



Partnering to Succeed: How Small Health Centers Can Improve Care and Thrive Under Value-Based Payment

Since their inception in the 1960s, community health centers (CHCs) have provided access to care for millions of Americans, including some of the most vulnerable individuals and families. As the economic environment of CHCs has changed, most recently with the expansion of Medicaid under the Affordable Care Act (ACA), these institutions have had to adapt quickly.

In California, CHCs serve more than 4 million people annually. Many CHCs in California and nationally are experimenting with strategies to improve and expand care, such as finding ways to integrate behavioral health, bolster team-based care, and proactively reach out to patients with unmet preventive or chronic care needs. In tandem, health centers are increasingly participating in value-based payment. These actions require considerable infrastructure, with many components necessary for both endeavors. All health centers struggle to put this infrastructure in place, but small health centers — defined for the purposes of this paper as having fewer than 10,000 patients or an annual budget of \$10 million or less — face unique challenges in securing access to capital, building strong data capabilities, and negotiating favorable rates with vendors and contracts with health plans.

To help clarify the way forward for small health centers, this paper presents a Model for Advancing High Performance (MAHP) (see Figure 1 on page 2). Based on research and expert opinion, it describes the actions and infrastructure CHCs will need to thrive in this new environment and contribute to a sustainable primary care safety net that achieves the quintuple aim — better care, better health, lower costs, happier staff, and reduced health disparities.

As Figure 1 shows, engaging in the actions required to achieve the quintuple aim necessitates supportive infrastructure in four major areas: people, care systems/strategies, data, and a business model. Infrastructure elements such as meaningful patient engagement in care, well-defined patient panels, and the ability to create actionable data reports are important to support both care transformation and value-based payment.

For small health centers that are not in a position to create extensive infrastructure on their own, partnerships and alliances can be critical. When done well, such collaborations can help health centers fulfill their missions by supporting and supplementing primary care activities to leverage resources and improve health.

This paper presents seven types of partnerships:

- 1. Partnerships with community-based agencies and organizations (local government and nonprofit).** Health centers can offer patients comprehensive care that addresses medical, behavioral, and social needs by partnering with public agencies and community-based organizations.
- 2. Partnerships with hospitals.** A local hospital partnership can serve many functions, including care coordination; data sharing; access to specialists, lab services, and pharmacy services; additional funding for staff positions; and potential grants from a hospital community benefit program.

- 3. Consortia.** Consortia can help individual health centers to monitor and influence policy, engage in quality improvement, share best practices, and centralize select nonmedical functions such as training or managing volunteers.
- 4. Management services organizations (MSOs) and clinically integrated networks (CINs).** MSOs and CINs are designed to assist health centers with needed nonmedical functions. For some, these functions extend to collective clinical quality work and negotiations for incentive payments (upside risk) with payers.
- 5. Health-center-led independent practice associations (IPAs).** IPAs allow health centers to contract collectively for risk-based payments

and to distribute savings, if they occur, based on quality and cost outcomes of an assigned member population.

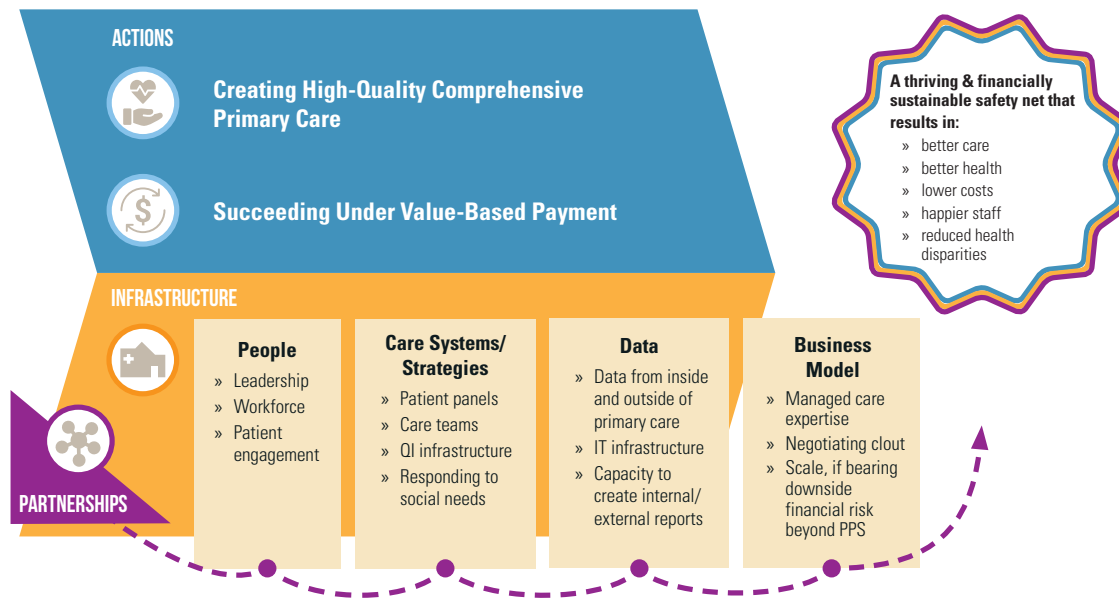
- 6. Partnerships with health plans.** Partnerships with health plans, often in the form of contracts for value-based care and payment, such as pay-for-performance incentives or care management payments, can help health centers secure additional flexibility or revenue to innovate in care delivery.
- 7. Mergers and acquisitions.** A merger or acquisition strategy can stabilize health centers by increasing economies of scale. The right partnerships can enhance services to the community.

Individual small health centers may make use of one or many of these partnerships depending on an array of factors. This white paper provides a detailed review of these factors, along with the advantages and disadvantages of each partnership type. In addition, four case studies highlight the experiences of small health centers partnering in these ways.

To be ready for potential partnership opportunities, CHCs can take the following concrete steps to get started.

- ▶ **Assess health center infrastructure.** Make an honest assessment of the CHC's internal infrastructure in terms of people, systems and strategies, data, and business model.
- ▶ **Understand the local context.** Each community operates with different partners and politics. What partnerships are available in the area? Which partners are the best cultural fit and most mission aligned? What are the

Figure 1. A Model for Advancing High Performance (MAHP)



managed care contracting practices in the region?

- ▶ **Weigh the options.** Not all partners offer the same breadth, depth, and quality of services, regardless of their organizational type. A partner may be strong in one area but weak in another.
- ▶ **Reach out.** Starting conversations with potential partners can result in collaborations and partnerships that take shape through exploratory discussions.
- ▶ **Build readiness.** Even if a health center is not ready to partner, it can build infrastructure and improve care now. Health centers are undertaking a broad range of activities that are achievable under a prospective payment system (PPS) and that also prepare them for value-based pay.

Health centers have a history of working well together on advocacy and other policy-related topics. The demands of care transformation and value-based payment increase the need for collaboration and partnerships, especially for small organizations. In this dynamic environment, partners that bolster a health center's capabilities will be a key ingredient for success. There are opportunities for consortia, health center-led IPAs, policymakers, health plans, and funders, among others, to support partnerships and accelerate progress.

The full report is available at www.chcf.org/partnertosucceed.

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About MacColl at KPWHRI

Kaiser Permanente Washington Health Research Institute (KPWHRI) is the nonproprietary, public-interest research center within Kaiser Permanente Washington, a nonprofit health system based in Seattle. Its mission is to improve health and health care for everyone through leading-edge research, innovation, and dissemination. Within KPWHRI, the MacColl Center for Health Care Innovation has a 25-year history of developing and disseminating models to improve care delivery, patient experience, and clinical outcomes, especially for vulnerable populations.

For more information, visit www.kpwwashingtonresearch.org.

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The California Health Care Foundation is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system.

For more information, visit www.chcf.org.