

March 16, 2006

Sandra Shewry, Director
California Department of Health Services
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Dear Sandra,

Thank you for the opportunity to submit our most current thoughts on the coverage expansion initiative and concept paper for your consideration. ITUP supports all local efforts to increase health coverage of California's uninsured. Our recommendations are based upon our work throughout 48 California counties.¹ Through our regional workgroups we develop data and analysis to determine recommendations for actions in the coming year. The following suggestions are based upon our work in California's six regions and aim to reflect the specifics of local needs.

The coverage initiative is an unparalleled opportunity for California to support and encourage local communities to develop options to insure the uninsured. If we fail to develop creative initiatives within the give time frame, California will likely be unable to expand this aspect of federal funding in future years. The worst possible resolution is to follow the path of least resistance – allocate a share for public hospitals, give community clinics a share, and designate a share for private hospitals; this will add to program complexity and fail to effectively connect the delivery systems. California did that in allocating Proposition 99, and there is little to show for it. We strongly recommend a competitive challenge grant process to allocate the funds to those communities prepared to make significant and innovative commitments to coverage for the uninsured.

The criteria for awarding these grants could include factors such as: degree of safety net provider participation, ability to expend the sum being requested on an annual basis, coordination of the covered services, extent of local financial commitment, numbers and cost of the uninsured to be covered, local cost effectiveness, ratios of administrative costs to program benefits, assurances that existing local, state and federal funds for the uninsured will be supplemented/not supplanted, the degree of local innovation or transformation proposed, extent of coordination with local MediCal managed care plan(s), and of course, the likelihood of success.

While we believe a competitive grant process is the most logical and cost efficient way to deliver the funds to various entities on an as needed basis, we recognize that there infinite

¹ ITUP, Summary of the Regional Workgroups 2004-05 (December 2005); ITUP six regional and 48 county reports for 2005, and ITUP, Directory of Local Efforts to Expand Healthcare Access for California's Uninsured (January 2006) at www.itup.org

possibilities for how to designate these funds. Listed below are the approaches that ITUP feels are the most appropriate and effective means of distributing the coverage expansion funds.

1. Maximum flexibility and funding for local innovators

State government should support and encourage local efforts; the waiver submission should give local initiatives the maximum local flexibility permissible in a waiver in order to enable the greatest success. For example, a local coverage initiative to cover uninsured child care workers in Los Angeles or the Bay Area or uninsured farm workers in Fresno should be able to build on (wrap-around) existing coverage for perinatal services under MediCal and AIM.

Likewise some localities, such as San Francisco or Alameda, may be ready for a major expansion in coverage to the uninsured consolidating funding streams. The waiver should request adequate local flexibility under MediCal and Healthy Families for those counties committed to a major expansion.

California should use the waiver to allow interested California counties to access FFP for parents under Medicaid §1931b and S-CHIP. California has an unimplemented federal waiver to cover Healthy Families parents. We urge that the waiver process permit local match or local Certified Public Expenditures to be used to cover parents using a combination of Medicaid §1931b and S-CHIP funding.

2. Enhancing Matching Opportunities

We noted the unfavorable matching ratio in the concept paper (180/440) and ask that you consider whether the local contribution under the coverage expansion should be local “certified public expenditures” or whether interested local governments could have the option to fund their coverage expansion programs with a local match – another approach permissible under federal law but at a more favorable 1/1 matching ratio.²

There are substantial unmatched local expenditures for the indigent uninsured in every county without a local public hospital. These include many counties in the Central Valley, Central Coast, North Central and Northern Rural regions as well as two large Southern California counties. A number of these counties have very high poverty rates, high percentages of uninsured and are under equity in terms of allocations of state funds such as realignment and Prop 99. Some receive little or no DSH funding because all local hospitals share relatively equally in the responsibility to care for low-income patients. These counties should not be excluded from consideration under the coverage expansion waiver, simply because they lack a public hospital.

3. Using local building blocks and targeting unmet needs

The essential starting point for all expansions should be to assure a medical home or primary care case manager responsible for care coordination. In most counties with

² New York for example has a local match; state funds must be at least 40% of the total state match. See 42 CFR 433.53

whom we have worked, the largest unmet needs are access to local primary care and referrals to specialty care for the uninsured. Some counties, however, already do have strong well-funded, geographically accessible primary care networks, but the clinics lack the referrals to accessible specialty care for the uninsured.

Counties should have the latitude to build coverage expansions into their existing programs for the uninsured indigent and target areas of high unmet need for coverage expansion. For example the Inland Empire Counties have a dearth of primary care sites in the High Desert; they should be permitted to concentrate their coverage expansion funds for primary care coverage in High Desert communities if they determine this is appropriate. Orange County has inadequate coverage of primary and specialty services and should have the latitude to concentrate their funds on these services if they determine that is appropriate. Los Angeles County should have the flexibility, if it so chooses, to design a coverage expansion designed to prevent, treat and better control diabetes in designated communities.

4. Involving local employers

A few counties are interested in building coverage expansions for low-wage employees using an employment base – small businesses in San Diego, larger employers in San Francisco, agricultural workers in Fresno, child care workers in LA and the Bay Area. These are different and more complex approaches than expanding eligibility or services in counties' existing public programs, and they deserve special consideration in this waiver as they have the potential to exponentially attract new private funding. These efforts may need and warrant greater program flexibility to mix and match existing and new waiver funding.

5. Regional collaboration and administrative efficiencies

Certain areas for purposes of administrative efficiency will be better served by regional approaches. We would urge the waiver to allow flexibility for counties to join forces in regional approaches and to use their own managed care entities where available. Counties should be allowed to pool their certified public expenditures on the uninsured to meet the matching requirements.

We strongly agree with your required starting points of a health coverage card and eligibility process, the use of local managed care delivery systems where feasible, a program's focus on prevention, early intervention, primary care and a medical home. We believe in permitting each county or region to design the benefit package, income requirements, and opportunities that best address unmet local needs. We would strongly urge allocations based on a competitive grants process in order to maximize the potential for real system change at local levels.

Thank you for your leadership and for your consideration of our suggestions,

Sincerely,

Lucien Wulsin Jr.