



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Public Health and  
Department of Social  
Services  
**Department No.:** 012  
**For Agenda Of:** January 20, 2015  
**Placement:** Departmental  
**Estimated Tme:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Director (s)  
Contact Info:

Dr. Takashi Wada, Director, Public Health Department  
Daniel Nielson, Director, Department of Social Services  
Alice Gleghorn, PhD, Director, Alcohol, Drug & Mental Health  
Services Department  
Terri Maus-Nisich, Assistant County Executive Officer  
Dan Reid, Assistant Deputy Director, Public Health Department  
Michael Craft, MFT, Assistant Director, Alcohol, Drug & Mental  
Health Services Department  
Maria Gardner, M.A., Deputy Director, Department of Social  
Services

**SUBJECT:** Affordable Care Act Implementation Report

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence: N/A

As to form:

**Recommended Actions:**

That the Board of Supervisors receive and file report.

**Summary Text:**

The Patient Protection and Affordable Care Act (ACA) was signed into law on March 23, 2010 and is far-reaching legislation that has resulted in significant changes to health care coverage and delivery in California. Our government and community agencies have collaborated to ensure County residents were made aware of the new health care benefits under this legislation and how to obtain affordable and quality health coverage. This legislation provides coverage to citizens and legal residents under two separate paths; subsidized health insurance for those with income levels up to 400% of Federal Poverty Level (FPL) through the Health Benefit Exchange, called Covered California, and an expansion of Medi-Cal for those with income levels up to 138% of FPL. Since October 2013, in Santa Barbara County alone, more than 34,000 residents have enrolled in Medi-Cal for the first time and more than

**Auditor-Controller Concurrence**

As to form: N/A

16,000<sup>1</sup> residents have received health care coverage through Covered California. This report provides a brief update of the ACA activities of key County Departments and community partners since the implementation of expanded health care coverage in late 2013. This report also describes the ongoing challenges and future considerations for the ACA. This report does not address the role of Santa Barbara County as an employer under ACA.

**Background:** The ACA is complex legislation with multiple aspects of implementation that is still undergoing implementation and revision by the State and Federal government. The first enrollment for accessing affordable health insurance coverage and eligibility under Medi-Cal expansion and Covered California began on October 1, 2013 for coverage effective January 1, 2014. The initial open enrollment for Covered California continued until March 31, 2014 for the 2014 calendar year. Even though there was a specific enrollment period for the subsidized insurance path, enrollment and renewals for the expanded Medi-Cal program continues year-round and new applications are continually being received. Re-enrollments into health insurance plans started again in October 2014 and the new open enrollment period for health insurance plans began on November 15, 2014 and will end on February 15, 2015.

### ***State of California approach to ACA Implementation***

The Governor adopted the Medi-Cal expansion using a state model rather than a county-based approach thereby expanding the existing state administered Medi-Cal program to cover the newly eligible population and new behavioral health and substance abuse disorder services. The state-based approach consisted of requiring all counties to utilize a standardized set of eligibility requirements and protocols as well as a newly developed single statewide automated system, CalHEERS (California Healthcare Eligibility Enrollment, and Retention System), that supports Covered California's health plans and the Medi-Cal expansion. These new protocols require Counties to provide extended hours of operation during evenings and weekends.

Currently the federal government is covering the new medical service costs for this expansion at 100% through the end of 2016. At that point a State and/or County match will be necessary to maintain these service levels. Starting in 2017 the State/County match will be 5% increasing by 1% the following two (2) years and 3% in 2020 to reach a total of 10% match in 2020 and ongoing. The funding formula for eligibility determination activities such as those performed by the Department of Social Services (DSS) has not changed and continues to be fully State and Federal funded with no local match required, up to a capped funding level.

Concurrently Governor Brown declared that the ACA would now replace previous state funding for indigent health care and withdrew almost \$10 million of our Public Health Department's 1991 Health Realignment Funding over the last 2 fiscal years with an ongoing annual decrease of approximately \$8.0 million.

Initially Alcohol, Drug and Mental Health Services (ADMHS) and the Public Health Department (PHD) were very concerned about these reductions for FYs 13/14 and 14/15. However, as will be discussed throughout this Board Letter, enrollment in health care coverage, especially Medi-Cal, has occurred at a

much faster rate than anyone predicted which significantly reduced those ADMHS and PHD self-pay patients while greatly reducing unfunded indigent care for legal residents of Santa Barbara County. These factors of increasing patients being seen with health care coverage (Medi-Cal) and continued small amounts of 1991 Realignment dollars from the state are projected to generate enough revenue to offset the 1991 Realignment reductions at least through FY 14/15. Retention and capacity development will now be a key to ensuring these patients remain with their agencies.

The ACA requires most U.S. citizens and legal permanent residents (LPRs) to have health insurance coverage or pay a penalty. This requirement is commonly known as the individual mandate. Certain individuals are exempt from the individual mandate, including those exempt from filing federal taxes due to their low-income status. A significant portion of the Medicaid (Medi-Cal in California) population has income below the federal tax filing threshold and would be exempt from the individual mandate.

The ACA also establishes entities called Health Benefit Exchanges. Through these exchanges, individuals and small businesses will be able to research, compare, check their eligibility for, and purchase health coverage. In California, citizens and LPRs with family income between 138% and 400% Federal Poverty level (FPL) who do not qualify for Medi-Cal are eligible for federal subsidies to purchase health coverage through the California Health Benefit Exchange (also known as the Exchange or Covered California).

### ***Who is covered under the ACA in California?***

The ACA has been very successful in getting Californians enrolled in affordable health coverage. Prior to implementing ACA, it was estimated that 7.1 million Californians lacked health insurance and approximately 2.1 million would be able to receive subsidized coverage through Covered California and 1.4 million would access health coverage through Medi-Cal expansion that covers families and childless single adults up to 138% of the Federal Poverty Level (FPL).

While all income levels can purchase plans from Covered California, only those with incomes below 400% of FPL qualify for subsidies. The University of California Health and Policy Research Center, which generated the enrollment figures, also estimated that 3-4 million Californians would be likely to remain uninsured as of 2019, five years after ACA implementation. In just one year post-implementation, an estimated 3.4 million previously uninsured Californians now have health care coverage and the uninsured rate was cut in half dropping from 22% to 11% with 3.2 million people still uninsured.<sup>2</sup> Covered California reports that so far in 2014, 2.2 million consumers have enrolled in Medi-Cal.<sup>2</sup>

### ***Local Medi-Cal recipient demographic data***

Recently, DSS analyzed a full year of caseload data to understand the effects of the ACA implementation. When comparing October 2014 data to October 2013 data, key demographic shifts have occurred in those accessing Medi-Cal locally. The number of adults enrolled in Medi-Cal increased by 68% and was primarily due to providing coverage to low-income middle-aged adults (ages

50-59) who were not previously eligible for Medi-Cal. The largest growth in Medi-Cal individuals occurred in South County with a 60% growth rate and there was a 70% growth in English speaking households. Other key demographic data for the Santa Barbara County Medi-Cal program includes:

<b>Santa Barbara County Medi-Cal Caseload Demographic Data</b>	
<i>In October 2013</i>	<i>In October 2014</i>
<ul style="list-style-type: none"> <li>79,900 individuals in 34,000 households;</li> </ul>	<ul style="list-style-type: none"> <li>109,300 individuals in 50,500 households;</li> </ul>
<ul style="list-style-type: none"> <li>58% of the individuals were children and 42% were adults;</li> </ul>	<ul style="list-style-type: none"> <li>51% of the individuals were children and 49% were adults;</li> </ul>
<ul style="list-style-type: none"> <li>55% of the individuals were women and 45% were male;</li> </ul>	<ul style="list-style-type: none"> <li>54.5% of the individuals were women and 45.5% were male;</li> </ul>
<ul style="list-style-type: none"> <li>57% of the individuals were in the North County, 18% Mid County, 24% South County; and</li> </ul>	<ul style="list-style-type: none"> <li>53% of the individuals were in the North County, 18% Mid County, 28% South County; and</li> </ul>
<ul style="list-style-type: none"> <li>54% of the households were English speaking and 46% were Spanish speaking</li> </ul>	<ul style="list-style-type: none"> <li>62% of the households were English speaking and 38% were Spanish speaking</li> </ul>

***Indigent Care in Santa Barbara County***

Santa Barbara County retains its responsibility to provide access to care for medically indigent patients through the Welfare and Institutions Code (WIC) Section 17000 obligations and PHD, as a Federally Qualified Health Care Center (FQHC), cannot deny care based upon ability to pay. The Santa Barbara County clinics are a critical part of the health care safety net. This safety net also includes health care providers – public, private, and nonprofit – that provide services to all who present, regardless of their legal status and with sliding fee scales based upon their ability to pay. It is important to note that Public Health’s Health Care Centers operate in several parts of the County because there is insufficient private sector capacity, as few private providers are willing to accept Medi-Cal patients because the reimbursements are low.

To meet these obligations PHD has created the Indigent Care Program (ICP) for those individuals that cannot qualify for Medi-Cal, those with an exemption to the individual mandate and those between 138% and 200% of the Federal Poverty Level. PHD phased out its existing Medically Indigent Adult (MIA) Services Program as of December 31, 2013 and implemented the ICP for these individuals. Only eight individuals have applied for ICP. All eight applicants, upon further scrutiny, were able to be enrolled in Medi-Cal or other Covered California plans and there are no ICP clients currently.

***County of Santa Barbara Actions to Date***

### ***Countywide activities***

The County of Santa Barbara has taken significant steps towards implementing the Medi-Cal expansion required by the ACA. The primary County departments engaged in the ACA implementation design process include DSS, PHD and ADMHS. In order to ensure a comprehensive integration of countywide actions, the ACA design team is led by Dr. Takashi Wada, Director of Public Health/ADMHS, and Daniel Nielson, Director of Social Services, with overall support provided by the CEO's Office.

Coordination meetings were held regularly throughout the planning and implementation period. After implementation, the ACA design team ceased meeting and the Health Care Reform (HCR) Interagency Collaboration Meeting took its place. The HCR Interagency Collaboration Meeting is an operational meeting that is chaired by PHD and its members include DSS, ADMHS, and other partner agencies. While all departments have been working collaboratively on overall design and implementation, activities are referenced separately below for clarity.

### ***Department of Social Services***

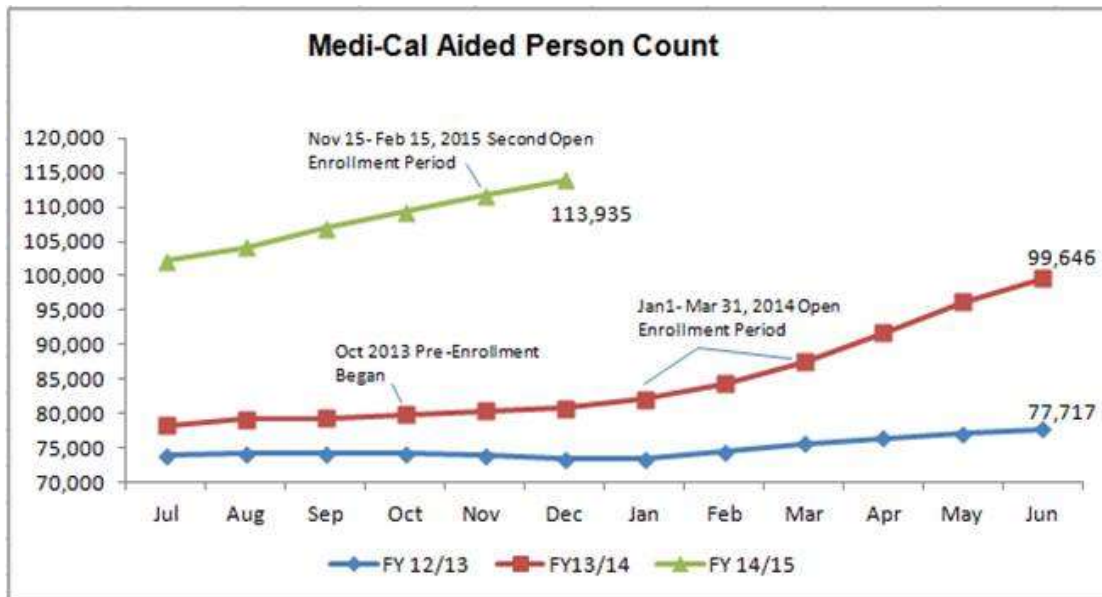
The Department of Social Services (DSS) is the primary enrollment agency for the ACA. All Medi-Cal applications initiated by other partner agencies are routed to DSS for the final eligibility determination. DSS was tasked with creating the necessary infrastructure and designing business processes to support expanded service delivery for those seeking health coverage online, over the phone, mail-in, or in-person. With a "no wrong door" policy, DSS is providing assistance and taking health insurance enrollment actions for customers whose cases are managed by Covered California.

Dating back to 2010, DSS has planned and initiated multiple efforts in order to ensure countywide readiness for ACA. This includes but is not limited to the following:

- A Department reorganization in October 2012
- The transition of 10,000 children from the Healthy Families program into Medi-Cal in March 2013
- Implemented a new automated system, CalHEERS (California Healthcare Eligibility, Enrollment, and Retention System) – the single statewide automated system that supports Covered California's health plans and the Medi-Cal expansion
- Launched the Exchange Intake Unit to handle specialized call transfers from Covered California, expanded hours of operations, and ensured compliance with strict service level requirements
  - Open Enrollment hours:
    - Monday - Friday 8:00am to 9:00pm and Saturday 8:00 to 7:00pm
  - Non-Open Enrollment hours:
    - Monday thru Saturday 8:00 am to 7:00pm
- Strengthened County and community partner agency collaborations by increasing the number of locations residents could apply for ACA benefits to now include 31 Medi-Cal outstation sites
- Developed, trained, and provided reference materials and job aids for over 300 Eligibility Workers and Administrative Office Professionals on ACA/Expanded Medi-Cal, Covered California enrollment processes, and CalHEERS.
- Obtained approval from your Board for an additional 53 eligibility and support staff positions in September 2013 to handle the projected caseload growth at that time.

- Obtained and renovated additional office space to accommodate the new positions
- Increased induction training capacity to accommodate the influx of newly hired staff
- Continue to reengineer business processes, training materials and provide refresher training in response to ongoing regulation changes by the State.

As a result of these efforts and due to higher than projected demand for health coverage, Santa Barbara County experienced a dramatic increase in the number of individuals applying for Medi-Cal over the last year which overwhelmed our capacity to handle these requests timely. This was a statewide phenomenon which resulted in the Department of Health Care Services issuing a hold harmless letter advising counties that the application timeliness performance standards would be waived indefinitely. Local initial projections were that 30,000 - 40,000 new Medi-Cal eligible residents would apply over a three-to-five year period (approximately 10,000 per year). During the first Pre-Enrollment and Open Enrollment periods between October 1, 2013 and March 31, 2014, a six month period of time, Santa Barbara County received an astounding 21,487 Medi-Cal applications. A backlog of applications began to accumulate immediately on October 1, 2013 and reached its peak in May 2014 when nearly 10,000 applications were still pending. Constituent complaints increased due to applications languishing and the inability to reach staff by phone. DSS implemented several local strategies to address the backlog including specialized processing units, concurrent training classes, and extensive use of overtime. By December 19, 2014, the ACA backlog had been cut to approximately 500 applications, a 95% decrease. Since Medi-Cal enrollment is year round, DSS has continued to receive approximately 3,000 new applications each month – this is nearly double the number of monthly applications prior to the implementation of ACA. As of December 01, 2014, DSS has added 34,660 individuals to the Medi-Cal program, bringing the total number of Medi-Cal eligible in Santa Barbara County to 113,935. This represents a 44% growth in Medi-Cal individuals since October of 2013. The graph below illustrates the increase over the last three fiscal years.



While the ACA application backlog has been significantly reduced, the rapid growth in the Medi-Cal caseload has resulted in many more recipients calling the DSS Benefit Service Center (BSC) than projected. In addition to the volume of calls increasing commensurate with the rising caseload, the State contributed to the issue when they created English-only versions of renewal letters and inadvertently mailed renewal flyers to all Santa Barbara County Medi-Cal recipients regardless of their renewal date. These State actions prompted thousands of additional phone calls from confused recipients. Additionally, the number of renewals needing to be processed has doubled and the State has encouraged renewals to be completed entirely over the phone, increasing the duration of the phone calls. When additional staff has finished training in March and May of this year, call handling will improve, but will still be challenging. DSS is pursuing additional infrastructure solutions to improve the customer experience, such as adding real time feedback to the caller as to the estimated wait time and the ability to receive an automated call back in lieu of waiting on hold.

The State has also recognized that their original projections were too low and counties are optimistic that additional funding will follow allowing counties to consider increasing staffing levels in order to better meet service level mandates including timely application and renewal processing. DSS will continue to analyze the local impact on service levels and workforce needs and provide the Board with updated information.

Despite enrollments greatly exceeding projections and significant and sustained automation issues, these impressive enrollment figures lead us to consider last year's implementation successful. The key to our success has been strong oversight, responsiveness to our changing environment, dedicated professional staff working overtime, focusing on high quality interactions between staff and clients, and our excellent partnerships with County and community agencies.

### ***Department of Public Health***

PHD, in collaboration with its partner agencies (DSS, ADMHS) and its community partners (CenCal Health, Homeless Service Community Based Organizations, etc.), embarked upon a marketing and branding campaign to be the "Medical Home" for Medi-Cal patients in Santa Barbara County. In this context, "Medical Home" is where the patients select and receive their primary medical services from PHD. In order to ensure eligible residents in Santa Barbara County could enroll in Medi-Cal or Covered California Plan, PHD became a State Certified Enrollment Entity and trained and certified more than 90 staff and contractors to become Certified Enrollment Counselors (CECs). PHD has recently recertified more than 80 CECs thus retaining its status as the largest CEE in Santa Barbara County. PHD was recognized as one of the highest performing CEEs by Covered California in California in 2013/2014.

Initially PHD identified just fewer than 1,000 MIA patients eligible for Medi-Cal or Covered California health care coverage. These were PHD's initial focus for outreach and enrollment with its self-pay and homeless patients a close second in terms of priority. PHD has verified that almost 97% of the previous MIA patients now have health care coverage and of those enrolling in Medi-Cal coverage, PHD has retained 94% of these within its patient population. Overall since October 2013 PHD has provided more than 10,000 assists with enrollments and through Public Health's efforts more than 5,000 individuals and their family members have successfully enrolled in health care coverage. The vast majority of these enrollments have become Medi-Cal members. CenCal Health is the local administrator for Medi-Cal in

Santa Barbara and San Luis Obispo County. Since July 2013 more than 8,000 new CenCal members have selected PHD as their Medical Home: a 62% increase in CenCal members seen at PHD and now make up about 65% of the total number of patients seen at PHD. This has reduced those PHD patients without health care coverage (self-pay) from 28% of the total PHD patient in 2013 to currently less than 13%.

PHD has planned and initiated multiple activities in order to ensure overall readiness for ACA. This includes but is not limited to the following:

- Securing funding for developing Medi-Cal Outreach/Enrollment and Retention
  - Obtained one-time \$106,000 Blue Shield grant
  - Obtained ongoing \$228,000 Health Resources and Services Administration (HRSA) grant
  - Obtained one-time \$258,176 State Department of Health Care Services grant (50% is shared with Community Based Organizations)
- Developing and implementing the Benefits and Referral Center to assist clients with enrollment, re-enrollment and retention in care.
- Streamlining internal procedures to assist patients in enrollment upon entry at Health Care Centers and fast tracking Medi-Cal eligibility with DSS and CenCal Health for those patients with the greatest medical needs.
  - Working closely with CenCal Health on passive enrollment to facilitate current PHD self-pay patients being retained in their PHD medical home
- Closing the Medically Indigent Adult (MIA) program and developing the Indigent Care Program
- Developing an algorithm and protocol for enrolling current MIA patients in Medi-Cal and the California Health Benefits Exchange
- Implementing the Patient Centered Medical Home (PCMH) model of care to improve patient outcomes as well as increase patient access to care through expanded service hours, electronic communication with providers and improved referral and follow-up to care. PHD received National Center Quality Assurance PCMH Level III accreditation for its Carpinteria and Franklin Health Care Centers.
- Educating and informing residents about Health Care Reform: CEO, PHD, ADMHS and DSS meet regularly to plan and to:
  - Develop and disseminate communication materials
  - Make community presentations
  - Develop and implement strategies to reach inside County departments and reach out to community partners
  - Assist residents with applications for Health Care Coverage
  - Collaborate with Community Based Organizations for outreach and enrollment opportunities
  - Reach out to marginalized and difficult target populations such as homeless and Limited English Proficiency.
- Monitoring developments with new information technology systems, which the staff will need to learn (CalHEERS and CalWIN)
- Partnering with DSS to co-locate within PHD Health Care Centers for better patient access.



### ***Department of Alcohol Drug and Mental Health Services***

The ACA has had a significant impact on ADMHS. With 30,000 to 40,000 newly eligible for Medi-Cal, many of these individuals will have behavioral health needs to be addressed. Some portion of these individuals will already be in the ADMHS system of care, while some may present as new patients. ADMHS estimates approximately 7,500 of the newly eligible will require behavioral health services, yet it is not known how many of those individuals presently receive services through the County ADMHS system. The uninsured consumers with serious and persistent mental illness are now being treated through ADMHS, as the County is the only provider for such individuals. The ACA will offer the opportunity for ADMHS to receive funding for these mental health services that are now unfunded and provided to the medically indigent.

ADMHS has planned and initiated multiple actions in order to ensure overall readiness for ACA. This includes but is not limited to the following:

- Developing and disseminating communication materials to current consumers
- Educating/informing ADMHS staff and Community Based Organization (CBO) partners on ACA guidelines opportunities and challenges
- Analyzing its patients to determine the uninsured who utilize the greatest level of services to target for eligibility determination and enrollment
- Enhancing SOAR program through MHSA Innovations to expand benefit acquisition activities within ADMHS existing patient population.
- Obtaining additional training and receive certification for department staff who will become Certified Assisters
- Developing systems to prioritize application assistance to special populations of consumers who are high frequency users of ADMHS services
- Confirming documentation requirements for Medi-Cal applications to assist consumers in obtaining needed documentation prior to application
- Developing systems to gather information and initiate applications during field and home visits by ADMHS staff
- Developing procedures within the Psychiatric Health Facility (PHF) to determine eligibility and begin enrollment process into Medi-Cal and Health Benefit Exchange programs
- Continuing to analyze projections to determine the amount of new Medi-Cal and private insurance (through the Exchange programs) revenue that might be realized through the ACA
- Developing access and utilization measures to monitor ADMHS and contracted provider clinic capacity and system need
- Assessing underutilized provider capacity, both internally and externally, with CBOs
- Better integrating and coordinating mental health, substance abuse and primary care services within the County
- The implementation of the aforementioned actions has improved client enrollment for mental health and alcohol drug clients. Highlights include the following:
  - 1,503 - Unique Newly Enrolled Consumers (2014, YTD)

- 964 Mental Health Programs
- 736 Alcohol Drug Programs

(Projected target for 2014 – 1,400 consumers enrolled)

- \$4,593,014 - Projected Revenue Amount for Newly Enrolled Clients (2014, YTD)
  - \$3,398,476 – Mental Health Programs Projected Service Amount
  - \$1,194,538 – Alcohol Drug Programs Projected Service Amount

(Projected revenue target for 2014 - \$4,000,000)

- 63.1% - 2013 Penetration Rate (Consumers with Ins.)
- 76.9% - 2014 Penetration Rate (Consumers with Ins.)

### ***Community Partners***

DSS, PHD and ADMHS collaborated with community partners to build an aligned framework in terms of outreach, messaging, enrollment and services to ensure county residents had better access to obtaining health care coverage. Community partners were instrumental in providing application assistance to help individuals understand the new application and enrollment system and they continue to provide services during the re-enrollment process. Partners included community and faith-based organizations, community clinics, County Education Office and local school districts, City libraries, homeless shelters and homeless community based organizations, Promotoras, certified enrollment entities, certified enrollment counselors and certified insurance agents. One key partner, United Way, received a grant to focus on local education and outreach to our community on how to obtain affordable health coverage.

### ***Uncertainties Moving Forward***

Many counties, including Santa Barbara County, are very concerned about the “residually uninsured” population which will include undocumented residents and possibly individuals who simply choose not to enroll in any program or purchase insurance. It is anticipated that in the event physical health care is needed, these individuals will continue to present within the Public Health Department FQHC system with little to no ability for the County to recover costs for service. With the rapid enrollment in health care coverage for the previously uninsured and little to no activity for the Indigent Care Program, this issue does not appear to be as serious as originally projected. However, it is critical to understand that service levels and current coverage for PHD and ADMHS patients must be maintained for the necessary revenue generation to ensure the residual uninsured can continue to receive services. As noted above, the Governor’s direction to continue to withhold approximately \$8.0 million 1991 Realignment funding annually must be made up with up Medi-Cal funding or other cost reductions.

Although a significant percentage of those eligible for new health care coverage have successfully enrolled, there is evidence that some marginalized and difficult to reach populations (e.g. homeless, migrant and Limited English Proficiency) need different strategies and resource allocations for engagement and enrollment than those that were successful in obtaining health care coverage. The State of California estimates that ultimately 30% of the state population will be enrolled in Medi-Cal. Given

the current population of Santa Barbara County of 435,697, we project that another 17,000 individuals may qualify for Medi-Cal.<sup>3</sup>

This is also the case for those that have health care coverage as there have been challenges and obstacles to re-enrollment such as the production of English only letters and communications from Covered California and the State Department of Health Care Services for guidance on re-enrollment.

Education and re-education of newly eligible Medi-Cal members to maximize the usage of these benefits through prevention (well visits), immunizations, reduction in use of emergency care rather than primary care (hospital emergency rooms).

**Authored by:**

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**Endnotes:**

<sup>1</sup> Covered California News May 7, 2014 – Central Coast Enrollment Figures through March 31

<sup>2</sup> Covered California News November 14, 2014 – Consumers Can Enroll In Covered California Starting Tomorrow, Saturday, Nov. 15

<sup>3</sup> State of California Governor's 2014-15 Enacted Budget Summary- Health and Human Services