Every year, Dignity Health displays community benefit expenses through trend charts as a visual demonstration of the organization’s ongoing commitment to the communities it serves. In 2009, the chart revealed an alarming rise in the number of persons served and expenses incurred in the Medicaid population—an increase of 68 percent in expenses over the course of a single year.

Trend analysis revealed that the leading explanation for the drastic increase was this: Due to the recession, local governments had eliminated programs and services they could no longer fund, thus creating a gap in needed health care services. Thousands of underserved individuals and families turned to emergency departments for basic non-acute medical services because they lost or lacked a primary care provider. Coupled with the increased expenses the Dignity Health system was also incurring for care of the Medicare population, it was evident that in some markets, the rising costs were posing a financial threat to the viability of the health ministry.

Then, on March 23, 2010, the Patient Protection and Affordable Care Act passed, bringing with it the promise of expanding health care coverage to the millions of uninsured. Dignity Health has been advocating for health reform for more than 20 years and already had been making changes to improve quality and reduce health care costs. With Medicaid’s massive expansion under the new law, public payers will make up a greater portion of hospital revenue. Although the reduction in charity care this represents is good news in the short term, the below-cost reimbursement rates of government payers will challenge hospital economics in the longer term, unless providers develop lower-cost delivery models, and unless the demand for costly hospital and emergency care services is ultimately reduced for patients whose health care needs would be better served at a different, and possibly more appropriate, level of care.

Recognizing the need to move into high gear with a multifaceted response to the changing health care environment, Dignity Health operations leadership led a strategic planning process to address the specific issues affecting each of the organization’s service areas.

The tactical response to the uncompensated and under-compensated care crisis fell into distinct categories: reducing the revenue impact, reallocating the cost burden, re-envisioning inpatient medical care and advocacy.

REDUCING THE REVENUE IMPACT
Dignity Health’s community benefit programs have been strategically planned and implemented to support the principles of health reform, to meet state mandates and the new federal laws, and to reflect the values of the organization. Community benefit programs take into consideration the socioeconomic barriers that often lead to poor health and offer programs that evidence supports can have a measurable effect.

Among the strategies to reduce the revenue impact, Dignity Health focused on addressing the newly unemployed and newly uninsured community members to help eligible patients enroll in government-funded programs. In addition, in 2009 all California hospitals came together to support and pass the Hospital Quality Assur-
ance Fee (HQAF) which is a federal Medicaid provider tax. As in 46 other states, California’s HQAF is a tax on a category of providers that meets the federal guidelines to qualify for matching funds through the Medicaid program. The HQAF is critical to the state’s ability to provide services to the underserved. It stabilizes basic Medi-Cal operations in these challenging economic times and provides an economic bridge to strategically implement health care reform. This legislation is set to sunset on December 31, 2013, but has become an integral element to improving access to health care for some of California’s most vulnerable residents. Efforts are underway to extend the HQAF beyond 2013. (For more information about the provider taxes and fees, visit www.ncsl.org/issues-research/health/health-provider-and-industry-state-taxes-and-fees.aspx.)

In Dignity Health communities, 100 percent of the community health needs assessments identified chronic disease as an unmet health need. Leadership established a system-wide community benefit initiative to focus on improving health and avoiding hospitalizations. Special attention went to teaching evidence-based self-management techniques to community residents with chronic care needs.

Being proactive with this chronic care education helps individuals better manage their own conditions and measurably reduces the need for health care services, thus reducing the revenue impact. In 2012, Dignity Health hospitals invested $2 million in evidence-based, chronic disease self-management programs that served more than 13,000 individuals, resulting in only 5 percent of the program participants using hospital or emergency room services in the six months following the intervention. Most participants report increased confidence in management of their conditions and improved quality of life.

**REALLOCATING THE COST BURDEN**
Dignity Health’s community investment program strategically invests funds to help promote the overall health of its communities. A recent focus on investments in community clinics has helped to increase primary care capacity and improve access to health care services, reallocating the cost burden.

The program has made the following investments, among others:
- The Northeast Community Clinic (NECC). In operation since 1972, this clinic provides medical, psychological, social and other related services to the Greater Los Angeles community. It became a federally qualified health center (FQHC) in 2009. In recent years the health center, which began operating with one clinic and one mobile van, has since acquired five clinic sites and three interim sites. Currently, NECC has 11 clinics located throughout central and south central Los Angeles and serves approximately 120,000 visits annually. Dignity Health provided a $1.6 million loan to NECC to purchase and renovate a new clinic located less than five miles from the Dignity Health facility in Long Beach.
- Midtown Medical Center for Children and Families (MMC). This Sacramento-based community clinic provides high quality health care to low-income and underserved individuals residing in the Greater Sacramento area. It serves an average of 25,000 patients annually, providing primary and preventive medical care, pediatric services and well-child exams, prenatal care and immunizations. Dignity Health provided a $1 million working capital loan that enabled Midtown Medical Center to transition from a fee-for-service community clinic to a cost-based FQHC.
- The Effort is an integrated health, mental health and addiction treatment organization serving California’s Sacramento and Placer counties. Each year The Effort serves approximately 43,000 people, including populations of high-risk, low-income children and adults, many of whom are homeless and unemployed. Dignity Health provided a $1 million working capital loan to assist The Effort to become an FQHC. An additional investment of $2.8 million will enable The Effort to expand services in the Sacramento region (see sidebar).
Dignity Health has planned and implemented each effort to meet the goals of its mission and of health reform while continuing to serve its communities’ health care needs — but the decisions have not always been easy.

Closing three small community clinics in the Sacramento area was particularly difficult for the Sisters of Mercy to contemplate. The clinics, which the Sisters established between 1994 and 2008 to provide care for the poor in areas with no other health care access, offered limited services on a sliding fee schedule — but their patients often could pay nothing. The recession, compounded by government budget cuts to public health and a weak and fragmented federally qualified health center (FQHC) system, has had a significantly negative effect on the health of the community.

The Greater Sacramento region is deeply affected by instability, with community health and social challenges that are largely products of the region’s poor economy. Recovery forecasts show that the Sacramento area is lagging well behind most of the nation.

The area’s FQHCs have been unsuccessful in obtaining new federal monies to add capacity and efficiency, leaving the area hospitals to fill a monumental gap in needed safety-net services. In 2011, the hospitals saw uninsured and underinsured residents turning to emergency departments in alarmingly high numbers, seeking primary, mental and specialty care they could not find in community or county public health settings.

Dignity Health’s Mercy Hospitals in Sacramento had long operated the three small community clinics as outpatient departments at a loss in the millions of dollars. Mercy administrators wished to close the clinics but find a way to preserve — perhaps even expand — a health care safety net for the population the clinics served. Of great concern to the Sisters of Mercy, the hospitals’ sponsors, was identifying a partner to whom they could entrust the care of some of the community’s most vulnerable.

In July 2012, Dignity Health announced it would undertake a partnership with The Effort, a nonprofit FQHC with seven clinic locations that provide a medical home and coordinated care for patients. The Effort took over the three small Mercy Hospital clinics and, with a $2.8 million investment from Dignity Health Sacramento, will build three new clinics to replace them and significantly expand their scope of services.

The Effort’s medical director, Dr. Francisco Aguirre, said he, too, has “a sort of a mission to help as many people as I can, as I believe the Sisters of Mercy do. I admire them. I hope to continue to push for The Effort to care for those who have no other place, for whom we are the last resort, to come to our door.”

Dignity Health’s collaboration will expand the number of people The Effort can serve in its network by an additional 35,000 patients with services that include primary care, prenatal care, preventive care, children’s dental services, pediatric behavioral health care, midwifery, parenting education and 24-hour suicide and parent-crisis lines.

Sr. Bridget McCarthy, RSM, former president/CEO of the Sacramento region, said, “As needs change, we change. If the needs are being met by another entity as good as or better than us, we can perhaps put our energies elsewhere.”

—Sr. Bridget McCarthy, RSM

“As needs change, we change. If the needs are being met by another entity as good as or better than us, we can perhaps put our energies elsewhere.”

—Eileen L. Barsi
In addition to investments that are strengthening the clinic network, Dignity Health has joined in a collaborative effort among leading hospitals, FQHCs, housing developers and homeless service providers to improve health care for homeless patients in Los Angeles who are frequent users of emergency room services. Coordinating care in tandem with providing housing has stabilized the most chronically ill of the homeless patients, reduced emergency room and inpatient readmissions and saved costs. Dignity Health invested $2 million in supportive housing for the chronically ill homeless in the California Hospital Medical Center service area and will replicate the model in both the Glendale Memorial Hospital (southern California) and St. Joseph Hospital and Medical Center (Phoenix) service areas.

Access to primary health care is an essential element of prevention. Model programs that help patients find a health home have proven to be successful in reducing the burden of cost that is not only financial but also human, as the lack of access to primary care services adversely affects the health of individuals.

In our Sacramento service area, we established a system that connects uninsured and underinsured patients seen in emergency departments for non-urgent and non-emergent care to permanent health care homes in the community. Patients receive program information, are offered assistance and sign a permission form during the patient registration process prior to discharge from the emergency department. A referral specialist, located at the regional office, serves as the liaison between patients and clinics. The clinic partners are geographically dispersed across the region and include both FQHC and state-licensed community clinics.

Three other facilities in San Bernardino and San Francisco have hired full-time navigators in their respective emergency departments to work closely with care providers in the community and with patients who do not have an established site of care in the community. In Stockton, a hospital-sponsored mobile clinic provides free episodic care four days per week and works in tandem with Community Medical Centers, a system of 11 FQHCs in the community, to assist patients in locating a medical home where the care provided can be more consistent and comprehensive.

RE-ENVISIONING INPATIENT CARE
Among other care management tactics, enhanced case management and discharge planning services that work closely with patients and community-based programs and services have led to improvements in patient care. They also have expanded to care beyond the hospital, including telemonitoring programs and transitional care programs.

The transition from hospital to home can often be complex for vulnerable patients, particularly when a patient has no system of support or resources. To meet the post-hospitalization needs of this patient population, several Dignity Health facilities have partnered with community-based organizations to create transitional care services. The Dignity Health community grants program helps some with their cost of providing services and has invested in the following projects, among others:

- The Homecoming Project in San Francisco is a collaborative model that provides frail, low-income seniors with the necessary resources for a safe and effective discharge. The partnership begins when a hospital discharge planner identifies and refers appropriate patients to the Homecoming Project, and a local senior center identifies patient needs and coordinates services, including emergency home care and case management. Project Open Hand then provides groceries, and Little Brothers/Friends of the Elderly provide medical escorts. The combination of services provides a smooth transition from hospitalization to home and facilitates optimal recovery for at-risk seniors.

- The Sequoia Hospital Homecoming Program in Redwood City, Calif., is a similar hospital-to-home transitional care service provided through the Dignity Health community grants program and a collaboration of not-for-profit agencies. It is intended to promote the successful recuperation of adults ages 50 and over after they return home from the hospital and are identified...
by discharge planning staff as needing additional support to achieve a safe transition to home. The program is offered regardless of income. Clients are typically isolated, lack adequate support systems and resources and have other issues that place them at risk for readmission.

Upon discharge from the hospital, patients are assigned a bilingual (Spanish-English) case manager who conducts an assessment and home visit within 24 hours of referral. The case manager coordinates with the partner agencies to provide needed services such as case management, transportation referrals, home-delivered meals, self-care management skills training, as well as help with home repairs, housing needs and weekly grocery deliveries. The collaborating partners provide a seamless continuum of care for newly discharged patients. In Phoenix, St. Joseph’s ACTIVATE (Advance Clients’ Transition to Independence Via Actions That Empower) program offers medications management, transition planning, patient and family engagement and education, information transfer, follow-up care and health care provider engagement, with shared accountability across providers and organizations such as the Mercy Care Plan and the Foundation for Senior Living.

Chandler Regional and Mercy Gilbert hospitals in the Phoenix area participate in a faith health partnership that helps with transitions in care. The program seeks to provide a seamless transition from the hospital and medical care services to home through the participation of a faith community nurse in the patient’s discharge plan of care. The community nurses foster self-care and improvements in the self-efficacy of the congregation members they assist, and the program has resulted in decreased readmissions.

ADVOCACY TO CLOSE GAPS
The Dignity Health Office of Public Policy and Advocacy is designed to support Dignity Health in achieving its mission, vision and strategic goals. In addition to leadership the office provides regarding the system’s public policy and advocacy priorities, the office also educates and influences local, state and federal elected officials and regulatory agencies about Dignity Health and its advocacy objectives. More recently, the office has led the system’s support of the California hospital provider fee.

Since the passage of health reform, there is potential to fill gaps in coverage for the poorest Americans by creating options for the states to expand Medicaid coverage for persons whose income is up to 138 percent of the federal poverty level. Dignity Health’s Office of Public Policy and Advocacy is carefully monitoring how state health insurance exchanges are developed to serve individuals whose income ranges from 133 percent to 400 percent of the federal poverty level, as well as for small businesses.

The issues and details that come with a commitment to large-scale change of the American health care system are formidable. It is, and will continue to be, a significant challenge to keep reform on track as the reality of change sets in and the implications of creating a more effective and affordable system of care become clearer. In collaboration with community partners, Dignity Health is moving forward with deliberate strategies that will help bring about the realization of health reform’s goals. Through focused efforts, Dignity Health will be poised to redesign the delivery system, utilize limited resources in a more efficient and coordinated approach and improve the health and quality of life for residents of the communities we serve.

Most importantly, the actions we are taking to fulfill the goals of our organization and of health reform are a demonstration of the values of our organization — justice, stewardship, dignity, excellence and collaboration. Through them, Dignity Health will give evidence of a mission lived.

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