

# **Sustainability Audit of the Contra Costa County Regional Medical Center and Health Centers**

## ***Report Highlights***

### **Background:**

- The goal of the audit, as authorized by the Board of Supervisors, was to develop policy options that can increase the financial and programmatic sustainability of Contra Costa County's Regional Medical Center (CCRMC) and the health centers and clinics; to research and present ideas that would support the operation of a highly effective and efficient health care delivery system and to develop all options in the context of health care reform. In addition, the audit was to take into account the mandates in State law for California counties to provide health care services to medically indigent residents as well as Contra Costa County's current and projected financial situation.
- The definition of "sustainability" that is used, for the purposes of the audit, is a system that has "appropriate capacity and effective and efficient use of that capacity to meet the needs of the population of persons being served." Options presented within the report are designed to support or create effective and efficient use of system capacity, in the context of the implementation of health care reform.
- Materials in the audit are presented in three parts (Stage 1 Report, Stage 2 Report and Stage 3 Report) and focus on the population of county residents who have health care benefits through publicly financed programs as well as those who are currently without health care coverage.
- The information is presented so that the three documents (Stages 1, 2 and 3) should be considered together and are a complete reporting of what was requested of the consultants. The reports include demographic data about the county's population and use of health care services, identification and discussion of the pros and cons of possible policy options the Board might want to consider and background data or research. There isn't a listing of recommendations within the documents. The Board of Supervisors directed the County Administrator and the consultants to research and present policy options to improve or maximize sustainability rather than make recommendations for Board action.
- Each document begins with a summary listing of findings and the options that have been included within that section of the materials and this Report Highlights document also lists some of the significant findings, options and ideas from the three reports.
- The consultants and county staff working on the project have made every effort to present accurate and factual materials for Board consideration. However, there may be corrections needed as the reports are reviewed and discussed by the Board of Supervisors and a larger audience.

### **Assumptions:**

- The report materials assume that the Affordable Care Act (federal health care reform legislation that is known as the ACA), along with companion State legislation, will be implemented and financed in the manner and time frame laid out in current law, rules and regulations.
- If laws or funding changes substantially before 2014, when health care reform is set to be fully implemented, or portions of the federal law are ruled unconstitutional, the report's findings and the options available to the Board of Supervisors will need to be adjusted accordingly.

### **Factors to Consider:**

- Throughout the materials, Contra Costa County is compared and contrasted with other counties in California, but the other Bay Area Counties of Alameda, San Mateo and Santa Clara are often used as the most comparable.
- CCRMC, one of 10 hospitals in the County, generates the third highest number of discharges per year and provides triple the number of hospital services to Medi-Cal residents than the next busiest hospital in the County.
- Currently, the East Bay has a very small number of hospital beds for the numbers of residents and age of the county's population. Emergency beds throughout the county can be at a premium and are often at capacity. As health care reform is fully implemented and newly insured citizens begin to use the health care system significant extra demand is projected to be experienced by a county-wide health care community that has limited unused capacity.
- Quality indicators for health care received at Contra Costa Regional Medical Center for most health conditions are satisfactorily comparable to others around the state and in the surrounding counties.
- Current revenue in the hospital and clinics is heavily weighted towards Medi-Cal patients, with 75% of each revenue dollar of net patient revenue being received from Medi-Cal. These revenues are consistent with the mission statement of the department and they reflect skillful maximization of federal and state reimbursement in the current environment.
- The consultants state that the County's health system is "vertically integrated within itself in a fashion that is comparable to what national health reform is hoping to foster. The pieces are in place to have a seamless system of care for vulnerable populations that can provide the right care, at the right place and at the right time."

- However, in the future, it is doubtful that any public health care system will be able to meet all the needs of vulnerable residents without assistance from and increased integration with the private sector of health care.
- HMA identifies a possible opportunity to utilize the existing network of care providers in a dialogue about how the entire health care community might accommodate, change and grow to meet what is projected to be the greatly increased demand for medical services as the ACA is implemented.
- The consultants identify some changes that would make the County's system more "nimble" (meaning better able to compete for necessary staff with private health care systems) and consequently more sustainable, including implementation of an expanded role for departmental management in human resource functions, procurement and union negotiations. These options are found in Section IV of the Stage 3 Report.

#### **Fiscal Sustainability Issues:**

- One of the most encouraging projections for fiscal sustainability for the County's hospital, health centers and health clinics is the projected decrease in the number of uninsured county residents if national and State health care reform plans continue being implemented as envisioned.
- By 2014, once health care reform is fully implemented, the majority of County residents can have health care coverage. Overall the number of uninsured residents is projected to decrease significantly, from an estimate of 15% of the County's population in 2009 to about 4% in 2014. More data about these statistics and related information can be found in the Stage 1 Report, on pages 45-49.
- The report identifies examples and specifics about the great success the financial management of the department has had in locating and acquiring outside revenue to finance the County's current health care system and to begin implementing the requirements associated with ACA. Because of their success, the consultants found very few ideas for generating additional revenue.
- However, the consultants did identify several opportunities that could be considered to gain additional revenue. Included are options regarding changes to the current business model, (such as greatly expanded clinic hours, days of service or locations of clinics), or the addition of new business lines (such as creation of transitional care beds). The consultants identify that these options would likely come with start-up costs which could be fleshed out by county staff if the Board would choose to consider them further. Specific ideas are found throughout the Stage 3 Report.

### **Patient Centered Medical Home Concept (PCMH):**

- The Patient Centered Medical Home (PCMH) is a concept envisioned in health care reform legislation. Implementation information on this concept in relation to Contra Costa County is described in more detail in the Stage 2 and Stage 3 reports. PCMH is a “model for ambulatory care transformation” designed to improve the delivery of patient care and patient outcomes. Implementation is a major undertaking requiring significant investment and the health department has several elements already in place which could provide an important starting place for continued transformation. Successful full-scale implementation will require the County’s health care system to make changes related to overall service capacity and these changes are identified in the consultant’s report.
- HMA identifies the need to shift health care services from an inpatient focus to outpatient and ambulatory; fewer inpatient admittances per person served will be needed; systems will be paid for decreasing hospital admissions and avoiding preventable re-admissions; medical case management and care coordination for patients will be required. The ACA is predicated on funding that is based on proving that the most appropriate and least costly care is used for individual patients and Contra Costa will need to re-engineer its health care, billing and reporting systems accordingly.
- Because the department is already on the path to creating the PCMH model the suggestion is made for having the department report to the Supervisors on their most critical needs at this time, as well as the timeframe and costs associated with full implementation of the PCMH model design that the department has chosen.
- The report identifies the department’s commitment to continuously improving the quality and safety of the care it delivers. The ongoing efforts at workflow streamlining and process improvements are viewed as vital to successfully continuing the implementation of the Patient Centered Medical Home model.
- Also vital to successful implementation of the model is timely and accurate completion of the transition to an electronic method of record keeping and streamlining the patient appointments process, both of which the department is now engaged.

### **Staffing and Workforce Capacity Considerations:**

- The consultants stressed the importance of succession planning for key leadership positions, in light of the heavy work load and the short time frame associated with full implementation of health care reform. The Stage Three Report, Section V, contains this information and options for the Board of Supervisors to consider.
- To continue the implementation of health care reform in an effective and efficient fashion the consultants identified current and future service capacity needs. This information is presented in pages 50-71 of the Stage 1 Report and throughout the Stage 3 Report.

- Some of the issues identified include the need for the department to quickly secure the necessary technical staff to complete the conversion to an electronic medical records system; an emergency department where volume often can exceed the physical space; specialty clinics that appear to be at or near capacity with wait times greater than 30 days to secure an appointment; and panel sizes for primary care physicians that appear to be at 25% over capacity while visit productivity appears to be at 25% below capacity because of problems in scheduling appointments.
- HMA reviewed the January 2010 total Compensation Report prepared by the HayGroup in conjunction with their own review. Some wages and benefits for certain classifications are identified as greater than the median in this market for comparable jobs in the private sector. Others are much lower. Overall, the consultants state that the current wage and benefit package is “more conducive to retention than recruitment.” Given these findings, another option for sustainability over time deals with several mechanisms identified in the reports for moving closer to the median on wages and benefits for all county staff within the hospital and clinic system.
- The consultants identify possible roles for the Supervisors and County Administrator in monitoring and tracking the departments work on implementing health care reform changes. These ideas can be found in the Stage 3 Report.

### **Options for Governance:**

- The Board of Supervisors asked for information about governance options, the pros and cons of different types of governance and some examples of successful hospital systems using alternative governance models. The report points out that there are no easy or quick paths to implementing a different governance model. Any governance change would require input and/or agreement from multiple entities, including unions and employees, community stakeholders, members of the health care community in the county and other elected officials.
- The information and discussion of alternative governance options are described in more detail on pages 18 and 19 of Stage 2 and pages 20-28 of Stage 3.

### **Conclusions from the Report:**

- The final section of the Stage 3 Report provides multiple options for the Board of Supervisors to consider in continuing its progress toward a more cost-effective, efficient, and sustainable health care system that best meets the needs of the expanding Medi-Cal population, uninsured, and other medically vulnerable residents of the county.

- Based upon HMA's assessment, the County has made tremendous strides in improving its delivery system. The county has put into place many of the pieces required to ensure the right care is at the right place at the right time. The next step for the Board of Supervisors to consider is movement towards becoming a full-scale PCMH system of care and the possibilities, challenges (and policy implications) of becoming an Accountable Care Organization.
- The County has also been a leader among other counties in California in maximizing revenue to the greatest extent possible. The structural, management, and measurement options presented throughout the materials would enable the county to better respond to the current and emerging environment, including the impact of health reform and workforce and financial issues. It will also allow the county to continually push towards excellence and excellent service to the residents of Contra Costa County in whatever governance model is chosen.

**Next Steps:**

- Once the Board of Supervisors has considered the documents and decided which options they wish to pursue further, county staff can flesh out the specifics, including financial assessments, for subsequent Board action.
- The Sustainability Audit will be presented to the Medical Services Joint Conference Committee of the Board of Supervisors on Wednesday, September 28, 2011, at 12:30 p.m., at the Contra Costa Regional Medical Center Campus in the Martinez Health Center/Building 1 North Conference Room, at 2500 Alhambra Avenue, Martinez. On Tuesday, October 4, 2011, the report will be presented to the full Board of Supervisors at 10:30 a.m. That presentation will take place during the Board's regular business meeting at 651 Pine Street in Martinez.