

December 15, 2009

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

**SUBJECT: Approval of Article 6 of Chapter 3 Division 1 of the
Ventura County Ordinance Code to Create the County
Organized Health System (COHS) for Ventura County
per the Direction of the State**

**RECOMMENDATIONS:
On December 15, 2009:**

1. READ the attached ordinance (see Exhibit "1") related to establishing the County Organized Health System (COHS) for Ventura County in title only, waive further reading, and continue final adoption of the ordinance for two weeks;

On December 29, 2009:

2. ADOPT the attached ordinance (see Exhibit "1") to become effective 30 days thereafter;
3. Approve and authorize staff to advise stakeholder groups of the Board's action; and
4. Approve and authorize staff to begin the process for the submission of nominations for commission appointment from the various stakeholder groups.

FISCAL IMPACT:

The COHS will be separate entity from the County. Historically, implementation of Medi-Cal Managed Care within a county has lead to efficiencies in service delivery and administrative costs. This model has the lowest administrative costs and highest quality scores of any of the managed care models.

The local administrative control versus the State administered allows for improved response to provider issues, inquiries and operational/fiscal billing concerns. The COHS will be responsible for its own administrative costs as well as the Health Care costs of the Medi-Cal enrollees. Contracted healthcare providers i.e., hospitals, clinics

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Deputy Director
VCMC Ambulatory Care Administrator

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Ronald L. O'Halloran, MD
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Catherine Rodriguez
Deputy Director
Chief Financial Officer

Meloney Roy
Behavioral Health Director

Terrie Stanley
Deputy Director
Managed Care Director

and other health facilities that used to submit claims for fee-for-service to Medi-Cal at the State will now be processed and paid locally through the COHS.

Upon your Board's approval of this ordinance and establishment of the Ventura County Medi-Cal Managed Care Commission (Commission), the Commission may request to borrow funds from Ventura County for start-up and development costs of approximately \$2.5 million to \$3.5 million. If this funding is needed, this will be determined and voted on by the COHS Commission, which would enter into an agreement with the County, subject to Board of Supervisor approval. This is a process that has been done in other counties. The Health Care Agency has developed a claiming plan under the federal Medi-Cal Administrative Activities (MAA) to assist in the funding. The reimbursement will cover approximately 50% of the program planning and policy development costs and is anticipated to be received within six to twelve months from the time the claim is submitted.

DISCUSSION:

Background:

In FY 2005-06, the Governor of California signed into law a mandate for the expansion of managed care programs to deliver Medi-Cal services in thirteen (13) additional California counties including Ventura County. The state Department of Health Care Services gives the County Board of Supervisors the discretion to select the model of Medi-Cal managed care which it prefers, provided that the model is consistent with federal law. In order to have the option of selecting the COHS model, the County needed, and at your Board's direction, the Health Care Agency pursued and obtained, federal legislation enabling your Board to select this delivery model.

On June 2, 2009, your Board selected the COHS as the preferred model for managed Medi-Cal in Ventura County and authorized the Director of the Health Care Agency to proceed with its establishment. The COHS model is intended to improve access, provide the most local control for both the beneficiaries and the provider community, improve medical outcomes, increase efficiency, and provide for the continued financial viability of Medi-Cal within our county. Adopting an ordinance which will establish this entity is the next step in what has been a three year process to bring Medi-Cal managed care to Ventura County.

Formal Stakeholder Meetings:

In keeping with your Board's direction, the Health Care Agency convened a series of stakeholder meetings to receive input regarding the structure and development of the Medi-Cal Managed Care program. These meetings included updates and information along with open discussion regarding development of the Ventura County COHS. Meetings were held with the following groups:

- Clinicas Del Camino Real
- Senior leadership from all Ventura County hospitals
- Hospital Association of Southern California
- Beneficiary advocacy groups
- Physicians in both east and west Ventura County with the assistance of the Ventura County Medical Association
- Medi-Cal beneficiaries in Oxnard, Simi Valley, Camarillo and Santa Paula
- Kaiser representatives
- Medical directors of the HCA's County medical clinics
- VCMC medical staff
- Director and staff of the Ventura County Human Services Agency.

In these meetings we included our managed care consultant, Pacific Health Consulting Group. It became clear from the stakeholder process meetings that these groups have strong interest in the composition of the Commission and expressed their desire to be included in the process moving forward. There will be additional opportunities for further participation at committees/advisory boards once the COHS is operational.

Creation of the Governing Body:

The Ventura County Board of Supervisors will be responsible for appointing members to the Commission. The proposed ordinance sets forth the process and criteria for selection of members. The term of office for each member is four years, and members may serve multiple terms; however, some of the initial appointees will have two year terms so that succession is staggered and we are able to maintain an experienced number of board members on the Commission.

Appointment of Members to the Commission

Members of the Ventura County Medi-Cal Managed Care Commission (Commission) shall be appointed by a majority vote of the Board of Supervisors and shall consist of the following:

1. Three members shall be practicing physicians who serve a significant number of Ventura County Medi-Cal beneficiaries. One physician will be selected from a list with a minimum of three (3) nominees submitted by the Ventura County Medical Association, one selected from a list with a minimum of three (3) nominees submitted by Clinicas Del Camino Real and one selected from a list with a minimum of three (3) nominees submitted by the Ventura County Medical Center Executive Committee. (Physician Representatives)

2. Two members shall be representatives of Hospitals and Healthcare Systems operating within Ventura County and shall be selected from a list with a minimum of three (3) nominees submitted by the Hospital Association of Southern California. Nominees shall be from different Hospitals and Health Care Systems. The two appointed members shall not be affiliated with the same Hospital or Healthcare System. (Hospital/Healthcare System Representatives)
3. One member shall be a representative of the Ventura County Medical Center Health System and shall be selected from a list with a minimum of three (3) nominees submitted by the Ventura County Medical Center administration. (Ventura County Medical Center System Representative)
4. One member shall be the chief executive officer of Clinicas Del Camino Real or designee approved by the Ventura County Board of Supervisors. (Clinicas Del Camino Real Representative)
5. Two members of the Ventura County Board of Supervisors, nominated and selected by the Board. (Public Representatives)
6. One member shall be the Ventura County Health Care Agency Director or designee nominated by the Health Care Agency Director and approved by the Ventura County Board of Supervisors. (County Official)
7. One member shall be a Medi-Cal beneficiary and/or a representative of an advocacy organization that serves the Medi-Cal population and not otherwise represented on the Commission. This member shall be appointed from applications submitted to the Ventura County Executive Office after a posting of public notice for the open position. (Consumer Representatives)

The Ventura County Medi-Cal Managed Care Commission may also establish committees whose purpose will be beneficial in accomplishing the work of the Ventura County Medi-Cal Managed Care Commission. At a minimum there will also be both a beneficiary and a provider committee. Per the required contract with the state of California, there will also be a Quality and Utilization Committee comprised of the Medical Director and staff of the COHS as well as physicians representative of the health care issues being addressed. The details of these committees will be established in the by-laws once the COHS is operational. It is anticipated that they will meet quarterly, at a minimum, to make recommendations, review policy and programs that will assist in fulfillment of the organizational mission. Along with the Commission, they will form the foundation of the provider and beneficiary participation. Individuals who

serve on these committees will be representative of the broad spectrum of members, consumers and medical providers from Ventura County.

Appointments to the Beneficiary Advisory Committee are anticipated to consist of Medi-Cal beneficiaries or advocacy organizations representative of seniors, persons with special needs, persons with chronic medical conditions, persons with disabilities, foster children and representative from both the Ventura County Health Care and Human Services Agencies.

Appointments to the Provider Advisory Committee are anticipated to consist of allied health service providers, both physician and non-physician medical practitioners, clinics, long term care providers, hospitals, nurses, pharmacists, and representative from both the Ventura County Health Care and Human Services Agencies.

With the Board's passage of this ordinance, the process for the establishment of the Commission of the Ventura COHS shall be in place and allow for the creation of the COHS model for Ventura County. Once the Commission members are appointed, the COHS will begin negotiations with the state Department of Health Care Services on contract rates and requirements for the operation of the Ventura COHS. The state expects the Ventura COHS to be operational no later than October 2010.

It is important to note that the COHS Commission will be independent of, and operate separately from the county government, in a manner similar to water and transportation districts.

The Health Care Agency is appreciative of the input and support of the various community organizations and stakeholders involved in the development of the local Medi-Cal managed care system in Ventura County. As discussed previously, the COHS will provide for increased access and quality for County Medi-Cal recipients due to a single standard of care and publicly disclosed performance measures. The involvement of the local community, the transparency of program planning, policy development, and reporting, as well as public fiscal accountability, will ensure a focused and responsive local Medi-Cal Program for beneficiaries and health care providers.

With your Board's approval of this ordinance and continued support, the Health Care Agency looks forward to proceeding with the full implementation of the Ventura County COHS.

This letter has been reviewed by the County Executive Office, County Counsel, and the Auditor-Controller's Office. If you have any questions regarding this item, please call Terrie Stanley 677-5238.

A handwritten signature in blue ink, reading "Terrie Stanley", written over a horizontal line.

TERRIE STANLEY
Health Care Agency Deputy Director/
Managed Care Services

A handwritten signature in blue ink, reading "Michael Powers", written over a horizontal line.

MICHAEL POWERS
Health Care Agency Director
VCMC Administrator

Attachment: Exhibit 1, Ordinance