

County of Contra Costa
OFFICE OF THE COUNTY ADMINISTRATOR
MEMORANDUM

DATE: September 15, 2011

TO: Board of Supervisors

FROM: David J. Twa
County Administrator 

**SUBJECT: SUSTAINABILITY AUDIT OF THE CONTRA COSTA COUNTY
REGIONAL MEDICAL CENTER AND HEALTH CENTERS**

BACKGROUND INFORMATION

In 2009, shortly before the enactment of federal health care reform legislation known as the Affordable Care Act (ACA), the Board of Supervisors authorized the County Administrator to conduct a sustainability review (referred to as a “sustainability audit”), of facilities operated by Contra Costa Health Services Department. This work was part of ongoing Board deliberations, undertaken to consider various possibilities for provision of health care services to County residents.

The review was authorized to develop policy options to support the sustainability of the County’s health care system and to present information that could assist Supervisors in ensuring the most efficient and effective delivery of health care services to Contra Costa County residents. The work was to take into account any federal and/or state health care reform measures that might be enacted and that would affect County programs and services. Since 2009 the national and state health care scene has been in an almost constant state of flux.

Significant work, undertaken at both the federal and the state levels of government, had and continues to have the potential to markedly affect the design and financing of health care. Passage of federal health care reform legislation in March 2010, followed shortly thereafter by State legislation to create the Health Benefit Exchange to implement national health care reform in California, has been part of this work. In November 2010, Federal and State action authorized the renewal of California’s 1115 Medicaid Waiver. This Waiver, called the “Bridge to Reform”, is a plan to slow the rate of growth in health care costs in the Medi-Cal program, and to enable federal reforms to take effect as planned in 2014. State budget deliberations in California, the debt ceiling debate and subsequent plan for deficit reduction in Washington, carry the possibility over the next several years to alter the financing, terms and conditions in current health care reform legislation, rules and regulations.

Because of the evolving health care climate, the County Administrator’s Office adjusted the time frame for conducting the study to ensure that materials within the report would accurately reflect the most current status of health care issues.

By January 2011, both the federal and California State government had taken action on health care legislation, and the environment had stabilized enough to engage a consulting firm with knowledge of public health care and the requirements on county government and specializing in the field of health care finance and delivery. The County Administrator's Office asked Health Management Associates (HMA), to conduct the sustainability study and to reflect current laws, regulations and financial information from all levels of government in the final document.

TRANSMITTAL MATERIALS

This memo, the HMA sustainability audit and all accompanying materials together represent the accumulated work of the study. The transmittal memo, "Frequently Asked Questions" about the study and its contents, and report highlights were prepared by the County Administrator's Office to accompany the materials submitted by HMA.

These documents are being transmitted to the Board of Supervisors to assist with ongoing policy deliberations about the role of Contra Costa County government in ensuring the availability of health care to residents of the County.

The HMA study contains an extensive amount of background information and data specific to Contra Costa County's health care system and medical facilities. Much of this information was provided through the work of departmental leadership, the management team and staff within the Health Services Department. This report could not have been possible without their involvement in the project and diligence in providing the materials requested. Their input and engagement has been appreciated by both the County Administrator's Office and the members of the HMA consultant team.

COUNTIES' RESPONSIBILITIES TO PROVIDE HEALTH CARE

County governments and Boards of Supervisors in California's counties are required by State law to ensure that health care to their residents who are medically indigent is available within their community. In addition to making sure that this care is available, counties are also required to participate, with the State and Federal government, in helping to cover the costs.

County Boards do have some options, within guidelines set by the federal and California State government, to choose how and what types and levels of indigent medical care will be available, and how persons living in their counties can access it.

Both the State and Federal government provide California counties with financial assistance to help pay for the costs of providing medical care to their indigent residents. However, these funds never cover the costs in full, and county governments are required by State and Federal law to provide local funds to fill in these gaps.

The Contra Costa Board of Supervisors has been regularly discussing available options to deliver and pay for the Federal and State requirements for provision of health care to County residents who are medically indigent. Within the past few years, the County's budget challenges and financial difficulties have added a new level of urgency to these discussions. The HMA report

was developed to assist the Board of Supervisors and County Administrator to consider the most desirable options for ensuring the provision of health care services, within the context of the County's financial picture, community expectations and State and Federal laws, guidelines, requirements and the funding assistance that is available.

NATIONAL HEALTH CARE REFORM AND COUNTY GOVERNMENT

The mandate for California county government to ensure and/or provide health care to their medically indigent residents is similar to the requirements in state laws throughout much of the country. Consequently, county governments followed the 2010 enactment and beginning steps towards implementation of the ACA with great interest. Because counties play such a pivotal role in the funding and provision of health care to their medically indigent residents, county Boards are finding it necessary to pay careful attention to the opportunities and challenges afforded in this complicated legislation and retool their systems accordingly.

As the HMA report indicates, the initial steps of implementation of the ACA have begun to relieve counties, including Contra Costa County, of some costs associated with the provision of medical care to their residents who are not insured or who are under-insured. Continued implementation of this law, as it's currently written, holds the promise for further significant financial assistance with these costs, and the report identifies opportunities that the Board of Supervisors might want to pursue or have researched further.

However, it's important to reiterate that the HMA report has been developed with the assumption that health care reform will continue to be implemented in the time frame and the fashion contained within current laws and the rules and regulations that have been and are being made. Options and calculations within the report have been developed in that context and should be viewed accordingly. If laws, rules or regulations are changed substantially, repealed or held unconstitutional (the Supreme Court is likely to take up the issue of mandated insurance and taxation in relation to the law during the 2011/12 term) there would be significant impact on the options and calculations within this report. Also, if the funding that's been assumed to be available in already-enacted legislation does not occur, calculations contained in the report will be affected as well.

PREVIOUS REPORTS AND THE HMA MATERIALS

Over the past few years there have been a number of studies considered by the Board of Supervisors at their regular Board meetings that have looked at various aspects of Contra Costa County's health care delivery system and related issues. These studies have reviewed such topics as options for changes in governance or structure of the medical center and clinic system, provision of and financing for medical care for persons who are incarcerated, human resource issues, total compensation data for staff and the eligibility levels and types of health care benefits available to users of the system. The information and findings from these studies are referenced throughout the HMA report. Some of the findings are woven into the options that are presented for consideration by the Board of Supervisors. The work from these previous studies was not duplicated by HMA but was incorporated into this report wherever it was appropriate.

Within the HMA report there are several references to the changing situation at Doctor's Medical Center in San Pablo. In addition, information about the health care needs and available resources for County residents who use the services available through Doctor's Medical Center can be found in the report. This study does not explicitly cover options regarding the hospital and it was not part of the consultant's work for the sustainability review. However, Doctor Walker, Director of the Health Services Department, will provide information about the current situation regarding this facility as the Board of Supervisors considers their policy options.

PUBLIC ACCESS TO THE HMA REPORT AND RELATED MATERIALS

This report will be presented to the Joint Conference Committee of the Board of Supervisors at a special meeting of the Committee on Wednesday, September 28, 2011, at 12:30 p.m. in the Building One Conference Room, 2500 Alhambra Avenue, Martinez, California, and to the Board of Supervisors on Tuesday, October 4, 2011, from 10:30-12:00 noon, in the Board Chambers, County Administration Building, 651 Pine Street, Martinez, California. These and any subsequent public meetings on the topic will be publicized, noticed and posted in accordance with California State law and County Board policies.

Written materials, including the report and attachments and the Request for Proposals (RFP) announcing the study can be found on the county's website at <http://www.co.contra-costa.ca.us/index.aspx?nid=94> . For questions or additional assistance to access the HMA report, please contact Terry Speiker in the Office of the County Administrator at 925-335-1096.