

## **Executive Summary**

### **ITUP's San Diego Regional Workgroup, November 2003**

ITUP staff reviewed California's challenges of soaring health care costs and premiums and a monstrous state budget crisis. ITUP summarized its research on county demographics, participation in Medi-Cal and Healthy Families, the extent of services and funding for community clinics, county health and community hospitals' services to the uninsured. County data summaries and regional overviews are available at ITUP's website [www.work-and-health.org](http://www.work-and-health.org).

Megan reviewed 2003 data summary of San Diego County, highlighting key points and significant changes in the past year. A PowerPoint presentation summarizing these points is available on the ITUP website [www.work-and-health.org](http://www.work-and-health.org) under "Workgroups" and "County and Regional Data."

- San Diego shares the lowest rate of uninsured in the Southern California region with Orange and San Bernardino, though San Bernardino has higher rate of poverty (36% below 200% FPL in San Bernardino vs. 30% for San Diego).
- San Diego's rate of Healthy Families participation (2.3%) is lower than Orange County's, (2.6%) although Orange has a lower poverty rate.
- San Diego community clinics experienced a 15% decrease in uninsured visits and a 50% increase in Medi-Cal visits.
- Non-paying and self-paying visits fell by 75% and 30%, respectively. EAPC visits increased 80%.
- San Diego's Medi-Cal enrollees have a high ER utilization rate, disproportionate to the size of the County's Medi-Cal population.
- San Diego County's funding per uninsured resident (\$250) is lower than the statewide rate of \$500 and one of the lowest in the state.
- The County has one of the highest rates of employer-based coverage in the region. Rate appears to correlate with the low rate of poverty.
- Health premiums increased significantly for employer-based coverage and individual and family plans.
  - Blue Shield premiums increased the most among plans participating in PacAdvantage.
  - Kaiser and Blue Cross premiums increased the most among other small employer plans.
  - Blue Cross premiums increased the most among plans for individuals and families.

### **Challenges**

#### Access to Care and ER Use

- Access is not just a problem for the uninsured. Many insured cannot make appointments to see their primary care doctors and end up going to the ER in San Diego.

- A recent Commonwealth-funded report showed that the bulk of increased ER use is for the privately insured.

#### AHPs

- AHPs may promote adverse selection, leaving other commercial insurers to care for the sickest. Rates would increase.
- AHPs need not provide the appropriate protections for consumers and could contribute to the “underinsured.”

#### SB 2

- Business is moving both towards abandoning employer-based coverage and at the same time towards voluntary compliance with SB 2.
- There are concerns that wages could decrease and jobs could be lost if it is implemented.
- Creates unfair competition for companies under mandated minimums. A company with 250 employees will be at a financial disadvantage than its competitor employer with 199 employees because family coverage is mandated for one but not the others.
- Regardless of how the fee is set, employers who already offer coverage and pay more than the fee will go into the purchasing pool, resulting in a shortage of funds to cover those in the pool, unless the funds could be matched with Medi-Cal or Healthy Families money.
- ERISA challenges to implementation.

#### Workers’ Compensation

- Skyrocketing costs discourage employers from offering health insurance.
- Fraud continues to be a large problem.

### **Successes & Recommendations**

#### Access to Coverage and Care

- PacifiCare Self-Directed Plan for small employers (2-50); high deductible PPO which covers limited primary care services up to \$1,000, additional deductible of \$1,000-\$2,000 for other services, depending on whether or not the enrollee has met the \$1,000 limit for primary care.
- Aetna has a similar option for employers with 600+ employees.

#### SB 2

- Businesses who currently cover are more likely to support SB 2 to force their competitors to cover.

#### Workers’ Compensation

- Employers and providers would rather have 24-hour coverage, combining health insurance and workers’ compensation. It would be cost efficient and improve management of care.
- Sharp Health Plan is exploring a 24-hour product.

### Universal Coverage

- Any proposal for universal coverage needs to address counties' §17000 obligations to protect counties from the obligation to care for indigent patients without adequate funding.
- Universal coverage can transfer counties' §17000 responsibility to the state, for which the state could receive federal matching funds.
- A Statewide §1115 waiver would also relieve counties of their §17000 responsibility.
- San Diego has the political will and the business connections to put forth a proposal for an §1115 waiver for the County.
- Gov. Schwarzenegger and the Bush administration might support an 1115 waiver.

### Healthy Families

- Enrollees need more retention and health education information.
- An automated enrollment system would improve enrollment into the appropriate program.
- Eligibility determination needs to be permitted in the private setting, such as in CBOs and community clinics - not just county offices. A pilot program may provide adequate evidence for legislators to change state laws that require county or state employees to determine eligibility.