



6114 LaSalle Avenue, No. 636

Oakland, CA 94611

510.339.7078 *tel*

510.339.7978 *fax*

putnamcic.com

CORE SUPPORT INITIATIVE EVALUATION

**Prepared for Blue Shield of California Foundation
April 26, 2006**

**Putnam Community Investment Consulting
Caroline Krauskopf, PhD, Senior Advisor
Kristen Putnam, MSW, President**

<http://www.putnamcic.com>

I. INTRODUCTION

In 2004-05, the Blue Shield of California Foundation (BSCF) provided over \$10 million in core support funding to 175 community health clinics, clinic parent corporations, and clinic consortia/networks through its Core Support Initiative. The goal of the Initiative was to strengthen the network of front-line health care providers in California that provide care to California's low income and uninsured populations through the provision of core operating support (also known as general operating support). Grantees were provided two consecutive one-year grants. Grant sizes ranged from \$7,400 to \$60,000.

II. OBJECTIVES AND METHODOLOGY

In January-March 2006, the Core Support Initiative Evaluation was conducted to determine impact of the Initiative. Objectives were to:

1. Examine effects of core support funding on grantees, communities served, and California's Safety Net;
2. Assess grantees' perceptions of issues and needs regarding the Safety Net;
3. Solicit grantees' thoughts about core support funding and suggestions for improvements; and
4. Make recommendations for how the Foundation can continue to gather data about core support impacts

BSCF retained Putnam Community Investment Consulting to conduct the Core Support Initiative Evaluation to assure objective, unbiased information and preserve respondent confidentiality.

Online survey

Organizations that received Initiative grants in both 2004 and 2005 were invited to participate in an online survey in February 2006. Ninety organizations responded for a response rate of 55% (90 clinics and parent corporations, 6 networks/consortia)¹. Respondents reflected good geographic representation, with 78% urban and 21% rural (17% Northern California, 26% Bay Area, 14% Central Valley and Coast, 33% Greater Los Angeles, 10% Southern California).² There was a wide diversity of organization size, although 47% had annual budgets between \$2-10 million. The average number of patient encounters reported by clinic respondents is 47,609.³

Telephone interviews

Organizations were randomly selected to participate in a 45-minute phone interview instead of the online survey. Thirteen completed interviews in February 2006 (6 clinics, 4 parent corporations, and 3 networks/consortia). Respondents throughout California were interviewed (2 from Northern California, 4 from the Bay Area, 2 from the Central Valley and Coast, 4 from Greater Los Angeles and Southern CA, and 2 operate statewide). They represented a diversity of context: 8 urban and 5 rural organizations, with budgets ranging from \$877,558 to \$58,000,000.

¹ Data for clinics and parent corporations are combined in this report and reported under the label "clinics."

² "Urban is defined as counties in metropolitan areas with populations greater than 250,000 (per 2003 Census Bureau classification scheme); "Rural" included all other areas.

³ Based on 2003 data self-reported to OSHPD (California's Office of Statewide Health Planning and Development)

III. RESULTS

Grantees used funds to maintain and expand programs, and cover operating expenses

Grantees were asked to indicate how their funds were used and could choose as many categories as applied. The most frequent use was supporting and growing existing services (90%): including adding staff (30%), program maintenance (29%), adding hours (18%), and program expansion (13%). In addition, 38% funded uncompensated care to cover their core service delivery. The second most common use of funds was operating expenses or facilities and equipment (70%), including purchasing medical supplies (17%).

Clinics reported that BSCF funds were most helpful in filling funding gaps (78%), avoiding staff reductions (67%), and avoiding service limitations (56%). Clinics explained that “BSCF funds eased the stress of expanding our clinic and services,” and that “it was a relief to have BSCF core support to help us see as many patients as the demand means we need to.” As one clinic explained, without BSCF funds “there would have been more chaos – we’re scrambling to figure out how to serve the people who need it.” When asked what would have been the consequences had they not received the core support grant, clinics most frequently cited service limitations and program delays.

Consortia primarily used their BSCF grants for operating expenses, facilities, or equipment (5 of 6)⁴. One consortium explained that “these are the hardest things to get funded, but without them we can’t serve our members.”

Core support had most impact on internal functioning

Clinics reported that grants had the most impact on internal functioning, specifically on improving financial security and supporting existing services. Larger clinics (that received larger grants) reported more impact on internal functioning, whereas those with budgets less than \$2 million were more likely to report a lot of impact on enhancing client services. Many clinics also reported positive impacts on staff morale: “BSCF funds enabled us to respond in a timely way to meet the needs of our patients, to be respectful of our MDs’ needs.”

One clinic’s story: *We are coming out of the shadow of being a free clinic staffed by two volunteers, to a community clinic with a staff of 17. Core support has been critical to help us deal with our growth issues. We had a lot of under-developed services, but now with help of BSCF funds we are institutionalizing the clinic, applying for FQHC-look-alike status, and diversifying our funding base. Core support really helps by adding to stability in a very unstable environment.*

One consortium’s story: *We have struggled to fund our legal component which helps members with managed care regulation, MediCal/MediCare issues, implementation of prospective payment system. BSCF funds supported our legal personnel which is truly a strength for our organization. It is one of our top member benefits and one of the highest priority services to members. This core support meant we didn’t have to limit services and it bought us time to figure out how to build long-term sustainability for our legal services.*

⁴ All numbers reported for consortia are real, not percentages (N=6).

Table 1: Impact of Core Support Funding on Grantee Organizations

	None/ A Little	Some	A Lot
Strengthening internal functioning (e.g., fiscal stability, administrative functioning, staff capacity)	2%	17%	81%
Enhancing client/member services (e.g., additional hours, increased staff, new program or services)	12%	21%	67%
Building long-term sustainability (e.g., strategic planning, diversified funding base, leveraged resources)	3%	36%	49%
Improving governance or management (e.g., board of directors/senior management leadership and effectiveness)	48%	30%	23%
Developing your organization's leadership role in your community (e.g., policy/educational advocacy, collaboration, integration of services)	38%	41%	22%

Consortia also reported the most impact on internal functioning (5 said “a lot”), including infrastructure development, increased staff and training, and improved financial practices. One consortium explained that “this kind of core support really helps with staff retention because we can put the money where it’s needed to stabilize [our organization] and get our work, our member services, done.”

Consortia stated that the primary member benefit of grants was improving the quality of consortia’s existing programs: increased capacity to conduct advocacy, provide technical assistance, assist with program development. A consortium said that “the grants enabled us to strengthen support systems by our organization, in service to our members. This strengthened relationships to our members and reinforced the benefits of collaboration.”

Core support grants met needs of the underserved

Seventy-nine percent of clinics said their grants helped them meet the health needs of underserved populations “to a great extent.” Clinics felt that increasing access (additional hours, expanded services) and serving more people were the most important impacts on their communities. A clinic explained that “BSCF grants gave us the ability to sustain our mission.”

Table 2: Impact of core support funding on clinics’ target populations

Helped us serve more people	75%
Maintained our existing program or services	59%
Funded uncompensated care	47%
Improved the quality of our existing services	37%
Increased medical personnel	18%
Increased the visibility of our organization	12%
Provided a new service or program	10%
Brought service to new geographic area	6%
Increased cultural competence	4%

Clinics serving the neediest reported more impact on enhancing client services. Clinics with over 60% uninsured and those with over 80% of patients below the Federal Poverty Level reported the most important effect was serving more people.

Both clinics and consortia felt that BSCF funds improved the quality of care at clinics. Grants bought equipment and supplies which enhanced services and provided additional revenue streams (e.g., lab services, OB ultrasound equipment, and coloscope). Grants also funded clinical/administrative staff and training, translators, and other patient support such as transportation.

BSCF’s Initiative had a positive impact on California’s Safety Net

Eighty-four percent of clinics and all consortia stated the Initiative as a whole had a lot of positive impact on the Safety Net in California.⁵ Most felt the largest impact was supporting and improving the ability of clinics to provide services: covering operating expenses, sustaining service levels, stabilizing finances, funding uncompensated care. Respondents explained that the Initiative “helped stabilize clinics across the state,” and that it “cumulatively helps stabilize the system as a whole.”

BSCF core support was also seen to validate and affirm Safety Net providers. Many respondents felt that the Initiative “brings visibility – makes other [funders] pay attention to the role, the needs of the Safety Net.”

Supporting clinics strengthens the Safety Net

Clinics and consortia stated that the most important need for California’s Safety Net was support for clinics. They endorsed the need for funding to “keep doors open and not turn people away.” As one clinic noted, “funders need to understand how difficult it is to sustain an operation with patients who are un-reimbursable.” As Table 3 indicates, other top needs include promoting the value of core support funding among other funders and funding uncompensated care.

“We funded an operations manager. She’s the glue. She integrates behavioral health with the medical piece. She coordinates our new site, the telemedicine.”
—A rural clinic

“We were able to have a full-time medical records clerk who works as a chart auditor. Fewer things fall through the cracks. There’s better follow-up with specialists.”
—An urban clinic

Table 3: Recommendations for Strengthening California’s Safety Net

	Clinics	Consortia
Maintain and/or enhance services at community clinics	71%	4
Promote value of core operating support among other funders	68%	4
Fund uncompensated care	63%	5
Improve fiscal stability at community clinics	39%	1
Increase advocacy to support underserved populations	18%	1
Provide seed dollars for new technologies/opportunities	17%	1
Educate clinics regarding best practices	4%	1
Enhance collaboration with public agencies	4%	1
Integrate clinics across regions and states	3%	0

⁵ The “Safety Net” refers to the network of clinics and providers that deliver essential health care services to vulnerable populations, regardless of patients' ability to pay.

Respondents emphasized the need for continued core support. They want funders to understand that “just core support, helping clinics survive, is strategic.” One clinic stated, “it’s important to recognize that if the Safety Net disappeared, people would be sick, would die – these are the most needy people in California.” Both clinics and consortia affirmed their desire for BSCF to use its resources to promote the value of core support among other funders.

Consortia were seen to play an important role in advocating for Safety Net providers at Federal, State, and local levels.

“Reimbursement has to remain at a reasonable level because it’s [community clinics’] best source of support.” —A consortium

“The number of uninsured keeps increasing so we need to assure coverage – programs for children, dental health, mental health.” —A consortium

“Need to understand the value in taking care of the uninsured: keeping people healthy and out of hospital. It saves the State dollars to keep folks out of ER.” —A clinic

Core support is critical to help clinics respond to constant growth in demand

The majority of clinics reported “a lot” of organizational stress, due primarily to large increases in demands for services or programs. One clinic explained that “clinic managers and directors are overwhelmed keeping the doors open.” Increased demand was more pronounced in urban areas, among larger clinics (budgets over \$10 million), and for clinics seeing the most impoverished patients (over 80% below FPL).

When asked to rate different types of organizational challenges they are experiencing, clinics ranked increasing cost of care as the most significant challenge (92% said “very challenging”). Rising operating expenses were the second most significant challenge (87% said “very challenging”). Clinics serving moderate levels of uninsured patients (30-59%) and moderate levels of poverty (60-79% below FPL) reported the most adverse changes: more increases in levels of activities, more cost challenges, and decreasing fiscal stability.

Table 4: Types of Organizational Stress Experienced by Clinics

	Decreased A lot	Some Change	Increased A Lot
Demands for Services or Programs	0	12%	88%
Level of Activity or Service	1%	19%	80%
Total Expenses	1%	31%	68%
Fiscal Stability	31%	51%	18%
Total Revenues	40%	53%	7%

Core support was seen to be crucial to balance increasing service and administrative demands in an environment of flat or decreasing funding (i.e., cuts in government reimbursement rates).

Consortia reported lower levels of organizational stress than clinics; only half said they had “a lot” of stress. Rising operating expenses were a significant challenge, especially staff costs. One consortium explained that “constant struggles to fund staff stymie our ability to provide services to clinics – it’s hard to keep the core team intact, so we can’t meet demand let alone expand.”

Core support is highly valued for its flexibility

Ninety-eight percent of clinics and all consortia stated that core operating support was “extremely important” for their organization. The sentiment that “core support is vital to help us maintain our baseline of services” was echoed by many respondents.

Clinics stated:

“We struggle to meet demand as it is, we can’t keep up, can’t keep providing services below cost.”

“Core support allows us to focus on providing services – we need to be able to keep our doors open and not turn people away.”

“Our key need is to expand access and grow – our facilities are tapped out, we need exam rooms, we need to recruit MDs and clinical staff.”

Table 5: Importance of Core Support

	Clinics	Consortia
It is flexible	74%	2
Fills gaps in funding	66%	3
Allows us to craft our own solutions	60%	2
Enables us to respond to change	37%	4
Allows us to take advantage of opportunities	30%	1
Helps us adopt new technologies	11%	1
It is empowering	10%	0
Helps us remain current with new trends	9%	1

Flexibility was seen to be the key benefit for grantees. Respondents strongly appreciated core support because it meant they could “target the things [they] thought were the most important to do.” As one clinic explained, core funding “serves as a catalyst to community health centers – lets them be responsive, creative to changes on the ground.”

Half of the clinics and 5 consortia had other core operating grants. Urban clinics and larger clinics were more likely to have other core support. Ninety percent of clinics and 5 consortia said it would be “extremely difficult” to replace BSCF core funding.

When asked to trade-off their preference for core support against program grants, consortia and many clinics favored core support if funds were comparable or even if the program grant was slightly larger. Many clinics expressed concern that program grants can be hard to sustain and have significant administrative overhead. The largest clinics (budgets over \$10 million),

however, favored “large” program grants to fund “substantial” areas (e.g., type or category of service) over smaller core support grants.

<p>Clinics said core support:</p> <p><i>“Enables us to sustain core operations, upon which our patients depend.”</i></p> <p><i>“Is a real morale booster for clinicians – gives them a sense we care about quality of care.”</i></p> <p><i>“Sends an important message to patients: They won’t be short changed [for quality care] even though they’re low income.”</i></p> <p>Consortia described core support:</p> <p><i>“We don’t have sexy service delivery projects, so core support is critical for us, to fund staff, make our programs happen.”</i></p> <p><i>“A lot of what we do is hard to fund; we’re supporting medical [care], not providing it – we’re constantly working to put together small pots of money to get services to our members.”</i></p> <p><i>“It allows us to be strategic in our decisions about how to best serve members. Our world requires small steps forward, and at times the need to step back and move in a different direction. This flexibility is built into the concept of core operating support.”</i></p>
--

Multi-year grants are desired, but not at expense of Initiative structure

When asked to select one improvement to the Initiative, 62% of clinics and all consortia indicated they would like multi-year grants. However, interviews and other survey data suggest that grantees are most concerned with maintaining flexible funding, the simple application process, and the provision of grants the greatest number of safety net providers. Multi-year grants do not appear desirable if it means fewer grants, more competition, a more complicated application process, or less flexible funding. If offered technical assistance, grantees preferred a grantee conference or convening.

Table 6: Recommended Improvements to the Core Support Initiative

	Clinics	Consortia
Multi-year grants	62%	6
Keep the funding as is	17%	0
Larger grants that are more competitive	16%	0
Technical assistance in addition to grant	4%	0
Strategic focus of grants	1%	0

Most grantees appreciate and want to maintain the simplicity of current reporting requirements. Many felt funders “needed to trust” or “have faith in” community clinics, stating that they were

“already highly regulated and scrutinized.” If more information is needed, clinics suggested tracking OSHPD report data (number of patient encounters and dollars of uncompensated care) were the best way for foundations to hold clinics accountable. Some consortia discussed the advantages of specifying objectives and tracking progress in periodic reports.

BSCF was viewed very favorably

Respondents said BSCF staff was knowledgeable, committed, and responsive. Application and reporting processes were seen to be straightforward and very clear. The uniformly positive opinions demonstrate that the Initiative successfully met its original goals. The Initiative was constructed to support Safety Net providers with unrestricted funding. These clinics and consortia feel they have been importantly supported and helped: “this initiative exhibited an understanding of the nature of work at community clinics,” “it seemed like they understood clinics and targeted the grants appropriately.”

IV. CONCLUSIONS

In summary, the BCSF Core Support Initiative had the following impacts on its grantees, communities served, and the Safety Net:

- 1. Improved fiscal stability despite increasing demands.** Most importantly, the BSCF Core Support Initiative helped clinics and consortia respond to the constant challenge of increasing demands. These data indicate that BSCF funds helped clinics maintain and expand services to meet growing needs. Moreover, there was clear support for the role of BSCF grants in improving fiscal stability among Safety Net providers in California.
- 2. Infrastructure improvements.** Core support contributed to improvements in infrastructure beyond just bricks and mortar. BSCF grants funded staff, systems, and supplies that allow medical services to happen, thus contributing to better quality of care. As one clinic stated, BSCF core support “helps clinics get out of survival mode and focus on improving systems, quality of care.”
- 3. Fiscal and infrastructure impacts resulted in improved services.** Clinics reported that BSCF funds resulted in more efficiency and more productivity. These data indicate that quality of care was improved through better staff training, better medical records management, better financial systems, better laboratory services, and better equipped facilities. In addition, the planning funded by core support will contribute to continued improvements in patient care and outcomes.
- 4. Initiative supported the Safety Net.** Clinics and consortia affirm that they were better able to meet the health needs of California’s neediest populations because of BSCF grants. Core support funding helped clinics meet the immediate needs of their local communities, and supported consortia in their efforts to advocate for and assist their member clinics. In addition, BSCF grants contributed to improved morale among administrative and clinical staff at clinics, and also among consortia staff. The ability of these organizations to recruit and retain trained professionals is critical to their continued ability to meet un- and under-insured Californian’s health needs.

- 5. Building for the future.** In addition, core support helped clinics and consortia build for the future. The majority of clinics and consortia leveraged their BSCF grants for other funding. Core support funded planning, staff training, and fundraising development contributing to long-term sustainability of programs and services.

As BSCF plans for future core support funding initiatives, we suggest that the following key findings guide its planning efforts:

- 1. Initiative met its original goals.** The BSCF launched its Core Support Initiative to strengthen the network of front-line health care providers in California that provide care to California's low income and uninsured populations through the provision of core operating support and utilizing a simplified application process. BSCF can feel confident that it met its goals. Grantees had uniformly positive opinions about the foundation, the application process was perceived as straightforward and simple, interactions grantees affirmed that the Initiative strengthened the Safety Net and met original objectives.
- 2. Grantees appreciate the flexibility of core support.** Clinics and consortia most appreciate the flexibility of core support, stating that it helps them respond to the constant challenges facing the Safety Net. Core support was seen to "help clinics help themselves to do their work better." Respondents described the unique problems and priorities facing each organization. Core support was perceived to be their "biggest funding need" because it allowed them to respond to their communities' specific issues. One consortium explained that the BSCF grants "are a real shot in the arm for clinics – it gives them freedom to spend in the best way they see to support their patients in their health centers."
- 3. Multi-year grants are desired, but not at the expense of the simple Initiative structure.** Grantees want to maintain BSCF's simple application and reporting processes, with the greatest number of grants reaching safety net providers. Multi-year grants are highly desired by grantees, but not if it means more rigorous application and reporting requirements, more competitiveness, and fewer awards made.
- 4. Clinics and consortia are very different types of organizations.** These data indicate that the nature of the organization predicted attitudes about core support. Many clinics have large, complex operations with very diverse staff and multiple locations. Due to their large operating budgets the largest clinics were most interested in securing large grants, even if they were more competitive. Most consortia are smaller with simpler finances and operations, perhaps explaining their more consistent preference for core support.
- 5. The best way to strengthen California's Safety Net is through clinics.** Clinics and consortia stated that the most important need for California's Safety Net is supporting the services provided by community clinics. As one clinic stated, "these programs work – they keep patients away from ER with better quality of care for the patients, better quality of life." Maintaining fiscal stability is the key challenge for these Safety Net providers, and they believe ongoing core support is critical to help them meet the ever increasing demand.