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Assembly  
California Legislature



**ASSEMBLY COMMITTEE ON HEALTH**  
DR. RICHARD PAN, CHAIR

## **How Health Care is Organized, State Role: Staff Comments**

### **Assemblymember Health Briefing Session**

Thursday, January 10, 2013

**Department of Insurance and Department of Managed Health Care (Health Insurance) – Teri Boughton, Chief Consultant**

- The Department of Managed Health Care (DMHC), led by Director Barnhart (appointed by Governor), regulates HMOs and few large PPOs (Anthem Blue Cross and Blue Shield). Its focus is prepaid health plan model where the plan agrees to provide or arrange for covered services in exchange for prepayment or capitation.
- 21.6 million Californians are in plans regulated by DMHC (55% commercial 45% public programs). DMHC regulates most of the group market (67% small group <50 employees, and 96% of the large group >50 employees) (Medi-Cal double counting of approximately 800,000)
- The California Department of Insurance (CDI), led by Insurance Commissioner Dave Jones, administers traditional insurance emphasizing insurer obligation to pay claims consistent with the policy. Focus is on assessing and monitoring the insurer's financial solvency, claims payment practices, and the insurer's adherence to the policy terms.
- 2.6 million Californians are in insurance regulated by CDI (100% commercial). CDI regulates the majority of the individual market (65%)

## **Department of Public Health – *Tanya Robinson-Taylor, Senior Consultant***

- The Department of Public Health is comprised of five centers and is charged with preventing disease, promoting health and responding to public health threats.
- The Center for Chronic Disease Prevention and Health Promotion focuses its efforts on healthy communities and the environmental factors that impact health such as increasing access to affordable nutritious foods, access to affordable and safe opportunities for physical activity, and ensuring that communities have clean air, soil and water.
- The Center for Health Care Quality (CHCQ) is responsible for regulating oversight of health facilities, health professionals, and clinical and public health laboratories. The Center's Licensing and Certification program is responsible for ensuring health care facilities comply with state laws and regulations. The licensing and certification program also oversees the certification of nurse assistants, home health aides, hemodialysis technicians, and licensing of nursing home administrators.
- Also under CHCQ is the Healthcare Associated Infections program which is responsible for improving care quality and patient safety through prevention of infections in health facilities.
- Additionally, CHCQ handles hospital seismic safety compliance in conjunction with the Office of Statewide Health Planning and Development.
- The Center for Family Health houses the Genetic Disease Screening Program, Genetic Disease Laboratory, the Maternal, Child and Adolescent Health Program and the WIC program.
- The Center for Infectious Diseases protects the public from the threat of preventable infectious diseases and assists those living with infectious diseases.
- The Center for Environmental Health administers programs that protect the public from unsafe drinking water and also handles the disposal of medical waste and low-level radioactive waste.

**Department of Health Care Services, Department of State Hospitals, Department of Public Health – Cassie Royce, Consultant**

- Primarily, I interact with the Department of Health Care Services, the Department of State Hospitals, and the Department of Public Health.
- The Department of Health Care Services oversees the provision of mental health and substance abuse treatment services to Medi-Cal beneficiaries.
- In California, mental health services are "carved out" or excluded from the services provided in Medi-Cal. Instead, county mental health departments cover medically necessary mental health services, such as assessments, intensive day treatment and rehab, residential treatment, crisis intervention, and targeted case management, among others.
- The Department of State Hospitals was created last year to enhance care, increase safety measures, and improve the fiscal management of the state's five mental hospitals: Napa, Metropolitan, Patton, Coalinga, and Atascadero. Collectively, these facilities house over 5,000 patients, 90% of whom come from jails, prisons, or criminal proceedings. I interact with the department on legislation that impacts these facilities.
- The Department of Public Health oversees, among other things, implementation of the California Retail Food Code, which is the state's body of law governing safety and sanitation requirements in retail food establishments, mainly restaurants. I work with the department on legislation affecting these laws.

## **Department of Consumer Affairs – Rosielyn Pulmano, Principal Consultant**

- Health care delivery depends on various healing arts practitioners that work together to serve the health care needs of Californians.
- Primarily, these are our physicians and surgeons, nurses, nurse practitioners, physician assistants, dentists, optometrists, dental hygienists, naturopathic doctors, acupuncturists, and physical therapists to name a few.
- These health care providers are all licensed or certified by board, bureaus, and committees within the Department of Consumer Affairs.
- For example, the Medical Board of California, the Board of Pharmacy, and Dental Board are responsible for ensuring competent practitioners through their licensing and enforcement functions.
- The main function of these boards is to protect the public which is codified in law.
- Appointments to these boards rest with the Governor, Speaker of the Assembly, and the Senate Rules Committee.
- These boards are special fund boards as they are sustained through licensing and renewal fees paid for by practitioners.
- The Assembly Business and Professions Committee has primary jurisdiction over these boards but there are certain issues with which we share jurisdiction.
- An important issue as we begin implementation of the ACA is whether we have sufficient supply of health care practitioners, primarily physicians and surgeons to care for an additional 3 – 5 million insured Californians. As a result, you will see several scope of practice bills this session.

## **Department of Health Care Services (Medi-Cal) – Marjorie Swartz, Principal Consultant**

- Primarily administered by the Department of Health Care Services
  - Medi-Cal (Medicaid program in California)
  - California Children’s Services Program (CCS)
  - Healthy Families (transition)
  - Other smaller programs such as Breast and Cervical Cancer Screening and Family Pact.
- The health, mental health, social services, some (but not all) licensing and public health departments are all under the Health and Human Services Agency.
- In recent years, mostly through the budget there have been significant reorganizations and realignments of these departments and programs and we're still in the middle of many of them.
- As a result of one of the earlier reorganizations, The Department of Health Care Services (DHCS) as we call it was separated off from the Public Health functions that Tanya and Cassie will tell you more about.
- At this time the primary function of DHCS is to serve as the “single state agency” that is designated to interact with the counterpart federal agency (called the Centers for Medicare and Medicaid Services (CMS)) and the director of DHCS – Toby Douglas is the State Medicaid Director.
- This is why he is named in many of the lawsuits you may hear about such as when providers sue over Medi-Cal provider rate cuts.
- In addition to the Medi-Cal expansion and eligibility and enrollment simplifications that are part of the ACA there are a number of ongoing initiatives in my area:
  - Transition of Healthy Families Program (was administered by the Managed Risk Medical Board) children to Medi-Cal.
  - A Medicaid 1115 waiver that includes mandatory enrollment of seniors and persons with disabilities in Medi-Cal managed care
  - Expansion of Medi-Cal managed care to 28 rural counties
  - Demonstration project to coordinate care for persons who are dually eligible for Medi-Cal and Medicare (Coordinated Care Initiative (CCI))
  - Elimination of Adult Day Health Services and transition to Community Based Adult Services.
  - Implementation of a 10% provider reimbursement rate cut.
  - Pilot projects in the CCS program.

## **Rural Health and Telehealth – Peter Anderson, Chief Consultant, Republican Caucus**

- According to the California State Rural Health Association, California's rural areas are chronically prone to workforce shortages in every economic sector, particularly among healthcare professionals.
- 45% of rural Californians live in regions designated as Primary Care Health Professional Shortage areas (California Program on Access to Care).
- 2/3 of California shortage areas are rural (UCSF)
- The shortage of healthcare workers prevails not only because few physicians wish to work in rural areas, but also because California's medical graduate students are leaving the state at higher rates than out-of-state or foreign students are entering.
- According to the Council on Graduate Medical Education, 25 of California's 58 counties have a less than adequate supply of physicians. Over 50% percent of the twenty-five affected counties are rural. In addition, rural hospitals have fewer nurses, beds and specialists for comparable numbers of residents than urban areas.
- Only 33 of 359 California hospitals are located in rural areas.
- There are 935 residents per doctor in rural California vs. 460 residents per doctor in urban California (Center for Disease Control).

Telehealth is a mode of delivering health care services and public health using information and communication technologies that enable the diagnosis, consultation, treatment, education, care management, and self-management of patients. It includes telemedicine, which is the diagnosis and treatment of illness or injury, and telehealth services can range from diagnosis, treatment, assessment, monitoring, communications, and education.

Currently, telehealth services are primarily delivered in three ways:

- Video conferencing, which is used for real-time patient-provider consultations, provider-to-provider discussions, and language translation services;
- Patient monitoring, in which electronic devices transmit patient health information to health care providers; and
- Store and forward technologies, which electronically transmit pre-recorded videos and digital images, such as X-rays, video clips, and photos, between primary care providers and medical specialists.

Telehealth is commonly used to address the problems of inadequate provider distribution and is used in the development of health systems in rural and medically underserved areas. It has the potential to reduce costs, improve quality, change the conditions of practice and improve access to health care services.