

COUNTY OF SANTA CRUZ 679

HEALTH SERVICES AGENCY

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July 21, 1998

AGENDA: August 4, 1998

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: ORDINANCE ESTABLISHING REGIONAL COUNTY ORGANIZED HEALTH SYSTEM GOVERNANCE BOARD

Dear Members of the Board:

The purpose of this letter is to establish a joint commission with Monterey County to oversee the expansion of the current County Organized Health System (COHS) into Monterey County and be responsible for the Regional COHS's operation. To accomplish this expansion, a new regional governing board is proposed which would supercede the current Managed Medical Care Commission (Chapter 7.58 of the Santa Cruz County Code).

Background - Santa Cruz County Health Options (SCCHO), the local COHS, was initially established to operate a Medi-Cal managed care health plan For Santa Cruz County residents. SCCHO has experienced 2 1/2 years of successful operations.

Santa Cruz County has no responsibility for the financial performance of SCCHO, however the Board of Supervisors does appoint the 12 Commissioners who serve on SCCHO's governing board: the Managed Medical Care Commission. The Board has received annual reports from the SCCHO Commission detailing SCCHO's development and progress towards meeting its mission of improved access and quality of care through a cost effective local Medi-Cal system.

During 1997, SCCHO began to experience a decline in its membership. The combination of a healthier California economy and welfare reform has created a statewide decline in Medi-Cal enrollment. SCCHO's monthly membership currently averages 21,000 members; down from a high of 25,000 members in early 1997. Given that 21,000 is a relatively small membership for a health plan, SCCHO began looking for strategic avenues to increase membership. A larger membership base allows SCCHO to spread actuarial risk as well as creates opportunities for SCCHO to allocate administrative costs over a larger revenue base, leaving a higher percent of dollars for medical services. In order to improve its economies of scale, SCCHO looked to several avenues to increase membership during 1997.

SCCHO applied for and has become a health plan under “Healthy Families”, the new children’s insurance program which began in California July 1, 1998. This program has the potential to bring an estimated 1,000 new Healthy Family enrollees into SCCHO beyond SCCHO’s Medi-Cal members. SCCHO is participating in a county-wide coalition effort spearheaded by County HSA and HRA to conduct outreach to community members on expanded Medi-Cal and Healthy Families with the goal of increasing enrollment in both programs. In addition, early in 1997, staff from SCCHO began meeting with Monterey County leaders to discuss the potential of an expansion of SCCHO to become a Regional COHS serving both Santa Cruz and Monterey Counties.

Monterey County Expansion - As a result of many planning meetings during 1997, the Monterey County Board of Supervisors established a Monterey County Medi-Cal Managed Care Task Force in November, 1997, to review information on the Regional COHS and to make recommendations to their Board. Concurrently, the SCCHO Commission endorsed staff efforts to develop a regional COHS, including briefing letters to your Board dated January 7, 1998.

SCCHO’s policies, systems, and procedures are well proven, and provider payment arrangements will separately administer Santa Cruz and Monterey provider financial performance. There has been a high degree of support for the regional concept among Monterey County providers. In 1998, SCCHO staff have made over 20 visits to provider’s offices or meetings (e.g. Monterey County Medical Society meeting), clinics, and hospitals throughout Monterey County to discuss the COHS model. A Regional COHS Concept Paper was mailed out to all physicians, hospitals, clinics, pharmacies, nursing homes, and allied providers in Monterey County in late May. The Monterey County Board of Supervisors has heard favorable reports from its Task Force and took actions in May, June, and July, 1998 to move development of the Regional COHS forward.

In May, 1998 the SCCHO Commission reviewed several governance models and approved a governance structure for recommendation to your Board. In addition, principles for **pre-**operational financing for the Regional COHS were developed. The pre-operational financing agreement is one in which SCCHO and the County of Monterey share equally the financial risk for the development of the regional COHS. SCCHO and County HSA staff met with the Santa Cruz County Administrative Office in late May to discuss progress on the planned service area expansion.

In June, 1998 staff from SCCHO and Monterey County met with State Department of Health Services and Federal Health Care Financing Administration officials to review the service expansion plans for SCCHO with a target to begin operations of the Regional COHS by **mid-**1999. State and federal officials have been very supportive of this expansion project, which will bring about 50,000 Monterey County Medi-Cal beneficiaries into the SCCHO health plan.

On July 1, 1998 SCCHO submitted a rate proposal for Monterey County to the State. On July 14, 1998 the Monterey County Board of Supervisors voted unanimously to add chapter 2.45 to the Monterey County Code to establish their half of the regional governance structure. SCCHO staff are currently preparing the State application for the expansion which will serve as the basis for

the federal waiver application to gain approvals to operate SCCHO within Monterey as well as Santa Cruz County. The feasibility of continued development of the Regional COHS will depend on certain benchmarks being met. Key benchmarks include: the Monterey County Board of Supervisors August vote on the pre-operational financing agreement between SCCHO and the County of Monterey, securing adequate state payment rates for Monterey County, and the development of a contracted provider network with Monterey County in order to ensure access to care for Monterey County Medi-Cal beneficiaries. If any of these benchmarks are not met the Regional COHS operations would not commence. In this situation SCCHO would continue to operate and maintain the local health plan for beneficiaries in Santa Cruz County.

Recommendations Regarding the Regional Commission - The SCCHO Commission recommends your Board approve a governance structure that consists of 16 members, 8 from each County. The 16 members shall include 2 Board of Supervisors representatives (1 from each County), 2 Directors of the County health department (1 from each County), 4 public representatives (2 from each County: in SC County at least one shall be a past or present Medi-Cal beneficiary), 2 hospital representatives (1 from each County), and 6 individuals representing providers (3 from each County: in SC County at least one shall be a physician in private practice, and at least one shall be a representative from a non-governmental community clinic).

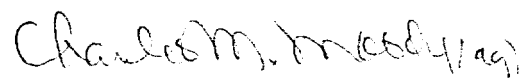
The proposed Chapter 7.59 represents several changes from the current ordinance (Chapter 7.58). The new ordinance adds language about promoting the long term viability of participating safety net providers; changes the eligibility classification for the "public" representative membership; and changes the definition of a "quorum".

It is proposed that the Santa Cruz County Managed Medical Care Commission would continue to serve as the governing body until the Regional Commission created by new Chapter 7.59 holds its initial public meeting (see Section II of the proposed ordinance adding Chapter 7.59). This would maintain the continuity of the existing expansion efforts and allow a seamless transition to the new Commission.

It is therefore RECOMMENDED that your Board:

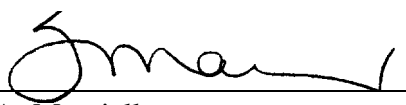
- 1.) Approve in concept the attached ordinance adding chapter 7.59 to the County Code establishing the Santa Cruz - Monterey Managed Medical Care Commission and repealing Chapter 7.58 of the County Code which shall take effect on the date that the Santa Cruz - Monterey Commission conducts its initial public meeting; and
- 2.) Place the proposed ordinance on your August 11, 1998 agenda for final action.

Sincerely,



. Charles M. Moody, HSA Administrator

RECOMMENDED:



Susan A. Mauriello,
County Administrative Officer

attachments - Proposed Santa Cruz County Code, Chapter 7.59
Santa Cruz County Code, Chapter 7.58

cc. County Administrative Office
County Counsel
Auditor-Controller
Santa Cruz County Health Options
Health Services Agency
Monterey County Board of Supervisors

ORDINANCE NO. —

ORDINANCE ADDING CHAPTER 7.59 TO THE SANTA CRUZ COUNTY CODE
RELATING TO THE ESTABLISHMENT OF THE SANTA CRUZ-MONTEREY
MANAGED MEDICAL CARE COMMISSION AND REPEALING CHAPTER 7.58
RELATING TO THE MANAGED MEDICAL CARE COMMISSION

The Board of Supervisors of the County of Santa Cruz ordains
as follows:

SECTION I

The Santa **Cruz** County Code is hereby amended by adding new
Chapter 7.59 to read as follows:

SANTA CRUZ-MONTEREY
MANAGED MEDICAL CARE COMMISSION

Sections:

- 7.59.010 Established.
- 7.59.020 Purpose.
- 7.59.030 Membership.
- 7.59.035 Membership composition.
- 7.59.040 Bylaws.
- 7.59.050 Quorum.
- 7.59.060 Status' and power of commission.
- 7.59.070 Minutes.
- 7.59.080 Reports.
- 7.59.090 Vacancies.
- 7.59.100 Severability.

7.59.010 Established.

Pursuant to California Welfare and Institutions Code Section 14087.54, there is created the Santa Cruz-Monterey Managed Medical Care Commission. This commission is a bi-county commission representing both Santa Cruz and Monterey Counties. The Santa Cruz-Monterey Managed Medical Care Commission shall be established effective on that date that both counties have in effect substantially similar ordinances creating the commission and a quorum of said commission's members have met to conduct its initial public meeting. Upon the establishment of the commission, all of the rights, duties, privileges, and immunities vested in Santa Cruz County by Welfare and Institutions Code Sections 14087.5 et seq. (Division 9, Part 3, Chapter 7, Article 2.8) are instead transferred to and vested in the commission, and shall continue to be so vested until Santa Cruz County formally terminates its participation in the commission. Any action to terminate participation must be proceeded by a ninety (90) day notice to the other member county and notice to the State **Department** of Health Services as set forth in Welfare and

7.59.020 Purpose.

A. The purpose of the commission is to negotiate exclusive contracts with the California Medical Assistance Commission and to arrange for the provision of health care services to qualifying individuals in Santa Cruz County and Monterey County who lack sufficient annual income to meet the cost of health care, and whose other assets are so limited that their application toward the cost of health care would jeopardize the person or family's future minimum self-maintenance and security, pursuant to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.

B. The commission shall design and operate a program that:

1. Delivers primary care via **capitated**, at-risk contracts which significantly improve access to primary care and related specialty and ancillary services for enrolled Medical recipients;

2. Includes mechanisms for assuring that commission financed medical care services meet appropriate quality of care standards;

3. Incorporates a plan of service delivery and implement reimbursement mechanisms which will **promote** the long-term viability of a locally operated Medical managed care system and participating "Safety Net" providers herein defined as Medical Disproportionate Share Hospitals, County clinics and licensed Community Clinics;

4. Implements a financial plan which includes the creation of a prudent reserve within three years of commencing operations, and which provides that if additional surplus funds accrue, they shall be used to expand access, improve benefits and augment provider reimbursement;

5. Gives a high priority to increasing prevention, education and early intervention services for enrolled recipients;

6. Ensures that all program obligations, statutory, contractual or otherwise, shall be the obligations of the program and shall not be the obligations of Santa Cruz County, Monterey County or the state.

c. The commission shall also be authorized to contract with public and private insurers and payors to administer their health care programs.

7.59.030 Membership.

A. The commission shall consist of sixteen voting members, eight of whom shall be legal residents of the County of Santa Cruz appointed by the Board of Supervisors of Santa Cruz County, and eight of whom shall be legal residents of Monterey County appointed by the Board of Supervisors of Monterey County. The Commission shall be generally representative of the diverse skills, backgrounds, interests, and demography of persons residing in both counties.

B. Each member of the commission shall have a commitment to a health care system which seeks to improve access to high quality health care for all persons, regardless of their economic circumstances, and which in fact delivers high quality care, and which in fact is financially viable. Members of the commission shall likewise have an abiding commitment to, and interest in, a quality publicly assisted health care delivery system.

C. The sixteen voting members shall include:

1. One member of the Santa Cruz County Board of Supervisors, one member of the Monterey County Board of Supervisors;

2. The health services agency administrator of Santa Cruz County and the Health Director of Monterey County, or a representative of each respective agency nominated by the administrator or director;

3. Three persons representing providers from Santa Cruz County appointed by the Board of Supervisors of Santa **Cruz** County, and three persons representing providers from Monterey County appointed by the Board of Supervisors of Monterey County. Of the three provider representatives from Santa **Cruz** County, at least one shall be a physician in private practice, and at least one shall be a representative of a non-governmental community clinic;

4. A hospital representative from Santa Cruz County appointed by the Board of Supervisors of Santa Cruz County, and a hospital representative from Monterey County appointed by the Board of Supervisors of Monterey County;

5. Two public representatives of the population of beneficiaries to be served by the commission from Santa Cruz County appointed by the Board of Supervisors of Santa Cruz County, and two public representatives of the population of beneficiaries to be served by the commission from Monterey County appointed by the Board of Supervisors of Monterey County. Of the two persons from Santa Cruz County, at least one shall be a past

or present Medical beneficiary

D. Commissioners shall be appointed by majority vote of the Board of Supervisors of the respective county. **Any** commission member **may** be removed from office by a four-fifths vote of the Board of Supervisors of the county originally appointing that member.

E. Commissioners appointed by the Santa Cruz County Board of Supervisors shall serve terms of four years, with the exception of the initial selection of members. The majority of the commission members initially appointed by the Santa Cruz County Board of Supervisors shall serve terms commencing on April 1st of the year in which the Fourth District supervisor begins a full term. The remaining members initially appointed shall serve terms commencing on April 1st of the year in which the Fifth District supervisor begins a full term. The initial appointment terms shall be drawn by lots. At the conclusion of a term, a member may be reappointed to a subsequent four-year term.

7.59.035 Membership composition.

The Board of Supervisors declares that the individuals representing the hospital industry, physician profession and **non-physician** health care providers appointed to the commission are intended to represent and further the interests of said industry, profession and providers, and that such representation and furtherance will ultimately serve the public interest. Accordingly, the Board finds that for purposes of determining whether any such commissioner has a "financial interest" within the meaning of Government Code Section 87100, the industry, profession and providers are tantamount to and constitutes the public generally within the meaning of Section 87103 of the Government Code.

7.59.040 Bylaws.

Procedures for the conduct of business not otherwise specified in this chapter, including provisions for the creation of standing committees, shall be contained in bylaws adopted by the commission and submitted to the Board of Supervisors of each county-for final approval.

7.59.050 Quorum.

A **majority** of the appointed members of the commission (excluding any positions that are vacant) shall constitute a quorum, and no act of the commission shall be **valid** unless a majority of those members appointed and not disqualified from voting due to a conflict of interest concur therein. Any act of the commission shall be accomplished by a roll call vote when

such a vote is requested by any member in attendance.

7.59.060 Status and power of commission.

A. The commission shall be considered an entity separate from both the County of Santa Cruz and the County of Monterey. The commission shall have all of the powers made available generally to commissions under Welfare and Institutions Code Section 14087.54. The commission shall have the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services to meet its obligations, and to sue or be sued. Any obligations of the commission, statutory, contractual, or otherwise, shall be the obligations solely of the commission and shall not be the obligations of either the County of Santa Cruz or the County of Monterey.

B. Prior to approving an initial managed medical care system plan, the commission shall submit a proposed draft plan to each respective Board of Supervisors for their review and comment, and shall consider any comments or recommendations made by each Board of Supervisors. Thereafter, before submittal to the State or execution by the commission, the commission shall submit to each respective Board of Supervisors for their review and comment: (a) the initial managed medical care system plan, as approved by the commission, (b) any amendment to the system plan, and (c) any contract with the California Medical Assistance Commission for the provisions of health care services.

7.59.070 Minutes.

Official minutes recording the motions entertained and actions taken at each meeting of the commission shall be prepared and submitted to each respective Board of Supervisors and county administrative office.

7.59.080 Reports.

A. The commission shall submit an annual report to each respective Board of Supervisors and county administrative office on or before January 31st of each year. The report shall highlight the activities, accomplishments and future goals of the commission.

B. Either respective Board of Supervisors may request that the commission submit progress reports and recommendations at any time.

7.59.090 Vacancies.

Vacancies occurring in the commission shall be filled by the

Board of Supervisors of the appointing county for the remainder of the unexpired term only.

7.59.100 Severability.

The provisions of this chapter are severable. If any section, paragraph, sentence, phrase or word of this chapter is declared invalid for any reason, that decision shall not affect any other portion of this chapter, which shall remain in full force and effect.

SECTION II

Chapter 7.58 of the Santa Cruz County Code is hereby repealed, however, said repeal shall not take effect until the date on which a quorum of the Santa Cruz-Monterey Managed Medical Care Commission conducts its initial public meeting. The Managed Medical Care Commission shall continue to serve as the special commission designated by the Board of Supervisors pursuant to Section 14087.54 of the Welfare and Institutions, until the date that Chapter 7.58 of the Santa Cruz County Code is repealed, at which time all obligations, rights, powers, duties, privileges, and immunities vested in the Managed Medical Care Commission shall be transferred to the Santa Cruz-Monterey Managed Medical Care Commission established by Chapter 7.59 of the Santa Cruz County Code.

SECTION III

This ordinance shall take effect on the 31st day after the date of final passage.


PASSED AND ADOPTED this ____ day of _____, 1998, by the Board of Supervisors of the County of Santa Cruz **by** the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS
ABSTAIN: SUPERVISORS

Chairperson of the
Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:



Assistant County Counsel

Chapter 7.58

MANAGED MEDICAL CARE
COMMISSION*

Sections:

758. 010	Established.
758. 020	Purpose.
758. 030	Membership.
758. 035	Membership composition.
758. 040	Bylaws.
758. 050	Quorum.
758060	Status and power of commission.
7. 58. 070	Minutes.
758. 080	Reports.
758090	Vacancies,
758. 100	Severability.

* Prior ordinance history: Ord. 4226.

758.010 Established.

Pursuant to California **Welfare and Instructions** Code Section 14087.54, there is created the Santa **Cruz** County managed medical care commission. (Ord. 4248 § 1 (part), 1993)

758. 020 Purpose.

A. The purpose of the commission is to negotiate exclusive contracts with the California Medical Assistance Commission and to, arrange for the provision of health care services to qualifying individuals who lack sufficient **annual** income to meet the cost of health care, and whose other assets are so **limited** that their application toward the cost of health care would **jeopardize the** person or family's future minimum self-maintenance and security, pursuant to Chapter 7 of

Part 3 of Division 9 of the Welfare and Institutions Code.

B. The commission shall design and operate a program that:

1. Delivers primary care via **capitated**, at-risk contracts which significantly **improve** access to primary care and related specialty and ancillary services for enrolled Medical recipients;

2. Includes **mechanisms** for **assuring** that commission financed medical care services meet appropriate quality of care standards;

3. **Incorporates a** plan of service delivery and implement reimbursement mechanisms which will **assure** the long-term viability of a locally operated **MediCal** managed care system;

4. Implements a financial plan which **includes** the creation of a prudent reserve within three years of commencing operations, and which provides that if additional surplus funds accrue, they shall be used to expand access, improve benefits and augment provider reimbursement;

5. Gives a high priority to increasing prevention, education and early intervention services for enrolled recipients;

6. Ensures that all program obligations, statutory, contractual or otherwise, shall be the obligations of **the** program and shall not be **the** obligations of Santa **Cruz** County or the state.

C. The commission shall also be authorized to contract with public and private insurers to administer their health care **programs**. (Ord. 4248 § 1 (part), 1993)

758. 030 Membership.

A. The commission shall consist of twelve voting members who shall be legal residents of the county of Santa **Cruz**, and

7.58030

generally representative of the diverse **skills**, backgrounds, interests, and demography of persons residing in the county.

B. Each member of the commission shall have a commitment to a health care system which seeks to improve access to high quality health care for all persons, regardless of their economic circumstances, and which in fact delivers high quality care, and which in fact is financially viable. Members of **the** commission shall likewise have an abiding commitment to, and interest in, a quality publicly assisted health care delivery system.

C. The twelve voting members shall include:

1. One member of the Santa **Cruz** County board of supervisors;

2. The health services agency administrator of Santa **Cruz** County, or a representative of the agency nominated by the administrator,

3. The human resources agency administrator of Santa **Cruz** County, or a representative of the agency nominated by the administrator,

4. Three physicians, or representatives of physician business or professional entities:

5. A hospital representative;

6. Two nonphysician health **care** providers, one of whom shall be a community **clinic**; and

7. Three public representatives of the population of beneficiaries to be served by the commission. The three members nominated to **serve** in this capacity shall include a past or present **MediCal** beneficiary, and shall include:

- a. An ethnic minority,

- b. A person over sixty years of age, and

- c. A person who is disabled.

D. Commissioners shall be appointed by majority vote of the board of supervisors. Any commission member may be removed from office by a four-fifths vote of the board of supervisors favoring such removal.

E. Commissioners shall be appointed to serve terms of four years, with the exception of the initial selection of members. The majority of the commission members initially appointed by the board shall serve terms commencing on April 1st of the year in which the Fourth District supervisor begins a **full** term. The remaining members initially appointed shall serve terms commencing on April 1st of the year in which the **Fifth** District supervisor begins a full term. The initial appointment terms shall be drawn by lots. At the conclusion of a term, a member may be reappointed to a subsequent **four**-year term or terms. (Ord. 4356 § 1, 1995; Ord. 4248 § 1 (part), 1993)

758035 **Membership composition.**

The board of supervisors declares that the individuals representing the hospital industry, physician profession and nonphysician health care providers appointed to the Santa Cruz County managed medical care commission are intended to represent and further the interests of said industry, profession and providers, and that such representation and furtherance will ultimately **serve** the public interest **Accordingly**, the board finds that for purposes of persons who hold such offices, the industry, profession and providers are tantamount to and constitutes the public generally within the meaning of Section 87103 of the Government Code. (Ord. 4289 § 1, 1994)

758.040 Bylaws.

Procedures for the conduct of business not otherwise specified in this chapter, including provisions for the creation of standing committees, shall be contained in bylaws adopted by the commission and

submitted to the board of supervisors for **final** approval. (Ord. 4248 § 1 (part), 1993)

7.58.050 Quorum

A majority of the appointed members of the commission shall constitute a quorum, and no act of the commission shall be valid unless at least a majority of those members appointed and not disqualified from voting due to a conflict of interest concur therein. Any act of the commission shall be accomplished by a roll call vote when such a vote is requested by any member in attendance. (Ord. 4289 § 2, 1994: Ord. 4248 § 1 (part), 1993)

7.58.060 Status and power of commission.

A. The commission shall be considered an entity separate from the county of Santa **Cruz**. The commission shall have the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services to meet its obligations, and to sue or be sued. Any obligations of the commission, statutory, contractual, or otherwise, shall be the obligations **solely** of the commission and **shall** not be the obligations of the county of Santa **Cruz**.

B. Prior to approving an initial managed medical care system plan, the commission shall submit a proposed draft plan to the board of supervisors for their review and comment, and shall consider any comments or recommendations made by the board of supervisors; thereafter, prior to submission to the state or execution by the parties the commission shall submit the initial managed medical care system plan, as approved by the commission, and any amendment to the system plan, and any contract with the

California Medical Assistance Commission for the provisions of health care services to the board of supervisors for their review and comment. (Ord. 4248 § 1 (part), 1993)

7.58.070 Minutes.

Official minutes recording the motions entertained and actions taken at each meeting of the commission shall be prepared and submitted to the board of supervisors and the county administrative office. (Ord. 4248 § 1 (part), 1993)

7.58.080 Reports.

A. An annual report shall be submitted to the board of supervisors and to the county administrative office on or before January 31st of each year and subsequently filed with the clerk of the board of supervisors. The report shall highlight the activities, accomplishments and future goals of the commission.

B. In addition to the annual report, the board of supervisors may direct the commission to submit progress 'reports and recommendations at any time. (Ord. 4248 § 1 (part), 1993)

7.58.090 Vacancies.

Vacancies occurring in the commission shall be filled by the board of supervisors for the remainder of the unexpired term only. (Ord. 4248 § 1 (part), 1993)

758.100 Severability.

The provisions of this chapter are severable. If any section, paragraph, sentence, phrase or word of this chapter is declared invalid for any reason, that decision shall not affect any other portion of this chapter, which shall remain in full force and effect. (Ord. 4248 § 1 (part), 1993)