HEALTH CARE FOR THE INDIGENT

SUMMARY

Health care for the poor in Orange County is provided in a number of different ways, and frequently these ways are not doing the job of providing necessary medical services. The county is currently providing emergency or life saving care in its Medical Services for Indigents Program (MSI), which is the focus of this report. The plans to integrate MSI into the successful CalOPTIMA Program of managed care have been stalled because the County requires it be done at no additional expense. The clients in these two programs have different needs, and it is difficult to see how quality care can be provided to the MSI population without more money. MSI patients usually seek care only when they become seriously ill, as routine care involving physical exams and health maintenance is not available to them. The care for each incident is more costly than for the clients seen under CalOPTIMA. Reimbursement for services provided to MSI patients is inadequate—sometimes less than 50%—and the clinics, hospitals and consortiums charge off the short fall routinely. The costs of pharmaceuticals are continually escalating and increasing the short fall dramatically. This creates an issue of great concern when addressing the cost for care of the MSI population. The Grand Jury suggests that the services to MSI patients be reviewed. It is also recommends that a working plan for the integration of MSI and CalOPTIMA be adequately funded and initiated immediately.

INTRODUCTION AND PURPOSE

The *California Welfare and Institutions Code* §17000 reads: "Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospitals or other state or private institutions." Early in its current term, it was suggested to the Grand Jury that the programs concerning County-provided health care should be studied. The focus of this report is to evaluate the current system of providing reasonable health care for the qualified indigent population of Orange County. In this report the indigent population will be defined as qualified individuals or families living below the United States poverty level guidelines. (See Exhibit A.)

METHOD OF STUDY

A variety of interviews was held, and several presentations attended in order to gather data relevant to health care for the indigent in Orange County. These included the following:

- Health Care Council of Orange County
- Orange County Social Services Agency
- Orange County Health Care Agency
- CalOPTIMA Agency
- Coalition of Orange County Community Medical Clinics
- Orange County Medical Association
- Orange County Officials
  In addition five community clinics were visited and personnel interviewed.

BACKGROUND

If one is ill and indigent in Orange County, there are ways and places to obtain medical care; but frequently the efforts needed to find the care, complete the forms and qualify turn away all but the most determined.
Health care is currently available in several ways:

- Independent community clinics, of which there are about fifteen. (Exhibit B.)
- Participating emergency rooms under contract with the county providers, such as established HMOs and coalitions of medical providers/hospital groups. Primary medical care, or non-emergency care, is available at the clinics. Secondary care, or referrals for specialized care, is also available at some of the clinics and hospitals, but there are only four tertiary care providers where all three services may be available. They are:
  - The University of California at Irvine Medical Center (UCIMC)
  - Hoag Hospital
  - Children's Hospital of Orange County (CHOC) and
  - St. Joseph's Hospital.

The services at these locations are paid for when possible by the patient and are supplemented with funds coming from three programs: CalOPTIMA, (a managed care program for County Medi-Cal patients), Medical Services for Indigents, (MSI), and Medi-Cal, (the State of California program.)

CalOPTIMA partially replaced Medi-Cal services in 1995 in Orange County, as part of a state mandate to shift urban poor to managed care. CalOPTIMA, an ambitious project, contracts with approximately 19 existing medical providers, doctors and

community clinics, and established HMOs in order to manage benefits for around 200,000 Orange County members. The program was developed with the expectation that the County's MSI program would be integrated into the CalOPTIMA Program, thus providing a safety net of health care for qualified indigent citizens of Orange County. This has not happened.

MSI, considered a program of last resort, covers necessary medical services for Orange County residents age 21 through 64 years who have no other resources for medical care and do not qualify for Medi-Cal. Medical services may be found in about 27 locations in the county but are strictly limited to care which protects life, prevents significant disability and serious deterioration of health. MSI does not cover:

- referral services for chronic conditions
- elective surgeries for chronic conditions
- pregnancy related services (covered by Medi-Cal)
- extended or long term care
- adult day care services
- acupuncture, chiropractic, optometry, or podiatry services
- hearing aids and eyeglasses
- routine physical examinations
- non-emergency medical transportation

Problems that patients encounter in trying to access care are:

- limited availability of services: the time of day and even what days of the week the facilities are open.
- appropriateness of services: (e.g., earaches do not belong in the emergency room.)
- long delays between time of application and notification of approval or denial of benefits and whether client must pay a share of the cost for benefits. Turn around time averages three to six weeks, long after required treatment is provided. By regulation, the county has 45 days to process the application.
- location of services: changes occur and are confusing to patients.
- applications for benefits must be made every six months.
- logistical obstacles such as work schedules, lack of childcare and transportation.
- bureaucratic procedures: such as long lines and complex intake forms, which frequently consist of eight pages and require assistance to complete.

Because the differences between CalOPTIMA and MSI are numerous, the challenge to integrate them is immense. The medical dollars spent on patients in the CalOPTIMA system are not even closely matched by MSI. To provide the same level of care will require more funds. The MSI population, estimated to be anywhere from 15,000 to 30,000, will cost the county over $42 million in the fiscal year 1998-1999. There is

concern about whether this amount will provide quality care with the CalOPTIMA agency for the same patients.

FUNDING

County health funding is primarily a function of federal, state and some county monies. The match required to receive the state and federal funds determines most county contributions. The federal government supplies the Medicare program for seniors aged 65 years and older, and the Healthy Families Program. Table 1, County Health Funding and Spending, details the spending and revenue dollars from both the state and county sources. Figures for four representative counties in California are shown. A caveat, these figures are only approximate, and conflicts occur between various sources. Consistent numbers were elusive. The County General Fund supplies funds to the Health Care Agency (Table II) and supplements revenue from the state. The dollar amount fell after the bankruptcy, but is inching upward in an effort to meet the need.

Two very different health systems for the uninsured indigent exist in California: counties, which are "public providers", and those which are "public payers". Public providers rely on public hospitals and clinics supported and operated by the county to provide care. They include counties such as Los Angeles and San Francisco Counties. They cover both uninsured adults and children in their programs. Public payer counties include Orange and San Diego Counties, and they cover primarily uninsured adults by relying on private providers.

Funding for county health in public payer counties is much lower than in public provider counties. The main reason is that direct federal and state payments bypass the payer county and go directly to the private hospitals, clinics and doctors who provide the eligible care. Funding is also based on past performance of spending patterns by the Board of Supervisors. A one-time equity "catch-up" occurred when realignment revenues were increased to payer counties that included Orange and San Diego.

Realignment funds are legislated and come from the State Controller's Office. They may be spent on the uninsured health care, public health or for Medi-Cal shortfalls or for any other county health care program. Proposition 99 revenues must be spent only on health care for the uninsured. This money comes from tobacco settlements.

INSURANCE

The statistics on individuals without health insurance coverage are alarming and not improving. In the State of California there are close to seven million citizens without health insurance, or one in four under the age of 65 years. Many cannot afford health insurance, but without it they cannot afford to pay for medical care. Medicare is offered for those over 65 years and over, Medi-Cal for pregnant women and the Healthy Families Program to take care of children.

More than 80% of the employed either are not offered insurance by their employer, or they cannot afford it if it is. The annual average premium is about $150.00 a month for a family of four, or $1,800.00 a year. One third of the employed uninsured have family income under the federal poverty level. (See Exhibit A) Extrapolating from these figures, there is a need for health care for about 425,000 Orange County citizens.

TABLE I
COUNTY HEALTH FUNDING AND SPENDING
(4 counties only for comparison)
1995-96 Fiscal Year

	Los Angeles	San Francisco	San Diego	Orange
SPENDING				
County Health Care Spending	$1,997 million	$417 million	$98 million	$72 million
County Spending on Uninsured	730 million	49 million	47 million	46 million
County Spending per Uninsured	281	377	73	97
Spending Uninsured per Patient (Unduplicated)	915	765	529	621
REVENUES				
Realignment	$375 million	$72 million	$64 million	$64 million
Prop. 99	73 million	9 million	9 million	8 million
Uninsured Spending as % Prop. 99 and Realignment	163%	60%	65%	64%
County Match	$160 million	$60 million	$17 million	$21 million
SB 855 All Hospitals	$368 million	$24 million	$30 million	$42 million
POPULATIONS				
Unduplicated Patients Total Uninsured	797,000	65,000	89,000	74,000
Total and Percent Uninsured County Population	2.6 million (30%)	130,000 (19%)	645,000 (27%)	476,000 (19%)
Percent Uninsured Served by County System	31%	50%	14%	16%
Total County Medi-Cal	1,761,009 (19%)	76,741 (10%)	329,000 (12%)	263,000 (10%)
Total County Pop. Under 65 Years	8.7 million	668,000	2.3 million	2.5 million

Figures are approximate
Clinics, Counties and the Uninsured February, 1999, Lucien Wulsin, etal

Table II
Local Dollars From County General Fund to Health Care Agency
(Based on 2.7 Million Population)
FISCAL YEARS

Period	Amount
Before Bankruptcy	$40.5 million
After Bankruptcy (to 1997)	$28.5 million
1998	$29.7 million
1999 (proposed)	$32.4 million

CalOPTIMA Merger

CalOPTIMA presented in 1998 a request for an incremental approach for integrating the MSI program over the next five years. This was done in response to the County Health Care Agency's request for proposal. The County asked for a plan that would enhance services for the MSI population without incurring additional costs. CalOPTIMA's goals in absorbing the MSI program included:

1. Evaluate cost/benefit of managed care for MSI patients, which include answering questions concerning the effectiveness of care without the broader primary care services, and how to establish a capitation rate for MSI patients. A capitation rate is a maximum dollar figure, per patient, per month.
2. Improve MSI Program funding.
3. Maintain quality status of the current MSI program until solutions are found.
4. Complement without jeopardizing the existing CalOPTIMA program.

A pilot program was suggested focusing on a particular geographic location with a limited enrollment of 1,000 patients. Patients not enrolled in the pilot would continue to receive services under the current MSI program.

The CalOPTIMA proposal included capitation costs of $20.00 a month, for administrative fees. The rate for CalOPTIMA patients is currently about $14.50 for children and up to a maximum of $40.00 for disabled, seriously ill adults. MSI currently pays 60% of the Medi-Cal rate for reimbursement for services. CalOPTIMA also asked for a five-year contract with a yearly review at which time it could opt out. Additional funds were requested for the first year and a guaranteed method of annual increases. These stipulations were unacceptable to the Health Care Agency, which sent the proposal back for revision in December 1998. It has been suggested that the County may put the MSI program out for bid to a private contractor if an agreement cannot be reached.

Orange County does not have one of the 22 county supported hospitals belonging to the California Association of Public Hospitals and Health Systems in the State of California. The expense of a county hospital is a burden for any community as medical technology increases and costs of care and medicine continue to escalate. Community clinics and hospital consortiums have tried to provide necessary medical care without adequate financial help. Reimbursement is provided, when applicable, by MSI. However, the reimbursement fails, sometimes by 50% or more, to cover actual costs to the provider. (See Exhibit C.) Medications have become a large problem for everyone. As drugs grew more effective for a wider range of illnesses, they also became more expensive. In 1997, the last year for which there are complete statistics, prescription drug spending grew by 14.1% in contrast to the 4.l8% growth in overall health spending, according to the Health Care Financing Administration. The care provider organizations are forced to spend a great deal of time fund raising, writing grant proposals or absorbing the costs of providing care to indigent citizens. They depend on the generosity of Orange County citizens who are not traditionally generous; in fact, they are very close to the bottom of any state or national list, in percent of income devoted to charity.

There is a general feeling that Orange County is wealthy and poverty here is negligible. In fact, polls show many citizens believe that the only poor are illegal aliens,

which has proved to be false. For obvious reasons this population as a rule does not apply for medical care. The combination of these factors makes the struggle for existence a daily battle for care providers. It will be difficult to change public attitudes regarding these issues. There has been traditionally a reluctance to spend public dollars for health care and social services for vulnerable populations such as immigrants, ethnic minorities, the poor and the uninsured.

FINDINGS

Under *California Penal Code* Sections 933 and 933.05, responses are required to all findings. The 1998–99 Orange County Grand Jury has arrived at 4 major findings. A response to all six findings is required from **Health Care Agency**.

1. The under-funded MSI program is not meeting the challenges of providing reasonable health care for the uninsured, indigent citizens of Orange County. For example, follow-up care is missing for most episodic and chronic MSI patients. This is in addition to the extended long-term care that is absent.
2. Quality medical care cannot be provided without increasing the dollar amount, which is now spent on MSI patients, as their care needs are initially greater than the CalOPTIMA patients.
3. The reimbursement from the MSI program to the clinics, hospitals and consortiums is inadequate, especially in the area of needed pharmaceuticals.
4. Processing delays of applications for care present problems for both the patients and the care providers.

RECOMMENDATIONS

In accordance with *California Penal Code* Sections 933 and 933.05, each recommendation must be responded to by the government entity to which it is addressed. A response to all four recommendations is required from **Health Care Agency**. These responses are submitted to the Presiding Judge of the Superior Court. Based on the findings, the 1998–99 Orange County Grand Jury recommends that the Health Care Agency:

1. Review the services provided to MSI patients.
2. Develop a working plan for the integration of MSI and CalOPTIMA that is adequately funded and initiated immediately.
3. Review the costs of medicines in the current plans with the goal of consolidating pharmaceutical needs to achieve significant discounts from the pharmaceutical companies.
4. Correct processing delays in the approval of benefits and simplify the applications for benefits immediately.

COMMENDATION

The 1998-99 Orange County Grand Jury wishes to commend the community clinics of Orange County that continue to provide medical care for the indigent in spite of severe economic hardships. The 1998-99 Orange County Grand Jury also wishes to commend the Health Care Agency for doing a valiant job in overseeing the MSI Program in spite of all the Administrative changes it has undergone within the last two years.

BIBLIOGRAPHY

CalOPTIMA Presentation to the Orange County Grand Jury-Human Services Committee. August 24, 1998 Prepared by CalOPTIMA Agency Staff.

Medical Services Program Statistics Fiscal Years 1993-94 through 1995-96, County of Orange Health Care Agency.

MSI revised April 29, 1998 County of Orange Health Care Agency.

Coalition of Orange County Community Clinics 1998 Member List August 29, 1998 prepared under the direction of Coalition Staff.

CHIPing Away at the Problem of Uninsured Children: Why Children Lack Health Insurance September 1998 New State Children's Health Insurance Program published in HSP Research Report Issue #1.

General Health Care Information for California and Specific Health Care Information for Orange County August 1998. Orange County Health Care Agency.

1997 Annual Report 1998 The Huntington Beach Community Clinic.

Action Plan to Repair the Safety Net of Health Care Services April 1998 Health Care Council of Orange County.

Summary of Community Benefits Plans Prepared by Orange County Hospitals Under SP 697 February 1998 Health Care Council of Orange County.

Ensuring the Safety Net: Where Do We Stand, and Where Do We Go From Here? 1998 Elizabeth Phillips, PhD.

Health Assessment: Orange County Health Status Report Card 1998 Document No HARC Santa Ana CA, County of Orange Health Care Agency OPRP.

County of Orange: Health Care Agency Strategic Plan FY 97/99 Office of Policy Research and Planning.

Clinics, Counties and the Uninsured February 1999 Lucien Wulsin, Jr., Sepi Djaraheri, Jan Frates and Ari Shofet.

PRESENTATIONS AND INTERVIEWS

July 31 1998 Interview with Health Care Council of Orange County

August 10 1998 Presentation at Family Self Sufficiency Agency and Welfare to Work, or CalWORKS

August 10 1998 Interview with Health Care Agency

August 12 1998 Interview with Medical Services Department of MSI program for Indigents, corrections (jails) and the emergency medical system

August 17, 1998 Presentation by Emergency Medical Services

August 24, 1998 Presentation by CalOPTIMA

August 26, 2998 Interview with the Coalition of Orange County Medical Clinics

August 26, 1998 Presentation by Health Care Council of Orange County.

August 26, 1998 Interview with Orange County Medical Association

August 31 1998 Interview with Environmental Health, Health Care Agency of Orange County

August 31, 1998 Interview with Health Care Association of Southern California

December 9, 1998 Interview with Social Services Agency

December 9, 1998 Interview with Health Care Agency

December 9 1998 Interview with Social Services Agency

December 22, 1998 Interview with County Executive Office of Orange County.

February 23, 1998 Interview with Health Care Agency

COMMUNITY CLINICS VISITED

Huntington Beach Community Clinic Huntington Beach

La Amistad Clinic, City of Orange

Lestonnac Clinic, City of Orange

Share-Our-Selves, City of Costa Mesa

UCI Clinic, City of Santa Ana

EXHIBIT A

FEDERAL INCOME POVERTY LEVELS—APRIL 1 1998

Number of persons in family unit	Annual income	Monthly income
1	$8,050	$671
2	10,850	904
3	13,650	1,137
4	16,450	1,371
5	19,250	1,604
6	22,050	1,837
7	24,850	2,071
8	27,650	2,304

SOURCE: STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY, DEPARTMENT OF HEALTH SERVICES

EXHIBIT B

MEDICAL SERVICES FOR INDIGENTS IN ORANGE COUNTY

MEDICAL SERVICES KEY

1. Children's Health Disabilities Program
2. Prenatal
3. Pediatrics (Sick)
4. Gynecology
5. Physicals
6. Chronic Care
7. Immunizations
8. Dental
9. Mental Health
10. Breast Cancer Early Detection
11. Family Planning

1. Mission Hospital Camino Health Center
   33081 Calle Perfecto Suite A
   San Juan Capistrano
   (949) 240-2272
   Hours: 8–6 M, W, F
   8–9 T, Th
   8–5, Sat.

Service key: 2, 3, 4, 5, 6, 7, 8, 9, 10, 11

2. Children's Hospital of Orange County
   406 South Main Street
   Santa Ana
   (714) 558-8811
   Hours:.8:30–6, M—F

Service key: 2, 4, 6, 8

3. Gary Center
   341 Hillcrest Street
   La Habra
   (562) 691-3263
   Hours: 8–8, M—Th
   8–4, F
   8–2, Sat.

Service key: 1, 8, 9, 10

4. Huntington Beach Community Clinic
   8041 Newman Avenue
   Huntington Beach
   (714) 847-4222
   Hours: 9–6, M—Th
   9–5 F
   8–4 Sat.

Service key: 2, 3, 4, 5, 6, 7, 8, 10, 11

5. La Amistad
   353 S. Main Street
   Orange
   (714) 771-8252
   Hours: 8–5, M—F

Service key: 2, 3, 4, 5, 6, 7, 8, 9, 11

6. Laguna Beach Community Clinic
   362 3rd Avenue
   Laguna Beach
   (949) 494-0761
   Hours: 8–5, M—Th
   8–12, F

Service key: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11

7. Lestonnac Free Clinic
   1215 East Chapman Avenue
   Orange
   (714) 633-4600
   Hours: 9–5, T—F
   9–1, Sat.

Service key: 3,4,7,8,9

8. Nhan Hoa Comprehensive Health Care
   14221 Euclid Street, Suite H
   Garden Grove
   (714) 539-9999
   Hours: 9–6, M—F
   9–1, Sat.

Service key: 2, 4, 5, 6, 7, 8, 11

9. Sierra Health Center
1815 West Avenue, Suite E–G
Fullerton
(714) 870-0717
Hours: 9–5, M—F
Service key: 1 2, 3, 4, 5, 6, 7, 8, 11

10. St. Jude Medical Center Mobile Health Clinic
101 East Valencia Mesa Drive
Fullerton
(714) 446-7084
Hours: 8 a.m., M—Th
Service key: 2, 3, 4, 5, 7, 8

11. Share Our Selves Free Clinic
1550 Superior Avenue
Costa Mesa
(949) 650-0640
Hours: 3:30 p.m., M—W
5:30 p.m., T—Th
7:30 a. m. F
Service key: 4, 5, 7, 8, 9, 11

12. Planned Parenthood Clinics
six offices in Anaheim, 714-956-2002
Orange, 714-633-4550,
Garden Grove, 714-891-0955
Santa Ana, 714-973-1727
Costa Mesa, 949-548-8830
Mission Viejo, 949-768-3643
Call for location and hours
Service key: 11, 3, 5

13. UCI Anaheim
300 West Carl Karcher
Anaheim
(714) 456-5100
Hours: 8–5:30, M—F
Service key: 1, 2, 3, 4, 5, 6, 7, 8

14. UCI Santa Ana
800 North Main Street
Santa Ana
(714) 456-7002
Hours: 8–5, M—F
Service key: 1, 2, 3, 4, 5, 6, 7, 8, 11

15. HRAP Free Health Plan
2209 South Main Street
Santa Ana
(714) 668-1750
Hours: 9–5, M—F Call First
Service key: 1, 2, 3, 4, 5, 6, 7, 8

16. Vietnamese Community Health Center of Orange County
5015 West Edinger, Suites K–L
Santa Ana
(714) 418-2040
Hours: 9–6, M—F
10–2, Sat.
Service key: 1, 4, 6, 7, 8

EXHIBIT C
ONE CLINIC—1997
MSI ACTIVITY

MSI Patient charges billable to MSI	$56,913
MSI Patient charges not billable	$23,306
Total MSI Patient Charges	**$80,219**
Revenue collected from MSI	$34,617
Total Uncompensated Care	**$45,602**