

# Community Network Development Workgroup Meeting Notes

September 16, 2002

## I. Welcome and Introductions

Leslie Hine-Rabichow, Evalyn Greb, Andrea Holmberg, Laurie Edwards-Tate, Grover Diemert, Carol Fitzgibbons, Philip Sanchez, and Ron Mitchell.

## II. Agenda Review – Meeting Objectives

The three previous workgroup meetings generated discussions regarding the importance of creating and organizing community provider networks that can be successful in contracting with different types of business models (i.e., managed care organizations, FFS, other).

The objective of this meeting was to obtain expert advice from Ron Mitchell of Grice, Lund, and Tarkington Certified Public Accounting firm on how to establish a unit cost in a community-based organization.

## III. Presentation

Ron Mitchell described his company as the 6<sup>th</sup> or 7<sup>th</sup> largest health care consultancy firm in San Diego. Ron himself is on the Board of Directors for Tri-City Hospital. He has also worked with many IPAs, some of which have gone bankrupt due to NOT performing adequate cost analysis before contracting or not exercising adequate cost control after contracting. In order to negotiate contracts effectively, community-based organizations need to be “armed” with data before going into negotiation.

Ron stated that the healthcare marketplace in San Diego is so cutthroat today that it has been dubbed “the Viet Nam of healthcare”!

A community-based organization needs to define what it provides or wants to provide. To develop a network, all potential member organizations should provide cost data so that a “benchmark” can be established both for cost and definition of service/product. The cost of risk can be factored in and set aside in a risk pool. If the funds in the pool are not needed, the fund can be shared by the network.

Ron then provided a package of information that provides a sample of how a home health agency develops unit cost analysis, compares overall costs to rates, and determines feasibility/profitability. (Hard copies of handout available by calling Evalyn Greb at 858-495-5428.) He also spoke of the similarity between what an IPA is organized to do and the network desired by community-based organizations for LTCIP contracting. Ron noted that one of the difficulties to be faced in forming a network is that many small agencies do not have a comparable Chart of Accounts.

<http://www.co.san-diego.ca.us/cnty/cntydepts/health/ais/ltc>

#### IV. Group Discussion – Main points

- ◆ Leslie has received a letter from the California Association of Non-Profits calling for agreement on the part of all members to accept a uniform Chart of Accounts.
- ◆ There is a need to continually focus on not re-creating a medical model for LTCIP.
- ◆ The current healthcare system is based on treatment of acute conditions and needs to develop a different system for chronic illness.
- ◆ We have the opportunity to align incentives across the health and social service continuum and should strive to make that happen.
- ◆ Perhaps a presentation by the Management Service Organization (MSO) of an IPA would allow the group to see how applicable the IPA model is to network development goals of the workgroup. Ron offered to provide a contact person from an MSO.

#### V. Closing - Next steps

- ◆ Sharp Health Plan still needs to provide group with financial solvency standards which are just being finalized.
- ◆ **Pamela Coleman from the Texas StarPlus Program has agreed to come for a meeting and discuss her experience with contracting with community-based organizations for LTCIP.**
- ◆ **A representative from an MSO will be scheduled to provide an overview of an IPA as a network in a future meeting.**
- ◆ **Ron suggested we speak with the business school at Cal State San Marcos who often is looking for projects such as this for student intern projects.**
- ◆ Future meetings: **9:00 AM – 11:00 AM**

*Location:* AIS, Hazard View Room (1<sup>st</sup> floor)      **October 21, 2002**  
9335 Hazard Way      **November 18, 2002**  
San Diego, CA 92123      **December 16, 2002**