

LEVERAGING SONG-BROWN FUNDS TO IMPACT PROGRAM OUTCOMES

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October 26 and 27, 2016

Song-Brown – Challenge

- The California Endowment funds
- Solid infrastructure and process
- Uncertain future
 - \$33M General Fund money for PCR
 - Diminished funding going forward

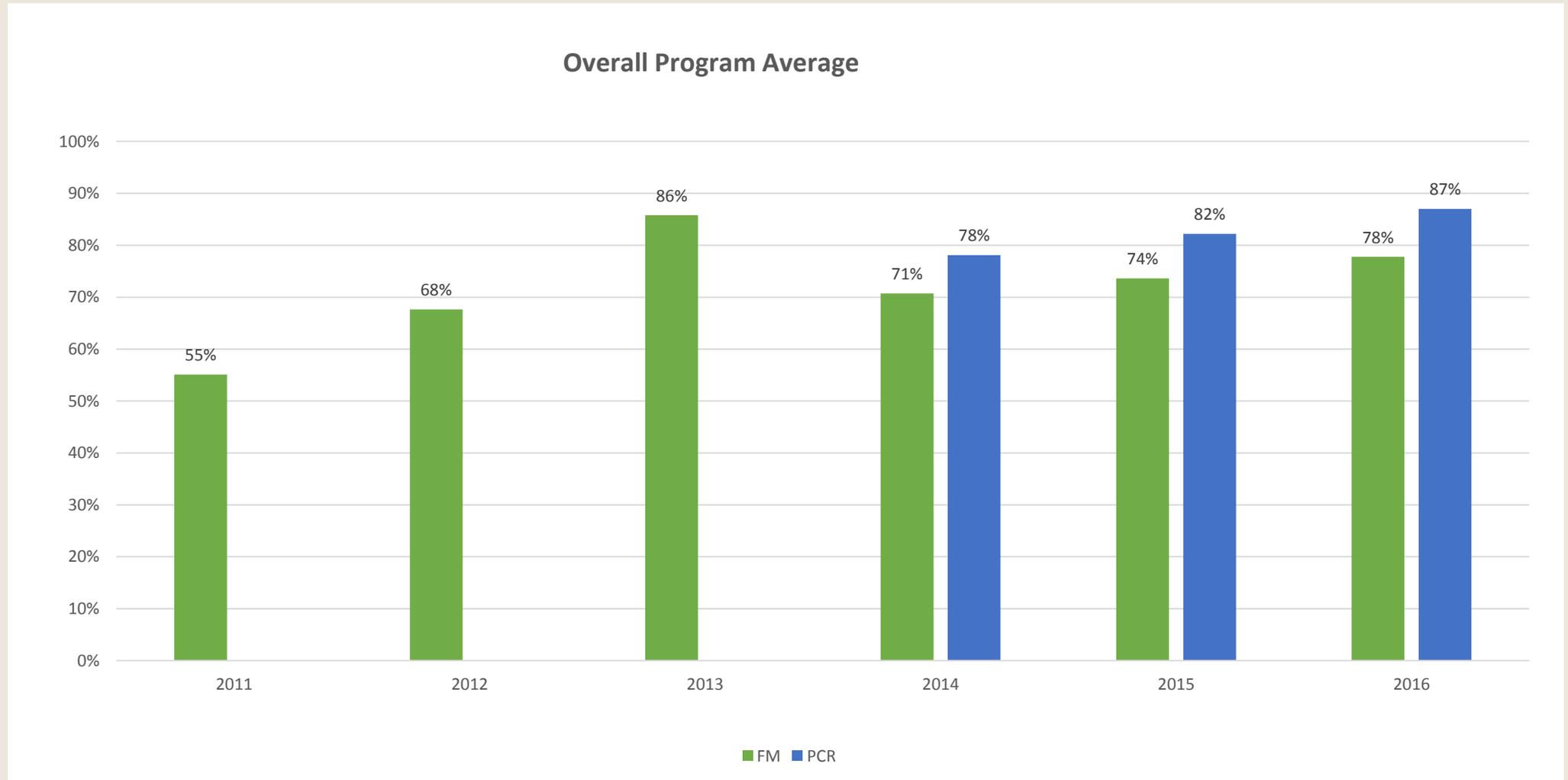
FY 2017-18	Without General Fund Money	With General Fund Money
Family Medicine and Primary Care Residency Training	\$2,581	\$2,581
FNP/PA Training	\$1,350	\$1,350
Registered Nurses	\$2,725	\$2,725
Reimbursement	\$400	\$400
Data Fund Subtotal	\$7,056	\$7,056
Existing Family Medicine and Primary Care Residency Slots		\$18,700
Existing THC Family Medicine and Primary Care Residency Training Slots		\$5,700
Family Medicine and Primary Care Residency Training Expansion Slots		\$3,300
New Family Medicine and Primary Care Residency Training Programs		\$3,300
General Fund Subtotal		\$31,000
TOTAL	\$7,056	\$38,056

Note: Dollars shown in thousands.

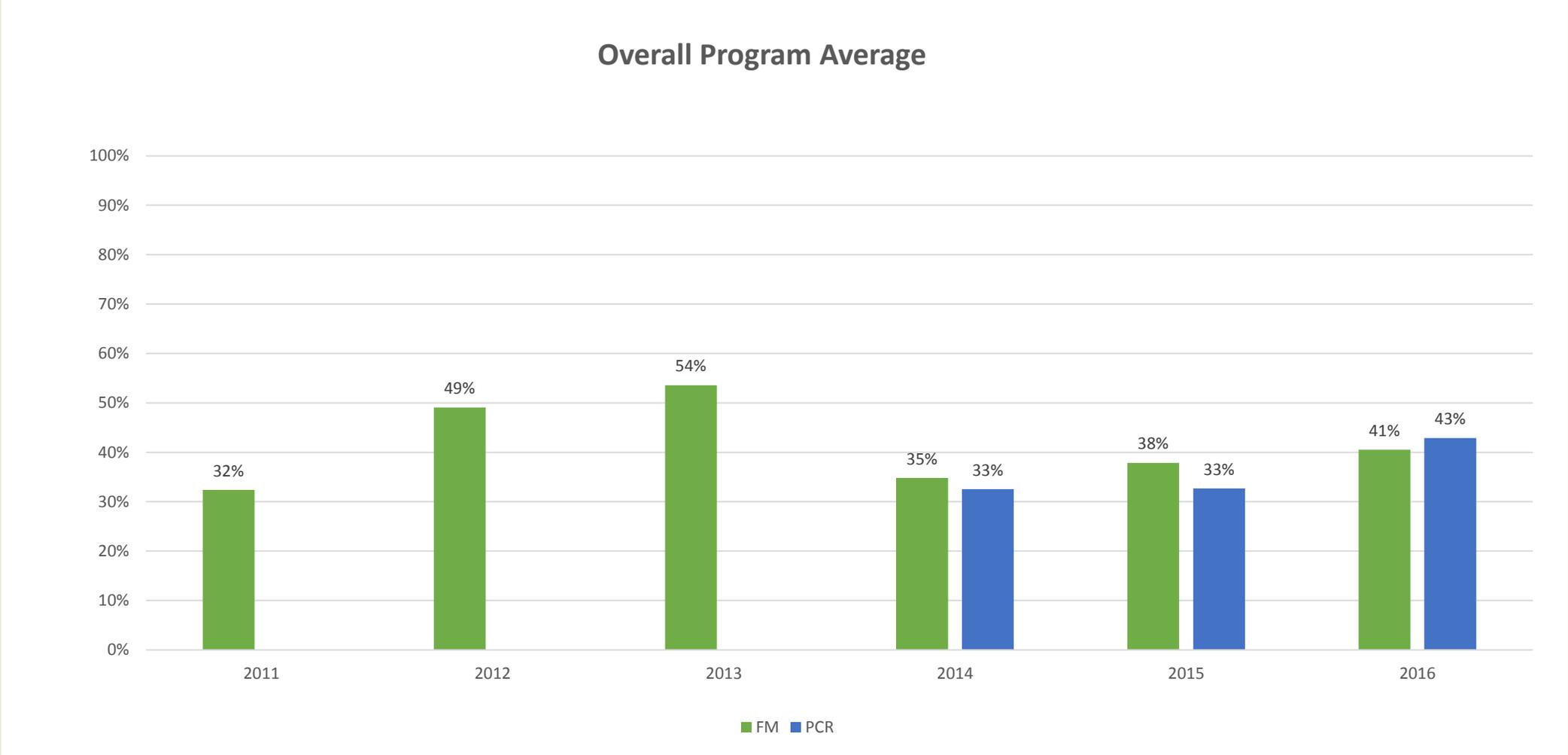
Expectations for Today

- Present information to support decisions related to
 1. *Simplifying the PCR application process*
 2. *Identifying the appropriate Song-Brown Program model to support the direction of the CHWPC*
 3. *Leveraging PCR program presentations*
 4. *Setting PCR award levels*
- To ensure the CHWPC is positioned to award General Fund money during the next funding cycle, staff need –
 - *Specific decisions related to items 1 through 3*
 - *Guidance on item 4 related to the information the CHWPC needs to support it's specific decisions in January*

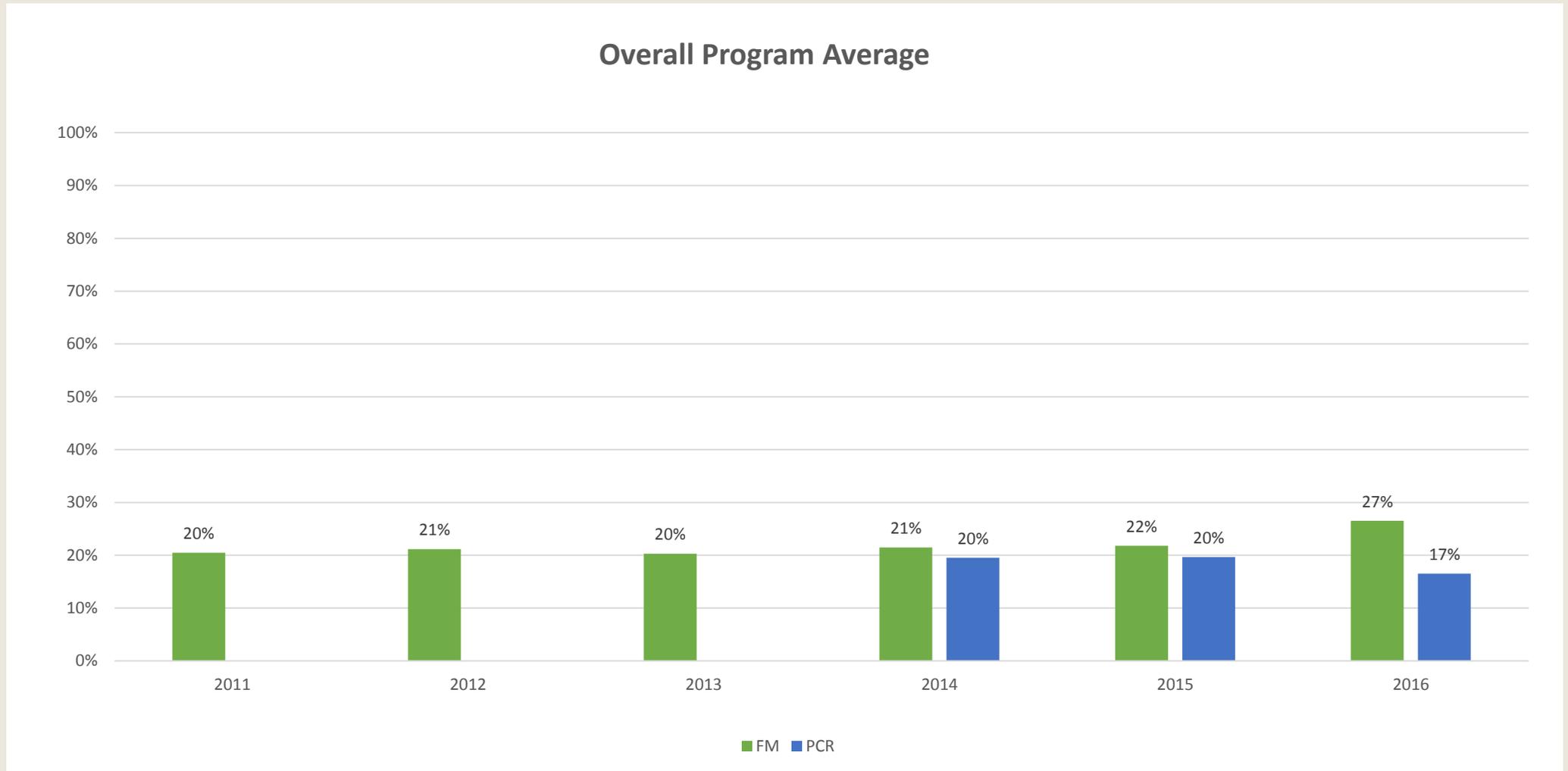
Training in Areas of Unmet Need



Graduates Practicing in Areas of Unmet Need



Under-represented Minority Graduates

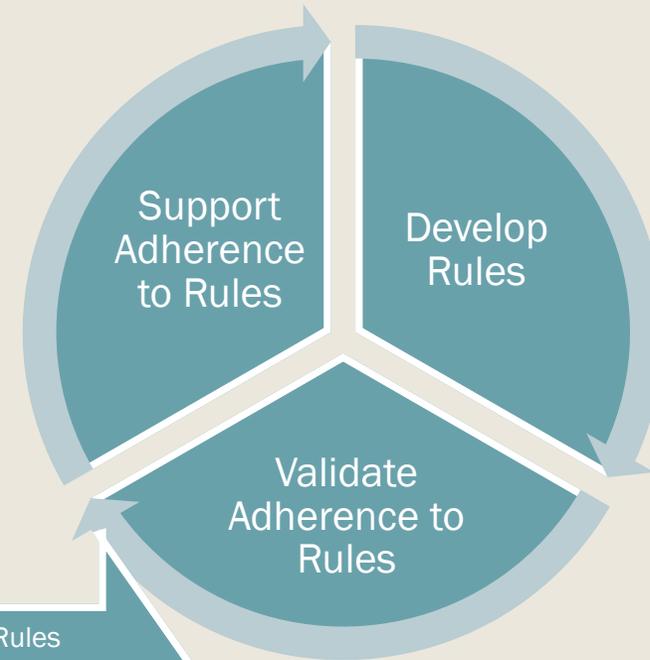


Two Program Models

Incentive-based Program –
Stimulates Change



Command and Control Program –
Enforces Rules



Song-Brown Opportunity

- Minimize administrative burden through process simplification
 - *Commission*
 - *OSHPD Staff*
 - *Residency Programs*
- Focus on policy rather than process
 - *Incentivize change that will improve program outcomes related to statutory criteria*
 - *Highlight program strategies that lead to superior outcomes to inform and educate about successful program policy*

Stats 1a Refresh – Correlation Analysis

- Statistical relationship, whether causal or not, between two variables or two sets of data
- Correlation coefficient identifies the relationship between two variables
 - *Coefficients approaching -1 are inversely related; when one variable increases the other decreases a similar amount*
 - *Coefficients approaching 1 are directly related; when one variable increases the other increases a similar amount*

Quantitative vs Qualitative Criteria

Variables by Discipline	Application Year	Correlation Coefficient
Family Medicine		
Statutory Quantitative Criteria AND Statutory Qualitative	13-14	0.457
	14-15	0.349
	15-16	0.166
Statutory Quantitative Criteria AND Other Considerations	13-14	0.171
	14-15	0.376
	15-16	0.012
Statutory Quantitative Criteria AND TCE	14-15	0.297
	15-16	0.079
Primary Care Residency		
Statutory Quantitative Criteria AND Statutory Qualitative	14-15	0.188
	15-16	0.790
Statutory Quantitative Criteria AND Other Considerations	14-15	0.102
	15-16	0.244

*Evaluation criteria 3a (for PCR) and 3b and 4 (for FM) are the same; however they are numbered differently on the evaluation criteria forms across years and disciplines.

The Qualitative/Quantitative Balance

Qualitative criteria are reflective of a healthy program, but high qualitative scores don't necessarily lead to high quantitative scores

- Quantitative criteria
 - *Provide a scale to assess outcomes*
 - *Consistent based on Song-Brown statutory priorities*
 - *Are easy to score*
- Qualitative criteria
 - *Provide a program standard*
 - *Vary based on program need (geography, students, community)*
 - *Are challenging to score*
- Accreditation as the standard
 - *Provides consistency in program standards*
 - *Doesn't require Song-Brown scoring*

Decision Point – Simplify the PCR Application

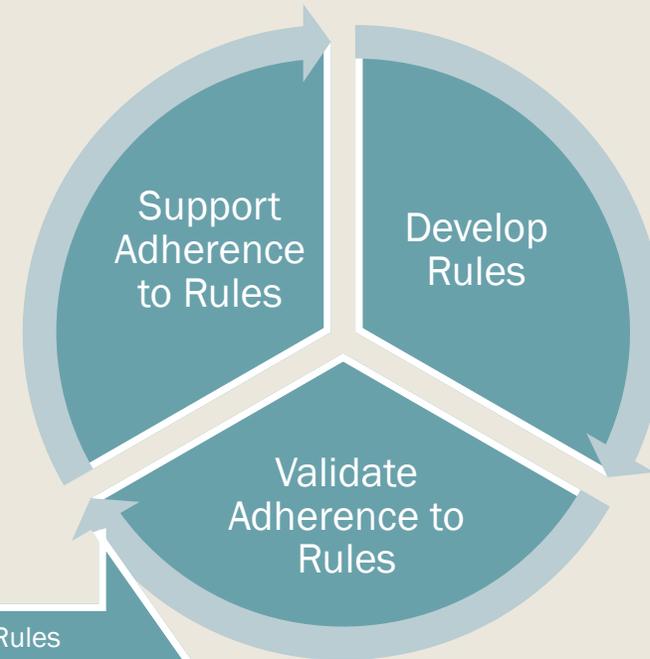
- Option 1 (Staff Recommendation)
 - Rank PCR applications on quantitative statutory criteria alone
 - Depend on ongoing accreditation to ensure the program meets a minimum standard
 - Leverage FY 2014-15 new slot application to create program expansion application
 - Score new program applications using qualitative criteria and site location
- Option 2
 - Rank PCR applications on quantitative statutory criteria
 - Score qualitative criteria as pass/fail to ensure the applicant meets a minimum standard
 - Leverage FY 2014-15 new slot application to create program expansion application
 - Score new program applications using qualitative criteria and site location
- Option 3 – Maintain status quo
- Other Options

Two Program Models

Incentive-based Program –
Stimulates Change



Command and Control Program –
Enforces Rules



Decision Point – Alternative Song-Brown Program Models

- Option 1 (Staff Recommendation)
 - *Create greater incentives in funding structure (dollars and slots) to encourage innovative strategies to impact Song-Brown statutory quantitative criteria*
 - *Develop a minimum quantitative score to receive an award*
- Option 2
 - *Develop funding levels (dollars and slots) to expend additional funds consistent with current approach*
 - *Develop a minimum quantitative score to receive an award*
- Option 3
 - *Create greater incentives in funding structure (dollars and slots) to encourage innovative strategies to impact Song-Brown statutory quantitative criteria*
- Option 4
 - *Develop funding levels (dollars and slots) to expend additional funds consistent with current approach*
- Other Options

Decision Point – Leveraging PCR Program Presentations to Inform Policy

- Option 1 (Staff Recommendation)
 - *Provide more time to fewer programs to present strategies that lead to superior outcomes or new innovations*
 - *Replace progress reports with compliance audits or site visits focused on ensuring accurate application information*
 - *Publish white papers to educate the industry about successful strategies*
- Option 2
 - *Continue to hear from all applicants about their program strategies*
 - *Replace progress reports with compliance audits or site visits focused on ensuring accurate application information*
 - *Publish white papers to educate the industry about successful strategies*
- Other Options

Key Budget Bill Provisions

- State's spending plan reflects a total augmentation of \$100 million General Fund over three years pending available resources
- Contingent on federal extension of Hospital Quality Assurance Fee, FY 2016-17 Budget allocates
 - *Up to \$18.7 million to fund grant awards at existing primary care residency slots*
 - *Up to \$5.7 million to fund primary care residency slots at existing Teaching Health Centers*
 - *Up to \$3.3 million to fund new primary care residency slots at existing programs*
 - *Up to \$3.3 million to fund newly accredited primary care residency programs*
 - *Up to \$2.0 million to administer the program at OSHPD*
- Can roll-over non-expended, new accreditation funds to support expansion slots after June 30, 2019
- Can roll-over all spending categories an additional 3 years

OPPORTUNITIES FOR CAPITATION FUNDING

- Fund all categories through capitation
 - *Supports administrative ease for Song-Brown staff and residency programs*

	Existing PCR \$18.7 Million	Existing THC PCR \$5.7 Million	Expansion PCR Slots \$3.3 Million	New PCR Programs \$3.3 Million
Non-THC PCR Programs	1 st year slots and beyond			
THC Programs	1 st year slots and beyond	1 st year slots and beyond	Release Funds Upon Accreditation	Release Funds Upon Accreditation
Expanding Non-THC PCR Programs	1 st year slots and beyond		Release Funds Upon Accreditation	
Newly Accredited Non-THC PCR Program	1 st year slots and beyond			Release Funds Upon Accreditation

Survey to Assess Demand for Funds

- Surveyed 124 residency programs with approximately 1,334 accredited first year resident slots
- Responded to questions related to
 - *Award levels that would incentivize change to impact Song-Brown statutory goals*
 - *Plans for expansion*
- Responses from 49 programs
 - *38 programs had applied to Song-Brown in the past*
 - *11 programs had not applied to Song-Brown in the past*
 - 8 plan to apply in the future
 - 3 do not plan to apply in the future

Existing Primary Care Residency Slots - \$18.7M

- At \$125,000 per slot for 5 slots, maximizes the incentives and pool of applicants to encourage competition in meeting Song-Brown statutory goals

Survey: What level of funding would your program need to incentivize program innovations to impact Song-Brown statutory priorities?

Applying at # of Programs	Slots at 5/Program
\$75K/Slot	26 130
\$100K/Slot	34 170
\$125K/Slot	48 240

Funding must be for at least 5 slots.

Funds to support varying numbers of programs at 5 slots per program, spreading funds over 3, 4, and 5 years.

A) 3 years

Annual Allocation \$18,700,000		
\$ Per Slot	# Programs	# Slots
\$75,000	50	249
\$100,000	37	187
\$125,000	30	150
\$150,000	25	125

B) 4 years

Total Allocation \$14,025,000		
\$ Per Slot	# Programs	# Slots
\$75,000	37	187
\$100,000	28	140
\$125,000	22	112
\$150,000	19	94

C) 5 years

Total Allocation \$11,220,000		
\$ Per Slot	# Programs	# Slots
\$75,000	30	150
\$100,000	22	112
\$125,000	18	90
\$150,000	15	75

of programs at 5 slots per program.

In FY 2015/16 \$5,987,340 FM funds were awarded to support 116 slots at \$51,615 per slot and \$2,012,985 PCR funds were awarded to support 39 slots at \$51,615 per slot.

Existing Primary Care Residency Slots: Teaching Health Centers - \$5.7M

- 6 THC's responded to our survey representing 33 first year residency slots
- Industry interest in starting new THC's, which would increase number of future applicants
- THC's had strong preference for \$125,000 per slot
- THC's may be losing federal funding for 2nd and 3rd year students

At \$75K per slot; even support for 2nd/3rd year students – support for 32 new slots in following year

	Award Level	FY 2017-18	FY 2018-19
First Year Slots	\$75,000	\$2,475,000	\$2,475,000
Second Year Slots	\$50,000	\$1,650,000	NA
Third Year slots	\$25,000	\$825,000	NA
TOTAL		\$4,950,000	\$2,475,000
New Slot Support			\$3,225,000

At \$100K per slot; even support for 2nd/3rd year students – support for 24 new slots in following year; insufficient funds in first year

	Award Level	FY 2017-18	FY 2018-19
First Year Slots	\$100,000	\$3,300,000	\$3,300,000
Second Year Slots	\$66,000	\$2,178,000	NA
Third Year slots	\$33,000	\$1,089,000	NA
TOTAL		\$6,567,000	\$3,300,000
New Slot Support			\$2,400,000

At \$125K per slot; diminished support for 2nd/3rd year students – support for 12 new slots in following year

	Award Level	FY 2017-18	FY 2018-19
First Year Slots	\$125,000	\$4,125,000	\$4,125,000
Second Year Slots	\$31,818	\$1,049,994	NA
Third Year slots	\$15,909	\$524,997	NA
TOTAL		\$5,699,991	\$4,125,000
New Slot Support			\$1,575,000

Expansion Primary Care Residency Slots - \$3.3M

- Can be structured to award funds contingent on ACGME accreditation approval
- Programs ranged in size of expansion from 1 to 9 first year slots
- At \$100,000 per slot for 4 slots, balances supply and demand to maximize number of expanded slots
- Need to establish time-frame for commitment and award

Survey: What level of funding would your program need to expand your program?

Applying at	# of Programs	Slots at 4/Program
\$75K/Slot	4	16
\$100K/Slot	14	56
\$125K/Slot	20	80
\$150K/Slot	37	148

Funds to support varying numbers of programs at 4 slots per program, spreading funds over 3, 4, and 5 years.

A) 3 years

Annual Allocation \$3,300,000		
\$ Per Slot	# Programs	# Slots
\$75,000	11	44
\$100,000	8	33
\$125,000	7	26
\$150,000	6	22

B) 4 years

Total Allocation \$2,475,000		
\$ Per Slot	# Programs	# Slots
\$75,000	8	33
\$100,000	6	25
\$125,000	5	20
\$150,000	4	17

C) 5 years

Total Allocation \$1,980,000		
\$ Per Slot	# Programs	# Slots
\$75,000	7	26
\$100,000	5	20
\$125,000	4	16
\$150,000	3	13

Programs at 4 slot per program.

New Primary Care Residency Programs - \$3.3M

- Can be structured to award funds contingent on ACGME accreditation approval
- New residency program start-up costs – \$400,000 to \$500,000
- First cohort \$169,339 per year
- Minimum number of slots for accreditation is four, with \$9.9M
 - 25 new programs at \$100,000 capitation (\$400,000 total)
 - 12 new programs at \$200,000 capitation (\$800,000 total)
- Need to establish time-frame for commitment and award

Funds to support varying numbers of programs at 4 slots per program, spreading funds over 3, 4, and 5 years.

A) 3 years

Annual Allocation		
\$3,300,000		
\$ Per Slot	# Programs	# Slots
\$100,000	8	33
\$125,000	7	26
\$150,000	6	22
\$165,000	5	20
\$175,000	5	19
\$200,000	4	17

B) 4 years

Total Allocation		
\$2,475,000		
\$ Per Slot	# Programs	# Slots
\$100,000	6	25
\$125,000	5	20
\$150,000	4	17
\$165,000	4	15
\$175,000	4	14
\$200,000	3	12

C) 5 years

Total Allocation		
\$1,980,000		
\$ Per Slot	# Programs	# Slots
\$100,000	5	20
\$125,000	4	16
\$150,000	3	13
\$165,000	3	12
\$175,000	3	11
\$200,000	2	10

Programs at 4 slot per program.

Decision Point – Setting PCR Award Levels

- Option 1 (Staff Recommendation)
 - *If Song-Brown receives \$33M, CHWPC*
 - Sets awards for existing primary care residency programs at \$125,000 for 5 slots to create incentives for programs to use new strategies to impact Song-Brown statutory goals; fund new applicants at 2 slots
 - Sets awards for expansion slots at \$100,000 for 4 slots to balance demand and supply for funds, maximizing the number of expanded slots
 - *Direct staff to bring a proposal to the CHWPC after meeting with stakeholders that*
 - Addresses financial challenges of Teaching Health Centers
 - Incorporates actual demand for funds to support new PCR programs
 - Structures awards for existing programs to create competition and incorporate a minimum quantitative score
 - Identifies award levels if the federal government does not approve the Hospital Quality Assurance Fee
- Other options

Next Steps

- Staff set aside two days to meet with stakeholders to get input on outstanding issues
 - *December 1, 2016, in Fresno*
 - *November 29, 2016, in Oakland*
- Prepare applications