

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Health Insurance

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Purpose

To establish the Board of Supervisors' legislative policy regarding health insurance, and to provide guidance to the County's legislative representatives when advocating the County's interests to legislators, other elected officials and policy makers.

Background

The passage of the Patient Protection and Affordable Care Act (ACA) signed into law on March 23, 2010 and implementation of its many provisions has dramatically increased the number of people covered by health insurance throughout the United States and especially in California. Coverage expansion has been achieved through three principal mechanisms:

- Creating new marketplaces for private insurance in all 50 states and the District of Columbia to sell subsidized insurance to individuals and small businesses. Subsidies are based on annual income and family size up to 400% of the federal poverty level. Enrollment through the marketplaces began October 1, 2013 with coverage effective January 1, 2014.
- Requiring that all health plans offering dependent coverage allow young adults to enroll in a parent's policy until they turn 26 years of age. This provision became effective in 2010.
- Expanding eligibility for Medicaid to all people with incomes up to 138% of the federal poverty level. Previously only people with low incomes who fell into specific categories (e.g. children, pregnant women, people with disabilities) were eligible. The federal government is covering 100% of the costs for the newly eligible population for 2014 through 2016 and will gradually reduce its contribution to 90% of costs by 2020.

Additionally, ACA has led to the development of new standards for private insurance sold to individuals and small groups. Insurers can no longer set prices based upon health status or exclude preexisting health conditions and are limited in their ability to set prices based upon age. Annual and life-time coverage limits have been eliminated. In addition, all plans must include a set of 10 essential health benefits, including extensive coverage, with no cost-sharing, for a wide range of preventive health services and coverage for mental health and substance use services comparable to those for physical health. To aid in consumer choice, health plans must be sold at four distinct actuarial values reflecting the share of medical costs covered, ranging from "platinum" plans covering, on average, 90% of costs, to "bronze plans" covering at least 60% of costs.

California has embraced all aspects of the ACA, choosing to implement its own state-based marketplace, Covered California, and expanding Medi-Cal, the state's Medicaid

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program, even beyond requirements in the federal statute. As of May 1, 2014, when the first enrollment period on Covered California ended, 1.4 million Californians had gained private insurance coverage, including more than 131,000 in San Diego County. As of July 1, 2014, more than 1.8 million people had enrolled in Medi-Cal, including more than 155,000 in San Diego County. With the expansion of private insurance coverage and Medi-Cal, the number of “medically indigent” individuals requiring coverage through the County Medical Services program has declined dramatically.

Increasing the number of people eligible for Medi-Cal has increased the work volume for the County and increased the need to hire and house more staff. The County is concerned about the sustained funding to operationalize Medi-Cal expansion.

Any future state or federal health insurance legislation should account for the fiscal challenges counties face by including means to offset the costs of any new or expanded mandates on counties. Requiring counties to provide additional services or expanded coverage for their employees without the means to meet the costs of the new mandates could result in the reduction of other critical county services.

Regardless of the passage of the Affordable Care Act, several areas of concern remain for the County regarding mandatory health insurance programs:

- The impacts of mandatory health insurance on the County as an employer, as a health care provider of last resort, and as a government agency responsible for operating public health programs.
- The funding and administration of a mandatory health insurance program.
- The scope of benefits.
- The impacts on the private sector.
- The promotion of prevention activities.

As an employer, the County is concerned about the escalating costs associated with the purchase of health insurance and preserving a quality provider system to take care of employees and dependents.

As a payer and provider of health care, a major concern for the County is its ability to finance the care it is mandated to provide. For example, Section 17000 of the Welfare and Institutions Code requires California counties to "... relieve and support indigent persons, and those incapacitated by age, disease, or accident..." when those persons have no other means. Health insurance proposals that would reduce the demand for County-funded care have the potential to assist the County. However, proposals to redirect existing state or federal health care funds, in order to support a health insurance program for employed persons, could leave the County in a worse financial condition. Many of the indigent persons assisted by County health care programs are unemployed or working

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part time. The creation of a new insurance program for employees and their dependents, subsidized by state funds now used by the County to provide indigent health care (e.g., Medically Indigent Services Program), would leave the County with a mandate to expand care for indigent, unemployed persons, without adequate financial resources to meet the obligation.

The County is also concerned about the impact of any new proposals related to health insurance on the private sector. The economic health of the private sector, particularly small business, plays a critical role in the demand for County-provided services and the County's ability to finance those services. A mandatory health insurance program should not be overly burdensome for small businesses or their employees.

As the local administrator of the Medi-Cal program, the County is responsible for eligibility determination and has had to hire new staff and expand facilities to meet the significantly increased demand. The County is concerned about sustained funding to maintain these staff and facilities.

Policy

The legislative policy of the Board of Supervisors regarding health insurance is as follows:

- I. Impacts on San Diego County Government
 - A. As an Employer
 1. Oppose legislation that would require the County to assume new duties, offer new services, or pay for expanded coverage for its employees unless:
 - a. There is adequate and dependable revenue to support the full costs of the new duties or services; or
 - b. There is a corresponding reduction in net County cost brought about by a reduction or elimination of costs related to an existing mandate.
 2. Oppose legislation that would require the County to pay new taxes (such as a payroll tax) or fees to fund an insurance program unless the proposal would reduce net County costs by at least as much as the new tax or fee.
 3. Support legislation that would allow employers to pass on to employees the cost of any required coverage in excess of coverage now being provided.

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4. Support legislation that would allow employers flexibility in determining the scope of benefits offered to employees.
- B. As a Health Care Provider
 1. Support legislation that would protect funding for public and indigent health services.
- II. Health Insurance Program Administration
 - A. Support legislation that would promote health insurance administration that is flexible, responsive, accessible, and sensitive to the cultural and ethnic diversity of its clients.
 - B. Support legislation that would develop managed-care systems (e.g. systems that control the utilization of health care resources) over fee-for-service systems as a means to control costs without denying access to high quality care.
 - C. Support legislation that would require periodic evaluation of the health insurance program and the progress made toward achieving its goals, with emphasis on cost impacts, quality assurance, and measurement of increased access for traditionally under-served populations.
 - D. Support legislation that would allow county representation on any state commission, task force or other groups that make decisions regarding health insurance.
 - E. Support legislation that continues funding or incentives for local demonstration pilot projects designed to evaluate the effectiveness of alternative coverage models, funding mechanisms or delivery system designs.
 - F. Support legislation that creates financing vehicles to provide funding for population-based wellness and health improvement initiatives.
 - G. Support legislation that addresses the need to develop new models for financing and delivering long-term care services.
 - H. Support legislation that would improve and simplify program enrollment, administration and private provider participation in the Medi-Cal program.
 - I. Support legislation that requires adequate automated system programming time for Medi-Cal eligibility policy changes.
- III. Benefits
 - A. Support legislation that would provide coverage of incarcerated persons in the custody of the county sheriff.
 - B. Support legislation that incentivizes health plans and providers to adopt technology that increases access to healthcare services and convenience for patients, particularly older adults.

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IV. Impact on Small Business

- A. Support legislation that recognizes the unique role that small business plays in the state's economy and would not adversely affect the ability of small business to compete in the marketplace.
- B. Support legislation that provides incentives to small businesses to provide affordable health insurance to employees and dependents at no cost to the County.

V. State and Federal Funding for Medi-Cal Services

- A. Support legislation that would provide for fair and equitable payment to all categories of healthcare and social service providers, including hospitals, community clinics, physicians and allied health professionals.
- B. Support legislation that recognizes the critical role of community-based social service providers in meeting the social support needs of high-risk populations, including persons dually eligible for Medi-Cal and Medicare.
- C. Support legislation that would provide adequate funding of State mandated administrative requirements associated with Medi-Cal eligibility and enrollment functions.
- D. Oppose legislation to redirect Medicaid funding currently distributed to California hospitals, including Disproportionate Share Hospitals.
- E. Oppose legislation that would further erode Disproportionate Share Hospital payments.

Responsible Departments

Chief Administrative Office
Office of Strategy and Intergovernmental Affairs

Sunset Date

Waived

References

Board Action 8/22/98 (68) Board Action 1/12/21 (12)-Suspended
Board Action 8/14/90 (61)
Board Action 3/5/91 (26A)
Board Action 4/13/99 (42A)
Board Action 10/31/06 (14)
Board Action 12/11/07 (14)
Board Action 12/09/08 (33)
Board Action 10/28/14 (21)
Board Action 12/08/20 (25) Sunset Review for M-56 is waived.