Ready, Set, Enroll

November 2014 Update

Early Returns: The Impact of Coverage Expansion on Payer Mix, Demand for Services, Access and Patient Expectations at California Community Health Centers

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Introduction

During the first ten months of coverage expansion under the Affordable Care Act (ACA), California was very successful in extending health insurance coverage to millions of residents. As of October 2014, an estimated 2.7 million Californians had newly enrolled into Medi-Cal and 1.14 million residents had enrolled in a Covered California health plan and paid their premiums.

Community health centers (CHCs) played a central role in enrolling many low-income Californians into health insurance coverage and have also become the primary care medical homes for many of the newly insured. In this update we assess the early impact of coverage expansion on community health centers as service providers for many of the newly insured low-income residents in California. Through interviews with CHCs representing the diverse regions and communities of California and regional clinic consortia representing CHCs in large urban areas, we address four specific questions:

- **Payer Mix.** To what degree has coverage expansion shifted the insurance payer mix at CHCs?
- **Demand.** How has coverage expansion affected demand for services, and what steps have CHCs taken to accommodate changes in demand?
- **Access.** How has coverage expansion impacted access to care for newly insured residents?
- **Patient Expectations.** How, if at all, have service expectations and utilization shifted among newly insured patients at CHCs?

Seven community health centers and three regional clinic consortia participated in interviews, including: Salud Para La Gente (Watsonville); Shasta Community Health Center (Redding); Asian Health Services (Oakland); Valley Community Healthcare (North Hollywood); Clinica Sierra Vista (Kern, Fresno and Inyo Counties); Santa Rosa Community Health Centers (Santa Rosa); Ravenswood Community Health Center (East Palo Alto); Community Clinic Association of Los Angeles (Los Angeles County); Alameda Health Consortium (Alameda County), and; San Francisco Community Clinic Consortium (San Francisco County).

Funded by Blue Shield of California Foundation, this brief is the third of four quarterly updates describing enrollment trends, California policy and implementation issues, enrollment, and service experiences among California CHCs during the ACA coverage transition. All of the reports can be found at pachealth.org. Information about Blue Shield of California Foundation can be found at blueshieldcafoundation.org.

California Enrollment Trends

As of October 2014, there were 1.14 million Californians who had enrolled in a Covered California health plan and paid premiums. Between January and October 2014, another 2.7 million Californians had newly enrolled into Medi-Cal. Some additional facts about enrollment during the first ten months of coverage expansion include the following:

Covered California Enrollment and Retention. Eighty-one percent of the 1.4 million individuals that completed an application and selected a health plan also paid their first premium. Of those individuals that enrolled and paid their first premium, 150,000, or 1.6%, subsequently dis-enrolled from coverage.[i] The dis-enrollment rate is lower than projected by Covered California.

Covered California Special Enrollment Period. During "special enrollment" periods following open enrollment individuals can enroll into a Covered California health plan if they experience a qualifying life event, such as loss of health insurance, marriage, birth/death in the household or gain legal residence/citizenship, among other reasons. During the 2014 special enrollment period another 200,000 individuals have completed applications and selected a Covered California health plan.[ii] However, total enrollment in Covered California has remained relatively stable because of a similar level of disenrollment from the program.

Projections for 2014-15 Open Enrollment. In addition to supporting renewal applications for residents who gained insurance coverage in 2014, Covered California expects an additional surge in Covered California applications during the 2014-15 open enrollment period that begins on November 15, 2014. Covered California has projected that enrollment in Covered California health plans will grow by 510,000, or 43%, by the end of the 2014-15 open enrollment period.[iii]

Medi-Cal Enrollment. According to the Department of Health Care Services (DHCS), Medi-Cal enrollment increased from 8.6 million in December 2013 to 11.3 million in October 2014.[iv] This represents about a 31% increase in Medi-Cal enrollment since December 2013.[v] Another 175,000 applications are also pending approval. Between December 2013 and August 2014, enrollment in the Medi-Cal managed care plans similarly increased by 31% from 6.03 million to 7.94 million. Also, though individuals may enroll in Medi-Cal at any time during the year, there is a general expectation that the marketing and visibility of the Covered California open enrollment period will spur another surge in Medi-Cal applications[vi].

Certified Enrollment Counselors. As of September 2014 there were 6,023 Certified Enrollment Counselors (CECs) in California[vii]. CECs played an important role in moving uninsured residents into coverage, particularly low-income residents. Of the nearly 340,000 individuals who enrolled with the help of a CEC, 68%, or about 230,000, were enrolled into Medi-Cal[viii].

Role of Community Health Centers in Enrollment. CECs at community health centers were an essential component of the CEC workforce. In fact, the top five Covered California Certified Enrollment Entities (CEEs) in California were community health centers or regional clinic consortia[ix].

Impact of Coverage Expansion on Community Health Centers

This section describes the year to date experiences related to changes in demand, access and coverage among the seven interviewed CHCs and three regional clinic consortia. Broadly, findings highlight an evolving service, access and financial landscape for CHCs and their patients. Interview respondents were asked to describe how coverage expansion under the Affordable Care Act (ACA) has impacted patient demand and service expectations, access to care and insurance coverage status of their patients. Key findings include the following:

- Most interviewed CHCs reported meaningful increases in the number of patients insured by Medi-Cal with parallel decreases in uninsured patients. Four of seven CHC respondents reported a 10% or greater increase in the number of patients covered by Medi-Cal with parallel decreases in the number of uninsured patients. The number of privately insured patients, however, has not increased as a result of Covered California and actually decreased at some interviewed CHCs.

- Growth in number of patients seeking care at CHCs has varied depending on local primary care capacity and the degree to which uninsured patients were engaged in primary care before coverage expansion. Three of seven CHC respondents reported a 10% or greater increase in number of patients served, whereas others reported growth of 5% or less.

- For various reasons, most interviewed CHCs have not yet seen notable increases in primary care utilization by newly insured patients. They did, however, report more proactive use of services not traditionally provided at many CHCs, such as specialty services.

- CHCs have actively sought to expand primary care capacity through a range of strategies, including facility expansion, clinical workflow improvements and other innovative approaches. This remains a central priority and challenge for many CHCs going forward.

- Newly insured patients are having challenges accessing specialty care services in both Medi-Cal and Covered California plans after gaining coverage.

Insurance Payer Mix

Interview respondents were asked to describe how payer mix had changed at their facilities between the calendar year 2013 and 2014 year to date. Efforts to move uninsured residents into coverage, and particularly Medi-Cal coverage, presented a major opportunity for CHCs to decrease the number of uninsured patients and visits at their health centers.

Meaningful Increases in Medi-Cal. Nearly all respondents noted meaningful increases in the number of patients covered by Medi-Cal. Four of seven CHC respondents reported a 10% or greater increase in the number of their patients covered by Medi-Cal, with most reporting that monthly Medi-Cal visits had increased by one-third or more. For example, one CHC that serves a predominantly adult population shared that 60% of 2014 patients had Medi-Cal compared to just 30% in 2013. Another CHC that serves Latino families, women and children in Northern California, reported a more modest growth in the number of patients with Medi-Cal from 58% in 2013 to 66% in 2014 year to date.

Parallel Decreases in Uninsured. Not surprisingly, CHC respondents reported parallel decreases in the number of uninsured patients utilizing the sliding fee scale to access services. Four of seven CHC respondents noted that the number of uninsured patients at their facilities had decreased by 50% or more.

No Change in Private Insurance. Although CHCs assisted thousands of uninsured residents in obtaining subsidized/unsubsidized insurance through Covered California, most CHC respondents shared that the proportion of their patients with private insurance either remained the same or even decreased slightly. In addition to the fact that most CHC patients are low-income and therefore eligible for Medi-Cal, other factors appear to have contributed to this trend. Respondents highlighted challenges in contracting with plans and credentialing providers, low reimbursement rates and, most importantly, significant demand from new Medi-Cal enrollees. Some CHCs stated that they are only open to Covered California members who are current patients. Those CHCs that did report increases in private insurance typically had a larger proportion of existing patients that became eligible for Covered California.

Demand for Services and Patient Expectations

Mixed Growth in Number of Patients Served. Interview respondents reported varying impacts on the number of patients seeking care at their facilities. Whereas two of the seven CHC respondents reported no change in the number of patients served, three respondents reported a greater than 10% increase in the number of patients served, while the other two respondents saw more moderate increases of less than 5%. Consortia respondents noted a similar range among their CHC membership.

According to most respondents, the vast majority of newly insured patients were existing CHC patients. This was particularly true in those communities that had robust Low Income Health Programs (LIHP) prior to coverage expansion. Those CHCs that did experience significant growth highlighted a number of important local factors, such as a high proportion of previously unserved residents in their community or a lack of other providers in their community to accept new Medi-Cal assignments. According to one CHC in a rural northern California county, Medi-Cal managed care expansion coincided with the ACA coverage expansion and they received double the anticipated Medi-Cal managed care assignments. This included many newly assigned patients that have not yet accessed care. A clinic consortia reported that Medi-Cal assignments to their member CHCs had increased by 60% between December 2013 and September 2014 (consisting of current and new patients).

Limited Changes in Primary Care Utilization by Current Patients. Although still early, nearly all interview respondents shared the impression that primary care utilization among existing patients did *not* increase after they gained insurance. Most attributed this to the fact that patients already had affordable access to primary care, but others noted challenges getting newly assigned Medi-Cal patients to come for well visits and establish a medical home relationship.

Increased Specialty, Ancillary and ER Utilization by Current Patients. Most respondents did, however, note anecdotal feedback from providers and staff that patients were more actively seeking needed specialty services after gaining coverage. Stated one respondent, “I think because we had [the local Low Income Health Program] we have experienced just a small increase in [primary care] demand. Where demand has increased is in the need for specialty services.” Even those respondents in counties with comprehensive LIHP or indigent programs highlighted more active use of specialty services by newly insured patients.

Respondents in some communities also shared the perception that emergency room (ER) utilization had also increased. Respondents attributed this to the fact that many newly insured lack primary care relationships but are familiar with the ER. Remarked one respondent, "I have heard anecdotally from our health plan that ER visits are increasing. Folks are using their same methods to access care but doing it more now because now they don't have to pay. We are promoting for folks to come in and do their well visits here."

Few Changes in Patient Expectations. Interview respondents were asked to describe anecdotally any changes in patient service or access expectations after gaining insurance coverage. Overall, CHC respondents reported little or no changes in patient expectations after gaining coverage. Some respondents noted that they expected to learn more as they complete patient satisfaction/experience surveys by the end of the calendar year. However, two respondents noted some changes in expectations among patients that enrolled in a Covered California plan. Remarked one respondent, "There is definitely an expectation that they should be seen quicker. That's something that we are trying to respond to. It's about the biggest complaint among our [Covered California] patients. I think the other biggest complaint is the whole issue of deductibles and copays."

> "I think because we had [the local Low Income Health Program] we have experienced just a small increase in patient demand. Where demand has increased is in the need for specialty services."

Access to Care

Expanded Capacity to Meet Demand. Five of seven CHC respondents reported either no change or minor increases in wait times for primary care appointments. According to respondents, increases in appointment wait times have been somewhat mitigated by aggressive efforts to expand capacity. This includes expanding/adding new sites (three of seven respondents), expanding capacity at existing sites, streamlining workflows, investing in physician and/or mid-level residency/training (two of seven respondents) and experimenting with different clinic models. Respondents also indicated that finding innovative ways to expand capacity is an essential long-term goal.

All seven CHC respondents reported initiatives to improve clinical workflow and scheduling, and three respondents reported experimenting with new service models such as separating urgent and acute care from chronic and preventive care. Commented one respondent, "We are going to try to take urgent care out of our family practice sites and make them into more urgent, episodic facilities. It's a very challenging, and I don't think ideal, situation to mix episodic care with chronic care ... It makes the day very chaotic." Commented another, "We are also trying to figure out how we can pull preventive care and chronic care management off of the shoulders of our clinicians by using teams. It takes resources, training and time."

One CHC respondent reported a major increase in wait times due to the very large number of new Medi-Cal managed care assignments to their facilities. The one regional clinic consortia that reported major access challenges similarly reported a 60% increase in Medi-Cal assignments since December 2013.

"One of the most difficult things for both Covered California and Medi-Cal, is that [our patients] do have insurance but they don't have access to specialty care."

Poor Specialty Access in Medi-Cal and Covered California. Several respondents emphasized challenges in securing timely access to specialty care for patients in both Medi-Cal and Covered California. Stated one respondent, "One of the most difficult things for both Covered California and Medi-Cal is that [our patients] do have insurance but they don't have access to specialty care." Some respondents commented that prior specialty access challenges in Medi-Cal have been exacerbated by large enrollment growth and have encouraged more aggressive enforcement of access standards. In contrast, two CHC respondents in large public hospital counties noted that specialty access for former LIHP enrollees had improved after the Medi-Cal transition because of the opportunity to seek care with private specialists. Stated one respondent, "Under [LIHP] all specialty was at the County. Under Medi-Cal, specialty includes private specialists, and they have to adhere to [timely access] requirements. [Patients] get referrals much faster."

In addition, respondents characterized many Covered California plans as having very narrow networks. Shared one respondent, "The other set of circumstances that we are now hearing about is the very narrow networks ... We are struggling to get our Covered California patients into specialty and tertiary care."

Spotlight: Valley Community Healthcare

About Valley Community Healthcare

Valley Community Healthcare (VCH) is a federally qualified health center serving over 20,000 low-income residents in the North Hollywood area of Los Angeles County.

Accommodating Patient Growth

Beginning in 2013, VCH began an aggressive outreach and enrollment campaign to move uninsured residents into the Healthy Way LA (HWLA) matched program, the Low Income Health Program in Los Angeles, in preparation for Medi-Cal expansion. During the same period, VCH expanded their service capacity by adding exam rooms to existing facilities, hiring more providers and implementing a streamlined scheduling system. The combination of community outreach, added service capacity and a high level of unmet community need resulted in a more than 25% increase in patients served. The organization's CEO stated, "One of the interesting things that happened between December 2013 and March 2014 was that a lot of people were informed about the availability of health insurance – many came to us but didn't qualify for Medi-Cal or Covered California. We saw an increase in undocumented patients in that period as well." VCH is planning more capacity growth in the next year, including further expansion of its current site, the opening of a new site and expanded behavioral health staffing and service hours.

Growth in Medi-Cal

In addition to large growth in the number of patients served, VCH experienced a significant shift in payer mix. As a result of Medi-Cal expansion, the number of patients with Medi-Cal doubled from 30% to 60% with a similar decrease in the percentage of uninsured patients. According to the CEO, more than 9 in 10 new Medi-Cal enrollees administratively transitioned into the program from Healthy Way LA.

In contrast, VCH has not seen major changes in the percentage of privately insured patients that they serve. They are responsible for about 300 Covered California patients, nearly all of who were existing patients on the sliding fee scale, who received enrollment support and elected to stay on as patients.

Shifts in Patient Access and Utilization

Despite significant patient growth, VCH has not experienced increases in patient wait times and currently averages 5-10 days for non-urgent appointments. VCH attributes this to the increases in capacity made during the last two years.

Anecdotally, VCH reports minimal changes in primary care utilization among patients that gained Medi-Cal and were previously on the sliding fee scale or Healthy Way LA. They do report increased activity by patients, however, in seeking needed specialty care, which is now easier to access because of expanded provider networks. Previously, uninsured patients were limited to care at county facilities, but the Medi-Cal network includes private specialists and has facilitated much easier access to appointments.

About Shasta Community Health Center

Headquartered in Redding, Shasta Community Health Center (SCHC) serves over 37,000 patients at four health center sites in Shasta County. SCHC is the largest Medi-Cal provider in its service area.

Convergence of Medi-Cal Managed Care and Coverage Expansion

In 2014, SCHC was challenged to manage both Medi-Cal coverage expansion and transition from fee-for-service to managed care Medi-Cal. Shasta County became part of the Partnership HealthPlan of California (PHC) in November 2013. According to the organization's CEO, the combination of Medi-Cal enrollment growth and new Medi-Cal assignments increased the number of Medi-Cal patients in their practice from 20,000 to 27,500. Importantly this includes both existing SCHC patients that converted to Medi-Cal and new patients without prior utilization at their facilities. SCHC remains one of the few medical home options for Medi-Cal patients in Shasta County. Stated the CEO, "One of the complicating factors under managed care is that patients are assigned to a medical home. Their limited ability to shop around really has been constrained."

Severe Access Strains

As the main provider in a rural environment, SCHC has for many years struggled with recruiting and retaining enough providers to meet community demand. The Medi-Cal expansion and managed care transition have exacerbated already significant patient access challenges. Stated the CEO, "It has no doubt lengthened the time to get in ... For adults, depending on what their needs are, we have an urgent care department, but it usually fills up by mid-morning ... For [adult] routine care you are talking about 6-8 weeks."

In the short-term, SCHC has implemented strategies to manage patient demand, including limiting new Medi-Cal patients, restricting Covered California assignments to existing patients, and prioritizing access for different patient populations. As a result, care for adults is heavily focused on acute, rather than preventive needs. Commented the CEO, "We have a lot of folks enrolled in our [Medi-Cal] managed care program that have not yet seen us even though we have reached out to them … Our managed care plan is encouraging us to reach out more – if we didn't have such acute capacity demands we would."

For the long-term, SCHC is aggressively pursuing a range of innovative strategies to expand capacity. This includes facility expansion, major provider recruitment, experimenting with alternative models of care to accommodate acute/urgent versus chronic and preventive needs, expanded use of care teams, and investments in provider training programs. SCHC recently launched a family practice residency program, in addition to developing a Physician Assistant fellowship program that provides six months of on-site training.

Covered California Plan Challenges

SCHC, which estimates that less than 5,000 Shasta County residents are enrolled in a Covered California health plan, expressed concerns about the plans from both a patient and provider perspective. According to SCHC's CEO, Covered California health plan networks in Shasta County are extremely narrow and do not sufficiently represent a true network. He stated, "We have filed a complaint, [because] it doesn't represent a real network. Our concern is that they are selling a faulty product." Although they are contracted, SCHC has seen little motivation to participate aggressively in Covered California due to the fact that very few patients qualified, low reimbursement rates and overwhelming demand from new Medi-Cal payments. Currently, existing patients that enroll in Covered California can stay with SCHC, but they are accepting no new patients.

Conclusion

Early successes in expanding health insurance coverage for low-income Californians through Medi-Cal and Covered California has already initiated important shifts in the service, access and financial landscape for CHCs and their patients. Perspectives shared by interviewed CHC and regional clinic consortia leaders highlight several emerging issues and challenges for the safety net, including maintaining and expanding access to primary care in an environment of growing demand; ensuring adequate access to specialty and other non-primary care services for both Medi-Cal and Covered California patients; and facilitating meaningful primary care relationships for many newly insured patients who are unaware of the value of primary care or lack experience utilizing insurance products.

Increased proportions of patients enrolled in Medi-Cal and Covered California may better equip CHCs to invest thoughtfully in strategies to expand service capacity, patient access and quality. However, expanded enrollment of patients into insurance coverage also elevates their role in monitoring access to the full continuum of care, helping patients navigate care and coverage, and advocating for public and private insurance products to deliver meaningful access to care.

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[i] Covered California. "Individual Market Enrollment Report". Press Release, October 16, 2014. http://news.coveredca.com/p/covered-california-individual-market.html

[ii] Ibid.

[iii] Covered California. "Enrollment Forecast: Description and Key Assumptions". May 20, 2014

[iv] California Healthline. "Medi-Cal Enrollment Jumps to 11.3 Million". November 12, 2014.

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[vi] Department of Health Care Services. "Medi-Cal Managed Care Enrollment Reports". December 2013 and August 2014. http://www.dhcs.ca.gov/dataandstats/reports/Pages/MMCDMonthlyEnrollment.aspx

[vii] Covered California. Executive Director's Report, Board of Director's Meeting. September 18, 2014.

[viii] Covered California. Executive Director's Report, Board of Director's Meeting. May 22, 2014.

[ix] Covered California. "Top 150 Certified Enrollment Entity (CEE) Production: Data from October 1, 2013 – April 15, 2014". May 2014