

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

DEPT: Health Services Agency

BOARD AGENDA # 9:05 a.m.

Urgent Routine

AGENDA DATE March 5, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Conduct a Public Hearing Pursuant to Section 1442.5 of the Health and Safety Code, to Consider Adjustments to the Methodology Used to Establish the Medically Indigent Adult Program Income Limits for the Hardship Eligibility Category

STAFF RECOMMENDATIONS:

1. Conduct a Public Hearing pursuant to the Health and Safety Code § 1442.5.
2. Approve the adjustments to the methodology used to establish the Medically Indigent Adult program's Income Limit for the Hardship Eligibility category from an aggregate limit to limits by age bands as set forth in Table 1, effective April 1, 2013.

FISCAL IMPACT:

The Medically Indigent Adult (MIA) program represents the majority of the Health Services Agency's Indigent Health Care Program budget. The approved budget for Fiscal Year 2012-2013 for the Indigent Health Care Program is \$12,710,288. The MIA program is funded by State Realignment from a portion of vehicle license fees and sales tax, and by a required County match. The approved budget for this fiscal year does not include any funding for the recommended program changes nor does it fully fund the

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2013-99

On motion of Supervisor O'Brien, Seconded by Supervisor Withrow

and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

enrollment and utilization growth experienced to date and anticipated during this Fiscal Year, projected at an additional \$4.5 million. If additional budget adjustments are needed, contingency fund for match programs will be needed.

The MIA program is a County obligation under State law and is one of the programs counties are to provide with 1991 Realignment funds. Health realignment funding from the State consists of sales tax and vehicle license fees and requires a County General Fund match which for the MIA program in Stanislaus County is approximately \$2.25 million annually. As a direct result of the unprecedented economic crisis, these State tax revenues have decreased resulting in a corresponding decline in Realignment funding. No offsetting relief on the program mandate has been provided by the State as such relief would require legislation.

While actual costs would be based on the actual number of applicants, the number of those accepted as MIA enrollees and utilization of covered services under the MIA program, by analyzing past experience data, it is estimated that the proposed adjustments would result in minimal financial impact considering the potential of additional cost and offsetting savings.

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 indigent 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, although case law has provided more detailed guidance.

On September 1, 2009 the Board of Supervisors conducted a public hearing and approved staff recommendations for policy changes designed to reduce program expenditures and avoid deficit spending as a result of decreased MIA program funding coupled with increased enrollment. Those changes were put into effect for new applicants on October 1, 2009 and for existing "enrollees" upon their renewal dates. These changes were more closely aligned with the State's Medi-Cal eligibility guidelines and with many other counties' indigent coverage programs.

On February 1, 2010, the Health Services Agency implemented an administrative policy change regarding collection of copayments and share of cost at the time of service. Although staff continues to request collection, if the patient is not able or refuses to pay at the time of service, care is still provided.

Conduct a Public Hearing Pursuant to Section 1442.5 of the Health and Safety Code, to Consider Adjustments to the Methodology Used to Establish the Medically Indigent Adult Program Income Limits for the Hardship Eligibility Category
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On March 30, 2010, the Stanislaus County Board of Supervisors approved a staff recommendation to reinstate the income standards and cost sharing policies which had been in effect prior to the September 1, 2009 approved change and directed staff to further review the eligibility standards.

In the fall of 2010, a Cost of Living Study was undertaken by Health Services Agency staff. Based on the outcome of that work, staff developed income limit changes for consideration, consistent with case law. After review of the results of the Cost of Living Study compared with the two self-sufficiency studies, staff determined that a review of the validity of the internally prepared Cost of Living Study by an independent third party was merited before making a recommendation to the Board of Supervisors. The County engaged HFS Consultants, who commenced the validation in December of 2010.

On April 5, 2011, a public hearing was conducted to consider changes to the Medically Indigent Adult Program Income Limits for Eligibility based on the results of the Cost of Living Study. At the April 5, 2011 Board of Supervisors meeting the Health Services Agency recommended and the Board approved the following changes – (1) establishment of the income limit for standard eligibility with zero patient cost sharing at 116% of the Federal Poverty Level, effective May 1, 2011, and (2) establishment of a Hardship Eligibility category which provides for patient share of cost requirements for applicants with income between 117% to 223% of the Federal Poverty Level, effective May 1, 2011. The upper limit of the Hardship Eligibility category was based on research performed by staff to determine the cost for individuals to purchase a commercial policy for health insurance as well as the cost of health coverage offered to the uninsured by the State of California. Based on that research, \$811 per month was determined to be the available purchase price of health insurance coverage under the coverage offered by the State of California at that time under the Major Risk Medical Insurance Program (MRMIP). At the hearing, staff also advised the Board of Supervisors that the State-administered Pre-existing Condition Insurance Program (“PCIP”) would have provided health care insurance at a price lower than MRMIP.

Historically and particularly in the current environment of Federal and State changes impacting healthcare and health insurance, the Agency has continued to analyze the MIA program’s standards. With regard to the ability to pay for health insurance, staff has determined that the purchase of health insurance for persons between the ages of 50 to 64 may not be available from the State of California for \$811 per month from MRMIP, while it is available for less than the \$811 per month allowance for those in some younger age bands. PCIP health insurance coverage can be purchased by eligible persons in all age bands for less than \$811, but staff continue to recommend that the conservative approach of using the higher MRMIP rates be employed in determining the County’s Hardship Eligibility Income Limit. Hence, the Health Services Agency is recommending adjusting the County’s Hardship Eligibility Income Limit to an

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age-banded methodology using MRMIP rates for Calendar Year 2013 to update and provide a more direct correlation between age categories and income eligibility for the community's medically indigent population.

Recommended Age-Banded Formula for Hardship Eligibility

Table 1 is the Cost of Living Study Worksheet. Figures shown for the Subsistence Level of Eligibility (shaded area) up to 116% of the Federal Poverty Level, are included only for reference as this is the existing policy, and no changes are recommended. The lower section of Table 1 labeled "Income Value for Hardship Eligibility/Share of Cost" reflects the recommended policy changes with respect to varying the Hardship exception based on the eight age band categories used by MRMIP.

Table 1

Subsistence Level Costs and Credits	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Age Categories	21 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64
Housing	510.00	510.00	510.00	510.00	510.00	510.00	510.00	510.00
Phone - Lifeline Rate	7.67	7.67	7.67	7.67	7.67	7.67	7.67	7.67
Electricity/Gas	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45
Food	195.74	195.74	195.74	195.74	195.74	195.74	195.74	195.74
Transportation	125.57	125.57	125.57	125.57	125.57	125.57	125.57	125.57
Miscellaneous	87.24	87.24	87.24	87.24	87.24	87.24	87.24	87.24
Sales Tax	7.31	7.31	7.31	7.31	7.31	7.31	7.31	7.31
Social Security	79.69	79.69	79.69	79.69	79.69	79.69	79.69	79.69
Total Subsistence Level Costs * (Standard Eligibility)	1,046.67	1,046.67	1,046.67	1,046.67	1,046.67	1,046.67	1,046.67	1,046.67
<i>(Total w/ FPL adjustments in 2011, 2012 & 2013)</i>	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70
Stated as a % of 2013 Federal Poverty Limit (100% of FPL = \$957.50/month)	116%	116%	116%	116%	116%	116%	116%	116%
Income Value for Hardship Eligibility with Share of Cost								
Health Insurance Premium	433.16	598.81	682.58	670.37	643.01	822.40	988.00	1,246.40
Other Income Allowance Adjustment	93.41	151.37	171.88	168.81	162.39	207.49	249.19	313.99
Income Required with Purchase of Health Insurance	526.57	750.18	854.46	839.18	805.40	1,029.89	1,237.19	1,560.39
Total Subsistence Level + Hardship Level Income (Income Limit for Hardship Eligibility)	1,637.27	1,860.88	1,965.16	1,949.88	1,916.10	2,140.59	2,347.89	2,671.09
Stated as a % of 2013 FPL (100% of FPL = \$957.50/mo.)	171%	194%	205%	204%	200%	224%	245%	279%

* Subsistence Level based on Cost of Living Study in 2010/2011. Annual federal adjustment to FPL effective April 1.

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While actual costs would be based on the actual number of applicants, the number of those accepted as MIA enrollees and utilization of covered services under the MIA program, by analyzing past experience data, it is estimated that the proposed adjustments would result in minimal financial impact considering the potential of additional cost and offsetting savings.

Staff recommends approval of these adjustments to be effective on April 1, 2013, however for those currently enrolled in the MIA program, the effective date would be May 1, 2013.

Staff will continue to monitor the program and recommend policy changes as appropriate, and as State and Federal healthcare programs continue to evolve.

Public Hearing

Under the Health and Safety Code Section 1442.5, a public hearing is required in the event the Board of Supervisors considers a reduction or elimination of a healthcare service. While no changes would be made to healthcare services as a result of the policy recommendation, access to services through MIA eligibility could be reduced for some (while increased for others). Consistent with the advance notice requirement as prescribed under the referenced code, notices were posted which include the estimated number of individuals who could be adversely impacted as 82, and the corresponding estimated annual savings (without considering offsetting expense increases for those who would benefit) of approximately \$135,000.

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 meet the County's mandate under State law while providing for medical needs of the County's medically indigent population.

STAFFING IMPACT:

Existing staff would implement the proposed adjustments.

CONTACT PERSON:

Mary Ann Lee, Managing Director, 209-558-7163.



Health Services Agency

Medically Indigent Adult Program
Policy Recommendation
March 5, 2013

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, although case law provides guidance.

Eligibility Methodology - Background

Two Income Categories:

*No Proposed
Changes today*

- Subsistence/Basic Needs Level =
Zero Patient Cost Sharing

*Recommendations
apply to this category*

- Income above Subsistence Level =
Hardship Eligibility with Patient Cost Sharing

Two Eligibility Categories

Subsistence/Basic Needs *Determined by Cost of Living Components*

- Housing and Food
- Utilities (Phone & Electricity/Gas)
- Transportation
- Sales Tax and Social Security
- Miscellaneous

Current FPL Limits

Up to 116%
of FPL

Note: The dollar amount equivalent increases annually by the federal government

Hardship Eligibility

Determined by average Cost of Health Insurance

Up to 223%
of FPL

Hardship Eligibility: Adjustments to Methodology

1. Use 2013 CA Major Risk Medical Insurance Program (MRMIP) age-based premium rates applicable to Stanislaus County. There are 8 age bands applicable to the MIA population.....

Adjustment = Eliminate Averaging, Apply age-banded premium to each applicant

Premium Range
\$433.16 - \$1,246.40
per month

2. MRMIP Annual Deductible = \$500
Converted to monthly amount

Adjustment = Apply Current Deductible

\$41.67 per month


3. Considered the Income Tax Liability at the Income necessary to purchase Health Care Policy, Converted to a monthly amount

Adjustment = Include an allowance for tax liability at the applicable level of income

\$51.74 – \$272.32
per month

Hardship Eligibility Limit with Patient Share of Cost = 171% to 279% of FPL, Depending on Age

Two Age Bands shown for example



Age Band	21 - 29		60 - 64	
Description	Cost	FPL	Cost	FPL
Basic Needs	\$1,046.67	116%	\$1,046.67	116%
Healthcare Policy Premium	433.16		1,246.40	
Increased costs related to this level of income	93.41		313.99	
TOTAL	\$1,637.27	171%	\$2,671.09	279%

Current v. Proposed Income Limits

Current	FPL Income Limit
Standard Eligibility	116%
Hardship Eligibility	223%

Proposed	FPL Income Limit							
Age	21-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Standard Eligibility	116%	116%	116%	116%	116%	116%	116%	116%
Hardship Eligibility	171%	194%	205%	204%	200%	224%	245%	279%

Estimated Annual Impact to MIA patients and County Financials is Mixed

- 82 individuals would need to purchase insurance rather than rely on County funded MIA program. Estimated Savings \$135,000.
- < 75 Individuals are estimated to gain eligibility. Forecasted additional cost - Up to \$200,000.

Unknowns, Uncertainties – Pre-2014 and beyond

- MRMIP
- Medi-Cal Expansion
- Exchange Programs
- Realignment Changes
- Other ?????

Additional Staff Recommendations During and After
Calendar Year 2013 Likely

Staff Recommendations

1. Conduct Public Hearing pursuant to Health and Safety Code 1442.5.
2. Approve the Adjustment to the Methodology used to establish the MIA program's Income Limit for the Hardship Eligibility category from an aggregate limit to limits by the recommended age bands effective April 1, 2013.

Wide Variation Across County Indigent Programs

Eligibility Income Limits

- Majority 200% FPL
- High end 350% FPL
- Low end 100% FPL