



County of Santa Cruz

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069

(831) 4542200 FAX: (831) 454-3262 TDD: (831) 454-2123

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FIFTH DISTRICT

AGENDA: 2/2/99

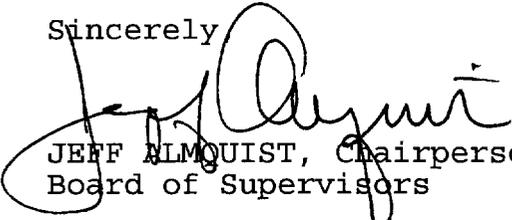
January 26, 1999

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

RE: ANNUAL, REPORT OF THE MANAGED MEDICAL, CARE COMMISSION

Attached is the Annual Report of the Managed Medical Care Commission for calendar year 1998. I recommend that the Board accept and file this report and direct the Chairperson to thank the members of the Commission for their efforts on the County's behalf.

Sincerely



JEFF ALMQUIST, Chairperson
Board of Supervisors

JA:ted

cc: Managed Medical Care Commission

01165A6

SANTA CRUZ COUNTY HEALTH OPTIONS

375 Encinal Street, Suite A, Santa Cruz, CA 95060

Phone: (408) 457-3850 Fax: (408) 457-3858

January 25, 1999

BOARD OF SUPERVISORS

Santa Cruz County

701 Ocean Street

Santa Cruz, CA 95060

RE: ANNUAL REPORT OF THE MANAGED MEDICAL CARE COMMISSION:1998

Dear Members of the Board:

On December 17, 1992, your Board adopted Chapter 7.58 of the Santa Cruz County Code that established the Managed Medical Care Commission (the Commission): the governing agency of the County Organized Health System (COHS) which has been named Santa Cruz County Health Options (SCCHO) by the Commission. SCCHO is a managed care health plan that arranges for the provision of health care to Medi-Cal recipients who reside in Santa Cruz County. The priority goals of the Commission are improved access to appropriate health and medical services, and quality assurance and cost- effectiveness in service delivery for the County's 20,000 Medi-Cal beneficiaries.

After two years of planning in 1993 and 1994, SCCHO was implemented during 1995 under a funding contract with the State Department of Health Services, and loan financing arrangements. SCCHO began service on January 1, 1996 and recently completed its third year of operations in 1998.

SCCHO's pre-operational costs from April through December 1995 were financed with \$1.2M in loans, including a \$400,000 loan from the County of Santa Cruz approved by your board on March 14, 1995. In accordance with the loan agreement, SCCHO began repayment of the loan in 1997, with complete repayment scheduled for 1999. SCCHO operated during 1998 with \$55M in revenue acquired through the Commission's contract with the State. The Commission is comprised of twelve community members representing physicians, hospitals, allied health providers, community clinics, County government and agencies, and the public. During 1998 Mr. Ray Belgard was the Supervisor representative on the Commission. Mr. Charles Moody, County Health Services Agency Administrator, and Ms. Cecilia Espinola, County Human Resources Agency Administrator, also served on the Commission in 1998.

Board of Supervisors

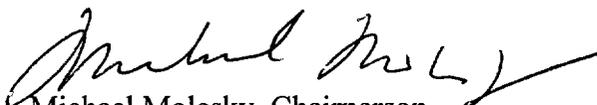
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January 25, 1999

As Chairperson of the Commission, I would like to provide the attached 1998 Annual Report on the activities, accomplishments and goals of the Commission, in compliance with Chapter 7.58. I have great confidence in the Managed Medical Care Commission's ability to govern and operate SCCHO with the support of local providers, beneficiaries and the public. I believe we will continue to provide improved access to care and significant service to the community even as we expand to serve Monterey County Medi-Cal beneficiaries in 1999.

I am pleased to submit this report on the Commission's progress in local Medi-Cal reform. I recommend that the Board of Supervisors accept and file the attached 1998 Annual Report of the Managed Medical Care Commission.

Sincerely,



Michael Molesky, Chairperson
Managed Medical Care Commission

cc: S. Mauriello, CAO

Enclosure

cc: S. Mauriello, CAO

California Medical Assistance Commission
State Department of Health Services
Representative Sam Farr
Assemblyman Fred Keeley
Senator Bruce McPherson
Community Clinics Coalition
Commission on Disabilities
Children's Commission
Dominican Hospital Santa Cruz
Drug Abuse Commission
Emergency Medical Care Commission
Human Services Commission
Human Care Alliance
Latino Affairs Committee
Long Term Care Interagency Commission
Mental Health Advisory Board
Pajaro Valley Medical Associates, Inc.
Public Health Commission
Physician Services, Inc.
Seniors' Commission
Santa Cruz County Medical Society
Santa Cruz Medical Clinic
SCCHO Advisory Groups: Physicians, Member Services, Allied Health
Sutter Maternity and Surgery Center
Watsonville Community Hospital
Women's Commission

1998

ANNUAL REPORT TO THE SANTA CRUZ COUNTY BOARD OF SUPERVISORS
FROM
THE MANAGED MEDICAL CARE COMMISSION

Role of the Commission

The Managed Medical Care Commission (“the Commission”) sets policy for and oversees the operations of Santa Cruz County Health Options (SCCHO): a Medi-Cal managed care health plan. The Commission contracts with the State Department of Health Services to arrange for the provision of health care services to most of Santa Cruz County’s Medi-Cal recipients. The mission of the Commission is to ensure appropriate access for local Medi-Cal recipients to cost-effective health services that meet community standards of quality. The Commission seeks to achieve this mission through a locally governed and operated Medi-Cal managed care health plan, or “County Organized Health System” (COHS). COHS operate under the authority of California Welfare and Institutions Code, Division 9, Chapter 7, Article 2.8. The Board of Supervisors established the Managed Medical Care Commission with Ordinance #4248 adding Chapter 7.58 to the County Code.

In August of 1998 the Santa Cruz County Board of Supervisors approved Ordinance #45 10 adding Chapter 7.59 to the County Code, which creates a regional managed care commission for both Santa Cruz and Monterey Counties. A companion ordinance for Monterey County was established as well. The Santa Cruz-Monterey Managed Medical Care Commission will oversee the operations of the Medi-Cal managed care health plan in both counties and is governed through representation from Santa Cruz and Monterey Counties.

Commission Structure and Meetings

The list of Commissioners appointed by the Board of Supervisors is attached, along with a description of categories of representation. In 1998 meetings of the Commission were on the first Wednesday of every month from 12:30 - 2:30 PM at 1400 Emeline Avenue. The Commission operates three Advisory Groups: Physicians, Allied Health Providers, Member Services. Advisory Groups meet at least quarterly, at times and locations noticed in the Commission’s agenda. Meetings of the Commission and of the Advisory Groups are open to the public. SCCHO’s Executive Director and primary liaison with the Commission is Mr. Alan McKay. SCCHO’s senior management includes: Dr. Wells Shoemaker, Medical Director, Ms. Patti McFarland, Finance Director, and Mr. Bob Chemis, MIS Director. Mr. Rahn Garcia, Deputy County Counsel, provides legal advice to the Commission.

Goals of the Commission during 1998

During its sixth calendar year, which was also the third year of SCCHO's operation as a Medi-Cal managed care health plan, the Commission's goals were to:

- Ensure that SCCHO arranges member access to medical services that meet community standards of quality.
- Ensure cost-effective operation of the SCCHO health plan.
- Further develop productive relationships between the Commission and the community.
- Promote health care access for lower-income community members through Medi-Cal eligibility outreach and through participation in the new "Healthy Families" program.
- Further develop a regional model for Medi-Cal managed care with Monterey County.

Activities and Accomplishments of the Commission during 1998

SCCHO's activities are summarized below, followed by a list of specific accomplishments of the Commission in 1998.

During 1998, SCCHO linked over 20,000 local Medi-Cal recipients with local primary care physicians (PCPs) and clinics to ensure appropriate access to care. Almost all of the PCPs practicing in Santa Cruz County participate in SCCHO and provide services to local Medi-Cal recipients. Most SCCHO members (55%) are linked to private practice primary care physicians; another 33% are linked to primary care community clinics. Another 12% of SCCHO members are not linked to PCPs, primarily due to episodic eligibility, or due to illnesses that require ongoing specialists' care. SCCHO's second annual member satisfaction survey found 80% of members report overall satisfaction with SCCHO (13% neutral; 7% dissatisfied).

PCPs provide primary care and preventive services to SCCHO members, and are a cost-effective alternative to the prior Medi-Cal pattern of access via the emergency room. SCCHO's managed care model emphasizes case management, or the "navigation" of members through the health care system by the PCP through treatment planning and specialty care referrals. Local access has been established with specialty care physicians and with allied (non-physician) health care providers, including home health, durable medical equipment, rehabilitation, and other providers. SCCHO's provider network includes all three local hospitals, and an array of tertiary care facilities under contract.

SCCHO's Health Services Department conducts a Quality Management program, approved by SCCHO's board, to promote positive medical outcomes for SCCHO members. SCCHO's quality management program is directed by Dr. Wells Shoemaker, a pediatrician with over 20 years of local pediatric practice experience. Components of the program include site reviews of PCP offices, identifying potential quality of care issues (with related investigation, intervention and follow-up evaluation), chart audits, peer review, health plan data studies, and targeted interventions based on study results. SCCHO member complaints or grievances which include potential quality of care issues are investigated through SCCHO's quality program. SCCHO is supported by the activities of its Peer Review and Credentialing Committee, and its Quality Management Committee, comprised of local physicians.

SCCHO's quality performance was audited by an external review organization contracted with the California Department of Health Services (DHS) in 1998. The State DHS did not need to undertake its own medical audit in 1998 due to SCCHO's exceptional performance in the State's 1997 medical audit. During 1998, SCCHO increased its health data analysis capabilities in support of quality management activities, as the health plan, and external reviewers, move increasingly towards data driven quality measurement. SCCHO staff has engaged in extensive education, preparation, and computer system upgrades to respond to these new requirements, while preserving SCCHO's interest in using locally specific information to improve care in our unique community. The federally mandated, nationally standardized quality monitoring activities supervised by DHS will begin in 1999.

SCCHO operated with a CY 98 revenue budget of \$55M acquired through the Commission's contract with the State. During that period, SCCHO's administrative costs accounted for about 7% of revenue, which compares favorably to commercial HMO administrative costs. Ninety-three (93) percent of SCCHO's revenue is available for medical expenses. SCCHO has worked with local providers to improve the cost-effectiveness of Medi-Cal service delivery. For example, use of hospital emergency room services by members has declined significantly compared to the State's prior program, as members have made appropriate use of physician office and clinic services for their primary care needs.

SCCHO has operated with a commitment to contain administrative costs while also meeting health plan goals of quality service to providers and members, and rigorous compliance with State and federal regulatory standards. The specific accomplishments of the Commission in governing SCCHO during 1998 are listed below.

Member Services

- Member satisfaction. SCCHO's second annual member satisfaction survey found 80% of members report overall satisfaction with SCCHO (13% neutral; 7% dissatisfied). This high level of satisfaction was also found in the subset of members reporting "fair to poor" health status, indicating that the most frequent users (those with compromised health) of the system are satisfied.
- Appropriate access. In 1998, SCCHO continued to link over 20,000 local Medi-Cal beneficiaries to primary care providers (PCPs) to ensure health care access. The decline in Emergency Room (ER) use is an indicator of access as members appropriately obtained primary care in physician offices. Sixty (60) percent of members report "never" using the ER in the past year, and an additional twenty-one (21) percent used the ER only once during the year (typically for a truly emergent condition). SCCHO's PCP case management model ensured that members received coordinated referral services matched to their medical needs.
- Elinibility outreach. Working with the County Human Resources Agency, the County Health Services Agency and several community based organizations on the Health Care Access Coalition, SCCHO collaborated in developing a program of Medi-Cal and "Healthy Families" outreach and education, to optimize access to health insurance among lower-income County residents. The Health Care Outreach Coalition secured grant funding from the David and Lucile Packard Foundation for these outreach efforts to be implemented in 1999.
- Focus on Improvement to Members with Disabilities. SCCHO engaged in several months of information sharing, soliciting of complaints, and discussions with the Commission on Disabilities as part of SCCHO's process to review and improve upon services to members with disabilities. Reports to the Board of Supervisors and further interactions of health plan staff with the Commission on Disabilities and particular members has led to improvements in SCCHO's services. Specific areas of service improvement included: creation of a staff position which includes disabilities liaison responsibilities, improved tracking system for member complaints, development of a Member Advocate Program, as an external source of assistance to members, and easier procedures for wheelchair repair to facilitate member access to timely repairs.
- Complaint and grievance resolution. SCCHO resolves member complaints and grievances in a process previously unavailable to Medi-Cal recipients in the fee-for-service program. SCCHO's tracking of member problems was improved late in 1998 through feedback received in SCCHO's dialogue with the Commission on Disabilities.

- Member Newsletter. SCCHO published two Member Newsletters in 1998 to provide health education information and to inform members about accessing health care through SCCHO.

Provider Relations and Health Services

- Medical quality improvement. On behalf of the governing board, SCCHO's Medical Director and Health Services Department conducted an extensive medical quality improvement program, including focused medical review studies, claims data analyses, and committee processes involving local providers including the Physician Advisory Group, the Quality Assurance and Utilization Management Committee, the Peer Review Committee, and the Pharmacy and Therapeutics Committee.
- Quality Promotion efforts (as described by Dr. Wells Shoemaker, Medical Director):

Immunization promotion- working jointly with the broad based community Immunization Coalition and applying "provider friendly" information sharing, toddler immunization completion rates increased from 57% in 1997 to 85% in 1998. This success story received national attention and was presented to the National Centers for Disease Control's annual convention in Atlanta, GA, in July, 1998. An update and expansion of this technique to other preventive services will be presented Jan 27, 1999, to a California Public Health Convention in San Diego.

Prenatal care- Medi-Cal benefits for pregnant women yield crucial results for both mother and future newborn, not to mention our future society. Nearly 80% of SCCHO's members had a prenatal visit within the first 6 weeks of their eligibility. This information is reassuring in that primary care providers clearly support the need for prompt care and obstetrical specialists offer excellent access.

Diabetes in pregnancy- Diabetes in pregnancy is an exceptionally high-risk condition, primarily for the baby, but one which responds to energetic medical management. 100% of SCCHO's gestational diabetic women were enrolled in the "Sweet Success" program, nearly all with excellent compliance. Outcomes for the babies were excellent, with no exceptionally large or exceptionally small babies, only two of whom required intensive medical care. Such results cannot be expected every year, but the medical and social support systems are in place and accessible to disadvantaged women.

SCCHO cooperated with local skilled nursing facilities (SNF) to study the relationship between falls and the use of prescription sedating drugs. The information was used to coordinate between the SNF staff, pharmacy consultants, and attending physicians to reduce the frequency of falls in SNF patients. This study will be repeated, but meanwhile, extensive efforts are also taking place to improve the overall cooperation and satisfaction among SNFs, physicians, and Medi-Cal.

A study on the use of home bilirubin light therapy (for newborn jaundice) yielded several suggestions to improve the "connection" of new mothers and their physicians, supplementing the home health nurse visits which have been in place since the beginning of SCCHO's activities. SCCHO will be applying additional energy to breastfeeding promotion in 1999, and the results of this study will help to focus those efforts.

SCCHO also studied referral access to orthopedic care after ER visits, and while no deficiencies were identified, a number of improvements in communication between ER, primary care, and specialist physicians were suggested and acted upon. Additionally SCCHO worked with County HSA staff to initiate Santa Clara Valley Medical Center Orthopedic staff coming to an HSA clinic once/week to deliver Orthopedic services both to SCCHO members and County patients. This clinic will be implemented in February 1999.

Quality-based incentives - SCCHO moved to incorporate quality-based incentives (QBIs) in the provider risk payment system and this program takes effect January 1, 1999.

- Involvement in State policy formation. SCCHO's Medical Director participated in meetings with senior State officials and other health plan Medical Directors to discuss medical management policies and quality management initiatives.
- Provider network development. SCCHO's network of providers includes almost all local primary care physicians. About 75% of local outpatient specialists contract with SCCHO, with many non-contracted specialists also accepting SCCHO member referrals. SCCHO continued to increase the number of contracted physicians in 1998 adding 8 specialty care physicians and 3 primary care physicians. Key factors in SCCHO's provider recruitment were proven financial opportunity compared to the prior Medi-Cal system, and provider satisfaction with SCCHO's administrative capabilities: claims processing, health services, and provider relations.
- Physician satisfaction. SCCHO's second physician survey found that 82% of physicians report overall satisfaction with SCCHO (3% neutral; 15% dissatisfied). High satisfaction rates were found among both primary care and specialty care physicians.

- Provider Newsletters and Bulletins. These publications were issued by SCCHO throughout the year, to update providers on SCCHO policies and procedures, to inform them about community resources, and to solicit input on SCCHO policies.
- Provider workshops. Workshops were conducted by SCCHO staff in North and South County locations for provider office staffs to learn about SCCHO procedures and to address concerns or problems.

Administration and Finance

- Financial performance and surplus sharing. SCCHO and network providers completed their second fiscal year (1997) with strong financial performance, posting a \$3.1 medical budget surplus in the risk payment settlement in April 1998. Surplus was shared among local primary care and specialty care physicians, hospitals, and pharmacists. The surplus resulted from provider and health plan efforts to ensure appropriate access, and effective case management of member's medical needs. The inefficiencies of the prior Medi-Cal Fee for Service system were addressed with more cost-effective patterns of care. Administrative costs were held to a modest 7% of revenue.
- State rate negotiations. SCCHO's Executive Director, in his capacity as a board member of the California Association of Health Insuring Organizations (CAHIO), worked with senior officials in the State Department of Health Services to design improvements in the State's rate negotiation process with COHS.
- Claims processing. SCCHO staff processed provider claims consistently within contract time frames, and according to health plan and State policy parameters. Over 190,000 provider claims were processed by SCCHO staff during 1998 for about \$44M in payments to providers.
- Audit performance. During 1998, SCCHO successfully passed its annual medical audit conducted by the State with the highest grade possible. SCCHO's financial and management accounting practices were also found to be in compliance with professional standards by independent auditors.
- Administrative quality improvement. SCCHO conducted quality improvement activities for the health plan, including: employee opinion survey, communications training for all staff, and training in conflict management for all managers.
- Community Relations. During 1998, SCCHO staff maintained ongoing relationships and participated in meetings with community agencies, including (partial list) California Childrens' Services, Child Health and Disability Prevention Program, Santa Cruz County Medical Society, County Mental Health Services, County Human

Resources Agency, County Health Services Agency, Comprehensive Peri-natal Services Program, Commission on Disabilities, Latino Affairs Commission, Seniors Commission, Leadership Santa Cruz Program and others.

- Community Benefit Projects. SCCHO staff presented information on the COHS model to health care professionals from El Salvador and Honduras through training programs with International Health Programs. SCCHO staff participated in the United Way Fund Drive, and the Second Harvest Food Bank Holiday Food Drive during 1998, and both organizations gave recognition to SCCHO staff for significant increases in donations over the previous year.

Strategic Planning

- Regional expansion. During 1998, SCCHO and Monterey County continued planning for a regional COHS that would bring the benefits of Medi-Cal managed care to over 50,000 Monterey beneficiaries, while expanding SCCHO's membership and providing economies of scale. Local approvals via each county's Board of Supervisors creating /modifying enabling ordinances for the regional COHS occurred in July and August 1998. Additionally a Risk Sharing Agreement to cover pre-operational costs was established between SCCHO and Monterey County. SCCHO staff worked with State DHS staff to prepare materials for the federal waiver application (expected to be filed with HCFA in January 1999). Implementation spending begins in January in order to prepare for an October 1, 1999 start of operations in Monterey County.
- Participation in "Healthy Families". SCCHO was chosen as a health plan for "Healthy Families" (HF) by the Managed Risk Medical Insurance Board (MRMIB), and began serving HF members in July 1998. SCCHO is the designated "Community Provider Plan" (CPP) for Santa Cruz County in recognition of SCCHO's high percentage of traditional and safety net providers in its network. The CPP designation provides members choosing SCCHO as their health plan to pay the most affordable premium.

"Healthy Families" created a new environment for SCCHO of competition for members with commercial HMOs. SCCHO successfully sought funding from the David and Lucile Packard Foundation to hire a marketing consultant to assist the health plan with the development of a strategic marketing plan for Healthy Families. In addition SCCHO has been an active member of the local Health Care Access Coalition which is focused on outreach to Medi-Cal and Healthy Families eligible families.

1999 Commission Goals

The goals of the Managed Medical Care Commission for 1999 are to:

- Ensure that SCCHO arranges member access to medical services that meet community standards of quality.
- Ensure cost-effective operation of the SCCHO health plan.
- Promote, review, and improve upon quality of care for members.
- Further develop productive relationships between the Commission and the various communities SCCHO serves.
- Promote health care access for lower-income community members through Medi-Cal eligibility outreach and through participation in the new "Healthy Families" program.
- Successfully expand and transition SCCHO to be a regional COHS serving Santa Cruz and Monterey Counties.

The Managed Medical Care Commission looks forward to the successful operation of SCCHO in 1999 and for the years to come.

MANAGED MEDICAL CARE COMMISSION

<u>Commissioner</u>	<u>Category of Representation</u>
Mr. Ray Belgard	County Board of Supervisors
Dr. Arthur Dover	Physician or representative
Ms. Cecilia Espinola	County Human Resources Agency Administrator
Ms. Andrea Garcia	Public rep, ethnic minority
Dr. Christine Griger	Physician or representative
Mr. Alvin Karp	Public representative over 60 years of age
Dr. Robert Quinn	Physician or representative
Mr. Michael Molesky	Public rep; person with disability; Medi-Cal recipient
Mr. Charles Moody	County Health Services Agency representative
Ms. Kathleen Morkert	Non-physician provider, community clinic
Ms. Carol Parker	Non-physician provider
Mr. John Petersdorf	Hospital representative

12/98

Managed Medical Care Commission Meeting Attendance
for the Year 1998

	Total Absences	Attendance Rate	J a n	F e b	M a r	A p r	M a y	J u n	No July meeting	A u g	S e p	O c t	N o v	D e c
Commissioners									--					
Mr. Ray Belgard	3	73%				X			--	X		X		
Dr. Arthur S. Dover	0	100%							--					
Ms. Cecilia Espinola	4	64%					X		--		X	X	X	
Ms. Andrea Garcia	3	73%		X		X			--					X
Dr. Christine Griger	2	62%						X	--	X				
Mr Alvin Karp	0	100%							--					
Dr. Robert Keet	4	33%		X		X	X	X	--	n/a	n/a	n/a	n/a	n/a
Dr. Robert Quinn	3	40%	n/a	n/a	n/a	n/a	n/a	n/a	--	X		X	X	
Mr. Michael Molesky	0	100%							--					
Mr. Charles Moody	1	91%				X			--					
Ms. Kathleen Morkert	0	100%							--					
Ms. Carol Parker	7	36%		X				X	--	X	X	X	X	X
Mr. John Petersdorf	3	73%					X		--	X	X			
NOTE: Absences shown by "X"														
"n/a" indicates person was not a Commissioner at the time.														
Average attendance rate was 77%														