

**MEMORANDUM**  
**PLACER COUNTY HEALTH AND HUMAN SERVICES**  
**Human Services Division**

**TO:** Honorable Board of Supervisors

**FROM:** Richard J. Burton, M.D., M.P.H.  
Placer County Health Officer and Director of Health & Human Services  
Cheryl S. Davis, Human Services Director

**DATE:** May 21, 2013

**SUBJECT:** Briefing on the Affordable Care Act and other Healthcare Coverage Changes for Placer County Uninsured Residents

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**ACTION REQUESTED:**

Receive a presentation on the Affordable Care Act and other healthcare coverage changes affecting Placer County residents in 2013 and 2014.

**BACKGROUND:**

Three significant changes to the publicly funded healthcare system will be implemented during 2013.

1. **Healthy Families Program transition to Medi-Cal** As part of the FY 2012-13 State budget passed by the legislature and signed by the Governor, the Healthy Families program, which provided coverage to children in families earning up to 250 percent of the federal poverty level (FPL), began transitioning to Medi-Cal on January 1, 2013. In January, all counties began receiving new Healthy Families applications for Medi-Cal processing. We are projected to receive about 300 applications monthly.

Children already enrolled in Healthy Families will transition to Medi-Cal in four phases over the course of the year. Placer County is included in Phase Four, set for September 1, 2013. The 5,000 Placer County children who were enrolled in Healthy Families on December 31, 2012 will begin moving to Medi-Cal starting September 1, 2013.

The current number of Placer County residents including families with children, persons with disabilities, veterans, and seniors receiving Medi-Cal is approximately 32,000. We expect that number to increase by 25 percent by December 31, 2013 as a result of the Healthy Families transition.

2. **Moving to Managed Care Medi-Cal** Currently, Placer County is one of 28 counties that operate under a "fee-for-service" Medi-Cal program. That is, medical providers are directly paid a fee for the incident of care provided to the Medi-Cal recipient. To increase cost effectiveness and improve health care delivery and outcomes, the State issued a Request for Proposals to qualified health plans to provide managed care coverage in the "fee-for-service" counties. On February 27, the State announced that Anthem Blue Cross and the California Health and Wellness Plan were the successful bidders for the managed care plan. Effective September 1, 2013, Placer County will become a managed care Medi-Cal county. Up to 32,000 existing recipients, making up almost 12,000 households, will be able to select one of the two plans or have a plan selected for them.
3. **The Affordable Care Act (ACA)** The ACA which takes effect January 1, 2014 required states to establish Health Insurance Exchanges. In California, the insurance exchange is called the Health Benefits Exchange (HBE). HBE has established what is called "Covered California", an insurance market place with the same purchasing clout as large employers. It models an employer-based approach with an annual open enrollment period. Covered CA will offer a variety of Qualified Health Plans that will provide required "essential health benefits", and provide side-by-side comparisons of the plans, their benefits, and premiums. Applicants will be able to choose the plans that fit their needs and their budget.

Covered CA offers three coverage components for individuals and small businesses.

1. For individuals/families:
  - a. Medicaid Coverage Expansion (Medi-Cal)
  - b. Advanced Premium Tax Credits (tax credits and subsidies)
2. For small businesses with less than 50 employees
  - a. SHOP: Small Business Health Insurance Options Program

Medicaid Coverage Expansion Adults between 19 and 64 years of age, pregnant women, parent/caretakers whose income is at or below 138 percent of the Federal Poverty Level (FPL) - \$15,282 for a single person - will be eligible for Medi-Cal. Their medical services would be through our managed care providers. Applications and on-going coverage will be processed by Human Services.

Advanced Premium Tax Credits Individuals and families will be able to purchase coverage through the Exchange and receive tax credit or cost sharing subsidies. There are no age limits but income must be between 139-400 percent FPL (up to \$94,200 for a family of four). Enrollees will receive the level of medical services provided by each individual's choice of insurance carrier.

Table 1: Income Levels by Family Size

Household Size	138% FPL	150% FPL	200% FPL	300% FPL	400% FPL
1	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	20,628	23,265	31,020	46,530	62,040
3	25,975	29,295	39,060	58,590	78,120
4	31,322	35,325	47,100	70,650	94,200

Small Business Health Insurance Options Program. For small businesses with less than 50 employees, employers will be able to offer their employees a variety of Health Plans, much as large employers can. The employer will be able to choose his/her own level of contribution toward employees' coverage, have lower costs by shared purchasing, and may be eligible for small business tax credits.

Covered CA has an aggressive timeline of outreach and enrollment as shown in the table below. In order to accommodate the anticipated high volume of applicants during the first year of this program, the open enrollment period for the first year will be six months. Thereafter, it will be three months.

Table 2: Covered CA Outreach and Enrollment Periods

Activity	Start	End	Purpose
Outreach and Education	May 1, 2013	June 30, 2013	Raise awareness
Get Ready, Get Set	July 1, 2013	Sept 30, 2013	Coverage is coming
Enroll!	Oct 1, 2013	March 31, 2014	Open enrollment
Reinforcement and Special Enrollment	April 1, 2014	July 31, 2014	Inform on next open & special circumstance enrollment
Get Ready, Get Set	July 1, 2014	Sept 30, 2014	Open enrollment coming
Enroll!	Oct 1, 2014	Dec 31, 2014	Second year open enrollment

During open enrolment, individuals and families will be able to apply by phone through the Covered CA call center or online at [www.CoveredCA.com](http://www.CoveredCA.com) by completing a single, simplified application. All Medi-Cal applicants will be transferred by "warm hand-off" to our Human Services call center or electronically through our information systems. Any applicant will have the option to walk-in at our Human Services offices. All verifications will be completed electronically through a federal hub to IRS, SSA, and INS for income, Social Security numbers and citizenship status. Employers will apply through a select insurance agent.

**Placer County's Uninsured.** It is estimated that 33,149 Placer County residents are uninsured. And it is projected that 75 percent or 24,736 will obtain insurance under Covered CA. Forty-five percent (45%) or approximately 11,150 individuals will be eligible for Medi-Cal while the remaining 55 percent or 13,586 are expected to enroll in insurance through the Exchange.

Table 3: Numbers of Placer County Residents by Insurance Coverage

Placer County Insurance Coverage 2009 and 2014					
Insurance	2009	Percent	Movement	2014	Percent
Employer	199,945	59.2%	-	199,945	59.2%
Individual	24,607	7.3%	13,586	38,193	11.3%
Medi-Cal	31,303	9.3%	11,150	42,453	12.6%
Medicare	48,801	14.4%	-	48,801	14.4%
Uninsured	33,149	9.8%	(24,736)	8,413	2.5%

Adding over 11,000 individuals to Medi-Cal will increase our current number of Medi-Cal recipients by 30 percent. A portion of the 11,000 are currently covered by the County's Low Income Health Program (LIHP) Medicaid Coverage Expansion (MCE). MCE was implemented by a federal waiver that allowed California to expand Medicaid coverage prior to January 1, 2014. Counties partnered with the federal government for 50-50 cost sharing, with the County share locked in at 2009 maintenance of effort level. Currently, almost 3,000 individuals are receiving coverage through MCE. These individuals will transition to Medi-Cal on January 1, 2014.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this report.

