Lopez, Maria [COB]

CORRESPONDENCE
BOARD DATE: 6/7/22 ITEM: 9

From: Whitney Ayers <wayers@hasc.org>
Sent: Friday, May 27, 2022 3:27 PM
To: COB_Response
Subject: FW: Letter from George Greene, HASC
Attachments: Covered California - Letter to BoS 052722.pdf

Attention: This email originated from outside the County of Orange. Use caution when opening attachments or links.

From: Whitney Ayers
Sent: Friday, May 27, 2022 1:49 PM
To: Andrew Do <andrew.do@ocgov.com>; Katrina Foley <katrina.foley@ocgov.com>; donald.wagner@ocgov.com; Doug Chaffee - 4th District <doug.chaffee@ocgov.com>; Lisa Bartlett (lisa.bartlett@ocgov.com) <lisa.bartlett@ocgov.com>
Cc: 'chris.wangasporn@ocgov.com' <chris.wangasporn@ocgov.com>; Nick Anas <nick.anas@ocgov.com>; 'Campbell, Tara' <Tara.Campbell@asm.ca.gov>; 'Welch-Foster, Patricia' <Patricia.WelchFoster@ocgov.com>; 'LaShe.rodriguez@ocgov.com' <LaShe.rodriguez@ocgov.com>; Al Jabbar - County of Orange <al.jabbar@ocgov.com>; Nicole Garcia - County of Orange <nicole.garcia@ocgov.com>; Clerk of the Board (cob.response@hoa.ocgov.com) <cob.response@hoa.ocgov.com>; George Greene <ggreene@hasc.org>
Subject: Letter from George Greene, HASC

Dear Chairman Chaffee and Supervisors,

Thank you for the opportunity to provide comments resulting from your Board's discussion on item S54 related to CalOptima and the Exchange.

Attached please find a letter from HASC President and CEO George Greene.

We appreciate the opportunity to provide comment in advance of the second reading scheduled for June 7th, 2022.

Sincerely,

Whitney Ayers, MPA
Orange County Regional Vice President
Hospital Association of Southern California (HASC)
12399 Lewis Street, Suite 103
Garden Grove, 92840
714.663.0294 office 714.925.5677 mobile

Leadership in Health Affairs

May 27, 2022

The Honorable Chairman Chaffee
Supervisor, Fourth District
10 Civic Center Plaza
Santa Ana, CA 92701

Dear Chairman Chaffee and Supervisors,

Thank you for the opportunity to provide additional comments and questions regarding Item #S54 (CalOptima Ordinance change to enter Covered California- exchange). We appreciate your Board's discussion and agree that it is important for all parties to have as much information as possible before taking a position on any action that would reverse a previous Board policy decision.

If approved, CalOptima would be the first and only County Organized Health System Medi-Cal plan offering private insurance coverage in our state exchange. Only LA Care provides such private coverage in Covered California today; however, LA is a "two-plan" model county wherein LA Care is the public plan, and which by design competes with a private plan option for Medi-Cal enrollees (Centene/Health Net). CalOptima controls all Medi-Cal enrollments but relies on Orange County's de facto private sector safety net to care for its nearly 900,000 enrollees.

Key Issues, Concerns and Questions

Redetermination: First and foremost, CalOptima's stated urgency and timetable does not align with the likely redetermination process wherein CalOptima estimates that 70,000-100,000 current CalOptima enrollees could lose their Medi-Cal eligibility.

Redetermination will begin once the federal public health emergency ends, which is now slated for mid-October, and might be extended through December 31, 2022. Regardless, the bulk of the redetermination process will be completed by counties throughout the state before the Covered California's 2024 Open Enrollment process will begin.

This might explain why CalOptima staff testified before your Board that only 4% - or approximately 36,000 persons – might ultimately lose eligibility via the redetermination process and would need to seek coverage options via Covered California. These figures raise questions as to why CalOptima should undertake the time and expense to build a commercial insurance product for a relatively small number of enrollees.

In our view, the rationale and urgency for CalOptima's proposed reversal of existing Board policy can only be validated once the redetermination process has substantially concluded.

Additional reasons why CalOptima's proposal are premature begin with the fact that the state Department of Health Care Services is undertaking a truly massive, statewide effort to recruit hospitals, physicians, clinics, community-based organizations, and others as "ambassadors" to assist persons transitioning from Medi-Cal to Covered California (or other) insurance coverage to do so as quickly as possible. The state's special website for this effort (called "Keeping Medi-Cal Beneficiaries Covered") is here and educational webinars have already begun as part of this unprecedented initiative.

Therefore, the comment before your Board asserting that without CalOptima having a commercial insurance option in Covered California, up to 80,000 former members would suddenly land in local hospital emergency departments (EDs), is unfounded. It implies that the there is a monthly "churn" (or turnover) of persons losing CalOptima coverage with no other coverage option, unable to access their regular clinic, physician, or hospital. We know, however, it will be an all-hands effort to transition persons losing Medi-Cal coverage throughout the state as quickly as possible (and well before 2024 when CalOptima is requesting permission to offer a commercial insurance product).

Finally, as part of pending deliberations to enact an FY2022-23 State budget, the Legislature and Governor are also expected to continue additional taxpayer subsidy support for lower-income individuals so they can continue to afford to purchase Covered California insurance more easily. During the ongoing pandemic, combined federal and state subsidies have already fueled a record number of overall enrollments in Covered California.

Continuity of Care: We agree continuity of care is extremely important for anyone changing healthcare coverage, whether government-sponsored or private coverage. At the same time, it is more likely than not <u>that most, if not all, physicians and hospitals treating CalOptima enrollees are already part of the existing commercial network available via the six plans in Covered California.</u>

Recommendation: CalOptima should conduct random audits of existing Covered California provider directories and determine what percentage of existing CalOptima providers are also available among the six plans offered in the state exchange. We believe CalOptima members losing their Medi-Cal eligibility will likely be able to quickly transition to Covered California and find their existing providers available in one or more of the existing exchange plan offerings. This due diligence should be foundational as part of the needs assessment considered a best practice prior to building a new commercial product.

CalOptima's Continued Growth: CalOptima is already gaining enrollments, including undocumented residents. On May 1, undocumented residents referred to as "noncitizens lawfully present" aged 50 and older became eligible for Medi-Cal coverage. Of the potential statewide enrollment of 185,000 residents in this age cohort, CalOptima projects it could gain 17,000 enrollments.

It is also almost certain that the Legislature and Governor will also add lawfully present residents aged 27-50 to Medi-Cal by 2024, if not sooner (thereby making all undocumented residents eligible for Medi-Cal). This will add another 750,000 persons to Medi-Cal, with CalOptima's share of such new enrollments estimated to be as high as 50,000.

Other Clarifications: The potential CalOptima insurance product that would be offered in Covered California is not indigent healthcare, but rather private commercial insurance. Indigent (uninsured) care will always be covered by the safety net through hospital emergency departments (EDs), CalOptima, the County of Orange, our community clinics and by charity care offered by providers.

Care for indigent patients is not only mandated by federal and state law, but also supported through a broad net of public and private grants to our providers through community benefit and other sources.

Covered California charges premiums that are structured based on income and eligibility and as mentioned, given the higher cost of living here, California's subsidy support extended to persons and families up to 400% of the Federal Poverty Level – a measure of support higher than required under the Affordable Care Act (Obamacare).

Core Questions:

Orange County hospitals remain concerned about existing basic administrative barriers to member service through CalOptima's regular business. CalOptima embarking on a new, major, and unprecedented commercial business endeavor begs many questions that are important to determine not only CalOptima's readiness, but also its capabilities, including:

What Pro forma is available?

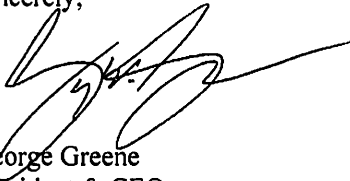
- How many lives does CalOptima anticipate in the product?
- What percentage of CalOptima providers are already in one of the six Covered California networks?
- What percentage of CalOptima members proactively select their primary care physician versus merely being assigned to one?
- What percentage of CalOptima members access their primary care physicians?
- What is the pre-pandemic percentage drop-off, or "churn," as CalOptima members lose eligibility each month and would turn to Covered California for potential coverage?
- What CalOptima forecasted revenue is planned for start-up of a new commercial product?
- What staff resources and time will be dedicated to developing a new product?
- What is the process for recognizing and reinvesting any net revenue ("profits") made?
- Is there consideration for commercial profits to be transferred back to safety net provider payment rates to help ensure the long-term viability of providers who care for CalOptima enrollees?
    a. If yes, what would the public process be for approving profit reinvestment?

CalOptima-HASC Discussions:
On May 19, hospitals from the five large systems who provide the predominate share of care for Orange County Medi-Cal patients met with Michael Hunn to discuss the proposed policy change. This was an initial – and brief - discussion that only afforded a dialogue on administrative issues related to CalOptima's regular business. This left hospitals with remaining questions about the rationale for this substantial policy shift being proposed by CalOptima.

To provide your Board with an overview of current hospital questions, issues, and concerns, HASC is sending this letter in advance of the second reading of the proposed CalOptima Ordinance change, which is scheduled for the Board of Supervisors meeting on June 7, 2022.

Thank you for the opportunity to share our questions and concerns. We trust that you appreciate the significance of this vote, and respectfully request that you follow our recommendation to wait on final action until the State's redetermination process is complete.

Sincerely,



George Greene
President & CEO
HASC

cc: Orange County Hospital CEOs