision prompted the Health Services Agency to expand the services to the existing broad scope of benefits. The court decision provided that the State's Medi-Cal dental benefits be used as a benchmark. Effective July 1, 2009, the State's Medi-Cal program entirely eliminated dental benefits for adults.

Recommended for consideration at the requested public hearing are the following two changes to the dental services covered by the MIA program. First, is the consideration to eliminate preventative dental care services from the covered Scope of Benefits. A review of utilization data from 4/1/08 – 3/31/09 identified that 740 individuals received preventative dental services resulting in program expenditures of $29,421. Second, is the consideration to impose a 50% benefit limit specific to major restorative dental services, such as but not limited to dentures, temporary and permanent crowns and root canals. As recommended, for major restorative dental services, the MIA program would pay 50% of the cost, and the enrollee would pay for 50% of the cost, based on MIA's contracted reimbursement rates. Based upon the 4/1/08 – 3/31/09 data, this change would impact approximately 570 individuals for an annual estimated savings of $129,737. This limited benefit would be specific to the major restorative dental services and would apply to all MIA enrollees. Note: If an enrollee has a monthly share of cost obligation, that obligation would have to be met in order for the MIA program's 50%

benefit to apply. Also, an enrollee's payment of 50% of the cost of a major restorative dental service does not count toward the monthly share of cost obligation. The following examples are provided to illustrate how the 50% benefit would be applied for enrollees who have a monthly share of cost.

Service: Root Canal
Cost: $400

Enrollee A: $300 monthly share of cost
Enrollee had paid $300 toward other medical services that month
Enrollee would pay for 50% of the cost = $200
MIA program would pay 50% of the cost = $200

Enrollee B: $300 monthly share of cost
Enrollee had paid for no other MIA services so far that month
Enrollee would pay $300 of the root canal
MIA program would pay remaining $100

Later in the same month, Enrollee B has outpatient surgery, cost of $800.
Enrollee is responsible to pay $200, recognizing that $100 of the monthly share of cost had already been paid as that was the amount over the Enrollee's 50% responsibility for the root canal.
MIA program would incur remaining $600.

While the dental benefits vary widely across county MIA programs, staff determined that the recommended changes to the dental benefits are relatively consistent with 87% (20 of 23) of county operated medically indigent adult programs.

The actual financial impact of the recommended changes will be based on the actual applicants, enrollment levels, and utilization of covered services under the Medically Indigent Adult program during the fiscal year. By using recent utilization and cost information of services provided to the approximately 6,000 – 7,000 annual MIA program enrollees, it is estimated that the annualized savings which would result from these combined changes is in the range of $392,158 – $422,158.

Public Hearing

The recommended changes are subject to a public hearing requirement under California Health and Safety Code Section 1442.5. All requirements were met with regard to posting notices in advance of this hearing.

POLICY ISSUE:

Approval of this item supports the Board of Supervisors' priorities of *A healthy community* and *Efficient delivery of public services* by considering changes which seek to preserve as much access to healthcare as possible within reduced available funding.

STAFFING IMPACT:

There is no staffing impact associated with this proposal.

Public Hearing Pursuant to Section 1442.5 of the Health and Safety Code to Consider Changes to the Medically Indigent Adult Program to include the Reduction to the Income Limits at which Patient Cost Sharing Applies, the Reduction to the Asset Limits for Eligibility, a Reduction in the Dental Scope of Benefits, and an Increase in Patient Cost Sharing Specifically for Major Restorative Dental Services

Attachment A – Income Related Eligibility Policy – Current and Proposed

MIA Income Eligibility Policy	**Current Policy and No Change Proposed**	**Current Policy**				**Proposed Policy**			
Family Size - Family Budget Unit	Income Limit for Eligibility = 200% of FPG	Income Level with No Patient Cost Sharing (0 - 49% of FPG)	Copayment Income Range 50% FPG - 130% FPG	Share of Cost Income Limit = 130% FPG	Monthly Share of Cost Range	Income Level with No Patient Cost Sharing	Copayment Income Range	Share of Cost Income Limit	Monthly Share of Cost Range
1 Person	$1,805	$0 - $450	$451 - $1,173	$1,173	$45 - $676	$0 - $299	$300 - $599	$600	$45 - $1205
2 Persons	$2,428	$0 - $606	$607 - $1,578	$1,578	$64 - $911	$0 - $475	$476 - $749	$750	$64 - $1494
3 Persons	$3,052	$0 - $762	$763 - $1,984	$1,984	$76 - $1145	$0 - $572	$573 - $933	$934	$76 - $2118
4 Persons	$3,675	$0 - $918	$919 - $2,389	$2,389	$92 - $1378	$0 - $663	$664 - $1,099	$1,100	$92 - $2575
5 Persons	$4,298	$0 - $1,074	$1,075 - $2,794	$2,794	$107 - $1612	$0 - $749	$750 - $1,258	$1,259	$107 - $3039
6 Persons	$4,922	$0 - $1,229	$1,230 - $3,199	$3,199	$123 - $1846	$0 - $827	$828 - $1,416	$1,417	$123 - $3505
7 Persons	$5,545	$0 - $1,385	$1,386 - $3,604	$3,604	$139 - $2079	$0 - $902	$903 - $1,549	$1,550	$139 - $3995
8 Persons	$6,168	$0 - $1,541	$1,542 - $4,009	$4,009	$154 - $2313	$0 - $966	$967 - $1,691	$1,692	$154 - $4476
9 Persons	$6,792	$0 - $1,697	$1,698 - $4,415	$4,415	$170 - $2547	$0 - $1,041	$1,042 - $1,824	$1,825	$170 - $4967
10 Persons	$7,415	$0 - $1,853	$1,854 - $4,820	$4,820	$185 - $2780	$0 - $1,108	$1,109 - $1,958	$1,959	$185 - $5456
Each Added Person	$623			$406				$14	

Health Services Agency

PowerPoint Presentation

Medically Indigent Adult Program Recommendations and Public Hearing September 1, 2009

Medically Indigent Adult Program

- County Obligation under Section 17000 of the Welfare and Institutions Code

- County Board of Supervisors has discretion to establish the Eligibility Standards and Scope of Benefits

Reasons for Recommendations

- Effort to Achieve a Balanced Budget
- Expenditures Outpacing Funding
  - Enrollment Growth
  - Utilization Growth

Reduce Benefits vs. Reduce Number of Patients

The recommendations favor spreading resources over as many patients as possible

Budget Balancing Recommendations

- Reduction to the Income Limits for Patient Cost Sharing
- Reduction to the Asset Limit for Eligibility
- Reduction to the Dental Scope of Benefits
- Increase in Cost Sharing for Major Restorative Dental Services

Reduction to the Income Limits for Patient Cost Sharing

Three categories of enrollees responsibility

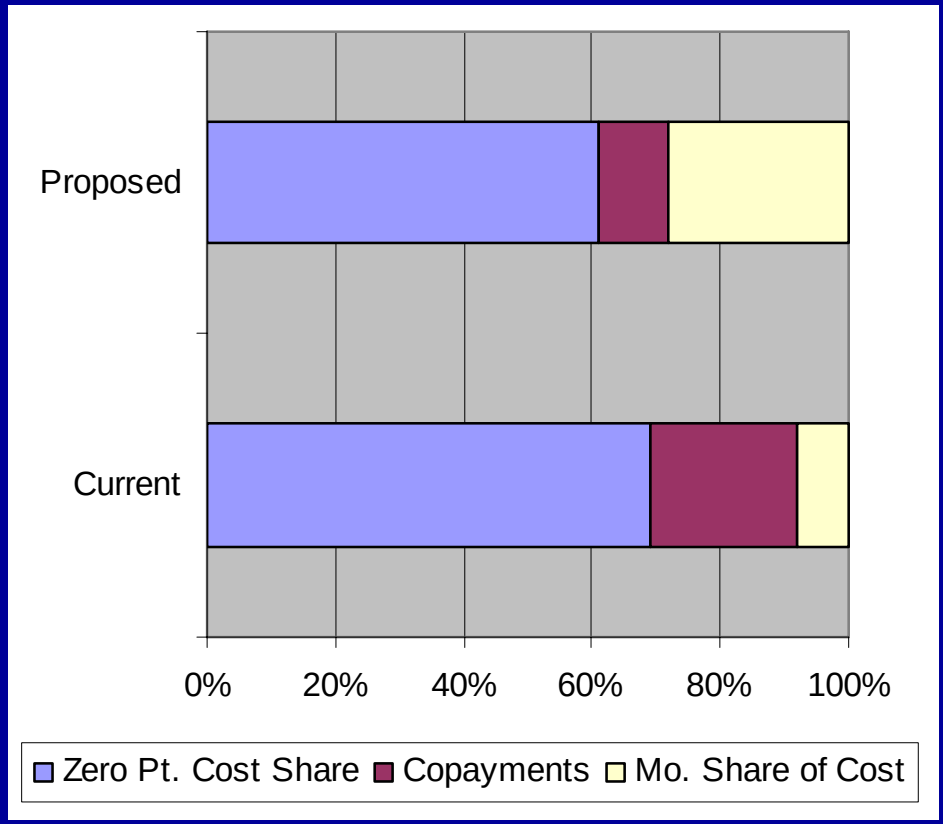
- Zero Patient Cost (County incurs 100% of cost)
- Copayments ($3 - $25) by service
- Monthly Share of Cost (like a monthly deductible)

Reduction to the Income Limits for Patient Cost Sharing

Recommendation: Lower the income levels applied to copayment and monthly share of cost.

Estimated enrollees impacted: 2,653

Estimated Savings: $233,000



Reduction to the Asset Limit for Eligibility

For Family Size of One Person, after exemptions

Current Limit	=	$3,000
Proposed Limit	=	$2,000

Exemptions include primary residence and automobile

Limits set by family size. Size of 1 represents 90%.

Est. persons impacted = 65 Est. Savings 0 - $30,000

Proposed Limit is consistent with State Medi-Cal.

Reduction to the Dental Scope of Benefits

Recommendation to eliminate preventive dental services from the scope of benefits.

Utilization analysis = 740 impacted
Potential Savings = Approx $30,000

State Medi-Cal eliminated all adult dental benefits effective July 1, 2009.

Increase in Cost Sharing for Major Restorative Dental Services

Types of Services: Root Canals, Crowns & Dentures

Recommendation: Implement a 50% Patient Share of Cost (50% benefit limit)

Patients would pay 50% of the contracted rate to the dental provider

Est. persons impacted = 570 Est. Savings $129,737

Implementation, if Recommendations are Approved

- Effective October 1, 2009
- Case Management/Medical Review sometimes prompts payment arrangements for Share of Cost

Recommendations

- Conduct the Public Hearing to consider the following October 1st changes
- Reduction to the Income Limits for Patient Cost Sharing
- Reduction to the Asset Limit for Eligibility
- Reduction to the Dental Scope of Benefits
- Increase in Cost Sharing for Major Restorative Dental Services
- Authorize the operational activities to implement