



## San Luis Obispo County Public Health Department

# MEETING MINUTES

### Coverage Initiative Planning Project (CIPP)

### Stakeholder Work Group

Meeting #7 – Tuesday, February 15, 2011, 3:30 p.m. – 5:00 p.m.

The meeting convened at 3:35 p.m.

#### Attendance

*Stakeholder representatives in attendance:* Joe Kent, Social Security Administration; Biz Steinberg, CAPSLO; Chris Mitsuoka, Community Health Centers of the Central Coast (CHC); Patti Diefendorfer, CHC; Theresa Merkle, CenCal Health; Leslie Brown, SLO County Administration; Natalie Walter, SLO County Dept. of Social Services (DSS); Christina Chow, DSS; Amy Gilman, Board of Supervisors-District 5; Richard Phillips, Sierra Vista Regional Medical Center; Betsy Umhofer, Office of Congresswoman Lois Capps; Tom Hale, Twin Cities Community Hospital ED Physician; Sue Andersen, Catholic Healthcare West; Pati Garcia, DSS.

*Others in attendance:* Joel Diring, Diring & Associates; SLO County Health Agency: Marsha Bollinger, Jennifer Shay, Jeff Hamm, Penny Borenstein, and Gloria Gonzales.

*Handouts provided:* Agenda and LIHP Presentation

#### Welcome and Introductions

Joel Diring, of Diring & Associates, welcomed the stakeholder representatives and began introductions followed by a review of the meeting Agenda.

#### LIHP Application: Scenarios and Future Steps

Mr. Diring presented a PowerPoint (handout provided) covering the following topics: Challenges of the Low Income Health Program (LIHP); Goals of the LIHP; Current CMSP Program; Scenarios; LIHP Application; and Next Steps.

Evaluating if we should participate in the LIHP includes several challenges, including how to best estimate consumer demand for the new program, utilization and, ultimately, the total cost of the program. Challenges to our bottom line include the requirement that counties pay federally qualified health centers (FQHCs), such as CHC, the prospective payment system (PPS) rate for patient encounters, which is higher than what the County currently pays CHC. Compared to the County's current CMSP, the LIHP includes additional health care services and preventative care, longer periods of eligibility and reduced eligibility requirements.

Mr. Diring presented a summary of the current CMSP program followed by three scenarios for consideration: 1) A modified CMSP program; 2) The LIHP at current utilization rates with PPS to CHC; and 3) The LIHP at CenCal's average for disabled and IHSS members with PPS to CHC.

Demand for indigent health care is growing; enrollment increased 25% from 2008 to 2009 and 18% from 2009 to 2010, and approximately 80% of current CMSP members have incomes below 133% of the federal poverty level (FPL). Recent CMSP data shows 2010 enrollment at 3,779 (this number is not yet confirmed) at a cost to the County of \$6.2 million, which includes an estimated \$600 thousand for mental health services, for a total per member cost of \$2,432.

Scenario 1 does not include our participation in LIHP but instead modifies the current CMSP. With conservative numbers for estimated enrollment and growth, this scenario reduces income eligibility from 250% of FPL to 200% of FPL, reduces pharmaceutical costs by \$400 thousand, and adds mental health services. The result is enrollment of 2,704, total program cost of \$5.9 million, and a per member cost of \$2,220.

Scenario 2 includes our participation in LIHP and receiving the federal matching funds, assumes no increase in utilization per member, maintains current medical payment rates to providers other than CHC, includes the higher PPS rates to CHC, and replaces current CMSP administration costs with costs for DSS enrollment and CenCal program administration. The result is enrollment increased to 4,419, total program cost of \$11.8 million (\$5.9M of County \$), and a per member cost of \$2,611.

Scenario 3 includes the same estimates as Scenario 2 except this scenario also includes significantly higher utilization per member since LIHP offers more benefits and preventive care instead of episodic care. Utilization estimates were based on data from two of CenCal's member categories—disabled members (high utilization) and IHSS members (a government sponsored plan with minimal benefits and low utilization) — and then averaged the two. The result is enrollment of 2,042, total program cost of \$11.8 million (\$5.9M of County \$), and a per member cost of \$5,795. Increased utilization drove up the cost significantly in this scenario.

The County submitted the LIHP application to the state on the February 15<sup>th</sup> due date. The application is not binding and, at this point, acts as a placeholder as we continue to refine our calculations and evaluate all our options. The Health Agency will present our options to the Board of Supervisors on March 29, 2011.

### Discussion

Jeff Hamm, Health Agency Director, commented that while just three scenarios were presented today, many scenarios have been reviewed by the Health Agency. Mr. Hamm stated that estimating possible expenditures is challenging. For example if just 3,000 people decide to enroll in this program, which includes more benefits than the CMSP program, then how many times are they going to use these expanded services? Forecasting utilization rates are essential to estimating program expenditures.

In general, the group expressed the desire to provide a program that serves more people and the need for a better model that provides less expensive care instead of rationing care.

Mr. Diringler clarified an incorrect statement that was made at our last meeting. It was mentioned that Santa Barbara County's indigent care program has a fixed budget and stops paying when it runs out of money, but it turns out that, like our county, they continue to pay claims beyond their budgeted funding.

Mr. Diringler reminded the group that the next meeting is Tuesday, March 15<sup>th</sup> at this same location. The meeting was adjourned at 4:50 p.m.