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Little Hoover Commission

Written Statement of
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Mr. Chairman, Commissioners and guests, thank you for the opportunity to provide written comments to the Little Hoover Commission in absentia. I applaud the Commission for its interest in health care coverage, and desire to investigate and propel forward solutions that will decrease the number of uninsured residents in the State of California. My statements focus on how the City and County of San Francisco has sought to meet the health care needs of uninsured residents and highlight how our commitment to expansion has benefited from the consensus forged by a diverse community of stakeholders.

San Francisco's Role in Addressing the Needs of the Uninsured

Counties such as San Francisco play a critical role in helping ensure the health of all Californians as the public "safety net" system and as a crucial entity responsible for the health of the broader community. San Francisco's Department of Public Health is one of 58 county and three city local health jurisdictions charged with overseeing a range of public health functions.

The mission of the Department is to "protect and promote the health of all San Franciscans." It fulfills its mission through six key activities, one of which is to provide quality, comprehensive, culturally-proficient health services with an emphasis on target populations (i.e., uninsured, low-income and impoverished, and homeless). San Francisco's health department is a direct provider of care operating two hospitals (San Francisco General Hospital and Laguna Honda Hospital and Rehabilitation Center), 14 primary care clinics (10 community-based and four hospital-based), four mental health clinics and jail health services. In addition, it contracts with community providers to deliver additional mental health, HIV/AIDS, substance abuse and other health-related services. The Department serves over 50,000 uninsured individuals annually in its primary care settings and at San Francisco General Hospital and its budget for indigent care services is in excess of \$100 million annually.

Through the Department, the City and County of San Francisco not only fulfills its statutory obligation to provide treatment to the indigent incapacitated by injury and/or disease under California Welfare and Institutions Code Section 17000, but it also seeks to improve the overall health and well-being of residents. This can be seen when

examining the Department's strategic plan. The plan outlines several ambitious goals – the first one being that “San Franciscans have access to the health services they need.” To achieve this goal, the Department works to:

- improve health outcomes among San Francisco residents,
- decrease health disparities between racial and ethnic populations and between residents of different neighborhoods and
- decrease the rate of uninsurance among San Francisco residents.

As the Commission may notice, this goal and its corresponding objectives are broad and encompass all San Franciscans, not just those who receive health care services through the Department. As a result, the Department believes that it has a fundamental role in helping address the lack of health care access among uninsured populations. San Francisco's local health department is not unusual in this regard. Many California localities have seized upon opportunities to expand health care coverage to uninsured populations, principally children and youth through the development of local Children's Health Initiatives (CHI). CHIs are operating in 10 large counties and providing health insurance to 80,000.

Since the late 1990s, San Francisco has focused on addressing the needs of the uninsured through expansion of health care in earnest. The City and County has not been deterred by the usual chorus of arguments cited against addressing health care coverage; such as:

- need federal and state reform – too big a problem to tackle at local level,
- too costly and
- lack of key stakeholder support (business, providers, etc.).

While all of these conditions can impede progress, for San Francisco, the status quo is unacceptable and strategic initiatives must be tried.

San Francisco's Efforts at Health Care Coverage Expansion

Health coverage expansion at the local level is incremental by necessity; resource constraints prevent a locally-driven program from extending coverage to the entire uninsured population in a singular fashion. In counties with demonstrated success in initiating coverage expansions, reform is a by-product of linking available resources to targeted, discreet populations. Often, expansions at the local level occur when savvy and committed advocates and public servants identify methods of funding new programs to serve specific vulnerable populations.

In San Francisco, health care coverage expansion efforts have followed a strategic and incremental path. This path is based on a well-articulated and agreed upon policy objective and guiding principles that first surfaced through a county-wide collaborative effort spearheaded by then Mayor Willie L. Brown, Jr. After taking office, Mayor Brown appointed a Blue Ribbon Committee on Universal Health Care Coverage. The Committee included a diverse group of stakeholders: health care providers, labor, insurers, consumers, business, community-based organizations and health advocates. The policy objective was clear -- expand health care coverage to the uninsured. The principles reflected a desire to ensure the availability of quality, cost-effective, affordable

care to the San Francisco's uninsured residents while focusing on the provision of primary and preventive care. Additional key principles then and now were:

- Access to health care is a key factor in ensuring the quality of life in our City.
- Individuals should have a reasonable choice of primary care providers or clinics.
- Benefits are comprehensive and emphasize continuity of care.
- Benefits should be priced to encourage the best use of health care resources.
- Maximize state and federal funds for all low-income or needy populations.

After the release of the Committee's May 1998 report entitled "Achieving Health Insurance for San Francisco's Uninsured," which provided the framework for extending affordable health coverage, there was a need to ensure wider public support for the notion of expanding coverage to the uninsured, irrespective of the mechanism used. This support was needed because expansion efforts of any kind will ultimately require allocation of additional financial resources either because the locality is serving more uninsured individuals, revamping system processes, enhancing information technology systems, expanding access to clinical services and facilities and/or increasing the number of providers serving the population. Public support was provided through the ballot box. In November 1998, San Francisco voters approved Proposition J which was a non-binding declaration of policy for the City and County to assist uninsured residents in obtaining affordable health care coverage. Proposition J passed with 64% of the vote. It effectively demonstrated the public's shared belief in the value of expanding of affordable coverage to San Francisco's uninsured residents. This was crucial moment.

It contributed to a unique set of conditions that have made coverage expansion efforts in San Francisco achievable. Chief among them:

- broad-based understanding of the problem,
- political leadership,
- public support,
- community commitment (providers, advocates, philanthropy, etc.),
- departmental/organizational capacity and
- willingness to examine financing strategies and opportunities.

Since the passage of Proposition J, San Francisco has successfully expanded health coverage via a series of incremental programs designed to provide coverage to populations least likely to be able to afford insurance. Specifically, it has expanded coverage to:

- In-Home Supportive Services workers via the Healthy Workers program,
- uninsured children and youth via the Healthy Kids program,
- a subset of young adults below 300% of the federal poverty level via Young Parents/Young Adults (a component of the Healthy Kids program) and
- employees of City and County contractors via Health Care Accountability Ordinance.

Each effort was implemented after carefully considering population health needs, financing opportunities, delivery system needs and capacity, estimated cost and administrative structure. During the planning and development of these programs, the

process of coming to consensus was made easier by the notion that both community and political leaders shared an overarching set of guiding principals, central among them the value that access to affordable health care benefits not only the individual, but the community at large. Moreover, these principles specifically reflected a strong commitment to a health system oriented around preventative and primary care, affordability, and access to services regardless of citizenship status.

While these incremental approaches have yielded positive results with respect to health care coverage expansion and improved health status, they did not touch the lives of many San Franciscans by virtue of their targeted populations. Combined, these measures have assisted 14,000 – 15,000 residents. On the national and state levels, data indicates that uninsured crisis exists primarily among the 19 – 64 year old population; the same is true for San Francisco. Currently, an estimated 82,000 adult residents of San Francisco are uninsured. As a result, in order to more fully address the issue of access and improve the health status of more uninsured San Franciscans, the Department is undertaking an effort to specifically address the health care needs of the adult uninsured population.

San Francisco Shifts Effort to a Focus on Expanding Access

In recognition of the need to further an expansion of access to uninsured adult residents, Mayor Gavin Newsom created and seated the Universal Healthcare Council in 2006. This collaborative and representative body was charged with developing the parameters of a program that would provide healthcare to the 82,000 uninsured adult San Francisco residents. Central to the context of this collaborative effort was the notion of collective responsibility. In its report "San Francisco Health Access Program: Serving Uninsured Adults," the Council noted its belief that expanding access to the uninsured requires participation from all interested parties – individuals, employers, public and private health care providers, and the government.

The Health Access Program (HAP) is an innovative medical care program designed to expand access to health services and deliver appropriate care to San Francisco's uninsured adult residents. It provides a comprehensive scope of services, medical homes, health plan participation, choice of providers, and improved monitoring in delivery and quality of care. In addition, it recognizes the importance of affordability, and maintains a focus on accountability. HAP addresses both access to and management of care. The HAP restructures the health care safety-net system from its current crisis delivery approach into a comprehensive, integrated delivery system.

HAP is not health insurance; it is an affordable alternative to health insurance. HAP should not be viewed as a retreat from San Francisco's overarching goal to expand health insurance and reduce the number of uninsured adults. This has not changed. However, HAP is recognition that San Francisco, like any other community tackling this crisis, is limited in its options with respect to health care coverage expansion. These limitations are real and cannot be underestimated – they are financial, legal and regulatory. In addition, San Francisco recognizes that health insurance is only one mechanism to expanding access to health services. As the Commission is aware,

health insurance is primarily a financial vehicle that is used to obtain access to medical care and for reimbursing providers who deliver care – it is a mechanism to achieve health access. Health insurance is not always a guarantee of access to health care/services.

HAP is not health insurance because:

- it is fundamentally a restructuring of the City and County indigent health system,
- although individuals in HAP participate in the San Francisco Health Plan, the health plan will bear no financial risk for the payment of services (the City and County will be the payer of last resort),
- services rendered outside San Francisco will not be provided or paid and those rendered by non-HAP providers will not be paid for,
- it uses an income-based fee structure to determine the financial contribution of HAP participants and
- HAP participants must be ineligible for coverage under Medi-Cal and other publicly-funded health insurance programs.

Funding for the HAP will come via participant contributions (monthly fees and point of service fees), local General Fund support and employer contributions. In addition, San Francisco has submitted an application for Health Care Coverage Initiative funding to provide support for the program. The HAP will be phased-in incrementally beginning July 1, 2007. An incremental process is necessary given the complexity of the implementation and to provide an opportunity to make appropriate adjustments and modifications in the program as necessary.

HAP is a part of a comprehensive local ordinance (San Francisco Health Care Security Ordinance) designed to address the health needs of San Francisco's uninsured residents and workers. The Ordinance creates two new City and County programs, the Employer Spending Requirement (ESR) and the HAP. The ESR was spearheaded by Supervisor Tom Ammiano while HAP was spearheaded by Mayor Gavin Newsom. The ESR requires medium and large businesses to spend a minimum amount on health care for their employees. Employers have flexibility in how they make their required expenditure, as long as it used for health care for their employees. The HAP is method by which an employer can fulfill their ESR obligation and provide a benefit to their employees. The ESR and HAP work in tandem. The Ordinance is yet another example of the political and public support for addressing the uninsured crisis and demonstrates San Francisco's ability to reach political consensus on difficult and contentious issues. The Ordinance was adopted in July 2006 and goes into effect on July 1, 2007.¹

Lessons San Francisco Has Learned and Future Direction

In the intervening years since the adoption of Proposition J, San Francisco has learned much through its local planning efforts. Principally:

¹ ESR goes into effect on July 1, 2007 for San Francisco employers with 50 or more employees and on March 31, 2008 for employers with 20-49 employees. Non-profit employers with 20 – 49 employees are exempt from coverage under the law.

- A policy objective focused on expansion of health care insurance may not be feasible at all times due to financial considerations. As a result, it is important to focus on the critical issue for uninsured persons – the lack of health care services.
- It is critical to preserve existing employer-based health care coverage. As a result, new programs should not compete with, create an alternative to or undermine the maintenance and/or expansion of employer-based health insurance. Avoid the substitution of privately-funded health insurance with publicly-funded health services.
- Given funding limitations, tradeoffs are inherent in any effort to expand access to an uninsured population. Identifying these tradeoffs and developing principles that take them into account is vital.
- Aggressively advocate for federal and state health care reform while implementing local efforts. Actively resist efforts that allow higher governmental entities to avoid addressing the crisis of the uninsured because localities are the Petri dishes of innovation working on comprehensive efforts in their communities. No effort is comprehensive if it involves only one sector of government -- reform requires all levels of government working in tandem.
- Recognize the tremendous significance of local efforts and invest resources (staff and money) in evaluating any new program to demonstrate effectiveness and replicability.

San Francisco remains committed to the value of extending affordable, broad, and comprehensive health care benefits to all residents, regardless of immigration status. Its articulation of the tenets of shared financing and preventive, rather than episodic care, have played a role in the design of health care expansion efforts. San Francisco's work has demonstrated that it is indeed possible to push stakeholders out of advocacy roles dedicated exclusively to a particular constituency to forge consensus on a shared vision for expanded access. Successful local efforts result from seizing opportunities to expand coverage, identifying funding sources and building consensus. It is San Francisco's goal that its efforts will provide momentum to other localities and states deliberating expansion proposals.

San Francisco's practice of incremental expansion has occurred in the absence of a either national or state health care coverage reform. The Department of Public Health has completed an analysis of Governor Schwarzenegger's Health Care Proposal and is mindful of other coverage expansion proposals introduced by members of the State Legislature. San Francisco intends to work closely with the State to provide its perspective on how to move forward with coverage expansion, communicating lessons learned about the importance of maintaining clearly articulated policy goals, building consensus and keeping the needs of uninsured persons in the forefront of the debate.