

**LITTLE HOOVER COMMISSION**

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**TESTIMONY PRESENTED BY**

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**SANTA CLARA FAMILY HEALTH PLAN**

# Public Health Coverage Programs in Santa Clara County and Implications for the State

## ABOUT THE SANTA CLARA FAMILY HEALTH PLAN (SCFHP)

The Santa Clara Family Health Plan is a Public Agency authorized by state legislation and formed by Santa Clara County ordinance to be the county's "Local Health Plan," initially as part of the Medi-Cal Managed Care "Two Plan Model." SCFHP was formed by the County Board of Supervisors to:

- ❖ Be a community-based local health plan, separate from county government, but a public agency acting on behalf of the people of our community;
- ❖ Do business in public; soliciting community input and being held accountable to our members and to the residents of this region;
- ❖ Have a special relationship with safety-net providers, helping to ensure their continued viability as well as that of community providers;
- ❖ Provide high quality, comprehensive, culturally and linguistically appropriate services to our members;
- ❖ Work in and with the community to promote health and well-being for all;
- ❖ Have a governing body composed of stakeholders in the community, vested with authority to act independently.

## MISSION STATEMENT

"Santa Clara Family Health Plan is dedicated to improving the health and well-being of the residents of our region. Our mission is to provide high quality, comprehensive health care coverage for those who do not have access to, or are not able to purchase, good health care at an affordable price. Working in partnership with select providers, we act as a bridge between the health care system and those who need health care coverage."

## WE BELIEVE THAT:

- ❖ Health status cannot improve without parallel improvements in economic opportunities and social status. Poverty is the single greatest determinant of community health.
- ❖ A publicly funded local health plan has a unique responsibility to work toward improving the health status of the community in which it is based. We must always be a voice for promoting community health, incorporating a comprehensive approach to health care and wellness.
- ❖ To achieve our mission, we must be a well-run, financially viable business which makes a significant investment in our community.
- ❖ Our services must be easy to use and our systems must be simple to understand and navigate.
- ❖ Our services must be culturally and linguistically appropriate and incorporate health and education for our members in use of the health system.
- ❖ Respect for members, providers and staff is fundamental to our operations.
- ❖ Our network of providers and staff must advance these values into actions. Providers and staff must meet high standards of medical and customer service.
- ❖ Safety net and traditional providers of quality care to low-income individuals are essential partners of our health plan.

## **HEALTHY KIDS AND THE CHILDRENS' HEALTH INITIATIVE (CHI)**

The health plan started providing Medi-Cal coverage on February 1997, after becoming fully licensed as an HMO under the state's Knox-Keene Act. When the state established the Healthy Families Program, SCFHP became the Community Provider Plan in Santa Clara County for that program. Then, when tobacco settlement money became available to the county and the City of San Jose, the health plan worked with the county, labor, and the faith-based community to develop the first program in the nation to offer full health coverage to all uninsured children in the county whose families are at income levels under 300% of poverty.

Healthy Kids started enrollment on January 2001 and continues to provide full medical, dental and vision benefits to close to 14,000 children who would not otherwise have insurance. Funding is thanks to First 5 tobacco tax funds, city and county tobacco settlement funding, and the generosity of our State's major health care foundations: the David and Lucile Packard Foundation, the California Endowment, the California Health Care Foundation, the Blue Shield Foundation, the Santa Clara Family Health Foundation (that SCFHP established as a 501c3 organization) and many others – foundations, corporations, and individuals. Every penny to support coverage for these children has been raised locally by the health plan and its foundation. (We have recently been able, through state legislation we sponsored, been able to receive a Federal match for certain children who would otherwise be eligible for Federal funding if the state's income limits for Healthy Families went to 300% of poverty.)

A major component of the Healthy Kids program is the Children's Health Initiative (now known primarily as CHI.) This is a community-wide outreach effort aimed at finding and enrolling all uninsured children at or below 300% of poverty. When we started the program in 2001, we estimated that approximately 72,000 children in Santa Clara County who met the criteria were uninsured. We believed that by establishing a simple message, easy application procedures and a "no wrong door" approach, we would be able to enroll not only the 18,000 children we estimated were ineligible for Medi-Cal or Healthy Families, but also the 54,000 additional children who were eligible for one of these publicly funded programs.

Our message was simple: "If your child is not covered by employer-paid insurance, you live in Santa Clara County, and your income is at or below 300% of poverty, our community application assistor will help get your child into the right insurance program – regardless of your child's immigration status." The results have been beyond anyone's expectations. For every child eligible for Healthy Kids, we found an additional child eligible for Medi-Cal and an additional child eligible for Healthy Families.

According to a study commissioned under a grant by the Packard Foundation and conducted by Mathematica Policy Research, the University of California, and the Urban Institute, children's enrollment in Medi-Cal and Healthy Families increased during the study years by 28 percent. (See Issue Briefs, attached, for full information on study results, including utilization rates of Healthy Kids.)

This program now is being replicated in 20 counties across the state (and, indeed, is being started in regions of other states.) It is also part of a ballot initiative, Proposition 86, to be voted upon in November.

## **CHALLENGES**

The Santa Clara County community has been able to accomplish this important step in providing health care coverage to all children because of a shared vision and commitment throughout our leadership at all levels. Further, we are fortunate to have a health plan that is both fully licensed by the state as an HMO and must meet all the

quality and performance criteria that such licensure implies but also as a public agency is charged with acting on the public's behalf and must do its business in public, under the Brown Act. Because we developed the CHI program locally, with stake holder representatives and with full county support, we were able to quickly and completely take advantage of the funding opportunity that the availability of tobacco settlement dollars presented. Other counties with less dollars available and those without the advantage of a public health plan to provide the administrative and technical work required, have had a much more difficult time of it.

To take a program such as this statewide and make it work simply, much administrative work is required – be it a program for children only, a “single payer” approach for all Californians or a subsidized program for uninsured adults. Particularly when dealing with Medi-Cal, the state and federally funded program of health care for the poor, there is much complexity and administrative cost inherent in duplicative, or sometimes contradictory, regulations between the Department of Health Services (DHS), the state department responsible for administering Medi-Cal, the Department of Managed Health Care (DMHC) that regulates all HMO's in the State, and the Center for Medicare and Medicaid Services (CMS), the Federal administrator of the Medicare program.

For example, CMS has established a program called a “Special Needs Plan” for those persons who are dual eligibles, that is for people in both Medicare and Medi-Cal. This is a program that is intended to provide “seamless health coverage” for the elderly and disabled persons who are “dual eligibles.” It was designed by CMS to allow a qualified health plan to offer such persons full Medicare, Medi-Cal and Part D prescription drug benefits under one, easy to understand and use program. It would provide automatic coordination of benefits and ensure continuity of care as coverage moved from Medicare to Medi-Cal to Part D prescriptions. This is an extraordinary design. However, the State of California Department of Health Services cannot at this time enroll someone in the Special Needs Plan! Consequently, the Santa Clara Family Health Plan and others in a similar position will be offering a Special Needs Plan to dual eligibles in our community but they can only join the Medicare and Part D portion of the plan; they must remain in Medi-Cal fee-for-service, administered by the State, until DHS is able to perform the work necessary to enroll these persons in the Special Needs Plan! We are told this may be July of next year. Meanwhile, while we can offer people a partial program, there will continue to be duplicative administrative cost and complexity for both the state and health plan! While the state cannot easily change Federal law or regulations, this is an issue that the state can fix.

## **STRATEGIES**

As a public agency, responsible for “acting as a bridge between the health care system and those who need health care coverage,” the Board and staff of the Santa Clara Family Health Plan has taken its mission very seriously. We are in the fortunate position of not having to answer to Wall Street nor to make a profit. Our job is to remain financially viable, ensuring that our population has good access to quality care and our providers are reimbursed appropriately. While we struggle with state reimbursement levels, because of the kind of plan we are we are able to provide such “extra” necessities as transportation to a provider's office when required, interpreter services to ensure our member is able to communicate well with a provider, orientation as to how to use a health plan effectively and responsibly, and, most importantly, a strong local presence that puts our member and our community first.

We and our “competition” work well together: for Medi-Cal that's Blue Cross, and for Healthy Families it's Kaiser, Blue Shield and Health Net as well as Blue Cross. We share information for community health events and even take applications for each others'

plans. We have had tremendous cooperation on Healthy Kids, a program only available from SCFHP. With all of that, it is interesting to note that SCFHP has approximately 63 percent of the Medi-Cal managed care market and about 59 percent of the total Healthy Families enrollment. I believe that membership speaks well to the role of the public health plan. We do not compete in the commercial marketplace. We don't work with agents and brokers (therefore have no commissions to pay). We do, however, put all of our attention and energy into delivering our public programs and in developing new ones that make subsidized coverage available to our community. This is our role and we believe we are fulfilling it.

Thank you.