

COUNTY OF EL DORADO

HEALTH & HUMAN SERVICES



MEMORANDUM

Don Semon
Director

DATE: April 5, 2021

TO: Honorable Board Members
Cc: Don Ashton, CAO
Emma Owens, CAO Management Analyst

FROM: Don Semon, Director of Health & Human Services Agency

SUBJECT: Medi-Cal Managed Care Program

The purpose of this memo is to provide information to your Board in preparation for an item planned for the upcoming April 13, 2021 Board of Supervisors meeting. The item will present a rare opportunity for El Dorado County to have a voice in electing for what Medi-Cal plan options we would like to support being available in El Dorado.

A - Overview: *Medi-Cal Managed Care (MMC) provides access to health care through available managed care models across the state. For El Dorado County, we are one of eighteen Counties in California that are considered as operating in a "Regional Model" MMC program. In sh011, Regional Model Counties are rural counties that have two commercial health plans available to residents as their options. For these 18 counties, the two commercial health plans have been historically determined by the State. Over the past decade, the 18 Regional Model Counties have provided feedback to the State Department of Health Care Services (DHCS) advocating that they have not had a voice in selecting a plan option for their communities. Other counties not within the 18 Regional Model counties, on the other hand, have been able to give input and consider if they would like to offer a public plan option to residents. After years of advocating, the State has acknowledged that these 18 rural counties were not given a choice to give input into their local MMC program, and as such, the State is now providing a rare opportunity to these counties to consider if they would like to offer a public plan option for residents that are Medi-Cal beneficiaries.*

B - Process: In October 2021, DHCS will launch a statewide procurement of Commercial Medi-Cal Managed Care Plans (MMCPs) for the Medi-Cal program across the state. DHCS is giving Regional counties the option to stay with the same model (two commercial plans selected by the State) or to change models (offer one public plan selected through local input, and one commercial plan selected by the State). If El Dorado County would like to offer a public plan option for residents, a Letter of Intent is required to be submitted to the State by April 30, 2021. During the April 13th BOS item, the Board will have three options to consider in making a decision:

- Option 1)** Do nothing; thereby the 4/30 deadline sunsets and we default to having elect to have the State select 2 commercial plans for El Dorado County residents on Medi-Cal;
- Option 2)** Submit a letter of intent by 4/30 to notify the state that El Dorado will create and develop its own local Health Plan Organization to offer a Public Plan to residents as an option; or
- Option 3 (staff recommendation)** Submit a letter of Intent by 4/30 to notify the State that El Dorado intends to partner with an existing Regional Public Plan Model to thereby offer a 2 Plan (Public/Private) Model for residents.

C - El Dorado County Process and Timeline: The following process and timeline reflects HHSA's collaboration with Bmion, Marshall, and the El Dorado Community Health Center to come to this unanimous recommendation. Please note that letters of support from our regional healthcare partners will be attached to the upcoming Board Item:

2011-2020: Northern California counties petitioned the State to allow local selection of different regional model designs.

2019: An informal El Dorado survey on the available commercial plans for residents was conducted to measure sentiment regarding access to local healthcare services. A number of primary concerns were identified, including: barriers to specialty care referral, lack of available transportation services, poor membership satisfaction, and increased barriers and access for healthcare services in particular for South County Medi-Cal beneficiaries.

October 2020: The 18 rural Regional Model counties received notice that the State has heard their feedback and will be changing their upcoming procurement process to allow for counties to offer a Public Plan option locally.

November 2020: HHSA was contacted by the Health Plan of San Joaquin (HPSJ). HPSJ is one organization in a network of Public Plan organizations that operate across the State of California. As the State committed to allowing for a Public Plan option, without creating an El Dorado specific organization right now, HPSJ is considered El Dorado's local public plan option based upon HPSJ's proximity and ability to meet MMC program services need for this region. HPSJ currently serves San Joaquin and Stanislaus Counties and plans to expand its service to also serve Calaveras, Tuolumne, Amador, El Dorado and Alpine Counties.

December 2020: A follow-up informal survey on the available commercial plans in El Dorado County was conducted to measure patient experience and sentiment. Similar concerns were raised from the 2019 survey, including an updated piece of information referencing that fewer providers were accepting Medi-Cal coverage in the SLT region.

January- March 2021: 8 Community Stakeholder Meetings were held with Alpine County, Batton Health, Marshall Medical, El Dorado Community Health Centers, HHSA Public Health, and HHSA Behavioral Health to discuss the option of having a public plan available through HPSJ in El Dorado. The group explored research on HPSJ performance as solicited by peer groups from the following industries; hospital, Federal Qualified Health Clinics, Public Health Departments and Behavioral Health Departments. The cumulative response was positive. The Stakeholder group also reviewed research comparing MMC models that offer only commercial plans to those that offer a Public Plan as an option. The results of that analysis were overwhelmingly positive toward Public Models offering greater access to services. At the end of the 8 meetings, the El Dorado Community Stakeholder group reached consensus on a united recommendation to transition El Dorado to a public/commercial model, thereby seeking to have HPSJ as the administrator of the local Public Plan option in El Dorado.

D - Key Reasoning: Two key reasons for HHSA's upcoming recommendation to partner with HPSJ is that:
1) Public Plans are proven to improve access to care and services when compared to commercial plans; and
2) HPSJ's Public Plan allows El Dorado County a seat on its Governing Board to influence services.

Improved Access: A significant reason why residents elect for Public Plans is because access to transportation and healthcare is shown to improve when public plans are an option as opposed to only commercial plans being available. This is attributed to Public Plans reinvesting their earnings into the community at a much higher percentage, investing earnings into local doctors, transportation providers, and other care providers. The enhanced investments are due to Public Plan overhead costs being significantly lower than Commercial Plan operators. For example, HPSJ utilizes 4 cents of every dollar to cover overhead costs, with the other 96 cents going into the local healthcare system of providers and

services. Commercial Plans on the other hand fluctuate between 8 and 15 cents of every dollar going toward overhead costs. The reason for their higher overhead is largely attributed to having shareholders that are involved in providing direction and being compensated. The higher overhead thereby reduces the amount of funding in the community to pay providers for services, reducing the bloodline for providers to operate. As an example of the benefit of reduced overhead in the Public Plan, HPSJ has evidenced that since offering a Public Plan option in Stanislaus County, transportation resources for Medi-Cal beneficiaries have increased by 400% in that County. This is one of many examples as to the benefit to Public Plans being focused on the provider network as the key area of investments.

Local Influence: Public Health Management have shared concerns in their experiences in trying to work with our available commercial plans whenever clients have experienced barriers to care. For example, when Public Health is serving a resident and their request for care is being denied by our Commercial Plan providers, staff have to negotiate with the plan provider staff to try and resolve the issue. As Public Health has no say into how the commercial plan provides services, the plan determines if the services can be provided or not. Instead of this described scenario, by partnering with HPSJ and offering a Public Plan model, HHSA Public Health would have an Executive Manager filling a seat within HPSJ's governance structure. Their governing board is made up of representatives from their respective services areas, creating a direct line of communication to the decision making table. This structure creates an opportunity for ongoing dialogue, having an immediate mechanism for giving feedback to address needs. Right now, without a Public Plan option, this option to give feedback and improve services access directly does not exist.

Closing Remarks: It has come to the attention of HHSA Executive Leadership that as other Counties within the 18 Regional Model area have brought these items to their Boards of Supervisors, Commercial Health Plans have reached out to Board Members in advance or have made public comments with the intent to slow down County Boards from making a decision by the April 30th deadline. These commercial plans are attempting to sway Boards to slow down and not decide; however, it is critical to note that Counties are in fact following the State's defined process for considering our voice in selecting our preferred model and submitting a Letter of Intent to offer a Public Plan by the State deadline. By offering a Public Plan, this immediately creates competition for Commercial Plans, and based upon the information provided in this memorandum and the consensus of our regional healthcare partners, HHSA is confident in the upcoming recommendation to submit a Letter of Intent to partner with HPSJ and to offer a Public Plan to the benefit of both residents and providers in El Dorado County.