

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *mt*

BOARD AGENDA # \*B-1

Urgent  Routine  *mt*

AGENDA DATE December 13, 2011

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval of Participation in a Community Healthcare Safety Net Effort to Improve Access and Health Outcomes and Reduce Cost through Improved Coordination and Approval of Submission of an Application to the Center for Medicare and Medicaid Innovation for Funding Opportunity #CMS-1C1-12-001 and Associated Actions

STAFF RECOMMENDATIONS:

1. Authorize the Health Services Agency and Behavioral Health and Recovery Services to participate in a collaborative community effort with safety net healthcare entities for the purpose of improving access and health outcomes for patients, and reducing cost through improved coordination and systems of care.
2. Authorize the Health Services Agency Managing Director or her designee to execute Letters of Commitment with other key local healthcare entities who serve the safety net population, relative to this collaborative effort and a grant application.

(Continued on Page 2)

FISCAL IMPACT:

The Federal Center for Medicare and Medicaid Innovation (CMMI) grant opportunity allows awards between \$1 Million and \$30 Million to cover a three-year grant period. If awarded, the Health Services Agency (HSA) would return to the Board of Supervisors to request the related budget adjustments. The not to exceed amount of the proposed agreement with Health Management Associates is \$140,000 of which the HSA would be responsible for a share of cost not to exceed \$28,000. This expense would be paid through existing appropriations of the approved Fiscal Year 2011-2012 HSA Clinic and Ancillary budget.

BOARD ACTION AS FOLLOWS:

No. 2011-743

On motion of Supervisor Withdraw, Seconded by Supervisor O'Brien  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, De Martini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION: This Item was removed from the consent calendar for discussion and consideration.

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**STAFF RECOMMENDATIONS (Continued):**

3. Authorize the Health Services Agency to negotiate and execute a consulting agreement with Health Management Associates for an amount not to exceed \$140,000, of which at least 80 percent of the actual amount would be contributed by contracted organizations.
4. Authorize the Health Services Agency to apply for the Center for Medicare and Medicaid Innovation funding opportunity #CMS-1C1-12-001 through the Centers for Medicare and Medicaid Services as a Convener and on behalf of the Agency, Behavioral Health and Recovery Services and the entities having an executed Letter of Commitment.

**DISCUSSION:**

Following some informal dialogue, the Health Services Agency (HSA) coordinated and facilitated a meeting of key healthcare safety net executives on November 15, 2011 to consider current circumstances, healthcare environmental trends and regulations, and to explore opportunities for greater collaboration directly related to improving the healthcare system for the safety net population in our community. Dennis Litos (the former Chief Executive Officer of Doctors Medical Center and now a consultant with Health Management Associates) who presented part of the meeting content, has recently or is currently providing consultative assistance to at least three of the local entities. Most directly, Mr. Litos is working with Health Plan of San Joaquin, the health plan selected in May 2011 by the Board of Supervisors to serve as the future designated Local Initiative Medi-Cal Managed Care health plan in Stanislaus County.

While various funding opportunities had recently existed around health systems change, fortuitously on November 14, 2011, the day before the safety net stakeholder meeting, the Center for Medicare and Medicaid Innovation (CMMI) of the federal Centers for Medicare and Medicaid Services (CMS), released a new \$1 billion funding opportunity with a considerably tight application period.

The grant opportunity *“will fund applicants who propose compelling new models of service delivery/payment improvements that hold the promise of delivering the three-part aim of better health, better healthcare, and lower costs through improved quality for Medicare/Medicaid, and Children’s Health Insurance Program (CHIP) enrollees.”* (Note: CHIP in California is referred to as the *“Healthy Families”* program.) *“Successful models will include plans to rapidly develop and/or deploy the requisite workforce to support the proposed model.”* With regard to eligible applicants, among the stated examples of the types of organizations expected to apply are health systems, local governments and public-private partnerships. Additionally, and which would be applicable to this proposal, an organization could apply as a *“Convener”*, assembling and coordinating the efforts of a group of participants.

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The deadline for the Letter of Intent for this grant opportunity is December 19, 2011. The deadline for the full application is January 27, 2012. There is an established second round opportunity with an application deadline of June 29, 2012, however awards will only be made in the second round if and to the extent that the entire \$1 billion was not previously committed for those grants awarded from the January 27, 2012 applications received. Although the January 27, 2012 is an aggressive deadline to meet, this first round is preferred to avoid incurring the development expense with a lesser chance of being awarded funding.

During the meeting of November 15, 2011, there was informal commitment to proceed by several of the participant organizations. Following that meeting and in consideration of the quickly approaching deadlines, a Letter of Commitment was drafted and sent to the local organizations for signature with the understanding that the HSA would need the Board of Supervisors' approval to execute the documents and apply for the funding opportunity. The signed Letters of Commitment received by the HSA as of Thursday, December 8, 2011 are attached.

A similar effort is being made in San Joaquin County. For three main reasons, there is current consideration of the possibility of submitting a joint application. Those reasons include: regional leveraging of planning expenses and best practices, application competitiveness, and deadlines for demonstration of outcomes. While the first two reasons are relatively straight-forward, the third warrants some explanation. As some of the components of innovative systems change require the direct involvement and payment by the Medi-Cal health plans, and since the State Department of Health Care Services has delayed for their convenience the implementation of the Health Plan of San Joaquin as the designated Local Initiative Medi-Cal Managed Care health plan in Stanislaus County, the required demonstration of grant funded outcomes within the first six months of the grant funded period may be a greater challenge in Stanislaus County. The timing of fully deployed innovative systems change is exacerbated by the outstanding bidder award decision/announcement by the State DHCS for the second Medi-Cal Managed Care health plan for Stanislaus County, with the intended effective date of January 1, 2013. However, since Health Plan of San Joaquin is already the established Local Initiative health plan in San Joaquin County, the federal deadline for demonstrable outcomes may be more achievable under a joint application. If a joint application is determined as the best approach, the fiscal impacts would be treated separately by county, and the underlying care coordination would likely be somewhat unique within each of the counties to address and capture the strengths and differences of the local healthcare environments.

Health Management Associates has a national presence and a depth in safety net systems initiatives. The staff recommendations herein are based upon the consensus of the committed participant organizations to engage Health Management Associates to assist with the initial planning and grant application preparation. The HSA currently has an agreement with Health Management Associates to assist with the feasibility analysis

of the Low Income Health Program opportunity; the contract of which is funded through a Blue Shield of California Foundation grant. That agreement was approved by the Board of Supervisors in December of 2010 and executed in 2011 with a not to exceed of \$150,000.

Following this initial application and organizing phase, with the requirements of adequate funding and multiple key community healthcare entities' commitment to participate, this effort could result in a new healthcare safety net consortium, potentially as a non-profit entity similar in structure to the residency consortium. In early November 2011, the federal government released the final rule on Accountable Care Organizations (ACO). This model could be considered the next generation of managed care in which some authority with or without downside risk is delegated to a local ACO comprised of physicians, hospitals and other health care entities, but new in that financial incentives are directly tied to healthcare quality performance and savings. A large number of healthcare systems across the country have already developed or are in the process of developing an ACO. While the future of yet implemented federal health care reform is unknown, the components of the ACO model are consistent with the federal government's need to contain costs and cost projections of the Medicare and Medicaid programs, regardless of health care reform. In part based on this acknowledgement, is HSA's interest in continued collaborative efforts particularly with the key community provider and payor stakeholders. If this collaborative effort moves toward that result, staff would return to the Board of Supervisors with a subsequent proposal regarding participation.

**POLICY ISSUE:**

Approval of this recommendation is consistent with the Board of Supervisors' priorities of A Healthy Community, Efficient Delivery of Public Services, and Effective Partnerships by supporting a community effort to seek federal funding and to improve access and health outcomes and reduce cost through expanded public-private system coordination.

**STAFFING IMPACT:**

At this time, existing staff will perform tasks associated with these recommendations.

**DEPARTMENTAL CONTACT:**

Mary Ann Lee, Managing Director, 209-558-7163.

## **Letter of Commitment**

With the preliminary support by multiple healthcare executives on November 15, 2011, this Letter of Commitment is sought to authorize and fund the initial efforts by a Community Consortium of Providers and Payers (Consortium) for purposes of developing an Accountable Care Organization (ACO). This ACO, which would be developed by the Consortium, would be focused on improving the quality and health status of the Safety Net population through a coordinated system of care, and would seek to improve access and reduce the costs associated with caring for the Safety Net population.

The Consortium will pursue an opportunity to seek grant funding from the Center for Medicaid and Medicare Innovation of the Centers for Medicare and Medicaid Services to fund the initial costs associated with developing a new coordinated system of care for the Safety Net population.

The Consortium will focus their efforts on developing new approaches to the healthcare delivery system which will likely include: new and existing site development, new post-acute healthcare process development, medical home model development, integration of mental health and primary care services, health information exchange development and employment of new types of healthcare providers to serve the target populations.

The Consortium will engage Health Management Associates (HMA) to provide consulting services for grant preparation and grant submission. The projected cost for these services is expected to run between \$120,000 and \$140,000. There are 8 participants being invited to participate and it is reasonable to assume at least 5 of the 8 will choose to participate and likely that 7 of the 8 will participate.

If at least 5 parties participate their total share of the cost would be between \$24,000 and \$28,000. If 7 parties participate, then the total cost per participant would be between \$17,200 and \$20,000. The length of this HMA engagement will be dependent upon the grant application deadline of either January 27, 2012 or June 29, 2012.

HSA proposes to serve as the convener and would enter the contract with HMA on behalf of the Consortium and bill each member of the Consortium their respective share of the consulting fees on a monthly basis. All Consortium members are expected to reimburse the HSA for their invoiced amount within 30 days of receipt of the invoice. HSA will work closely with HMA to monitor the project costs.

The Consortium's project participants must acknowledge their financial responsibility as outlined in the content of this Letter of Commitment by signing and returning a signed original and an electronic copy of this letter to:

Mary Ann Lee  
Managing Director, Stanislaus County Health Services Agency  
P.O. Box 3271  
Modesto, CA 95353  
mlee@schsa.org

In order for this project to move forward in a timely manner to meet the grant guidelines set forth by the Center for Medicaid and Medicare Innovation for submission of a Letter of Intent, we request that this letter be signed and returned by 12-7-11.

CONSORTIUM PARTICIPANT

COUNTY OF STANISLAUS

Health Services Agency

Print Name: \_\_\_\_\_

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: Dean Wright  
Dean Wright, Deputy County Counsel

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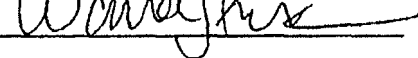
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CONSORTIUM PARTICIPANT

Doctors Medical Center of Modesto, Inc.

Print Name: Warren J. Kirk, President/CEO

Signature: 

COUNTY OF STANISLAUS

Health Services Agency

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: \_\_\_\_\_

Dean Wright, Deputy County Counsel



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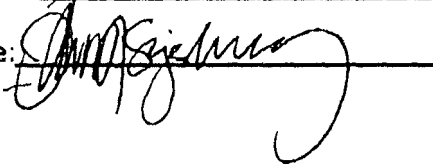
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CONSORTIUM PARTICIPANT

Emanuel Medical Center

Print Name: JOHN R. SIGSBURY

Signature: 

COUNTY OF STANISLAUS

Health Services Agency

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: \_\_\_\_\_

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CONSORTIUM PARTICIPANT

Golden Valley Health Centers

Print Name: Michael O. Sullivan,

Signature: 

COUNTY OF STANISLAUS

Health Services Agency

CEO Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: \_\_\_\_\_

Dean Wright, Deputy County Counsel

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CONSORTIUM PARTICIPANT

Health Plan of San Joaquin

Print Name: John Hackworth

Signature: 

COUNTY OF STANISLAUS

Health Services Agency

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: \_\_\_\_\_

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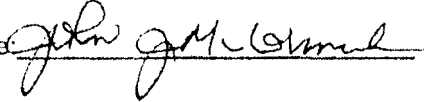
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CONSORTIUM PARTICIPANT

Oak Valley Hospital

Print Name: John J McCormick

Signature: 

COUNTY OF STANISLAUS

Health Services Agency

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

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CONSORTIUM PARTICIPANT

Sutter Gould Foundation

Print Name: Paul DeChant, CEO

Signature: \_\_\_\_\_



COUNTY OF STANISLAUS

Health Services Agency

Mary Ann Lee, Managing Director

Signature: \_\_\_\_\_

Approved as to Form:

County Counsel

Signature: \_\_\_\_\_

Dean Wright, Deputy County Counsel