

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Health	(2) MEETING DATE 1/6/2015	(3) CONTACT/PHONE Jeff Hamm, Health Agency Director, 781-5500	
(4) SUBJECT Request to approve renewal agreements with Community Health Centers of the Central Coast, Inc. to provide primary, ancillary and pharmacy services and with Dignity Health doing business as Marian Regional Medical Center-Arroyo Grande, Dignity Health doing business as French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve and authorize the Chairperson to sign renewal agreements with Community Health Centers of the Central Coast, Inc. to provide primary, ancillary and pharmacy services and with Dignity Health doing business as Marian Regional Medical Center-Arroyo Grande, Dignity Health doing business as French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program patients.			
(6) FUNDING SOURCE(S) Realignment	(7) CURRENT YEAR FINANCIAL IMPACT \$1,050,000.00	(8) ANNUAL FINANCIAL IMPACT \$1,050,000.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>01-07-2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Health / Jeff Hamm, Health Agency Director, 781-5500

DATE: 1/6/2015

SUBJECT: Request to approve renewal agreements with Community Health Centers of the Central Coast, Inc. to provide primary, ancillary and pharmacy services and with Dignity Health doing business as Marian Regional Medical Center-Arroyo Grande, Dignity Health doing business as French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients. All Districts.

RECOMMENDATION

It is recommended that the Board approve and authorize the Chairperson to sign renewal agreements with Community Health Centers of the Central Coast, Inc. to provide primary, ancillary and pharmacy services and with Dignity Health doing business as Marian Regional Medical Center-Arroyo Grande, Dignity Health doing business as French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program patients.

DISCUSSION

The County has an obligation, per California Welfare and Institutions Code Section 17000 et seq, to ensure the availability of medically necessary health care for County residents who meet Medically Indigent Adult eligibility criteria. This obligation is met through administration of the County Medically Indigent Services Program (MISP). Since 1983, the County has maintained contracts with the four hospitals located in the County to provide emergency, ancillary and in-patient services. Since the County discontinued the operation of County clinics and related ancillary services operations in 2004 it has contracted with Community Health Centers of the Central Coast to ensure fulfillment of its obligation for the provision of primary, related ancillary and pharmacy services. These contracts allow the County to fulfill its statutory obligation to MISP patients, and also facilitate the delivery of medically necessary hospital services to individuals in the custody of the County Sheriff, through the Health Agency's Law Enforcement Medical Care (LEMC) program.

Each of the four hospitals and CHC have agreed to renew the most recent agreements, with no change in any other terms, through June 30, 2015. Each of the five agreements is retroactive to the beginning of the current fiscal year. The agreements are being submitted for Board approval this late in the fiscal year due to several factors. Last spring staff was still hoping that the County could shift administration of its provider network to CenCal Health, who maintains an extensive provider network to provide services to the very large and growing Medi-Cal population. That became infeasible due to a number of technical constraints. Once that was determined, amendments were written to simply extend the terms another year. However, those were not developed in time for their approval before the end of the year, so renewal agreements needed to be executed. Drafts of those agreements went back and forth between County staff and hospital contract and legal staff several times, extending their completion into the late fall.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the amendments as to form and legal effect.

FINANCIAL CONSIDERATIONS

The recommended amendments include no changes in financial terms. The County will continue to pay all four hospitals a per diem rate of \$1,425 and a flat rate of \$180 per emergency room visit. Community Health Centers will continue to

receive \$145 per encounter for primary and related ancillary care. Rates for pharmacy service are patterned on Medi-Cal rates. The appropriation necessary to cover that expense is included in the adopted 2014-15 budget.

The current year MISP budget includes sufficient funding to care for 350 MISP enrollees at approximately \$3,000 per enrollee, totaling \$1,050,000. Those were the assumptions, recognized as conservative at the time, that were used in the development of the 2014-15 MISP budget. Since the January 1, 2014 effective date of the Affordable Care Act (ACA), an average of only 30 individuals per month have been assisted by MISP eligibility staff, and, of those, only 13 have been determined to be eligible for and were subsequently enrolled in MISP. Of that number, only seven have been enrolled since the beginning of the current fiscal year. Costs of medical care per enrollee have been very close to the assumed \$3,000 amount. However, with just over one enrollee per month so far this fiscal year, versus the 30 per month upon which the budget was based, there will be substantial savings in MISP medical care costs in 2014-15 and, presumably, beyond.

There is no evidence to suggest that such low MISP enrollment numbers are an indication that low income patients are falling through cracks in the health care safety net. Enrollment in both Medi-Cal and tax subsidized plans through the Covered California health care exchange have been robust. Pre-ACA estimates of the number of uninsured who either already were or became eligible for Medi-Cal ranged from 12,000 to 19,000, and the Department of Social Services has reported they have enrolled over 16,000—approximately 11,000 of whom are newly eligible under the ACA and about 5,000 of whom were previously eligible but had failed to enroll. Covered California reports that approximately 12,250 enrolled through the first open enrollment period last winter. It is unknown how many of these Covered California enrollees were previously uninsured (as opposed to opting for ongoing health coverage through the Exchange rather than independent purchase). However, given that 90% of Covered California enrollees received subsidies, it is reasonable to assume that those previously uninsured due to cost, and/or pre-existing condition, comprise a majority of Covered California enrollees. Taken together, these numbers suggest that a significant majority of previously uninsured individuals in San Luis Obispo County, perhaps as many as 80 to 90%, are now enrolled in either Medi-Cal or a private plan through Covered California.

The following chart reflects medically indigent services for FY 2013-14 and current year to date costs and services (units) provided by each of the contract providers.

CMSP/MISP	FY 2013-14		FY 2014-15 (Jul - Nov)	
	Costs	Units	Costs	Units
Marian Arroyo Grande	\$267,035	754	\$4,549	11
French Hospital	\$319,833	758	\$18,652	29
Sierra Vista Hospital	\$344,734	509	\$7,498	17
Twin Cities Hospital	\$508,212	738	\$120,886	120
CHC	\$1,285,226	N/A	\$3,120	N/A
	\$2,725,040	2759	\$154,705	177

The following chart reflects medical services provided to jail inmates for FY 2013-14 and current year to date costs and services (units) provided by each of the contract providers.

LEMC	FY 2013-14		FY 2014-15 (Jul - Nov)	
	Costs	Units	Costs	Units
Marian Arroyo Grande				
French Hospital	\$1,425	1		
Sierra Vista Hospital	\$458,144	474	\$87,353	107
Twin Cities Hospital				
CHC	\$48,501	N/A		

\$508,070	475	\$87,353	107
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RESULTS

The recommended renewal agreements with CHC and all four hospitals will allow continued access to primary, ancillary, pharmacy and hospital based medical services by MISIP patients and jail inmates. Access to medically necessary medical care services helps achieve the program's mission of ensuring proper access to health care for all medically indigent adults and jail inmates, and helps achieve the County's vision of a safe and healthy community.

ATTACHMENTS

1. CHC FY 14-15 Contract Amendment
2. French Hospital FY 14-15 Contract Amendment
3. Marian FY 14-15 Contract Amendment
4. Sierra Vista FY 14-15 Contract Amendment
5. Twin Cities FY 14-15 Contract Amendment