



## **Executive Summary**

Orange County Workgroup  
February 2, 2005

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Topics covered in the workgroup included the Californian's for Healthy Kids initiative, the proposed 2005-2006 State Budget, and Medi-Cal Redesign. To preface the day's discussion, ITUP staff provided a 2004 data summary of Orange County, highlighting key points and significant changes in the past year. A PowerPoint presentation of these points is available on the ITUP website, [www.itup.org](http://www.itup.org), under "Workgroups" and "County and Regional Data".

### **Medi-Cal Redesign**

#### Managed Care Expansion

As Orange County already has experience with aged, blind, and disabled populations through its County Organized Health System (COHS), participants provided a unique perspective on the challenges and benefits of Medi-Cal Redesign's managed care proposal. Participants noted that managed care does offer more services through case management and disease management programs. In addition, accountability for the quality of services provided is more transparent than in a fee-for-service model. In Orange County, dual eligible (Medi-Medi) beneficiaries and a small proportion of other beneficiaries (including some disabled) receive care through a less restrictive managed care program where "any willing provider" can participate, rather than a tightly contracted private provider network.

There are also challenges to managed care. The intensity of care and case management that the managed care plan's population requires makes continuing participation in the plan difficult for some providers. A significant concern revolves around the issue of DSH funds: DSH payments have declined significantly because managed care days don't count. Since the county has all enrollees in managed care, this has become problematic. Before considering managed care expansion, the DSH subsidy loss for managed care patients needs to be resolved.

Participants noted lessons could be learned from expanding managed care. It is vital to make sure that beneficiaries have coordinated care through qualified providers. Counties should be prepared to implement mechanisms to allay beneficiaries' fears about a potential loss of benefits, changing doctors, and other results of managed care. Managed care can be beneficial if successfully implemented, but could also be harmful if not done well.

#### Beneficiary Cost-Sharing

Participants expressed concern that the proposal to implement premiums for enrollees is likely to encourage healthy eligibles to leave the Medi-Cal program resulting in adverse

selection for the managed care plan that provides care to them as well as an increased use of emergency departments. Workgroup members also noted that it may be both logistically difficult to collect premiums (particularly from the aged and disabled who may have special problems) and costly to implement the procedures to do so. Potential outside sponsorship of Medi-Cal premiums for certain enrollees was proposed as a potential relief to some who would find premium payment a severe hardship.

### Hospital Refinancing

Workgroup participants noted that the proposal to replace the current usage of intergovernmental transfers (IGTs) with Certified Public Expenditures (CPEs) represents a significant policy shift in the relationship between federal, state, and local entities: the current method of a state/federal partnership is now being turned into a federal/local venture. As of yet, it's still unknown where negotiations are between the stakeholders involved.

### **Proposed 2005-2006 State Budget**

Workgroup participants discussed the challenges facing donor counties such as Orange and donor states such as California; it will be difficult to attempt to redirect funds from recipient counties or states that will oppose any changes to the status quo. The Bush Administration has proposed Medicaid block grants, however the National Governor's Association has vigorously opposed this idea.

### **Californians for Healthy Kids**

The 100% Campaign, PICO, and others, including ITUP, are developing a plan for statewide coverage of all kids. Legislation has been introduced as a "placeholder" (spot bill) and is still being revised. A town hall in support of the initiative is planned by PICO for April 13<sup>th</sup> in Sacramento.