

April 5, 2022

The Honorable Joaquin Arambula
Chair, Assembly Budget Subcommittee No. 1
1021 O Street, Suite 6240
Sacramento, California 95814

The Honorable Susan Eggman
Chair, Senate Budget & Fiscal Review Subcommittee No. 3
1021 O Street, Suite 8530
Sacramento, California 95814

Re: Alternative Health Care Service Plan Proposal – OPPOSE

Dear Chair Arambula and Chair Eggman:

On behalf of the Boards of Supervisors of Ventura, San Mateo, Santa Barbara, Monterey, Santa Cruz, Sonoma, Yolo, Mariposa, San Luis Obispo, and San Benito counties, we are writing to express our opposition to the Alternative Health Care Service Plan proposal (i.e., the single statewide Medi-Cal contract for Kaiser). We request the State's reconsideration of the proposal, based on our considerations of the harms it could cause to the safety net health systems in our counties, and the Medi-Cal beneficiaries we serve.

A County Organized Health System (COHS) plan is a publicly governed, Medi-Cal managed care plan authorized under federal and state law and created under local ordinance. As such, the COHS model, which has been operational in California for almost forty (40) years, is a unique and time-tested model of publicly accountable managed care. Pursuant to federal, state, and local authority, the COHS plan organizes the local delivery system, complies with all requirements set forth in the DHCS contract, and is governed by a public commission operating pursuant to the requirements of California's Brown Act. **COHS plans and their partner counties exemplify transparent and accountable governance that directly leads to optimal outcomes for the vulnerable populations they serve.**

Currently, Medi-Cal recipients in our counties receive their services through a COHS, which is a single, local public health plan. We believe the proposed Alternative Health Care Service Plan contract will be disruptive to local safety net networks and potentially harmful to our critical county health systems. If Kaiser or any other entity contracts directly with the State, the local public plans would have no oversight of care delivered to members served by that entity. If one integrated system contracts directly with the State, it sets a precedent for further fracturing of community collaborations. Our local COHS have spent years building strong and trusted community partnerships, working with local community-based organizations to respond directly to emerging needs at the neighborhood level, and plan with the community for solutions that meet the unique needs of diverse residents. We are concerned that a contract brokered directly between the State and a national health plan will not bring the local solutions that our communities have engendered over decades and that our communities need to achieve wellness as we come out of a global pandemic. **A closed system that excludes vulnerable populations is inequitable, where any reinvestment of net earnings would not inure to the benefit of the members excluded from the closed system, especially those who have higher needs and require that additional investment.**

It is unclear how the proposal will impact current patients served by our counties, but we presume some portion of the patients we serve may choose Kaiser if they meet the criteria outlined in the draft trailer bill language. Our counties also have concerns with how enrollment into Kaiser will be effectuated.

How will the enrollment process work so that Kaiser is assigned patients with higher acuity levels and more complex physical, behavioral, and socio-economic needs versus giving the existing safety net system and COHS plans, who do not exclude populations, a disproportionate share of complex and costly patients? The State should reevaluate how to measure quality scores and equity across systems serving vastly different acuity levels. A system serving mostly working and healthy beneficiaries is quite different than a system serving historically underserved members experiencing complex physical health, mental health, and social conditions including individuals experiencing homelessness, individuals with serious mental health conditions, individuals with multiple co-morbidities and complex care needs, and individuals and families involved with the justice system.

The value of the COHS model is that a single entity is coordinating care for the entire Medi-Cal population. Introducing multiple entities will lead to duplicative contracting, member and provider confusion, and runs counter to the State's integration and standardization goals through the California Advancing Innovation in Medi-Cal (CalAIM) transformation. Our local COHS have spent decades cultivating strong and trusted relationships with our community-based organizations that serve our most vulnerable Medi-Cal members. Kaiser would not be able to do this quickly, so new Kaiser members would not have access to these critical services when they need it. **Further, the intention of the legislature has been to support a single model that can best meet member needs locally in a health plan that is publicly governed and directly accountable to the communities it serves.** We continue to support such a model and believe these networks are crucial to the success of CalAIM.

Additionally, as enrollment is diverted away from COHS plans, it will reduce the Medi-Cal supplemental payments that public providers receive – thereby impacting future funding for public hospitals, clinics, and public health departments necessary to sustain critical public health systems that responded so well to the pandemic. Currently, Medi-Cal supplemental payments are used to bolster low Medi-Cal rates for public providers and are based on enrollment in COHS plans. We anticipate that our county systems could lose millions of dollars in supplemental funding if this proposal was to be implemented.

For the reasons described above, Ventura, San Mateo, Santa Barbara, Monterey, Santa Cruz, and Sonoma counties must oppose the Alternative Health Care Service Plan proposal and uphold the integrity of the COHS model. We request the State's reconsideration of the proposal, based on our considerations of the harms it could cause to the safety net health systems in our counties, and the Medi-Cal beneficiaries we serve. Thank you for your time and attention to this matter.

County Descriptions

Ventura County operates a Level II Trauma Center with 180 bed acute care hospital. The county also operates a 49-bed campus in Santa Paula and 18 Federally Qualified Health Centers (FQHCs), 7 urgent care centers for a total of 35 clinic locations including specialty clinics. San Mateo County operates a 105-bed acute hospital with an additional 32 skilled nursing beds along with five FQHC sites. Santa Barbara County operates 5 FQHCs and clinics at 3 homeless shelters. Monterey County operates a Level II Trauma Center with a 172-bed acute care hospital. The County operates 10 FQHCs, the D'Arrigo Family Specialty Clinic with over 15 specialties, and Natividad Medical Group. Santa Cruz County operates three FQHCs, and through the County Behavioral Health Division, provides the Specialty Mental Health care for Medi-Cal and other beneficiaries. The County is also home to the newly-formed

Pajaro Valley Health Care District, which is the court-approved buyer for the Watsonville Community Hospital.

Approximately 6,000 Medi-Cal enrollees in Ventura are Kaiser members through a subcontract with Gold Coast. The Ventura County health system currently serves 40-45% of Medi-Cal enrollees and 100% of foster youth. San Mateo serves about 50% of the Medi-Cal enrollees in the county where Health Plan of San Mateo has delegated about 11,000 of their 150,000 Medi-Cal beneficiaries to Kaiser. CenCal Health in Santa Barbara County is responsible for 146,243, or 88% of the total Medi-Cal Population in the county. The Monterey County health system currently serves 40-45% of the County's Medi-Cal managed care enrollees and 100% of foster care youth. The Federally Qualified Health Centers operated by the County of Santa Cruz serve 13,100 Medi-Cal beneficiaries or 18% of the county's Medi-Cal managed care enrollees. Partnership HealthPlan in Sonoma covers 122,373 Medi-Cal beneficiaries with 26,088 delegated to Kaiser.

Sincerely,

 <p>Carmen Ramirez, Chair Ventura County Board of Supervisors</p>	<p>Mary L. Adams, Chair Monterey County Board of Supervisors</p>
 <p>Don Horsley, President San Mateo County Board of Supervisors</p>	<p>Manu Koenig, Chair Santa Cruz County Board of Supervisors</p>
<p>Joan Hartmann, Chair Santa Barbara County Board of Supervisors</p>	 <p>James Gore, Chair Sonoma County Board of Supervisors</p>

<p>Angel Barajas, Chair Yolo County Board of Supervisors</p> <p>Bruce Gibson, Chair San Luis Obispo Board of Supervisors</p>	<p>Rosemarie Smallcombe, Chair Mariposa County Board of Supervisors</p> <p>Bea Gonzales, Chair San Benito Board of Supervisors</p>
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- cc: Members and Consultants, Assembly Budget Subcommittee No. 1
Members and Consultants, Senate Budget & Fiscal Review Subcommittee No. 3
Michelle Baass, Director, Department of Health Care Services
Richard Figueroa, Deputy Cabinet Secretary, Governor’s Office

