County of Los Angeles
CHIEF EXECUTIVE OFFICE
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WILLIAM T FUJIOKA
Chief Executive Officer

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Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

December 10, 2012

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM : William T Fujioka
Chief Executive Officer

REPORT BACK ON HEALTH CARE REFORM IMPLEMENATION

As instructed by the Board on December 4, 2012, this is to provide a brief report on 1) the County's legislative advocacy team, and 2) the CEO's cross-departmental and administrative task force, both of which are being created to support and expedite the County's efforts to successfully implement health care reform.

Legislative Advocacy Team

As directed by the Board, the County's legislative advocacy team, headed by Burt Margolin, will work directly with the Board to: 1) preserve 1991 Realignment funding for indigent health care; 2) provide direct advocacy with members of the Legislature and the Administration regarding strategies for maintaining the County's health care safety net; and 3) ensure that the County is at the table in discussions on the development of health care reform legislation.

Working directly with the Board, the legislative advocacy team will build upon the foundation established by the legislative workgroup convened in November 2011 to prepare for health reform implementation deliberations by the State Legislature. This group is chaired by Burt Margolin, the County's principal health reform legislative strategist. Mr. Margolin will use this same structure in the ongoing effort to advocate on behalf of the County.

In April 2012, the legislative workgroup developed the County's Principles for Implementation of Health Reform in California, which lays out guiding principles and advocacy objectives on health care reform for the County of Los Angeles. In August 2012, Governor Brown announced his intent to call a Special Legislative Session on Health Care Reform. Upon this announcement, the legislative workgroup worked directly with Board offices to prepare a letter outlining the County's critical role as the primary safety net provider for uninsured persons and the need to preserve funding for this population. The letter, signed by Board Chairman Supervisor Yaroslavsky, was transmitted to the Governor on October 15, 2012, with copies to the Legislative leadership and members of the County's Legislative delegation (Attachment I). The Governor is expected to officially call a Special Session to order in January 2013.

Task Force for Health Reform

As mentioned in Dr. Katz's December 4, 2012 presentation to the Board, DHS's success in implementing health reform involves not only focused efforts within DHS and its community partners on multiple levels, but also a substantial coordinated effort from many County participants. The CEO has been working with DHS and the County Departments of Mental Health, Public Health, Public Social Services, and Community and Senior Services to integrate services that materially contribute to the success of implementing health reform. Many of these cross-departmental efforts are underway and are highlighted in quarterly briefings with Board deputies on all aspects of health reform implementation.

In addition, the CEO has been working with DHR and County Counsel to expedite a variety of administrative decisions that are required for successful implementation. To continue this effort to focus the coordination among County departments, and expedite a variety of administrative decisions, the CEO and Director of Health Services propose to create a Task Force for Health Reform. This Task Force will include representatives from each of the County departments mentioned above, as well as dedicated representatives from administrative departments overseeing classification and compensation, hiring, employee relations, and contracting. This Task Force for Health Reform will be led by a person jointly selected by the CEO and Dr. Katz. The Task Force lead will work closely with both the CEO and Dr. Katz to expedite integration of services among five County departments, and will facilitate and expedite administrative functions and decision-making required to successfully implement health reform.

Signature Board Letter

As directed by your Board, this office prepared a five-signature letter to Governor Brown expressing the County's commitment to continue to work with the Administration and the Legislature to ensure the successful implementation of health care reform and to express your Board's concern regarding diversion of any County health funds, in particular, 1991 Realignment funding (Attachment II). This letter has been transmitted to the Governor, with copies to the County's Legislative delegation.

Next Steps

In order to immediately engage the Administration and the Legislature in advance of the upcoming Special Session on Health Reform, the Legislative Advocacy lead will contact each Board office this week to discuss the County's legislative strategy.

As part of the broader effort to maintain ongoing communication with the Board on every aspect of health reform implementation, the Legislative Advocacy Lead will provide a weekly report at the Legislative Working Group meeting. This meeting will be open to all Board and departmental staff and provide an update on legislative action. In addition, the lead will be available to meet with each Board member as requested.

WTF:BC
RA:aec
Attachments

c: Health Services
Mental Health
Public Health

Attachment 1

COUNTY OF LOS ANGELES
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SACHI A. HAMAI
EXECUTIVE OFFICER

October 15, 2012

Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, California 95814

Dear Governor Brown:

SPECIAL SESSION ON HEALTH CARE REFORM

As you prepare to call the Legislature into Special Session in December 2012, to continue its work on implementation of the Federal Patient Protections and Affordability Care Act (ACA) in California, Los Angeles County looks forward to working with you to maximize coverage expansion and to ensuring the viability of our safety net delivery system. Los Angeles County appreciates the major accomplishments that your Administration has achieved in this last legislative session related to implementation of the ACA in California, including the definition of essential health benefits and reforming California's individual health insurance market. However, there remain significant and outstanding legislative issues of high priority to the County that remain unresolved. We need your help in the Special Session to ensure that county health systems are given the tools needed to restructure and expand the capacity to meet the growing health care demands of both the newly insured and residually uninsured populations.

As you know, Los Angeles County, like other counties, has historically served as the primary safety net provider to our uninsured population. Currently, there are approximately 2.2 million uninsured persons living in Los Angeles County. While many stand to gain health coverage under the ACA, many will remain ineligible or will continue to remain reliant on our County's health system. It is imperative that any discussion related to health reform implementation recognize that counties will always have a significant role in the future of healthcare delivery. In order to effectively transition to health reform in 2014, Los Angeles County needs to have these critical issues addressed in any reform bill passed during the Special Session:

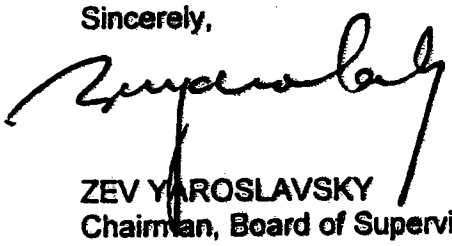
1. **Creation of a Basic Health Plan.** As you know, on January 1, 2014, Californians will be able to purchase health insurance through the Exchange, many of whom will be eligible for Federal subsidizes to obtain coverage for themselves and their families. Unfortunately, even with the subsidies provided through the Exchange, coverage will still be too expensive for those who hover just above the poverty line, in some cases costing up to ten percent of their income, which is likely to be unaffordable. Without a Basic Health Plan, many patients will opt to have no benefits and providers will receive no payments. By contrast, the UC Berkeley Labor Center and UCLA Center for Health Policy Research estimates up to 120,000 additional Californians would obtain insurance under a Basic Health Plan. The Special Session is an opportunity for the Legislature to take a second look at the Basic Health Plan and to pass legislation to create this program which would strengthen the State's efforts to maximize coverage under the ACA.

2. **Preserving the Health Safety Net and 1991 Realignment Funding.** We must continue to work together to ensure that California takes full advantage of Medicaid coverage expansion under the ACA, and that we do not intentionally or unintentionally erode health care access. A recent joint UC Berkeley-UCLA study estimates that roughly 1.7 million indigent Californians will remain uninsured in 2019. Los Angeles County currently operates the second largest health system in the nation, and we remain committed to being the provider of choice for covered individuals, as well as those who will continue to be uninsured. Los Angeles County will be unable to remain an effective safety net provider for residually uninsured populations if local, state and federal governments do not commit to ensuring that health care safety net funding, such as 1991 Realignment Health Fund revenue, is responsibly maintained for these populations.

3. **Preservation of Care for Coverage Expansion Populations.** Los Angeles County has enrolled over 210,000 County uninsured, low-income residents into our Low Income Health Program (LIHP), known as Healthy Way LA (HWLA). We expect to enroll even greater numbers of participants during the remaining fifteen months of the program. We will continue to work closely with both the State and Federal Administrations to ensure a smooth transition of these patients into the Medi-Cal Program, while ensuring the protection of the existing patient-provider relationships, and avoiding the unnecessary disruption of care.

Los Angeles County needs your commitment to work with us to address these concerns in the Special Session. We have attached the County's guiding principles for health care reform for your consideration.

Sincerely,



ZEV YAROSLAVSKY
Chairman, Board of Supervisors

Attachment

c: The Honorable Darrell Steinberg, President Pro Tem, California State Senate
The Honorable John Pérez, Speaker, California State Assembly
Los Angeles County Legislative Delegation
Diana Dooley, Secretary, California Health and Human Services Agency

Attachment

LOS ANGELES COUNTY

Principles for Implementation of Health Reform in California
April 2012

In order to effectively transition California into health reform, Los Angeles County supports a robust implementation of health reform in California that maximizes coverage expansion, and uses existing safety net delivery systems and initiatives under the 2010 California Medicaid Waiver.

Eligibility, Enrollment and Coverage

California must expand coverage to the fullest extent allowed under the Federal Affordable Care Act (ACA), and must not erode existing coverage.

The health coverage enrollment and renewal processes should be as simple as possible to administer and for clients to use and access.

The enrollment and renewal process must be simplified and coordinated with existing programs such as CalFresh, and must continue to use county human services agencies to administer initial and ongoing Medi-Cal eligibility, including the Los Angeles County LEADER system and other county automation consortia, and ensure interfaces with the Exchange are built.

California must expand and enhance data matching to minimize paper verifications and decrease processing time.

Delivery System

Coverage expansion in California should be built upon the traditional delivery systems used by the Medi-Cal and uninsured such as the Two-Plan Model and safety net providers.

California must incorporate the Low-Income Health Plans created under the 2010 California Medicaid Waiver into the new delivery systems created under the ACA.

California must include incentives for providers to deliver high-quality, coordinated, integrated, and cost-effective care across all levels of health care delivery.

California must ensure the coverage expansion includes mechanisms that protect existing patient-provider relationships from unnecessary disruption and ensure continuity of care.

Benefits

California must create comprehensive benefits to the fullest extent allowed under the Federal Affordable Care Act (ACA), including the mental health and substance abuse services, without eroding previously implemented Federal Medicaid options.

California must advocate for maintaining the Prevention and Public Health Fund, recognizing that health improvement results from investments in population health efforts and not just medical care.

Financing

Safety net systems must continue to be funded so that services to populations not covered by the ACA can be maintained.

The State must take full advantage of opportunities under ACA to maximize revenues such as opting into enhanced benefits, and special payments and incentives for innovation and quality.

Attachment II

COUNTY OF LOS ANGELES
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SACHI A. HAMAI
EXECUTIVE OFFICER

December 6, 2012

Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Brown:

We are writing to underscore Los Angeles County's commitment to continue working with your Administration and the Legislature to ensure successful implementation of the Federal Patient Protections and Affordable Care Act (ACA) in California and, within that context, to strongly emphasize the need to preserve county health funds, with a priority on 1991 Realignment funding, which are vital for the County to maintain a safety net system that serves over 10 million residents, including 2.2 million uninsured individuals.

We are very concerned that the State is exploring the diversion of county health funds as early as January 2014. We firmly believe this would be extremely premature because a number of critical issues need to be addressed before any diversion of funds is considered. Since the potential impact of implementation of the ACA is unknown at this time, and given the Federal Government's commitment to reimburse 100 percent of the cost of providing Medicaid to newly eligible individuals for the first three years of the ACA, any diversion or reallocation of funds from county health care delivery systems prior to a full assessment and understanding of the short and long-term impacts of the ACA is not reasonable.

Any diversion would not only undermine the existing county health care infrastructure which the State will rely on to serve the expanded Medi-Cal and other publicly insured populations, but could jeopardize our ability to serve the population that will continue to lack health care coverage.

As you are aware, Los Angeles County operates the largest health care system in the State and the second largest system in the nation. Despite the implementation of the ACA, the County will continue to provide health care for indigent individuals pursuant to Section 17000 of the Welfare and Institutions Code. In fact, a recent joint UC Berkeley-UCLA study estimates that up to 4.0 million Californians will remain uninsured by 2019, of which approximately 1.3 million individuals will reside in Los Angeles County.

The financial stability of our health system is important not only because we are an essential Medi-Cal provider, but because our health system provides critical services to the entire Los Angeles County population. We are the backbone of the trauma care system. Our specialty health care services are an invaluable resource to the community and our hospitals train generation after generation of the finest doctors in the nation.

Los Angeles County will play an absolutely central role in the implementation of the ACA. We write to respectfully remind you that the 1991 Realignment funding is critical to maintaining the effectiveness of the County's health care safety net for all County residents, insured and uninsured alike.

We remain committed to working with you and the Legislature to successfully implement the ACA and respectfully request that the 1991 Realignment funding, and other important health care funding streams, be preserved to ensure that Los Angeles and other counties throughout the State continue to serve the health care needs of our communities during this period of major system transformation.

Sincerely,

MARK RIDLEY-THOMAS
Chairman, Board of Supervisors

GLORIA MOLINA
Supervisor, First District

ZEV YAROSLAVSKY
Supervisor, Third District

DON KNABE
Supervisor, Fourth District

MICHAEL D. ANTONOVICH
Supervisor, Fifth District

c: The Honorable John A. Pérez, Speaker of the Assembly
The Honorable Darrell S. Steinberg, Senate President pro Tempore