DISTRICT HOSPITAL LEADERSHIP FORUM

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Mari Cantwell, Chief Deputy Director
Department of Health Care Services
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Sent via email: marianne.cantwell@dhcs.ca.gov

Dear Ms. Cantwell:

The District Hospital Leadership Forum, on behalf of California's 43 non-designated public hospitals (NDPHs), generally district/municipal facilities, thanks you for your leadership and guidance both historically and as we move toward the 2015 Medi-Cal 1115 Waiver. California's NDPHs are pleased to be included in the Department of Health Care Services' (DHCS) July 2014 *Initial Concepts for 2015 Waiver*. Participating in a Delivery System Reform Incentive Pool Program (DSRIP) will allow public district/municipal hospitals to bridge the gap between traditional health care and the health care system of the future for the populations of each community. We look forward to working with you to determine how these varied hospitals can best partner to serve our patients while meeting the goals outlined in the *Concepts for 2015 Waiver*.

California's NDPHs are a diverse group of hospitals located throughout California from San Diego to Modoc County. Some NDPHs are very small (three acute beds, for example) but provide vital community services, such as emergency and long-term care. Other NDPHs are located in suburban/urban areas and are large (500 plus acute beds) but similarly provide necessary hospital services.

Most of this letter focuses on DSRIP, but we also look forward to working closely with the Department and other stakeholders on the many other Waiver components (shared savings, incentive payment programs, etc.) as outlined in your concept paper. As other opportunities arise as part of or due to the Waiver discussions, public district/municipal hospitals are eager to be a part of the conversation in a meaningful manner.

District hospitals agree with the state and federal governments and other health care stakeholders that health care systems must evolve to better meet the needs of patients, our communities, payers and other providers. Many district/municipal hospitals are planning system and other transformative projects to determine the best way to continue to provide needed health care while improving population health and quality in the most cost-effective manner. Being able to access DSRIP incentive funds to appropriately transform systems, based on Triple Aim goals, will assist these 43 facilities with their transformation.

Due to the diversity among these hospitals, the DHLF recommends a "tiering" approach regarding participation in the NDPH DSRIP. Large facilities would select/create multiple projects which would be scaled according to facility size and resources while small facilities' projects would likewise be scaled appropriately.

Some of the initial thinking of California's NDPHs (based in part, on the work done in collaboration with DHCS regarding a DSRIP in 2012) is outlined below.

A recommended DSRIP goal for hospitals is to be able to provide and target the services that best meet their communities' needs (including services both inside and outside of the hospital walls). Projects reflecting investments related to this goal could include primary care access improvements, outpatient specialty care access improvements, emergency room improvements with reductions in utilization, and improvements in access to language services.

Additionally, many district/municipal hospitals in California are eager to expand behavioral health services in recognition of the overwhelming need. The unmet demand for these services in California is well-documented and growing. Nearly 1 in 6 California adults has a mental health need, and approximately 1 in 20 suffers from a serious mental illness that makes it difficult to carry out major life activities. The lack of available services negatively impacts all components of each community including hospitals, hospital emergency departments and local law enforcement, but most importantly impacting the patients unable to access care. Improvements in this area are underway by many stakeholders including the state, however, the lack of providers is often cited as a critical stumbling block. District/municipal hospitals would like to work creatively with all stakeholders to implement programs appropriate for their individual areas.

Strengthening coordinated systems of care is another area of need as the healthcare delivery system is transforming, at least in part due to the Accountable Care Act. The goal of these projects would be to coordinate and provide care for patients across the spectrum of settings in order to promote health and better outcomes, particularly for populations at risk, while better managing total cost of care. Projects that allow for system transformation could include expanding and strengthening the use of patient-centered medical homes, investment in health information technology, creating integrated delivery systems, including accountable care organizations, with an ultimate goal of risk sharing.

Another overarching recommendation for an NDPH DSRIP goal is to improve outcomes related to patient experience and quality of care provided, ultimately reducing unnecessary hospital use. Projects that meet this goal could include reducing readmission rates, preventing admissions for ambulatory sensitive conditions, and ensuring equitable care outcomes through efforts to identify and address health care disparities. Other examples could include better integrating systems to meet patients' overall health needs rather than simply responding to the patients that arrive at the hospital.

In addition to improving outcomes and patient experience, this category could include projects that focus on high-priority diseases. These projects could be related to expanding chronic disease management for diabetics or heart disease patients, and/or providing community outreach for patients with chronic conditions.

The DHLF supports including a funded DSRIP planning period of up to 12 months for NDPHs. This will be especially critical for district/municipal hospitals to allow these facilities' limited time and resources to be focused on the extensive work required to finalize plans, milestones, metrics, etc. Almost all district/municipal facilities likely will make investments beyond current staffing levels. The planning period allows for both funding and time to ensure the appropriate innovative and non-traditional projects are thoughtfully considered and implementation begun.

Finally, California's district/municipal hospitals are eager to work with DHCS to ensure funding provided in AB 498 (Chapter 672, Statues of 2013) can be rolled over to the 2015 1115 Waiver. We understand the Centers for Medicare and Medicaid Services' (CMS) concerns regarding paying for uncompensated services, however we'd like to propose the funding (approximately $42 million federal funds for these hospitals) be included in the 2015 Waiver outside of the amounts allocated for DSRIP and look forward to discussing opportunities that would further benefit the patients served by district/municipal hospitals.

Thank you for the opportunity to provide comments as DHCS begins the significant work of renewing the 1115 Waiver. We look forward to continuing to work closely with you on all components, but most especially the NDPH DSRIP to benefit the patients served by these hospitals. We will contact you to arrange meetings to begin the process of identifying the NDPH-specific role in the new Section 1115 Waiver.

Sincerely,

Stephen C. Clark
Director

cc: Diana S. Dooley, Secretary, California Health & Human Services
Toby Douglas, Director, Department of Health Care Services
Pilar Williams, Deputy Director, Health Care Financing, DHCS
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