

# *Health Care Reform:* **An Argument Against Privatization**

BART ELLISON

## EXECUTIVE SUMMARY

As the State of California continues to push for the privatization of Medi-Cal (Medicaid) and the creation of a grand health care reform package, new technologies are emerging, bringing county agencies and community partners closer together. Despite obstacles and proposed cuts, counties are streamlining operations, forming alliances in their communities, and expanding coverage to the uninsured through local health initiatives to help close the gap of the uninsured.

This paper looks at county processes and efforts toward “health care reform.” It examines the eligibility determination component, available technologies,

counties becoming the true single point of entry, as well as proposals to ensure the City and County of San Francisco can continue to meet the needs of its clients by providing seamless health care coverage.

Medi-Cal remains the backbone of the state’s health care system, providing coverage for one out of every six Californians. It is clear that health care reform must happen in order to address rising costs, patch work programs, and layers of rules and regulations. What is also clear, is that counties are currently providing the best options to addressing health care coverage and universal health care.

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# ***Health Care Reform:*** **An Argument Against Privatization**

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## **Introduction**

With new technologies emerging county agencies and community partners are working closer together, and local health initiatives are evolving to help close the gap of the uninsured, while the State of California continues to push for the privatization of Medi-Cal (Medicaid), and the creation of a grand health care reform package. This is nothing new to California, as attempts toward privatization have been going on for many years. But, while our State Senate and Assembly members continue to fight amongst themselves over funding, cost-savings, and “preferred players” in Health Care Reform, the counties are moving forward on their own while merging technology and innovation with an ever-present desire to serve the needs of the uninsured.

As the state continues to propose reductions in reimbursement rates to Medi-Cal providers, reductions in Medi-Cal funding to counties, and the elimination of a growing number of Medi-Cal services, in what I believe is an attempt to further privatization efforts, counties forge ahead. Despite these obstacles and proposed cuts, counties are streamlining operations, forming alliances in our communities, and expanding coverage to the uninsured through local health initiatives.

Amongst the ever-changing political landscape of health care reform and the efforts toward privatization, this paper looks at county processes and efforts toward their own “Health Care Reform.” In addition, the eligibility determination component along with available technologies will be examined to show how counties can become the true single point of entry. Finally, proposals will be put forth to ensure the City and County of San Francisco can continue to meet the needs of its clients by providing seam-

less health care coverage, making a strong argument against privatization. Health care reform is coming. It is inevitable. However, we have an opportunity to define our role and to develop new processes so that when it does come, we will be in the best position and have the most relevant experience in direct service to clients.

## **Background**

By definition, universal health care is health coverage extended to all citizens, which can include legal permanent residents of a governmental region. In the State of California, health care reform simply means health coverage for ALL Californians. Currently, not all citizens or legal permanent residents have access to, nor can they afford, health coverage for themselves and/or their families. In an effort to provide affordable and accessible health coverage for all Californians, legislation has been proposed over the years offering a variety of reform packages. The most recent bill put to rest was Assembly Bill X11. While these attempts have failed, the common thread which ties them all together is the proposed privatization of Medi-Cal eligibility, determination, and enrollment.

Medi-Cal is the current public health insurance program in California (known as Medicaid at the national level) which provides health care services to low-income individuals including families with children, seniors, persons with disabilities, and pregnant women. Medi-Cal is financed by both state and federal funds. Eligibility for Medi-Cal is determined at the county level by County Department of Human Services staff, with 100% funding from both state and federal levels to support operations including the salaries of the staff. Medi-Cal does not provide

health coverage for all. However, for those individuals determined ineligible for Medi-Cal, county staff are able to “connect” those individuals to other government or private health coverage programs.

### **Today**

When an individual or family applies for Medi-Cal and is determined ineligible, county staff connects those individuals with other health care options through a referral process. Clients are most commonly referred to Healthy Families and Healthy Kids programs. The referral process is completed without having to involve the client, because both Healthy Families and Healthy Kids accept the Medi-Cal application along with any additional documents that were already provided to the Medi-Cal eligibility worker.

Last year in San Francisco, a program entitled Healthy San Francisco was launched.. Healthy San Francisco is a program that makes healthcare services accessible and affordable for uninsured people living in San Francisco, including the hard-to-serve, medically indigent, and non-disabled client. Although, Healthy San Francisco is not medical insurance, it does allow those San Franciscans who do not have health insurance to receive basic and ongoing medical care.

The San Francisco Department of Public Health, along with other counties, purchased an eligibility and referral package called One e-App (OEA). The OEA is a computer program which takes applications for a variety of non Medi-Cal health programs, such as Healthy Families, Healthy Kids, and Healthy San Francisco, and determines eligibility for the appropriate programs as well as screenings for potential Medi-Cal eligibility. If it appears that a client might be eligible for Medi-Cal, the application is forwarded to the county Medi-Cal office for completion. In San Francisco, the referral process is completed manually as the two agency data systems are not compatible with each other.

Alameda County has gone one step further and purchased a system which electronically receives applications referred through OEA, assigns them to

an eligibility worker, and downloads the application into CalWIN (an automated eligibility determination and benefits issuance system for public assistance programs) creating a seamless process from a clinic and/or medical facility equipped with OEA into the Medi-Cal eligibility determination database. Forms and documents are scanned electronically into OEA and are also electronically transmitted to the county providing a “one stop shop” for the applicant.

Santa Clara County offers its own version of county-run health care called Valley Care. It is a “discount” program designed specifically for individuals whose income is less than 200% of the federal poverty limit. Individuals 21 to 64 years of age who are not determined to be disabled can apply for Medi-Cal and can be evaluated for a disability, a process that can take up to a year or longer. Valley Care will cover these individuals while a disability determination is pending. This is also true with Healthy San Francisco. Until recently, there was no coverage available to these individuals while their Medi-Cal application was pending.

So why is this information significant and how does it relate to Health Care Reform? While the battle continues at the state level over privatization and the centralization of Medi-Cal eligibility and enrollment, county governments are already working with their community partners implementing local health initiatives as well as improving referral processes by utilizing current technology to facilitate the seamless enrollment of individuals into a variety of health plans. Through these efforts, counties are not only eliminating the need to centralize the Medi-Cal eligibility and enrollment process through a private vendor but have essentially become the new single point of entry.

### **Counties: The True Single Point of Entry**

Efforts to privatize Medi-Cal eligibility in California have been underway since the inception of Health Care Reform. On April 1, 1999, California implemented the Single Point of Entry (SPE). MAXIMUS, “Helping Government Serve the People,” and the Managed Risk Medical Insurance Board (MRMIB)

currently oversee and operate the SPE and claim to provide a uniform and centralized process for the receipt, processing, and tracking of mail-in applications for children and pregnant women applying for Medi-Cal and children applying for Healthy Families. The SPE screens all children applying for Healthy Families to assure that those children are not eligible for zero-cost Medi-Cal. Applications screened at the SPE are referred to either Healthy Families, Medi-Cal, or both for final eligibility determination and processing. So a question one might ask: If SPE does not make eligibility determinations for any programs, including one as complex as Medi-Cal; and at best, delays the processing of applications due to its own internal screening and referral process; why does the state want to contract out Medi-Cal eligibility determinations and enrollment with MAXIMUS and MRMIB through the SPE?

The answer to that question is far more political in nature and outside the scope of this paper. However, the case, as to why counties would make a much more efficient SPE as well as being able to serve the needs and interests of both clients and health care reform advocates, is simple:

- Federal law precludes a private, for-profit vendor (the current single point of entry vendor) from making final eligibility decisions.
- Counties provide a thorough screening for all Medi-Cal programs. The current SPE vendor conducts only high level screening.
- Counties would eliminate non-processed applications bouncing back and forth between SPE, Healthy Families and Medi-Cal due to the current SPE screening and referral process.
- Centralized services in Sacramento would make it difficult for families and/or individuals needing assistance to complete the eligibility process (which includes completing an application online or through the mail).
- Clients often omit necessary documentation from their application. Follow up from a centralized location does not afford the one-on-one attention and level of detail as provided by the local county office. Counties are already set up

to help clients navigate the often time consuming and complex eligibility process.

- Non-English speaking clients preferring to conduct business in person would not be served by the proposed centralized services.
- Retention rates are stronger at the county level due to individualized service and follow up. This provides a cost savings to the state as those who drop off the program would utilize costly emergency room care in addition to increased administrative costs when those clients reapply for benefits.
- Unlike Healthy Families, Medi-Cal eligibility is highly complex with 122 separate eligibility aid codes compared to just one. In addition, Medi-Cal regulations have not been updated in about 15 years and include confusing and sometimes contradictory rules. County Medi-Cal staff is familiar with these inconsistencies and is up-to-date on the latest changes in policies and procedures. Who better to screen for a program as complex as Medi-Cal than county Medi-Cal staff.

The thought that centralizing eligibility operation would save the state money as well as provide better service to clients is flawed. That notion is based on the current SPE screening process which is simply that, a screening process. The current SPE is not a service which determines Medi-Cal eligibility. The Medi-Cal program is much more complex than Healthy Families (1 aid code) and the current SPE vendor does not screen for the variety of programs offered under the Medi-Cal umbrella (122 aid codes). Yet a multiyear contract extension worth \$208.4 million to \$411 million was just awarded to MAXIMUS to provide "enrollment services" to Medi-Cal. Not bad for a service which partially screens applications and then sends those applications to the counties who do the work.

In addition to program knowledge, counties also have significant experience in the automation of public benefit programs. Medi-Cal is so complex that an eligibility determination system must encompass not just federal poverty limit programs but also the 1931(b) and regular Medi-Cal programs. In

addition, there are smaller specialized programs for which certain individuals might be found eligible. Automation systems are already in use by counties to perform this required level and depth of screening as well as making correct eligibility determinations.

## The Future

So what now? While efforts to push toward privatization and centralization of Medi-Cal eligibility determinations will not be going away anytime soon, there are some steps counties can take now to ensure they remain active players in any type of health care reform. The City and County of San Francisco has already helped lead the way with the implementation of Healthy San Francisco and partnered eligibility and enrollment efforts between the Human Services Agency and Department of Public Health (DPH). And while technological advances are more easily implemented in the private sector than in government bureaucracies, there are some simple steps that can be taken to offer more comprehensive services and seamless coverage for individuals.

As in Alameda County, San Francisco County is currently pursuing a CalWIN interface with OEA. Given current budgets and forecasts, the considerations are cost and required contract modifications with the owners of OEA. An alternative and more affordable solution would be to adopt an interface which simply exchanges OEA application data between Medi-Cal and DPH. DPH would electronically send over information on applications that went through OEA and were preliminarily determined eligible for Medi-Cal. Medi-Cal would electronically send back information on the disposition of each application. That information would be stored in OEA. This replaces the current labor intensive process whereby application assistants email Medi-Cal with potential eligible applicants and then Medi-Cal staff physically pick up the OEA universal summary and application paperwork. Issues for consideration are the same as above and include cost and required contract modifications with the owners of OEA. It

is important not to confuse the process of real-time receipt of electronic applications and documentation (Alameda County's model) with data sharing and exchange (the proposed model for San Francisco.)

San Francisco County could also provide a list of clients in the CalWIN universe that can be matched to the DPH database. This would allow, for example, both agencies to determine how many County Adult Assistance Programs (CAAP) or Food Stamp recipients may or may not use DPH services and possibly be eligible for Healthy San Francisco.

All of the above-mentioned proposals help create a more comprehensive and seamless eligibility and enrollment process between various government agencies and community organizations in an effort to provide affordable and accessible health care coverage for all Californians. That should be the definition of health care reform in the State of California.

## Conclusion

Health care reform is still at the top of the state's agenda. Medi-Cal remains the backbone of the state's health care system, providing coverage for one out of every six Californians. In San Francisco alone, approximately 122,000 residents rely on Medi-Cal. There is no argument against health care reform. It must happen in order to address rising costs, patch work programs, and layers upon layers of rules and regulations. Until real reform happens, counties will continue to explore available technologies and ways of doing business in order to provide seamless health care coverage to meet the needs of our clients. Without a doubt, counties are currently providing the best options to addressing health coverage and universal health care. While talks of privatization and the centralization of Medi-Cal eligibility continue, one can never truly remove government from the equation. Questions still remain unanswered and questions have yet to be asked. In the meantime, one must continue to work creatively and cooperatively in order to achieve the task at hand: providing affordable and accessible health coverage for ALL Californians.

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