



Policy Brief

Specialty Connect: A WellSpace Health & UC Davis Health Partnership to Improve Access to Specialty Care for Medi-Cal Beneficiaries in Sacramento County

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Executive Summary

WellSpace Health, a federally qualified health center (FQHC), and UC Davis Health, an academic medical center, have partnered to develop a model called Specialty Connect to expand access to specialty care for individuals enrolled in the Medi-Cal program in Sacramento County, California. Physicians from UC Davis Health provide specialty care to patients in a WellSpace Health facility, thereby ensuring a reimbursement amount that adequately covers the cost of delivering care.

The partners overcame technical challenges regarding electronic health record systems and operational barriers such as requesting a scope expansion from the federal government. The Specialty Connect model will not address all the community's need for specialty care but is an innovative approach that is beginning to improve the delivery of specialty care to Medi-Cal enrollees.

Introduction

Medi-Cal enrollees across California struggle to access timely specialty care because of the lack of providers who accept their insurance and the long wait times to access the few providers who do.ⁱ Providers often cite the relatively low reimbursement rates they receive as a barrier to accepting patients insured through Medi-Cal as opposed to patients with other insurance coverage.

- Among specialty providers statewide who do accept Medi-Cal, only two-thirds met the appointment wait time standards for non-urgent care needs, and less than half (43% for adult and 45% pediatric patients) met timely access standards for urgent needs in 2022.ⁱⁱ
- Secret shopper researchers have also shown that children with Medi-Cal have less access to orthopedicⁱⁱⁱ and urologic care^{iv}, compared to commercially insured children.

- In Sacramento County, one in five Medi-Cal enrollees had difficulty finding specialty care in 2020 and 2021.^v University of California (UC) Davis Health’s 2022 Community Health Needs Assessment found that, regardless of payer, “there are excessive wait-times for appointments to see specialists” and “the community needs more specialists willing to serve low-income residents”.^{vi}

Delivery system partners such as federally qualified health centers (FQHCs) and health care systems are attempting to support access to specialty care for Medi-Cal enrollees and more needs to be done to share information about innovative models. This issue brief provides a case study of how one FQHC in Sacramento, WellSpace Health, and a large academic institution, UC Davis Health, partnered in a health center program called Specialty Connect to deliver community-based specialty care in a way that is financially sustainable and potentially replicable in California and nationally. The following case study is aimed toward delivery system partners who want to learn about the financial, operational, and technical components of a model that connects FQHC patients to specialty care. The model requires a FQHC to expand its scope to include specialty providers.

The Key Partners

WellSpace Health operates more than 30 health center sites in Sacramento, Placer, and Amador counties and saw more than 96,000 patients in 2022.^{vii} Although WellSpace Health employs physicians in some specialties — podiatry, endocrinology, obstetrics, and gynecology —it is unusual for an FQHC to have many specialties in scope and the demand for specialty care exceeds these resources.

UC Davis Health is an academic medical center with hospital care, outpatient health centers, and schools of nursing and medicine serving the greater Sacramento region. UC Davis Health typically admits approximately 30,000 patients in the hospital per year and provides more than 900,000 office visits.^{viii}

The Model

In January 2023, WellSpace and UC Davis Health announced their partnership and the launch of Specialty Connect.^{ix} The Specialty Connect model is designed to deliver community-based specialty care to the Sacramento region. The model entails a FQHC, WellSpace Health, partnering with an academic medical center, UC Davis Health, to expand access to specialty care for individuals enrolled in the Medi-Cal program or who are uninsured. Thus far, Specialty Connect offers rheumatology and heart failure specialty visits and plans to expand to other high-demand specialties.

Contracts and Financing

WellSpace Health has developed a model where they cover the costs to support the program and maximize their investment in contracted UC Davis Health specialist providers. UC Davis Health and WellSpace Health have a contractual relationship regarding Specialty Connect. They use a professional services agreement, which is a contractually binding arrangement that states UC Davis Health physicians will provide either a half-day or full day of services, and the fair market rate WellSpace Health will pay UC Davis Health for those services. One important detail about the agreement between WellSpace Health and UC Davis Health is that WellSpace Health credentials the UC Davis Health providers who serve the FQHCs' patients. WellSpace Health also pays for and maintains the specialists' malpractice insurance for services provided in the Specialty Connect health center.

In terms of WellSpace Health's revenue, the majority of Specialty Connect patients are enrolled in the Medi-Cal program, which means WellSpace Health receives a prospective payment system (PPS) reimbursement for every qualifying Medi-Cal enrollee visit. The Medi-Cal PPS rate is calculated by the state and based on several variables, including WellSpace Health's historical costs of care.

Because WellSpace Health is a FQHC, individuals without health insurance may access care regardless of their income and services must be available regardless of the individual's ability to pay, with fee discounts consistent with WellSpace Health's sliding fee discount program. The sliding fee starts at \$10 per visit for someone with little to no income. At this time, commercially insured patients are referred to their health plan's network of specialty providers instead of being referred to Specialty Connect.

WellSpace Health's payment to UC Davis is a flat rate, whereas the payments WellSpace Health receives via the PPS reimbursement is based on the number of visits by Medi-Cal enrollees. This payment methodology places all the risk on WellSpace Health to ensure that the contracted physician time is used effectively, and patient no-shows are kept to a minimum. The model works financially when WellSpace Health's Medi-Cal reimbursements cover the payment to UC Davis Health for the specialists and is, therefore, subject to maintaining a high Medi-Cal payer mix.

One challenge has been securing participation in the model from Independent Physician Associations (IPAs). Sacramento, like many communities in California, uses a delegated model in which the Medi-Cal managed care plans delegate financial responsibility for professional services for Medi-Cal enrollees to an IPA. IPAs are groups of physicians and other providers who generally receive a capitated payment from the health plan to deliver an array of health care services. In this delegated model, FQHCs like WellSpace Health then directly contract with the IPA to be a primary care provider while the IPA provides a specialty network for the FQHC's Medi-Cal enrollees.

In Sacramento, one major IPA in the region has yet to contract for Specialty Connect. This creates added coordination challenges for the delivery of health care services provided to patients enrolled with that IPA. Typically, when WellSpace Health contracts with an IPA,

WellSpace provides medical services to the IPA's enrolled patients and the IPA reimburses WellSpace for services rendered. The IPA is also involved in the patient's referrals and any assessment of what additional services patient may need.

However, if WellSpace Health and the IPA do not have a signed contract for a type of service (e.g., specialty care), the IPA will not reimburse WellSpace for those specific services. Eventually, the state will pay WellSpace Health in the form of a PPS payment as long as the patient is enrolled in the Medi-Cal program. The lack of payment from the IPA

The Medi-Cal Prospective Payment System (PPS)

Under the PPS, each California FQHC receives a bundled fixed rate for each clinic site, which is calculated based on the actual cost of care for Medi-Cal covered services delivered within a specified 12-month period of time. The process takes several years, but once established, the fixed-rate PPS reimbursement is paid on a per visit basis for services rendered by eligible providers, as defined by California law. The rate remains static year over year outside nominal Medicare Economic Index adjustments.

In California and many other states, FQHCs negotiate with Medicaid managed care payers to set a reimbursement rate for medical services. If the total payment from a Medi-Cal managed care plan to a FQHC is less than the pre-determined PPS rate, the California Medi-Cal program pays the FQHC the difference, thereby ensuring the total reimbursement for services provided during a patient visit equals the PPS amount. For a more thorough description, see the California Health Care Foundation's "Medi-Cal Explained: How Health Centers are Paid" at <https://www.chcf.org/wp-content/uploads/2022/05/MediCalExplainedHealthCentersPaid.pdf>

disrupts the traditional reimbursement cycle and WellSpace Health must forego reimbursement for 12 months or more while the state Medi-Cal program processes the PPS payment.

Staffing and Governance

WellSpace Health operates Specialty Connect following their policies and procedures, and the WellSpace Health governing board credentials the UC Davis providers who perform the services at Specialty Connect, as it does with the other WellSpace Health sites. WellSpace Health's overall quality improvement activities and FQHC-wide reporting also include the Specialty Connect site.

Cordia Losh, WellSpace Health's Chief Strategy Officer cautioned, "It took us a year to create the operational structure to allow UC Davis Health [specialists] to come in to Specialty

The Challenge of Electronic Health Records – Finding a Workaround

The physician specialists from UC Davis Health wanted to use a familiar electronic health record system (EPIC) while seeing patients through Specialty Connect in WellSpace Health's community health clinic. This was a critical factor in the partnership's — and the model's — viability. However, in order to facilitate a smooth process when billing Medi-Cal through the IPAs responsible for the reimbursement, WellSpace Health needed to use their own electronic health record system (Next Gen) for the specialty visits.

The partners solved this dilemma by using a medical scribe, employed by WellSpace Health, to enter the visit notes and medical orders into WellSpace Health's Next Gen platform either simultaneous to the specialist's documentation or afterwards. This solution, although resource intensive, removes the technical barriers to UC Davis Health providers efficiently seeing patients and documenting visits.

Thus far, the redundancy of this work-around has not resulted in any problems and the extra costs of the medical scribes have not threatened the model's financial sustainability.

Additionally, WellSpace Health's Specialty Connect clinic accepts referrals from other FQHCs in the region. One challenge, however, is the fact that the FQHCs use different electronic health platforms, which creates challenges when transferring health records and keeping track of referrals.

Connect.” Staffing Specialty Connect with experienced referral coordinators and administrative support staff is key to managing the flow of patients.

Regulatory Requirements

Another critical detail of the model is WellSpace Health's successful request to the federal Health Resources and Services Administration (HRSA), which regulates FQHCs, to operate the Specialty Connect health center within the parameters of its “scope of project.” Every FQHC has a scope of project filed with HRSA specifying the health center's locations, target population, service area, services, and providers.^x

To make the model work, WellSpace Health submitted multiple change in scope requests to HRSA to include specialty care such as rheumatology, cardiology, and more. By offering these services directly, as opposed to referring to another health center, medical group, or health system, WellSpace Health is reimbursed for services rendered to Medi-Cal enrollees

based on its calculated Medi-Cal PPS rate. Because Specialty Connect is operated within the FQHC model of care delivery, cultural competency and the full spectrum of patient needs are prioritized in the provision of specialty services.

Replicability Considerations

The Specialty Connect model is nascent and data about referrals and health outcomes are not yet available. Even though there is, thus far, only one type of specialty care available and relatively few patients have been seen in the clinic, there are some key lessons learned.

As other communities consider replicating the Sacramento model, clinic leaders should incorporate the following key elements into the design:

Key Components to the Partnership

- Executive leadership and physician buy-in and commitment to the model.
- Referral agreements in place with IPAs that are responsible for specialty care reimbursement.
- Sufficient administrative support infrastructure at WellSpace Health and UC Davis Health.
- Willingness to pilot the model first, then scale it up.

- *Leadership support:* Cultivating the necessary relationships and building the systems needed to support the model cannot be underestimated. Executives including physician leaders from the FQHC and specialty provider organization must be fully bought-in and willing to invest resources, time, and staff to adapt the model to one's particular setting.
- *Accepting risk:* Depending on how visits are paid for, either the FQHC or the specialty provider organization may have some financial risk. The specialty medical group or academic health center could receive payment regardless of patient no-show rates (e.g., a flat rate per clinic day or half-day). Alternatively, the agreement could be structured such that the specialty provider organization is paid on a per-visit basis, in which case the FQHC would still bear risk for the non-physician staff who work at the health center. Regardless of the approach, the FQHC must operate the health center location, invest in patient outreach for appointment reminders, and manage all incoming referrals, all of which requires resources and staff.
- *A health center location with sufficient space:* A health center site must be identified or built as a fully equipped facility to render specialty care.
- *Infrastructure:* The FQHC must possess enough support staff (e.g., experienced referral coordinators, administrative staff) and information technology to assist

patients with subsequent referrals for more intensive specialty services such as surgery. When applicable, the staff must be able to manage incoming referrals from other clinics, as well.

- *Sufficient community need:* There must be enough patients needing specialty care to keep the specialty clinic full in order to financially sustain the model.
- *Compliance with HRSA programmatic requirements.* The FQHC must obtain approval from its governing board and must confirm that it can provide the specialty services and operate the clinic in an existing site or new site (as applicable) in accordance with the HRSA Health Center Program requirements and as set forth in the HRSA Compliance Manual. For example, the services must be equally and reasonably available, regardless of the individuals' ability to pay and the source of their insurance coverage, if any.
- *Expanded scope of project and sufficient Medi-Cal PPS rate:* The FQHC must obtain HRSA's approval to add both the site, if new, and the specific specialty services to the FQHC's scope of project. The FQHC must ensure that its anticipated revenue associated with the specialty services site is large enough to cover the expenses, including the costs of contracting with specialists.
- *Strong relationship with a specialty group, with providers willing to travel:* An academic medical center is not necessarily required, but a group of specialists – in the form of a medical group, IPA, academic medical center, or part of a larger health system – must be willing to partner with the FQHC. The specialists must be willing to accept a payment amount that, although adequately covers the costs, may not result in a profit. The specialists must also be willing to practice in the FQHC during the designated clinics. The managed care plans and IPAs may need to be brought into early discussions about the model to cultivate buy-in regarding reimbursing for care.
- *Creativity and flexibility:* Partners will inevitably have to overcome challenges related to electronic health record systems, workflows with payers, and more.
- *Legal safeguards:* The FQHC should consult with legal counsel to ensure that the agreement with the group of specialty providers aligns with applicable California and Federal law, including but not limited to the Anti-Kickback Statute. If the entity hosting the specialty care clinic is a federally-funded FQHC (rather than a look-alike), it may be able to leverage the Anti-Kickback Statute safe harbor for federally funded health centers.^{xi} To achieve this safe harbor protection, certain standards must be satisfied. For example, the agreement must not restrict the FQHC's ability, if it chooses, to enter into agreements with other providers of comparable specialty services, and the FQHC must attest that it will provide effective notification to patients of their freedom to choose any willing provider.

Conclusion

A core concept of the WellSpace Health/UC David Health model is that access to high quality specialist services will reduce disease progression, improve overall health, and limit the need for more extensive subspecialist care. The goal is to help patients control the progression of diseases as early as possible by supplementing the care of the patient's own primary care provider. Inevitably, some patients may require more complex diagnostic procedures, or even surgeries, to treat an issue. In those instances, Specialty Connect will refer the patient back to their assigned medical group for further subspecialty care. In other words, the Specialty Connect clinic will not provide all specialty care services, but it does provide patients with important and timely less-complex levels of specialty care.

The model is still developing, but has the potential to offer community members, especially Medi-Cal enrollees, greater access to specialists in a way that's financially sustainable over the long-term. As Specialty Connect grows to offer more types of specialty care, WellSpace Health and UC Davis Health may have to explore what additional ancillary services (e.g., diagnostic equipment) are needed to support the providers.

Despite the new Specialty Connect clinic, access to specialty medical care for Medi-Cal enrollees in Sacramento remains a challenge. There is an overall shortage of providers who accept Medi-Cal patients, and a particular need for specialty care providers and services. Specialty Connect will not address all the need but is an innovative approach that is beginning to improve the delivery of specialty care to Medi-Cal enrollees and has the potential to do more.

Appendix: Additional Resources for FQHCs to Replicate the Model

- HRSA Health Center Program – Add a Site to Scope:
<https://bphc.hrsa.gov/sites/default/files/bphc/compliance/add-new-service-site.pdf>
- HRSA Health Center Program – Add a Service to Scope:
<https://bphc.hrsa.gov/sites/default/files/bphc/compliance/add-new-service-service.pdf>
- HRSA Policy Information Notice, Defining Scope of Project and Policy for Requesting Changes: <https://bphc.hrsa.gov/sites/default/files/bphc/compliance/pin-2008-01-project-scope.pdf>
- HRSA Health Center Program – Scope Adjustment Questions – Services (Form 5A):
<https://bphc.hrsa.gov/sites/default/files/bphc/compliance/services-scope-adjustment-request.pdf>

About the Author

- **Zachary Goldman:** Zachary is currently the Health Economist for the Oregon Health Authority and a member of the CalHPS team. He is an expert in many aspects of health economics and health policy, including data analytics. As a former Senior Policy Specialist at Covered California, Zachary helped to implement the state-based health insurance marketplace. Before joining the Covered California team, Zachary worked for a federally qualified health center in Oregon. His roles at the health center included Clinic Administrator and Project Manager. Zachary obtained his undergraduate degree from Brandeis University and his Master of Public Policy degree from the University of California, Berkeley.

About California Health Policy Strategies (CalHPS), LLC

- CalHPS is a mission-driven health policy consulting group based in Sacramento. For more information, visit www.calhps.com.
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End Notes

- ⁱ Improved Monitoring of Medi-Cal Managed Care Health Plans is Necessary to Better Ensure Access to Care. California State Auditor, June 2015. <https://www.auditor.ca.gov/reports/summary/2014-134> accessed 6/25/2023.
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- ^v AskCHIS, California Health Insurance Survey. Filters include Sacramento County, covered by Medi-Cal, on the topic of difficulty finding specialty care. Data pooled across years 2020 and 2021. Data accessed August 15, 2023. Data statistically significant at 95% confidence intervals. <https://ask.chis.ucla.edu/>
- ^{vi} Community Health Needs Assessment, 2022. Conducted on behalf of UC Davis Health by Community Health Insights, January 2022. UC Davis Health Medical Center. <https://health.ucdavis.edu/media-resources/about/documents/pdfs/community-health-needs-assessment-2022.pdf> accessed 6/22/2023.
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- ^x HRSA Policy Information Notice 2008-01: Defining Scope of Project and Policy for Requesting Changes. Available at <https://bphc.hrsa.gov/sites/default/files/bphc/compliance/pin-2008-01-project-scope.pdf> accessed 6/25/23. HRSA Scope of Project resource website. <https://bphc.hrsa.gov/compliance/scope-project> accessed 6/22/2023.
- ^{xi} U.S. Code of Federal Regulations. 42 C.F.R. § 1001.952(w).