

## Strengthening the Safety Net: Core Support for Community Clinics

### Community Clinics: Safety Net for California's Poor and Uninsured

A child with asthma. An elderly man managing diabetes. A young couple struggling with their first pregnancy. On any given day, the North East Medical Services clinic in San Francisco sees as many as 1,000 patients. Most of them are poor. Many of them lack health insurance.

North East Medical Services is just one of nearly 200 community clinics across the state, addressing everything from primary care to family planning to substance abuse. They range from rural operations open a few hours a week to bustling urban facilities that see thousands of patients all week long.

Increasingly, clinics are the only medical option for many Californians, especially the growing ranks of the state's uninsured. They are the safety net for patients who would otherwise end up in hospital emergency rooms that are already strained to the breaking point.

### Strains on the Safety Net

Today, 6.5 million Californians have no health insurance, a crisis that is now a focal point for policy debates. As the number of uninsured patients increases throughout the state, so does the number of visits to community clinics from people who cannot afford to pay. Though clinics are able to access funds from an array of public and private sources, these funds are often earmarked to pay for special medical services and specific programs,

"Core support allows us to focus on providing services — we need to be able to keep our doors open and not turn people away!"

– Community Clinic Representative

not uncompensated care. There are few funding sources that clinics can rely on to cover core operating costs, such as building maintenance, supplies and salaries.

As health costs and patient loads skyrocket, the threads of the community clinic safety net are being stretched dangerously thin.

### **Investing in Core Support**

Blue Shield of California Foundation launched the annual Community Clinic and Consortia Core Support Initiative in 2003. Since then, the Foundation has given more than \$12 million to nearly 200 community health clinics, parent corporations and the consortia/networks they belong to. These grants provide clinics with the flexibility to cover whatever they need most, from utility bills to hiring new staff to expanding services.

### **But Does It Work? Our Evaluation**

This report represents the first, comprehensive evaluation of the Core Support Initiative. From January to March 2006, Putnam Community Investment Consulting conducted interviews and an online survey with nearly 100 clinics and consortia from across the state, representing a variety of urban and rural locations, annual budgets and number of patients served.

### **What We Found**

- **One-third of clinics primarily serve uninsured patients**

While a majority of clinics see insured and uninsured patients, one-third primarily serve the uninsured. These mostly small and extremely busy clinics bear a disproportionate burden of uncompensated care costs. "Funders need to understand how difficult it is to sustain an operation with patients who are unreimbursable," according to one clinic.

- **Rising costs in care are the leading cause of stress for clinics**

Nearly all of the clinics and consortia surveyed (92 percent) cited the increasing cost of care as their primary challenge and cause of stress. Additional strains included rising operating expenses, government cuts and restrictions on using government funds.

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- **Core support is one of three top funding needs**

A full 98 percent of respondents singled out the need for core support funding as one of the top three challenges for California's safety net, along with maintaining current service levels and reimbursing uncompensated care costs.

#### What Core Support Funds Mean to Grantees

- **Core support funding is critical to meeting grantees' basic needs**

Core support's biggest impact was improving a clinic's ability to deliver services by covering operating expenses, sustaining service levels, stabilizing finances and covering uncompensated costs. (Nine out of 10 interview respondents used core support for existing services, such as hiring staff or opening their doors for longer. The second most common use was for operating expenses, such as medical supplies or facility costs.)

- **"Flexibility" is the key attribute of core support**

For clinics, by far the most important aspect of core operative funds is the freedom to spend as they see fit, filling funding gaps or responding to changes and opportunities.

#### How Core Support is Making an Impact

- **By stabilizing clinics, core support strengthens the entire safety net**

Respondents credited the Initiative for helping to stabilize clinics across the state — and the health care system as a whole. Clinics are not only the individual pieces of the overall safety net but also help reduce health problems and patient loads elsewhere.

- **Core support helps clinics raise additional funds**

Respondents cited how core support funding helped them to augment their visibility, credibility and legitimacy. In addition, half the clinics leveraged Blue Shield of California Foundation grants to raise additional public or private funds.

- **High staff morale is an unexpected bonus**

One clinic described the funding as "a real morale booster for clinicians." Another relayed how the funds "enabled us to respond in a timely way to be respectful of our MDs' needs." Core support contributed to improving staff morale through new hires that provide relief to overtaxed staff,

training for current staff and an overall sense of stability. Grants also allow staff to focus on their core work instead of developing and managing new programs that are too often created to attract funders.

### Looking Ahead

- **Half of California clinics have only one source of core support funding**

Nearly half (46 percent) of clinics say Blue Shield of California Foundation is their only funder for core support grants. Clinics that were small, rural or serving primarily uninsured patients were most likely to lack any other core operating grants.

- **There is room for improvement with multi-year funding**

To improve core support funding, a majority of respondents asked for multi-year grants to further their stability and ability to plan for the future.

- **How we fund is important, too**

Clinics singled out three key aspects of the Foundation's Core Support Initiative: (1) the number of overall grants awarded; (2) flexibility in using funds; and (3) the simplicity of the application process.

### What's Next, What's Needed

The evaluation drove home three important points:

#### 1) Core support funding is critical

Clinics and consortia affirmed how vital core support is, especially given the tremendous burdens and patient loads that community clinics absorb as a consequence of the state's troubled health care system. They wanted funders to know that "just core support, helping clinics survive, is strategic."

#### 2) More funders are needed

As the safety net becomes more strained, additional core support is needed to fill funding gaps and allow clinics to expand their services. Yet respondents said such support, which one respondent identifies as their "biggest funding need," was too hard to come by and that, too often, existing funding requires them to start and maintain new programs.

#### 3) Core support initiatives can be evaluated

This evaluation is proof that it's possible to measure the impact of core support grants. The Foundation was able to categorize how funds were used,

"If the safety net disappeared, people would be sick, would die — these are the most needy people in California."

– Community Clinic Representative

identify benefits and challenges as well as uncover a few unexpected surprises, such as the influence on staff morale.

This evaluation has already influenced the strategic direction of the Foundation's Core Support Initiative. We are now prioritizing funds to clinics serving the highest percentage of uninsured patients, as the state's policymakers debate ways to expand health coverage to more needy Californians.

In the absence of a comprehensive policy solution, California relies heavily on community clinics to provide a health safety net for its neediest residents. Yet, as this evaluation shows, community clinics today are operating under enormous pressure. Core support can go a long way to alleviating this pressure while protecting the safety net for hundreds of thousands of poor and uninsured Californians. We share these results with the hope that more funders will join Blue Shield of California Foundation in this important effort.

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