

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

DEPT: Health Services Agency

BOARD AGENDA # 9:10 a.m.

Urgent

Routine

AGENDA DATE November 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 the Elimination of the Direct Provision of Pharmacy and Oncology Services and Authorization for the Alternate Provision of Pharmacy and Oncology Services, the Reduction-in-Force of Seven Filled Full-time Positions, and Adjustments to the Medically Indigent Adult Program Eligibility and Scope of Benefits Policy

STAFF RECOMMENDATIONS:

1. Conduct a Public Hearing pursuant to Section 1442.5 of the Health and Safety Code.
2. Approve the elimination of the direct provision of Pharmacy and Oncology Services by the Health Services Agency, and authorize the Managing Director to negotiate and execute contracts for the alternative provision of Pharmacy and Oncology services for the Medically Indigent Adult program patients.

(Continued on Page 2)

FISCAL IMPACT:

The Health Services Agency Adopted Final Budget for Fiscal Year 2013-2014 for the Clinic and Ancillary division is \$45.29 million and for the Indigent Health Care division is \$9.99 million. The recommendations pertaining to Pharmacy and Oncology services would primarily impact the Clinic and Ancillary division budget, while the recommendations pertaining to the Medically Indigent Adult program would impact the Indigent Health Care division budget.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2013-575

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

Ayes: Supervisors: Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: O'Brien

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: Christine Ferraro
CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS (continued):

3. Approve the establishment of an eligibility policy for the Medically Indigent Adult program which would consider an uninsured individual who was eligible for the Covered California Health Insurance Exchange program or alternative program, but failed without Good Cause to enroll in or maintain enrolled status, to be considered ineligible for the Medically Indigent Adult program; and authorize the waiving of the policy for the coverage period of Calendar Year 2014 only, to acknowledge this first year of the Exchange program availability and open enrollment period limitations as a transition year.
4. Approve the reduction of the Medically Indigent Adult program Scope of Dental Benefits to mirror the State Medi-Cal program's dental benefits for adults.
5. Approve the reduction-in-force of seven filled full-time positions, delete three vacant full-time positions, transfer one vacant full-time position, and delete the Job Classifications of Outpatient Pharmacy Manager, Pharmacist, and Pharmacy Technician, as outlined in the Staffing Impact section of this report, effective January 11, 2014.
6. Amend the Salary and Position Allocation Resolution to reflect the changes as outlined in the Staffing Impact section of this report, effective January 11, 2014.

FISCAL IMPACT (Continued):

Pharmacy and Oncology

The \$45.29 million Clinic and Ancillary division operation is based primarily on payer revenues for services rendered, with \$3.1 million of County General Fund support. This budget was not adjusted for implementation of the Federal Patient Protection and Affordable Care Act, nor the Medi-Cal Expansion as enacted by the State. As reflected in the 2013-2014 Adopted Final Budget, the Clinics and Ancillary Services budget is balanced; however, an unmet need of over \$1 million is estimated for the current fiscal year.

Elimination of the retail Pharmacy operation as currently provided by the Agency would result in cost avoidance of an estimated \$1.1 million for the remainder of this 2013-2014 Fiscal Year, and approximately \$2.2 million on an annual basis. The estimated \$1.1 million in cost avoidance does not reflect an improvement to the current Adopted Final Budget for the Clinic and Ancillary division, but rather would be an increased unmet need in the absence of the recommended action. This forecasted cost results from the Federal Health Care Reform-prompted Medi-Cal Expansion and expected transition of

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90% of the Medically Indigent Adult (MIA) population to the Medi-Cal program effective January 1, 2014. Approximately 94% of the medications dispensed from the Health Services Agency (HSA) Pharmacy are for MIA program enrollees. Given historical patient preference patterns and the lack of Medi-Cal Managed Care pharmacy network participation by HSA, the HSA anticipates the loss of this prescription fill demand by patients. Without action, the HSA Pharmacy would have staffing and operational cost while experiencing a significant loss in offsetting revenue. While closure of the HSA Pharmacy operation would then require that the MIA Program contract for that service for the smaller residual MIA enrolled population, it is estimated that contracted cost would be budget neutral to the Indigent Health Care division budget of the HSA.

Elimination of the direct provision of Oncology services as currently provided by the Agency is estimated to result in a cost avoidance of approximately \$250,000 in the current 2013-2014 Fiscal Year, and approximately \$500,000 on an annual basis thereafter. These figures are net of the estimated impact to both the Clinic and Ancillary division budget as well as the Indigent Health Care division budget. While the Clinic and Ancillary division budget would no longer have cost and revenue associated to Oncology services, the Indigent Health Care division budget would have the cost of contracted services for the residual MIA program enrolled population. The \$250,000 of estimated cost avoidance for the remainder of this 2013-2014 Fiscal Year would reduce the previously reported unmet and unbudgeted need from just over \$1 million to approximately \$750,000.

Medically Indigent Adult Program

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 explained in Assembly Bill 85 of 2013, the State will be reducing the amount of Realignment funding to the counties as a result of the reduced MIA Program enrollment as of January 1, 2014. The Board of Supervisors approved this upcoming \$3.1 million funding reduction in the Final Budget for Fiscal Year 2013-2014 adopted on September 10, 2013.

The fiscal impact related to the Medically Indigent Adult program policy recommendations has been estimated to be between \$3,500 and \$7,000 for the current 2013-2014 Fiscal Year HSA Indigent Health Care division budget. As recommended, a waiver to the Eligibility policy regarding enrollment in an Exchange health plan during the Calendar Year 2014, would delay any savings as a result of that policy until mid-Fiscal Year 2014-2015. On an annualized basis, once the waiver has expired, the potential savings could range from \$1 - \$3 million, although this estimate is based on a large degree of uncertainty about actual enrollment and utilization.

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Total Fiscal Impact of these Staff Recommendations

If all staff recommendations are approved, the estimated impact in the current 2013-2014 Fiscal Year, is approximately \$1.3 million in cost avoidance.

DISCUSSION:

Under the federal Patient Protection and Affordable Care Act (ACA), two initiatives which will provide for additional State and Federally funded and/or subsidized health coverage programs will be implemented. These are the Medi-Cal Expansion and the Covered California Insurance Exchange products and both are effective on January 1, 2014. Individuals are expected to arrange for health insurance with Minimum Essential Coverage. That requirement can be fulfilled through an employer-sponsored plan, an individual policy through Covered CA or other product, or through a government plan including Medicare, Medi-Cal, Tricare or VA.

The Medi-Cal Expansion will essentially result in an estimated 90% of the MIA population having eligibility to Medi-Cal and thus becoming ineligible for the MIA program. The Medi-Cal Expansion income limit is 138% of the Federal Poverty Limit (FPL). MIA program recipients whose income is 139% of the FPL and above will be eligible to apply for coverage through Exchanges. The "Covered CA" Health Exchange offers several health plans to choose from and a variety of coverage options. Individuals have been able to enroll in Exchange health plans through Covered CA as of October 1, 2013 in order to have benefits effective January 1, 2014. Likewise, the application process for the Medi-Cal Expansion began on October 1, 2013 for eligibility effective on January 1, 2014.

Under Welfare and Institutions Section 17000, each county has an obligation to provide or arrange for the provision of medical care to indigents who have no other source for these services. The counties' Medically Indigent Adult (MIA) programs are essentially the payers of last resort for eligible indigents. The eligibility and scope of covered benefits for the MIA programs are established by each county's Board of Supervisors.

In Stanislaus County, MIA eligibility is determined on several factors including income, assets, county residency and no linkage to other programs or payers. The income limits are age-banded as is common in the health coverage marketplace, and range from 171% of the Federal Poverty Level for the youngest age band up to 279% of the FPL for the oldest age band.

The MIA program is funded through State Health Realignment comprised of Vehicle License Fees and Sales Tax revenue. As such, the actual amount distributed to the County each year fluctuates somewhat with the strength of the economy. The

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allocation of the statewide Health Realignment by county is based on an allocation percentage table found in the Welfare and Institutions Code Section 17603. Stanislaus County's percentage is 1.0509%. The corresponding County Maintenance of Effort (MOE) obligation of \$3,510,803 is stated in the Welfare and Institutions Code Section 17608.10. The annual source of the County MOE mandated match has been the County General Fund.

In the 2013-2014 Fiscal Year, the State arbitrarily established a statewide redirection amount of \$300 million and will apply the existing Health Realignment allocation percentages by county. For Stanislaus County, that means that approximately \$3.2 million of what would have routinely been received in Health Realignment funding from the State, will not be funded to the County and instead will be redirected to a State CalWORKs fund. This change in anticipated funding was included in the Adopted Final Budget for Fiscal Year 2013-2014.

HSA Pharmacy Operation

HSA operates a retail Pharmacy inside of the HSA Pediatric Center on the Scenic Drive campus. The pharmacy operation is able to purchase at a significantly reduced price specifically for prescriptions for patients of the HSA primary care clinics due to the Federally Qualified Health Center Look-Alike designation (referred to as the 340b program).

Of the total of 5,700 patients served, 94% of the prescriptions filled have been for MIA enrollees. This Pharmacy patient mix is significantly different from the Clinics in which the MIA enrollees account for approximately 15% of the visits. The primary reason for this difference is because the MIA enrollees have no access to outside pharmacies, while Medi-Cal, Medicare and other patients have access to multiple payer contracted pharmacies in the community. A second factor is that HSA has not been a contracted pharmacy for one of the Medi-Cal health plans; a concession made by HSA during reimbursement negotiations many years ago. The HSA pharmacy was however, contracted with the larger Medi-Cal health plan, and yet the patient mix of the pharmacy was still overwhelmingly represented by MIA. It is also presumed that while the HSA pharmacy location offers a convenience for the parents/caregivers of Pediatric patients, due to the incompatibility of some of the MIA population with the pediatric patient population, most pediatric patients' prescriptions are filled at other retail pharmacies at the apparent preference of the parents/caregivers.

With the implementation of ACA on January 1, 2014, and the anticipated conversion of approximately 90% of the MIA patients to Medi-Cal, staff anticipates the patient demand for pharmacy services becoming so low that it cannot effectively and financially support the costs of the internal pharmacy operation.

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The pharmacy operation is fully staffed with County full-time and very limited part-time or Personal Services Contracted employees. There are currently 11 full-time allocated positions in the pharmacy. The break-down is listed below.

Outpatient Pharmacy Manager	(Pharmacist)	1
Pharmacists		3
Pharmacy Technicians		4
Account Clerk III		1
Administrative Clerk II		2

With the anticipated MIA enrollee conversion to Medi-Cal on January 1, 2014, and the majority of that revenue source being eliminated, the pharmacy operation as-is would incur an estimated \$1.1 million in unplanned unmet need in this 2013-2014 Fiscal Year (\$2.2 million on an annualized basis). Staff explored a scaled-back model to accommodate the anticipated residual MIA population. Internal estimates place an annual shortfall at approximately \$465,000 to maintain a scaled-back operation; however this doesn't take into account the need for an upgraded pharmacy information system, nor account for the difficulty covering staffing absences under a scaled-back operation.

Staff recommends closing the existing retail pharmacy operation. It is recommended that the last dispensing occur on Tuesday, December 31, 2013, with limited patient transition assistance available through Friday, January 10, 2014.

It is anticipated that eliminating this direct provision of service would result in a staffing impact to the HSA. Seven of the filled positions represent three job classifications that would be eliminated from the Position Allocation Resolution as these positions are specific to the HSA Pharmacy operation and not needed in any other County department. However, the County is currently working with staff in these classifications on other job placement opportunities. Additionally HSA is holding vacancies in order to provide opportunities to absorb staff impacted by the possible closure and will work with other County departments to identify opportunities for staff.

In order to ensure pharmacy access to MIA patients, HSA is working to expand an existing relationship with Walgreens to add a compensation component for prescription dispensing for MIA patients effective January 1, 2014, or earlier if necessary, and is estimated to be a budget neutral change to the Indigent Health Care division budget. A contract or contract amendment would be executed after review and approval of County Counsel and following County contracting policy with an anticipated maximum payable amount for the Fiscal Year 2013-2014 of \$200,000. The current agreement with Walgreens is the result of the Federally Qualified Health Center Look-Alike designation

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of the HSA primary care clinics, which allowed HSA to enter an agreement with Walgreens for a federal-government-approved virtual inventory "340b" buying arrangement which gives incentive to both Walgreens and HSA for prescription fills for HSA primary care clinic patients. This arrangement could be extended to other pharmacies that also have the federal government approved arrangement, although adding pharmacies would add administrative cost to HSA.

The financial impact of this service change in this 2013-2014 Fiscal Year is an increased cost of approximately \$20,000, however avoids an increased (and unbudgeted) cost of \$1.1 million in the absence of the closure. The future fully annualized cost avoidance associated with this recommendation is approximately \$2.2 million and was calculated assuming the financial impact if the pharmacy operation continued with the existing staffing and lower patient prescription demand/revenue.

HSA Specialty Clinic - Oncology Services

Currently, the Health Services Agency provides part of the oncology service on the Scenic campus with two community physician partners staffing approximately 12 hours per week. Due to the limited on-site physician time and in order to comply with associated regulations, infusion services have been coordinated with and are occurring at Doctors Medical Center. Staffing for this part-time clinic has been challenging, particularly regarding the availability of oncology-experienced Registered Nurse coverage. The multiple locations model is not as efficient for the patients, physician partners or HSA as compared with a one-site inclusive model.

In the 2012-2013 Fiscal Year, there were approximately 190 patients, 50 of which were MIA enrollees. With the exception of 6 patients which were reportedly uninsured, the remaining patients were either on Medi-Cal, Medicare or another form of insurance. With the implementation of ACA in January 1, 2014, many MIA program enrollees with incomes under 138% of the FPL will transition to Medi-Cal Expansion and will be able to access oncology services through the one of two health plan options available to Stanislaus County residents. It is projected that after the January 1, 2014 Medi-Cal expansion when the MIA enrollment will be much lower, there would be between 3 and 10 MIA enrollees annually requiring Oncology services (compared with 50 in the 2012-2013 Fiscal Year).

County staffing for the provision of oncology services consists of an average of 44 labor hours per week made up of limited hours of full-time employees in the job classification of Administrative Clerk, Medical Assistant and Registered Nurse, and a percentage of the Specialty Clinic Nurse Manager.

It is recommended that HSA eliminate the direct provision of oncology services and replace it with a contract with community physicians. HSA staff have been working with

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the same Oncologists (Valley Cancer Medical Group) that currently provide the on-site (at HSA) service for the MIA patients, to provide this contracted service in the private local office of those community physicians. Valley Cancer Medical Group already holds contracts with both Medi-Cal Managed Care health plans and the physicians are Medicare providers, enabling continuity of access for patients beyond those that are MIA enrollees. It is anticipated that this change would be effective on or about January 1, 2014, and would be the result of an executed contract and the coordinated transition plans with the Oncologists. A contract or contract amendment would be executed after review and approval of County Counsel and following County contracting policy.

HSA staffing would not be impacted as those positions currently scheduled to work in the part-time oncology service would be absorbed by budgeted vacancies throughout the remaining Clinic and Ancillary Services operation.

The financial impact of this change is estimated to be approximately \$250,000 in cost avoidance for the remainder of this 2013-2014 Fiscal Year. Given that the HSA reported an unmet need in the Adopted Final Budget, this change does not represent savings for the General Fund, but rather part of the solution to offset the unmet need. In the next full Fiscal Year, this annualized cost avoidance is estimated to be approximately \$500,000. These estimates include the net impact to the Clinic and Ancillary division and the Indigent Health Care division.

MIA Eligibility and Covered CA Exchange

Beginning January 1, 2014, it is anticipated that all MIA program enrollees with income at or below 138% of the FPL will transition to the Medi-Cal program. The remaining uninsured with incomes greater than 138% will fall under the Individual Mandate of the ACA to purchase insurance. This can be accomplished by purchasing subsidized insurance through the Covered CA Exchange. However, there are exemptions/waivers that can be requested and issued if certain criteria are met including but not limited to premiums exceeding 8% of income, religious reasons, or if the person is American Indian or an Alaskan Native. If a person elects not to purchase insurance through the Exchange, a penalty will be assessed when the tax return is filed.

Under the Exchange, there will be an "Open Enrollment" period each year. The open enrollment period for purchasing insurance in the first year began on October 1, 2013 and will remain open until March 31, 2014. The enrollment period will be shorter in subsequent years and is anticipated to open from October 15 through December 7th. A person will not be able to purchase insurance through the Exchange outside of the open enrollment period each year, unless a "qualifying life event" has occurred.

It is anticipated that individuals who are not eligible for Medi-Cal and would apply for MIA program enrollment, will be those individuals who either qualify for subsidized

premiums under Covered CA Exchange health plans or have met the waiver criteria. These individuals will have incomes exceeding 138% of the FPL and therefore have a Share of Cost under the MIA program. Comparing the Covered CA subsidized premiums and the effective deductible with the MIA income limits and patient share of cost responsibility, Covered CA Exchange products are comparable with regard to the individual's ability to pay.

Staff recommends that individuals who fail to apply for Covered CA Exchange coverage during the open enrollment period without "Good Cause" would be ineligible for the County's MIA Program, as they had the ability to be "otherwise relieved". Staff further recommends that this policy would be waived during the Calendar Year 2014 coverage period, as it would be considered a transition year. Good Cause could include factors such as federal exemption to the Individual Mandate due to income, physical incapacity, mental incompetency, illness, hospitalization, or extreme hardship situations. The MIA program would enroll an individual during the period between application to the Exchange (or other insurance) and the effective date of that coverage so long as the application was made during the open enrollment period or within Covered CA's time limited Exchange application opportunity following a qualifying life event, as unlike Medi-Cal, the effective date of Covered CA Exchange coverage does not go retroactive to the application date. It is estimated that this recommendation would impact between 900 and 1,700 individuals and result in potential savings of between \$1.5 and \$3 million annually beginning January 1, 2015.

Medically Indigent Adult – Dental Benefits

The MIA program provides a robust dental scope of benefits and a per-enrollee expenditure cap of \$1,000 per calendar year. Although Medi-Cal eliminated dental benefits to adult beneficiaries in 2009, the MIA program continued to provide dental benefits with consideration to case law. The State is implementing partial restoration of dental benefits for adult Medi-Cal enrollees effective May 1, 2014. Comparing the to-be-restored Medi-Cal dental services with the current MIA dental benefits, the MIA program would still be providing a more generous benefit.

Staff recommends that the Board of Supervisors change the MIA program dental scope of benefits to mirror the planned restoration of dental scope of benefits offered to adults on the Medi-Cal program. Based on historical utilization and considering the reduced MIA enrollment after January 1, 2014, this recommendation would impact an estimated 180 to 340 individuals and would save the program approximately \$7,000 – \$13,500 annually. Staff recommends this policy change to be effective January 1, 2014.

HSA staff will continue to monitor the implementation of the ACA to consider impacts to patients, and to HSA operations and budget, and if applicable will bring corresponding recommendations to the Board of Supervisors for consideration.

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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. Advance notices of this hearing were posted in compliance with this code.

POLICY ISSUE:

Approval of this item supports the Board of Supervisors' priorities of A Healthy Community and Efficient Delivery of Public Services by considering policy changes prompted by the federal Patient Protection and Affordable Care Act, which continue to meet the County's mandate under State law while providing for medical needs of the County's medically indigent population, while also implementing operational changes which support the effective use of government resources.

STAFFING IMPACT:

If approved, the recommendation to eliminate the direct provision of Oncology services would result in the reassignment of four full-time staff who currently spend part of their time supporting the part-time Oncology clinic. These staff hours would be absorbed by budgeted un-filled hours in the Clinic and Ancillary division of the HSA.

If approved, the recommendation to eliminate the direct provision of Pharmacy services would result in the reduction of ten full-time allocated positions from the HSA Clinic and Ancillary Budget and the transfer of one full-time allocated position from the Clinic and Ancillary Budget to the Administration Budget. Eight positions represent three job classifications which would be eliminated as a result of this recommendation, as the job classifications are relevant only to the operation of an outpatient pharmacy operation. These positions are Outpatient Pharmacy Manager, Pharmacist, and Pharmacy Technician. This will result in the reduction-in-force for the seven positions currently filled in these classifications. In addition, two filled Administrative Clerk I/II positions will be deleted and the staff transferred to other Administrative Clerk I/II positions within the Health Services Agency.

The Reduction-in-Force, Deletion of Positions, Transfer of Position, and Deletion of Job Classifications would be effective on January 11, 2014 and are outlined in the following table.

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Position Number(s)	Allocated Job Classification	Vacant/Filled	Recommendation
0291	Outpatient Pharmacy Manager	1 Filled	Delete Position and Job Classification
0234, 0543, 0570	Pharmacist	3 Filled	Delete Positions and Job Classification
0711, 1162, 3326,	Pharmacy Technician	3 Filled	Delete Positions and Job Classification
0776	Pharmacy Technician	1 Vacant	Delete Position
11608	Account Clerk III	1 Filled	Transfer Position to Health Services Agency Administration.
10150	Admin Clerk II	1 Vacant (incumbent to transfer to another vacant position)	Delete Position
9704	Admin Clerk II	1 Vacant (incumbent to transfer to another vacant position)	Delete Position

In preparation for the potential impact this recommendation will have on the Agency's workforce, a representative from the Chief Executive Office/Human Resources Division has discussed the potential impacts with the affected labor organizations. Additionally, the Health Services Agency has held other vacancies within their department to provide transfer opportunities for the affected employees. The Chief Executive Office staff will work with the affected individuals regarding other employment opportunities within the County. The Chief Executive Office has contacted local health providers to inquire about employment opportunities to assist with job placement even outside of the County structure where appropriate.

If approved, the recommendations to modify Medically Indigent Adult eligibility policy and Scope of Benefits would be implemented by existing staff.

CONTACT NAME:

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

Proposed Changes to
Pharmacy and Oncology Services
and
Medically Indigent Adult Program Policy

Health Services Agency

November 5, 2013

Proposed Changes and Why

Four Areas of Change Proposed Today

- Changes to how some health services are provided
 1. Pharmacy
 2. Oncology
- Changes to Medically Indigent Adult (MIA) program policy
 3. Eligibility
 4. Scope of Benefits

Primarily Prompted by the Affordable Care Act's Medi-Cal Expansion and Health Exchange coverage, both of which begin January 1, 2014

Laws and Local Direction/Priorities

- Mandates
- Business Case
- Healthy Community Priority
- Impacts to Community
 - Patients
 - Employees
 - Stakeholders

Medically Indigent Adult Program

Welfare & Institutions Code Section 17000

- Obligates all counties to provide or arrange for the provision of medical care for indigents, as the payer of last resort (does not include mental health)
 - for those not otherwise relieved
- Eligibility and Scope of Benefits established by each county's Board of Supervisors, with case law guidance

Stanislaus County MIA Program & Medi-Cal Expansion

MIA Program – Key Eligibility Factors

Medi-Cal Expansion

Uninsured Adults between ages of 21 – 64



Citizens & Legal Residents



Asset Limits

Federal Poverty Level Income Limits



Age – Banded 171% of FPL – 279% of FPL

138% of FPL
(not age-banded)



Approx. 90% of the MIA enrollees have income \leq 138% FPL

HSA Pharmacy Services

94% of Prescriptions filled are for MIA patients

Effective 1/1/14, estimated 90% of the MIA Patients transition to Medi-Cal

Medi-Cal – large network of area Pharmacies

HSA Pharmacy not contracted with Medi-Cal health plans

Historically, Medi-Cal patients have chosen to use other pharmacies when had the choice to use HSA's pharmacy for convenience

Financial Impact of Not Changing the Model

If HSA continues pharmacy operation....

Estimate \$2.2 Million annual shortfall due to loss of service demand and reimbursement revenue

For remaining FY 2013/2014 - \$1.1 M shortfall

Alternative Pharmacy Arrangement to Avoid \$2.2 M Projected Shortfall

- Change from direct provision to contract(s) for the much smaller anticipated MIA enrollment (Est. 10% of current)
- Contract with one or more Pharmacy companies (Walgreens) which have pre-approved federal “340b” agreement

Impacts: Avoids \$ Shortfall,
 Adds convenience for patients, but
 Displaces staff

Note: For compliance relative to medications in the clinics, HSA would need a limited-hours contract with a consulting pharmacist.

Pharmacy – Staffing Impact

Eleven Full-time positions

Seven – Reduction-in-Force (and delete job classifications)

Outpatient Pharmacy Manager x 1

Pharmacists x 3

Pharmacy Technicians x 3

Three – Delete Vacant positions

(2 transfers to vacant, 1 was vacant already)

One – Transfer Filled position

Timing:

Effective 1/11/14, however one Pharmacist position 1/18/14

Change in recommendation from printed agenda item.

HSA Oncology Services

Current model:

Two community Oncologists (Valley Cancer Medical Group) provide evaluation and consult services at HSA Scenic campus part-time (3-half days/week), and outpatient infusion services at Doctors Medical Center (DMC)

Proposed Change:

Same Oncologists provide evaluation, consult and treatment for MIA patients in their private office.

- More convenient for patients

- More efficient for Oncologists and for HSA

Impacts

Patients: Approx. 190 annually, of which 50 are MIA

After 1/1/14 estimated MIA = < 10 patients annually

Medi-Cal network includes Valley Cancer Medical Group & others

Financial: Estimated Annual Cost avoidance of \$500,000

For FY 2013-2014 – estimated at \$250,000

Staffing: The Oncology clinic hours of full-time employees will be absorbed by other vacant hours in HSA's clinical operations.

Medically Indigent Adult Program

Eligibility & Scope of Benefits Policy

Medically Indigent Adult Program

Welfare & Institutions Code Section 17000

- Obligates all counties to provide or arrange for the provision of medical care for indigents, as the payer of last resort (does not include mental health)
 - for those not otherwise relieved
- Eligibility and Scope of Benefits established by each county's Board of Supervisors, with case law guidance

Covered CA Health Exchange begins 1/1/14

- 100 – 250% of FPL = Subsidized Premiums and Cost Sharing Reduction (Silver Plan)
- 251% to 400% of FPL = Subsidized Premiums

For Context

Medi-Cal Expansion = Childless Adults up to 138% of FPL

MIA Program = up to 171% to 279% of FPL, depending on age

Monthly Share of Cost applies above 116% of FPL

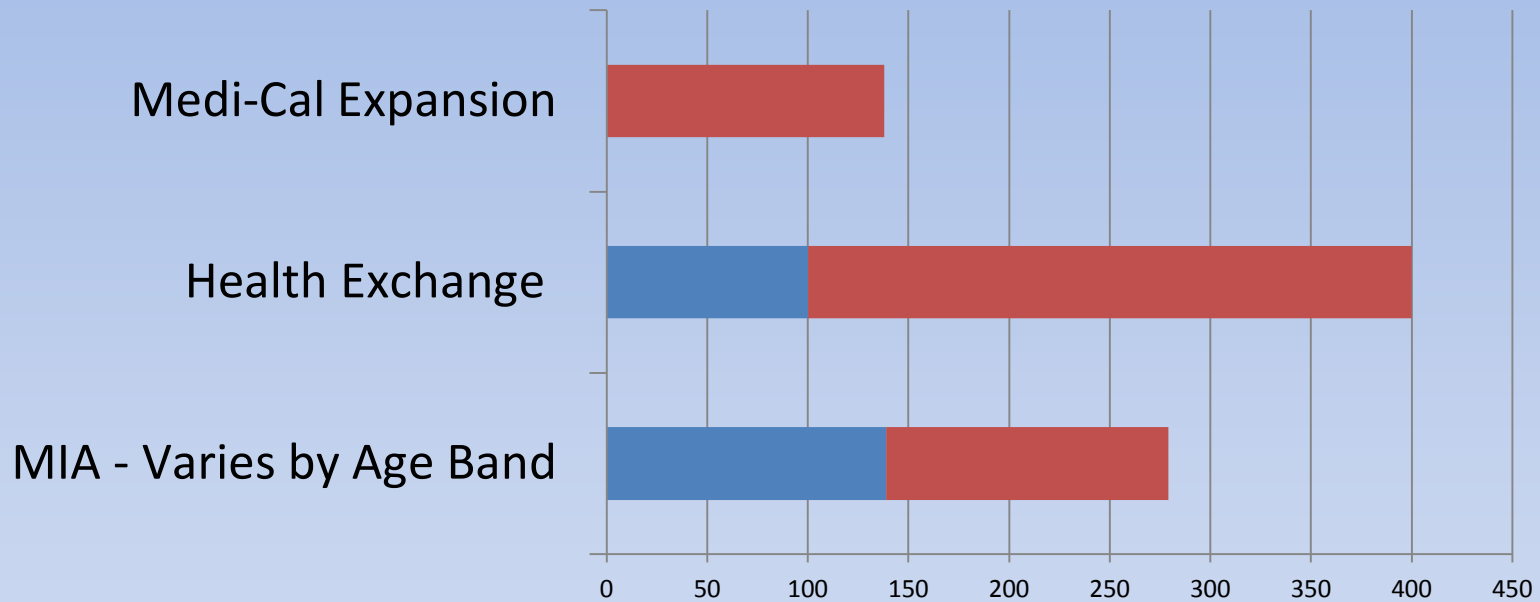
Application and Enrollment....

A significant difference between Medi-Cal and the Health Exchange

- Medi-Cal
 - Date of Application, even retroactive to date of service (Note: Medi-Cal Expansion earliest is 1/1/14)
- Health Exchange
 - Limited Open Enrollment Period with Life Event exceptions (much like employer sponsored)
 - Effective date is first of a future month

Other Programs – “Otherwise Relieved”

Federal Poverty Level Income Limits



Note: Eligibility timing not captured.

Consideration of Ability to Pay

Net Health Exchange Premium & net Deductible
is comparable or less expensive
than MIA Patient Share of Cost

Note:

Individual impact may differ due to amount and timing of services.

Considerations

- Limit of County's Obligation - "Otherwise Relieved"
- State Redirection of Health Realignment Funding
- Magnitude of January 1, 2014 Changes – Awareness, Process, etc.
- Uncertainties / Unknowns

Proposed Policy Relative to Health Exchange

- Effective January 1, 2014, consider those eligible for Health Exchange whether or not enrolled to be Ineligible for the MIA Program
- Through-out 2014, encourage Exchange enrollment but waive MIA Ineligibility as a transition year
- Effective January 1, 2015, above waiver expires, and only Good Cause Exceptions would apply to MIA Ineligibility

Impact

MIA Applicants/Patients: Estimate 900 – 1,700

Financial: \$1 - \$3 million annual savings

Note: Broad estimates given uncertainties/unknowns regarding impact of Federal/State programs to be launched 1/1/14.

MIA Program Scope of Benefits Issue

Dental Services Background

Scope Obligation/Case Law:

Medically necessary dental services taking into consideration those services provided under the Medical program

Dental Scope: MIA v. Medi-Cal

Compared MIA dental scope of benefits to the Medi-Cal adult dental scope of benefits (soon to be restored).

Results: MIA more extensive

Proposal: Mirror the Medi-Cal Adult Dental benefits

Impact

- MIA Enrollees: Estimate 180 – 340 annually
 - However, alternative care still included
- Financial: \$7,000 - \$13,500 annual savings
 - However, could be less given alternative care

Before moving to recommendations...

Health & Safety Code 1442.5 – subject to
Hearing and Advanced Notice Requirements

Health Executive Committee of the Board of
Supervisors support today's recommendations

Staff Recommendations:

1. Conduct a Public Hearing Pursuant to Health & Safety Code Section 1442.5
2. Approve the elimination of the direct provision of Pharmacy and Oncology Services, and Authorize the negotiation/execution of alternative contracts

Recommendations continued...

3. Approve the establishment of MIA eligibility policy that would consider an applicant who failed without Good Cause to enroll in the Health Exchange to be ineligible, and Authorize the waiving of this policy for CY 2014 as a transition year
4. Approve the reduction of the MIA dental scope of benefits to mirror the Medi-Cal dental scope of benefits

Recommendations continued...

5. Approve the Reduction-in-Force of 7 filled full-time positions, delete 3 vacant filled full-time positions, transfer 1 filled full-time position, and delete the job classifications of Outpatient Pharmacy Manager, Pharmacists, and Pharmacy Technicians, effective January 11, 2014, with one exception.

* One Pharmacist position - effective January 18, 2014 to coincide with that employee's retirement date.

Recommendations continued...

6. Amend the Salary and Position Allocation Resolution to reflect these changes, effective January 11, 2014, and January 18, 2014 respectively.

Hearing and Questions