



**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 Institute on Aging

The [Institute on Aging](#) (IOA), based in San Francisco, serves older adults, adults with disabilities, and their caregivers in San Francisco, Marin, San Mateo, and Santa Clara Counties. IOA's mission is to enhance the quality of life of adults as they age by enabling them to maintain their health, wellbeing, independence, and participation in the community. Its innovative community-based programs—such as the Multipurpose Senior Services Program (MSSP), the Community Living Fund, the Community Living Connection, and the Community Care Settings Pilot (CCSP)—allow individuals to live at home as long as possible. IOA also educates providers, advocates, and the community on the needs of its various populations.

## Why IOA Joined Linkage Lab

IOA recognized that health plans were looking to community-based organizations (CBOs) as potential partners in reducing hospitalizations and lowering other costs of care. Given its history of providing an array of services to individuals with complex needs to help them remain safely at home, IOA believed in its potential to address these interests yet lacked capacity and experience to showcase the value of its services. Specifically, IOA had limited data system infrastructure and could offer only anecdotal information about the outcomes and impacts. IOA also lacked financial and analytical expertise needed to develop a comprehensive business plan to present to the health care sector.

## Key Objectives

Through the Linkage Lab, IOA sought to fill its organizational gaps in order to establish a contract with a health plan that would provide financial and qualitative value to the plan while generating a positive net income of at least 5%. IOA also sought to develop a model of care and a fee structure that would be both scalable and adaptable for future contracts.

## Key Strategies and Processes

The IOA Linkage Lab team began by establishing a concrete organizational objectives. The CEO set the tone by making this objective an organizational priority, allocating resources to it, and garnering support from the Board of Directors. The team initiated preliminary

discussions with health care payers and providers to gain a better understanding of their needs, expectations, and willingness to engage in contractual relationships with IOA. The team also analyzed which interventions or services might be effective in helping providers and payers meet their objectives by looking at its current service delivery model and cost of delivery. Ultimately it made key delivery model refinements. Meanwhile, the team cultivated relationships with payers and providers, positioning IOA as an expert in working with older adults and their caregivers. IOA identified potential collaborators that could bring complementary expertise and resources.

Before Linkage Lab, IOA had limited data system infrastructure and could offer only anecdotal information about the outcomes and impacts.

Concurrently, the team initiated internal infrastructure changes, such as reallocating some responsibilities and freeing up a person to spend a portion of his time on new business development. IOA recruited a Chief Financial Officer from outside the industry who had both a strong financial background and experience in new business start-ups and technology.

IOA developed a standardized approach to negotiating with payers and providers. Initial meetings lead to a defined scope of service, followed by a pricing proposal with options to scale as the business grows.

## Contracts with Health Care Payers and Providers

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

<b>Payer/ Provider</b>	<b>Criteria Used to Evaluate IOA</b>	<b>Contract Duration</b>	<b>Service Package</b>	<b>Population to Be Served</b>	<b>Pricing Structure</b>	<b>Implementation Status</b>
Kaiser Permanente	Geographic presence; service offerings	17 months	Community connector for identified Kaiser patients	40-60 members per month in San Francisco and Marin Counties; identified via a triage process to be at risk for high health care utilization (e.g., emergency room)	Negotiated monthly fixed fee per full-time employee serving Kaiser members	In implementation

Table 1: Continued						
Payer/ Provider	Criteria Used to Evaluate IOA	Contract Duration	Service Package	Population to Be Served	Pricing Structure	Implementation Status
Health Plan of San Mateo (HPSM)	Formal RFP process	11-month term, with option to renew for four additional years	<ul style="list-style-type: none"> <li>• Intensive care management services (skilled nursing facility to home)</li> <li>• Coordination of services and waivers</li> <li>• Management of referrals and assessments</li> </ul>	Estimated 120 persons in the first 11 months and 875 over 5 years; seniors and persons with disabilities in San Mateo County who have Medi-Cal only, as well as some with CareAdvantage/ Cal MediConnect; mostly persons transitioning out of nursing facilities, but also some who need services and supports to remain in their homes	Year 1: Cost plus margin; Years 2-4: Cost plus shared savings (model yet to be developed). In addition, incentives for reaching key performance indicators will be explored after a period of collecting outcome data.	In implementation

The contract with Health Plan of San Mateo (HPSM) was particularly well aligned with IOA's organizational objective. With the onset of the state's duals demonstration (Cal MediConnect) and the Coordinated Care Initiative (CCI), HPSM became the accountable entity responsible for the full array of medical and social services for those needing long-term services and supports (LTSS) in San Mateo County. An assessment conducted by HPSM and County Health System staff concluded that housing and care management are critical factors in the health of beneficiaries and the ability to achieve successful LTSS integration.

Consequently, HPSM staff developed the concept of a Community Care Settings Pilot (CCSP) and released a Request for Proposals (RFP) to identify partners with experience in housing and care management for frail individuals. IOA collaborated with Brilliant Corners, a non-profit organization that provides affordable, community-based supportive housing for individuals with developmental disabilities and other functional needs, and together they were awarded the project. IOA will provide services such as intensive care management, coordination of programs and waivers, management of referrals and assessments, development of a vendor network, program monitoring and evaluation, and management of county, provider, and community partnerships.

## Additional Successes

Through its work with HPSM, IOA has developed a framework for successful partnerships, and it has been able to use the HPSM project as a reference and model. This has led to other opportunities with Santa Clara Family Health Plan, which is now contracting with IOA to provide assessments for Community-Based Adult Services (CBAS) programs and is considering other collaborative opportunities.

## Challenges

IOA faced several internal challenges in seeking to secure contracts with payers and providers. These included financial struggles; allocating staff to the work of securing new contracts; and balancing the imperative to launch a new initiative with the need to generate a financial return in the short term.

IOA also experienced challenges partnering with the health plans given that the plans faced many unknowns regarding regulations and requirements, and were hesitant to enter into new contractual relationships. IOA also had difficulty in negotiating pricing with health plans, given the plans' culture of taking the lead on price setting for vendored services.

## Lessons Learned

Key lessons for IOA through Linkage Lab:

- Identify the specific need of the payer or provider.
- Communicate in a compelling way the value added by your organization providing LTSS, including the potential savings to the payer or provider.
- Make clear how your organization's programming could be adapted and integrated into the payer's or provider's existing structure.
- Structure the pricing proposal so that the payer can easily differentiate care costs from administrative costs. The direct care costs can be paid from member premiums, which strengthens the return on investment for the payer.
- Prepare different pricing approaches to respond to requests for cost reductions during the negotiation process.
- Establish initial partnerships, such as pilot projects, to demonstrate the potential return on investment.

## 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.