

A REPORT BY
THE 2014-2015 CONTRA COSTA COUNTY GRAND JURY
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Report 1507

**OPPORTUNITIES FOR CHANGE IN THE COUNTY
HEALTH AND HUMAN SERVICES SYSTEM**

Merging the Healthcare System with a Larger Private or Public System

Merging the County Health and Human Services Departments

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Contra Costa County Grand Jury Report 1507

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TO: The Contra Costa County Board of Supervisors

SUMMARY

Merging Contra Costa County's healthcare system with a larger private or public healthcare system would provide independent administrative oversight, broaden access to physician specialists, clinics and hospitals, and increase healthcare options to meet the needs of a population that is expected to grow 32% in the next 20 years.

Upon partnering the County's healthcare system with a larger healthcare system, merging Contra Costa Health Services' Public Health and Behavioral/Mental Health with the Employment and Human Services Department has the potential to improve service delivery and reduce costs.

INITIAL FINDINGS

I. MERGING THE COUNTY HEALTHCARE SYSTEM WITH A LARGER ENTITY

Contra Costa Health Services (CCHS) comprises a self-insured healthcare system that includes a seismically safe state-of-the-art 166-bed county hospital, 10 ambulatory care health centers, a nationally recognized Family Medicine Residency Program and a health plan that has increased its membership by 20% in the last year. With 170,000 members, the health plan provides coverage for 17% of the county's population. Contra Costa is one of the few counties in the U.S. that offers the full range of health-related services under one organizational structure.

In the past few years, the University of California San Francisco, the University of California Davis and Kaiser Permanente have inquired about partnering with the County healthcare system. Consolidations have occurred throughout the state. Walter Kopp of Medical Management Services, a San Anselmo consultant to hospitals and medical groups, points out that "this is just the beginning of what will be a lot less hospitalizations and fewer hospitals".

Doctors Medical Center, a small independent hospital in San Pablo, closed its doors on April 21, 2015 after struggling with low Medi-Cal reimbursement rates for 80% of its patients. Ten percent of the hospital's patients had no health insurance and the seismically unsafe facility was losing \$18 million per year.

Pursuant to Section 17000 of the California Welfare and Institutions Code, counties are responsible for providing services to patients who cannot receive medical services elsewhere. The County contributes \$30 million annually to its healthcare system and it has an obligation to provide for the underserved.

Small hospitals, like the county hospital, Contra Costa Regional Medical Center (CCRMC), that receives low reimbursement rates and serves struggling communities, have difficulty recruiting staff and upgrading facilities. They lack the leverage to improve quality care and reduce inefficiencies. Grand Jury interviews revealed that CCRMC lacks scale compared to larger hospital systems and therefore needs to partner for certain medical specializations.

Other local hospitals are merging to create stronger systems. The University of California San Francisco (UCSF) Medical Center and John Muir Health have recently finalized an agreement to establish the Bay Area Accountable Care Network that provides Bay Area/Northern California patients with increased patient access to a larger variety of physicians, hospitals, outpatient facilities and health systems. The partnership allows both organizations to increase the number of doctors in the healthcare network and share costs for building new health centers.

A. PROS AND CONS OF THE COUNTY HEALTHCARE SYSTEM

i. CONS: County Healthcare System Challenges

Anticipating the rollout of the Affordable Care Act in 2010, the County Board of Supervisors (BOS) commissioned a "Sustainability Audit of the Contra Costa County Regional Medical Center and Health Centers" that was presented to the County Administrator September 2011 by Health Management Associates (HMA). Four years later, several of the report's findings corroborated with this year's Grand Jury interviews that underscored difficulties managing rapid healthcare changes with governmental oversight, specifically the challenges related to the lack of CCHS hiring flexibility.

"HMA's assessment is that CCHS cannot recruit nor replace staff as quickly as needed. There appears to be redundancy in staff effort and processes that result in delays that create additional staff costs and the loss of qualified candidates. There appears to be no ability to adjust to changing market conditions in order to compete for qualified staff."

Very few of the 4,000 CCHS employees are non-union. There are 15 unions and 30 bargaining units in the county, complicating negotiation agreements. Regarding union bargaining, the report continues:

"No strategic vision or alignment with CCHS' business needs is planned for and represented in the negotiating process. As an example, COLAs are granted to all classifications when pay changes need to be targeted at 'hard-to-recruit' classifications. There is no collective preparation or impact analysis for negotiations. The outcome has no ownership of the results; County decisions regarding benefits and compensation are made to maintain labor serenity and to create a positive public sentiment. This is not good for CCHS and does not allow any flexibility for change to improve CCHS operations."

Appointment wait times can be long and the phone process frustrating, a problem identified in the same report:

"The increase in demand for primary care services has resulted in a mismatch of the supply of appointments available and the demand for these appointments. This results in few appointments available to give to patients requesting appointments and long phone queues."

"Given that the population of Contra Costa County is projected to grow by more than 350,000 people over the next 20 years and the implementation of health reform, the capacity of the CCHS primary care delivery system will need to expand to meet the growing demand."

ii. PROS: Reducing Challenges

CCHS is expanding its healthcare system to reduce appointment waiting times. The expansion tied to the Delivery System Reform Incentive Program (DSRIP), a five-year federal pay-for-performance quality improvement initiative authorized under Section 1115 of the Social Security Act, CCHS' healthcare system is one of California's 21 hospital systems that participates in DSRIP. California's \$6.67 billion DSRIP initiative is financed by the federal government. By providing monetary incentives, the DSRIP motivates public hospital systems to develop innovative system designs that improve patient care.

CCHS must routinely report on its own DSRIP metrics. A few of those metrics are listed below:

Increasing Responsiveness to Patients

1. Telephone Clinics

As of June 2012, there are approximately 407 telephone consultations per week that reduce center-based appointment backlogs, thus adding 281 person-to-person medical visits per week. Patients report that telephone appointments reduce the cost and time related to transportation and parking for office visits.

2. New Health Centers

North Richmond Center for Health added 58 exam rooms, increasing capacity for 27,000 patients annually. The new 10,000-square-foot George & Cynthia Miller Wellness Center in Martinez is expected to receive about 70,000 outpatient visits annually.

3. Primary Care Providers

100% of newly enrolled patients are assigned a Primary Care Provider (PCP) ensuring that patients have their own doctor. A proprietary software system developed by CCHS, scans Full Scope Medi-Cal and Low Income Health Plan files of patients who are without a PCP and based on their location and other factors, it helps assign PCPs to these patients.

DSRIP funding has allowed CCHS services to expand, providing \$32.55 million for meeting certain milestones. Under a new title, "Medi-Cal 2020", the funding will be extended, but eventually it will be terminated. DSRIP funding is not permanent and is only intended to be seed money for system redesigns.

B. PARTNERING WITH A LARGER HEALTHCARE SYSTEM

Merging the County's healthcare system with a larger system could potentially provide an opportunity to expand operations and meet the needs of the growing population. The scope of this report is not broad enough to include all of the benefits and detriments of each healthcare system that would be interested in partnering with the County's healthcare system. However, based on the potential inquiries to date, two systems in particular could potentially improve the County healthcare system.

i. Kaiser Permanente (Kaiser):

The County healthcare system has been described as a "Little Kaiser" because, like Kaiser, the County has an integrated system: a hospital, health centers and its own health plan. The County's healthcare system uses the same electronic medical software as Kaiser's "KP HealthConnect", commonly known as Epic (the system cost Kaiser \$6 billion to build and by 2010, it was the largest civilian electronic medical record system). The County's healthcare system has 170,000 members. Kaiser has over 3,600,000 members in Northern California alone and has three hospitals in Contra Costa County.

ii. Bay Area Accountable Care Network; UCSF Medical Center and John Muir Health:

UCSF Medical Center and John Muir Health are integrating clinically while remaining independent. The new network includes a health insurance arrangement under which they will take on limited insurance risk from the health plans they contract with. The partnership is in the final stages of development. They envision sharing doctor support services, health information technology, billing services and other support. This system also uses Epic electronic medical records.

CCHS management has spent decades building a comprehensive healthcare system. However, many changes are taking place in healthcare systems nationally and in Contra Costa County. Top County healthcare managers will be leaving soon. The County's population is projected to grow substantially in the next 20 years. A partnership or merger with a larger healthcare system could potentially provide access to a broader spectrum of care and decrease administrative and technological costs.

II. Merging CCHS Programs with Existing Departments; Creating a Contra Costa County Health and Human Services Department

Sixteen California counties combine their health and human services departments. Contra Costa County is larger than all of these counties with the exception of San Diego

County. Personnel of these other counties who were interviewed by the Grand Jury stated that the benefits to clients and the cost savings are worth the initial growing pains of combining separate departments, and highly recommended taking the step toward merging as long as the newly-created department is not too large.

If Contra Costa County were to combine these services, the department would eclipse all other county departments. Currently there are 4,000 employees in CCHS and 1800 employees in the Employment and Human Services Department (EHSD).

While a department of 5800 employees might be difficult to manage, if the county healthcare system merged with a larger system, those employees would most likely be managed by the new partner. This would permit the following CCHS programs - primarily stand-alone programs outside of CCRMC, CCHP and the Health centers - to combine with existing county services, resulting in a manageably-sized Health and Human Services Department.

A. MERGER OPPORTUNITIES FOR CONTRA COSTA COUNTY

1. Emergency Medical Services and the Contra Costa Fire Protection District

As the CCHS Emergency Medical Services (EMS) program and Contra Costa Fire Protection District (Con Fire) provide complimentary services, they are good candidates for a merger. EMS provides oversight of the EMS system, contracts 9-1-1 ambulance services and practices pre-hospital medicine in the field. EMS also plans and coordinates medical disaster responses. Reciprocally, fire districts are responsible for determining what level of first medical response they are capable of providing.

Con Fire's contract is in the process of being renewed by the County. In response to the request for proposals, Con Fire is currently bidding with the American Medical Response (AMR) transportation company to develop a unique partnership that will provide fire safety and medical transportation. The partnership is expected to decrease costs. The bid will be awarded in July 2015. Merging EMS, Con Fire and AMR could provide an opportunity to coordinate ways of responding to 9-1-1 calls and decreasing patient handoff times to hospitals, an important focus of Contra Costa EMS.

2. Environmental Health and Hazardous Materials Programs Merger with the Department of Conservation and Development

Two other departments where a merger could be advantageous due to significant overlap are CCHS' Environmental Health and Hazardous Materials Program and the Department of Conservation and Development. The Department of Conservation and Development provides services related to the environmental impacts of new construction, landfill issues, oil refinery projects

and natural gas pipeline safety. The merger could provide ways to increase service coordination.

3. Behavioral Health and Public Health Merger with EHSD to Create a *Health and Human Services Department*

There are approximately 1,800 county social service employees who work in the Employment and Human Services Department (EHSD). Combining these EHSD employees with the 856 employees of CCHS Behavioral Health and Public Health would create a Health and Human Services Department that is smaller than the current CCHS department of 4,000 employees. According to other health and human services counties, consolidation of health and human services is successful when the combined departments are a manageable size and there is no county hospital to manage.

B. MERGING THE REMAINDER OF EHSD AND CCHS

The remaining services provided by EHSD and CCHS fit together naturally. The San Diego experience is instructive. San Diego County, the second largest county in California - almost three times the size of Contra Costa County - was suffering from fragmented departments during the 1990's. Six different departments were providing health and human services, resulting in a duplication of services. Each department had its own administration and consumers found it difficult to keep track of the disparate people and agencies managing their cases. In 1998, the San Diego County Board of Supervisors approved the merger of individual county departments into a single Health and Human Services Agency that emphasized community-based prevention and early intervention, improved customer service and increased accountability to taxpayers. This consolidation of services reduced administrative staff and eventually freed up \$230 million in funds (from 1998-2008), which was re-invested in direct services.

San Diego Health and Human Services was able to benefit from increased efficiencies. Due to their integrative structure, the county was successful in obtaining large grants, emphasizing prevention and early intervention services and reducing overhead costs. With strong coordination, and regional decentralized offices, San Diego County Health and Human Services has received national recognition for client outcomes, improved customer service and its integration with community organizations and contractors.

Consolidation can be challenging. Currently CCHS and EHSD have been described to the Grand Jury as "culturally completely different". During tough times, strong internal integration can be difficult, let alone coordination with different departments. The Great Recession caused an upheaval in unfilled vacancies, increased responsibilities and greater consumer needs. Years of belt-tightening have caused low morale and recruiting candidates to fill new positions can take a long time. In some cases it can take nine months to hire a mid-level employee position.

Yet due to the many programs that overlap between EHSD and CCHS, these departments must have a strong relationship to coordinate their respective responsibilities. One new example is the Core Practice Model (CPM) Guide, recently developed by the California Department of Health Services and the California Department of Social Services. The CPM outlines best practices to support children and youth in the child welfare system who are in need of mental health services. A settlement agreement arising from the legal case of Katie A. v. Bonta et al (Katie A.) provides that mental health and child welfare providers work closely to deliver Intensive Care Coordination, Intensive Home Based Services and Therapeutic Foster Care. The CPM provides guidelines for integrating services to comply with Katie A. EHSD and CCHS are developing an integrative framework for compliance.

Other mandates similar to Katie A. require that EHSD and CCHS collaborate in providing programs or lose funding. EHSD and CCHS programs are already providing case management services together as shown in the two lists below, but Grand Jury interviews reveal that it is very challenging.

The list below describes EHSD programs that intersect with CCHS. EHSD programs are in black text. Within the description, there are health-related subset services highlighted in red, italicized text.

General Assistance: Provides cash assistance to single unemployed adults. Included are other services required to maintain eligibility such as *mental health and substance abuse treatment, and shelter beds*.

SSI Advocacy: Assists General Assistance and CalWORKs clients with a *verified disability*, which has lasted or is expected to last at least 12 months.

Aging and Adult Services: Serves the social and *health-related* needs of older and disabled adults.

In-Home Supportive Services Program Administration: Assesses the need for in-home services and processes payments to those who provide services to over *7,632 aged, blind and disabled recipients*.

Child Welfare Services Substance Abuse/HIV Infant Program: Recruits and trains foster parents or relatives to care for *substance and alcohol exposed infants*.

CalWORKS Employment Services: Provides case management of CalWORKs recipients who have a Welfare-to-Work (WTW) requirement. WTW activities are intended to help participants obtain and retain employment and include supportive services such as housing, transportation, childcare and referrals for *substance abuse, mental health and domestic abuse*.

1. **Medi-Cal Intake Eligibility:** Initial application processing and eligibility determination for Medi-Cal programs that provide comprehensive medical services to children and adults in low-income families. Programs include: *Modified Adjusted Gross Income Medi-Cal, Medically Needy Programs, Programs for Pregnant Women, Special Children's Programs, Medicare Savings Programs, Minor Consent Services, Specialized Programs for Breast and Cervical Cancer, Tuberculosis and Renal Dialysis, 250% Working Disabled Program* and Public Assistance Programs.

Contra Costa County Covered California Call Center: Provides enrollment services for *affordable health care* to California residents.

Service Integration Team/Sparkpoint Centers: Ten nonprofit partners, plus *CCHS* and First 5 Contra Costa, work together to help East and West Contra Costa residents become economically self-sufficient.

Community Services Bureau (CSB) /Head Start: Offers comprehensive Head Start and state funded childcare programs for families and children 0-5 years old. CSB utilizes a comprehensive approach to childcare, providing high quality educational care to children and their families, *physical health, nutritional, mental health, disabilities* and school readiness services to the families.

Domestic Violence Victim Assistance - Special Reserve Fund: Provides funding for emergency shelter, counseling, *health* and social welfare services to victims of domestic violence.

The list below describes CCHS programs that intersect with EHSD. CCHS programs are in black text. Within the description, there are social welfare subset services highlighted in red, italicized text.

Child/Adolescent Case Management Services: Case managers provide screening, assessment, evaluation, advocacy, placement and linkage services to assist children and adolescents in obtaining continuity of care within the mental health, health care, and *social service* systems.

Early and Periodic Screening Diagnosis and Treatment (EPSDT) Program: Provides comprehensive mental health services to Medi-Cal eligible severely emotionally disturbed persons under age 21 and their families. Services include assessment; individual, group and family therapy, crisis intervention, medication, day treatment and other services as needed. *Specialized services are available in cases of emergency foster placement.*

Katie A. Programming: Children's Mental Health in partnership with *EHSD's Children and Family Services* is in the first year development stages of a new legally mandated services delivery system to serve Katie A. youngsters in the *Foster Care System*. These

new services are identified as Intensive Care Coordination and In Home Behavioral Services.

Substance Abuse and Mental Health for CalWORKs (SAMHWORKs): Mental health specialty services provided for CalWORKs participants referred by the Employment and Human Services Department to reduce barriers to employment.

Mental Health Services Act/Proposition 63: Expands mental health care programs for children, transition age youth, adults and older adults. The Prevention and Early Intervention component was added in 2009 and the remaining components of Innovation, *Workforce Education and Training*, and Capital Facilities/Information Technology were added in FY 2010-11.

Contra Costa Youth Continuum of Services for Runaway and Homeless Youth - Calli House, Appian House and Bissell Cottages: Provides outreach, shelter, transitional and permanent housing and services to youth ages 14-24. Provides youth-specific case management, vocation, education services, health care and substance abuse support services and provides longer term housing services for *emancipating foster care youth*.

HIV/AIDS Program: Provides AIDS testing, community education and prevention services, home and clinic-based case management including *clinical social work, benefits counseling*, medication access, transportation assistance, substance abuse and mental health support, housing assistance and other emergency assistance.

Lift Every Voice (LEV): Provides outreach and case management services to incarcerated pregnant women and teens prior to release from the county detention facility and juvenile hall to ensure that newborns have a safe environment in which to live after delivery. At the time of their release, LEV assists women with *accessing Medi-Cal insurance*, prenatal care and case management services.

Child Health and Disability Prevention: Provides oversight and coordination of services for Medi-Cal eligible children 0-21 years of age, *including foster children*, to receive complete health for the early detection and prevention of disease and disabilities.

Conclusion

The Affordable Care Act has created an environment for competition with the specific intent to lower health care costs, causing potential partners to inquire about merging with the county healthcare system. County employees may view these future chaotic changes with trepidation, but with careful and courageous planning, groundwork can be laid for a strong foundation of client care in both the healthcare system environment, as well as in the area of health and human services.

Client care in the area of health and human services can also be improved by a merger of CCHS and EHSD. Overhauling CCHS and EHSD would set the new department on a course that would remain integrated when the next economic downturn arrives, creating an opportunity to deliver services as one group.

FINDINGS

- F1. Contra Costa Health Services managers have developed a comprehensive healthcare system.
- F2. Healthcare systems compete for patients by reducing costs and improving services. Local hospitals are merging to create stronger systems.
- F3. According to Health Management Associates *Sustainability Audit of the Contra Costa Regional Medical Center and Health Centers*, the County will be adding 32% more people in the next 20 years.
- F4. After losing \$18 million annually, Doctors Medical Center in San Pablo closed permanently on April 21, 2015.
- F5. Pursuant to Section 17000 of the California Welfare and Institutions Codes, counties are to provide healthcare for those who are indigent and poor.
- F6. The county hospital, the Contra Costa Regional Medical Center (CCRMC), receives low Medi-Cal reimbursement rates that do not offset actual costs.
- F7. The County annually provides \$30 million in general funds to augment the budget of CCRMC (the Contra Costa Regional Medical Center).
- F8. Grand Jury interviews revealed that CCRMC must partner for certain medical specialties.
- F9. The County commissioned a Sustainability Audit of the County hospital and health centers which was presented to the Board of Supervisors in September 2011.

- F10. The Sustainability Audit of the County hospital and health centers underscored the Grand Jury's findings that county hiring is challenging and patients have difficulty obtaining timely appointments.
- F11. As part of a five-year renewable program that pays public hospital systems to reach defined goals, CCHS management secured \$32.55 million in annual funding from the Delivery System Reform Incentive Program (DSRIP).
- F12. CCHP has met certain goals set by DSRIP, including (1) expanded access to physicians through telephone appointments (that increased the person-to-person appointments by 281/week); (2) increased capacity for the North Richmond Center for Health (58 exam rooms) and constructed a new 10,000 sq. foot George and Cynthia Miller Wellness Center in Martinez; and (3) ensured that 100% of Full Scope Medi-Cal and Low Income Health Plan patients have a Primary Care Provider.
- F13. DSRIP funding is not permanent and is only meant to provide seed funding.
- F14. DSRIP funding will be extended for another five years.
- F15. Sixteen of the 58 counties in California have merged Health and Human Services departments.
- F16. San Diego County, which is three times larger than Contra Costa County and is the largest California county with a merged Health and Human Services Department, was able to reinvest \$230 million in funds over a 10 year period by reducing overhead, decentralizing offices and emphasizing prevention and intervention with community partners.
- F17. If the County were to combine the current healthcare system, the CCHS programs and EHSD, there would be 5,800 employees in a Health and Human Services Department.
- F18. If the healthcare system merges with a larger system, four programs would remain in CCHS. Emergency Medical Services could merge with the Contra Costa Fire Protection District while the Environmental Health and Hazardous Materials Program could merge with the Department of Conservation and Development.
- F19. The two CCHS programs, Behavioral Health and Public Health have a combined 856 employees. Merging these two programs with social services, the Employment and Human Services Department (1,800 employees) would create a Health and Human Services Department that is smaller than CCHS' current number of 4,000 employees.
- F20. There are more than 20 CCHS and EHSD programs that rely on each other to provide comprehensive services.

F21. Child welfare workers under EHSD and mental health specialists under CCHS are developing strategies to comply with a new settlement agreement, Katie A. v. Bonta, that mandates mental health and child welfare systems provide intensive services for foster children in need of mental health services. EHSD and CCHS are mandated to coordinate services.

RECOMMENDATIONS

- R1. The County should consider merging or partnering the healthcare system with a larger private or public healthcare system that would provide administrative oversight, broader access to physician specialists, clinics and hospitals, and increased healthcare options.
- R2. If the County is successful merging the healthcare system, the County should consider merging the two primary departments that would remain in Contra Costa Health Services – Public Health and Behavioral/Mental Health – with the Employment and Human Services Department, creating a Health and Human Services Department. The county should find funding to commission a report outlining the full benefits and detriments of merging EHSD with Public Health and Behavioral/Mental Health services.
- R3. If the County is successful merging the healthcare system, the county should consider merging CCHS' Environmental Health and Hazardous Materials Program with the Department of Conservation and Development and merging Emergency Medical Services with the Contra Costa Fire Protection District.

REQUIRED RESPONSES

	<u>Findings</u>	<u>Recommendations</u>
Contra Costa County Board of Supervisors	1-21	1-3