

MEMORANDUM
PLACER COUNTY HEALTH AND HUMAN SERVICES
Community Health and Clinics

TO: Honorable Board of Supervisors

FROM: Richard J. Burton, M.D., M.P.H.
Placer County Health Officer and Director of Health & Human Services
Mark Starr, D.V.M., M.P.V.M., Director of Community Health and Clinics

DATE: November 25, 2008

SUBJECT: Medi-Cal – Geographic Managed Care

ACTION REQUESTED:

Take the following actions regarding Medi-Cal Geographic Managed Care revenue agreements:

- a. Approve a Medi-Cal Geographic Managed Care revenue agreement with Health Net of California, Inc. to facilitate payment for medical treatment provided to eligible patients, with an expected State implementation of March 1, 2009, subject to automatic renewal until canceled, and
- b. Authorize the Director of Health and Human Services to add any additional, qualified contractors necessary to implement Medi-Cal Geographic Managed Care contingent upon review and approval by CEO, Risk Management and County Counsel, and to authorize amendments as needed.

There are no County General Funds in these actions and these revenues are reflected in the Department's 2008/09 Final Budget.

BACKGROUND:

On February 7, 2006, your Board adopted the California Department of Health Services' (DHS) recommendation to expand managed care to Placer County by merging into the existing Sacramento Geographic Managed Care (GMC) Model.

When the State implements Geographic Managed Care in Placer County, recently postponed until March 2009, many Medi-Cal patients will be required to enroll in Managed Care with one of the insurance companies who have contracted with the State to provide this service. Some patients, including those in the Tahoe area, will not be required to enroll and will continue to receive Medi-Cal services from any Medi-Cal health care provider. The insurance companies that have been selected by the State to provide GMC in Placer County include Health Net of California, Inc., Anthem/Blue Cross of California, and Molina Healthcare of California, however only Health Net has completed contract negotiations with the County at this time.

The number of Medi-Cal eligible individuals has grown in Placer County in recent years; Medi-Cal visits in Placer County Community Clinics (PCCC) have increased 12% over the last four years. This trend is expected to continue due to the tightening economy. Unfortunately this coincides with fewer medical providers willing to accept Medi-Cal as payment for care primarily due to the low reimbursement rate, which the State has proposed to reduce further. Fortunately, this does not apply to Placer County since the Community Clinics in Auburn and Tahoe receive a much higher reimbursement due to their designation as Rural Health Clinics. However, it has become increasingly difficult to obtain care outside of our Clinic for our Medi-Cal patients needing to see a specialist. This should improve with GMC since managed care insurance programs must make specialty care available to their enrollees.

Placer County Community Clinics provided 7,005 Medi-Cal patient visits during FY 2007/08, representing approximately 24% of all Clinic visits. It is projected that approximately half of the Medi-Cal visits in PCCC will be eligible for reimbursement under the GMC model annually, while the others will continue to receive services which the Clinic will bill to the State directly. As a provider within a GMC county, PCCC will receive reimbursement from Health Net for services provided to patients enrolled in their plan. This reimbursement is

approximately, what the State reimburses Medi-Cal health care providers. Because PCCC-Auburn receives an enhanced reimbursement rate due to its status as a Rural Health Clinic, the State will reimburse Placer County the difference between the full Rural Health rate and the smaller reimbursement from Health Net at the end of each fiscal year.

FISCAL IMPACT:

The transition to the Geographic Managed Care model will result in a different reimbursement methodology, but there will be no net change in Medi-Cal reimbursement to the County and no County General Funds are required. The estimated \$400,000 portion of Medi-Cal revenue that will be reimbursed via the GMC model is already included in the Department's 2008/09 Final Budget.

This contract is on file with the Clerk of the Board for your review.