

**MEMORANDUM
PLACER COUNTY HEALTH AND HUMAN SERVICES
Medical Clinics**

TO: Honorable Board of Supervisors

FROM: Jeffrey S. Brown, M.P.H., M.S.W., Director of Health & Human Services
Maureen F. Bauman, L.C.S.W., Director of Adult System of Care and Medical Clinics

DATE: November 17, 2015

SUBJECT: Request for Proposals to Expand Primary Care Services

ACTION REQUESTED:

1. Approve the release of a Request for Proposals (RFP) to solicit a medical organization to establish and/or expand comprehensive primary care and dental clinic services, and provide management consultation to existing county clinics.

BACKGROUND:

Placer County established Rural Health Medical Clinics in both Auburn and Tahoe in 1983 as the most cost effective way of providing primary care and clinic services at that time. In recognition of the high costs associated with providing clinic services in rural areas, Rural Health Centers are allowed to bill at enhanced Medi-Cal rates. Placer County Medical Clinics (PCMC) also took over the Medical Care Services Program (MCSP), which was established to provide medical care to Placer County's indigent residents as required under California Welfare and Institutions Code Section 17000.

As the patient population increased in South Placer the County attempted to establish a Rural Health Clinic in that area. However, the higher income and denser population coupled with an abundance of physicians in this area did not allow for the Rural Health Center designation. Although a Roseville Medical Clinic was established, the inability to bill Medi-Cal at the enhanced Rural Health Center rate limited its ability to generate sufficient revenue to offset operational expenses.

Even with the higher Rural Health Center Medi-Cal reimbursement rate in the Auburn Medical Clinic, the PCMC have required a significant investment of County General Fund each year to offset operational costs. Furthermore, the cost of providing services continues to increase each year at a much higher rate than reimbursements.

To address these financial issues, department staff has attempted to reduce costs by privatizing services, increasing productivity and limiting services to County residents. For example, in December 2010, the Auburn Dental Clinic was closed and Chapa De Indian Health Services was contracted to operate these services. In August 2013, with the implementation of Medi-Cal Managed Care, pharmacy services were transitioned to a number of private pharmacies that accepted Medi-Cal reimbursement. In November 2013, the Roseville Medical Clinic was closed and patients were transferred to WellSpace Health, a new Federally Qualified Health Center that had opened a clinic in conjunction with Sutter Roseville. Earlier this year, PCMC stopped serving out-of-county patients. This action affected an estimated 1,300 out-of-county patients who had been receiving services in Auburn, and 1,180 out-of-county patients receiving services in Tahoe (500 primary care and 680 dental). All affected individuals were provided with referral assistance to providers in their county of residence.

PCMC currently provide primary medical homes for 3,534 individuals. In the past 12 months 2,600 individuals received 13,000 visits for primary care services in the Auburn Medical Clinic, and 934 individuals received 2,030 primary care services in the Tahoe Medical Clinic. Also in the past 12 months 2,766 individuals received additional services in the Auburn and Tahoe Medical Clinics, such as

immunizations, women's health, child health, and dental services. With all services combined, PCMC served 6,300 individuals over the past year.

In January 2014, the implementation of the Affordable Care Act radically altered the health care landscape. First and foremost, almost all indigent adults between the ages of 18 and 64 became eligible for Medi-Cal. Local outreach efforts helped Placer County residents take advantage of health insurance options. This resulted in the increase of those on Medi-Cal from 25,000 to 55,000 while at the same time reducing those on the MCSP program to zero. California also implemented Medi-Cal Managed Care for all California beneficiaries. Anthem Blue Cross and the California Health and Wellness Program plans were selected by the State to operate managed care plans in this region and assume responsibility for serving all local Medi-Cal patients. PCMC has contracted with both of these managed care plans.

Given the transfer of indigent residents from MCSP to Medi-Cal, the great majority of Placer County's statutory responsibilities to provide healthcare have effectively been eliminated. Although a small number of individuals will be eligible for MCSP in the future, costs and required services will be minimal and this RFP process will gauge whether these required services can be delivered through contracts with local providers.

Therefore, staff recommends that a RFP be issued to solicit a medical organization with interest and capacity to establish and/or expand comprehensive primary care and dental clinic services. In addition to identifying capacity to provide services to the existing PCMC patient population, interested organizations will also identify their potential for expanded services as well as their plan for the possible transition of care.

HHS will work with the Procurement Division of the Department of Administrative Services to release the RFP.

FISCAL IMPACT:

There is no fiscal impact as a result of approving the release of the RFP.