



County of Santa Cruz ⁰¹⁴³

BOARD OF SUPERVISORS

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AGENDA: 3/7/00

February 9, 2000

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

RE: ANNUAL REPORT OF THE SANTA CRUZ-MONTEREY
MANAGED MEDICAL CARE COMMISSION

Dear Members of the Board:

Attached is the Annual Report of the Santa Cruz-Monterey Managed Medical Care Commission for calendar year 1999. I recommend that the Board accept and file this report and direct the Chair to thank the members of the Commission for their efforts on the County's behalf.

Sincerely,

MARDI WORMHOUDT, Chair
Board of Supervisors

MW:ted

cc: Santa Cruz-Monterey Managed Medical Care Commission

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ANNUAL REPORT TO THE SANTA CRUZ AND MONTEREY COUNTY
BOARDS OF SUPERVISORS
FROM
THE SANTA CRUZ – MONTEREY MANAGED MEDICAL CARE COMMISSION

Role of the Commission

The Santa Cruz – Monterey Managed Medical Care Commission (“the Commission”) sets policy for and oversees the operations of the Central Coast Alliance for Health (“the Alliance”): a County Organized Health System (“COHS”). The COHS is a locally governed and operated Medi-Cal managed care health plan operating under the authority of California Welfare and Institutions code, Division 9, Chapter 7, Article 2.8, Section 14087.54. The Santa Cruz County Board of Supervisors established the Managed Medical Care Commission with Ordinance #45 10 adding Chapter 7.59 to the County Code. The Monterey County Board of Supervisors established the Managed Medical Care Commission with Ordinance 03984 adding Chapter 2.45 to the Monterey County Code.

The mission of the Commission is to ensure appropriate access for local Medi-Cal recipients to cost-effective health services that meet professionally recognized standards of care. The Commission contracts with the State Department of Health Services (“DHS”) to arrange for the provision of health care services to most of the Medi-Cal recipients in Santa Cruz and Monterey counties. Additionally, the Alliance contracts with the California Managed Risk Medical Insurance Board (“MRMIB”) as a participating health plan in the State’s Healthy Families Program (“HFP”), which provides health care coverage for children in low-income working families.

Commission Structure and Meetings

The list of Commissioners appointed by the Boards of Supervisors is attached, along with a description of categories of representation and county of representation. In 1999 meetings of the Commission were held on the fourth Wednesday of the month from 4:00 – 6:00 PM at the Watsonville City Council Chambers, 250 Main Street in Watsonville. The Commission operates three Advisory Groups: Physicians, Allied Health Providers, and Members. Advisory Groups meet at least quarterly, at times and locations noticed in the Commission’s agenda. Meetings of the Commission and the Advisory Groups are open to the public and governed by the Brown Act.



The Alliance's Executive Director, Mr. Alan McKay, is the primary liaison with the Commission. Senior Management include: Dr. Harry Knaster, Acting Medical Director, Ms. Patti McFarland, Finance Director, Mr. Bob Chernis, **MIS** Director, Ms. Patricia Aviles, Human Resources Director and Ms. Meg Corman-Hall, Director of Member and Provider Services. Dr. Wells Shoemaker, the Alliance Medical Director from 1995-1999, resigned his employment with the Alliance effective 12/31/99 to resume teaching and practicing medicine. Mr. Rahn Garcia, Santa Cruz County Deputy County Counsel, provides legal advice to the Commission.

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Goals of the Commission during 1999

During its seventh calendar year, which was also its fourth year of health plan operations in Santa Cruz County, the Commission's goals were to:

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

Activities and Accomplishments of the Commission during 1999

The Alliance's activities are summarized below followed by a list of specific accomplishments of the Commission in 1999.

The most significant accomplishment of 1999 was the Alliance's expansion of its service area to Monterey County on October 1, 1999.

A significant event marking the Alliance's impending expansion into Monterey County included the Commission's adopting a new fictitious business name to reflect the new regional service area. On June 7, 1999 the Commission **officially** changed its business name from Santa Cruz County Health Options to Central Coast Alliance for Health. Additional activities in 1999 leading to the start of operations in Monterey County included, the leasing of additional **office** space to account for the new **staffing** requirements to meet the operational needs of the health plan's impending doubling of its membership. Additional expansion efforts focused on obtaining regulatory approval to begin operations in Monterey County, developing a network of participating providers to serve the approximately 30,000 new members to be added in Monterey County, and conducting an outreach and information campaign to inform affected Medi-Cal beneficiaries in Monterey County of upcoming changes to the way they access health care.

In addition to expansion planning during 1999, the Alliance continued to arrange access to health care services for approximately 20,000 Santa Cruz Medi-Cal beneficiaries. Nearly all of the practicing Primary Care Physicians (**PCPs**) including local primary care clinics, in Santa Cruz County participate in the Alliance's program by providing care to local Medi-Cal beneficiaries. With the addition of the Monterey County provider network effective October 1, 1999, the total number of participating plan providers doubled.

Most Alliance members are linked to a PCP, either a private practice primary care physician or a primary care community clinic. **PCPs** are responsible for providing primary care and preventive health care services to Alliance members and to ensure treatment of members at the appropriate level by providing referrals for members who require specialty and ancillary services. Approximately 15% of Alliance members are not linked directly to **PCPs**, primarily due to administrative reasons, such as episodic eligibility or due to qualifying complex illnesses that require ongoing specialty care.

Linking members to **PCPs** allows for guaranteed access to health care at an appropriate level and is a cost-effective alternative to the prior Medi-Cal pattern of access via the emergency room. The Alliance'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. Regional access to specialty and ancillary care has been established with specialty care physicians, and allied health care providers, including, providers of home health, durable medical equipment, rehabilitation services and other providers. The Alliance's contracted provider network includes all hospitals in the region and an array of tertiary care facilities.

The Alliance's Health Services Department conducts a Quality Management program, approved by the Commission, to promote positive medical outcomes for Alliance members. In 1999 the Alliance's Quality Management program was overseen and directed by Dr. Wells Shoemaker, a pediatrician with over 20 years of pediatric practice experience in the region. Components of the program include site reviews of PCP offices, identification, investigation, evaluation, intervention and follow-up of potential quality of care issues, medical chart review, peer review, health data analysis, and targeted interventions based on results. The Alliance administers a complaint and grievance process through which potential quality of care issues are identified, investigated and addressed. The Alliance Quality Management program is supported by the activities of its Quality Management and Peer Review and Credentialing Committees, which are comprised of local physicians.

The Alliance's quality performance was audited in 1999 by the State Department of Health Services Audits and Investigations Branch with positive results. The 1999 Medical Audit found the health plan medical operations to be in significant compliance with State audit standards. Additionally, in 1999 the Alliance increased its health data analysis capabilities to respond to new federally and state mandated standardized quality monitoring activities.

The Alliance operated with a CY 99 revenue budget of **\$68M** acquired through the Commission's contracts with the State Department of Health Services ("DHS") and the California Managed Risk Medical Insurance Board ("MRMIB"). During 1999 the Alliance's administrative costs accounted for about 7% of revenue, meaning that 93% of the Alliance's revenue was available for medical expenses. This compares quite favorably to commercial, for-profit HMO administrative costs. The Alliance continues to work with its local providers to improve the cost-effectiveness of Medi-Cal service delivery. For example, the Alliance Medical Director and Pharmacist are available to support physicians in their decisions around clinically appropriate, cost-effective care. Also, as Alliance members continue to enjoy access to primary care physician offices and clinics, the use of hospital emergency room services by Medi-Cal beneficiaries continues to be significantly lower than compared to that under the prior Medi-Cal system administered by the State.

The Alliance continues its commitment to contain administrative costs while also committing to meeting its goals of providing quality service to members and providers, and complying with rigorous State and federal regulatory standards.

Some of the specific accomplishments of the Commission in governing the Alliance during 1999 are listed below.

Member Services

- Member Advocate Program The Alliance demonstrated its commitment to providing excellent customer service, support and advocacy for its members by contracting with an outside agency to provide a Member Advocate Program (MAP) for Alliance members. The MAP is available as an external source of support, guidance and advocacy for members who want additional assistance accessing health care services under the Alliance. In 1999, a Request for Proposal was distributed to community agencies potentially interested in providing the MAP services to members. In August 1999, the Commission entered into a one-year contract with Legal Aid of the Central Coast to administer the MAP.
- Outreach and Education. The Alliance continued its outreach efforts to optimize access to health care services among lower-income residents. The Alliance participated with the County Human Resources Agency and other community based organizations in Santa Cruz, on the Health Care Outreach Coalition, which is funded by the David and Lucile Packard Foundation to develop and implement outreach efforts. Alliance Member Services staff conducted an extensive outreach and education program in Monterey County to inform Medi-Cal beneficiaries about the Alliance and assist them in the transition into a managed health care plan. Member Services staff worked with community agencies and media outlets across Monterey County to transmit information about the Alliance to the community.

- Complaint and Grievance Resolution. The Alliance resolves member complaints and grievances in a process previously unavailable to Medi-Cal beneficiaries under the State administered fee-for-service Medi-Cal program, The Alliance Member Services staff worked closely with members reporting problems to provide a satisfactory resolution and assist with access to necessary health care. The Alliance continued to track and report member problems and complaints throughout 1999. The Alliance used information obtained through member reports to improve services and modify policies as indicated. 0148
- Member Newsletter. The Alliance published three member newsletters in 1999 to provide information on health education to members and to inform members about available health care services through the Alliance.

Provider Relations

- Provider Network Development. The Alliance increased its contracted provider network from 400 providers to nearly 800 contracted network providers in 1999. The development of a provider network in Monterey County accounted for the majority of the newly contracted providers. However, additionally, the Alliance continued its efforts to add to its existing provider network in Santa Cruz County by contracting with 36 new providers of varying specialties. Key factors in the Alliance's provider recruitment were proven financial opportunity compared to the prior Medi-Cal system and provider satisfaction with the Alliance's administrative capabilities and performance, including claims processing, health services and provider relations.
- Increased Payments to Providers. The Alliance increased payments to contracted specialists and allied health providers to bring them closer to rates paid by Medicare for the same services. Medi-Cal reimbursement rates are typically a fraction of rates paid by other payors. This increase in payments to providers was an effort to generate additional access for members to needed services by more appropriately compensating providers for their services.
- Provider Newsletters and Bulletins. These publications were issues by the Alliance throughout the year, to update providers on Alliance policies and procedures, to inform them about available community resources, and to solicit input in the development of new policies.
- Provider Workshops. Workshops were conducted by Alliance staff in both Santa Cruz and Monterey County locations for providers and their office staffs to learn about Alliance procedures and to address concerns or problems.

Health Services

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- Member Health Education Programs. The Alliance launched new health education benefits for members, not previously available through the State's prior Medi-Cal system, including Diabetes Management, Asthma Management, and Breastfeeding Promotion.
- Medical Quality improvement. As approved by the Commission, the Alliance'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 a Physician Advisory Group, a Quality Assurance and Utilization Management Committee, a Peer Review and Credentialing Committee, and a Pharmacy and Therapeutics Committee.
- Data Collection and Analysis. The Alliance responded to new State and federal mandates requiring health plans to standardize quality monitoring activities through extensive preparations, including, education, training, and computer system upgrades. The result was the Alliance's first ever collection and reporting of Health Plan Employer Data and Information Set ("HEDIS") indicators. HEDIS is a set of standardized performance measures designed by the National Committee on Quality Assurance ("NCQA") to ensure that health care consumers have information they need to reliably compare the performance of managed care plans.
- On site audits of physician offices. As part of the physician credentialing process the Alliance conducted site reviews of PCP offices in Monterey County. Physicians were required to meet a minimum score before they could be credentialed to provide services to members.
- Involvement in State policy development. The Alliance's Medical Director participated in regular meetings with senior State **officials** and Medical Directors **from** other health plans to discuss and offer input into medical management policies and quality management initiatives.

Administration and Finance

- Financial performance and surplus sharing. The Alliance completed its third fiscal year (1998) with another strong financial performance, posting a **\$5.4M** medical budget surplus which was shared among local primary care, specialists, hospitals and pharmacists in the risk payment settlement in April 1999. The surplus was a result of 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 access and care.

- State contract and rate negotiations. The Alliance negotiated a new Medi-Cal State contract and **capitation** payment rates with the California Medical Assistance Commission (CMAC). 0150
- Claims processing. The Alliance Claims Department staff processed provider claims consistently within contract time **frames**, and according to health plan and State policy parameters. Alliance staff processed over 225,000 provider claims during 1999 for over **\$38M** in payments to providers.
- Health Plan Licensure. In 1999 the Alliance took necessary steps towards obtaining a license to operate as a commercial health plan under the Department of Corporation. In August 1999 the Alliance submitted its application for licensure to the Department of Corporations. Obtaining this license, which is expected to be granted by July 2000, is a critical step for the Alliance. The Alliance is required by Statute to obtain such licensure within this time **frame** in order to continue its participation as a health plan under the State's Healthy Families Program.
- Community Relations. During 1999, Alliance staff maintained ongoing relationships and participated in meetings with community agencies, including (partial list) California Children's Services, Child Health and Disability Program, Santa **Cruz** County Medical Society, County Mental Health Services, County Human Resources Agency, Comprehensive Perinatal Services Program, Commission on Disabilities, **Latino** Affairs Commission, Seniors Commission, Leadership Santa **Cruz** Program and others. Additionally, staff initiated relationships with similar community agencies in Monterey County including County Mental Health, San **Andreas** Regional Center, Multi-Services Senior Program, Foster Care, Monterey County Medical Society, and others.

Strategic Planning

- Continued expansion in Monterey County. The Alliance is preparing for a second phase of enrollment of approximately 9,000 Medi-Cal beneficiaries in Monterey County. Beneficiaries who qualify for Medi-Cal based on a disability and certain categories of low-income children who are Medi-Cal eligible will become Alliance members on July 1, 2000. Work is underway to provide a smooth transition of these individuals from the State's Medi-Cal fee-for-service system into the Alliance's managed care plan. The Alliance is working with community agencies, member advocates groups and providers to accomplish this. Direct outreach and communication efforts will be made in order to reach as many of the affected individuals directly to answer questions and offer assistance in the enrollment process.

- Participation in the Healthy Families Program. The Alliance plans to expand its participation in the Healthy Families Program by offering its health plan services to eligible children in Monterey County effective July 1, 2000 (pending regulatory approval). The Alliance was selected as the Community Provider Plan by the MRMIB for Santa **Cruz** County in recognition of its high percentage of traditional and safety net providers in its network. This designation provides member who chose the Alliance as their health plan with the most affordable alternative to comprehensive health care coverage under the Healthy Families Program. The Alliance will continue its efforts to incorporate the traditional and safety net providers in its health plan network and achieves to earn the same designation in Monterey County once it begins Healthy Families participation in Monterey County.

2000 Commission Goals

The goals of the Santa **Cruz** -- Monterey Managed Medical Care Commission are to:

- Ensure that the Alliance arranges member access to medical services that meet professionally recognized standards of care.
- Ensure cost-effective operation of the Alliance health plan.
- Promote, review, and improve upon quality of care for members.
- Further develop productive relationships between the Commission and the various communities the Alliance serves.
- Promote health care access for lower-income community members through Medi-Cal eligibility outreach and through participation in the Healthy Families Program.
- Expand Alliance Healthy Families Program participation to Monterey County in July 2000 (pending approvals).
- Provide for a smooth transition of Monterey County individuals with disabilities into the health plan in July 2000.
- Successfully operate the Alliance as a regional COHS serving Santa Cruz and Monterey Counties.

The Santa **Cruz** – Monterey Managed Medical Care Commission looks forward to the successful operation of the Alliance in 2000 and the years to come.

**SANTA CRUZ – MONTEREY
MANAGED MEDICAL CARE COMMISSION**

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<u>Commissioner</u>	<u>Category of Representation</u>	<u>county</u>
Mr. Howard Classen	Hospital	Monterey
Dr. Maximilian0 Cuevas	Provider	Monterey
Dr. Eric Del Piero	Provider	Monterey
Dr. Arthur Dover	Provider	Santa Cruz
Dr. Christine Griger	Provider	Santa Cruz
Dr. David Hsiang	Provider	Monterey
Mr. Alvin Karp	Public	Santa Cruz
Dr. Robert Melton	County Health Director	Monterey
Mr. Michael Molesky	Public, Medi-Cal Recipient	Santa Cruz
Mr. Charles Moody	County HSA Director	Santa Cruz
Ms. Elsa Quezada	Public	Monterey
Supervisor Simon Salinas	Board of Supervisors	Monterey
Ms. Linda Sanchez	Public	Monterey
Ms. Debbie St. John RN	Provider, Community Clinic	Santa Cruz
Mr. Michael Weatherford	Hospital	Santa Cruz
Supervisor Mardi Wormhoudt	Board of Supervisors	Santa Cruz

12/99

Santa Cruz - Monterey Managed Medical Care Commission Meeting Attendance for the Year 1999

Commissioner	Total Absences	Attendance Rate	No Jan Meeting	2/10/99	3/24/99	4/28/99	5/26/99	6/23/99	7/28/99	8/25/99	9/22/99	10/27/99	No Nov Meeting	12/8/99
Mr. Howard Classen	0	100%												
Dr. Maximiliano Cuevas	3	70%			X					X		X		
Dr. Eric Del Piero	3	70%					X					X		
Dr. Arthur Dover	1	90%							X					
Dr. Christine Griger	2	80%					X			X		X		
Dr. David Hsiang	2	80%									X			
Mr. Alvin Kaip	2	80%										X		
Dr. Robert Melton	1	90%								X		X		
Mr. Michael Molesky	1	90%												
Mr. Charles Moody	0	100%												N/A
Ms. Kathleen Morkert	0	100%												N/A
Mr. John Petersdorf	2	0%		X					N/A	N/A		N/A		N/A
Ms. Eisa Quezada	2	80%						X						
Sup. Simon Salinas	1	90%											X	
Ms. Linda Sanchez	2	80%								X				X
Ms. Debbie St. John	0	100%			N/A									
Mr. Michael Weatherford	1	83%			N/A					N/A			X	
Sup. Mardi Wormhoudt	2	80%					X							X

Note: Absences shown by "X"
 "N/A" indicates person was not a Commissioner at the time.
 Average Attendance rate = 81%

