



MEMORANDUM

Date: December 10, 2013

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C. H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C. H. Huckelberry".

Re: Affordable Care Act

Background

In April of 2013, the Pima County Board of Supervisors passed a resolution in support of Governor Brewer's plan to restore Medicaid thereby encouraging the Arizona legislature to approve the plan to expand Arizona Health Care Cost Containment System (AHCCCS) coverage for Arizonans in need. The subsequent legislative approval of this restoration and expansion of AHCCCS formalized a critical component essential to full implementation of the Affordable Care Act (ACA) in Arizona.

The ACA is now a federal law. It mandates insurance coverage for all citizens of this country. Coverage is funded with the restored and expanded AHCCCS optimal for those with the incomes equal to or lower than 133 percent of the federal poverty level (FPL). For those with incomes in excess of this amount, coverage is available through an array of qualified health plans (QHPs) offered through the federal health insurance exchange known as the Marketplace. Coverage through AHCCCS and QHPs is available beginning January 1, 2014. Enrollment for AHCCCS is possible at any time throughout the year; however, enrollment in a QHP is only permitted until March 31, 2014.

County staff has been examining the impact of the ACA on County operations and its budget. The availability of affordable insurance coverage should ultimately reduce Pima County's expenditures for an array of costs related to criminal justice.

Current Costs to the County

Taxpayers now fund multiple levels of costly fractured systems. Included among those are costs associated with: AHCCCS, Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS), and the criminal justice process including law enforcement, custody, mandated health services, court operations, public defenders and prosecutors. Additionally, taxpayers indirectly fund the increasingly burdensome levels of uncompensated care experienced by hospitals, physicians, and other community providers. These costs for the providers just in southern Arizona total hundreds of millions of dollars and jeopardize the viability of the health care system on which the community relies. When individuals receiving essential health services in the jails or prisons are released to reenter the

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Affordable Care Act**
December 10, 2013
Page 2

community and are unable to access treatment, they decompensate ultimately presenting to a high cost emergency room setting or reappearance in one of two other settings funded by the County: detention or involuntary psychiatric commitment under Title 36.

A special study of detainees released to the community from the Pima County Adult Detention Complex (PCADC) was undertaken in spring of 2013 by County staff. The study examined the insurance status of all detainees during a three month period further detailing for the uninsured individuals their age profile and distribution of zip codes reported as their residence.

This study indicates that only 23 percent of those individuals who are court ordered for release were insured by AHCCCS. However, 53 percent were previously enrolled in AHCCCS but lost coverage (mostly childless adults); 24 percent did not appear as currently or previously enrolled in AHCCCS and are presumed to be without insurance based on their socio-demographic characteristics. It is clear from the study that a startling 77 percent of the individuals being court ordered for release from PCADC are uninsured. This percentage is consistent with the estimate developed by Mercer in a study of those detained in Maricopa County. PCADC is court ordered to release 33,656 people annually. If 77 percent are uninsured, then PCADC is releasing 71 uninsured individuals daily to this community.

Additionally, the special study examined the number of times these individuals had been booked at PCADC in the previous 12 months. Several of these people had been at PCADC more than 20 times in the previous year. The Sheriff's Department indicates 80 percent of the nearly 34,000 individuals booked annually have been at the facility previously. For many of these individuals the primary source of health care has become PCADC since they are unable to access or reenter care in the community without insurance unless they present to a hospital emergency room which is required to provide care under federal law.

Nearly 50 percent of the uninsured individuals released were between the ages of 18 and 30. This is particularly noteworthy as this is the age group in which schizophrenia is most likely to become evident in the male population and 77 percent of the uninsured individuals released in this age group are male. This is the age group that is a priority for those implementing the ACA nationally as this is the age group least likely to seek and retain insurance coverage.

More than 50 percent of the uninsured individuals released from the adult detention return to seven zip codes in the community. In order of highest to lowest volume, these zip codes are: 85706, 85705, 85713, 85746, 85716, 85712 and 85711. Nearly 25 percent return to 85706 and 85705.

Whether reentering this community from PCADC or one of the state or federal prisons, these uninsured individuals have the same impact on this community. The individuals are receiving the legally mandated, community standard of care (medical, behavioral and dental services) while in the correctional setting, but upon reentry to the community without insurance, continuity of care is almost impossible as they have no insurance or other financial resources to

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Affordable Care Act**
December 10, 2013
Page 3

purchase essential medications and see a provider for treatment. This is the case whether the individual is actively bipolar, schizophrenic and/or a diabetic with seizure disorder.

To fully understand the significance of releasing these individuals without any insurance coverage to support continuity of care as they reenter the community after assessing, diagnosing and treating them in PCADC, it is important to review the level of care that PCADC must assure is provided to this population. Once the individual is booked, the Pima County Sheriff's department has the legal liability for treatment. Provision of health services is contracted and this vendor utilizes more than 85 full time equivalent health care personnel to deliver medical, behavioral and dental services at PCADC.

An estimated 39 percent of those in detention require treatment for chronic conditions such as diabetes, hypertension and cardiac concerns. More than half of the 2,100 individuals detained on any given day or an estimated 1,071 individuals are on the mental health caseload. Of those an estimated eight percent or 86 individuals are designated as seriously mentally ill (SMI).¹ It is not clear how many more individuals with mental health conditions may qualify as SMI if their clinical records were formally submitted for a review. As much as 80 percent of the annual medication budget is spent on psychotropic prescriptions. Clearly PCADC is southern Arizona's largest mental health provider.

PCADC is not unique in this regard. Nationally as a result of deinstitutionalization of the individuals with mental illness which began in the 1970s coupled with inadequate funding for community treatment, the care of large portions of this population has shifted from treatment in the community to treatment in the jails and prisons. This phenomenon is particularly well presented in the September 30, 2013, *60 Minutes* clip which can be found at <http://www.youtube.com/watch?v=SGhHXwc17wQ>. In this segment, the Sheriff for Cook County highlights the fact that Cook County Jail in Illinois is the largest mental health provider in the country treating 2,800 detainees with behavioral health conditions.

Annually, the budgeted cost of health services included in the charges the Sheriff's Department develops for its contracts with other municipalities includes \$13 million in health services (vendor contract plus County contract oversight staff). The costs of operating PCADC per detainee day, including both custody and mandated health care, have increased at triple the

¹ "Seriously mentally ill" means persons, who as a result of a mental disorder as defined in A.R.S § 36-501 exhibit emotional or behavioral functioning which is so impaired as to interfere substantially with their capacity to remain in the community without supportive treatment or services of a long-term or indefinite duration. In these persons mental disability is severe and persistent, resulting in a long-term limitation of their functional capacities for primary activities of daily living such as interpersonal relationships, homemaking, self-care, employment and recreation. This designation legally entitles these individuals to a comprehensive continuum of care services defined in a statewide plan developed by the Deputy Director of ADHS/DBHS. One of the 20 services specified to be included is that of case management.

national inflation standard for health services (medical consumer price index), for all but one of the last five years. The number of health care providers staffing PCADC has increased six percent between 2009 and 2014. This increase in health providers has been necessary to deliver care to the increasing numbers of detainees with behavioral health conditions requiring treatment.

In addition, the volume of detainees has been increasing beyond expectations. Actual detainee days have exceeded projections for the last two years by 11 and 18 percent respectively; similar results are expected for the fiscal year 2014. The Sheriff's Department reports that the male population is rising by six percent while the female population is rising 25 percent. In an effort to relieve overcrowding PCADC has had to convert the law library to create additional cells to house the large volume of detainees. If this trend continues additional housing will be required and bond funds would be essential to construct new housing and health care facilities at a cost of \$120,000 to \$150,000 per cell or more. These are not the only costs that the County has to consider. Resources also need to be made available to address the impact of this demand on judges, court appointed counsel, public defenders, probation, and prosecutors. Approximately 5,500 individuals are under supervision of the Pima County Superior Court Probation Division. A recent review of a sampling of probationers indicates that 44 percent are uninsured. Assuming the findings from the sample apply to the total population, as many as 2,420 individuals on probation are uninsured.

The community impact of uninsured individuals returning to this community from the criminal justice system is not limited to the impact of those individuals court ordered for release from PCADC. Uninsured individuals also return to this community from federal and state prisons. The Arizona Department of Corrections (ADOC) releases between 16,000 and 18,000 individuals per year to communities throughout Arizona. ADOC estimates it returns 2,500 of them to this county. Federal prisons in Arizona, as well as throughout the nation, release individuals who return to this community. While these individuals are required to comply with their conditions of release, including compliance with all laws, and report regularly to their parole officer, they return without health insurance. U.S. Probation staff indicates that essentially all of those returning from federal prison sentences require mental health and substance abuse treatment and a significant number also require care for chronic medical conditions.

The burden of securing health coverage to continue treatment falls on the individuals released from prison after they return to Arizona. This burden is often overwhelming and delayed as the individual addresses housing and job needs. However, access to treatment is contingent on insurance coverage and treatment is critical for successful reentry and stability in the community. Lack of treatment, to include the ability to purchase medications, contributes to a greater likelihood of re-offense for anyone released from prison or PCADC making enrollment in health insurance essential for successful reentry.

Court ordered release of these individuals without any means to purchase medication or access care increases the likelihood of decompensation and re-offense followed by their return to the

detention center which becomes their medical home and the site at which they are again medically stabilized and treated. While reentry programs offer education and job training as well as other service, individuals who might benefit from these programs are compromised in their participation by their untreated health conditions. These are also individuals who contribute to the uncompensated care experienced by community healthcare providers if they are able to access care.

Opportunities to Reduce Costs Resulting from the ACA

Reducing the Number of Uninsured Individuals in Pima County

The mandate that all citizens must have health coverage as of January 1, 2014, presents an opportunity to engage individuals brought to PCADC for booking in the enrollment process if they are not insured. PCADC is now collaborating with Probation and Pretrial Services to identify mechanisms for screening each individual's health insurance status and engaging qualified enrollment staff or "assisters" from throughout the community to enroll individuals at the detention center or in the four probation offices. This initiative is being developed with the input and support of Pima Community Access Program (PCAP) and HOPE, a peer-to-peer based organization already engaged with the target population. Additionally, other organizations are participating in workflow redesign and piloting various strategies; additional organizations are expressing interest in participating as they learn of the unique initiative. Successful enrollment prior to release from PCADC will enable those who are interested in complying with treatment to gain access to health care providers and at the same time reduce the uncompensated care the healthcare system in the community has provided to this population.

An additional element of this work effort which can be expected to further reduce unnecessary costs is the exploration of strategies to connect these high risk individuals with care through communications between the contracted vendor's providers and the health plan insuring the detainee being released to the community. Health plans including those contracted with AHCCCS utilize high risk case managers who already focus on inpatient hospital admissions and use of the emergency room by their members and could be pivotal to prompt care connection for detainees upon release prior to decompensation from lack of treatment.

While these initiatives target the detainee population being released from PCADC, collaboration with the state and federal prison system has also begun. County staff and PCAP leadership have oriented both the state and federal systems on the impact of the ACA on the criminal justice system. This orientation has included a description of the work effort underway in this community along with identification of various resources including enrollment assistance through community providers located throughout the state which can be identified from the mapping feature on coveraz.org. ADOC has amended its health services vendor contract to require enrollment of prisoners at the point of release in AHCCCS. ADOC reentry staff has begun screening prisoners three months prior to their release to pursue SSI and SSDI payments when appropriate. The U. S. Pretrial and U.S. Probation staff in Arizona is in the process of

revising their plans for enrolling individuals released from the Federal Bureau of Prisons and returning to Arizona communities.

Maximizing Billing Opportunities

The ACA permits billing for services to non-governmental payers. Ultimately, once a contract amendment can be negotiated, the health vendor at PCADC will need to be an active participant not only to capture the insurance information as an individual presents at PCADC but also to take leadership on enrollment of uninsured individuals. To generate revenue permitted under the ACA, the vendor will also need to produce a record of each clinical encounter to generate a claim for services. Based on the findings from the special study by County staff, up to 20 percent of the individuals receiving health services at PCADC could be eligible for commercial insurance coverage. The County could receive this revenue or reduce its vendor contract payments accordingly and require the vendor to generate this revenue to cover its costs.

Eliminating or Reducing Expenditures for Offsite Services to Detainees

Detainees are sent offsite to local hospitals, skilled nursing facilities and to physicians for services not available at PCADC. Such services may include visits to a hospital emergency room, specialty physicians such as orthopedists, and diagnostic procedures such as MRIs. Currently the County pays for inpatient admissions at AHCCCS rates providing one third of the payment while working with AHCCCS to leverage federal funding for the remaining amount of the payment. However, with such a large number of uninsured, the County has funded 100 percent of the AHCCCS payment rate for almost all of the 49 inpatient admissions in the last year. Assuming essentially all of the inpatients qualify for AHCCCS or a QHP during their inpatient admission and the use of offsite services remains at the historical level, the County's expenditures could be reduced by as much as \$300,000 per year. Further discussion should occur with AHCCCS to verify that under the ACA, providers are to bill and be paid by AHCCCS for inpatient care to any AHCCCS members including those from PCADC who become inpatients. To avoid any unnecessary payments by the County, no claim for inpatient or outpatient services to detainees should be reimbursed by the County until and unless the provider can document that it has billed the individual's insurance plan to include AHCCCS and received a denial of coverage while the individual is a detainee.

Strategy for Assuring Coverage in the Marketplace for Detainees

While efforts are underway to identify the uninsured and enroll them in either AHCCCS or a QHP through the Marketplace, it is possible that individuals presenting at PCADC will lose coverage for failure to update information or to pay their premium as required for QHP coverage. It will be beneficial for the County to continue tracking the insurance profile of the detainees at PCADC to assess the extent to which this occurs. Ultimately, it may prove beneficial for the County to work with PCAP and the community providers to establish a pool

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: Affordable Care Act
December 10, 2013
Page 7

of funding from the savings generated by reducing the costs of the uninsured that can be used to pay insurance premiums to maintain coverage for those qualifying for the QHP.

Summary and Conclusions

The ACA presents an opportunity for the County to develop innovative strategies that reduce the number of uninsured individuals returning to the community from the criminal justice system and at the same time develop systems to connect these individuals at high risk for decompensation without health services to the community providers for continuity of care. Effective work in this regard will also yield financial benefits for the hospitals, clinics and physicians in this community as their level of uncompensated care decreases.

The County also has the opportunity to maximize additional financial benefits associated with claims for offsite services it has paid historically and establishment of a billing structure that will generate new revenues.

While the primary focus of the staff's review has been the financial implications, it is clear that any success on these initiatives will also enhance public safety, potentially reduce recidivism and improve the overall health and wellbeing of the community.

CHH/mk

c: Jan Leshner, Deputy County Administrator for Medical and Health Services