



**Agenda Item No. 1
July 6, 2011 Meeting**

DATE: June 23, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director 

SUBJECT: Revised Pediatric Specialty Loan Program and Reassignment of Program Administration

SUMMARY:

In October 2009, the Pediatric Health Services Committee, established by your Commission approved the creation of the pediatric specialty loan repayment program to recruit and retain pediatric subspecialists in Orange County in targeted practice areas. The Commission contracted with the Health Professions Education Foundation (HPEF), an affiliated nonprofit of the Office of Statewide Health Planning and Development, to administer the program. The Foundation provides outreach, marketing, and assists in application review and processing. The first year of the project yielded three qualified candidates; the second year yielded only one. In response to direction from the Pediatric Health Services Committee at its May meeting, Commission staff explored several options to redesign the program to increase the pool of potential candidates and expand the number of qualified applicants.

The first step in this redesign effort is to reassign the program management and administration. The Commission and HPEF have mutually agreed that the existing contract should be terminated. Staff requests Commission approval to transfer contract administration from the HPEF to Public Health Foundation Enterprises (PHFE) effective September 1, 2011.

Background

The Pediatric Loan Specialty Program was designed to increase the number of pediatric specialists available to serve the county's underserved population of children from birth to 5 years old in areas of specialized care. The selection process focused on pediatric specialties that have had the lowest provider to child ratios for children under five, a review of the demand for services based on analysis of Orange County clinical visit data, and services most closely connected to school readiness and the Commission's mission. The program prioritizes the recruitment of pediatric subspecialists in the areas of neurology, developmental services, and pulmonology.

Through the program, selected physicians each receive up to \$125,000 over three years to help repay outstanding medical education loans. In return, the physicians agree to serve children through age 5 and to affiliate with an Orange County hospital, clinic or physician practice with a patient base of at least 51 percent Medi-Cal and/or Healthy Families beneficiaries for the three-year period. The program is the first of its kind in California dedicated exclusively to addressing the gap in available pediatric specialists.

On behalf of the Commission, the current program administrator, HPEF was responsible for:

- Program outreach and marketing
- Design and acceptance of applications
- Review of all applicants qualifications against the eligibility criteria and selection of a recommended panel for Commission's approval
- Contract monitoring and verification of physician services

Program outreach and marketing is a critical component to ensure that the Commission receives a diverse and qualified set of applicants. The first year program yielded three qualified candidates; however, the most recent year's efforts did not achieve the same results. Only one qualified candidate was identified in this process and based on subsequent review staff identified several challenges in the current process which likely impacted the number of applications submitted:

- Marketing strategy – The staff of HPEF are state employees and while they are independently funded they must follow state imposed restrictions on travel and vacancies. The marketing outreach was challenged this year due to staff turnovers, limitations on state travel, etc. A more aggressive marketing effort will be necessary to increase the number of applicants.
- Timing of application cycle – The current application process is based on a March 24 application submission deadline and award notification by the end of May. Based on feedback received, we now understand that award notification is occurring after physicians have already made their decisions about their appointments. In general, institutions make offers by mid-January and physicians commit to new placements by end of March. The program is not timed to provide a sufficient incentive for physicians to locate in Orange County.

Staff is currently developing options to redesign the program to address these challenges and will present a plan to the Pediatric Health Services (PHS) Committee at their October meeting. In the interim, staff proposes to transfer administrative duties related to physician payments and service verification to Public Health Foundation Enterprises, Inc. (PHFE). HPEF and Commission staff has agreed that budget and personnel limitations have impacted the HPEF's capacity and it is mutually beneficial to terminate the agreement at this time. HPEF will make their final payment to the three FY 2009-10 awardees in August 2011, and end their agreement with the Commission on September 30, 2011. PHFE will begin the transition August 1 to assume responsibility for the contract monitoring and physician payments effective September 1, 2011. The month of September should provide more than ample time for HPEF to transition the program administration to PHFE. As necessary, PHFE's scope may be expanded in the future to include marketing and outreach based on PHS direction and the final program design. Regardless of the future program design, the Commission will rely on PHFE to ensure timely and accurate payments are made to past and current awardees to assure no impact on practicing subspecialists that are fulfilling the terms of their award. Attachment 1 provides a summary of the contract expenditures to date and the requested transfer of contract funding to PHFE. As shown, we have estimated the administrative costs at 10% of the total value of the projected physician payments which is comparable to the fee paid for other fiscal agent duties performed by PHFE. To ensure

no impact on the awardees, the recommended term of the contract mirrors the period of service of the physician grant recipients. The contract term may be extended pending future grant cycle awards and the redesign.

Commission staff will return to the PHS Committee in October with a recommended plan of action implementing a redesigned program. The Plan will include recommendations on the Program's priority subspecialties (pulmonology, developmental services, neurology) as well as recommended changes to its marketing and outreach strategy. One option currently being explored is allowing the hiring institution to be the program administrator. This would allow the institution to integrate the position recruitment with the recruitment for this program and better leverage the grant award as an incentive. The hiring institution would assume the responsibility for marketing, recruitment etc. This has the potential to save the Commission approximately \$50,000 annually in program management costs. Any program redesign recommendations will be consistent with previously authorized Commission funding limits.

STRATEGIC PLAN & FISCAL SUMMARY

This project has been specifically reviewed in relation to the Strategic Plan and is consistent with the Healthy Children goal, among others. This funding request is for \$825,000 for the term August 1, 2011 through September 30, 2014. Funding for this item is included in the FY 2011-12 Budget within the Health Children, Pediatric Health Services budget category.

PRIOR COMMISSION ACTIONS:

- February 2011 – Allocation for Pediatric Health Services Program
- March 2011 – Long Term Financial Plan Update
- April 2011- Long Term Financial Plan Update

RECOMMENDED ACTIONS:

1. Approve proposed changes to the Pediatric Subspecialty Loan Program and approve transfer of program administration from the Health Professions Education Foundation to Public Health Foundation Enterprises, Inc. effective September 1, 2011.
2. Direct staff to present a plan for redesigning the Pediatric Subspecialty Loan Program within existing funding allocations and present options to the Pediatric Health Services Committee no later than October 2011.
3. Adopt Resolution (Attachment 1) authorizing Executive Director, or designee to prepare and negotiate Agreement PS 98 with Public Health Foundation Enterprises, Inc., in an amount not to exceed \$825,000 to provide Pediatric Specialty Loan Program administrative services for the period August 1, 2011 through September 30, 2014.

ATTACHMENTS

1. Resolution
2. Summary of Contract Payments and Balances

Contacts: Christina Altmayer
Alyce Mastrianni

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-11-C&FC

July 6, 2011

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR TO PREPARE AND NEGOTIATE AGREEMENT NO. PS-98 WITH PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Master Agreement for Consultant/Professional Services (“Master Agreement”), which was approved by the Commission; and

WHEREAS, the Commission desires to authorize the Executive Director or designee to prepare and negotiate Agreement No. PS-98 with Public Health Foundation Enterprises, Inc. for Pediatric Specialty Loan Program administrative services in an amount not to exceed \$825,000 for the period August 1, 2011 through September 30, 2014 as specified in the July 6, 2011 staff report for this Agenda Item; and

WHEREAS, Commission has reviewed the staff report relating to the Scope of Services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission hereby authorizes the Executive Director, or designee, to prepare and negotiate the terms, conditions and final form of Agreement No. PS-98 with Public Health Foundation Enterprises, Inc. for Pediatric Specialty Loan Program administrative services, in an

amount not to exceed \$825,000 for the period August 1, 2011 through September 30, 2014 as specified in the July 6, 2011 staff report and scope of services referenced therein; and

Section 3 The form of Agreement No. PS-98 with Public Health Foundation Enterprises, Inc. for Pediatric Specialty Loan Program administrative services shall be substantially similar to the form of the standard Master Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee. The approval by the Executive Director of Agreement No. PS-98 shall be conclusively evidenced by the execution and delivery of the Agreement by the Commission Chair to the Commission Clerk.

Section 4 Commission hereby approves Agreement No. PS-98 with Public Health Foundation Enterprises, Inc. for Pediatric Specialty Loan Program administrative services as specified in the July 6, 2011 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, Agreement No. PS-98 on behalf of the Commission.

Section 6 A copy of the final Agreement No. PS-98 with Public Health Foundation Enterprises, Inc. for Pediatric Specialty Loan Program administrative services, when executed by the Commission Chair, or Executive Director, and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director (or his designee) is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Service Agreement, (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement, and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on July 6, 2011 to wit:

AYES: Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, DARLENE J. BLOOM, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

DARLENE J. BLOOM
Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-11-C&FC

Agenda Date: July 6, 2011

Item No. ____



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

DARLENE J. BLOOM, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Agreement No. PS-98 with Public Health Foundation Enterprises, Inc.
for Pediatric Specialty Loan Program administrative services)

**Summary of Contract Payments and Balances
Contract FCI-HPE-01 with Health Professions Education Foundation**

| FCI-HPE-01 HPEF Physician Loan Contract | Budget | Paid to Date | Projected Expenditures April-June 2011 | Projected Expenditures July-Sept 2011 | Projected Remaining Balance |
|--|------------------|--|---|--|--|
| Staffing | \$62,347 | \$7,137 | \$2,379 | \$863 | \$51,969 |
| Direct project expenses | \$797,425 | \$50,332 <i>Includes the August 2011 Physician loan payment</i> | \$1,737 | \$5,000 | \$740,356 |
| Indirect /administrative overhead (10% max) | \$85,228 | \$1,275 | \$1,275 | \$3,400 | \$79,278 |
| Total | \$945,000 | \$58,744 | \$5,391 | \$9,263 | \$871,603 |
| Total physician payments due through 2014 (per current physician awards) | | | | | \$700,000 |
| 10% admin for PHFE to administer loan program | | | | | \$70,000 |
| Reserve for outreach, marketing, etc. to be conducted by PHFE (conducted in accordance with PHS Committee approved marketing plan) | | | | | \$55,000 |
| Maximum Obligation (not to exceed) for new PHFE agreement PS-98 | | | | | \$825,000 |
| Projected Contract Savings | | | | | \$46,603 |