



California Health Care Foundation

# California Regional Markets: Sacramento Area

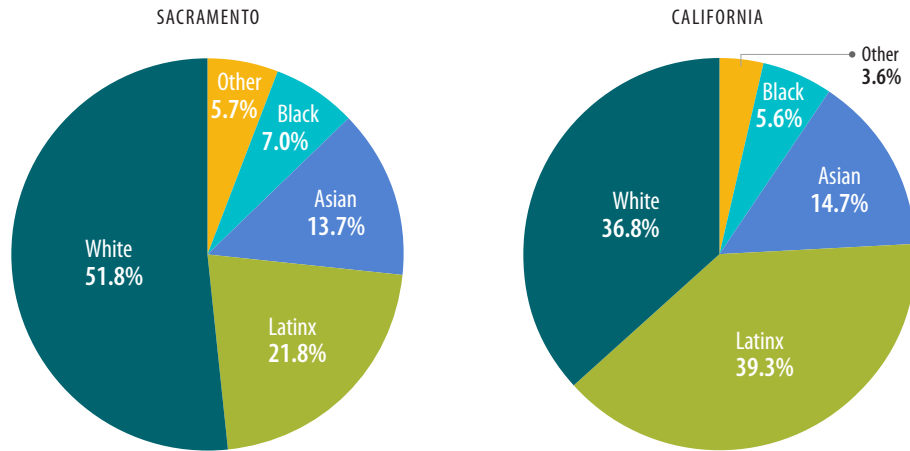
CALIFORNIA HEALTH CARE ALMANAC QUICK REFERENCE GUIDE

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## Race/Ethnicity

Region vs. State Average, 2018



## Population Statistics, 2018

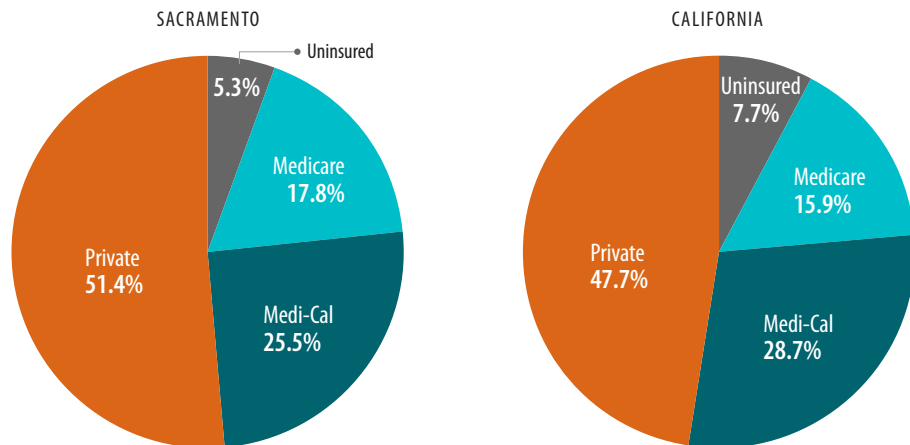
	Sacramento	California
Total population (in millions)	2.345	39.557
Five-year population growth	5.8%	3.2%

## Economic Indicators, 2018

	Sacramento	California
Below 100% FPL	13.3%	12.8%
100% to 199% FPL	15.7%	17.1%
Unemployment rate	3.7%	4.2%
Able to afford median-priced home	44.2%	31.0%

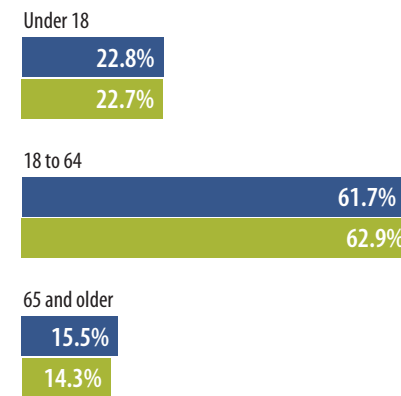
## Health Insurance

Region vs. State Average, 2019



## Age of Population

Region vs. State Average, 2018



Notes: *Private* includes any other insurance coverage (excluding Medicare and Medi-Cal). *Medicare* includes dual-eligible enrollees. *Asian*, *Black*, *White*, and *Other* categories are non-Latinx. Charts may not total 100% due to rounding.  
 Sources: "County Population by Characteristics: 2010–2019," US Census Bureau, last accessed June 1, 2020; "2018: ACS Supplemental Estimates Detailed Tables — Ratio of Income to Poverty Level in the Past 12 Months," US Census Bureau; "Employment by Industry Data: Historical Annual Average Data" (as of August 2020), Employment Development Dept., n.d.; "Housing Affordability Index - Traditional," California Association of Realtors; "Medi-Cal Certified Eligibles Tables, by County from 2010 to Most Recent Reportable Month," CHHS Open Data Portal; "Medicare Enrollment Dashboard," Centers for Medicare & Medicaid Services; "2019: ACS 1-Year Estimates Detailed Tables — Age by Disability Status by Health Insurance Coverage Status," US Census Bureau. All websites accessed June 1, 2020.

# California Regional Markets: Sacramento Area, *continued*

The Sacramento area — a region spanning El Dorado, Placer, Sacramento, and Yolo Counties — stands out among other inland California localities in boasting relatively high household incomes and a stable economy. Yet the region also experiences higher health costs and more people experiencing homelessness. Four large health systems — Dignity Health, Kaiser Permanente, Sutter Health, and UC Davis Health — dominate the area’s hospital market, which likely contributes to the region’s high private health insurance premiums. The region’s hospitals post the highest average operating margins of the seven regional markets studied and negotiate among the highest commercial payment rates in the state. All four systems continue to expand their footprints, building new office and hospital space while affiliating with a growing number of medical groups.

**KEY FACTORS AFFECTING THE LOCAL HEALTH CARE MARKET INCLUDE:**

- ▶ **The market for Medi-Cal managed care plans in Sacramento County is crowded and chaotic.** In 2017, the state Department of Health Care Services added two health plans to the Sacramento County market, which had four existing plans. One new entrant, UnitedHealthcare Community Plan, ended its contract prematurely and exited the market in 2018. The state plans to recontract with health plans serving the county starting in 2021, so the field of participating plans in Sacramento may change yet again.
- ▶ **The market experienced increased consolidation between hospitals and medical groups, with hospitals’ operating margins increasing substantially.** By 2019, 70% of primary care physicians and 80% of specialists belonged to practices controlled by a hospital or health system. Increases in the health systems’ commercial payment rates and operating margins have coincided with this consolidation.
- ▶ **Health systems and Federally Qualified Health Centers (FQHCs) expanded capacity.** Hospitals and FQHCs alike added new facilities and expanded existing ones. Kaiser, Sutter Health, and Dignity Health all plan to replace hospitals to comply with the state’s 2030 seismic requirements. FQHCs also expanded their scope of services, particularly for behavioral health care.
- ▶ **FQHCs are caring for more Medi-Cal patients as other providers decline to contract with Medi-Cal managed care plans.** FQHCs increasingly serve as primary care homes for Medi-Cal enrollees, as small medical clinics close and large medical groups shift patients to FQHCs.
- ▶ **A complex behavioral health services system for Medi-Cal enrollees is making strides to meet service needs amid insufficient inpatient capacity and workforce shortages.** To bring care to populations in need, counties’ mental health providers collaborate with criminal justice agencies and organizations providing services to people who are unsheltered.
- ▶ **Health information exchange is siloed and limited.** Health systems typically exchange data internally through electronic health record systems, with limited data sharing with FQHCs and health plans. Health systems and clinics are not prioritizing broader data exchange given other demands on time, resources, and leadership.

Hospitals (acute care), 2018	Sacramento	California
Beds per 100,000 . . . . .	157	178
Operating margin . . . . .	10.5%	4.4%
Total operating expenses per adjusted patient day . . . . .	\$4,425	\$4,488

Health Professionals Per 100,000 Population, 2020	Sacramento	California
Physicians . . . . .	210.1	191.0
▶ Primary care . . . . .	66.1	59.7
▶ Specialists. . . . .	143.7	130.8
▶ Psychiatrists. . . . .	12.3	11.8
% of population in HPSA. . . . .	10.4%	28.4%

Note: HPSA is health professional shortage area.  
 Sources: "Hospital Annual Utilization Report & Pivot Tables," California Office of Statewide Health Planning and Development, accessed June 1, 2020; Healthforce Center at UCSF analysis of Survey of Licensees (private tabulation), Medical Board of California, January 2020; and Health Professional Shortage Area (HPSA) data from *Shortchanged: Health Workforce Gaps in California*, California Health Care Foundation, July 15, 2020.

**ABOUT THE REGIONAL MARKETS SERIES**

This quick reference guide is based on the full report *Sacramento Area: Large Health Systems Grow in a Pricey and Tumultuous Market* by Len Finocchio and James Paci of Blue Sky Consulting Group.