

COHS Planning and Implementation Update – 03/24/08

There is no meeting of the Planning and Implementation Committee in March. The next meeting of the Committee is scheduled for April 25. The following is a summary of activities and developments since our last meeting.

We are working on setting up a meeting with our local legislators to discuss Managed Medi-Cal implementation in Sonoma County. Gail Moss of Senator Patty Berg's office has offered to organize a single meeting (conference) with legislators representing Sonoma County. We will advise members of the committee of the date selected for this meeting.

Partnership HealthPlan is asking for assistance with letters of support for a rate increase. The current financial situation is strained as the State has only granted one rate increase to Partnership in the last six years. Partnership is currently dipping into reserves to operate which cannot be sustained in 2008 without jeopardizing the financial solvency of the Plan. The problem is exacerbated with the proposed cuts in the State budget. Partnership has informed us that they are in constant communication with the State about the rate situation and are hopeful that discussions will produce results. A sample letter for your use is attached.

Also attached is a Key Messages document for your use in discussions with the community. The document outlines our process, decision, and the value of implementing Managed Medi-Cal in Sonoma County and includes recommended edits from our last meeting.

I will provide additional updates as they become available. We expect to meet again on April 25. Please feel free to call me if you have any questions.

Sonoma County Managed Medi-Cal Implementation

Key Messages

- Sonoma County is poised to move forward with a plan to improve access and quality of services provided to approximately 40,000 Medi-Cal enrollees in the County; the culmination of a two-year intensive community planning process.
- The plan to expand managed Medi-Cal services into Sonoma County is a priority for the state and is proven to improve access and quality of services and more a cost-effective model for providing Medi-Cal services within county or region.
- The current state funding crisis and subsequent rate reductions have stalled all efforts to implement this important plan. The rates provided Partnership HealthPlan, (only one rate increase in six years) are inadequate to support even their existing service area and prevent further expansion to include Sonoma County.
- Sonoma County is urging the State to continue work toward a solution that will enable Partnership HealthPlan to expand managed Medi-Cal services into Sonoma County bring forward both quality improvements and cost savings afforded by this model.

Background Information

1. Planning Process

In January of 2005 the State announced their plans to expand managed Medi-Cal programs to 13 additional counties in the state including Sonoma County. In response, the County convened a 23 member planning group to study options and make recommendations to the Board for the best option for expansion of managed Medi-Cal in Sonoma County.

2. Deficiencies of the current Medi-Cal program in Sonoma County

- An insufficient number of participating providers (particularly physician specialists and dentists) due to low payment rates.
- Low payments rates. Payments to physicians do not cover the cost of care.
- Cumbersome eligibility and enrollment requirements.
- Bureaucratic administrative processes for approval of services and reimbursement for care.
- Lack of care management for complex patients.
- Limited complaint resolution options.
- Patient information is not accessible.
- Few chronic disease prevention and treatment programs.
- Lack of data on program outcomes and other measures.

3. Benefits of a County Organized Health System (in Sonoma County)

- The guarantee that all beneficiaries have a "medical home".
- Better access to specialty and other services within a defined reasonable period of time.
- Higher payments to physicians than current State operated Medi-Cal.
- An increase in physician participation in Medi-Cal due to higher rates of payment and streamlined administration.
- New locally provided services for beneficiaries including patient education and care management.
- A local member and provider services department to solve problems and resolve grievances.

- Quality improvement programs that set goals and measure health outcomes.
- Decreased use of the hospital emergency room resulting in better care and cost savings.
- Reduced hospitalizations resulting in cost savings and better care.
- Provides for local governance and accountability.

4. Planning the County Organized Health System in Sonoma County

- The Governor issued a plan in 2005, which called for expanding Managed Medical into 13 new Counties.
- Sonoma County was targeted to join the Partnership HealthPlan, a County Organized Health System located in Solano County.
- Sonoma County chartered a 23 member Planning Group, mandated to study all methods of providing care to Medi-Cal members, and to make a recommendation on the best approach for Sonoma County.
- The Planning group concluded that the COHS/Partnership HealthPlan model was best for Sonoma County.
- The Planning Group prepared a report and recommendation to the Sonoma County Board of Supervisors that was approved in December of 2006.
- The State was notified that Sonoma County was ready to proceed in January of 2007.
- The State of California has been working with Partnership HealthPlan to develop appropriate rates for operating a COHS in Sonoma County.
- After many months of discussions, the State has not offered rates which allow the Sonoma program to move forward.
- The Sonoma County Planning Group is unable to continue implementation without resolution of the rate issue.
- With appropriate rates, Sonoma County and Partnership HealthPlan are ready to proceed which would allow for improved care to the 47,000 beneficiaries in Sonoma County.

5. The proposed State budget and impacts on Medi-Cal and COHS Planning

- In January, the Governor issued a proposed budget which includes significant cost reductions due to a projected \$14 billion deficit.
- The budget includes a 10% reduction in fees paid to Medi-Cal providers, including County Organized Health Systems.
- The budget proposes the elimination of 10 "optional" Medi-Cal benefits. These include chiropractic, acupuncture, audiology, optometry, specified incontinence treatments, speech therapy, some psychiatric, and podiatry.
- The budget includes directives to delay payments to providers to manage cash flow at the State.
- The proposed budget will exacerbate the already critical problems of the current State operated fee-for-service Medi-Cal program in Sonoma County.
- The County Organized Health System costs 5% less to the State of California than the current fee-for-service model.
- Paying appropriate rates to Partnership and allowing the County Organized Health System to proceed in Sonoma County would save the State money and improve care.