

**A REPORT BY  
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**Report 1307**

**CONTRA COSTA COUNTY  
HEALTHCARE**

**Preparing for Tomorrow by Partnering Today**

APPROVED BY THE GRAND JURY:

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JUDGE OF THE SUPERIOR COURT

Contra Costa County Grand Jury Report

**CONTRA COSTA COUNTY HEALTHCARE**

***Preparing for Tomorrow by Partnering Today***

Report 1307

**TO:** Contra Costa County Board of Supervisors

**SUMMARY**

This report concerns the County entering into partnerships with other healthcare providers in the County as a means of meeting the surge in healthcare demand from the Affordable Care Act. Final implementation of the Affordable Care Act begins January 1, 2014. This presents both a challenge and an opportunity to develop a comprehensive plan for an integrated healthcare delivery system in Contra Costa County. With federal healthcare reform, many more county residents will become eligible for insurance, including Medi-Cal. It is estimated that over 40,000 will remain uninsured. The increase in demand will further strain a county system that currently lacks the capacity to adequately serve the vulnerable population in our county.

Research shows that coordination is vital among healthcare providers in order to provide access to quality care. Strategic partnerships among public and private healthcare providers are being formed throughout California and the nation to plan for the imminent changes. Their goal is to provide cost-effective, quality care to an expanded population and re-design systems to improve health outcomes to meet the increase in demand.

The Board of Supervisors commissioned a sustainability Audit of the Contra Costa County Health Services Department, and in 2011 the consultants published their report. One of the recommendations is for the County to take the lead in developing partnerships among public and private healthcare providers. The comprehensive Audit completed by a consultant, Health Management Associates, in September, 2011, and titled "Contra Costa County-Health Care Sustainability 2011", begins with the statement:

"It is doubtful that our public health system alone will be able to meet future medical needs of vulnerable populations in Contra Costa County without assistance from the private sector. Public/private partnerships will continue to need exploration and development when health care reform provides access to care for people who will be newly or more adequately insured and those who remain without health insurance."

Two years have passed since the Audit recommendation was presented to the County Board suggesting that the County Health Services Department take the lead in discussions to expand the number and scope of such partnerships. While some effort has been made to explore a few possibilities, there has been little meaningful change achieved during that time, and now time is

running out. The County should bring a sense of urgency to its leadership efforts and a willingness to take steps to seriously engage private sector stakeholders in the challenge to prepare for the coming change in demand for healthcare services.

This report is not about the Contra Costa County healthcare operation's current governance structure, nor is it an analysis of the pros and cons of possible mergers between the County and private or public sector entities, although both would be worthy of future Grand Jury investigations.

## **METHODOLOGY**

In preparing this report, the Contra Costa County Civil Grand Jury:

- Reviewed the "Sustainability Audit of the Contra Costa County Regional Medical Center and Health Centers" (September, 2011) and the "Contra Costa County Health Services Department Environmental and Organization Assessment" (March, 1997).
- Researched "best practices" in the creation of strategic public-private health care partnerships.
- Interviewed county officials and acknowledged leaders in both public and private health care within and associated with Contra Costa County.

## **BACKGROUND**

In January, 2011, the Contra Costa County Administrator's Office was authorized by the County's Board of Supervisors to engage a consultant to conduct a sustainability audit of services and facilities operated by the Contra Costa Health Services Department (CCHSD). CCHSD operated facilities include the Contra Costa Regional Medical Center (CCRMC) and other health centers and clinics. The definition of "sustainability" that was used for the audit and referenced in the final report was 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." The overall goal of the audit was to develop options for the Board to consider that could help sustain the County's health care system, taking into account the implementation of recent health care reforms.

Health Management Associates (HMA), a consulting firm specializing in the field of health system sustainability and widely regarded as a leader in providing technical and analytical services to health care providers, produced this report and presented its findings to the County in September, 2011. The findings included options for the Board of Supervisors to consider in determining the most cost-effective and efficient way for the County to:

- (a) Provide care for the expanding Medi-Cal population, uninsured, and other medically vulnerable residents of the County and
- (b) Sustain its operations.

Those options are presented in the context of health care reform as it has recently been enacted at the federal level through the Affordable Care Act (ACA) and at the state level through companion legislation.



Ultimately, any actions taken by the County as a result of the options presented and recommendations made by HMA in the report require the passage of resolutions enacted by the Board of Supervisors.

The report acknowledged that the County's health system was "vertically integrated within itself in a fashion that is comparable to what national health reform is hoping to foster" and that many of the necessary pieces were in place to have a system of care for the least protected population that could "provide the right care, at the right place and at the right time." In fact, the report was quite complimentary of the progress made by the County's health care system with regard to cost reduction, quality of service, and integration of its services and programs.

However, the report went on to caution that in the future, it was doubtful that any public health care system alone would be able to meet all the needs of vulnerable residents without assistance from and increased integration with the private sector of health care. Specifically, the report stated "It is impossible for the CCHSD by itself to provide all the needed primary care capacity, especially with the impact of health reform and the increased movement of patients into managed care. CCHSD's relationship with the non-County healthcare providers to enhance the care of the uninsured must be solidified, particularly in light of the approximately 40,000 Contra Costa residents who will remain uninsured after health reform is fully implemented."

This Audit stated that pursuing an "integrated approach", one that includes public-private partnerships, could be extremely helpful in ultimately assuring access to quality, efficiently-delivered healthcare. The Audit also stated that some of the partnering efforts would need to go beyond the traditional, fee-for-service type arrangements currently used to close identified gaps in the County's service capabilities. Rather than just addressing shortcomings in the County's operations, true or strategic partnerships, those based upon a commitment to the use of a collaborative problem-solving approach by all stakeholders, public and private, could potentially lead to the resolution of some of the long-standing, system-wide deficiencies in healthcare delivery in the County.

HMA recommended that the CCHSD explore opportunities to utilize the existing network of care providers and encourage discussion between stakeholders of how the entire health care community might accommodate the increasing demand for services. The report suggested that CCHSD "take the lead" in these discussions. It proposed that partnerships between and among private and public healthcare providers in the county be expanded and enhanced to ensure that all residents have optimal access to primary care.

The key to creating the kinds of partnerships desired is an acceptance on the part of all stakeholders that a collaborative, transparent approach to identifying, discussing, and resolving system-wide problems will be required. That approach does not require any participant to abandon organizational objectives and goals. Private sector institutions will still be driven by cost containment and profit maximization. The County will still be driven by the need to align budgetary constraints with operational needs. What will be needed is for all participants to listen to and appreciate the needs, opinions, and perspectives of other participants, but, at the same time, make a commitment to achieving a common, desired outcome of acceptable care for all citizens of the County.



HMA's report provided optimism regarding the possible results of CCHSD's undertaking this initiative. The report stated "Most non-County providers view exploring potential partnerships with CCHSD positively. There is a perception that CCHS is a unique integrated system consisting of CCRMC, the health centers, and the CCHP. However, at this time they are integrated to each other, but not to other major health care providers in the County." The report encouraged the County in the form of CCHSD to take the lead in opening and pursuing appropriate discussions.

As an example of a reported serious problem in need of a solution, there is disagreement among the CCHSD and the private sector institutions related to how an ambulance service determines to which emergency room a patient in need of immediate care is taken. At least one private sector institution believes that the decision is not made with the best interests of the patient, and may result in the patient not being taken to the closest emergency room or to the emergency room able to provide, upon arrival, care in the shortest possible time. The institution also believes that the likelihood of receiving reimbursement for the service provided to the patient may also be a consideration. This is exactly the type of problem that will require a collaborative approach between stakeholders and a partnership that may result in the setting aside of individual institutional needs and putting the care of the patient first. Furthermore, it is an example of the kind of situation in which CCHSD should provide leadership in getting all parties together to equitably solve the problem and do so in the best interests of the patient.

To gain momentum, an effective structure to engage stakeholders in strategic discussion must be introduced in the County. There are several groups in existence now (e.g., "Health Access Stakeholders", "East and Central County Access Action Team", and healthcare CEOs) that reportedly gather on a quarterly or monthly basis. However, the Grand Jury could find no reference to them on any web site, no charters, agendas, or minutes to describe work-in-progress, achievements, goals, or commitments. Assuming these groups do exist and meet as described, their efforts appear to be restricted to operational and tactical areas and not strategic as the Audit recommends.

There are several examples of initiatives undertaken in other counties that could be given consideration. The Sacramento Region Health Care Partnership began regular meetings in October, 2011, after a study found fragmentation and an underdeveloped service delivery capacity in the region's health safety net. In September, 2012, the group completed a "road map for the region to prepare for health care reform," consisting of a market analysis and strategic plan to develop an integrated health care delivery system model for low income adults and children in El Dorado, Placer, Sacramento and Yolo counties. Other examples in Northern California include the Partnership HealthPlan of California (Solano, Napa, Yolo and Sonoma counties), the Central California Alliance for Health (Santa Cruz, Monterey and Merced), and the Community Health Partnership of Santa Clara and San Mateo counties.

Two years have passed since HMA's report recommendations were presented to the Board of Supervisors. To evaluate what had been accomplished, representatives from all of the major, private-sector healthcare institutions provided their impressions of the County's activities and level of engagement to the Grand Jury. Examples of instances in which the County had taken the initiative, or assumed "leadership", for engaging these institutions in partnering discussions were not found. Examples of the creation of new, formalized working agreements consistent with the HMA report's partnering concept between the County and these institutions could not be

identified. On the other hand, all of the institutions expressed at least some willingness to explore partnering possibilities, if approached by the County, and all acknowledged the importance and benefits to the County and to their own operations in doing so.

CCHSD appears to view “partnering” was limited to simple, traditional fee-for-service arrangements with private sector institutions. There has been little initiative demonstrated on the part of the County to expand the scope or content of its strategic partnering with the private sector, nor recognition of how doing so might prove to be a critical part of addressing the inevitable challenge of the increasing demand for services. Nor has the County demonstrated an interest in taking the lead in this effort as recommended in the audit.

Divergent and at times conflicting views are held by County representatives regarding the need to change the governance structure of its healthcare operations. Some have raised concerns about the effectiveness of the existing chain-of-command and resulting poor communication among Health Services Department officials, County administration and the Board of Supervisors. Some have discussed merging or combining the County’s healthcare operations with private or public sector agencies. All of these topics are worthy of future Grand Jury investigations.

## **FINDINGS**

1. The County has made a very limited effort to expand the number and scope of public-private “true or strategic” partnerships as part of its sustainability activities.
2. Two years after the sustainability study’s findings were presented to the County Board of Supervisors, little meaningful change in the number of “true or strategic” partnerships has been achieved.
3. Private providers in the County recognize the need to, and the advantages of, approaching healthcare planning from a strategic perspective.
4. There has not been a concerted effort on the part of Contra Costa County leadership to develop a structure that would allow and encourage discussion of a broad-based, integrated approach to the definition of need, assessment of services, and planning for the future which involves key healthcare public and private providers.
5. All healthcare providers, public and private, recognize the impact new legislation will have on the number of people eligible for care and the insufficiency of current resources to meet the future demand.
6. There are examples from other counties of platforms established to allow the constructive exchange of ideas for collaborative efforts which Contra Costa County could study and consider for implementation.
7. Breakdowns in communication among CCHSD, the County Administrator’s Office and the Board of Supervisors reflect reporting problems resulting from the chain of command in the current governance structure.



## RECOMMENDATIONS

The Contra Costa County Civil Grand Jury recommends that:

1. The Board of Supervisors direct the County Administrator and CCCHSD management to bring a new level of urgency to the engagement of private sector institutions in partnering discussions at the strategic level.
2. The Board of Supervisors direct the County Administrator and CCCHSD management to engage in an open and transparent dialogue with other major healthcare providers in the County for the purpose of establishing an integrated approach to assuring that residents actually have access to care as demand increases and capacity is strained.
3. The Board of Supervisors takes the lead in creating a climate and a culture that will encourage a collaborative approach to planning for and providing quality healthcare for all of the residents of Contra Costa County.
4. The Board of Supervisors receive quarterly updates from the County Administrator and CCHSD management of progress made and results achieved with regard to the first three recommendations made above.

## REQUIRED RESPONSES

	<u>Findings</u>	<u>Recommendations</u>
Contra Costa County Board of Supervisors	1-7	1-4