

MEMORANDUM

To: Supervisor Jim Beall

From: Doug Winslow, Policy Aide

Date: August 17, 2006

Subject: Ability to Pay Determination (APD) Program

The "Ability to Pay Determination" (APD) program was established by the County in 1983. In January 2004, the Board increased eligibility to 300 percent of poverty (from 200 percent) and changed patient financial responsibility from a percentage of charges to nominal co-pay amounts (see attached "APD Determination Chart").

In 2005, 61,854 VMC patients did not have any insurance. 51 percent of those patients qualified for APD (Kim Roberts' memo to Doug, May 10, 2006). Therefore, 31,546 patients were APD customers in 2005, which is approximately 21 percent of the uninsured adults in Santa Clara County.

Data collected by this office and Working Partnerships USA confirms that 76 percent of uninsured adults in the county live below 300 percent of poverty (108,000 people). This means 29 percent of these uninsured residents were active APD customers in 2005.

Residents living below 300 percent of poverty may still not qualify if they have much in the way of "liquid assets." These assets are added up and divided by 12 to determine additional "monthly income."

The biggest issue with APD is that there is essentially no publicity around the 23 year old program. On the internet it can barely be found except for originating Board transmittals. It appears there has been little interest in marketing this essential safety-net

program. Our office now estimates that 30,000 to 60,000 uninsured adults may qualify for APD and are either healthy, finding health care at a non-County community clinic or have no idea that they may qualify for this excellent APD program.

It is a shame that so many low-income County residents do not seek care because they believe they can not afford it. They show up in the emergency room when their condition worsens and that's when SCVHHS tries to determine if they qualify for coverage (Medi-Cal, Healthy Families, APD, etc) or not.

This County does not need to find alternatives for uninsured people who already qualify for an established program. In fact, the Board of Supervisors did an excellent job establishing this program and making it more patient friendly in 2004.

The APD program is truly excellent. If a resident does qualify, they become members of the Valley Health Plan (VHP) but without the insurance component. They receive a VHP membership card, are assigned a primary physician and are treated like full-fledged VHP members in every other way. Since they are APD entries, though, they may only use VMC and County Clinics, unlike paying VHP customers who have the broader insurance coverage component.

An interim solution for the 150,000 uninsured adults in Santa Clara County is to enact an "Adult Health Insurance Expansion Project" for working uninsured and their employers to pay their own way into the County's health and hospital system. This could make them VHP members (like APD) and get them coverage. Since 26 percent of uninsured adults live above 300 percent of poverty, the County should consider providing them an option, too, if they have also been without health insurance for over one year. Working Partnerships estimates that 48,000 uninsured adults (under 300% FPL) could qualify for this plan.

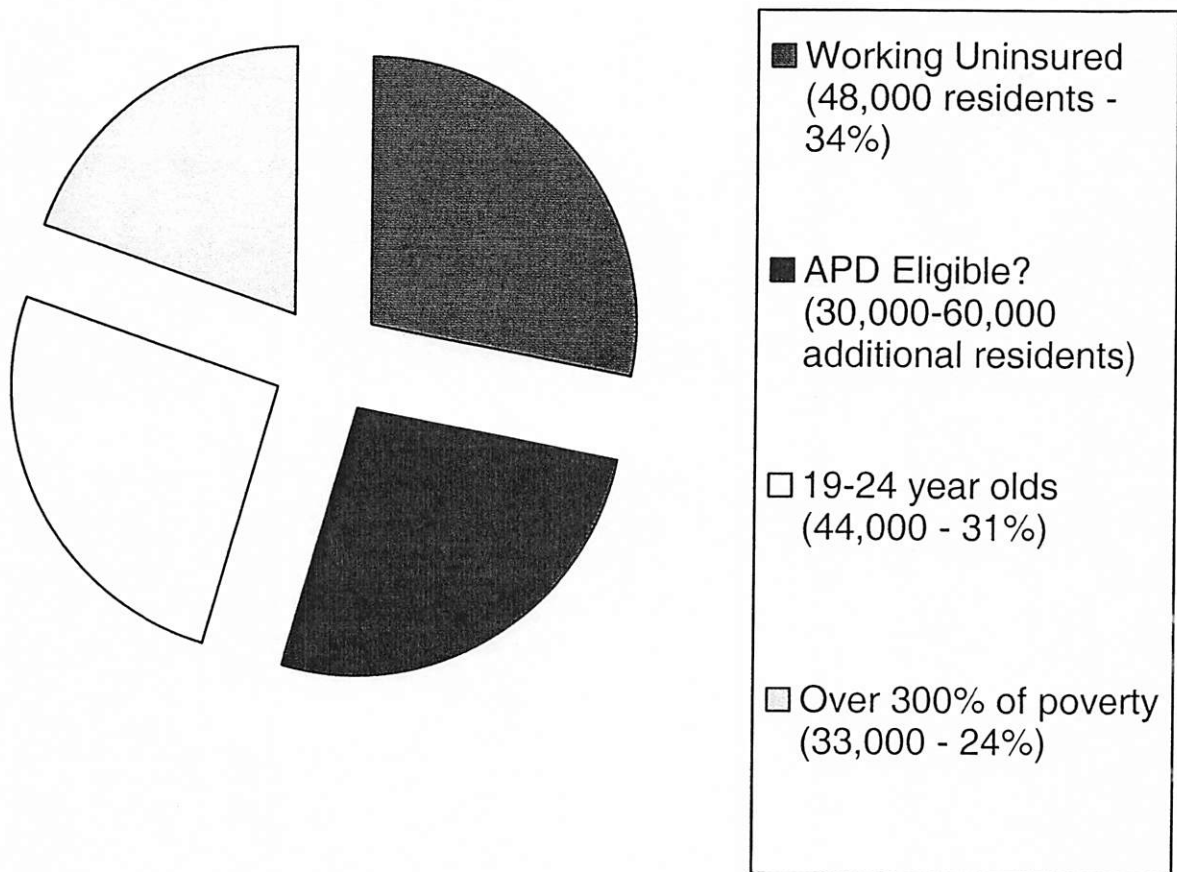
Further, the County should focus on the 44,000 uninsured young adults who are 19 to 24 years old. This is a stunning statistic, reflecting the fact that these young people are dropping off family plans early in their adult lives. Since this is one of the healthiest populations, it seems the County and private providers would want to market and sign up young people into health care plans. These young customers may become loyal and long-time paying

customers as they get attached to their system of care. It may help increase the ratio of sponsored customers at VMC for years to come.

An "Adult Health Insurance Expansion Project" and marketing to uninsured young people by the County and private providers will help reduce the number of uninsured people and many who may otherwise qualify for APD.

Marketing the APD program would mean a greater burden on VMC and the General Fund, yet this could be offset by reducing the huge number of people who are currently uninsured and likely qualify for APD.

Currently, the County is spending approximately \$104 million each year for uninsured patients. Reducing the uninsured population and realizing new income from an "Adult Health Insurance Expansion Project" will help deflect the costs of caring for new APD customers who currently have no idea that they qualify for APD and medical care.



Total uninsured = 141,000 residents.

Eligible for APD (County's "Ability to Pay Determination" Program) may be 30,000 to 60,000 residents, not currently accessing services. (Chart based on 45,000).

62,000 uninsured visit VMC and/or clinics in one year. 51% qualify for APD (75% of those living under Federal Poverty Line (100% FPL).

APPENDIX A

APD DETERMINATION CHART

INCOME

PATIENT OBLIGATION

	Required Copayment			
Federal Poverty Level	Outpatient Visits	Ambulatory Surgery	Emergency Dept	Inpatient
0 - 100 % poverty	\$5 per visit	\$25 per surgery	\$25 per visit	\$50 per admission
101 - 200% poverty	\$20 per visit	\$50 per surgery	\$50 per visit	\$100 per admission
201% - 300% poverty	\$30 per visit	\$100 per surgery	\$100 per visit	\$150 per admission

Liquid assets will be included in the monthly calculation. Total liquid assets will be divided by 12 to compute the additional monthly income.

Note: Payment is expected to be made at the time of service. If payment is not collected at the time of service, the co-payment will be billed, with the addition of a \$25 billing fee.

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