

CALIFORNIA  
DEPARTMENT OF PUBLIC HEALTH

CANCER DETECTION PROGRAMS:  
EVERY WOMAN COUNTS

May 2011  
Estimate Package

2011-12 MAY REVISION



As of May 16, 2011

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## 1. Fiscal Comparison Tables

**Table 1a: Expenditure Comparison: FY 2010-11 in FY 2011-12 May Revision to FY 2010-11 Budget Act**

EWC Activity	2010-11 in 2011-12 May Revision					2010-11 Budget Act					Difference				
	Total	0236	0009	FF	GF	Total	0236	0009	FF	GF	Total	0236	0009	FF	GF
<b>Service Category</b>															
Office Visits and Consults	12,745	4,549	642	919	6,635	13,070	4,549	642	919	6,960	-325	0	0	0	-325
Screening Mammograms	16,766	5,984	845	1,208	8,729	17,193	5,984	845	1,208	9,156	-427	0	0	0	-427
Diagnostic Mammograms	5,074	1,811	256	366	2,641	5,203	1,811	256	366	2,770	-129	0	0	0	-129
Diagnostic Breast Procedures	6,434	2,296	324	464	3,350	6,598	2,296	324	464	3,514	-164	0	0	0	-164
Case Management	13,362	4,769	673	963	6,957	13,703	4,769	673	963	7,298	-341	0	0	0	-341
Other Clinical Services	7,486	2,672	377	540	3,897	7,677	2,672	377	540	4,088	-191	0	0	0	-191
<b>Subtotal Service Categories</b>	<b>61,867</b>	<b>22,081</b>	<b>3,117</b>	<b>4,460</b>	<b>32,209</b>	<b>63,444</b>	<b>22,081</b>	<b>3,117</b>	<b>4,460</b>	<b>33,786</b>	<b>-1,577</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,577</b>
Local Assistance Contracts	3,544	0	3,544	0	0	3,544	0	3,544	0	0	0	0	0	0	0
<b>Cost Savings</b>															
Tiered-Case Management (\$50/\$0)	-7,117	0	0	0	-7,117	-13,700	0	0	0	-13,700	6,583	0	0	0	6,583
Medi-Cal Rate Reduction/Radiology	-370	0	0	0	-370	0	0	0	0	0	-370	0	0	0	-370
No New Enrollment Savings for 2010-11 for Five Months	-5,690	0	0	0	-5,690	0	0	0	0	0	-5,690	0	0	0	-5,690
No Women 40-49 Savings for 2010-11 for Five Months	-9,590	0	0	0	-9,590	0	0	0	0	0	-9,590	0	0	0	-9,590
<b>Subtotal Cost Savings</b>	<b>-22,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,767</b>	<b>-13,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-13,700</b>	<b>-9,067</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,067</b>
<b>Total Local Assistance Appropriation</b>	<b>42,644</b>	<b>22,081</b>	<b>6,661</b>	<b>4,460</b>	<b>9,442</b>	<b>53,288</b>	<b>22,081</b>	<b>6,661</b>	<b>4,460</b>	<b>20,086</b>	<b>-10,644</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,644</b>

**1. Fiscal Comparison Tables (continued)**

**Table 1b: Expenditure Comparison: FY 2010-11 in FY 2011-12 May Revision to FY 2010-11 in FY 2011-12 Governor's Budget (November Estimate)**

EWC Activity	2010-11 in 2011-12 May Revision					2010-11 in 2011-12 Governor's Budget (November Estimate)					Difference				
	Total	0236	0009	FF	GF	Total	0236	0009	FF	GF	Total	0236	0009	FF	GF
<b>Service Category</b>															
Office Visits and Consults	12,744	4,549	642	918	6,635	12,744	4,549	642	918	6,635	0	0	0	0	0
Screening Mammograms	16,766	5,984	845	1,208	8,729	16,766	5,984	845	1,208	8,729	0	0	0	0	0
Diagnostic Mammograms	5,073	1,811	256	366	2,641	5,073	1,811	256	366	2,641	0	0	0	0	0
Diagnostic Breast Procedures	6,434	2,296	324	464	3,350	6,434	2,296	324	464	3,350	0	0	0	0	0
Case Management	13,363	4,769	673	963	6,957	13,363	4,769	673	963	6,957	0	0	0	0	0
Other Clinical Services	7,485	2,672	377	540	3,897	7,485	2,672	377	540	3,897	0	0	0	0	0
<b>Subtotal Service Categories</b>	<b>61,865</b>	<b>22,081</b>	<b>3,117</b>	<b>4,458</b>	<b>32,209</b>	<b>61,865</b>	<b>22,081</b>	<b>3,117</b>	<b>4,458</b>	<b>32,209</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Local Assistance Contracts	3,544	0	3,544	0	0	3,544	0	3,544	0	0	0	0	0	0	0
<b>Cost Savings</b>															
Tiered-Case Management (\$50/\$0)	-7,117	0	0	0	-7,117	-7,117	0	0	0	-7,117	0	0	0	0	0
Medi-Cal Rate Reduction/Radiology	-370	0	0	0	-370	-370	0	0	0	-370	0	0	0	0	0
No New Enrollment Savings for 2010-11 for Five Months	-5,690	0	0	0	-5,690	-5,690	0	0	0	-5,690	0	0	0	0	0
No Women 40-49 Savings for 2010-11 for Five Months	-9,590	0	0	0	-9,590	-9,590	0	0	0	-9,590	0	0	0	0	0
<b>Subtotal Cost Savings</b>	<b>-22,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,767</b>	<b>-22,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Local Assistance Appropriation</b>	<b>42,642</b>	<b>22,081</b>	<b>6,661</b>	<b>4,458</b>	<b>9,442</b>	<b>42,642</b>	<b>22,081</b>	<b>6,661</b>	<b>4,458</b>	<b>9,442</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**1. Fiscal Comparison Tables (continued)**

**Table 1c: Expenditure Comparison: FY 2011-12 May Revision to FY 2011-12 Governor's Budget (November Estimate)**

EWC Activity	2011-12 May Revision					2011-12 Governor's Budget (November Estimate)					Difference				
	Total	0236	0009 a/	FF	GF b/	Total	0236	0009 a/	FF	GF	Total	0236	0009	FF	GF
Office Visits and Consults	14,721	4,549	1,922	919	7,331	14,721	4,549	1,466	919	7,787	0	0	456	0	-456
Screening Mammograms	19,365	5,984	2,528	1,208	9,645	19,365	5,984	1,929	1,208	10,244	0	0	599	0	-599
Diagnostic Mammograms	5,861	1,811	766	366	2,918	5,861	1,811	584	366	3,100	0	0	182	0	-182
Diagnostic Breast Procedures	7,431	2,296	970	464	3,701	7,431	2,296	740	464	3,931	0	0	230	0	-230
Case Management	15,434	4,769	2,015	963	7,687	15,434	4,769	1,537	963	8,165	0	0	478	0	-478
Other Clinical Services	8,648	2,672	1,129	540	4,307	8,648	2,672	861	540	4,575	0	0	268	0	-268
<b>Subtotal Service Categories</b>	<b>71,460</b>	<b>22,081</b>	<b>9,330</b>	<b>4,460</b>	<b>35,589</b>	<b>71,460</b>	<b>22,081</b>	<b>7,117</b>	<b>4,460</b>	<b>37,802</b>	<b>0</b>	<b>0</b>	<b>2,213</b>	<b>0</b>	<b>-2,213</b>
Local Assistance Contracts	3,544	0	3,544	0	0	3,544	0	3,544	0	0	0	0	0	0	0
<b>Cost Savings</b>			0	0											
Tiered-Case Management (\$50/\$0)	-9,183	0	0	0	-9,183	-9,183	0	0	0	-9,183	0	0	0	0	0
Medi-Cal Rate Reduction/Radiology	-840	0	0	0	-840	-840	0	0	0	-840	0	0	0	0	0
10% Medi-Cal Reduction	-7,145	0	0	0	-7,145	0	0	0	0	0	-7,145	0	0	0	-7,145
<b>Subtotal Cost Savings</b>	<b>-17,168</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,168</b>	<b>-10,023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,023</b>	<b>-7,145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,145</b>
<b>Total Local Assistance Appropriation</b>	<b>57,836</b>	<b>22,081</b>	<b>12,874</b>	<b>4,460</b>	<b>18,421</b>	<b>64,981</b>	<b>22,081</b>	<b>10,661</b>	<b>4,460</b>	<b>27,779</b>	<b>-7,145</b>	<b>0</b>	<b>2,213</b>	<b>0</b>	<b>-9,358</b>

a/ Includes estimated \$4 million disencumbered from the BCCA fund in FY 2009-10.

b/ BCCA expenditures increased by \$2.213 million and General Fund decreased by \$2.213 million per Department of Finance recommendation regarding an unexpended balance in BCCA funds.

## 2. Program Background

The mission of the California Department of Public Health (CDPH) Cancer Detection Section (CDS) is to save lives by preventing and reducing the devastating effects of cancer for Californians through early detection, diagnosis and treatment services. With services focusing on low-income, uninsured and underserved women, Cancer Detection Programs: Every Woman Counts (EWC) offers multi-faceted, early detection and diagnosis services for breast and cervical cancer, coupled with continuous monitoring to reduce missed or delayed cancer diagnoses.

### EWC Authority

In 1990, the Centers for Disease Control and Prevention (CDC) created the National Breast and Cervical Cancer Early Detection Program (NBCCEDP) through Public Law 101-354. Public Law 101-354 authorizes CDC to grant funds to states to screen a reasonable number of low-income, uninsured women for breast and cervical cancers, provide referrals for follow-up and medical treatment for women with abnormal test results, develop and disseminate information for preventing breast and cervical cancers, improve the training of health professionals in preventing these cancers, and monitor the quality of screening procedures. The California Health and Safety Code, Section 104150, provides authorization for participation in this federal special project and establishes the program within the Department of Health Services [(DHS) - CDPH is the successor Department)].

California Assembly Bill 478 (Chapter 660, Statutes of 1993) created the Breast Cancer Act and established the State's Breast Cancer Early Detection Program within DHS. The funding source is derived from a dedicated two-cent tobacco tax.

EWC is a quality improvement and outcome-driven public health program that serves to raise the quality and accessibility of cancer screening services for low income underserved women. The intended outcome is to reduce breast and cervical cancer deaths. The enabling statutes noted that paying for medical bills is not the only barrier to care for the most vulnerable women. EWC must provide support services to recruit and maintain screening in the underserved populations of African-American, Asian-Pacific Islander, and American Indian women, as well as older and rural women. EWC delivers these services with the support of Regional Contractors, the statewide consumer 800 number, and other contracts.

### **3. Future Fiscal Issues and New Major Assumptions**

#### **FUTURE FISCAL ISSUES**

##### **A. Anticipated Decrease in Funds**

EWC submitted a May Revise Letter (MRL) for fiscal year (FY) 2009-10 which increased the funding in FY 2009-10 to pay for anticipated clinical claims for both FY 2008-09 and FY 2009-10 and to propose policy changes to screen women 50 years of age or over. On January 1, 2010, EWC stopped enrollment of women 40-49 years of age for breast cancer screening. Additionally, due to a delay in implementing the policy change to only screen women 50 years of age and older, CDPH put a moratorium on all new enrollments for breast cancer screening.

EWC submitted a MRL for FY 2010–11 to decrease the spending authority for the Breast Cancer Control Account (BCCA). The BCCA is an allocated source of funding based on a two-cent tobacco tax. The tax is a declining source of revenue; therefore, a reduction in revenues for FY 2011-12 is also anticipated.

Proposition 99 (Prop 99) funds are also a declining source of revenue. In FY 2008–09, \$26.5 million of Prop 99 funds were appropriated to EWC. In FY 2009–10, the appropriation was reduced by \$4.5 million to \$22.1 million. For FY 2010–11, the appropriation remained at \$22.1 million. The 2011-12 Governor's Budget maintains funding at this level.

To address the increase in clinical claims and the decrease in budget for EWC, the program has shifted millions of dollars from support services to local assistance in recent years. Additionally, EWC continues to evaluate program effectiveness of the professional education program, Regional Contractors, and data collection contractors to determine if additional funds can be identified to shift from non-clinical claims support to local assistance clinical claims costs.

##### **B. Possible Increase in Funds**

In late-May 2010, EWC was notified that the CDC increased the Federal NBCCEDP grant for FY 2010–11 by \$859,000 for a total of \$7.2 million. CDPH allocated the entire increase to pay clinical claims. For FY 2011–12, EWC requested an increase in federal funding based on eligible population and prior year performance. On March 29, 2011, EWC received preliminary notice from CDC that the funding will remain the same.

The Budget Act of 2010 includes an appropriation of \$20.1 million Local Assistance General Fund (GF). This funding was appropriated to the EWC program in order to provide funding to lift the moratorium on new enrollments, provide breast cancer screening services for women aged 40 and over, provide annual screenings, and offer two-tiered case management payments to providers

of \$0/\$50. EWC expects to save approximately \$10.644 million in General Fund in FY 2010-11. These funds are proposed to be reappropriated in future fiscal years.

In FY 2009-10, EWC implemented policy changes to avoid overspending on clinical claims. The policy changes included not serving women aged 40-49 and allowing no new enrollments for women aged 50 or over which caused a surplus of \$4 million in the BCCA fund. Due to this there will be a one-time \$4 million increase in BCCA funds in FY 2011-12.

In May 2011, EWC was notified that there was an unexpended balance in the Breast Cancer Fund and \$2.2 million would be transferred to the BCCA. These funds will be used to pay clinical claims. The one-time \$2.2 million increase will offset General Fund expenditures. (See May Revise Letter, MRL-CD-01: Transfer of Funds From the Breast Cancer Fund)

### **C. Single Point of Enrollment/Identity**

A Single Point of Enrollment/Identity will address findings from the Bureau of State Audits Report 2010-103 dated June 2010. These findings state that EWC should provide for a centrally managed enrollment process for eligible women, increase accuracy of projections, and reporting of caseload and the number of women served.

Identity data and enrollment would be collected and processed at a single, central location. EWC providers would confirm the woman's eligibility and certify the enrollment found in the EWC data reporting system, DETecting Early Cancer (DETEC). Single Point of Enrollment/Identity will strengthen probabilistic matching and thereby improve EWC ability to ensure women are enrolled only once into the program.

Single Point of Enrollment/Identity requires programming to make the appropriate system changes. In FY 2010-11, CDS sent a System Design Notice to the Department of Health Care Services (DHCS) fiscal intermediary contractor to begin the process of system changes for a Single Point of Enrollment/Identity for women enrolling in EWC. The cost of programming and the timetable for completion will be known when the new fiscal intermediary contractor takes over after September 2011.

### **D. Fiscal Intermediary Claims Processing Costs**

In the FY 2010-11 MRL, EWC included \$355,000 additional turnover/takeover costs charged by the DHCS fiscal intermediary contractor which were charged to the BCCA support budget. Since that time, EWC has faced fluctuations in these charges that affect budget estimates. On May 28, 2010, CDPH was notified of additional turnover/takeover costs to be charged by the DHCS fiscal intermediary

contractor for claims processing for FY 2010-11. Previously, these costs were \$.72 per claim. The new rate will be increased to \$.88 per claim. This increase of approximately \$270,000 will be charged to the BCCA support budget. On November 19, 2010, CDPH was informed that the cost per claim would go down to \$.54. This change is due to the new intermediary contractor not taking over the processing of claims until June 2011. On February 11, 2011, CDPH was informed that the cost per claim would go down to \$.47. This change is due to the new intermediary contractor not taking over processing of claims until September 2011. At the same time, CDPH was notified that the cost per claim for FY 2011-12 would be \$.75. Based on this history, CDPH anticipates that there will be an additional, yet indeterminate cost for clinical claims processing for future years. Therefore, EWC will need additional authority in future years in order to pay these costs.

### **E. Increasing Expenditures for Clinical Claims**

EWC opened enrollment to all women age 40 and over on December 1, 2010 for breast cancer screening services. Since then EWC has experienced an increase in clinical claims costs as expected. At this time EWC does not have enough data to revise the November 2010 Estimate projections. EWC will analyze the new data for the November 2011 Estimate.

### **F. California *Bridge to Reform* 1115 Waiver for Medi-Cal Eligibility**

EWC may be impacted by the 1115 Waiver for Medi-Cal Eligibility. To date we are in the process of building our knowledge base to understand the impact of the 1115 Waiver. After preliminary meetings with DHCS and other programs within CDPH, CDS understands that some EWC women may be eligible for coverage in their county under the 1115 Waiver. CDS is waiting for county level data about 1115 Waiver low income health programs from DHCS, to complete an analysis for the November 2011 Estimate.

## **NEW MAJOR ASSUMPTIONS**

There are no New Major Assumptions to report at this time.

## **REVISED MAJOR ASSUMPTIONS**

### **A. Reduction in Medi-Cal Payments**

Chapter 3, Statutes of 2011 includes a ten percent reduction in Medi-Cal payments for physicians and clinics. As a result, the EWC program estimates savings in clinical claims costs.

## **DISCONTINUED MAJOR ASSUMPTIONS**

There are no Discontinued Major Assumptions to report at this time.

#### 4. Funding and Expenditure History

The EWC program is funded by four funding sources. The first, Prop 99 Unallocated, is a tobacco tax based fund. Due to a decreasing incidence of smoking, Prop 99 funds are a declining source of revenue. From a high of \$30.8 million in FY 2006-07, funding has fallen to \$22.1 million in FY 2009-10. Funding for FY 2010-11 remains static at \$22.1 million.

The second funding source for EWC is the BCCA. The BCCA is funded by a two cent tobacco tax. EWC receives one cent of the tax with the other one cent going to research. Like the Prop 99 fund, the BCCA is a declining source of revenue. In May 2011, EWC was notified there was an unexpended balance in the Breast Cancer Fund and \$2.2 million would be transferred to the BCCA. This one-time funding will be used to pay clinical claims and will offset General Fund expenditures.

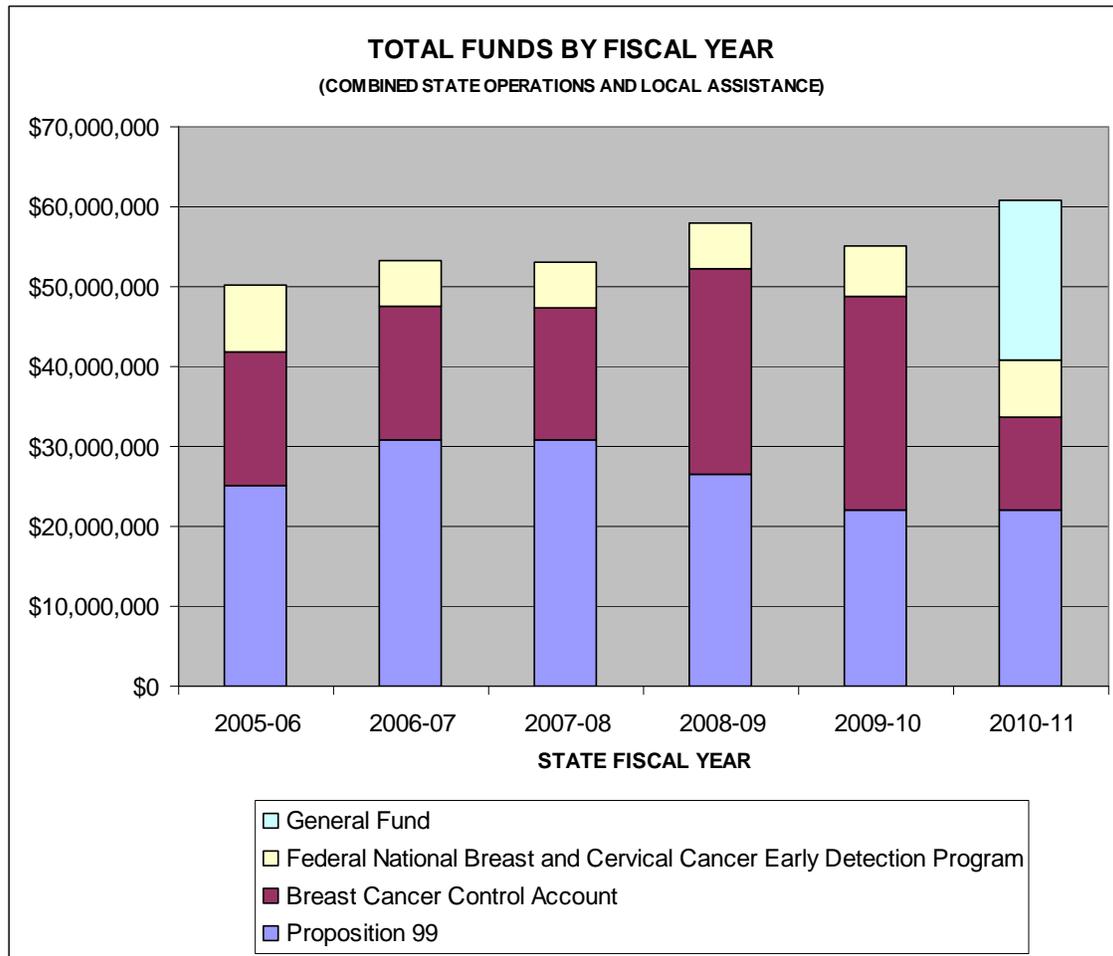
The third source of funding EWC receives is federal funding from the CDC. Funding from the CDC began in 1990 and has continued into FY 2010-11. The program, known as the NBCCEDP, offers funding to programs to do outreach, education and screening for women for cervical and breast cancer. In FY 2010-11, EWC received \$7.2 million, an increase of \$859,000 over 2009-10 funding. For FY 2011-12, EWC requested an increase in funding and received preliminary notice from CDC that the funding will remain the same.

The fourth source of funding is GF. For FY 2010-11, the Budget Act of 2010 included an ongoing \$20.1 million GF appropriation. For FY 2011-12, the GF is offset by \$2.2 million as a result of the one-time increase in BCCA. The total GF for FY 2011-12 will be \$18.4 million. This appropriation will be spent solely on clinical claims. With this appropriation, cervical cancer screening services will continue to be open to women 25+ years of age and breast cancer screening services will be opened up to women 40+ years of age.

The 2010-11 state operations budget for EWC is \$4.9 million for BCCA and \$2.7 million for NBCCEDP federal funding.

Figure 1 shows total EWC funding by fiscal year.

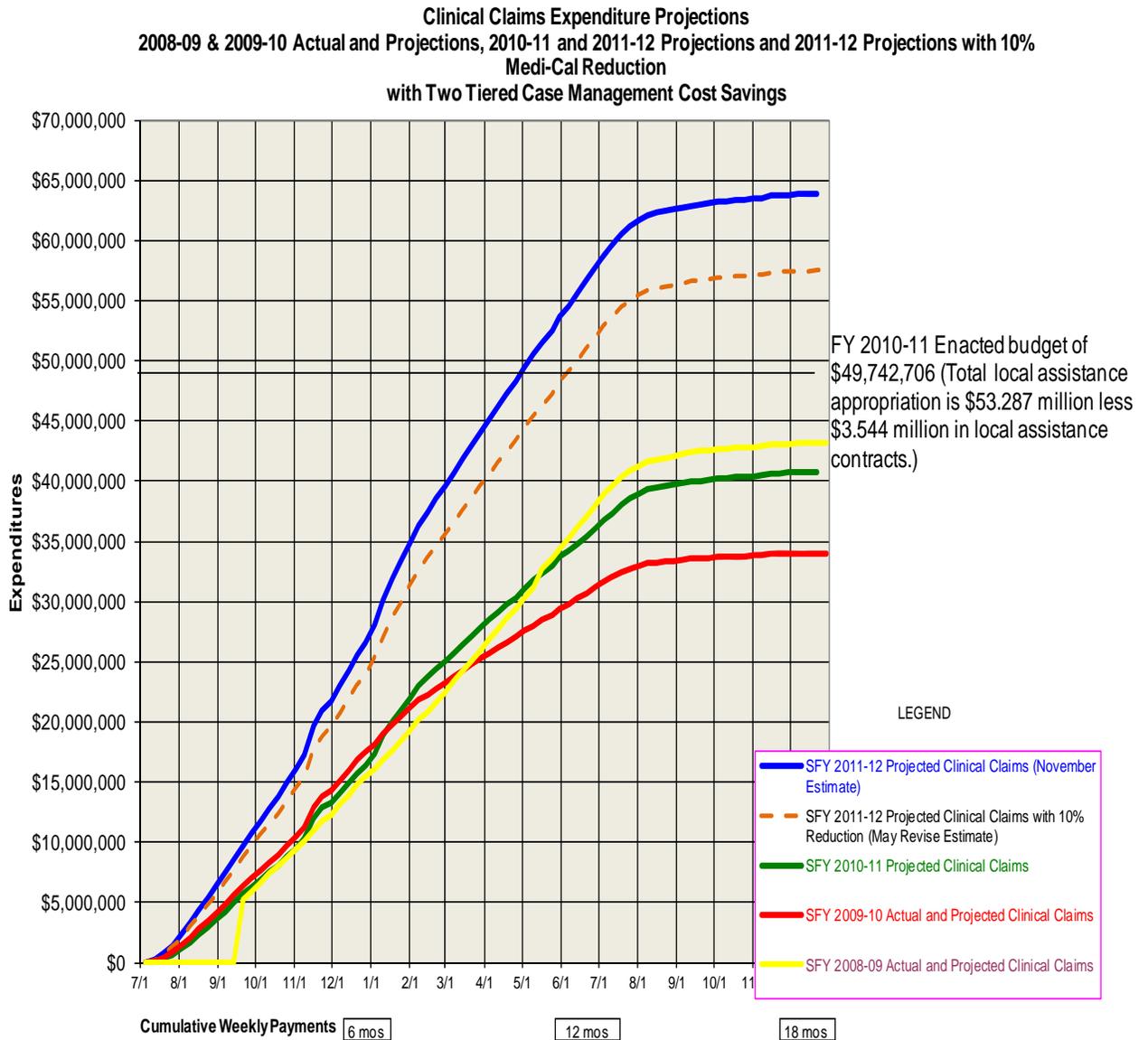
**Figure 1**



In FY 2009-10, EWC received a one-time augmentation of \$13.8 million from the BCCA fund. This augmentation was intended for clinical claims with \$6.3 million earmarked for FY 2008-09 and \$7.5 million for FY 2009-10.

Clinical claims costs account for the majority of expenditures for EWC and are expected to rise in the future. Costs for FY 2009-10 decreased as a result of putting policy changes into place. These changes included increasing the eligibility age for breast cancer screening services to 50+ years of age, and no new enrollments. Figure 2 shows clinical claims expenditures and projections by fiscal year.

**Figure 2**



\*For second six months of FY 2009-10 the eligibility age for breast services was raised and no new enrollments were allowed for women 50+ years of age.

\*For first five months of FY 2010-11 the eligibility age for breast services was raised and no new enrollments were allowed for women 50+ years of age.

\*In addition, there is savings for case management which is being paid at \$0 for normal screenings and \$50 for abnormal screening as of July 1, 2010.

\*Enacted budget shown includes funding for clinical claims only.

**Approximately 80% of all funds spent on clinical claims**

In FYs 2007-08, 2008-09 and 2009-10, CDPH spent between 78-80% of all appropriated funds from all fund sources on clinical claims. To maintain spending approximately 80% on clinical claims, EWC has reduced the amount spent on contracts and redirected fiscal intermediary costs to be paid out of support funds.

To illustrate this, in FY 2008-09 EWC moved \$5 million in the BCCA local assistance and support funding from contracts to clinical claims. In addition \$1.2 million in fiscal intermediary costs were moved from local assistance funds to support funds. In FY 2009-10, \$1.5 million was moved from BCCA local assistance/support contracts to pay for additional clinical claims. In FY 2010-11, a shortfall of BCCA revenues required a further reduction of BCCA support funds in the amount of \$1.7 million.

## 5. Fund Condition Statement Breast Cancer Control Account Fund 0009

Table 2

Fund 0009 - Breast Cancer Control Account	2009-10	2010-11	2011-12
<b>BEGINNING BALANCE</b>	13,827	5,468	5,240
Prior Year Adjustment	6,095		
<b>ADJUSTED BEGINNING BALANCE</b>	<b>19,922</b>	<b>5,468</b>	<b>5,240</b>
<b>REVENUES, TRANSFERS AND OTHER ADJUSTMENTS</b>			
<b>Revenues</b>			
150300 Income From Surplus Money Investments	117	76	76
<b>Total Revenues</b>	<b>117</b>	<b>76</b>	<b>76</b>
<b>Transfers and Other Adjustments</b>			
FO0004 From Breast Cancer Fund per Revenue and Taxation Code Section 30461.6	11,808	11,379	13,092
<b>Total Transfers and Other Adjustments</b>	<b>11,808</b>	<b>11,379</b>	<b>13,092</b>
<b>TOTAL RESOURCES</b>	<b>31,847</b>	<b>16,923</b>	<b>18,408</b>
<b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>			
<b>Expenditures</b>			
0840 State Controller (State Operations)	21	51	29
4260 Department of Health Care Services (State Operations)	7	94	112
4265 Department of Public Health			
State Operations	5,974	4,872	5,038
Local Assistance	20,377	6,661	12,874
8880 Financial Information System for California (State Operations)	0	5	5
<b>TOTAL EXPENDITURES</b>	<b>26,379</b>	<b>11,683</b>	<b>18,058</b>
<b>FUND BALANCE</b>	<b>5,468</b>	<b>5,240</b>	<b>350</b>

## 6. Projection Methodology

### COST ESTIMATES USING PERCENT CHANGE MODEL

#### Clinical Claims Costs

As a base, EWC will use the clinical claims costs for the same six months of FY 2008-09 and FY 2009-10. This aims to capture the increase in costs EWC has experienced without the policy changes of no new enrollments and no longer serving women 40-49 years of age. We found the increase to be 16 percent. This percentage was used to project costs into Current Year (CY) 2010-11 in the amount of \$61.9 million.

To project clinical claims costs for Budget Year (BY) 2011-12 we continued to use an increase of 16 percent. This is due to the fact that percentage of increase in costs from year to year continues to rise. In addition, we do not have a way to predict the number of women who will enroll in the program after a long period of no new enrollments. The estimated projected clinical claims cost for BY 2011-12 is \$71.4 million.

The projected clinical cost for BY 2011-12 is broken down by service category in Table 3. The distribution among the service categories were developed by comparing the amount of each service category to total cost.

**Table 3 – FY 2011-12 Projection by Service Category**

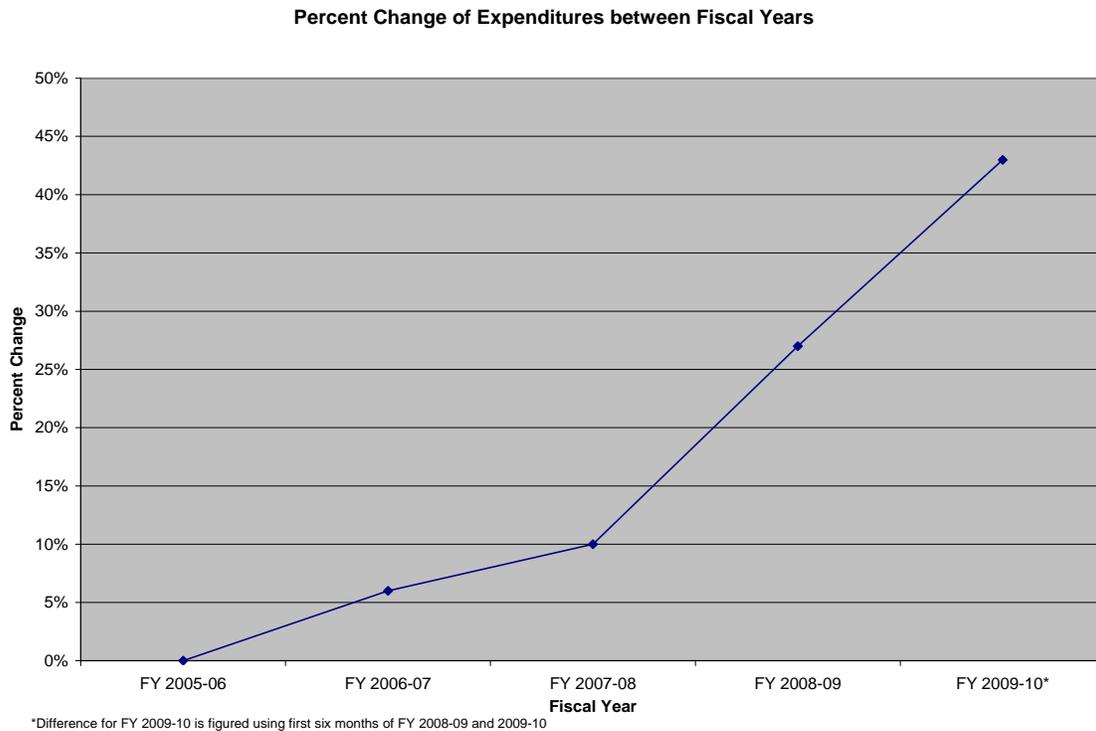
Service Category	Total Cost	% of Total
Office Visits and Consults	14,721,000	20.6%
Screening Mammograms	19,365,000	27.1%
Diagnostic Mammograms	5,860,000	8.2%
Diagnostic Breast Procedures	7,432,000	10.4%
Case Management	15,435,000	21.6%
Other Clinical Services <sup>1</sup>	8,647,000	12.1%
Total	71,459,000	100.0%

<sup>1</sup> Includes cervical screening and diagnostic services and other services such as use of rooms, medications, and supplies.

- Projected clinical claims costs for BY 2011-12: \$71.4 million.

Figure 3 shows the percent change in clinical claims expenditures between FY 2005-06 and 2009-10.

**Figure 3**



**Case Management Costs**

Case management (CM) costs for FY 2011-12 are projected using a comparison of actual costs from FYs 2007-08 to 2009-10. After a projected cost for CM is determined using women 40+ years of age with a fee of \$50, we subtract the cost for a two-tiered system, \$50 for abnormal screenings and \$0 for normal screenings, to determine the savings. The projected cost of CM for women 40+ years of age at \$50 for every CM claim is \$15.4 million. After deducting the cost for normal screenings the cost savings for FY 2011-12 is estimated to be \$9.2 million for women 40+ years of age.

The estimated cost savings for CM in FY 2010-11 of \$7.1 million is lower than the projected savings of \$13.7 million listed on page 13 of the June 14, 2010 Legislative Analyst’s Office (LAO) report *Fiscal and Policy Options for the Every Woman Counts Program*. One of the differences in the estimated savings is due to the discovery that a report received from the DHCS titled MR-N 145 included in the line item for CM the costs of cervical office visits. This error, while resulting in an overstatement of CM costs, did not cause an overpayment of total clinical claims costs. EWC refigured the CM cost savings using the electronic clinical claims data received from DHCS.

- Projected Case Management Cost Savings in BY 2011-12: \$9.2 million

### **Opening New Enrollments**

EWC began accepting new enrollments of women 40+ years of age on December 1, 2010. Due to this EWC will realize a cost savings for the first 5 months of FY 2010-11: 1) For new women who were 50+ years of age and not enrolled into the program between the months of July through November 2010. 2) For women aged 40-49 who were not enrolled in the program during the same period of time. These cost savings are projected based on past percentage of costs for new enrollments of women 50+ years of age and women aged 40-49.

- Projected savings for 5 months of no new enrollments for women aged 50+ in CY 2010-11: \$5.7 million.
- Projected savings for 5 months of not enrolling women aged 40-49 in CY 2010-11: \$9.6 million.

### **Change in Medi-Cal Rate for Mammography**

FY 2010-11, AB 1613 (2010 Healthcare Trailer Bill) added Welfare & Institutions Code section 14105.08, which mandates that Medi-Cal reimbursement rates for radiology services may not exceed 80 percent of the corresponding Medicare rate. This change will decrease mammography rates from \$72.16 to \$69.86 or 3.18 percent. To estimate the cost savings we calculate the percentage of mammography costs in past years to the total clinical claims costs. Using the calculated percentage we applied it to the projected clinical claims costs for FY 2010-11 and FY 2011-12.

- Projected savings for the change in mammography rates for BY 2011-12: \$840,000.

### **Ten Percent Medi-Cal Reduction**

Chapter 3, Statutes of 2011 includes a ten percent rate reduction to Medi-Cal fee-for-service benefits. Because the program reimburses EWC providers at Medi-Cal rates, this change will result in clinical claims savings to the program. To facilitate the ten percent reduction, EWC subtracted ten percent from the 2011-12 May Revision Estimate amount for clinical claims.

- Projected savings to clinical claims costs from the BY 2011-12 ten percent Medi-Cal reduction is \$7.2 million.

### 7. Caseload

Caseload is determined by dividing the projected annual clinical claims cost of \$61.4 million (see Table 1c, November Estimate, \$64.980 million - \$3.544 million contract costs = \$61.4 million clinical claims costs) by the annual average cost of service per woman (\$156.48). EWC defines caseload as the number of unique women who receive at least one paid service during the fiscal year. Probabilistic matching is used to supplement often-unreliable clients' identifiers (because identifiers are generated potentially at multiple service points). We estimated the annual average cost of service per woman by applying a 2 percent annual increase rate to the FY 2008-09 average cost (\$147.45), the most recent year with reliable cost information. The 2 percent increase rate is derived from a comparison of average cost per woman using the same six months of FY 2008-09 and FY 2009-10 to capture the increase in costs EWC has experienced without policy changes of no new enrollments and no longer serving women 40-49 years of age.

In the final step, we need to include the savings projected for the ten percent reduction of Medi-Cal costs in the amount of \$7.2 million. This is derived by dividing \$7.2 million by the calculated caseload of 393,000 which results in reducing the average cost per woman by \$18.32. (See Table 4)

	Average Cost Per Woman	Calculated Caseload	
FY 2008-09	\$ 147.45	291,000	*
FY 2009-10	\$ 150.40	241,000	**
FY 2010-11	\$ 153.41	255,000	+
FY 2011-12	\$ 156.48	393,000	++
10% Reduction	\$ -18.32		
FY 2011-12 w 10% Reduction	\$ 138.16	393,000	
* Serving woman 40+ no cost savings policies in place ** 6 months no new enrollments, no women 40-49 + 5 months no new enrollments and no women 40-49. 7 months new enrollments, women 40+, reduction in mammography rates, tiered case management ++ New enrollments, women 40+, reduction in mammography rates, tiered case management			

- The projected caseload for BY 2011-12 is 393,000.

## 8. Acronyms

AB – *Assembly Bill*

BCCA – *Breast Cancer Control Account*. This is EWC's portion of a two-cent tobacco tax. The BCCA receives one cent of this tax. It is a declining fund source.

BY – *Budget Year*

CDPH – *California Department of Public Health*. The Department which oversees the EWC program.

CDS – *Cancer Detection Section*. The Section of the CDPH which is responsible for the EWC program.

CM – *Case Management*

CY – *Current Year*

DETEC – *DETecting EARly CANcer*. A centralized reporting system providers use to submit data.

DHCS – *California Department of Health Care Services*. This is the department responsible for processing EWC clinical claims.

DHS – *Department of Health Services*. The former department which housed the EWC program. CDPH is a successor department.

EWC – *Cancer Detection Programs: Every Woman Counts*. This is the program responsible for the screening and education of women regarding breast and cervical cancer.

FY – *Fiscal Year*

LAO – *Legislative Analyst's Office*

MRL – *May Revise Letter*

NBCCEDP – *National Breast and Cervical Cancer Early Detection Program*. This is the federally funded portion of the EWC program.

USPSTF – *United States Preventative Services Task Force*. The task force which makes recommendations on screening policies for breast and cervical cancer.