IMPACT OF FEDERAL HEALTH REFORM + 1115 WAIVER ON PATIENT DEMAND AND FACILITY CAPACITY

Presentation to the Health Care Services Master Plan Task Force
October 27, 2011

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Presentation Objectives

1. Provide overview of Health Reform and 1115 Waiver with focus on access and underserved.

2. Present San Francisco’s opportunities and challenges in responding to patient demand under Health Reform.

3. Initiate discussion of policy considerations – specific to both the HCSMP and broader health planning efforts – relevant to preparing San Francisco for Health Reform.
Presentation Preview

- Health Reform
- California’s 1115 Medicaid Waiver
- Legislative Impact on San Francisco
- Summary + Policy Considerations
Health Reform
Overview

- Health Reform signed into law in March 2010
- Multi-pronged approach to health reform
  - Individual Mandate
  - Increased access to health insurance
  - Health insurance industry reforms
- 92% of US residents will have insurance by 2016
Major Components of Health Reform

Temporary High-risk Pool

Medicare Doughnut Hole Reductions

Insurance Reforms
- Dependent coverage up to age 26
- No pre-existing condition exclusion for children
- Elimination of cost-sharing for prevention

Individual Mandate

Medicaid
- Eligibility Expansion
- DSH Reductions

Employer Requirements

Health Benefit Exchanges

Premium and Cost-sharing Subsidies

Insurance Reforms
- Guarantee issue and renewal
- No pre-existing condition exclusions
- Coverage of essential benefits for small group and individual plans

2010
2011
2012
2013
2014
2015
2016
2017
2018
2019 and beyond

“Cadillac Tax”
Individual Mandate

- As of 1/1/14, most US residents required to have health insurance

- Exceptions:
  - Undocumented Immigrants
  - Financial Hardship
    - Lowest Cost Plan > 8% Income
    - Income Below Tax Filing Threshold
  - Religious Objections
  - American Indians
  - Those Uninsured < 3 Months
  - Incarcerated Persons
Health Benefit Exchange

- Health insurance marketplace
- Essential Benefits (TBD)
- 4 coverage levels + catastrophic plan
  - Bronze
  - Silver
  - Gold
  - Platinum
- Subsidy if income between 133-400% FPL

Eligibility: CA Health Benefit Exchange

- US citizens
- Legal immigrants
- Employers with < 100 employees
Medicaid Expansion

36,000 – 49,800

Estimated range of new Medi-Cal beneficiaries in San Francisco following Health Reform. San Francisco’s current Medi-Cal enrollment is about 125,000.

- 0 -133% FPL
- Extends to childless adults without disabilities
- Asset test eliminated except for seniors in long-term care
- State must maintain current eligibility
Basic Health Plan

- State option
- Essential Benefits required (TBD)
- For uninsured between 133-200% FPL
  - Eliminates eligibility for subsidies on the California Health Benefit Exchange (CBHE)
- Must be less costly than CBHE

California has not yet determined if it will offer a Basic Health Plan.
California’s 1115 Medicaid Waiver
Overview

- **Bridge to Reform**
- **Effective November 1, 2010 – October 31, 2015**
- Expands coverage to more uninsured adults
- Preserves county-based safety net
- Improves care coordination for vulnerable populations
- Promotes transformation of the public hospital delivery system

Federal support for California’s 1115 Waiver must be budget neutral.
Seniors and Persons with Disabilities

- Medi-Cal Managed Care required
  - SF enrollment began June 2011
  - Better care coordination + better management of chronic conditions
  - More cost-effective

16,000 – 20,000

Estimated number of San Francisco seniors and persons with disabilities (SPDs) on Medi-Cal.
Low Income Health Program

- **SF PATH**
  - 15,000 enrollees expected
  - Serves new enrollees with incomes between 0-25% FPL
  - Serves former Healthy SF enrollees up to 200% FPL
  - SFDPH medical home
  - Subject to managed care requirements + access standards
Legislative Impact on San Francisco
Impact on Uninsured Nonelderly*

Of San Francisco’s currently uninsured (117,000) nonelderly (ages 0-64):

- 49,800 eligible for Medi-Cal
- 28,800 eligible for subsidized coverage on CHBE
- 19,900 eligible for unsubsidized coverage on CHBE
- 18,600 ineligible because of citizenship status

* California Health Interview Survey
Remaining Uninsured

64,400

Estimated number of all San Franciscans – regardless of age – who will remain uninsured as of 2016.

* The Congressional Budget Office estimates that 92% of San Franciscans will be insured as of 2016.
SF Better Positioned Than Other Counties to Implement Health Reform

32,600

Estimated number of current Healthy SF enrollees who will be eligible for Medi-cal or subsidized insurance on the CHBE come 2014.

Healthy SF prepares us for Health Reform:

- E-enrollment system
- Expanded provider network for uninsured
- Medical home model
- Data collection efforts

Nearly half of SF’s existing nonelderly uninsured served by existing capacity.
SF Exceeding PCP Benchmarks but Physician Population Aging

- SF exceeds national benchmark for PCPs*

<table>
<thead>
<tr>
<th>San Francisco</th>
<th>National Benchmark</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>401:1</td>
<td>631:1</td>
<td>847:1</td>
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- However, state data indicate that many PCPs may be nearing retirement.
  - Nearly 30% of California’s physicians ≥ 60 – higher than any other state.

* County Health Rankings, Robert Wood Johnson Foundation; 2009 HRSA Resource File
Expanded Medi-Cal Population Faces Access Barriers

California physicians less likely to serve Medi-Cal populations:*

- Only 57% of California physicians accepting new Medi-Cal patients.
- 25% of California physicians provide care to 80% of Medi-Cal patients.

SF Faces Risks Financial Loss if Timely Access Standards Not Met

<table>
<thead>
<tr>
<th>Clinical Service</th>
<th>DMHC Standard*</th>
<th>Federal 1115 Standard^</th>
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<tbody>
<tr>
<td>Urgent Care: No Authorization</td>
<td>48 Hours</td>
<td>48 Hours</td>
</tr>
<tr>
<td>Urgent Care: Prior Authorization</td>
<td>96 Hours</td>
<td>96 Hours</td>
</tr>
<tr>
<td>Primary Care (Non-Urgent)</td>
<td>10 Business Days</td>
<td>30 Business Days (through 6/30/12); then 20 days (7/1/12 – 12/31/13)</td>
</tr>
<tr>
<td>Specialty Care</td>
<td>15 Business Days</td>
<td>30 Business Days</td>
</tr>
<tr>
<td>Mental Health</td>
<td>10 Business Days</td>
<td>No Access Standards</td>
</tr>
<tr>
<td>Ancillary</td>
<td>15 Business Days</td>
<td>No Access Standards</td>
</tr>
<tr>
<td>Nurse Advice</td>
<td>Provision of 24/7 Phone Triage or Screening Services</td>
<td>Services Made Available 25/7 When Medically Necessary</td>
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Unclear if Federal/State Efforts Enough to Bridge Provider Supply Gap

- Federal (Examples)
  - National Health Service Corps
  - Prevention + Public Health Fund

- State (Examples)
  - HRSA Grant ($150K)
  - Health Workforce Development Council
  - Data Collection

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Number of SF institutional Health Professional Service Areas (HPSAs) Identified by HRSA. These HPSAs are eligible for National Health Services Corps personnel and other federal incentives.
Specialty Care Access to Remain Issue for Vulnerable Populations

- Large number of providers but limited access
  - Too few specialists accept Medi-Cal and uninsured patients
  - Existing referral systems inefficient
- Pilot programs have improved access but not enough

California’s Most Difficult-to-Access Specialties

- Orthopedics
- Gastroenterology
- Neurology
- Dermatology
- Cardiology
- Endocrinology
- Ophthalmology
- Rheumatology
Summary + Policy Considerations
SF better positioned than other counties to implement Health Reform because of Healthy San Francisco.

SF lacks the primary care workforce needed to serve the expanded Medi-Cal population and those who will remain uninsured.

Many primary care providers are reluctant to accept new Medi-Cal and uninsured patients. This is likely to continue under Health Reform.

There are financial implications for failing to meet the timely access standards set forth by the 1115 Waiver.

Specialty care access is and will likely remain an issue after Health Reform implementation.

SF’s safety net will remain a pivotal resource for the uninsured and those on Medi-Cal.
Preliminary Policy Considerations for Discussion

- **HCSMP-Specific**
  - Incentivize development of primary and specialty care facilities that serve uninsured and Medi-Cal.

- **Relevant to Broader Health Planning Efforts**
  - Extend the increased Medi-Cal primary care reimbursement rate beyond 2014.
  - Increase provider participation in Medi-Cal and CHBE.
  - Increase flexibility between primary and specialty care provider roles.
  - Use NPs and PAs to fullest extent of training.
  - Preserve Healthy SF and maintain program’s provider network.
QUESTIONS + TASK FORCE DISCUSSION

Thank you!