

July 13, 2004

Board of Supervisors
Courthouse
Stockton, California

Dear Board Members:

SAN JOAQUIN GENERAL HOSPITAL INDIGENT PROGRAM
SCOPE OF MEDICAL SERVICES POLICY

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt the newly developed Indigent Program Scope of Medical Services Policy, effectively September 1, 2004 (attached).

1.

REASON FOR RECOMMENDATION:

There is no policy defining the scope of medical care that the County will provide pursuant to §17000 of the California Welfare and Institutions Code (WIC). Without such a policy, there is no standard for providing care to the indigent population of San Joaquin County, potentially resulting in unequal access and inconsistent treatment. This new policy will define what medical services are provided by the County Medically Indigent Program and what services are not.

Discussion

California counties have an obligation to provide health care to qualified indigent patients who lack other health care coverage. The counties' statutory obligation to provide health care to indigents has not undergone any meaningful change since 1931.

In 1971, the California legislature assumed responsibility for the health care of indigent adults under Medi-Cal, the state's version of the federal Medicaid program. California used state funds to provide Medi-Cal benefits to indigents ineligible for federal assistance under the Medicaid program. In 1983, the state terminated Medi-Cal coverage for the indigents, returning the obligation for their care to the counties. The state apportioned some funds to the counties to assist them in meeting their health care obligations to the poor, but these funds were not sufficient to pay for the full costs of county indigent care obligations. The county remains liable for the costs of medical

care for indigents that are not funded from other sources. The increasing costs have placed additional burden on counties to better manage the program in order to operate within the available resources.

In the years following the state's turnover of responsibility for the indigents to the counties, various counties filed administrative claims and lawsuits against the state under Article XIII B (requires state legislature to reimburse local governments whenever the state mandates a new program or a higher level of services), requesting reimbursement for the full cost of providing care to the indigent population.

In 1991, the state legislature resolved these disputes through enactment of realignment legislation. Under realignment, the state shifted billions in state revenues to the counties, including vehicle license fees and state sales taxes. In return, the counties assumed full financial responsibility for a range of health care programs, including mental health, substance abuse and indigent health care.

Under Welfare and Institutions Code §17000, California's counties have an obligation to "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."

The Board of Supervisors in each California county can determine how it will fulfill its obligation to provide medical services to medically indigent adults. There have been significant changes in medical practices, economic factors, and federal and state laws that affect the management of an indigent health care plan. In addition there are no formal policy guidelines and criteria to determine what medical services will be provided. The result has been an informal expansion of the services provided.

Given SJGH's current fiscal constraints, hospital medical staff and management have developed the proposed scope of service to be prudent in the County's delivery of services to those that SJGH is responsible for providing care by making certain that we provide appropriate care under published guidelines. This policy is one of many steps necessary to help achieve fiscal stability of San Joaquin General Hospital.

The scope of service is also consistent with guidelines being developed by peer hospitals in consultation with California Association of Public Hospitals, the National Association of Public Hospitals, California Healthcare Association and other industry organizations.

The scope of services has been reviewed and endorsed by the SJGH Medical Staff and Health Plan of San Joaquin Leadership, who were actively involved in its development.

FISCAL IMPACT:

According to the audited financial statements for the fiscal year ended, the estimated costs and expenses incurred to provide free care totaled \$44,904,604. It is difficult to estimate what the actual cost savings would be from the implementation of this proposed policy, however, it is expected to be significant.

ACTION TO BE TAKEN FOLLOWING APPROVAL:

Once approved, the policy will be fully implemented.

Sincerely,

Kenneth B. Cohen, Interim Director
Health Care Services

KBC:AMM

cc: Auditor-Controller
Clerk of the Board for Agenda xx/xx/04