Testimony
Senate Health Committee
February 15, 2007
Supervisor Helen Thomson, Yolo County on behalf of the
California State Association of Counties (CSAC)

Good afternoon. I am Supervisor Helen Thomson, and today I am speaking on behalf of the California State Association of Counties, California's 58 counties.

I would like to thank Senate Health Committee for the invitation to speak. In particular, I would like to extend my appreciation to Senator Kuehl for your role in building public support and awareness of the need for health care reform in this state.

We are in an important period in our history as a state. Health care reform has come to forefront of the nation's consciousness. Counties are hopeful that we will see health care reform in 2007. We are pleased by the leadership being shown by the Governor and the Legislature and are eager to be a part of this important conversation.

Counties have a dual role in the health system – we are both payers, primarily for indigent adults, and providers of health care. Counties provide services in our hospitals that benefit all Californians – trauma care, burn units, and physician training – services that an insurance-based system typically does not pay for. Any transition to universal or near-universal coverage raises some issues for counties:

1) How are counties going to pay for and provide all of these services during the transition?
2) Who remains without coverage if the proposal is something less than universal?
3) When we achieve universal coverage, what is the ongoing role of counties?

Counties are reviewing all of the proposals, including Senator Kuehl's, with an eye to how they impact these county roles and the populations we serve, particularly indigent adults and other vulnerable populations – the homeless, mentally ill persons, and those with drug and alcohol abuse issues. We want to ensure that we have adequate resources for remaining safety net responsibilities.

With respect to the Governor's proposal, counties appreciate that the Governor has tackled the broad concept of universal health care. We agree that expanding coverage is critical to all Californians. Counties also appreciate the Governor's willingness to expand Medi-Cal coverage to indigent adults and support the proposed Medi-Cal rate increase.

However, we do have questions and concerns about the Governor's plan, centered around the transition, who remains uninsured, and funding issues.

Transition Issues

First, how will California transition from the current system to a new system? Counties provide health care services in our hospitals and clinics to more than just indigent patients. We serve uninsured persons of varying income and Medi-Cal patients. In some counties, our clinics are providing key access to specialty services. For example in Marin County, the county public health department is the largest provider of OB-GYN services in Marin. The biggest provider of HIV clinical services in Orange County is the county. How do health care reform proposals plan to transition some percentage of current county patients into other systems? Are these other systems prepared for an influx of new patients, especially ones with such specialized needs? Public and private systems must work together to prepare for potential changes in patient mix. We don't want to destabilize the health care system or create funding or revenue problems. Funds cannot go to a theoretical place while patients are still coming into the system and need services.

The discussion about transition must include a discussion of access. While the Medi-Cal rate increase may go a ways toward increasing Medi-Cal providers, it will not necessarily improve access uniformly across the state. In many rural and underserved areas there are just not enough providers, particularly specialists. As more Californians get insurance there will be capacity issues in some places. For example, there are three general surgeons in all of Tehama County. The county finds it next to impossible to get an orthopedic referral for Medi-Cal clients and sends patients to facilities as far away as UC Davis in Sacramento.

Who Remains Uninsured?

Another key question for counties is who ends up "frictionally" uninsured. It is difficult to provide accurate estimates of how large that population may be. If more individuals end up without insurance than estimated, it could result in significantly higher residual costs to counties.

It is our understanding that the Governor's model did ***not*** assume any reduction to Medi-Cal eligibility rates due to the new federal Medicaid citizenship and documentation requirements. We have serious concerns that many indigent adults that we currently serve will NOT be able to make it through the new Medicaid citizenship documentation and identification requirements and will, therefore, remain a county responsibility.

Funding Issues

Finally, how will funding issues for counties be addressed both during the transition and for remaining safety net responsibilities after the transition? Counties are concerned about the Governor's proposed funding shift from counties to the State. The

Administration is proposing to take $1 billion in health funding from counties, including Realignment, county General Fund, and special local taxes. Counties currently use this mix of funding sources for a variety of health services, including public health services, dental services, specialty care not otherwise available in their counties, jail medical costs, ***and*** indigent care. It is critical to ensure that funding for these services is not lost. Additionally, to the extent that counties, like Marin, are using these funds to operate clinics that provide necessary Medi-Cal services and access, we do not want these services to be lost to the community by funding instability. Counties want whatever county system remains to be properly funded for the populations that we will continue to serve. Equity and distribution of remaining funds among counties will become a major issue, should the state seriously consider this approach.

The funding proposal would also set a major precedent and have potentially far-reaching impacts on county health and human services programs. To the degree that Realignment funds are diverted, there could be major impacts on funding for mental health and social services. The three accounts within Realignment – health, mental health, and social services – are interconnected. Funds cannot be taken from one account without unraveling the overall scheme of Realignment.

Conclusion

In closing, counties want to work with the Legislature and the Administration as this health reform debate continues. In some cases, there may not be a one-size-fits all answer, particularly given the diversity of California and its 58 counties. Counties are quite serious about our commitment to the process. CSAC's Health and Human Services Policy Committee has been meeting weekly since mid-January. We have also created a Health Reform Task Force that we hope can offer some recommendations in the coming weeks and months about how to proceed with proposals that impact county health systems. Counties are not averse to change. However, you need to ensure that a transformation of our current system does not create significant unintended consequences.

We are ready to work with you all on a stable and sustainable health system – now and in the future.