MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: TOM ARCHER, HUMAN SERVICES DIRECTOR
FROM: MARGIE WILLIAMS, CLERK OF THE BOARD

SUBJECT: RCRC's JPA - CMSP

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA,

ADOPTED THIS Order on October 12, 1993

ACTION AND VOTE:

11:22 a.m. Discussion with Staff from Regional Council of Rural Counties (RCRC) Concerning the Following RCRC Joint Exercise of Powers Agreements: (Baggett)

B) Recommendation that the County Not Participate in County Medical Services Program (CMSP) Joint Powers Authority, at this Time (Human Services Director

BOARD ACTION: Marcia Basque/RCRC and Larry Byrd provided input. Tom Archer/Human Services Director, provided input and advised that they will try to have someone attend the upcoming meeting on this issue. (M)Baggett, (S)Parker, Res. 93-529 adopted authorizing participation in this JPA, with County's costs to be $700.00/Ayes: Unanimous. County Administrative Officer to come back with funding source.

cc: Mike Coffield, County Administrative Officer
    Evelyn Billings, Auditor
    File
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4-25-95

ATTENTION TO JANET:

As far as this Department is aware a Joint Powers Authority has not been formed and it is our understanding that this issue has died and we are not aware of any plans to revive it at this time.

Diane
October 5, 1993

To: Honorable Members of the Board of Supervisors

From: Tom Archer

Subject: CMSP - RCRC Proposal

This report is respectfully submitted pursuant to a presentation to the Board by representatives from the Regional Council of Rural Counties on October 12, 1993. Mariposa County Department of Human Services staff determines eligibility for CMSP services but the department has no role in administering the CMSP program itself or involvement in program cost issues. We have monitored and tried to keep informed on CMSP developments this past year as a means of serving the County’s interest in this evolving very important area.

Background: In 1983 the State legislature shifted responsibility for indigent medical services from the State to Counties along with various revenue sources to pay for the programs. Counties with fewer than 300,000 population were permitted to contract back with the State for administration of the program and received their portion of revenues (Medically Indigent Services Block Grant, AB8 Public Health Funds, and State General Funds) as a group. The State continues to administer the program for these County Medical Services Program (CMSP) Counties and has governance authority over the programs with input from the Counties through the Small Counties Advisory Committee (SCAC). Until 1992/93 the State’s contribution to funding the program was unlimited and Counties relied on the State for any program deficits. In 1991 realignment substantially changed how Counties received revenues from the State for CMSP with sales tax and motor vehicle fees replacing the block grant and public health funds. In 1992/93 the State capped its contribution for CMSP at $20 million dollars and the Counties are now responsible for any future program deficits. Benefit reductions were implemented in 1992/93 when a program deficit was projected. The program finished that year with a 4.4 million surplus and is anticipating a small surplus for this year as well. Deficits are projected for future years with potential additional costs to Counties unless effective cost containment strategies are
implemented. CMSP currently serves 35,000 beneficiaries and expenditures for 1993/94 are projected at 122 million. Since the State is no longer "at risk" for future program deficits it has been proposed that the responsibility for administration and program decisions should be changed to participant counties rather than the State. The CMSP Small Counties Advisory Committee has been engaged in discussion of these issues this past year and commissioned a study several months ago to evaluate alternatives to and identify opportunities for restructuring the current program. This Study prepared by William M. Mercer, Incorporated was released as a final report to the Small County Advisory Committee Task Force on August 16, 1993 and contains over 90 pages of analysis and recommendations. The Mercer report recommends, among other things, that participant Counties continue to work together in a pooled risk program and that the structure of CMSP be changed to give Counties more responsibility for governance and program administration. (Attachment "A") A Small Counties Advisory Committee task force has been working on these recommendations and submitted a "Proposal For CMSP Governance" to the SCAC meeting October 1, 1993 (see Attachment "B"). This proposal was referred back for continued study and refinement but continues to be the principal initiative of the SCAC in response to recommendations contained in the Mercer report. Additional action on these recommendations are expected in December.

Regional Council of Rural Counties.

In anticipation of the financial risks facing Counties subsequent to the State capping its participation the Regional Council of Rural Counties (RCRC) took the initiative in seeking proposals for cost containment strategies that would help control costs for participating Counties. In July the CMSP Special Committee of RCRC unanimously selected Benefit and Risk Management Systems (BRMS), a Sacramento firm with experience in rural areas of California to implement a program for Counties willing to participate in a Joint Powers Agreement. (JPA) (See Attachment "C" and Attachment "D")

The RCRC Joint Powers Agreement is not a proposal for restructuring and governance of CMSP but rather an attempt to implement a strategy for cost containment through BRMS services which include such programs as utilization review and casemanagement for catastrophic medical cases. (See Attachment "C") This managed care service accessed through the JPA is presented as compatible with participating Counties remaining in the CMSP risk pool with administrative fees paid to BRMS through savings realized in medical program costs and claim costs savings accruing to the entire CMSP pool. The initial participation fee for joining the CMSP JPA is $700.00 which is to cover start up expenses RCRC has incurred in developing the program. It appears that future expenses are to be shared by the JPA Counties but it is anticipated these expenses would be covered by program savings.
Discussion:

Some form of managed care option such as the one proposed by RCRC appears to be essential to any effective approach to containing medical costs for Counties. There also appears to be an advantage for rural Counties to affiliate with a larger group for accessing professional managed care and other cost containment strategies which may not be otherwise possible for a small independent County to develop or obtain. A JPA is a valid, often valuable, instrument for achieving mutually advantageous goals. The RCRC proposal appears to be compatible with at least a portion of the recommendations contained in the Mercer Report especially if the new CMSP governance and management anticipated to be in place in the coming months encourages multiple local solutions to cost containment issues. RCRC should be commended for its initiative in looking at this issue head on and trying to secure the best possible services for rural Counties. On the other hand, the CMSP Small County Advisory Committee has expressed various concerns regarding the RCRC proposal. While it is beyond the scope of this report to evaluate these concerns it appears that some issues are narrowly technical while others are more central to the entire proposal concept, e.g. what effect on local health care for the medically indigent would result from imposing additional restrictions on medical providers through casemanagement and other programs for Counties that are already medically underserved? Would Counties incur individual liability through the W&I Code for some cases excluded from CMSP by a managed process? Dr. Peter Abbott indicated at the SCDC meeting on August 27, 1993 that more time was required to more fully review the proposal and suggested that 6 months was a more realistic time frame for implementation. The SCAC voted 6-1 at that meeting to authorize exploratory discussions between Dr. Abbott and RCRC to see if the RCRC proposal fits with the Mercer findings. This dialogue continued at the October 1st SCAC meeting with evaluation and refinement of the proposal still proceeding. It seems important that any outstanding issues between SCAC and RCRC be resolved and a better understanding of the direction of CMSP concerning future governance, structure, and management issues be in place before major commitments are made to less than full group initiatives.
Recommendations:

1. Evaluate the feasibility of participation in the RCRC JPA for containment of health care costs and be prepared to enter into such an agreement as soon as it is determined that it is in Mariposa County's interest to do so and that it is compatible with future CMSP structure and governance.

2. Continue participation in and monitor developments in the SCAC with regard to CMSP governance, management strategies and recommendations to member Counties for cost containment solutions within their respective jurisdictions.

I hope this report and attached documents assists the Board in considering these issues. Department Staff and I are available to participate in future deliberation in any way that may benefit our County. Thank you for the opportunity to prepare these comments and for your continued support of our efforts.