



**Agenda Item No. 1
February 1, 2012 Meeting**

DATE: January 18, 2012

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

A handwritten signature in black ink, appearing to read "Michael M. Ruane", is written over the printed name.

SUBJECT: Progress Report and Work Plan for Community Clinic Catalytic Investment

SUMMARY:

The Fiscal Year 2011/12 budget includes \$650,000 within the Community Clinic budget for catalytic investment. Catalytic investments are one-time funding investments which achieve one or more of the following outcomes: 1) reduce or eliminate ongoing funding allocations from the Commission; 2) innovative, high-impact projects that yield multi-year service strategies; or 3) provide the necessary infrastructure or start-up funding to allow for sustainability through external funding sources.

Community Clinic Catalytic Investments

Through the Commission's investments over the past 10 years, the quality and capacity of community clinics has been significantly expanded with both the growth in the number of new community clinics and additional capacity of previously existing clinics to provide pediatric primary care services.

The Coalition of Orange County Community Health Centers (Coalition) has identified a series of opportunities for members of the Orange County Safety Net. While several of the investment opportunities focus on addressing traditional areas of practice management, a majority of attention is placed on assisting clinics in responding to the emerging requirements of the Patient Protection and Affordable Care Act (ACA), addressing aspects of Managed System of Care and other areas of opportunity related to Healthcare Reform. The proposed investments call for an initial, one-time investment, which will result in positive returns over both the short and long term implications for participating clinics.

The participating clinics include Alta Med Health Services, Friends of Families Health Center, Hurtt Family Health Center, Nahn Hoa Comprehensive Health Center, Sierra Health Center, St. Jude, as well as Share our Selves (as relates to El Sol Clinic Operations). The proposed process for participating clinics is as follows:

- a.) The Coalition will host a meeting of participating clinics to review each of the Catalytic Investment Initiatives. Clinics will have the opportunity to identify their areas of interest.
- b.) The Coalition and Commission representatives will then conduct meetings focused on each of the individual Initiatives with interested member clinics. The objective of the meetings will be to discuss specific needs, and identify means of achieving each of

- the Initiatives, with the goal of developing final proposals and budgets to present to the Commission for each of the Initiatives. It is understood that the Clinics will assist in determining implementation models.
- c.) The Coalition and the Commission will review feedback for each of the Initiatives, developing a final implementation model and corresponding budget, not to exceed \$650,000.

The Initiatives are presented below.

1. Professional Expertise – Revenue Development and Business Planning

Professional Expertise via consultative services would provide significant benefits to the clinics in development of revenue generation, cost containment, and enhanced efficiencies. Clinics would apply for support in the categories listed below.

Medically Underserved Designation - This Initiative focuses on providing expertise in applying for and obtaining designation as Medically Underserved Areas/Medically Underserved populations (MUA/MUP's) for the benefit of increased eligibility to apply for various federal funding opportunities, positioning health centers for programs including the Federally Qualified Health Center (FQHC) Look-Alike status. In addition, these designations automatically qualify health centers to recruit and retain providers through the National Health Service Corps (NHSC) loan repayment program, further closing the gap in the provider shortage present now and expected in 2014. It is assumed that all seven of the clinics may be interested in support in this area.

FQHC Look-Alike Status Designation - This Initiative will provide for expertise and support to clinics in applying for FQHC Look-Alike status, providing guidance and support in application completion. It is assumed that two or three of the participating clinics will be interested in application support.

Business Process Management Expertise - Practice Management expertise will be provided in the areas of revenue cycle enhancement and cost containment. The clinics will benefit through consultation to increase revenues and help in decreasing overhead. A consultant will provide onsite reviews, making recommendations and assisting in implementation. It is anticipated that all of the clinics would be interested in obtaining this means of support.

Strategic Fund Development Support - Grant writing and fund development support will be provided for federal or external support (not private donors) either focused on collaborative grant proposals for multiple clinics, or a countywide proposal.

2. Adoption of Electronic Health Record (EHR)

The use of an Electronic Health Record creates many efficiencies and benefits for providers and systems. EHR improves clinical operations, saves health care dollars, maximizes the utilization of services and prevents duplication of services. Furthermore, financial incentives available through Medi-cal and Medicare to encourage the use of electronic medical records are another source of funds that can help improve service delivery and quality among safety

net providers. An investment in this process will expedite the ability of clinic organizations to prepare for and implement the use of a certified EHR product and demonstrate “Meaningful Use”.

A consultant will be assigned to work with clinics to ensure accurate and timely completion of applications forms, and to assist in selection of hardware and software, and to provide technical assistance through implementation. As a result of this investment, organizations will realize multiple operational benefits while aligning themselves to receive incentive dollars for the next six years that will strengthen their revenue base and ability to provide optimal care. EHR will also improve pediatric services in the areas of immunizations and developmental screenings.

The investment of specific recommended investments include: application process support, infrastructure support and technical assistance, and hardware/software. Clinics would apply for consultative and/or hardware and software support. The funds are not intended to cover the entire cost of software and hardware, but are intended to assist clinics in their purchases.

3. National Committee for Quality Assurance (NCQA) Patient-Centered Medical Home Recognition Process

A significant amount of evidence suggests that clinical practices modeled on a *Patient Centered Medical Home* demonstrate improvements in patient outcomes, reduction of operational costs, increased quality and expanded access to care. Those practices that are recognized as a Patient Centered Medical Home will be eligible to receive higher Medicaid reimbursement either through fee-for-service or by capitation, including those that serve the age 0-5 population. An investment into this process will allow clinic organizations to complete the NCQA recognition process which will result in performance improvements as well as increased revenue through the ability to seek higher Medicaid and other payer reimbursement.

Next Steps

The next steps in the work plan include meeting with each clinic to finalize catalytic concepts, identify which clinic will participate in each strategy, and conduct budget analyses to identify areas in the Commission’s budget for future reductions. Commission consultant Debra Beauregard will be working closely with the Coalition and the individual clinics to develop the final proposal, which will include specific budget and identification of potential matching sources. The budget and proposal will be submitted to the Commission for funding action in March.

STRATEGIC PLAN & FISCAL SUMMARY:

The Commission’s Strategic Plan remains unchanged and the proposed priority outcomes and strategies are consistent with Healthy Children goal. The proposed actions are consistent with the Approved FY 2011/12 Budget and Operating Plan.

PRIOR COMMISSION ACTIONS:

- December and September 2011- Progress Report on Catalytic Investments

RECOMMENDED ACTION:

Receive and approve work plan for the Community Clinic Catalytic Investment Budget

Contact: Kim Goll