



CHCF



CHCF Regional Market Report: San Joaquin Valley

March 2, 2021

Regional Market Reports — Project Overview

- Studies of seven large, diverse regional markets to:
 - Examine the structure and performance of local health care systems
 - Identify common themes and emerging issues that influence how Californians receive health care
- Markets in 2020 study are Humboldt/Del Norte, Los Angeles, Riverside/San Bernardino, Sacramento, San Diego, San Francisco Bay Area, and the San Joaquin Valley
- Series of seven webinars between Nov 2020 and March 2021 to share results
- Consulting team includes Katrina Connolly, Caroline Davis, Len Finocchio, Matt Newman, James Paci, and Jill Yegian

Panelists



Len Finocchio



Ryan Gates



Tom Hamilton



Paulo Soares



Dawan Utecht



CHCF

San Joaquin Valley: Despite Poverty and Capacity Constraints, Health Care Access Improves

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Approach and Information Sources

Regional market study tells the story of the health care landscape and developments over the last five years

Interviews with 23 regional leaders representing:

- Health plans
- Health care providers
- County government
- Community leaders

Analysis of:

- Quantitative data from surveys, US Census, and other sources
- Industry reports, journal articles, and news stories

Context: Project launched prior to COVID-19 pandemic

- Interviews conducted January–October 2020

Team effort: coauthor James Paci, contributions from Blue Sky Consulting Group team



Market Background: San Joaquin Valley

Population Statistics, 2018

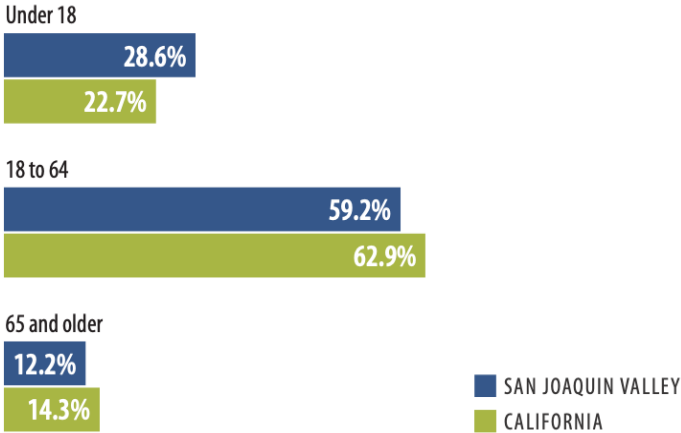
	San Joaquin Valley	California
Total population (in millions)	1.787	39.557
Five-year population growth	3.2%	3.2%

Economic Indicators, 2018

	San Joaquin Valley	California
Below 100% FPL	21.5%	12.8%
100% to 199% FPL	23.8%	17.1%
Unemployment rate	8.0%	4.2%
Able to afford median-priced home	50.0%	31.0%

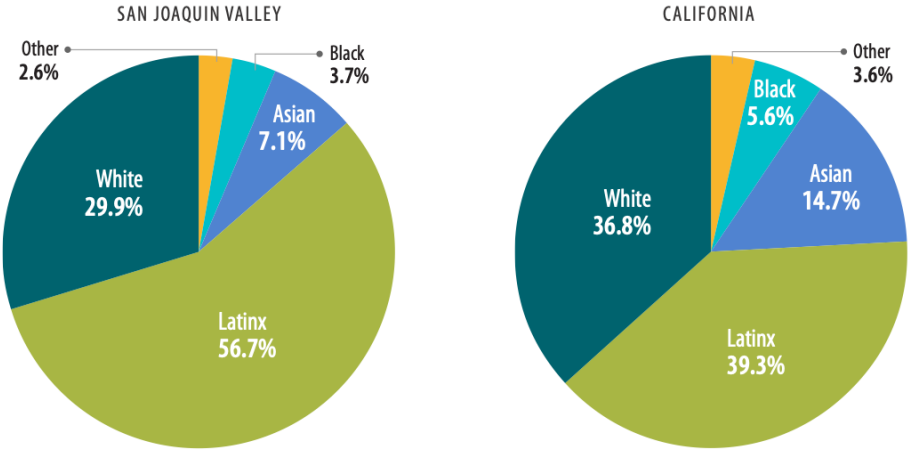
Age of Population

Region vs. State Average, 2018



Race/Ethnicity

Region vs. State Average, 2018



The San Joaquin Valley:

- Comprises five counties — Fresno, Kings, Madera, Mariposa, and Tulare
- Home to roughly 1.8 million people
- Mostly rural, with a few dense population centers

Compared to California overall, population is:

- Much poorer
- More Latinx
- Younger
- Almost twice as likely to lack employment

Source: *Regional Market Almanac, 2020: San Joaquin Valley – Quick Reference Guide.*

San Joaquin Valley Residents Report Poorer Health

- Across all self-reported physical health indicators, San Joaquin Valley residents report poorer health status
- The physical health of San Joaquin Valley residents is among the poorest in the state
- The obesity rate (41%) and the infant mortality rate (0.6%) of all live births, are about 50% higher than rates statewide
- Health and income disparities, as well as other sociodemographic factors, have likely worsened the impact of the COVID-19 pandemic in the San Joaquin Valley

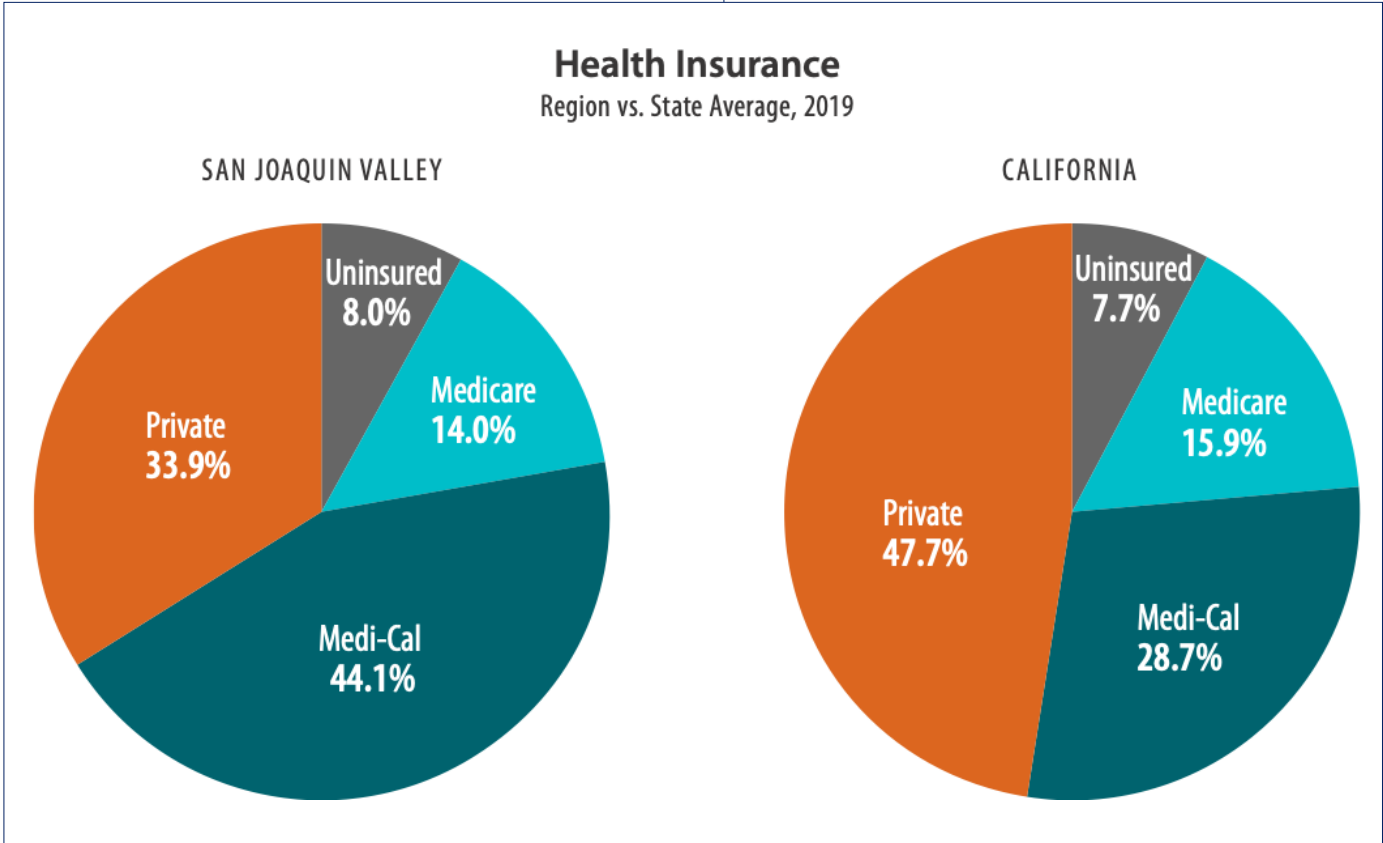
TABLE 2. Physical Health Indicators
San Joaquin Valley vs. California, 2018

	San Joaquin Valley	California
Fair/poor health	21.5%	18.5%
Diagnosed with diabetes	11.5%	10.1%
Has asthma	21.4%	15.7%
Has heart disease	8.2%	6.8%
Preterm births*	9.4%	8.8%
Infant mortality rate*	0.6%	0.4%
Obesity	41.0%	27.3%

Source: California Health Interview Survey, 2018 data except where noted, accessed January 21, 2020.

Medi-Cal Dominates Health Insurance Coverage

- At 44.1%, Medi-Cal coverage is higher than in other markets studied and higher than the statewide rate of 28.7%
- About one-third of the region's residents have private health insurance compared to 47.7% statewide
- 2.3% have coverage through Covered California plans, lower than the statewide average of 3.1% (not shown)
- Four of five counties participate in Medi-Cal's Two-Plan Model in which a public local initiative competes with a commercial plan
- CalViva covers 71% of the 518,000 Medi-Cal enrollees in Fresno, Kings, and Madera Counties; Anthem Blue Cross serves the remainder



Hospital Sector Mostly Stable, Though District Hospitals Struggle

- Five systems dominate the region: Adventist Health, Community Medical Centers, Kaweah Delta Medical Center, Saint Agnes Medical Center, and Valley Children's
- Compared to state averages, the region has:
 - Fewer beds and FTEs
 - Lower operating expenses
 - Better average operating margin
- The financial status of most hospitals across the region improved since 2014
- Three district hospitals — John C. Fremont, Kaweah Delta, and Sierra View — had operating margins below the regional average in 2018
- Tulare Regional Medical Center closed in October 2017 but reopened in 2018 under Adventist management
- Coalinga Regional Medical Center closed in 2018

TABLE 6. Hospital Performance (Acute Care)

San Joaquin Valley vs. California, 2018

	San Joaquin Valley	California
Beds per 100,000 population	157	178
Operating margin*	6.2%	4.4%
Paid FTEs per 1,000 adjusted patient days*	12.2	15
Total operating expenses per adjusted patient day*	\$2,696	\$4,488

TABLE 7. Operating Margins at Select Hospitals

San Joaquin Valley, 2014 and 2018

	2014	2018
Community Regional Medical Center	2.8%	5.4%
Adventist Health	3.1%	11.9%
Kaweah Delta Medical Center	0.1%	4.9%
Saint Agnes Medical Center	2.3%	10.8%

Federally Qualified Health Centers & Rural Health Centers Expand, Playing Important Access Role

Continuing growth of Federally Qualified Health Centers (FQHCs)

- Several large FQHC networks together accounted for nearly 2 million encounters in 2018
- Number of FQHC sites in the region increased from 63 to 85 between 2014 and 2018
- FQHC encounters per capita (1.1) grew 50% between 2014 and 2018 and is more than double the statewide average (0.5)
- FQHCs (e.g., Camarena, Family HealthCare Network) partner with hospitals

Rural Health Centers (RHCs)

- Must locate in non-urban areas
- Are a large presence, with 82 in the region
- Half of RHCs are operated by hospitals, mostly by Adventist Health ($n = 41$)

Some competitive tensions between RHCs and FQHCs

- Higher reimbursement rates for RHCs than for FQHCs
- Some competition for Medi-Cal patients

Provider Shortages Persist and Pose Access Challenges

- In the San Joaquin Valley, 92% of residents live in a Health Professional Shortage Area
- Physician-to-population ratios are below the statewide average and among the lowest in the state
- Specialist shortages include psychiatry, dermatology, optometry, pain management, and orthopedics
- Challenges attracting and retaining PAs, NPs, RNs, and behavioral health providers (e.g., LCSWs)
- Bright spots:
 - Loan repayment programs
 - UCSF Fresno training program
 - Workforce pipeline programs
 - Expansion of telehealth

TABLE 10. Physicians: San Joaquin Valley vs. California, 2020

	San Joaquin Valley	California	Recommended Supply*
Physicians per 100,000 population [†]	130.0	191.0	—
▶ Primary care	46.5	59.7	60–80
▶ Specialists	83.3	130.8	85–105
▶ Psychiatrists	6.5	11.8	—
% of population in HPSA (2018)	92.0%	28.4%	—

Behavioral Health Services Improve, but Access Challenges Remain

- Valley residents report higher levels of mental distress (13.6%) than the statewide average (11.0%). The suicide rate is 20% higher than the California average.
- Serious psychiatric inpatient bed shortage but a new 128-bed facility coming in 2023
- Respondents reported that access to mental health and SUD services for Medi-Cal enrollees has improved but care gaps remain
- Whole Person Care and Drug Medi-Cal Organized Delivery System programs have improved access to services
- County behavioral health organizations are partnering with managed care plans, FQHCs, and criminal justice agencies
- \$50 million in homeless services grants to the region

TABLE 11. Behavioral Health Measures (age-adjusted per 100,000 people)
San Joaquin Valley vs. California, 2018

	San Joaquin Valley	California
Suicide	12.3	10.4
Opioid deaths	3.05	5.82
Opioid ED visits	17.96	21.44
Amphetamine-related overdose hospitalizations	12.1	5.6

COVID-19

Key Trends Through October

- Slow initial spread with more rapid transmission through summer and fall, potentially related to high levels of “essential” employment
- Unemployment rate nearly unchanged; statewide rate doubled
- Medi-Cal enrollment up almost 3% — less than the statewide increase
- COVID’s disproportionate impact on Latinx communities especially relevant in San Joaquin Valley

Provider Impact

- Rapid adoption of telehealth, as in other regions, has mitigated impact
- Improved collaboration among health care providers, county public health, hospitals
- State and federal funds have supported providers and service delivery

TABLE 12. COVID-19 Impacts: San Joaquin Valley vs. California

	San Joaquin Valley	California
UNEMPLOYMENT RATE		
▶ Pre-pandemic (FEBRUARY 2020)	9.3%	4.3%
▶ Mid-pandemic (OCTOBER 2020)	9.6%	9.3%
MEDI-CAL ENROLLMENT		
▶ Percentage change (FEBRUARY TO OCTOBER 2020)	2.9%	4.0%
CARES ACT, PER CAPITA (SEPTEMBER 2020)		
▶ Provider Relief Funds	\$115	\$148
▶ High Impact Funds	\$6	\$16

Issues to Track

- How will expected state budget shortfalls driven by the pandemic affect Medi-Cal, which covers almost half of the region's residents?
- Will the larger hospitals and systems continue to perform well financially? Will the financial struggles of district hospitals spur more consolidation?
- Will pressure for providers to take risk-based payment increase? How will providers develop the infrastructure and data analytics to manage risk successfully?
- Will emerging partnerships among county mental health plans, managed care plans, and other county agencies be sustained?
- Will telehealth be integrated into delivery of routine care after the pandemic and improve access to care for some services?
- What will be the long-term impacts of the COVID-19 pandemic on the health and socioeconomic disparities in the region?