

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *MD*

BOARD AGENDA # 9:05 a.m.

Urgent  Routine

AGENDA DATE June 2, 2015

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Conduct a Public Hearing Pursuant to Section 1442.5 of the Health and Safety Code to Consider Adjustment of the Medically Indigent Adult Program Income Limits for the Hardship Eligibility Category

STAFF RECOMMENDATIONS:

1. Conduct a Public Hearing pursuant to the Health and Safety Code § 1442.5 to consider approval to adjust the Income Limit for the Medically Indigent Adult program's Hardship Eligibility category.
2. Approve the adjustment to the Age-Banded Income Limits for the Hardship category as set forth in Table 2, effective July 1, 2015.

FISCAL IMPACT:

The Medically Indigent Adult (MIA) program represents the majority of the Health Services Agency's Indigent Health Care Program budget. The approved budget for Fiscal Year 2014-2015 for the Indigent Health Care Program is \$2.56 million. The MIA program is funded by State Realignment from a portion of vehicle license fees and sales tax, and by a required County match. The actual financial impact of the changes to be considered following the recommended public hearing will be based on the actual

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2015-250

On motion of Supervisor O'Brien , Seconded by Supervisor Monteith  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, De Martini, and Chairman Withrow

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

*Christine Ferraro*  
CHRISTINE FERRARO TALLMAN, Clerk

ATTEST:

File No.

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**FISCAL IMPACT (Continued):**

applicants, enrollment and utilization of covered services under the Medically Indigent Adult (MIA) program during the fiscal year.

The MIA program is a County obligation under State law and is one of the programs counties are to provide with 1991 Realignment funds. Health realignment funding from the State consists of sales tax and vehicle license fees and requires a County General Fund match which, for the MIA program in Stanislaus County, has been approximately \$2.45 million annually. As explained in Assembly Bill 85 of 2013, the State reduced the amount of Realignment funding to the counties as a result of the reduced MIA Program enrollment as of January 1, 2014 due to the expansion of Medi-Cal eligibility, which now includes income-eligible childless adults. On an annual basis the amount of that reduction in Realignment funding to the Health Services Agency is approximately \$10-11 million.

With declining funding, the Health Services Agency seeks to manage the program within available resources through various administrative and care management initiatives, combined with the proposed change contained herein. By analyzing recent actual utilization and cost information of services prior to and since January 1, 2014, provided to MIA program enrollees, it is estimated that annualized cost savings may be achieved in the range of \$0 - \$250,000 if the proposed changes are approved.

**DISCUSSION:**

Under the federal Patient Protection and Affordable Care Act (ACA), two initiatives which provide for additional State and Federally funded and/or subsidized health coverage are in the second year of implementation. These are the Medi-Cal Expansion and the Covered California Insurance Exchange products, and both were effective on January 1, 2014. Individuals are expected to arrange for health insurance with Minimum Essential Coverage. That requirement can be fulfilled through an employer-sponsored plan, an individual policy through Covered California (Covered CA) or other product, or through a government plan such as Medicare or Medi-Cal.

With the implementation of the Medi-Cal Expansion and Covered CA, the Health Services Agency required that all individuals previously eligible under the MIA program apply for benefits through the Medi-Cal Expansion and/or Covered California prior to seeking assistance from the County's Medically Indigent Adult program. The Medi-Cal Expansion income limit is 138% of the Federal Poverty Limit (FPL). Individuals whose income is 139% of the FPL and above are eligible to apply for coverage through Exchanges. Much like employer sponsored health benefits, Covered CA products restrict enrollment to an open enrollment period. Only in the event of a qualified life event, can application be made outside of the open enrollment period. For the 2015 launch the State's open enrollment period was October 15, 2014 to February 15, 2015 for effective dates beginning January 1, 2015. However, due to an unanticipated surge of California residents applying for health coverage during the last day of enrollment

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(Feb. 15, 2015) into the Exchange, there were significant delays in the public's ability to complete phone or online applications. As a result, Covered CA extended the enrollment window through April 15, 2015. This enrollment window was extended once again through April 30, 2015 for consumers who did not realize there was a tax penalty in 2014 or learned they may face a penalty in 2015. Application for the Medi-Cal Expansion is available year round since the implementation of the program on January 1, 2014.

Under Welfare and Institutions Code, Section 17000, each county is required to provide or arrange for the provision of medical care services for the indigent residents of the County. The implementation of the Medi-Cal Expansion and Covered CA does not negate the obligation of each county under Welfare and Institutions Code, Section 17000. However, under the law, the scope of benefits and eligibility guidelines are established at the discretion of each county's Board of Supervisors, although case law has provided more detailed guidance.

In Stanislaus County, MIA eligibility is determined on several factors such as income, assets, county residency and no linkage to other programs or payors. Prior to March 2013, the MIA income limits were based on a set percentage of the Federal Poverty Level (FPL). On March 5, 2013, the Board of Supervisors conducted a public hearing and approved staff recommendations to adjust the methodology used to establish the income limits for the MIA program. As a result, the current income limits for the MIA program are age-banded, as is common in the health coverage marketplace. The basis for the current MIA income limits are the premiums and deductibles for the State of California's Major Risk Medical Insurance Program (MRMIP). Essentially, if an MIA applicant has an income level which is greater than the subsistence cost level plus the premium and deductible cost, then that applicant is not eligible for the MIA program.

Since the implementation of health coverage changes through the Medi-Cal Expansion and Covered CA which became effective on January 1, 2014, the Agency has continued to monitor premiums charged for MRMIP, as well as individual insurance plans, particularly those available through Covered CA as the Health Care Exchange products, and has noted a decrease in premium costs. As staff researched the health insurance premiums for calendar year 2015, it was determined that coverage under MRMIP does not meet the federal Minimum Essential Health Coverage requirements, therefore anyone choosing coverage under MRMIP may be subject to a tax penalty. Of the plans that offer benefits that are comparable or better than those offered under the MIA program and meet the federal Minimum Essential Health Coverage requirements, staff recommends that the MIA program look to Covered CA premiums for the establishment of MIA eligibility income limits. Additionally, staff reviewed the cost of individual dental plans and incorporated those costs into the analysis of healthcare premium costs.

Recommended Adjusted Age-Banded Formula for Hardship Eligibility

Table 1 is the Cost of Living Study Worksheet that was utilized in April 2014 to update the methodology used to establish the MIA program income limits. At that time, the Board of Supervisors adopted these age-banded limits which range from 160 - 237%

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of the Federal Poverty Level. Table 2 is similar, but with amounts that reflect the Covered CA Exchange premiums and the current dental premiums. In both tables, figures shown for the Subsistence Level of Eligibility (shaded area) up to 116% of the Federal Poverty Level, are included only for reference, as this is the existing policy, and no changes are recommended. The lower section of Table 2 labeled "Income Value for Hardship Eligibility/Share of Cost" reflects the recommended policy changes. The proposed limits would range from 144 - 175% of the Federal Poverty Level, effective July 1, 2015.

**Table 1**

<b>Subsistence Level Costs and Credits</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>	<b>Income Level</b>
<b>Age Categories</b>	<b>21 – 29</b>	<b>30 – 34</b>	<b>35 – 39</b>	<b>40 – 44</b>	<b>45 – 49</b>	<b>50 – 54</b>	<b>55 – 59</b>	<b>60 – 64</b>
<b>Total Subsistence Level Costs (Standard Eligibility includes cost of housing, utilities, food, transportation, taxes and miscellaneous costs of living)</b>	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70	1,110.70
<b>Stated as a % of 2013 Federal Poverty Limit (100% of FPL = \$957.50/month)</b>	116%	116%	116%	116%	116%	116%	116%	116%
<b>Income Value for Hardship Eligibility with Share of Cost</b>								
Healthcare Insurance Premium	329.12	431.91	437.30	483.99	563.56	694.80	811.67	940.84
Other Income Allowance Adjustment	88.25	114.62	116.51	129.75	152.76	180.19	196.98	216.66
<b>Income Required for Purchase of Health Insurance</b>	<b>417.37</b>	<b>546.53</b>	<b>553.81</b>	<b>613.74</b>	<b>716.32</b>	<b>874.99</b>	<b>1008.65</b>	<b>1157.50</b>
<b>Total Subsistence Level + Hardship Level Income (Income Limit for Hardship Eligibility)</b>	<b>1,528.07</b>	<b>1,657.23</b>	<b>1,664.51</b>	<b>1,724.44</b>	<b>1,827.02</b>	<b>1,985.69</b>	<b>2,119.35</b>	<b>2,268.20</b>
<b>Stated as a % of 2013 FPL (100% of FPL = \$957.50/month)</b>	<b>160%</b>	<b>173%</b>	<b>174%</b>	<b>180%</b>	<b>191%</b>	<b>207%</b>	<b>221%</b>	<b>237%</b>

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**Table 2**

Subsistence Level Costs and Credits	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Age Categories	21 – 29	30 – 34	35 – 39	40 – 44	45 – 49	50 – 54	55 – 59	60 – 64
<b>Total Subsistence Level Costs (Standard Eligibility includes cost of housing, utilities, food, transportation, taxes and miscellaneous costs of living)</b>	1,127.23	1,127.23	1,127.23	1,127.23	1,127.23	1,127.23	1,127.23	1,127.23
<b>Stated as a % of 2014 Federal Poverty Limit (100% of FPL = \$972.50/month)</b>	116%	116%	116%	116%	116%	116%	116%	116%
<b>Income Value for Hardship Eligibility with Share of Cost</b>								
Healthcare and Dental Insurance Premium	251.26	273.26	278.26	294.26	330.26	380.26	431.26	480.26
Other Income Allowance Adjustment	20.01	22.40	22.94	24.67	29.85	82.33	89.84	98.52
<b>Income Required for Purchase of Health Insurance</b>	271.27	295.66	301.20	318.93	360.12	462.59	521.10	578.78
<b>Total Subsistence Level + Hardship Level Income (Income Limit for Hardship Eligibility)</b>	1,398.50	1,422.89	1,428.43	1,446.16	1,487.35	1,589.82	1,648.33	1,706.01
<b>Stated as a % of 2014 FPL (100% of FPL = \$972.50/month)</b>	144%	146%	147%	149%	153%	163%	169%	175%

Staff will continue to monitor the program and recommend policy changes as appropriate, and as State and Federal healthcare programs continue to evolve.

Public Hearing

Under the Health and Safety Code Section 1442.5, a public hearing is required in the event the Board of Supervisors considers a reduction or elimination of a healthcare service. While no changes would be made to healthcare services as a result of the policy recommendation, access to services through MIA eligibility could be reduced for some. Consistent with the advance notice requirement as prescribed under the referenced code, notices were posted which include the estimated number of individuals who could be adversely impacted as 0 – 10, and the corresponding estimated annual savings of approximately \$0 – \$250,000.

The Health Executive Committee of the Board of Supervisors, comprised of Supervisors O’Brien and Withrow, supported this recommendation at its meeting on April 3, 2015.

**POLICY ISSUE:**

Approval of this item supports the Board of Supervisors’ priorities of A Healthy Community and Efficient Delivery of Public Services by considering changes which

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meet the County's mandate under State law while providing for medical needs of the County's medically indigent population.

**STAFFING IMPACT:**

There is no staffing impact associated with this proposal.

**CONTACT PERSON:**

Mary Ann Lee, Managing Director, 209-558-7163.



# Health Services Agency

## Medically Indigent Adult Program Policy Recommendation June 2, 2015

# Medically Indigent Adult Program

- County Obligation under Section 17000 of the Welfare and Institutions Code.
- County Board of Supervisors has discretion to establish the Eligibility Standards and Scope of Benefits, although case law provides guidance.



# Eligibility Methodology - Background

## Two Income Categories:

*No Proposed  
Changes today*

- Subsistence/Basic Needs Level =  
Zero Patient Cost Sharing

*Recommendations  
apply to this category*

- Income above Subsistence Level =  
Hardship Eligibility with Patient Cost Sharing

# Hardship Eligibility: Why Propose Adjustments?

## Three Key Reasons:

1. To respond to changing market conditions. Healthcare premiums have decreased so the income required to purchase insurance is less.
2. To be consistent with existing Board of Supervisor policy on the methodology to determine Hardship qualification, by applying current lower available premiums costs.
3. To be fiscally prudent. The State of California significantly reduced the funding to counties for indigent health care in anticipation of a significant decline in individuals not able to enroll in other newly available coverage.

# Hardship Eligibility: Proposed Adjustments to Limits

1. 2014 CA Major Risk Medical Insurance Program (MRMIP) age-based premium rates applicable to Stanislaus County.  
*Adjustment = Apply 2015 reduced premiums available through the Covered CA Exchange with allowance for current dental premiums*
2. MRMIP Annual Deductible  
Converted to monthly amount  
*Adjustment = Apply Covered CA Deductible, Converted to monthly amount*
3. Considered the Income Tax Liability at the Income necessary to purchase Health Care Coverage, Converted to a monthly amount.  
*Adjustment = Apply adjusted allowance for tax liability at the applicable level of income*

# Current v. Proposed Hardship Eligibility Income Limits

	Federal Poverty Level (FPL) Income Limit							
Age	21-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Current	160%	173%	174%	180%	191%	207%	221%	237%
Proposed	144%	146%	147%	149%	153%	163%	169%	175%

Note: No change proposed to the Standard Eligibility Income Limit of 116% of the FPL

# Estimated Annual Impact to MIA patients and County

0 - 10 individuals would need to purchase insurance rather than rely on County funded MIA program.

Estimated Savings to County \$0 – 250,000.

Note: The range beginning at zero is due to minimal current MIA enrollment resulting from the State's January 1, 2014 launch of Medi-Cal Expansion and the subsidized Covered CA Exchange products.

# Staff Recommendations

1. Conduct Public Hearing pursuant to Health and Safety Code 1442.5.
2. Approve the Adjustment to the Medically Indigent Program's Age-Banded Income Limits for the Hardship Eligibility category, effective July 1, 2015.