



**Preparing California's Community-Based Organizations
to Partner with the Health Care Sector
by Building Business Acumen:**

**Case Studies from the First Cohort of
Linkage Lab Grantees**

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Executive Summary

The *Affordable Care Act* created many new care delivery opportunities that are best achieved through strong linkages between services provided in a medical setting and long-term services and supports (LTSS) provided in the community. However, formalized contractual partnerships between the health care sector and community-based organizations (CBOs) are currently uncommon. Most CBOs lack the required business acumen and need to develop a variety of internal organizational capabilities before they are able to enter into mutually beneficial contractual partnerships with the health care sector.

In 2013, The SCAN Foundation (Foundation) developed *Linkage Lab* to help bridge this gap by providing capacity-building support to California CBOs that primarily serve older adults with chronic health conditions and functional limitations. Over a two-year period, six CBOs participated in Linkage Lab, gaining capacity-building skills and organizational transformation through regular seminars and on-the-ground technical expertise. The Foundation also provided modest financial support for critical infrastructure needs associated with developing contractual relationships with the health care sector.

As of early 2015, the first Linkage Lab Cohort signed 27 contracts with health care providers with potential to serve over 16,000 clients annually.

This report provides case studies of the first six Linkage Lab grantees. The case studies show the progress made and challenges faced toward achieving their goal of meaningful partnership with the health care sector:

- [Bay Area Community Services, Oakland](#)
- [Camarillo Health District, Camarillo](#)
- [Institute on Aging, San Francisco](#)
- [Jewish Family Service, Los Angeles](#)
- [Silicon Valley Independent Living Center, San Jose](#)
- [St. Paul's Senior Services, San Diego](#)

About BACS

[Bay Area Community Services](#) (BACS) in Oakland serves both older adults and adults experiencing mental illness, substance abuse, and homelessness primarily in Alameda County. Its mission is to uplift underserved individuals and their families by providing supportive wellness services. BACS's older adult services include adult day programs and case management, while its mental health services include care coordination, wellness centers, an employment program, and a crisis residential program. BACS also offers a variety of housing services, such as interim and supported housing to stop the cycle of homelessness, and medical respite services for homeless adults with chronic health needs.

Why BACS Joined Linkage Lab

BACS sought to establish at least one contractual relationship with a health care payer or provider, and it initially identified a number of issues and opportunities related to this goal. Although BACS provides several points of contact with older adults in need in Alameda County, it lacked formal engagement with health plans, particularly at the corporate level. BACS needed to further develop and better resource key aspects of its infrastructure to engage effectively with new business partners and funding streams. These included information technology (IT) systems, facilities management, quality improvement and quality assurance processes, human resources, and general administration. Before Linkage Lab, funding for BACS's older adult services did not cover its true costs, which tightened cash flow and left the organization without a reserve fund for contingencies and new project start-up.

Key Objectives

A key objective for its Linkage Lab work was to acquire and institutionalize core leadership and management competencies that would permit it to enter into at least one contractual relationship with a health care payer or provider. Such a relationship would enable BACS to deliver cost-effective nutritional, case management, and day care services to older adults in Alameda County. As a result, these individuals would be better able to maintain wellness, leading to reductions in hospital readmissions, emergency room visits, and nursing home placements, consequently lowering costs for payers and providers.

Key Strategies and Processes

The BACS Leadership Team facilitated meetings early on with health care payers and providers to understand their needs for community-based services, how they would evaluate performance, and criteria they would use for partnership. Following these initial meetings, BACS continued to build relationships in one-on-one discussions with payers and providers, as well as through participation in community collaborative meetings where both were present. Using information gained from the meetings and additional market research, the Leadership Team assessed BACS's current service offerings, the ease of service access, and strengths and areas needing improvement among their leadership, management, and line staff. This included conducting a thorough assessment of which programs and services should be grown, which should be maintained as is, and which should be eliminated. As a result of this assessment, a program that was high on resource usage, yet low on return, was eliminated, allowing more attention and resources to be devoted to stronger programs that were better poised for growth. BACS also launched a new medical respite service that maximized its core strengths and met a need of the health system. Simultaneously, the Leadership Team focused on leadership and management development, and hired new talent from other industries, including from the for-profit sector.

BACS built relationships in one-on-one discussions with payers and providers, as well as through participation in community collaborative meetings.

BACS instituted key processes to kick-start the contract negotiation process, including an analysis of service gaps in the community as well as developing business and marketing plans. The Leadership Team met with the provider or payer to discuss its needs, goals, target population, and funding structure. Then BACS created a program package that included the elements of the service delivery model, financial structure, data collection processes, and outcomes sought by the potential partner. BACS developed pricing strategies based on different structures, including fee-for-service, fixed price per bed for a set number of beds per year (regardless of whether the beds are filled), pay-for-success methodology, and others. In negotiations with Sutter Hospital/LifeLong Medical Care, for example, BACS settled on a full bed pay structure that supported budgeted revenue and costs, and the contract was negotiated successfully (see also below).

Contracts with Health Care Payers and Providers

Table 1 summarizes the contracts BACS successfully negotiated during Linkage Lab.

Table 1: Summary of BACS Contracts with California's Health Care Sector						
Payer/ Provider	Criteria Used to Evaluate BACS	Contract Duration	Service Package	Population to Be Served	Pricing Structure	Implementation Status
Alameda Alliance Health Plan	Utilization of emergency services based on baseline and after treatment	One year with annual option for renewal	Medical respite, care coordination, and discharge meal program	100 clients in Alameda County; dual eligibles, homeless, high-utilizers	Fee-for-service	In implementation
Sutter Hospital/ LifeLong Medical Care	Utilization of emergency services first 30 days post-in-patient discharge	One year with annual option for renewal	Medical respite	50-100 homeless clients at Sutter Hospital Alameda County	Fixed price per bed for set number of beds per year	Fully implemented

In entering into a contract with Sutter Hospital/LifeLong Medical Care, BACS was responding to a community need for medical respite and recuperative care services for homeless adults ending an in-patient hospital stay. A Federally Qualified Health Center (FQHC) served as the liaison between the hospital and BACS, and provided care coordination and discharge planning. BACS provided room and board, wellness checks, and housing coordination services. The contract was based on three beds purchased, whether occupied or not. In the first phase of the pilot program, 98% of medical respite participants were not re-hospitalized for their condition, and 30% were transitioned from the medical respite program to permanent housing.

Additional Successes

BACS has many successes beyond what was originally anticipated by engaging in Linkage Lab. It increased focus on behavioral health in all of its programming agency-wide. BACS made critical staffing changes to better position itself in this rapidly evolving health care marketplace. Additionally, it developed quality improvement and assurance systems, allowing BACS to have quantifiable outcomes for the first time. These data helped BACS obtain a three-year international accreditation through CARF (formerly the Commission on Accreditation of Rehabilitation Facilities) for its older adult, behavioral health, and homeless programs.

Challenges

BACS faced several challenges during this organizational change. The Leadership Team found it difficult to free up sufficient time to focus on strategic initiatives, market trends, and business development given competing responsibilities. They also found it difficult to recruit qualified program managers who could readily adopt business approaches. By the end of Linkage Lab, BACS did not have an integrated electronic health record system that covered all business lines with true interoperability, both internally across programs and service lines and externally to interface with payers. In addition, while BACS was comfortable proposing new service offerings in response to Requests for Proposals (RFPs) from other entities, it was not accustomed to conceptualizing and planning new offerings on its own initiative.

Lessons Learned

Key lessons for BACS through Linkage Lab:

- Invest time and energy in building organizational infrastructure, developing leadership and management capacities, and effecting change in your organization's culture toward a greater orientation toward business.
- Let go of programs that are resource intensive and do not produce a good return.
- Understand that building cross-sector relationships takes time and requires patience and persistence.
- Look beyond external RFPs to support the development of new programs and services; build internal structures and processes that facilitate proactive development of new initiatives, based on market analysis and identified needs.

Webinar

- Watch a [webinar](#) on overall results of the Linkage Lab Program.

Online Resources and Tools

- [E-Learning modules on Building Business Acumen of CBOs](#)
- [CBO Toolkit on Pricing and Sustainability](#)
- [Background brief](#) on preparing CBOs for successful health care partnerships
- [Webinar](#) and [report](#) on training care coordinators for integrated care models.

TSF Perspectives

- [Perspectives](#) from Dr. Bruce Chernof on the importance of forming effective health care/CBO partnerships.