California Health Facilities Financing Authority ("CHFFA")

Resolution No. 2011-02

Staff Report: New Grant Program

Executive Summary:

Staff and counsel to CHFFA have worked for the last several years to explore ways in which the board might consider utilizing a portion of its fund balance to benefit underserved and vulnerable populations throughout California in furtherance of CHFFA's mission of promoting important California health access, healthcare improvement and cost containment objectives. Staff is pleased to recommend a new grant program as more particularly described in the below Background and Recommendation sections. This recommendation is especially timely in the context of our State's current budgetary difficulties which have already resulted in devastating funding reductions to California's most underserved and vulnerable populations. This recommendation is also nicely timed in the context of national health care reform which challenges all states to find innovative and cost-effective ways of delivering health care to more people than ever before contemplated.

In short, the concept staff brings to the board involves staff working closely with the State Treasurer to pursue legislative approval to utilize up to $1.5 million in funds from CHFFA's fund balance to support a demonstration project designed to advance the innovative delivery of health care to underserved and vulnerable populations throughout California with up to an additional $5,000,000 for statewide implementation of the innovative model if the demonstration project is able to demonstrate cost savings, improved clinical outcomes and a sustainable state wide model.

Background:

CHFFA staff has actively explored, researched and considered more than two dozen health care needs in California with the goal of identifying one which might most benefit from possible grant funding. Staff consulted closely with a large state department , as well as with multiple actual providers concerning California's delivery of health care, dental care, mental health care and supportive services for the developmentally disabled and their families. Staff also explored current projects benefiting institutionalized populations, children and young adults with special healthcare needs, foster youth, elderly and homeless mentally ill Californians among many others.

Considering the State's ongoing budgetary woes for the last several fiscal years, CHFFA staff focused on underserved and vulnerable health care populations in California – populations whose access to quality and cost effective care will likely be hit the hardest. Due to the State's profound and seemingly intractable budgetary problems, a range of critical health services to vulnerable populations have been reduced and are currently slated for significant reductions in the coming fiscal year. For example, in 2009 most of the Medi-Cal adult dental benefits were eliminated due to the state's budget deficit; Medi-Cal services for children have been reduced with additional cuts proposed; the system of services for developmentally disabled individuals has experienced significant budget reductions in recent years; and adult day health care appears to be headed for total elimination from the State

budget. To help narrow the field, CHFFA staff revisited the Authority's mission statement adopted in 2010 and renewed its focus on the promotion of "important California health access, healthcare improvement and cost containment objectives." Other lenses through which staff considered each possible grant idea included: Whether a project could achieve some appreciable impact in a two to four year timeframe with the funds available; whether the approach that is funded could be sustainable (or alternately) meet a time-limited one-time need; whether CHFFA has access to needed funding partners, experts, systems and stakeholders; and whether the issue could garner support for legislation.

Duly noting the nation's recent adoption of national health care reform and its renewed emphasis on developing innovative methods of delivering health care, including those that incorporate information technology improvements and those that promote "health homes"[1], CHFFA staff concluded that any grant program aiming to support the delivery of health care should also promote some of the innovative ideals of the national health care reform legislation.

The reality is that almost every imaginable health care need in California would likely benefit at some level from grant funding. But rather than CHFFA identifying a singular population deserving of grant fund support, CHFFA staff concluded it would be best to engage in a competitive process wherein possible grantees are obliged to craft a compelling and thoughtful program of benefit to underserved and vulnerable populations and which incorporates some of the innovative ideals of national health care reform. With this competitive process, CHFFA hopes to prompt a range of responsive proposals which can then be scored according to very specific criteria thereby maximizing the likelihood of identifying the most promising program for underserved and vulnerable health care populations in California.

Recommendation:

CHFFA staff recommends the board authorize CHFFA staff to work closely with the State Treasurer to pursue legislative approval for CHFFA to utilize up to $6.5 million over the next four years from CHFFA's fund balance to support a demonstration project designed to implement and evaluate an innovative system of delivering needed health care services that is cost effective, produces improved clinical outcomes, and can be replicated as a sustainable statewide approach. The funds would be used to fund the demonstration project (up to $1.5 million) and, if results warrant it, follow-on grants to assist in replicating the successful system of services statewide (up to $5 million).

To ensure a fair and impartial process, CHFFA staff recommends that the legislation require a competitive process (Request for Applications) designed to elicit responses from health care experts and providers in a range of disciplines. This will allow CHFFA to identify and fund a demonstration project that provides for the most cost-effective, productive, and sustainable delivery of innovative health care possible.

[1] Health homes are designed to be person-centered systems of care that facilitate access to and coordination of the full array of primary and acute physical health services, behavioral health care, and long-term community-based services and supports. The health home model of service delivery expands on the traditional medical home models by building additional linkages and enhancing coordination and integration of medical and behavioral health care to better meet the needs of people with multiple chronic illnesses. The model aims to improve health care quality and clinical outcomes as well as the patient care experience, while also reducing per capita costs through more cost-effective care.

CHFFA staff proposes that the goals for the competitive process and ultimate selection would include the following:

1. The project demonstrates an innovative model of health care delivery in both community and institutional settings for specific vulnerable populations in multiple underserved communities in California.

2. The project contemplates and attempts to address barriers faced by the specified underserved populations to receiving regularly scheduled care in a traditional clinical setting through the utilization of telehealth or other technological advances to provide care in community or institutional settings.

3. The project focuses on prevention and early intervention within a continuum of care that includes disease management.

4. The project advances the concept of a "health home" or some permutation thereof.

5. The project includes a strong evaluation and/or research element to measure cost savings and improved clinical outcomes.

6. The project identifies and addresses policy- change needs and opportunities.

7. The project includes a plan to achieve financial sustainability and has committed financial support from private foundations.

8. The project includes a partnership with or among at least one academic institution and at least one organization addressing relevant public policy issues.

9. The project has potential for statewide replication and the project will result in resources to assist in replication.

10. The project includes potential opportunities to leverage additional funding that would enhance the statewide implementation of the project's model, assuming that the outcomes of the demonstration project warrant statewide expansion.

11. The demonstration project is substantially underway and has goals that can be substantially achieved within the next three to four years.

12. The applicant has a track record of successful projects and partnerships designed to change systems and policies to improve health care delivery to underserved populations or communities.