ITUP
INSURE THE UNINSURED PROJECT

Covering 800,000 Uninsured Undocumented Workers
Insure the Uninsured Project
September 5th, 2007

Covering undocumented workers is the most politically difficult decision facing the Governor and state legislature. The Governor has said that his proposal does not subsidize coverage of undocumented workers (although they are mandated to purchase coverage) and that the counties will take care of the residual uninsured, undocumented adults. The Democratic legislative leadership has also asserted they are not subsidizing coverage of undocumented workers but without explicitly assigning this responsibility to the counties or to any other entity.

The undocumented work for low pay with few or no benefits through their jobs and benefits limited to emergencies and perinatal care for those who qualify for Medi-Cal. They seek and receive most of their limited access to care from clinics, hospitals and doctors with linguistic and cultural proficiency.[1]

Under health reform, some undocumented uninsured workers will start to receive coverage through their employers. Some will purchase individual coverage. The rest (estimated at 800,000) [2] will continue to seek care through safety net clinics and hospitals and other local providers.

What are counties doing now?[3]

- Public hospital counties typically provide care to all uninsured persons who are admitted to their facilities regardless of immigration status.[4]
- CMSP counties pay for emergency care for undocumented workers.[5]
- Payor counties such as Orange and San Diego exclude the undocumented entirely from their systems on the grounds they are not lawful county residents.
- Block grant counties, such as Merced and Fresno, appropriate all their medically indigent funds to one local hospital; one county excludes the undocumented, the other does not.
- Hybrid counties such as Santa Barbara, Tulare and Sacramento do not pay private providers for their hospital care to the undocumented but may be serving some of the undocumented in their public outpatient clinics. Some pay for emergency services to the undocumented; some do not.

How much money do counties spend, how much do they need?
There is no reliable information on what share of counties' health spending is attributed to care for undocumented workers and their family members. One figure used for the public hospital counties is about 20%; this is close to the figure initially used by the federal government for the Los Angeles waiver and the proposed state coverage expansion grants to counties.[6] Twenty percent is also the share of the uninsured accounted by undocumented adults.[7]

- Assuming this is accurate and that all counties spent 20% on the undocumented, the total current spending on the undocumented would be $350 million and that would be the amount necessary to maintain current county levels of care and services to undocumented adults.

If 800,000 uninsured undocumented workers used care only through county health services and if they used it at the same rate as current users of county health services, counties would need $672 million. We reached this calculation by multiplying current reported county spending per

user ($1200 per user) by 560,000 potential users (70% of 800,000 uninsured undocumented adults).[8] This amount would allow counties to serve all undocumented uninsured workers at the level at which they now serve uninsured users of county health services in the local safety net.

Doubling this figure to $1.35 billion would provide county funding equivalent to the figure proposed to cover uninsured adult citizens and legal permanent residents in Medi-Cal managed care.[9]

How much care do undocumented adults use when insured?[10]
The studies we reviewed found undocumented adults use far fewer services and cost much less to cover than do US citizens -- 1/3rd to 1/2 less care and costs. Most of the services used are for serious emergencies and for deliveries for which federal Medicaid funding is available.

What could be done to pay for care to undocumented workers in counties?
One viable option is an organized local delivery system that ties together local primary care clinics, public and private safety net hospitals and necessary specialists.[11] As discussed above, certain counties do not and will not cover the undocumented in their systems. For these counties, funding for care to the undocumented could be coordinated through relevant local hospitals, local community clinics, local health plan(s) and other interested local providers. Funds could bypass these county governments and go directly to the local health plan or other local network entity as determined by local health care providers most involved in care to undocumented workers.

What funding would be available and could be pooled at the local level for these purposes?
Community clinics and public and private hospitals receive federal funds for their care to the uninsured, regardless of immigration status; that is the starting point to fund the delivery system.[12] County health funds spent on the undocumented could be added to the pool. State/federal programs, such as Emergency Medi-Cal, could be added as well. Employers of undocumented workers and the undocumented workers themselves will be paying into the state fund for coverage of the uninsured that then excludes the undocumented worker; these funds could be made available for counties or local health plans/networks that create organized networks of care for undocumented resident workers.

The need to change funding distributions[13]
Undocumented adults are more concentrated in work sites in certain regions of the state, such as Southern California, the Central Valley and counties with high proportions of employment in certain industries such as agriculture. State funding formulas need to change in the wake of health reform so that funds for care to the uninsured are redistributed to counties, regions and facilities actually serving the bulk of the remaining uninsured, and there needs to be accountability that funds for care to the uninsured are spent for their designated purposes.

Prepared by Lucien Wulsin, ITUP

Date: September 5, 2007

[1] See ITUP, Safety Nets and Coverage Expansion (July 2007) at www.itup.org for a description of sources of care and financing for care to the uninsured. There are no truly reliable data on the extent of care to undocumented uninsured adults.

[2] Gruber, Modeling Health Reform in California, May 16, 2007. See ER Brown, Undocumented Residents Make up a Small Share of the Uninsured (UCLA Center for Health Policy Research, March 2007).

[3] See ITUP, Safety Nets and Coverage Expansion (July 2007) at www.itup.org and CHCF, County Programs for the Medically Indigent (2006) at www.chcf.org

[4] Public hospital counties account for about 75% of reported county spending on the uninsured. See ITUP, Safety Nets and Coverage Expansion

[5] CMSP counties account for about 12% of county spending on the uninsured. Ibid.

[6] California Department of Health Services, Medi-Cal Uninsured Demonstration, Healthcare Coverage Initiative Proposal (January 31, 2006) used 17.76%. See Brown, Undocumented Residents Make up a Small Share of the Uninsured. While a number of counties provide no care to the undocumented, the public hospital counties make up the largest share of reported county spending on the uninsured.

[7] See Gruber, Modeling Health Reform in California

[8] See ITUP, A Summary of Health Care Financing for Low Income Californians 1998-2007 (August 2007) at www.itup.org

[9] See Gruber, Modeling Health Reform in California

[10] Waidmann and Ahmad, The Potential Role for Bi-National Health Insurance and Other Options in Meeting the Needs of the Uninsured Immigrant Population (Urban Institute, June 2006), and Goldman et al, Immigrants and the Cost of Medical Care, Health Affairs (November/December 2006)

[11] Some counties already integrate the community clinics into the counties' delivery of care to the uninsured. Los Angeles, San Diego and Alameda are leaders in this regard. More will begin to do so under the federal coverage expansion grants. See ITUP, Safety Nets and Coverage Expansion.

[12] Community clinics now provide a larger share of outpatient visits to the uninsured than do counties. A number of counties do not reimburse clinics at all for their care to the counties' uninsured medically indigent adults (MIAs). Some counties do not reimburse private hospitals for the care to the counties' uninsured. See ITUP, Safety Nets and Coverage Expansion for a short summary of funding for clinics, hospitals and counties for their care to the uninsured.

[13] See ITUP, Safety Nets and Coverage Expansion for current inter county and inter regional funding inequities.