MONTEREY COUNTY'S CONCERNS REGARDING SUCCESSFUL AFFORDABLE CARE ACT (ACA) IMPLEMENTATION

The Affordable Care Act (ACA) is the most sweeping federal health care reform legislation since Medicare was created in 1965. ACA will cover millions of Californians.

In Monterey County there are 422,000 residents, 21% of which (89,000) are currently uninsured. It is estimated that 27,000 residents will be newly eligible for coverage under the Medi-Cal expansion. An additional 27,000 residents will be eligible for subsidies to purchase private, individual insurance through the Exchange. Assuming full enrollment after 2018, 35,000 individuals will remain uninsured. Those who remain uninsured will be comprised of undocumented immigrants and those with exemptions due to religious beliefs or financial hardship.

INELIGIBLE / UNDOCUMENTED POPULATIONS

There are a number of persons in Monterey County that will remain ineligible for Health Care coverage even after January 1, 2014. Monterey County has the largest rate of employed undocumented residents in the state, estimated to comprise 13.5% of the County's population. As such we must retain adequate realignment funding to enable the county safety net to continue to see the uninsured.

ENROLLMENT PROTECTIONS

As occurred in the 1995 Medi-Cal expansion, there should be adequate enrollment protections for the safety net hospitals and clinics.

NATIVIDAD MEDICAL CENTER (NMC) - IMPACT OF REDUCTION OF PROVIDER PAYMENTS

Natividad Medical Center (NMC), like all public and private safety net hospitals, depends on a patchwork of state and federal programs that enable NMC to care for Monterey County's poor and underserved populations. While all hospitals await the promise of expanded access to health insurance, NMC as a safety net hospital will continue to struggle to meet the community's needs because of significant payment shortfalls, planned cuts to future payments and the fact that many patients will remain under insured or uninsured.

Currently, 83% of NMC's patients are covered by Medicare, Medicaid, the Medically Indigent Adult Program or are uninsured. NMC is faced with the cost of providing care exceeding payments for the primary payers. The net annual losses are as follows:

Medicare	$ 6.7 Million loss
Medicaid	$ 3.9 Million loss
Uninsured & Medically Indigent Adult Program	$ 15.3 Million loss

NMC is experiencing significant reductions in Medicaid Disproportionate Share Hospital (DSH) payments from Medicaid; projected to be reduced from $23 Million in 2012 to $10 Million by 2017 ($13.0 Million loss). Additionally, NMC experiences a net loss of $12 Million annually for physician services.

The American Taxpayer Relief Act of 2012 (ATRA) helped to avert the so-called "fiscal cliff" at the end of last year but only provided a short-term resolution to the nation's federal budget and spending challenges. Payments to NMC remain vulnerable to more cuts as Congress faces additional fiscal deadlines during the first quarter of 2013 as part of sequestration. The impact of sequestration on NMC is as follows:

2% reduction in all annual inpatient and outpatient Medicare payments	$ 500,000
2% reduction in Disproportionate Share Hospital (DSH) payments from Medicare	$ 90,000

The ATRA includes a 12-month Medicare physician payment fix that delays cuts from sequestration for physicians, deferring the cuts to physicians to 2014. The projected reimbursement reduction will be 20% or $120,000 annually

at NMC in 2014. It should be noted that Monterey County currently receives 20-25% less than other urban counties for physician reimbursement under the current Medicare physician reimbursement formula.

NMC, like all California hospitals, continues to face challenges due to payment shortfalls, labor supply, unfunded state mandates and the growing costs of adopting health information technology. NMC cannot withstand more cuts and preserve access to care for all who need it. Further payment reductions will exacerbate the financial challenges NMC faces in caring for patients in our community.

HEALTH / BEHAVIORAL HEALTH CONCERNS

REINVESTMENT IN PUBLIC HEALTH

Now is the time to reinvest in Public Health. As we know, 97% of all health dollars are spent on medical care and only 3% on population health. We have the opportunity to now fund public policy initiative to optimize wellness.

PARITY

Support implementation – and effective enforcement – of state and federal parity laws. Coverage for mental illness and substance use disorders must be provided in no more restrictive way than all other medical and surgical services covered by health plans.

- ***Benefits & Services:*** The mental health benefits and services available to newly eligible Medi-Cal beneficiaries in 2014 must be equivalent to those available to the currently eligible Medi-Cal population. The needs of individuals should determine the services to which they have access, not whether they became enrolled in Medi-Cal on or after January 1, 2014.
- ***One System of Care:*** Mental health benefits and services available to newly eligible Medi-Cal beneficiaries in 2014 meeting medical necessity for specialty mental health services should be managed by county mental health plans in the same manner that benefits and services are managed for the currently eligible beneficiaries.
- ***Adequate Funding & Preserving the Safety Net:*** Adequate funding must be provided to provide mental health services to the anticipated increases in Medi-Cal beneficiaries, as well as to preserve the safety net for the many individuals who will remain uninsured.

DRUG MEDI-CAL

The substance use disorder benefit for the expansion population should align with the current Drug Medi-Cal benefits, supplemented by the benefits included in the state's benchmark plan (Kaiser Small Group Plan), and any other benefits necessitated by the mental health/substance use disorder (MH/SUD) parity requirements of the Affordable Care Act.

- ***Benefits****:* Benefits must include screening and brief intervention, assessment, case management, collateral services, detoxification, outpatient treatment (group and individual counseling), day care rehabilitation, medication-assisted treatment (including the use of all federally-approved medications for the treatment of substance use disorders), narcotic replacement therapy (methadone), residential acute stabilization, residential perinatal treatment, and residential treatment including detoxification.
- ***A County Managed System****:* Under the current specialty care service system for Drug Medi-Cal, now included in California's realignment structure, benefits and services available to newly-eligible individuals meeting the medical necessity criteria for substance use disorder services, as well as benefits and services for currently-eligible individuals, should be managed by counties with the same authority as mental health services are managed by county mental health plans.

INFRASTRUCTURE RAMP UP

Half a million uninsured California adults with mental health and Substance Use disorder needs will become eligible for health insurance coverage in 2014 (UCLA, 2012). Monterey County could see a steady stream of new enrollees, estimated at 3,000-7,000 over the next two years. Trained clinical staff needs to be hired and new or expanded facilities need to be established. The State of California should invest in start-up for the implementation of the ACA.

SOCIAL SERVICE CONCERNS

ELIGIBILITY VERIFICATION

The Administration is looking to establish a more in-depth system of verifications than necessary under the Affordable Care Act. Monterey County's goal is to keep eligibility as simple as possible to promote access and put an application system into place that welcomes those who need assistance and makes sense to them as they fill out the application for coverage. We look forward to the simplification opportunities available under the Affordable Care Act and believe all simplification opportunities that promote access should be fully embraced.

CALHEERS (CALIFORNIA HEALTHCARE ELIGIBILITY, ENROLLMENT AND RETENTION SYSTEM) READINESS

CalHEERS readiness is a growing concern. The delay in establishing the interface with SAWS (Statewide Automated Welfare System) systems that are successfully used today for access to Medi-Cal and other public assistance programs will result in challenges in customer service and employee training. These challenges will strain the County's capacity by requiring employees to use both systems and be prepared to duplicate data entry. We also have concerns about the possibility of other delays given where we are today. We encourage allowing those on the Low Income Health Program (LIHP) waiting lists to be enrolled into Medi-Cal without requiring a new application. This way, the path to health insurance would be initiated in the event CalHEERS is not ready on time, and individuals could proceed on the road to coverage without having to go through the step of filling out a new application.

START-UP RESOURCES

Start-up resources are needed to ramp up staffing and training staff on all aspects of the ACA from new eligibility rules and CalHEERS to Advanced Premium Tax Credit eligibility and plan selection.

FUNDING FOR INTAKE IS CRITICAL

Statements from the Department of Health Care Services after release of the January budget proposal suggested that the administration was making an assumption that simplification would offset the workload pressures in intake to address new applications for the Medi-Cal expansion. More recently, indications from the Administration have been more positive; however it is critical that intake activity to enroll new Medi-Cal applicants be appropriately funded. Based on the UCLA/UC Berkeley analysis of potential new enrollees, Monterey County expects to assess 20,000 additional Medi-Cal applications in 2013. Funding to assure new applicants are appropriately welcomed into the new environment of health insurance and that no one becomes discouraged is essential if we are to be successful in creating the culture of coverage that is necessary for health reform to succeed.

FOR MORE INFORMATION CONTACT

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