



County of Santa Cruz

HEALTH SERVICES AGENCY

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ADMINISTRATION DIVISION

January 29, 2002

AGENDA: February 5, 2002

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

RE: Annual Report of the Central Coast Alliance for Health

Dear Members of the Board:

Attached you will find the annual report for the Central Coast Alliance for Health. Supervisor Pirie and myself currently serve on the Alliance Board representing Santa Cruz County. In addition there are a number of public members and physician members from our County also representing the interests of our local community. The highlights of this particular annual report are that the Alliance continues to function well over the prior fee for service Medical model and continues to exhibit fiscal health and stability. It also continues to offer a broader menu of flexible services for its Medical recipients. The attached annual report sets out several important goals which your Board should be aware of:

1. Expanding health education and disease management programs:

This is an important goal which would help address issues such as diabetes, heart disease, asthma, and other chronic illnesses which are prevalent in the Medical population;

2. Improved integration of care:

This area includes integration of long term care services for seniors as well as evaluating better integration with California Children's services, Mental Health services, and Drug and Alcohol services. Integration is a helpful thing to make services more consumer friendly. This is a positive goal which could improve the effectiveness of the health blend in serving our local citizens;

3. Expanding eligibility outreach and insurance options:

This is an area where the Alliance can contribute and partner with the Health Services Agency, the Human Resources Agency, and the Health Care Outreach Coalition. There are still thousands of local citizens eligible for Medical and Healthy Families insurance which are currently not covered. Through partnering we hope to expand health and dental insurance options for local citizens thus improving their quality of life and that of their children. This is an important goal and one which will be an important focus of collaboration in the next year.

Resolution #281-2000, adopted on August 8, 2000, proposed that the Alliance provide reports to the Board on a four month basis. These reports will be submitted on May 30 and September 30 of each year with the annual report due on January 31st of each year.

It is, therefore, RECOMMENDED that your Board:

Accept and file this annual report of the Central Coast Alliance for Health.

Sincerely,



Rama Khalsa, Ph.D. *dy 9/1*
Health Services Administrator

RECOMMENDED:



Susan Mauriello
County Administrative Officer

cc: CAO
Auditor-Controller
County Counsel
HSA Administration
Central Coast Alliance for Health

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**2001 ANNUAL REPORT TO THE SANTA CRUZ AND MONTEREY COUNTY
 BOARDS OF SUPERVISORS
 FROM
 THE SANTA CRUZ-MONTEREY MANAGED MEDICAL CARE COMMISSION**

The Central Coast Alliance for Health (“the Alliance”) is a locally governed and operated public agency established by ordinances adopted by the Counties of Santa Cruz and Monterey. The Alliance is governed by the Santa Cruz-Monterey Managed Medical Care Commission (“the Commission”), whose members are appointed by the Boards of Supervisors. The Alliance’s mission is to ensure appropriate access for lower income residents to health care services that meet professionally recognized standards of care. The Commission seeks to achieve this mission through operation of a County Organized Health System (COHS) health plan, now serving over 70,000 Medi-Cal and Healthy Families beneficiaries in the Monterey Bay region. This report describes the activities and accomplishments of the Commission during 2001.

Commission Structure

The Alliance is governed by the Santa Cruz – Monterey Managed Medical Care Commission, a sixteen-member commission appointed by the counties’ Boards of Supervisors with eight members from each county representing interests of the public, providers and government. During 2001, the Commission’s Chairperson was Monterey County Supervisor Edith Johnsen; the Vice Chairperson was Mr. Michael Molesky, a public representative. The Commission has established three advisory groups: Member Services, Physicians, and Allied Health Providers, which advise the Commission on policy matters.

The Commission meets monthly in public meetings to discuss and decide upon policy issues for the Alliance and to receive reports from the Alliance staff on on-going operations. All meetings of the Commission, the Committees of the Commission and of Advisory Groups are open to the public and are governed by the Brown Act. See Attachment A for list of Commissioners and a description of their category of representation and Attachment B for an Attendance report of Commissioners for 2001.

Commission Activities and Goals in 2001

During 2001, the Commission focused on the Alliance's customer services, quality improvement studies, strategic options for new programs, and issues affecting members' health, access and satisfaction. A partial list of the Commission's activities in 2001 include:

- Reviewed and discussed staffs report on progress on the board's Year 2000 board retreat directive to improve the quality of the Alliance's customer services to members and health care providers.
- Co-sponsored a regional pediatric nurse advice line, so that any concerned parent can speak with a nurse at Lucille Packard Children's Hospital.
- Reviewed regional Healthplan and Employer Data and Information Set (HEDIS) scores of local access to preventive services, for which Alliance providers' scores were among the best in the State.
- Made changes to provider risk sharing policies to improve satisfaction and participation among local physicians.
- Reviewed pharmacy benefit issues, including member access and management of cost and quality.
- Discussed staff report on steps required for the Alliance to develop any new insurance product, including legal, regulatory and operational factors.
- Reviewed issues and responses to members' non-emergency transportation needs.
- Reviewed findings from Alliance's satisfaction survey of local community agencies and health care providers, including plans to further improve satisfaction.
- Discussed findings from staffs regional survey of cultural and linguistic factors affecting health care access and compliance, and use of findings to improve Alliance services.
- Approved an amendment of the Alliance's contract with the Managed Risk Medical Insurance Board ("MRMIB") to implement the expansion of the State's

Healthy Families Program to parents of currently eligible children. This parental expansion has been postponed by the State due to budget constraints for 2002.

- Declared support of the Watsonville City Council’s water fluoridation efforts.
- Set an agenda for legislative advocacy in 2001 centered primarily on eligibility expansion and outreach, member rights and protections, and funding for Medi-Cal benefits.

On August 22, 2001, the Alliance Commission held its annual board retreat to determine strategic priorities to complement and enhance the board’s mission-related activities. The board had previously worked with Alliance staff and consultants to identify potential strategic options in areas of

1. Quality of care
 - a. Expand health education and disease management programs
 - b. Design and implement quality-based incentive payment policy
2. Integration of care
 - a. Better coordinate or even “carve in” excluded services
 - b. Improve integration of long term care services
3. Eligibility outreach and insurance options
 - a. Expand eligibility outreach
 - b. Create a new Alliance insurance program for child care workers

During the retreat, the Commission discussed each of these programmatic areas and as an outcome of the retreat prioritized for staff three specific options to pursue in 2002:

1. Disease management programs
2. Integration of excluded services, and
3. Expansion of eligibility outreach.

The Commission also requested further board orientation to the issues of long-term care integration via staff reports. The first of these reports on long-term care was presented at the December 2001 Commission meeting. Other reports will be made to the Commission during 2002.

Additional new areas of focus of the Commission in 2001 were: 1) approval of an amendment to the Alliance’s contract with the Managed **Risk** Medical Insurance Board (“MRMIB”) to implement the expansion of the State’s Healthy Families Program to parents of currently eligible children, an expansion that has been postponed due to State budgetary constraints for 2002; 2) declaring the Commission’s support of the Watsonville City Council’s water fluoridation efforts, and 3) setting an agenda for legislative advocacy in 2001 centered primarily around issues of eligibility outreach and expansion of existing programs. Three of the ten bills supported by the Commission were signed

into law by the Governor in 2001 and these bills focused primarily on the expansion of eligibility outreach.

Alliance Members

As of December 31, 2001, the Alliance served approximately 71,000 Medi-Cal and 1500 Healthy Families Program members in Santa Cruz and Monterey counties. In Santa Cruz County, the Alliance had approximately 22,000 Medi-Cal members and 860 Healthy Families members. In Monterey County, the Alliance had approximately 49,000 Medi-cal members and 640 Healthy Families members. These numbers reflect an increase in membership of approximately 16% in 2001 over 2000.

The Alliance's Medi-Cal members are lower income persons with qualifying conditions (e.g. aged, disabled, single parent), and include almost all Medi-Cal beneficiaries in the region. Among Alliance Medi-Cal members, approximately 28% are Caucasian, 57% Latino, and 3% African America and 12% are other or not reported. 47% are English speaking and 39% are Spanish speaking. 60% of members are female and 40% are male, with 61% of members under 19 years old or younger. Alliance Healthy Families members are children, up to age 18, of families with incomes from 100% up to 250% of the federal poverty level.

Alliance Member Services

The Alliance Member Services Department assists members in accessing health care services. The Alliance Member Services Department is staffed with individuals from the local communities who are bilingual in English and Spanish, most of whom are also bicultural, who assist members by phone and in person, and are located both at the Alliance's administrative offices in Santa Cruz and at locations in Social Services offices in other parts of Santa Cruz and Monterey counties. Additionally, the Alliance has, in each county, a liaison to members with disabilities who is available to assist disabled members with access to health care and other services such as obtaining durable medical equipment and necessary medical supplies. The Alliance currently employs two full-time Medical Social Workers who serve as the liaisons to members with disabilities, and a full time case manager to assist members who require long term care services. In addition, Alliance staff includes a full time Children's Services Case Manager, and a full time Liaison with the California Children's Services Program.

The Alliance Commission has continued its focus on member welfare throughout 2001. The Commission has received staff quarterly reports of member complaint and grievance activity and on timeliness of requests for authorization of wheelchairs for its members. The structure of the Alliance's complaint resolution process is defined by statute, and the Alliance employs a full-time Grievance Coordinator dedicated to resolution of member

problems. Alliance senior management staff meet bi-weekly to review and discuss complaints, ensure appropriate resolution and use complaint data to improve services and modify policies as indicated.

On September 26, 2001, the Commission reviewed findings from an extensive regional “Health Education and Cultural and Linguistic Group Needs Assessment” conducted by Alliance staff. The objectives of this research were to: identify the health education needs of Alliance members, identify cultural and linguistic needs of members related to their health services, identify available health plan and community resources (and gaps in resources), and integrate the findings into plans to address needs. Survey methods included review national, local and health plan data, focus groups, interviews, and surveys of members, providers and community agencies.

Specific areas where the Alliance is addressing the cultural and linguistic needs of members are by:

- Incorporating cultural competency in the plan’s mission.
- Establishing and maintaining a process to evaluate and determine the need for special initiatives related to cultural competency;
- Ongoing review and development of recruitment and retention strategies with regard to having staffing that is reflective and/or responsive to the needs of those we serve.
- Providing resources to providers and staff that address working with culturally diverse populations;
- Participating with government, community and other organizations and agencies in matters related to best practices in cultural competency (one example is our work with the Latino Affairs Commission for the development of a culturally competent Member Advocate Program);
- Maintaining an information system capable of identifying specific member data on language and ethnicity; and,
- Evaluating the effectiveness of strategies and programs in improving the health status of defined populations.
- Providing staff training in cultural competency and diversity.

Health Services and Quality Initiatives

The Alliance’s Health Services Department is responsible for ensuring that members receive necessary and appropriate quality health care services. The Alliance works closely with its networks of providers – physicians, hospitals, pharmacies and allied health care providers to ensure members receive medical care that they need.

The Alliance's Health Services Department, under the direction of Dr. Barbara Palla, a local pediatrician, develops and administers a Quality Assurance and Improvement Plan ("QAIP") to monitor and improve the quality of health care services provided. Through the QAIP the Alliance is able to review quality of care on an individual member level and for the Alliance's member population as a whole. Based on findings, Dr. Palla works with the Health Services Department, directed by Barbara Flynn, RN, to communicate with local providers about quality of care issues, and to promote "best practice" medical protocols.

As part of its *QAIP*, the Alliance collects and reviews data from medical records, and measures local provider services against benchmark standards. The data collected are called Health Plan Employer and Information Set ("HEDIS") indicators. In June 2001, the Alliance reported 7 HEDIS quality measures to the California Department of Health Services. The Alliance showed significant improvement in all measures since the **1999** report except for Adolescent Well Care and the Alliance performed above average compared to other Medi-Cal Health Plans in all measures except for Adolescent Well care. In recognition that teens are not coming in for preventive services, the Alliance staff has plans under development for programs targeted teens. Current program components include parent, member and provider education regarding the need for teen well care, and an incentive movie pass for teens who receive an annual well visit.

Alliance Provider Relations

The Alliance has approximately 1,177 contracted providers including primary care physicians, specialists, hospitals, allied health providers, pharmacies and long term care facilities. The Alliance recognizes the critical importance of its providers in furthering its mission to ensure access to quality health care for members. The Alliance's contracted physician network in Santa Cruz County includes 93% of primary care physicians and 75% of specialty care physicians. In Monterey County, the Alliance contracted provider network includes 85% of primary care physicians and 60% of specialty care physicians. The Alliance also operates with an "open network" for specialty care, and will pay claims of non-contracted specialists that accept referrals of Alliance members, but without payment enhancements and surplus sharing available to contracted specialists.

The Commission has also continued **its** ongoing attention to issues affecting provider satisfaction and has approved new reimbursement policies to achieve increased provider satisfaction and participation in the program, in order to increase access to care for members.

At its January 24, 2001 meeting the Commission approved a change in its provider payment policy intended to improve cash flow and satisfaction among those Alliance providers who meet qualifying fiscal performance criteria. The policy allows for a

reduction in the amount of withhold from provider payments that is in place for those providers who share financial risk with the Alliance. The result is an increase in “up-front” payments and cash flow to qualifying providers.

The Commission addressed another provider payment policy at its meeting in February 2001 which provides assurance to providers of the Alliance’s intent to “pass through” to providers any increases to the Alliance’s Medi-Cal rates of payments resulting from legislative increases to Medi-Cal rates. While this policy has always been the practice of the Alliance, the Commission review, discussion and approval of the policy serves as further evidence of the Alliance’s commitment to its providers and their concerns surrounding rates of payment.

At the March meeting of its Commission, the Alliance presented the results of its year-end risk settlement for 2000. The Alliance posted a medical budget surplus and was able to share over \$4.3M with its contracted providers that would be otherwise unavailable under the previous State fee-for-service Medi-Cal program.

At its May 23, 2001 meeting the Commission approved a change in its provider payment policy for providers participating in the Healthy Families Program (“HFP”) intended to increase physician satisfaction and participation in the HFP by offering physicians a choice of payment options. The policy allows for a physician to choose between a higher “up front” payment for services with no upside or downside risk or a marginally lower “up front” payment with an opportunity to share in surplus earned through efficiencies. The Alliance will be offering this new contract option to providers with the goal of attracting new and increased provider participation resulting in increased capacity and access to services for Alliance members.

For the first six months of 2001, the Alliance’s interim risk settlement resulted in regional provider surplus earnings of \$1.3M for the Alliance’s Medi-Cal and Healthy Families programs

A survey was conducted of provider satisfaction in 2001, and while the response rate was low, of those that replied, there was a high percentage of positive response for questions about provider satisfaction, problem resolution and helpfulness of Alliance staff. Providers continue to have concerns about timeliness of claims payments and rates of payment. Timeliness of authorizations received high marks but providers feel that members need better awareness of plan benefits. **An** action plan is currently being implemented to improve the response time for claims payment, and significant progress has been made.

The Alliance in the Community

The Alliance continues to be involved in a number of partnerships and collaborative efforts within the communities it serves.

Health Care Eligibility Outreach

The Alliance is involved in collaborative efforts in Santa Cruz and Monterey Counties to expand health care to eligible uninsured individuals. Alliance staff in coordination with the health care outreach coalitions conducts outreach at a number of community and health related events in order to increase awareness about its programs and encourage eligible individuals to apply for health care coverage.

Santa Cruz County Commission on Disabilities

The Alliance continues its on-going communication with the Commission on Disabilities to promote timely services to disabled members in Santa Cruz County. The Alliance employs a Medical Social Worker who serves as the Alliance's liaison to members with disabilities. In addition, the Alliance continues to work with the regional Member Advocate Program that was established in 2000, and the Alliance monitors and reports vendor performance in providing and servicing wheelchairs. The Alliance appreciates ongoing input and support from the Commission on Disabilities in further improving health plan services.

Monterey County Americans with Disabilities Act Advisory Commission

Ms. Barbara Flynn, RN, Alliance Health Services Director, serves on this Commission, which reviews services to individuals with disabilities in Monterey County.

Coalitions for Public Health Issues

The Alliance continues to be involved in a number of regional and community coalitions that address public health issues, including the Breastfeeding Coalition, the Immunization Coalition, the Central Coast Asthma Coalition, the Breast Cancer Early Detection Program, the Long Term Care Integration Project and others. The Alliance has also been an active member of the Community Foundation of Santa Cruz County's Health Advisory Committee (HAC), helping to focus attention on issues of local health care access and eligibility outreach.

Regional Pediatric Nurse Advise Telephone Line

The Alliance joined in a regional effort including the United Way organizations, Medical Societies, Children and Families Commissions, hospitals, and physicians of Monterey and Santa Cruz Counties to fund this service, which provides

telephone access for parents to nurse advice at Lucile Packard Children's Hospital.

South County Regional Health Partners

The Alliance participates on the board of South County Regional Health Partners in Monterey County, which is a partnership in southern Monterey County that includes local healthcare providers, a school district, community agencies, elected officials and employers. The partnership has received funding for resource person/case manager who provides services to people in extremely rural areas of south Monterey County, including immunizations, health education and referral coordination.

Planning for the Implementation of the Health Insurance Portability and Accountability Act (HIPAA)

The Alliance has provided staff support for a working group of Santa Cruz and Monterey County providers to come together to plan for the 2002-2003 implementation of HIPAA. This informal planning group will meet quarterly in 2002 to exchange ideas and support in order to meet federal deadlines for implementing changes in the way plans and providers safeguard the privacy and security of the health information of members. The goal of **HIPAA** is administrative simplification and the law focuses on three areas of particular importance to our local providers: 1) standardization of electronic formats for certain transactions; 2) ensuring the privacy of certain patient information; and 3) ensuring the security of electronic health information and electronic signatures.

Alliance Financial Performance

The Alliance operates under a \$150M annual budget. To date, the Alliance has accrued \$25M in fund balance to secure the health plan's fiscal viability, and as a reserve for health care costs. The Alliance continues to operate efficiently, with an administrative budget less than **7%** of revenue, which is among the lowest in the State. The Alliance conducted its semi-annual interim risk settlement in September 2001. The Alliance operates a shared risk payment system in which primary care physicians, hospitals and pharmacists share deficit and surplus **risk**, and specialty care physicians share surplus, to encourage and reward effective access and case management. Medical budget surplus is earned when members' health care needs are met more effectively than in the prior Medi-Cal **FFS** system. Since the Alliance's inception in **1996**, over \$14M in surplus has been shared among local contracted providers as avoidable cost and suffering has been reduced.

The Alliance negotiates its revenue rates with the state's California Medical Assistance Commission (CMAC) and continues its ongoing efforts to negotiate revenue rates that will support the Alliance's mission to provide appropriate access to care.

Challenges Ahead

The Alliance continues its efforts to improve health care access for lower income persons in the Monterey Bay region, and to meet the challenges of improving customer service, member and provider satisfaction, and fiscal viability. Additional challenges include:

- Maintaining fiscal viability given a State freeze on Medi-Cal health plan revenue and projected increases in total medical costs in 2002 of 5.5%. Without a revenue increase to offset medical cost inflation, the Alliance may experience an operating deficit in 2002 and need to draw on fiscal reserves. The Alliance is currently working with the State on methods to promote fiscal viability during the Medi-Cal rate freeze, including the potential transfer of certain escalating benefit costs (e.g. specific drug classes, transplants) to the State.
- Further promoting participation and service delivery among local physicians and providers, with particular attention to improving access to orthopedic services, and to increasing the number of physicians serving members in skilled nursing facilities. The Alliance's ability to promote physician participation in serving lower income residents turns on the quality of health plan services, and the sufficiency of State revenue funding.
- Advancing the Commission's strategic directives to improve members' health through expanded Alliance's disease management programs. explore efficiencies and benefits of integrating services now excluded from the Alliance. and promote health care access through eligibility outreach.
- Improving coordination and integration of long term care services. The Alliance continues to participate in local planning conducted by the Santa Cruz County Health Department regarding coordination and integration of long term care services, and sees great opportunities for public benefit in these efforts. Efforts are underway to educate the Commission about significant long-term care issues in both counties and to develop a strategic plan for better integration of services.
- Coordinating efforts with regional partners on health care access, including eligibility expansion and outreach at both the legislative and community levels. The Commission welcomes collaboration with the Santa Cruz County Supervisors and staff on legislative matters. The Alliance will work to help implement new

legislation that encourages collaboration among schools, social service and health agencies to enroll children in Healthy Families.

- Legislative Advocacy to address the uninsured. Given the downturn in the economy in 2001, the issue of the uninsured remains a critical one for both counties. The **UCLA** Center for Health Policy Research estimates the number of uninsured in Santa Cruz and Monterey counties to be 116,000, 33,700 of whom are potentially eligible for Medi-Cal or Healthy Families but not currently enrolled. Unfortunately the parental expansion of Healthy Families has been put on hold for 2002 and no new funding is forthcoming from the State for the Medical program. Despite these constraints, the Alliance will continue to support all initiatives that increase the number of eligible children and adults enrolled in these programs and will work with both Boards of Supervisors and community organizations to raise awareness of the uninsured and provide workable and realistic solutions to decrease those numbers.

The Board and staff of the Central Coast Alliance for Health appreciate the opportunity to provide this report on local efforts to improve access to health care for lower income residents of the Monterey Bay region.