

## Affordable Care Act Impact - San Joaquin County

The Affordable Care Act (ACA) has dramatically increased the revenue from Medicaid (Medi-Cal in California), significantly lowered County costs, and expanded access to patients seeking services within the County health care system. California is one of thirty-one states plus the District of Columbia that adopted Medicaid expansion to childless adults. The Federal government provided 100 percent of costs for this population for the first two years, phasing down to 90 percent by 2020.

Medicaid now provides health care coverage to 40% of San Joaquin County residents, nearly 300,000 individuals (2016 County population: 733,383). Of these enrollees, 73,773 became newly eligible under ACA expansion. If federal payments for this optional expansion are repealed and California ends the program, these enrollees would become uninsured.

For County providers- San Joaquin General Hospital, San Joaquin County Clinics (the County Federally Qualified Health Centers -Look Alike) and San Joaquin County Behavioral Health Services, the Medicaid Expansion (MCE) to childless adults has been the most significant and positive change. This population had previously been considered indigent under California statute, and is typically very low income (under 200% of the Federal Poverty Level), homeless or housing insecure, and disconnected from preventive services or the health care system, accessing it only episodically- and most expensively –in hospital emergency departments, crisis mental health services, or in jail. The expanded health care delivery infrastructure and population served by MCE is most in jeopardy with any repeal or (unknown) replacement of the ACA.

### Impact of ACA/Current Law provisions on San Joaquin County health care system:

- Reduction in provision for bad debt at the County-owned San Joaquin General Hospital (SJGH) of more than **\$25.9 million in 2016 compared to 2014**
- Reduction of indigent and self-pay patients at SJGH from **24.5% in July 2013 to 3.3% in July 2016**
- Reduction in County General Fund subsidy to SJGH from \$11.6 million in FY 2013-14 to \$2.1 million in FY 16-17
- Reduction of indigent and self-pay patients at San Joaquin County Family Medicine and Primary Care Clinics (SJCC) **from 64% in 2013 to less than 3% in 2016**
- Increased primary care visits at SJCC from 85,000 in 2013 to over 100,000 in 2016
- Provides funding for proposed expansion of services to new FQHC-LAL clinic sites in Manteca and South Stockton
- Increased mental health services from \$2.8 million (6-month) to \$9.3 million (12-month), 2014 v. 2015-16
  - Accounted for 34% of Mental Health Medi-Cal billings in 2015-16
- Increased substance abuse services from \$623,000(6-month) to \$4.3 million (12-month), 2014 v. 2015-16
  - Accounted for 58% of Drug Medi-Cal billings in 2015-16
- Ensures eligible inmates exiting the County jail have access to mental and physical health services
- Allows Medi-Cal claims for services to County inmates admitted to inpatient facilities, psychiatric and medical.

Closely related to the financial status of SJGH and the level of County subsidy is the existing State mandate under Welfare and Institution Code (WIC) Section 17000. Since 1991, the State of California has provided revenue through sales taxes and motor vehicle fees to offset the cost of this mandate to serve the indigent. Prior to the implementation of the ACA, County residents could not find health insurance due to pre-existing conditions, or could not afford it. San Joaquin County residents have rates of heart disease, stroke and diabetes that are among the highest in the State of California; the health care burden on the residents and on the safety net system is substantial. However, due to the success of the ACA, the State enacted legislation (AB 85) and significantly reduced these funds as the County no longer has the previous burden of indigent care under W&I 17000. Repeal of the ACA should require a reallocation of funds away from the State and back to the counties. The Central Valley rarely sees an equitable distribution of State funds.

The County health care system has also benefited from supplemental funding derived from 1115 Medicaid Waivers. SJGH in 2010-2015 received \$91.2 million in Delivery System Reform Incentive Payments (DSRIP) and between 2015 and 2020 will receive \$88.6 million in Public Hospital Redesign and Incentives Medi-Cal (PRIME) funding. Without these

additional supplemental funds SJGH could not have invested so significantly in deferred maintenance, capital, information technology, expanding access and quality initiatives, purchasing equipment and hiring personnel to support the County's only trauma center. Without the ACA and supplemental funding, it is likely the County would have examined closing SJGH.

The County Behavioral Health Services is considering implementing the Drug Medi-Cal Organized Delivery System Waiver to expand drug treatment services to the population served by the Medicaid Expansion. Like much of the country, San Joaquin County is experiencing a dramatic increase in opioid addiction. These expanded services will save lives. But without Medi-Cal to offset the costs, this expansion would be fiscally unsustainable by the County.

One alternative to the ACA being considered is to provide block grants to states. Although this provides some ability to decentralize and tailor services in each state, block grants only have three mechanisms for controlling costs:

- Reduce reimbursement to providers. It is San Joaquin County's experience that reimbursement reductions translates to fewer providers who will agree to treat Medicaid beneficiaries, limiting access and driving patients to costly hospital emergency departments for access to care;
- Reduce benefits or narrowing the scope of services the program will provide;
- Reduce eligibility or limiting which populations, age groups, income levels will qualify for coverage.

Each of these cost controls negatively impact county health care providers who must provide care at less than cost, or provide necessary services that are not covered, or serve more individuals who have little health care coverage or without any coverage at all. Block grants will create an incentive for the State to protect the General Fund, perhaps at the expense of counties. Additional costs for the State will lead to the elimination of recently expanded and much needed adult dental services and health care for undocumented children.

Repeal of the ACA will negatively impact eligibility and services for current enrollees, who are the patients and clients we serve and re-establish the burden on the County to offer these services. The significant health needs of those served by the ACA will be impacted. In addition, Medicaid has a growing obligation to provide relief to Medicare beneficiaries and to the Medicare program for low income disabled persons and seniors. Approximately 40 percent of Medicaid spending is for low-income Medicare beneficiaries.

The ACA and the Medicaid Expansion has provided significant financial relief or San Joaquin County, and for private providers in our community. All providers and hospitals have expanded services to serve the newly covered population. If the ACA were repealed and no viable replacement is offered to retain coverage, all health care providers will roll back these expansions. The UC Berkeley Labor Center anticipates 4,000 jobs will be lost in San Joaquin County alone due to the repeal of the ACA.

In addition to the benefits seen in the public sphere, Californians with employer coverage or in the individual market also gained significant coverage enhancements from the ACA, including:

- An end to annual and lifetime limits
- Young adults covered until age 26
- Free preventive care
- No discrimination based on pre-existing conditions, which ensures coverage and avoids an additional burden on the public health care system.
- Tax credits available to help pay for coverage: 1,239,893 moderate- and middle-income Californians receive tax credits averaging \$309 per month; over 22,000 in San Joaquin County.

The ACA has had a marked benefit on the San Joaquin County health care system and on our patients. We are concerned that a repeal without a replacement which ensures adequate coverage for low income residents and affordable health care for all will lead us back to an unsustainable and unpredictable future where services will be pulled back, where expansion cannot be continued and where the health burden of our residents falls back on a system that does not have the financial resources to treat or cure them.