HEALTHY KIDS PROGRAM AND THE SAFETY NET: PERCEPTIONS OF COMMUNITY CLINIC ADMINISTRATORS

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COMMUNITY
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Introduction

The Los Angeles County Healthy Kids Program was established in 2003 to provide comprehensive health insurance to children who are not eligible for Medi-Cal or Healthy Families due to immigration or income. The program provides a full benefit package to children including physician visits, pharmacy, lab and X-rays, hospitalizations, and dental care. Funding for coverage of children ages 0-5 comes from First 5 LA; funding for 6-18 year old children was raised by the Children's Health Initiative of Greater Los Angeles from a large number of private foundations and corporations. As of March of 2008, the Healthy Kids program has grown to a membership of 33,708 children (5,924 children ages 0 to 5; 27,784 children ages 6-18), making it the largest local Children's Health Initiative program in California[1].

When Healthy Kids was first implemented, an advisory board was established by First 5 to guide and structure the program. The advisory board, and later LA Care and First5 LA, recognized the importance of providing a sound and well-organized system of care for its members. Consistent with the mission of LA Care (which is the plan that administers Healthy Kids in Los Angeles County) the Healthy Kids delivery system incorporates "safety net" providers.[2] The safety net in Los Angeles County is quite extensive and is composed of the County's health care network of four public hospitals, six comprehensive health centers, and 28 personal and public health centers. The safety net also includes over 180 private community clinics and health centers, with approximately 30 identified as federally qualified health centers (FQHC), and some representing multiple sites throughout the county. In addition, there are 42 private hospitals designated as Disproportionate Share Hospitals (DSH)[3]. Because Safety Net providers have experience serving low-income and immigrant families, the uninsured, and

[1] Cousineau, M., *Farias, A.*. (Nov. 2008)Impact of Healthy Kids on County Indigent Care Program Report. Los Angeles, CA

[2] *Safety Net Provider* refers to a federally qualified health center ("FQHC") as defined in Section 1905(a)(2)(C) of the Social Security Act, or other facility as defined in Section 40501 of Title 22 California Code of Regulations. This definition includes but is not limited to Los Angeles County DHS facilities, community clinics, federally funded community health centers, rural health clinics and Indian health service facilities. Source: L.A. Care Health Plan Policy 4004, July/August 2003.

[3] *Disproportionate Share Hospital* is defined by The Medicare DSH adjustment provision under section 1886(d) (5) (F) of the Act was enacted by section 9105 of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 and became effective for discharges occurring on or after May 1, 1986. According to section 1886(d) (5) (F) of the Act, there are two methods for a hospital to qualify for the Medicare DSH adjustment. This definition is used by the United States government to provide special funding to hospitals identified as providing services to a large amount of an indigent population. Source: Centers for Medicare & Medicaid Services, September 2008.

those on Medi-Cal, LA Care recognized that they could be an important and effective part of providing the broad range of health services needed by Healthy Kids enrollees.

The purpose of the study is to assess the relationship between the Healthy Kids Program and the community clinics and health centers. Specifically, we examine how the clinics are affecting the health and health care of Healthy Kids enrollees who use their clinical services, and how the Healthy Kids program is affecting the operations and financing at the clinics.

This study was conducted as part of the four-year evaluation of the Los Angeles Healthy Kids Program. The evaluation is being carried out by The Urban Institute (lead) and its partners, the University of Southern California, the University of California at Los Angeles, Mathematica Policy Research, Inc., and Castillo & Associates. The evaluation, supported by contracts with First 5 LA and The California Endowment, comprises of a broad range of evaluation activities, including case studies of implementation, focus groups with parents of Healthy Kids enrollees, a longitudinal household survey, and an ongoing process monitoring of the outreach, enrollment, and service delivery systems, an enrollment analysis to determine Healthy Kids' affects on rates of uninsured and enrollment in Medi-Cal and Healthy Families, and an analysis of the outreach infrastructure in Los Angeles County. This study, part of the final evaluation component, is a special investigation developed to better understand the broader impact that the Healthy Kids program is having in Los Angeles County.

Study Design

To address the purpose of the study, we reviewed data from LA Care on the number of safety net clinics in the LA Care Healthy Kids provider network, current enrollment of Healthy Kids members at each clinic, and conducted key informant interviews with 1) Healthy Kids coordinators from LA Care, 2) leaders from the Community Clinic Association of Los Angeles County (CCALAC), and 3) administrators of selected community clinics, as described below.

LA Care Interviews and LA Care Data

We interviewed two representatives from LA Care to better understand the extent to which Healthy Kids enrollees are seen at safety net clinics, to gather information on the percentage of children enrolled to or assigned to a safety net primary care physician, and to understand the capitated and reimbursement rates

paid to the clinics and/or independent physician associations (IPA) for Healthy Kids enrollees. LA Care provided a list from 121 Safety Net Clinics, as identified by the Provider Network Organizations (PNO), and it contained the current Healthy Kids enrollment at each of the community clinics, federally qualified health centers, and primary care clinics in the network. The list was current as of October 2007.

CCALAC LEADER INTERVIEWS

We conducted structured interviews with two representatives from the Community Clinic Association of Los Angeles County (CCALAC)[4]. The interviews with key informants were conducted prior to meeting with clinic administrators in order to gain an insight and prior knowledge on their experience with the Healthy Kids program. The interviews captured information generally on the current challenges addressed by community clinics and the specific concerns of the Healthy Kids program. We also obtained recommendations on those community clinics that would provide the most useful information during an interview.

IN-DEPTH INTERVIEWS WITH COMMUNITY CLINIC ADMINISTRATORS

From November 2007 to January 2008, we contacted 15 community clinic administrators to participate in the study. A letter was sent to the CEO's of the clinics (n=15) asking them to voluntarily participate in the study. Respondents included the chief executive officer or president from 12 safety net clinics, 11 of which are identified as Federally Qualified Health Centers (FQHC) and one free-clinic (Response Rate=80%). Clinics were selected based on their Healthy Kids enrollment and on recommendations from CCALAC and from previous interactions and working relationships with USC. We used LA Care's list of safety net clinics and current enrollment numbers to identify clinics with the largest enrollment. Interviews were conducted by evaluators either in-person or by telephone. All interviews were conducted with informed consent language approved by the USC IRB. With the permission of the interviewee, we audio recorded the interviews solely for data collection purposes. In total, 7 of the 12

[4] CCALAC consists of 43 community clinics and health centers representing 114 sites throughout Los Angeles County that are independent not-for-profit providers of comprehensive primary health care. They have no formal legal connection with the County health care system with the exception of those that have contracts and/or grants for specific programs. The clinics serve the working poor, the uninsured, medically indigent as well as high-risk and vulnerable populations and are therefore considered an integral part of the safety net in Los Angeles County.

clinic interviews were conducted in-person, while the remainders were done over the phone. Interviews lasted approximately 45 minutes.

A structured interview guide was developed with both qualitative and quantitative data reflecting the following themes:

1. The structure and operation of community clinics
2. The role that the Healthy Kids Program has had in serving children by providing them with health care services at safety net agencies
3. The result of the agency's contract to accept Healthy Kids members

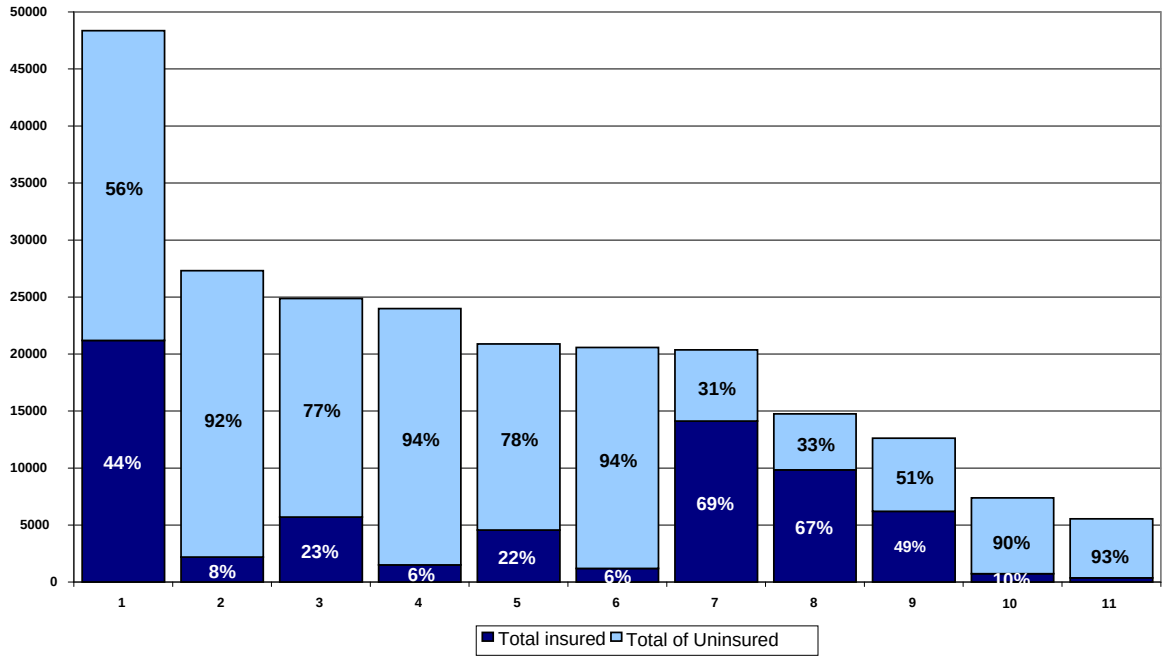
Interviews were transcribed and entered into a word document. The audio recordings were used to supplement written notes produced from the interviews. The data were reviewed for common themes and categories relating to each of the questions that were asked to community clinic administrators. [5,6]

Context: Community Clinics in Los Angeles County

There are over 180 community clinics in Los Angeles County and many with multiple sites throughout the region. They are each unique in the way they care for patients and organize their services. The clinics are situated to provide culturally sensitive care, and are dedicated to serving all individuals regardless of their ability to pay for care[7]. Traditionally, the safety net clinics provide services to the most vulnerable of the county's population, and disproportionably large number of low income, uninsured and immigrant populations. In 2007, the Los Angeles County safety net, serving more than 10 million residents, provided healthcare to 700,000 people[8]. Hispanics and African Americans make-up the predominate ethnicities that are served by the clinics. In addition, among the twelve community clinics in the sample, while all serve low-income individuals, between 31% and 94% of the patients they serve are additionally without health insurance (EXHIBIT 1). Serving the uninsured is among the most challenging parts of running a community clinic and yet the dearth of options for serving this population anchors these clinics within the broad health care safety net in Los Angeles.

[5] Stake, R.E. (1995). *The Art of Case Study Research.* Thousand Oaks, CA: Sage.
[6] Wolcott, H.T. (1994). *Transforming Qualitative Data: Description, Analysis, and Interpretation.* Thousand Oaks, CA: Sage.
[7] Lewin, M.E., Altman, S., editors. *America's Health Care Safety Net: Intact but Endangered.* Summary. Washington, DC: National Academy Press; 2000. Online at http://books.nap.edu/catalog/9612.html
[8] Website source: http://ladhs.org

EXHIBIT 1: Insurance Status of Patients Seen per sampled clinic in 2006

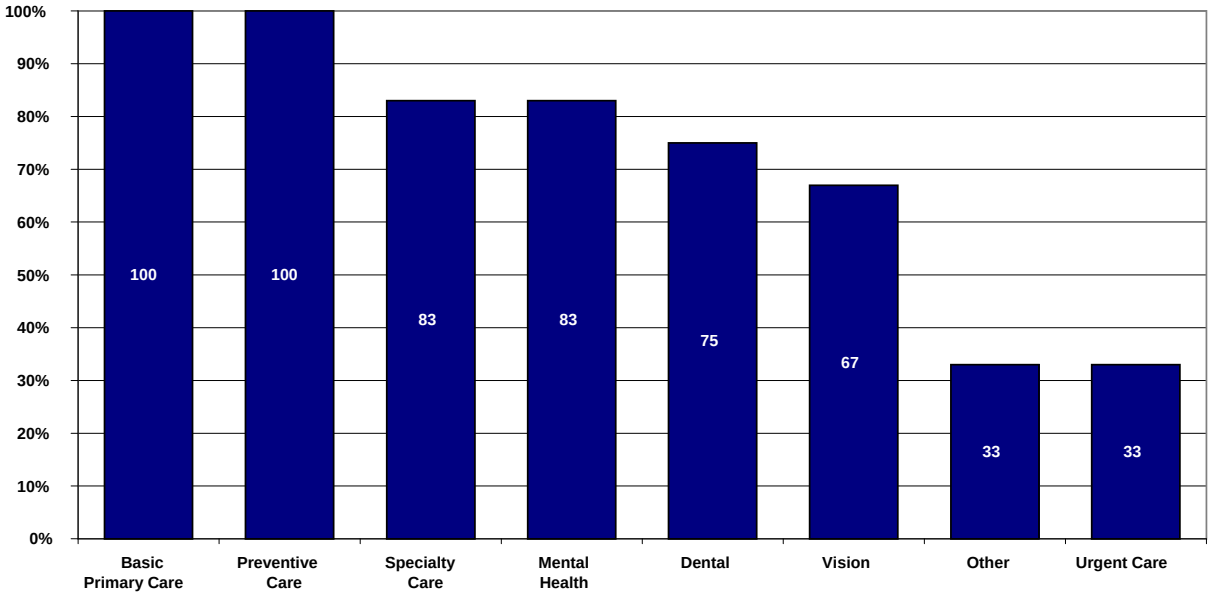


*Source: OSHPD 2006 **Uninsured is defined as services paid for by PPP, EAPC, sliding fee and Free, breast cancer programs, CHDP, and Family PACT.

SERVICES PROVIDED BY THE COMMUNITY CLINICS

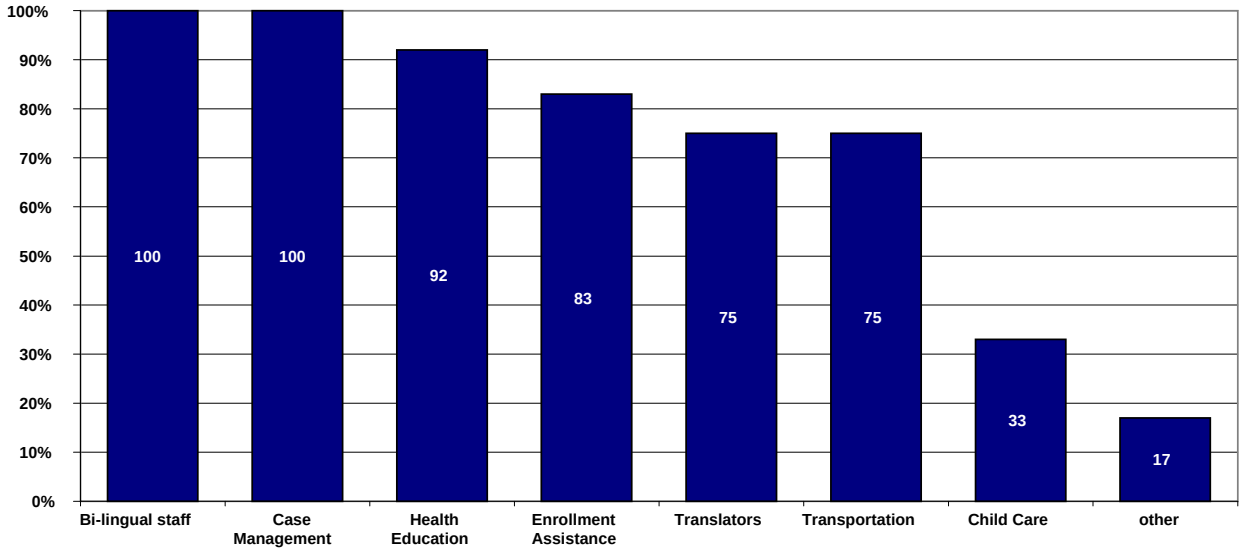
While many of the community clinics, including those we surveyed, started out small, many have grown substantially and now serve thousands of patients each year. In addition to primary care, the community clinics in the sample provide a wide range of services (EXHIBIT 2). In response to the growing need to serve chronic illnesses, 80% of the clinics have expanded services to include some type of specialty care, mental health services, vision care and oral health services. Clinics have expanded largely because of the need to provide a more comprehensive set of services for patients with more complex chronic illnesses.

EXHIBIT 2: Types of Services Offered at the Sampled Clinics



While clinical care is part of their core services, clinics in the study also provide a wide range of supportive or enabling services. For example, all of the agencies provide bilingual staff and medical case management to their clients (EXHIBIT 3). Over 75% of the agencies also provide translators, transportation, enrollment assistance into health insurance programs and health education. The enabling services offered at the clinics attest to their mission in seeking to minimize barriers to care and promote appropriate use of health care services.

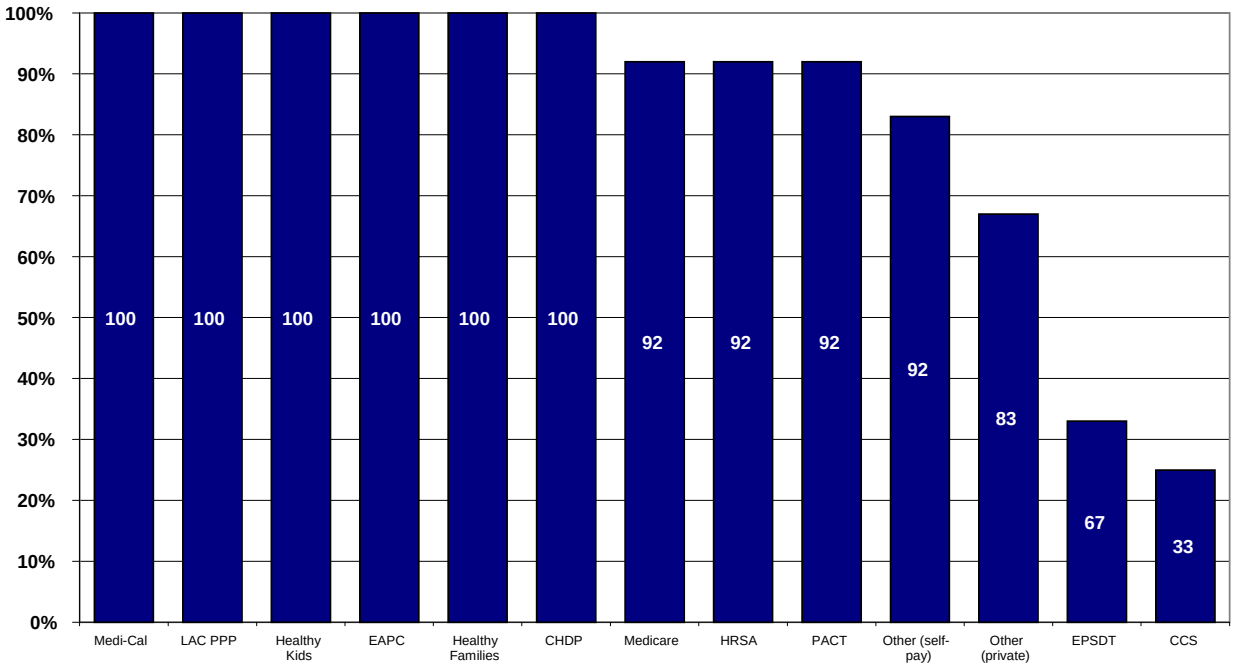
EXHIBIT 3: Types of Enabling Services Offered at the Sampled Clinics



FUNDING THE COMMUNITY CLINICS

The community clinics in Los Angeles County are supported by myriad funding sources. Most, including the clinics interviewed for this study, accept public health insurance programs offered through the federal, state, and local government. These include Medi-Cal, Healthy Families, Child Health and Disability Prevention (CHDP), Los Angeles Public Private Partnership (PPP), Healthy Kids, and Expanded Access to Primary Care (EAPC) programs (EXHIBIT 4). Fewer clinics in the study accept patients under the Early Periodic Screening, Diagnosis, and Treatment (ESPDT) program, and the California Children's Services (CCS), although many clinics refer children to other providers in these programs.

EXHIBIT 4: Funding Sources for Community Clinics (n=12)



The Los Angeles County Public Private Partnership (PPP) program is an important source of funding for the clinics. The PPP program is a collaborative between the Los Angeles County Department of Health Services (DHS) and private, community-based providers. From July 2006 to June 2007 the Los Angeles County PPP program provided care to 178,093 uninsured, low-income people and provided reimbursement to community clinics for 526,959 visits amounting to over $49.5 million at $94 per visit[9]. Under the PPP program, individuals of all ages whose net family income is at or below 133-1/3% of the Federal Poverty Level, and who do not qualify for Medi-Cal or any other government or third-party assistance programs, are eligible to receive primary, specialty, and dental care services. This is an all inclusive rate which covers medical services, lab and x-ray, pharmacy and support services. While the program is available to uninsured individuals the amount of money allocated to each individual clinic facility is capped which limits the number of patients they serve and the number of services they provide, or both.

Third party health insurance coverage is an important part of clinic payments. The community clinics contract with all of the available health plans in Los Angeles County for Medi-Cal, Healthy Families Program, and Healthy Kids. In many cases, clinics have established or joined an Independent Physician

[9] Department of Health Services Workload Statistics. Fiscal Year 2006-2007.

Association (IPA). We found that this model enables clinics to have a greater negotiating leverage with health plans than they otherwise would as an individual clinic. In fewer cases, clinics contract directly with a health plan and do not use an IPA administrator. As part of the IPA, clinics are paid a capitation rate, per member per month, negotiated by the IPA with the health plan. For enrolled patients, clinics hold primary care only contracts although patients can receive referrals to specialty services and those services are paid directly by the contracted IPA. Exhibit 5 shows the average and range in per member per month capitation for Medi-Cal, Healthy Families and Healthy Kids among the 12 clinics in the study. For comparison, we include the per visit reimbursement rate for the PPP Program.

EXHIBIT 5: Average Capitated Rates Reported for Public Health Insurance Program

Health Insurance	Average Rate	Range
Medi-Cal	$12.50 pmpm	$9.50-13.50
Healthy Families	$12.27 pmpm	$7.00-13.50
Healthy Kids	$11.52 pmpm	$10.00-13.00
PPP	$94.00 per visit	$94.00

*Note: rates per member per month (pmpm) or per visit

** reported among the study sample

Community Clinics and The Healthy Kids Program

Currently, there are 75 safety net clinic facilities contracted to serve Healthy Kids enrollees (EXHIBIT 6 and APPENDIX B). Collectively there are over 1,000 clinicians providing hands on care at these facilities. Community clinics are a major source of care for children enrolled in the Healthy Kids program as the majority of families choose a safety net clinic for their children's primary care provider. In the first six months of 2007 LA Care reported that approximately 31% of all enrollees (0-18) selected a traditional safety net clinic to serve as their primary care provider. In October of 2007 a total of 10,551 children were assigned to LA Care's safety net provider network for the Healthy Kids Program (APPENDIX B).

EXHIBIT 6: Healthy Kids Enrollment for LA Care Contracted Safety Net Clinic Facilities

Healthy Kids Enrollment	
Enrollment Total	**Number of Community Clinics in LA Care Provider Network**
>100	40
101-200	18
201-300	9
301-400	3
401-500	0
501-600	2
601-700	0
701-800	1
801-900	2
Total	**75**

Healthy Kids Enrollment Less than 100	
Enrollment Total	**Number of Community Clinics in LA Care Provider Network**
>10	12
11-20	5
21-30	5
31-40	2
41-50	6
51-60	2
61-70	3
71-80	2
81-90	3
91-100	0
Total	**40**

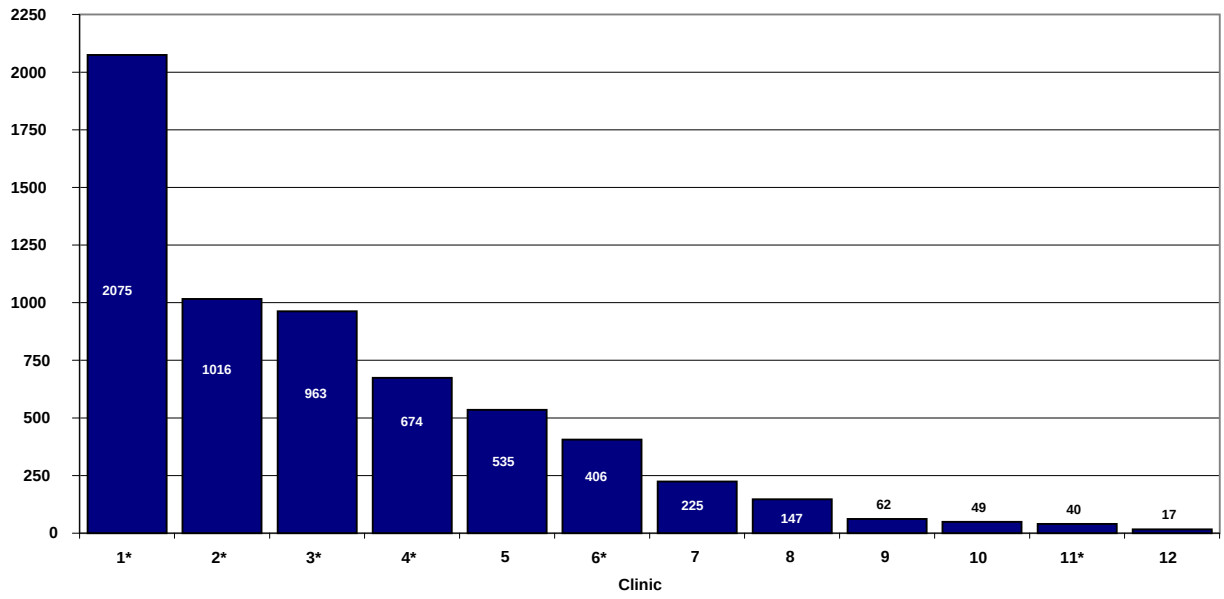
*Source: LA Care Health Plan Enrollment Data; October 2007

NUMBER OF CHILDREN ENROLLED

The number of Healthy Kids enrollees assigned to the safety net clinics in the study range from a low of 17 to nearly 2,100 (EXHIBIT 7). It appears that Healthy Kids enrollment at each clinic was influenced in part by whether the agency has ever received funding to conduct outreach, enrollment, retention and

utilization (OERU) activities[10]. In the study, five of the six agencies with the largest Healthy Kids enrollment were contracted with the Los Angeles County Department of Public Health (DPH) and/or funded by The California Endowment to provide enrollment assistance to families. Additionally, 53% of the clinic facilities in Los Angeles that provide services for Healthy Kids enrollees have fewer then 100 members (EXHIBIT 6).

EXHIBIT 7: Healthy Kids Enrollment at 12 Community Clinics in the Study



*Denotes clinics that have ever received funding to conduct OERU activities as a LA Access Grantee and/or LA DPH Grantee. **Note: Data represents Healthy Kids enrollment as of October 5, 2007. ***The Healthy Kids enrollment for clinics with multiple sites was combined because the views of the CEO/Administrator represent the entire clinic.
Source: LA Care Health Plan Enrollment Data

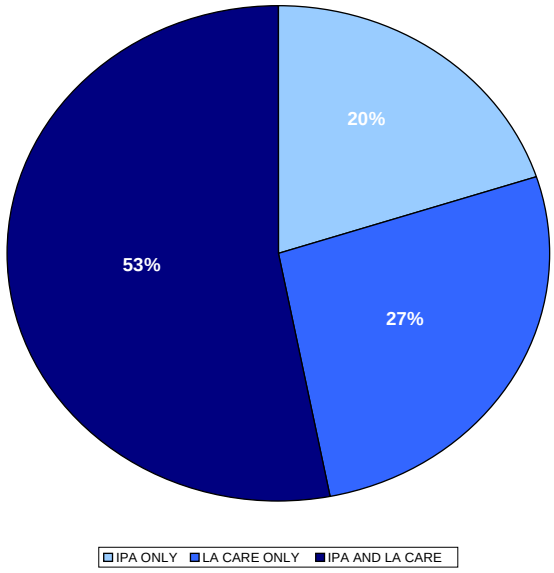
HEALTHY KIDS FUNDING

Specific to the Healthy Kids program, the funders (First 5 LA, California Endowment and other private donations) provide funding to LA Care to administer the program. Safety net clinics contracted to accept Healthy Kids members are either paid directly by LA Care Health Plan and/or through an IPA, namely Health Care LA IPA. Over 73% of the study clinics have a contract with an IPA and 80% have a contract with LA Care (EXHIBIT 8); these include clinics that have both. Through the IPA, a full

[10] Enrollment for clinic 11 (EXHIBIT 7) is lower than the other contracted agencies because clinic 11 was a new grantee and funding for OERU activities was dependent on a state budget that was eventually cut shortly after it was awarded and the effect on enrollment appeared to be minimal.

compliment of professional services are offered including office-based primary care, specialty care services, lab and X Ray and administrative services (Exhibit 9). Furthermore, the IPA allows for the clinics to spread the risk and negotiate for better contracts by allowing the community clinics to coalesce together and initiate collective bargaining efforts.

EXHIBIT 8: Percent of Safety Net Providers that Contract with an IPA and/or LA Care for the Healthy Kids Program



Source: LA Care Health Plan, 2007

SERVICES PROVIDED

Many respondents, including community clinics with small Healthy Kids enrollments, cited the importance of the Healthy Kids Program because it offers a comprehensive array of clinical and support services that children need including primary care, specialty care, dental, vision, and support services (EXHIBIT 9). Referrals to specialty services are approved and administered by the safety-net contracted IPA, while specialty care for clinics contracted directly with LA Care is coordinated by the health plan. Other programs available to the uninsured populations include PPP, Emergency Medi-Cal, EAPC and CHDP. While these programs offer a range of services, comprehensive coverage including specialty care services is either not included or is limited to the availability of public specialty care providers operated by the Department of Health Services.

IMPORTANCE OF SPECIALTY CARE

For some patients, particularly those with on going or chronic health problems, or special needs children, obtaining specialty services is important and a clear and distinctive advantage of the Healthy Kids model over the more episodic and primary care only models of care supported by other funders available to the community clinics. This has helped to alleviate many of the problems clinics face in securing specialty care services for their patients. One clinic respondent mentioned: "for approximately 4 years the Healthy Kids program has helped many of our patient's access not only primary care services but much needed specialty care and hospital services."

Clinic administrators indicated that children enrolled in the Healthy Kids program have better access to specialty care than what is offered by other programs. In contrast, if an uninsured patient needs specialty care they are typically referred to the LA County Department of Health Services and are often put on a wait list for an appointment that could take several months. Healthy Kids enrollees are referred to an extensive provider network belonging to LA Care or the Safety-Net IPA. The network includes public and private specialists and makes specialty care services more accessible than the other programs that are used to support the uninsured children at the community clinics. And while the California Children's Services (CCS) program provides treatment services for specific medical conditions, only 4 of the 12 community clinics in the sample accept patients under this program although many eligible families are referred to CCS providers (EXHIBIT 4).

EXHIBIT 9: Services Covered By the Healthy Kids Program

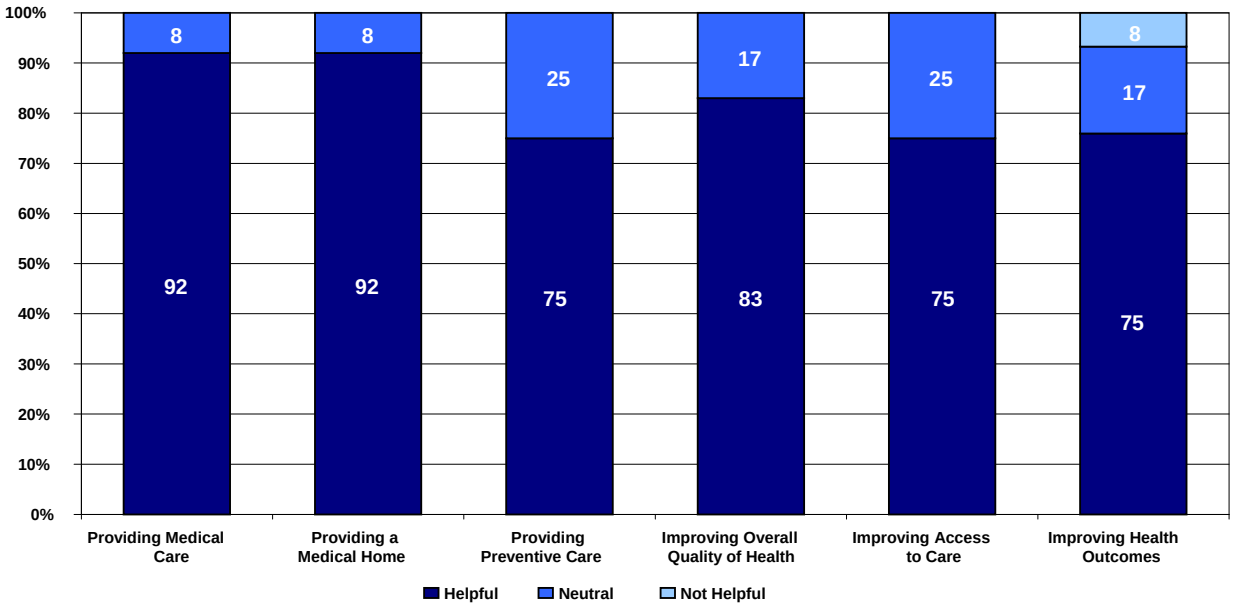
Alcohol/drug abuse services- inpatient and outpatient	**Hospital services- inpatient and outpatient**
Blood and blood products	**Medical transportation**
Cancer clinical trials	**Mental health care services- Inpatient and outpatient**
Cataract spectacles and lenses	**Pediatric asthma care**
Dental services	**Phenylketonuria (PKU)**
Diagnostic X-ray and laboratory services	**Physical, occupational, and speech therapies**
Durable medical equipment	**Prescription drugs**
Emergency care services	**Preventive care services**
Emergency contraception	**Professional services, office visits and outpatient services**
Family planning services	**Prosthetics and orthotics**
Health education services	**Reconstructive surgery**
Home health services	**Skilled nursing care**
Hospice	**Transplants**

*Source: LA Care Health Plan

The Impact of Healthy Kids Program on Enrolled Children

Healthy Kids improving health at community clinics. During interviews, almost all clinic administrators (92%) believe that the Healthy Kids Program is helpful to children by providing them a medical home and needed medical care (EXHIBIT 10). Most of the administrators (75%) reported that the program is helpful in improving the children's overall quality of health, improving access to care, and providing preventive and specialty care. There seems less consensus that the program improves the health outcomes of children mainly because measuring health status is difficult and affected by factors other than medical care such as health behavior and the environment where families work and live. The clinics reasoned that the level of care administered does not differ amongst their patients. The level of care would be similar amongst all the patients regardless of the financial payer.

EXHIBIT 10: CEO Beliefs of the Impact of the Healthy Kids Program on Children (n=12)



Provides a comprehensive medical home for children and eases parent stress. Community clinic administrators indicated a strength of the Healthy Kids program is that it provides parents with the ease of knowing that their child has a place to go for all of their health care needs. More importantly, because the Healthy Kids program offers coverage to all children, including immigrants ineligible for

State and Federal programs, Healthy Kids increases the likelihood that all the children in a mixed citizenship status [11] family will have the same medical home. Administrators reported that parents are concerned when their children do not having a regular source of medical and dental care. The Healthy Kids Program provides the parents with "some peace of mind." that their children will have a regular place to go for medical advice and treatment when needed.

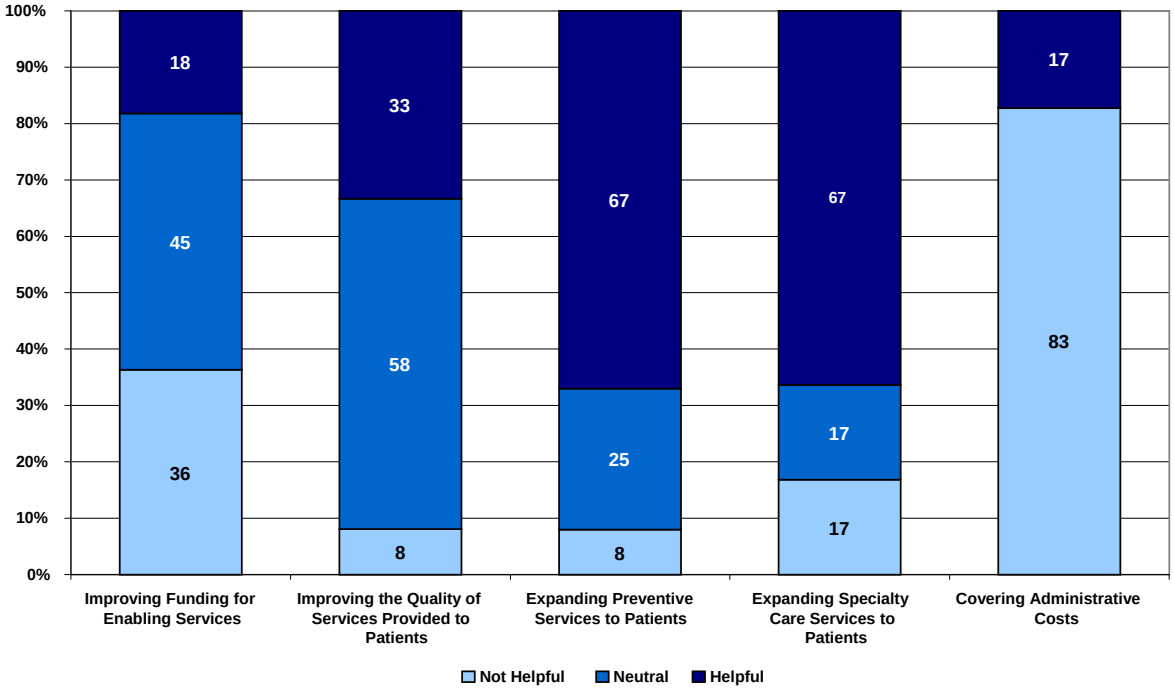
Healthy Kids may help improve overall commitment to preventive care. The Healthy Kids program may help low-income and uninsured children acquire healthy behaviors including regular use of preventive care. One agency stated that "we may have a generation of children who go to the doctors for preventive care and not use the emergency room as their primary care source," emphasizing the importance that the Healthy Kids program has on developing youth. Additionally, Healthy Kids members who choose a safety net provider as their primary care physician have access to health education that is offered by the community clinics.

More than two-thirds of the clinics, 67%, believe that the Healthy Kids program is helpful in extending specialty care and preventive services to their patients (EXHIBIT 11). The clinics provide Healthy Kids enrollees with referrals to specialties including radiology, orthopedics, optometry, dermatology, and ophthalmology. The program was least helpful for providing funding for enabling services at the clinics and covering the administrative costs. Further analysis showed that, all of the agencies with a Healthy Kids enrollment greater than 400 members describe that the program was not helpful in covering administrative costs (Data not shown) and 60% reported that the program was not helpful in improving funding for enabling services. Many clinics reason that the capitation rate hinders the clinics, especially those with high enrollment. Many clinics specify how the "original rates allowed clinics to break even if they saw a Healthy Kids enrollee" and how the current capitation rates are not beneficial in covering cost. It was stated that, "For Medi-cal patients, clinics get a wrap around on PPS rate, a code 18 (matched amount) for every visit. For Health Kids, they do not get a wrap around. They lessened the PPS rate for Healthy Kids. It is the same as Medi-cal rate (13 ppm), but no code 18.…The impact is a loss of money. The agency has to find other sources of money and there might be a decrease in the level of services." Clinics conclude that seeing a high number of enrollees in the Healthy Kids program cost

[11] Acevedo-Garcia, D., Cacari Stone, L., State Variation In Health Insurance Coverage For U.S. Citizen Children Of Immigrants. Health Affairs, 27, no. 2 (2008): 434-446

the clinic money as compared to seeing those in Medi-Cal. Only 33% of all the agencies said that the Healthy Kids Program was helpful in improving the quality of services provided to patients, however, multiple agencies noted that the quality of services offered at their agency would be the same regardless of their membership in the program because they provide patients with the same quality of care without regards for the patients' ability to pay for services.

EXHIBIT 11: CEO Beliefs of the Impact of the Healthy Kids Program on Safety Net Agencies (n=12)



The Impact of the Healthy Kids Program on Clinic Operations and Finances

The Healthy Kids Program provides clinics with an alternate source of funding for the uninsured and undocumented and frees up valuable money to cover others in need of health insurance under the PPP Program Safety net clinics typically rely on a wide range of funding sources to cover the costs of caring for their patients, including the uninsured patient. We asked directors about the adequacy of funding for Healthy Kids relative to other programs. The agencies were asked to rate[12] the adequacy of

[12] On a scale from 1 to 5, 1 being inadequate and 5 being adequate,

the rates that are paid by each health coverage program. The Healthy Kids program received the lowest average score of all the programs, while Medi-Cal and the PPP programs were somewhat adequate (EXHIBIT 12). Clinic administrators indicated that the Healthy Kids capitation rate is inadequate relative to their costs.

EXHIBIT 12: Adequacy of Rates Paid for Public Health Insurance Programs

Health Coverage Program	Average
Medi-Cal	3.75
Healthy Families	1.75
Healthy Kids	1.42
Public Private Partnership (PPP)	2.17

*Note: Scale of 1-5 where 1 is inadequate and 5 is adequate

Compared to other public health insurance programs, such as the PPP program and Medi-Cal, the community clinics are not receiving a sufficient amount of funding to cover the cost of caring for the children enrolled in Healthy Kids (EXHIBIT 12). Medi-Cal capitation is the most adequate because of the enhanced reimbursement they get as a federally qualified health center under the State's Prospective Payment System. All of the agencies stated that the low capitation rate is a major weakness of the Healthy Kids Program. The agency with the largest Healthy Kids enrollment stated that "the capitation rate for a large [HK] enrollment is detrimental." Clinics indicate that the current capitation rates, compared to the original rates, are not satisfactory. Many clinics specify that with the original rates in 2003, they would break even. A solution offered by one agency is to take funding from the CHDP program and Emergency Med-Cal to cover well-child and emergency room visits and supplement that with funding for the Healthy Kids Program for specialty care and other visits to create a comprehensive program and generate enough funding to allow for a larger enrollment.

Capitated rates paid to the community clinics have decreased for the Healthy Kids Program Many clinic administrators indicated that the amount of funding provided to the clinics from LA Care or the IPA is a major weakness of the Healthy Kids Program. A majority of the agencies reported decreases in the capitation rate paid for Healthy Kids enrollees. The average capitated rate reported by the clinics in

the sample (n=12) is $11.52 per member per month (PMPM) considerably lower than $13.00 PMPM at the start of the program. The community clinic administrators believe that the Healthy Kids capitated rates were cut because the program was running out of operational money and the health plan wanted to reduce the costs of the program in order to maintain its current enrollees. Additionally, some administrators reported that the health plan thought that since children were healthy and therefore less expensive the plan could cut the rates. Finally, clinics reported that the health plan believed the agencies did not need monetary compensation for overhead costs. Despite the low capitation rate for the program, there is a general sense that "we [community clinics] can take a hit because it is part of the mission." CCALAC was unaware of any rate cuts to the Healthy Kids Program and was not able to give the current reimbursement rates for the program. And although reimbursement rates are relatively low, the safety net clinics, aware of the financial needs of their patient population, accept co-payments on a voluntary basis.

CCALAC reported that although capitations rates are too low relative to costs, the Healthy Kids program has helped to stabilize clinics because they have to find fewer sources to cover funding for the uninsured. Moreover, Healthy Kids has provided a steady cash flow and gives community clinic administrators the ability to project income and expenditures based on the capitated rates of the program and the number of members assigned at the clinic. One clinic presented a sophisticated cost analysis for the Healthy Kids program which took into account the total cost of the program including the number of Healthy Kids visits and the cost per visit to the clinic and compared the total cost with the actual cash receipts received. The program was costing them approximately $4.00 PMPM more than what they were receiving translating to a deficit of $174,000 based on the clinics' Healthy Kids membership.

Conclusions

The Community Clinics in Los Angeles County provide Healthy Kids members with quality primary care and offer a range of convenient in-clinic health care services that may not be available through private providers. The clinics have responded to the community's health care needs by expanding primary and specialty care, dental, mental health, and vision care services at their facilities. Additionally, the clinics provide enabling services that decrease the barriers to accessing quality care by offering bi-lingual staff, case management, health education, and enrollment assistance for available

insurance programs. As a result, about 1 in 3 Healthy Kids members select the safety net providers as their primary care provider and thereby as their medical home. The ability of community clinics to provide in-clinic comprehensive enabling and specialty care services, beyond primary and acute care, is the reason why LA Care Health Plan identified the clinics as an integral member of their provider network.

The mission of the community clinics is to provide the community quality health care services regardless of the patients' ability to pay. In order to provide such services to the uninsured, low-income populations, the community clinics rely on multiple funding sources including Medi-Cal, Healthy Kids, Healthy Families, LA County PPP, CHDP, and EAPC. The Healthy Kids program is critical to the community clinics because it provides an alternate funding source to cover previously uninsured children and provides members with quality specialty care outside of the overburdened county health services system of care. Additionally, by enrolling children in the Healthy Kids program the community clinics free up resources from other programs such as the LA County PPP, CHDP, and EAPC to be allocated to uninsured individuals.

The funding stream of the Healthy Kids program is complex and involves LA Care Health Plan, the IPA, and the clinics. This system results in a range of capitation rates that are paid to the clinics for services covered under the Healthy Kids program. Community clinics reported various Healthy Kids capitated rates paid per member per month, ranging from $10.00 to $13.00. Because the program offers the same set of services at each community clinic facility, the capitated rates paid by either LA Care or the IPA, should be identical. In order to determine why there is a differentiation in payments to the clinics, an evaluation on the financial rates paid by each entity involved needs to be conducted. The evaluation can determine how to efficiently distribute funding to the clinics.

The capitation rate paid to the clinics for the Healthy Kids program has decreased over the years and, compared to other insurance programs, it has been deemed inadequate for covering the cost for providing services for members. If capitation rates are going to continue to decline and enrollment drops, the community clinics may rely on other public programs for financial support; where as demonstrated by one clinic, capitation or reimbursement rates of another public program adequately covered the costs for services as compared to the capitation rates paid by the Healthy Kids Program.

Clinics may limit the number Healthy Kids enrollees so the cost of seeing the enrollees would not have a huge impact on their revenues or ability to provide services. The funding system of the community clinics is already unstable and further decreases in the Healthy Kids Program will add strain to an increasingly fragile financial base.

Despite the inadequacy of the capitated rates paid to the clinics for the Healthy Kids program, as reported by the clinic administrators, they have been resilient in providing quality heath care services to enrollees. One clinic said that the cost to see a patient is up to $4.00 PMPM greater then what they are receiving. To cover the costs incurred for providing health care services under the Healthy Kids program, the clinics have relied on their ability to shift the costs of the program. Mainly, the clinics with a larger Healthy Kids enrollment, where the costs accumulate by increased membership exceeds the capitation received, rely on other resources such as the federal wrap around to cover loses. On the other hand, clinics with fewer Healthy Kids enrollees are better able to absorb the costs without it affecting other resources and may result to covering a Healthy Kids child under the PPP program where funding is somewhat adequate. Among the agencies that serve a greater number of Healthy Kids enrollees the result of offsetting the cost of a low capitation rate has limited the amount of financial resources in other operational aspects of the clinics and may affect their ability to offer or further expand enabling or specialty care services. Conducting a cost-analysis will be helpful to determine, quantitatively, the costs incurred by the program and how it compares to other public health insurance programs. For clinics with a large Healthy Kids enrollment, a service incentive paid by the IPA or LA Care can be implemented to counterbalance the inadequate capitation rates to reduce cost sharing. There is a general consensus that some loss will be incurred when these clinics provide services to the underserved communities. Although, the loss experienced does not have to be severe. Despite the low capitation rates currently provided to the clinics for the Healthy Kids program, there is an agreement among community clinic administrators that the program needs to continue.

The CEO’s perception of the Healthy Kids program’s impact on children is positive. The clinic administrators believe that the Healthy Kids is helpful in providing medical and preventive care, providing a medical home and at improving access and overall quality to care. Monetary resources, such as Healthy Kids, offered by the federal, state, and local governments are critical for safety net agencies to continue to provide quality care to the indigent, uninsured. It is clear from the findings that continued

support for the Healthy Kids Program is necessary and not only has a positive impact on children and community clinics but it also allows for other resources, such as the LA County PPP program, to be used for providing services to individuals that are difficult to cover.

Recommendations

Based on data gathered for this report we make the following recommendations:

1. **Increase financial support for the Healthy Kids Program to cover all children.**

2. **Provide service incentives at the end of each fiscal year to clinics with a large Healthy Kids enrollment in order to reduce cost sharing.**

3. **Conduct a systematic evaluation of the funding system between the Healthy Kids insurance funders, LA Care Health Plan, the IPA's, and the community clinics in order to determine the most cost effective means for distributing funds to the clinics for Healthy Kids enrollees.**

4. **Conduct a cost analysis at the community clinic level for the Healthy Kids program in comparison to other public health insurance programs.**

5. **Provide funding and training to community clinics to conduct provider in-reach to link and enroll children with eligible public insurance programs.**

6. **Conduct a quantitative analysis on the trends in money spent on the Los Angeles County Public Private Partnership Program (PPP) by age group (0-5, 6-18, and greater than 18) and provider type between 2002 (one year prior to the inception of the Healthy Kids Program) and 2007. (See Appendix C)**[13]

[13] Cousineau, MJ, Farias, AJ. The Impact of the Los Angeles Healthy Kids Program on County Indigent Care Programs. Submitted to First Five LA and The California Endowment, November 2008.

APPENDIX A

Key Informants

Margaret Martinez, CEO & President, Community Health Alliance of Pasadena (CHAP)

Alicia Mardini, CEO & President, East Valley Community Health Center

Carl Coan, CEO & President, Eisner Pediatric Medical Center

Kim Wyard, CEO & President, Northeast Valley Health Corporation

Terry Bonecutter, CEO & President, QueensCare Family Clinic

Jim Mangia, CEO & President, Saint John's Well Child and Family Center

Richard Veloz, CEO & President, South Central Family Health Center

Elisa Nicholas, CEO & President, The Children's Clinic Long Beach

Abbe Land, CEO & President, The LA Free Clinic

Elizabeth Forer, CEO & President, Venice Family Clinic

William Hobson, CEO & President, Watts Health Care Corporation

Deb Farmer, CEO & President, Westside Family Health Center

Shawnalynn Thomas, Manager, Project Administration Department L.A. Care Health Plan

Louise McCarthy, Vice President of Governmental Affairs, CCALAC

Gloria Rodriguez, CEO & President, Community Clinic Association of Los Angeles County

Sharon Lee-Chi, Manager, Product Operations L.A. Care Health Plan

APPENDIX B

Clinic Name	Total Healthy Kids Membership	Contract	
		LA Care	IPA
BAART Community Healthcare -Avalon	7	yes	yes
BAART Community Healthcare -Beverly	2	yes	yes
BAART Community Healthcare- La Puente	1	yes	yes
Bell Gardens Family Medical Center	55	no	yes
Bell Gardens Family Medical Center -Hawaiian Gardens	28	no	yes
Catalina Island Medical Group	13	yes	no
Compton Central Health Clinic Inc	27	no	yes
Eisner Pediatric and Family Medical Center	535	yes	yes
Inglewood Mental Health Services	41	no	yes
Kamila Comprehensive Health Center Inc	2	no	yes
Korean Health Education Information Research	1	yes	no
Koryo Health Foundation	10	no	yes
Queenscare Family Clinic-Hollywood	102	yes	yes
Queenscare Family Clinic-Reno	150	yes	yes
Queenscare Family Clinic-Sunol	105	yes	yes
Queenscare Family Clinic- Wilshire Center	202	yes	yes
Queenscare Family Clinic- Bresee	47	yes	yes
Queenscare St. Mary's Coptic Orthodox Health Center	68	yes	yes
South Bay Family Health Care Center- Inglewood	28	yes	yes
St. John's Well Child Center-Compton	72	yes	yes
St. John's Well Child Center-Los Angeles	775	yes	yes
Tarzana Treatment Center Family Medical Clinic	1	yes	yes
Tavarua Health Services	1	no	yes
The Childrens Clinic	838	yes	yes
The Childrens Clinic- Vasek Polak	125	yes	no
Umma Free Clinic	46	yes	yes
Altamed East LA	175	yes	no
Altamed Health Services- Bell	121	yes	no
Altamed Health Services- El Monte	246	yes	no
Altamed Health Services- Pico Rivera	109	yes	no
Altamed Health Services- Whittier West	154	yes	no
Arroyo Vista Family Health Center- El Sereno	83	yes	no
Arroyo Vista Family Health Center- Lincoln Heights	137	yes	no
Arroyo Vista Health Center- Figueroa	188	yes	no
Asian Pacific Health Care Venture Inc	226	yes	yes
Comprehensive Community Health Centers- Eagle Rock	43	no	yes
Comprehensive Community Health Centers- Highland Park	33	no	yes
Comprehensive Community Health Center Inc	307	no	yes
East Valley Community Health Center	110	yes	yes
East Valley Community Health Center Inc	115	yes	yes
El Proyecto Del Barr90, Inc- Arleta	285	yes	no
El Proyecto Del Barr90, Inc- Canoga Park Clinic	300	yes	no
Mission City Community Network, Inc	242	yes	no
Northeast Community Clinic	241	yes	yes

Clinic Name	Total Healthy Kids Membership	Contract	
		LA Care	IPA
Northeast Community Clinic- Bell	167	yes	yes
Northeast Valley Health- Pacoima Health Center	894	yes	yes
Northeast Valley Health Corp LAC- Canoga Park Health	302	yes	yes
Northeast Valley Health Corp- Pediatric Health and WIC Center	89	yes	yes
Northeast Valley Health Corp- San Fernando	596	yes	yes
Northeast Valley Health Corp LAC- Valencia Health Center	194	yes	yes
South Central Family Health Center	147	yes	yes
St. John's Well Child Center- Alta	106	yes	yes
St. John's Well Child Center- Hoover	63	yes	yes
T.H.E. Clinic At Ruth Temple Health Center	4	yes	yes
Venice Family Clinic	307	yes	no
Venice Family Clinic- Burke Health Center	85	yes	no
Venice Family Clinic- Venice Health Center	14	yes	no
Watts Health Care Corporation	62	yes	no
California Family Care Medical Group	216	yes	yes
California Family Care Medical Group- Foshay Clinic	8	yes	yes
Central City Community Health Center	38	no	yes
Clinica 'MSR' Oscar A Romero	163	yes	no
Community Health Alliance of Pasadena	49	yes	yes
Human Resources Center Inc DBA Del Carmen Med Center	42	no	yes
JWCH Women's Health Center	2	yes	yes
Los Angeles Free Clinic	26	yes	yes
Los Angeles Free Clinic, Inc	14	yes	yes
Santa Clarita Medical & Mental Health Services	2	no	yes
South Bay Family Health Care Center- Gardena	124	yes	yes
South Bay Family Health Care Center- Redondo Beach	72	yes	yes
The Family Clinic of Long Beach Medical Center	28	no	yes
URDC/ Bill Moore Community Health Clinic	17	no	yes
Valley Community Clinic	254	yes	yes
Westside Family Health Center	17	yes	yes
Wilmington Community Clinic	52	yes	No
Total	**10,551**		

APPENDIX C

In November 2008, data from Los Angeles County Department of Health Services (DHS) was provide for the analysis of the effects of the expansion of the Healthy Kids program on ambulatory care service utilization by uninsured children in safety net hospitals and health centers. We analyzed the number of visits by uninsured pediatric patients to DHS and PPP clinics in a four year period from Fiscal Year (FY) 2003-04 to FY 2006-07. Pediatric visits to PPP sites declined in the period following Healthy Kids implementation. As a result of the decline in primary care visits for uninsured pediatric patients, over $37 million in uncompensated care was either saved or redirected without compromising access to care. The services provided by the clinics that would have been largely uncompensated without Healthy Kids, were now reimbursed.

Although, the shift from the PPP to the insurance model benefited LA County, due to fewer PPP reimbursements, it is unclear if it benefits clinics. Healthy Kids contracted with many of the same PPP providers, and 30% of the enrollees choose a community clinic as their primary provider at the time they enroll. Clinics that were receiving $94 per visit under the PPP program were now receiving a $12-$15 capitation under Healthy Kids for the same pediatric patients