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CountyCare Summary

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Maintaining an adequate health care system for the urban poor in the Detroit area has been one of Wayne County's most pressing problems. In recent years, the cost of Wayne County's program for indigent hospital patients became our biggest burden, driving the County toward bankruptcy. At one point we were $20 million per year, or $50,000 per day, in deficit due to the skyrocketing costs of our indigent health care program.

To handle this crisis we developed contracts with four agencies—Southwest Detroit Hospital, HealthSource, Michigan HealthCare Corporation, and United American HealthCare Corporation—which would provide all the health care needs of the indigents of Wayne County at a fixed rate of $73 per month per person. Under the old program we had no recourse except to pay the hospital bills of indigent patients often after their physical condition had deteriorated badly because of the lack of preventive medicine. Under this new program the agencies emphasize preventive health care, including physical examinations before the onset of illness, to reduce expensive hospitalization and treatment. Our program, CountyCare, is now in its third year and has proven itself to be one of the best programs in the nation. CountyCare has enabled us to provide a complete health care system for over 40,000 indigents in Wayne County. Evidence shows that the health status of our enrollees is improving while the costs for maintaining the program are holding even.

We are also concerned with the infant mortality rate, which in Wayne County is the highest in Michigan. Our task force on infant mortality consists of representatives from the government, the business community, and the clergy, as well as other community leaders who have been involved in fund-raising activities to support mortality reduction initiatives.

Another service of Wayne County is the Division of Clinical Programs which provides pregnancy testing, physical examinations, prenatal counseling, and maternal support services for women with high-risk pregnancies.

Aside from all our efforts, government resources are limited and other problems make demands on us. Crime and drug problems tax our resources. Maintaining prison and jail systems is an absolute necessity mandated by our governmental charges and constitutes a major concern, yet we must not lose sight that we are in a period of crisis regarding adequate health care. There is a great need to have a public and private partnership which directs attention to this pressing and perplexing problem. Both government and health care professionals must explore all possibilities in the quest for new ideas and methods of dealing with this issue.

Historical Perspective

Prior to October 1, 1988, the Resident County Hospitalization (RCH) program provided inpatient hospital care to indigents not eligible for Medicaid, Medicare, or private health plans. Ambulatory medical care had been the responsibility of the state since the mid-1970s under its General Assistance (GA) Medical program.

The RCH program had remained essentially unchanged until 1979 with the passage of Public Act (PA) 216 and PA 217. PA 216 modified the basic Public Welfare Act of 1939 (PA 280) by providing that the Michigan Department of Social Services (DSS) would serve as fiscal intermediary for making payments to hospitals under the RCH program. These acts also provided that the state could collect from Wayne County the amount which the County would have paid to hospitals under RCH prior to the effective date of PA 216. The effect of PA 216 was that the state began to pay hospitals on behalf of Wayne County in exponentially increasing amounts due to a combination of severe social and economic factors, thereby obligating County funds without current knowledge or approval of Wayne County.

As a result of these and subsequent legislative acts, Wayne County found itself in an untenable fiscal position due to payback commitments to the state for RCH and other programs,

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bringing Wayne County's total indebtedness to the state of Michigan to almost $120 million by the end of fiscal year 1987.

Both the RCH program and the state's GA Medical program were inherently structured without incentives for providers to monitor care or to control the costs that such unmonitored care entailed. RCH patients were frequently treated in higher cost tertiary settings which were inappropriate for their particular medical needs. Under the state's GA Medical program, patients could obtain a voucher from their DSS worker, good for an entire month, during which time they could repeatedly obtain often unnecessary care using a single voucher.

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Effective October 1, 1988, PA 266 of 1987 enabled Wayne County to combine the RCH program coverage with the GA Medical program coverage into a single, comprehensive managed health care program for GA recipients in Wayne County, administered by the Wayne County Patient Care Management System (PCMS). This program, called CountyCare, has as its objectives providing quality, monitored, and accessible health care utilizing a capitated, cost-effective delivery network for GA recipients in Wayne County.

Program Description

Between the passage of PA 266 in December 1987 and the implementation of CountyCare on October 1, 1988, an entire managed health care delivery system was conceived, developed, and established by Wayne County for approximately 50,000 GA recipients who were enrolled on October 1st.

Wayne County negotiated contracts with four organizations which, in turn, subcontracted with a variety of direct service providers to form the CountyCare delivery network. The four organizations are paid a fixed, capitated monthly rate, thereby producing a cost-effective health care system with advance knowledge of total annual County expenditures.

The four organizations are:

1. *Michigan HealthCare Corporation*, a health care system providing patient care and collateral services through a network of four hospital organizations and 22 family practice clinics.

2. *Southwest Detroit Hospital*, a hospital-centered health care system providing the bulk of care through its on-campus Southwest Medical Plaza with supplementary primary care sites available.

3. *HealthSource*, a joint venture between The Detroit Medical Center, a large university-affiliated medical complex, and Comprehensive Health Services, a local health maintenance organization (HMO) familiar with established principles of managed care.

4. *United American HealthCare Corporation*, an organization with a great deal of experience in administering large managed care systems and HMOs in Detroit and Wayne County.

Although the dental program was not part of CountyCare for its first year of operation, effective October 1, 1989, CountyCare Dental, Inc, has been awarded a contract to provide covered dental services to the entire CountyCare enrolled population.

Each of the four contractors has developed their respective service networks, resulting in over 180 sites where CountyCare enrollees receive care.

In addition, covered mental health services are coordinated between the CountyCare contractors and the Detroit–Wayne County Community Mental Health Board. During 1988 and 1989, over 1,000 CountyCare enrollees received mental health services through the agencies contracting with the Mental Health Board.

The County developed the components of the managed health care system under which each organization operates its system, including producing a health care identification card for each enrollee which indicates to providers their coverage under CountyCare. No such verification was possible under the RCH program, and under the state-operated GA Medical outpatient program health care services were frequently abused.

PCMS established quality-of-care criteria and initiated a CountyCare enrollee problem resolution process whereby contact with patients and providers produces direct, immediate, and effective intervention. Each case in which intervention is appropriate also has follow-up requirements to ensure that the situation is resolved to the satisfaction of all parties concerned.

The creation of an entire managed health care delivery system for approximately 50,000 persons, the development of specific program components which monitor quality, and the program resolution process all serve to meet CountyCare's objective of providing high quality, monitored, and highly accessible health care for GA recipients. The fixed, capitated payment structure meets CountyCare's objective of instituting a cost-effective, yet adequately reimbursed system under which both Wayne County and providers can meet their respective budgetary and fiscal guidelines.

Wayne County Role

Wayne County worked closely with the medical provider community, area consumer organizations, the Michigan legislature, and other relevant parties in both acquiring and providing input toward the development and enactment of PA 266 in December 1987.

Between May and October of 1988, PCMS expanded its staff from four to 15 in order to plan properly for the implementation of CountyCare on October 1, 1988. PCMS planning activity consisted of contract preparation and negotiations, development of quality assurance program components, and development and implementation of both new program policies and procedures and enhancement of those specifically mandated under

PA 266. Furthermore, the County has repeatedly responded to the need for education of interested organizations as to what CountyCare is and, equally important, what it is not.

This same staff was also responsible for simultaneously continuing management of the RCH program and planning for its phase-out after October 1, 1988.

Costs

Funding sources for the first two years of CountyCare were as follows:

State of Michigan appropriation for GA cash recipients: year 1, $23 million; year 2, $21.5 million.

State of Michigan appropriation based on RCH program: year 1, $19 million; year 2, $18.2 million.

Wayne County appropriation based on RCH program: year 1, $15.5 million; year 2, $15.5 million.

Total funding was $58 million for year 1 and $55.2 million for year 2.

Outcomes/Conclusions

Based on analyses of our first year activity, we have reached the following conclusions about the changes in Wayne County's health care program for its indigent population resulting from CountyCare's implementation:

- Access to care has been dramatically enhanced by the mailing of CountyCare health care identification cards to each enrollee, showing they are covered when seeking care.
- Geographic access has also been improved, as over 80% of CountyCare enrollees live in, or adjacent to, a zip code area in which their assigned CountyCare provider has a physician's office and at least one pharmacy site.
- The average length-of-stay for inpatient hospital admissions has been reduced by 1.5 days (from 7.5 to 6.0).
- Outpatient visits are at about the same level as in the previous program, based on limited data available for comparison.
- Inappropriate utilization under the previous program, particularly in the area of pharmacy utilization, has been identified and corrected as a result of the monitoring aspect of CountyCare's managed care approach. In the year prior to CountyCare's implementation, the GA Medical program incurred pharmacy costs of approximately 33% of total program expenditures. At the end of CountyCare's first year of operation, pharmacy costs accounted for 13% of total program expenditures. This significant difference is largely the result of effective management of patients' prescription needs, while ensuring appropriate medication is provided.
- A comprehensive, integrated quality assurance system is now in place for patients and providers, whereas no such system existed, or was contemplated, prior to CountyCare. This system, in conjunction with the conflict resolution process, has produced direct, immediate, and effective intervention for situations in which patients need assistance in understanding the system and receiving the necessary care.
- Patient satisfaction with CountyCare is good, both in terms of overall program satisfaction as well as on more specific measures.

While programs such as CountyCare provide health coverage for certain indigent populations, no program has yet been implemented in our area to provide coverage to uninsured workers and their dependents. Wayne County, building on the success of CountyCare, is developing a program to make managed health care available to a portion of this population in and around Wayne County. However, neither CountyCare, nor this program—called HealthChoice—can provide the complete solution to the problem of the uninsured. Related to this issue is the fact that there continues to be a need for controlling the cost associated with uncompensated care. Continued cooperation at the local, state, and national levels offers the only real expectation of a comprehensive solution to the growing population lacking health care coverage.