COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
March18, 2015
2:00 PM

To: Board of Supervisors

From: Department of Health and Human Services

Subject: Workshop On Healthcare Coverage For Undocumented Immigrants

Supervisorial District(s): All

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BACKGROUND

Overview

On June 18, 2014, the Board heard testimony regarding healthcare coverage for undocumented residents of Sacramento County and requested a workshop during Fiscal Year 2014-15. The Board has also received correspondence from various groups, such as the Sierra Sacramento Valley Medical Society, the Sacramento Latino Medical Association, and the Sacramento Building Healthy Communities (BHC) Health Access Team, promoting healthcare coverage for undocumented residents of Sacramento County.

The Affordable Care Act (ACA) significantly changed the healthcare coverage landscape for over 3 million Californians through Expanded Medi-Cal and Covered California (the health benefit exchange). However, under federal law, undocumented immigrants are not eligible for non-emergency Medi-Cal or Covered California. Various advocacy groups have asked the state and counties to provide comprehensive health care benefits to undocumented immigrants.

Financing of healthcare coverage is complex. In order to lay a framework for this important policy discussion, the Department of Health and Human Services (DHHS) requested that Stan Rosenstein, Health Management Associates (HMA), prepare a paper and matrix outlining key areas of consideration including: state coverage, status of full scope state coverage, status of coverage programs provided by counties, recent federal executive order, and possible options for Sacramento County including cost estimates. (See Attachments 1 and 2)

Affordable Care Act (ACA) Transitions During 2014

ACA transitions during 2014 were dramatic and sweeping. Efforts pre-ACA, ACA, and post-ACA continue to focus on assisting the county populations and uninsured move into Expanded Medi-Cal or subsidized healthcare through the benefit exchange.

The table below illustrates the enrollment changes in the County Medically Indigent Services Program (CMISP) and the Low Income Health Program (LIHP) services.

County Health Enrollment *Point in Time Data Enrollment for the Month*			
	County Medically Indigent Services Program (CMISP)	**Low Income Health Program (LIHP)**	**Total Enrolled For the Month** *Does not include annual unduplicated count*
December 2012	26,000	4,600	30,600
December 2013	17,400	13,100	30,500
December 2014	154	0	154

Data Sources: CMISP and LIHP Point in time enrollment.

Efforts to move the medically indigent population into coverage has been successful. Outside of open enrollment periods individuals without a qualifying event will be determined eligible for CMISP only if they have applied for coverage or demonstrated good cause. Data will continue to be monitored.

The State utilizes data from UCLA Center for Health Policy Research and UC Berkeley Center for Labor Research and Education CalSIM (California Simulation of Insurance Markets) to estimate potential new enrollment take-up in healthcare coverage programs such as ACA and Enhanced Medi-Cal. The estimate for a four county region (Sacramento, Yolo, Placer, and El Dorado) noted an estimated enrollment during calendar year 2014 of 40,000 to 68,000 individuals. However, 122,535 individuals actually enrolled solely within Sacramento County. This information illustrates how estimates can vary considerably from actual experience. Additionally, specialty care was already strained in the pre-ACA era. Due to the ACA enrollment surge, access to both primary and specialty care in Sacramento is often problematic.

Staff continues to assist uninsured focal populations including individuals who are homeless, and those with mental health conditions or with criminal justice backgrounds. These populations have difficulty navigating eligibility and access to services.

State Coverage for Undocumented Immigrants

Under federal law, undocumented immigrants cannot enroll in Covered California, California's Affordable Care Act program. However, the State of California, through Medi-Cal and other programs, provides a wide range of services to low income undocumented immigrants:

- Coverage of services defined by the treating provider as an emergency, including dialysis
- Prenatal care, delivery, and 60 days post-partum care
- Screenings and treatment of breast and cervical cancer
- Care in a nursing facility
- Family planning services
- HIV/AIDS-related care and treatment, including services funded under the Ryan White Act
- Tuberculosis screening, diagnosis, and treatment
- Sexually transmitted disease screening, diagnosis, and treatment

- Well child screenings and immunizations and, in many cases, two months of full scope coverage that allows these children to obtain treatment for any conditions identified in this screening through the Child Health and Disability Prevention Program (CHDP)
- Under defined circumstances, two months of full scope coverage for people who enroll in Medi-Cal through hospital presumptive eligibility
- Full scope Medi-Cal coverage for undocumented immigrants who self-declare to Medi-Cal that their immigration status as PRUCOL (Permanently Residing Under Color of Law)
- The Medi-Cal Disproportionate Share Hospital program (DSH) pays a set amount of funds to hospitals with large percentages of Medi-Cal or uninsured patients for uncompensated cost, including the cost of providing care for undocumented immigrants

In most cases, these services cover people with income levels up to 138 percent of the federal poverty level (annual income of $16,105 for one person, $21,708 for a family of two persons), with some programs covering up to 250 percent of the federal poverty level. The state also has Disproportionate Share Hospital (DSH) funding to support safety net hospitals in providing uncompensated care, including care for undocumented immigrants.

County History of Healthcare Services to Undocumented Immigrants

Counties have a long history of providing healthcare services to medically indigent adults. In 1933 the California legislature enacted Welfare and Institutions Section 17000 which remains in effect today. California's version of Medicaid, known as Medi-Cal, initially was limited to low-income individuals linked to a federal "categorical" program. The State expanded eligibility to these medically indigent persons in the early 1970s but undocumented immigrants were not eligible. In 1982, the State was in a recession and reduced Medi-Cal expenditures including the elimination of the "Medically Indigent Adults" program which shifted back to counties. Sacramento County eligibility rules required county residency "regardless of citizenship."

In 1996 federal welfare reform legislation was passed entitled, the "Personal Responsibility and Work Opportunity Act (PRWORA)." This federal statute attempted to invalidate all existing state and local coverage programs for undocumented immigrants by stating that they were not eligible for any state or local public benefit unless a state law was enacted reestablishing this coverage. The county continued healthcare services although the provision of services to the undocumented immigrant population was discussed periodically at board hearings. In 2003, a county physician initiated litigation alleging service provision to undocumented immigrants was illegal. The suit was later dismissed. The dismissal was appealed but the Court of Appeals upheld the lower court ruling in 2011.

In September 2006, SB 1534 gave counties discretion to provide aid including healthcare to persons who would otherwise meet the eligibility requirements noted in PRWORA. (Welfare and Institutions Code, Sections 17850 - 17851)

During budgetary reductions, the Board eliminated county medically indigent service provision to undocumented immigrants in February 2009. The County discontinued services to undocumented immigrants in April 2009.

Coverage of Undocumented Immigrants In Other Counties

Counties vary in how they deliver health care and healthcare coverage. Due to implementation of the ACA, how counties arrange for care is changing. There is not an updated study regarding counties post-ACA.

According to a Health Access Foundation report (November 2013), eleven counties provide healthcare services to undocumented immigrants. Nine of the eleven counties are public hospital counties that own and operate their public hospitals and generally have related clinics. These include San Francisco, San Mateo, Contra Costa, Alameda, Santa Clara, Kern, Ventura, Los Angeles and Riverside. Public hospital systems receive some Medi-Cal funding for covering undocumented immigrants.

Two of the eleven are non-public hospital counties, Fresno and Santa Cruz. *Both counties have unique financing arrangements that are very different than Sacramento County and could not be replicated by Sacramento County.* Fresno County recently terminated its indigent health care services for undocumented immigrants but later decided to provide a fixed amount to exclusively fund specialty services. Fresno now provides these services at no net cost, thanks to an agreement with the State involving that county's realignment funding formula and its service configuration. In summary, Fresno County does not provide a comprehensive healthcare coverage program. Fresno relies on federally qualified health centers for primary care and hospital services for in-patient and emergency care, through their respective legal obligations. Santa Cruz is a much smaller community. Undocumented immigrants receive care at one of two county clinics and refer patients to one of three hospitals for treatment when indicated at no cost to the county due to a longstanding hospital agreement.

In the consultant's research, no counties offered coverage for undocumented immigrants if they have to purchase specialty care and hospital services from other entities. The remaining counties in the state restrict coverage to citizens and documented immigrants.

Potential Changes Due to President's Executive Order

On November 20, 2014, President Obama issued an Executive Order on immigration that has the potential to significantly alter state health care coverage of undocumented immigrants. In part this order will shield undocumented immigrants in the United States meeting specified standards from deportation. The Executive Order will allow certain undocumented immigrants to pass a criminal background check, pay taxes, and live without a fear of deportation (this relief from deportation is called "deferred action"). The President's order expanded the Deferred Action for Childhood Arrivals (DACA) and created a new deferred action program called Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA).

Under California policy, those with DAPA status are eligible for full-scope, state-funded Medi-Cal. Under current Medi-Cal policies, those individuals qualify for full-scope Medi-Cal (as Persons Residing Under Color Law, "PRUCOL"). Currently there are no coverage estimates for this population. The University of California, Berkeley Labor Center will be publishing a report regarding the deferred action population estimates into Medi-Cal. In his January proposed budget, Governor Brown continued this coverage but made no assumptions in his proposed budget regarding the impacts of the proposed Executive Order on the Medi-Cal program.

On February 16, 2015 a federal judge in Texas issued a preliminary injunction blocking the implementation of the Executive Order and the Obama Administration has appealed the decision but stopped work on implementing the Executive Order pending resolution.

Legislation Introduced

State Senate Pro Tem Kevin de León has stated that providing comprehensive healthcare coverage is a legislative priority for him. Senator Ricardo Lara has re-introduced a comprehensive healthcare coverage bill (SB4) from last year. The intent of these proposals is to enroll all Californians who are eligible for Medi-Cal or a qualified health plan under the California Benefit Exchange in order to have access to care. This bill will be a major focus for advocacy organizations this year. **If the State grants coverage to undocumented immigrants, counties that are providing coverage at the time of the legislation's passage could be required to shift some or all of their funding for this coverage back to the state.**

Implications for Cost Estimates

Healthcare costs can vary based on a number of factors such as projected enrollment, the medical conditions and needs of the population, level of income eligibility, whether a resource (asset) test is required, scope of services (benefit package), provider network breadth, and administrative costs. Population estimates for the population that could be covered vary from 44,000 – 65,000 depending on the data source. Some estimate the population in Sacramento; others estimate the population within a four county region. The University of California, Berkeley Labor Center will be publishing a report regarding the deferred action population estimates into Medi-Cal.

Attachment 2 illustrates a range of options that Sacramento County could consider for providing healthcare to undocumented immigrants. *This list of options is not exhaustive*. Cost estimates for the initial year of implementation differ based on assumptions. The table below briefly outlines options within the matrix. Each of the outlined options assume total population estimates of 40,000 – 52,750 with varying enrollment in year one.

Matrix Options Overview: Estimates for Year One Only ***See Attachment 2 Matrix Options and Estimates for Detail***		
Option	**Brief Description**	**Enrollment / Cost Estimates**
1 – Coverage for non-emergency care to adult undocumented immigrants who meet CMISP income and resource standards	Adults 21 – 64 years Income eligibility for no cost coverage would be at 63% Federal Poverty Level (FPL) ($600 a month) for a single adult and 59% ($750 per month) for 2 person family. Those with higher incomes would pay a share of cost. An asset test would be required. Uses county clinic for primary care; County contracts for specialty and hospital (non-emergency) services.	Enrollment 5,500 – 7,000 $8.5M - $10.7M
2- Same as above but also include contracts with local community clinics and providers	Eligibility criteria - same as Option 1. The network is same as above except primary care is offered at the county clinic and with contracted community clinics and providers.	Enrollment 8,000 – 10,000 $15.5M - $19.1M

Matrix Options Overview: Estimates for Year One Only ***See Attachment 2 Matrix Options and Estimates for Detail***		
Option	**Brief Description**	**Enrollment / Cost Estimates**
3- Full coverage similar to Medi-Cal at Medi-Cal Eligibility levels	Income eligibility for no cost coverage would be at 138% FPL ($1,343 a month for a single person, $1,809 a month for a two person family). An asset test would not be required. Primary care is offered at the county clinic and contracted clinics/providers; contracted specialty, hospital services	Enrollment 12,000 – 15,000 $41.9M - $52.3M
4-Limited coverage for only those benefits that Medi-Cal or other programs do not cover.	Eligibility – same as Option 3. Provider network – same as Option 3. This is a county wrap-around program. It does not provide coordinated care. Providers would be required to bill state first for non-coverage denial before billing the county.	Enrollment 10,800 – 13,500 $24.6M- $31.4M
5- Contract with Community Providers	This is not a coverage program. County would provide or contract for only specialty care or primary care and specialty care.	Enrollment 8,000 – 10,000 $6M
6- Case management only	3 – 5 staff for case management. Case managers assist with education/coordination for existing programs.	$300,000 - $500,000
7-Defer county decision	See if the state adopts proposed legislation to provide coverage to undocumented immigrants and the impact of the President's Executive Order and state PRUCOL on coverage of undocumented immigrants.	N/A
8-Decide to maintain the status quo and not offer coverage.	County could decide that it was not responsible or able to provide any new coverage or service for a number of reasons. Examples: discretionary program, county General Fund needs in other programs, or decision this is a state and federal responsibility.	N/A

Notes:

- Annual cost per enrollee per year varies from $1,224 - $3,000. This is due to use of county clinic, community clinics, and income eligibility levels. (In Medi-Cal costs per member differ depending on the medical needs of the population with fiscal benchmarks for full scope non-disabled adult at $3,000 per year, expansion population at $7,440 per year or $12,526 for a senior or person with a disability.)
- As enrollment and health cost increases, the cost of each option will also increase.
- Estimates do not include mental health, or alcohol and drug costs

71-J ANALYSIS

County Counsel has determined that provision of healthcare services to the undocumented population is subject to 71-J. Any plan to provide coverage that utilizes a contractor(s) will have to be evaluated pursuant to section 71-J.

FINANCIAL ANALYSIS

2009 Estimate

The county provided coverage to undocumented adult immigrants in its County Medically Indigent Services Program (CMISP) in 2009 but discontinued this coverage as part of many steps to reduce a budget deficit. The board item noted an estimated annual cost avoidance of $2.4 million. The department based this figure on a population estimate of 4,000 individuals and a per-case cost of $600 per year. It appears to have included only medical treatment payments and to have excluded primary care, pharmacy, and other services. Emergency services did not appear to be covered since this is a Medi-Cal benefit.

Full County cost estimates for Options 1 – 4 range from $1,224 to $3,000 per enrollee per year. Using current estimates of 5,500 to 15,000 participants, the department now estimates costs ranging between $6.7 million and $45 million. Costs could increase in subsequent years.

Interestingly, State Department of Health Care Services data depicts over 16,000 undocumented immigrants (adults and children) enrolled in Medi-Cal in Sacramento County. This number far exceeds the planning population estimates for year one in the matrix. Depending on county decisions, many of these could become eligible for a county coverage program.

Potential Fund Sources

There is no potential categorical funding for provision of services to undocumented immigrants. Assembly Bill 85 dramatically reduced 1991 Public Health Realignment funding. Under AB 85, non-County Medical Services Program and non-public hospital counties such as Sacramento could choose between a formula driven option, or a "60/40" formula which splits the funding between the state (60%) and the county (40%). This was outlined at the Board workshop August 27, 2013, with a Board decision on September 24, 2013, to adopt the 60/40 formula.

The State "take-back" of realignment funding was due to the transition of the adult medically indigent population into Expanded Medi-Cal. This reduced health realignment funding from approximately $42 million to $13 million dollars. ***This is an annual reduction of approximately $29M.*** The County remains statutorily obligated to spend $7 million General Fund on a Maintenance of Effort (MOE) as a condition of receiving health realignment. The formula for allocation of any growth in health realignment was also significantly reduced, essentially eliminating the possibility of significant new health realignment funds for Sacramento County. At this time, all health realignment funds are allocated to DHHS Primary Health or Public Health programs. Staffing has continued to shift internally in order to accommodate rapid changes in the post-ACA environment, with less County staff now providing direct healthcare service.

The County General Fund (which includes the required MOE) has supported DHHS Primary Health and Public Health services, as the health realignment has not been sufficient to meet the needs. In FY 2011-12, $53.9 million in General Fund supported DHHS Primary Health, Public Health, and the Medical Treatment Account. The FY2014-15 budget received $18.5 million in General Fund for those budget units. It is anticipated that the FY 2015-16 amount will be approximately $10 million, reflecting continual reductions in LIHP/CMISP and County health clinic staffing.

SUMMARY

State, counties, and stakeholders are undergoing unprecedented change due to the implementation of the Affordable Care Act (ACA). While a great deal has been accomplished, much more work remains. Changes will continue to take significant time and require much attention.

If the county decides to create a healthcare coverage program, there are many choices to make regarding income eligibility requirements including those who may or may not be granted provisional deferred status under one of the federal codes. There is also uncertainty regarding the implementation of the federal Executive Order and how it will impact PRUCOL in terms of enrollment and costs.

There are many other factors such as the benefit package and the breadth of the provider network to consider. More comprehensive programs will offer better care coordination and greater access. However, increasing the comprehensiveness of the program will increase County cost. It could also result in shifting costs that are now paid by the state or federal governments to the County. Coverage programs with limited access and share of cost would cost approximately $8.5 - $10.7M in the first year. A coverage program with a broad network, no share of cost and provision of comprehensive coverage is approximately $41.9 - $52 million in the first year.

The Board could also consider deferral of the decision, maintain the status quo, or make a decision not to provide a coverage program but to assist with a service gap.

Funding required for coverage programs will be greater in subsequent years due to increases in enrollment and healthcare costs. Health realignment funds have been substantially reduced due to the state realignment take-back of funds associated with the ACA.

Respectfully submitted,

APPROVED
BRADLEY J. HUDSON
County Executive

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SHERRI Z. HELLER, Director
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By: _____
PAUL G. LAKE
Chief Deputy County Executive

Attachments:
1. Coverage of Undocumented Immigrants for Sacramento County, March 2015, Stan Rosenstein, Health Management Associates
2. Matrix Options and Estimates, March 2015, Stan Rosenstein, Health Management Associates