

**PARTNERSHIP
HEALTHPLAN
OF CALIFORNIA
2016 - 2017
ANNUAL
REPORT**

partnership



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CEO Message

It's been four years since we welcomed eight new counties to our service area. In 2013, our northern expansion, combined with the Medicaid Expansion under the Affordable Care Act, sent our membership skyrocketing. That year, we went from serving approximately 220,000 individuals to about 425,000.

Since then, we have grown even more and now provide health care for about 570,000 members in our 14-county service area, which stretches from Marin and Solano in the south to Del Norte and Modoc in the north. In this year's Annual Report, we take a look at PHC region by region. Each of our regions – Northeast, Northwest, Southeast, and Southwest – has its own geography, demographics, and opportunities. As we have expanded our footprint, our mission has remained constant – “To help our members, and the communities we serve, be healthy.”

In addition to providing a snapshot of each region – statistics, new programs, key initiatives – this report presents stories that demonstrate who we are and why we do what we do. From the Northwest, you'll read a heartwarming story about Michael Bellinger, who benefitted from our Palliative Care Pilot Program and whose bucket-list wish came true (Page 9).

Also featured are two stories related to our Strategic Use of Reserves program. Over the past three years, we have invested more than \$222 million to advance our mission and goals. Among those investments was a grant to the Lucerne Community Clinic, in our Southwest region, whose physical medicine center helped member Vincent Reese on his amazing weight-loss journey (Page 17). Another grant funded efforts to help homeless members find housing as well as to support PHC staff participation in Project Homeless Connect in our Northeast region (Page 5).

In this year's Annual Report, we take a look at PHC region by region. Each of our regions – Northeast, Northwest, Southeast, and Southwest – has its own geography, demographics, and opportunities.

In each region, we stay true to our name by fostering partnerships with community groups, providers, members, and staff. On Page 13, we highlight a key partner of ours, La Clínica de La Raza. La Clínica offers vital services to some of our most vulnerable populations in Solano County (Southeast region), where we got our start nearly 24 years ago.

Finally, take note of the photos in this report that feature groups of people with signs bearing the names of the counties we serve. These are PHC staff members, who put our mission into action every day. I am grateful to them and to all of our partners.


Elizabeth Gibboney
Elizabeth Gibboney

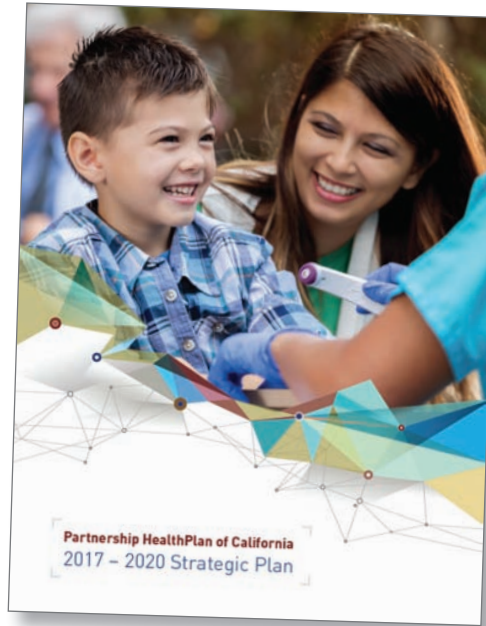
Three-Year Strategic Plan

There are many factors, including the Three-Year Strategic Plan, that contribute to our overall goal of helping our members, and the communities we serve, be healthy.

We developed our Strategic Plan with input from consumers, community clinics, hospitals, health care systems, and public agencies from the communities we serve.

This year, we released our 2017-2020 Strategic Plan. The three major areas of concentration are high-quality health care, operational excellence, and financial stewardship.

As we pursue execution of the Strategic Plan, we continue to prepare for NCQA accreditation, establishing a regional model for Drug Medi-Cal services in collaboration with our counties, and launching our housing initiative – \$25 million in grants to support projects that will expand access to housing for PHC members.



MISSION

To help our members, and the communities we serve, be healthy



VISION

To be the most highly regarded managed care plan in California



MEMBERS

(as of June 30, 2017)

566,253

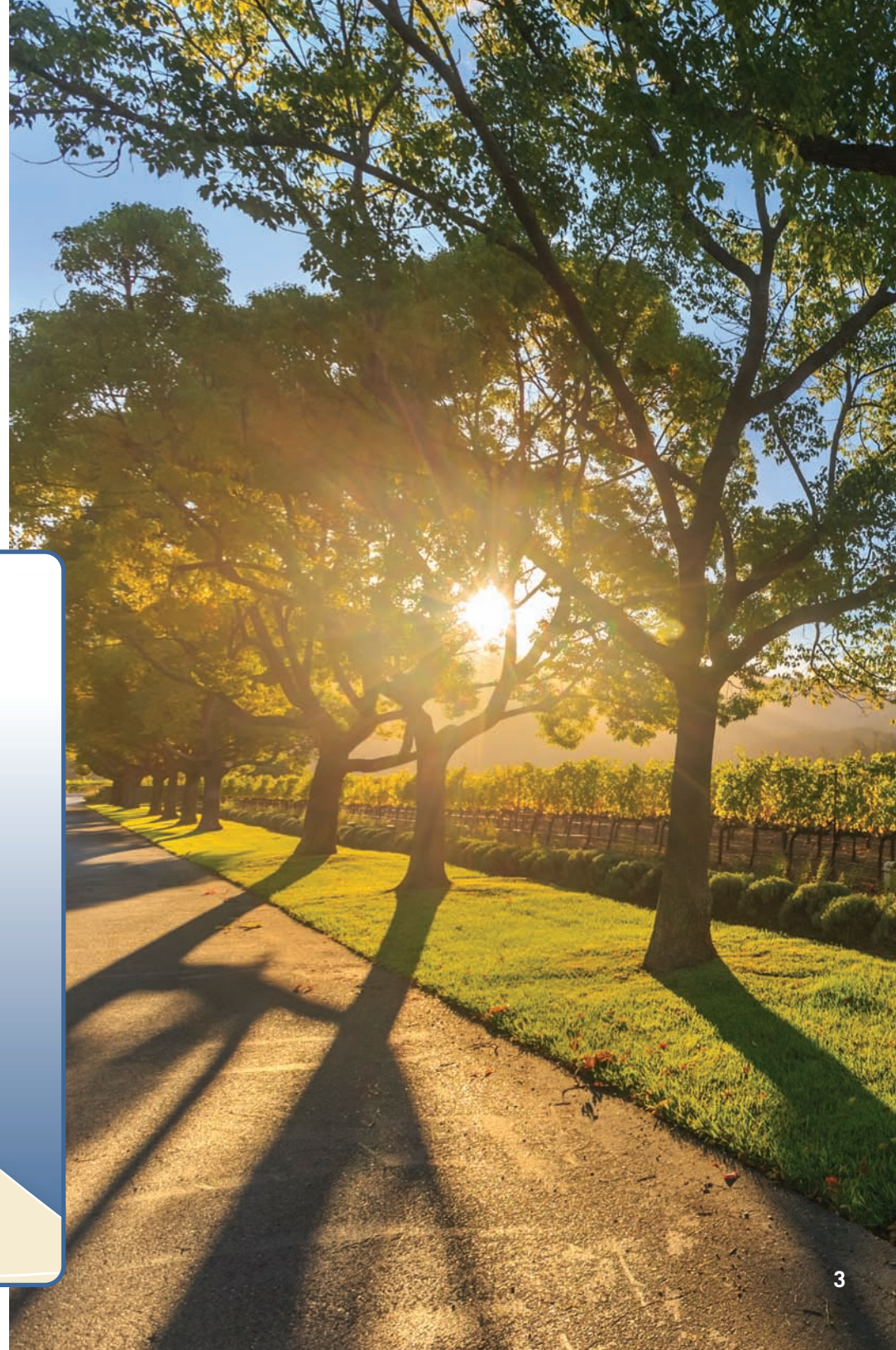
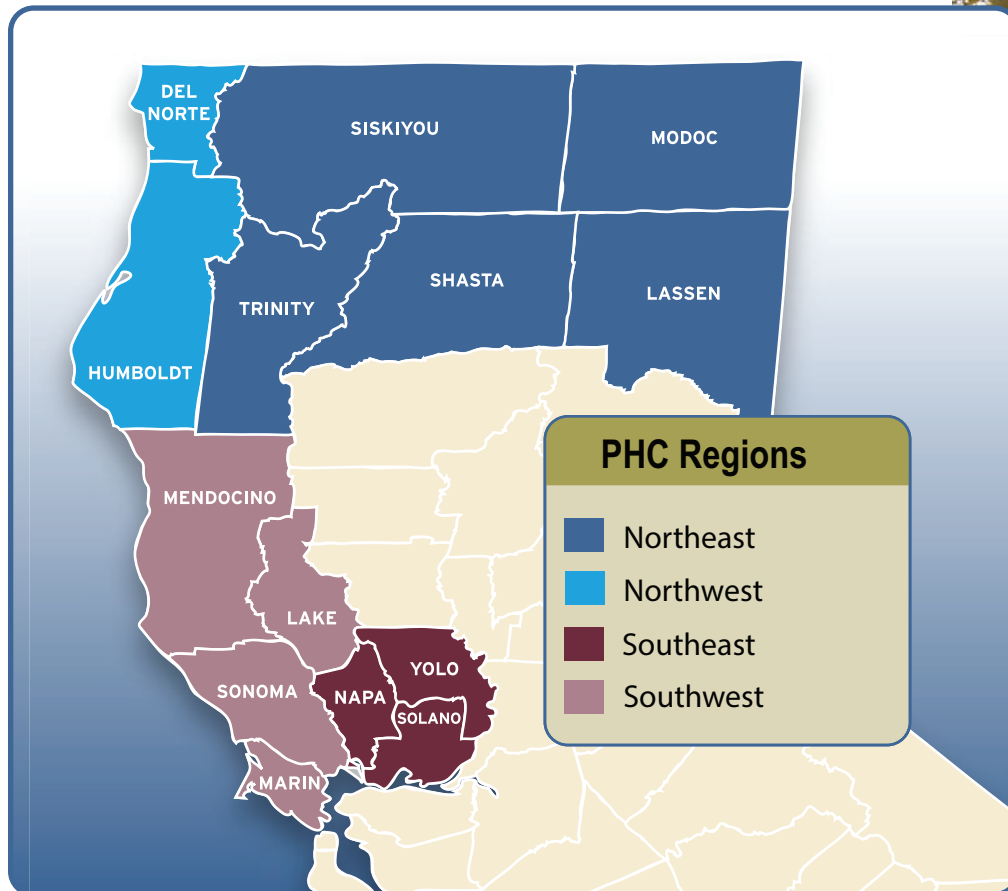


POPULATION

26% of all residents in our 14-county service area are PHC members

Our 14-county service area includes four geographical regions – Northeast, Northwest, Southeast, and Southwest – and we have offices in each of those regions to best serve the varied needs of our diverse communities.

In the following pages, we will highlight information and statistics that represent the unique nature of each region. The data is not comprehensive, but rather a snapshot of each region and our ongoing efforts to deliver high-quality care to each of the communities we serve.



THE NORTHEAST REGION



The Northeast region is geographically the largest of our four regions, covering 22,325 square miles, much of it rural. It is home to our Northern Region main office – in Redding – which houses its own Member Services, Health Services, Provider Relations, Administration, Information Technology, and Human Resources departments.

Connecting with Vulnerable Members at Project Homeless Connect

On May 17, 2017, a group of our staff members took part in an innovative effort to reach out to some of our most vulnerable and least visible members. Representatives from several Northeast region departments gathered at Shasta County's eighth annual Project Homeless Connect, where 406 adults facing homelessness gathered for a day of assistance, opportunity, and hope.

Participants learned about accessing multiple vital services and received free transportation and complimentary meals. The services available covered a wide range of needs, including medical, optical, dental, DMV identification cards, housing, employment, clothing, showers, haircuts, and even veterinary services. It was our first year at the event, and we proved to be a popular resource there.

“PHC’s support and participation at this year’s Project Homeless Connect created a unique opportunity to carry out our mission,” said Nancy Steffen, Associate Director of Quality, Analytics, and Project Management, Northern Region. “We were key in connecting some of our most vulnerable members to services they needed both during the event and following it. We also engaged with these members one-on-one to help them learn more about how PHC and our primary care network can support them in managing and improving their health.”

Our team discussed with our members the value of seeking care from a primary care provider and confirmed their current contact information. Additionally, PHC nurses and our Care Coordination staff partnered with Shasta Community Health Center and Planned Parenthood to offer a series of on-site preventive screenings during the event. We offered small incentives – gift cards – to members who completed targeted screenings. One of the screenings was for cervical cancer. Our staff was pleasantly surprised to see women enthusiastically wait hours on end outside a medical van for their cervical cancer screenings, and had no idea they would leave with a follow-up list of those who couldn’t complete their screenings that day because we reached capacity.

Our Member Services representatives spoke with 315 guests and identified 254 (or 81 percent) as our members. Of those 254 people, 104 (or 41 percent) became our members under the Medi-Cal Expansion as a result of the Affordable Care Act. Some who found out that they were covered by PHC genuinely had been unaware that they had any benefits at all.

Our staff members were moved by the tears of appreciation and all of the “thank-yous.” Witnessing hundreds of at-risk lives impacted by PHC was a real-life demonstration of our mission statement: To help our members, and the communities we serve, be healthy.

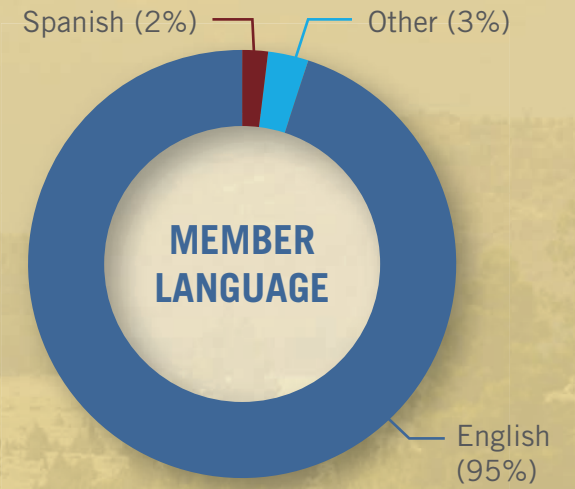
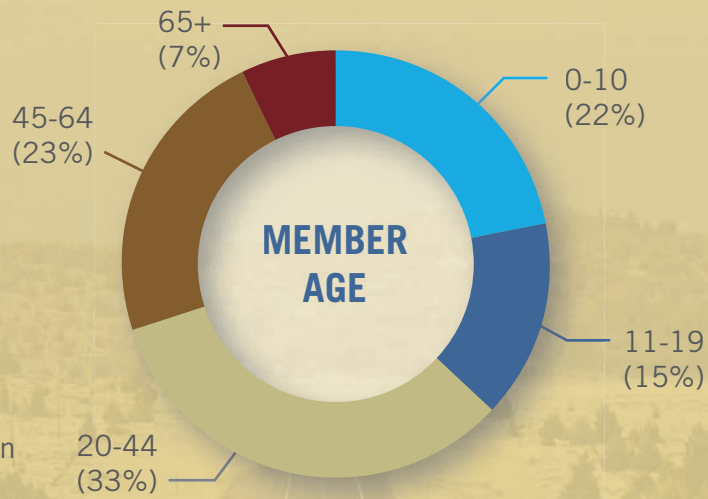
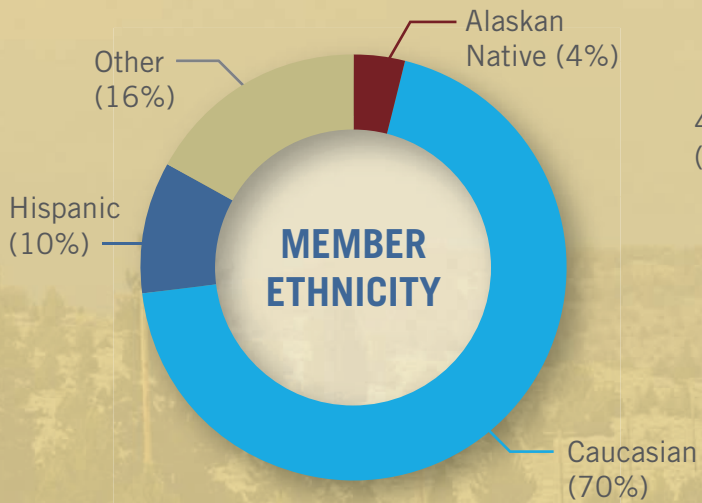


Senior Quality Improvement Analyst Cody West helps participants at Project Homeless Connect in Shasta County.

\$25 Million to Combat Homelessness

Social Determinants of Health, as defined by the World Health Organization, are “conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life.” We are taking action to address a key determinant of health – homelessness. Critical housing and housing-related needs affect the health of many of our members and the overall costs of care for all of our members. In April 2017, our Board of Commissioners allocated \$25 million for local innovation grants to support projects that will expand housing to PHC members. These grants, awarded in late 2017, are one-time funding opportunities. This housing initiative is the biggest investment to date under our Strategic Use of Reserves program.

The Northeast Region by the Numbers





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NORTHEAST
MEMBERSHIP: 91,551



NORTHEAST ER USAGE:
38% decrease in usage among the Medi-Cal
Expansion population from 2014 to 2017



NORTHEAST QUALITY
IMPROVEMENT PROGRAM:
\$9.9 million in QIP funds issued to providers

REGIONAL HIGHLIGHTS

RETINAL CAMERAS: Northeastern Rural Health Center (Lassen County) increased its screening rate 45 percent after Strategic Use of Reserve funds were given for the purchase of digital retinal screening equipment.

TELEHEALTH USAGE: 11 locations; specialties utilized: endocrine, rheumatology, neurology, infectious disease (mainly Hep-C), psychiatry, pain management, nutrition; 1,144 visits

POSTPARTUM CARE: 12.29% increase relative to last year (according to HEDIS, the Healthcare Effectiveness Data Information Set)

THE NORTHWEST REGION



The Northwest region has the smallest total membership of our four regions. We maintain an office in Eureka to ensure regional representation and to have a presence in the community. The more rural nature of the area presents unique challenges and opportunities in delivering quality care.

A Man, a Bucket List, and a Day on the Farm

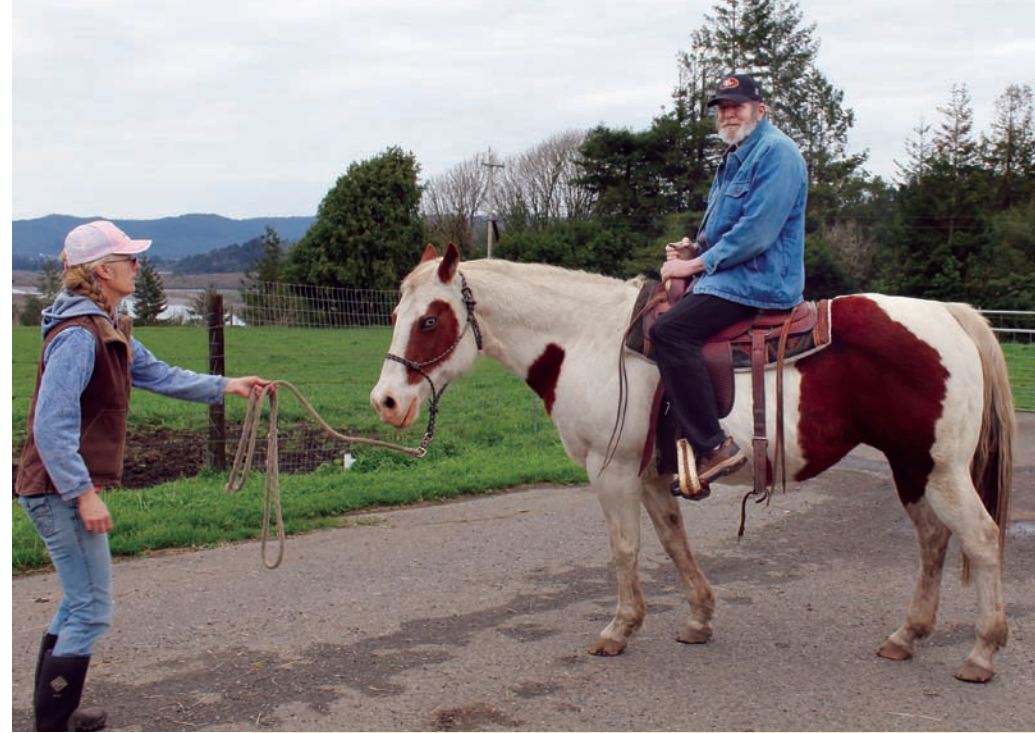
Michael Bellinger, a PHC member in Humboldt County, had been battling Acute Myeloid Leukemia, and his platelets had been decreasing drastically despite frequent transfusions. His time was very limited, even with treatment.

A nurse from ResolutionCare, a palliative care team in Eureka, made a home visit to Michael and spoke with Michael's brother and sister-in-law. Together, they wanted to bring something meaningful to his life, and talk of a bucket list began.

Michael mentioned that he would like to milk a cow, so his nurse contacted a friend who runs a dairy farm, and the bucket-list outing was set in motion.

It was a gray afternoon when the group arrived at the farm in Ferndale. A horse was saddled and ready to give Michael a ride at a comfortably slow pace. Although Michael rarely showed his emotions, a smile appeared on his face!

Following the ride, Michael got to pet other horses and feed a donkey and chickens. After a break to sit and rest, while petting the farm's cats and dogs, next up was more excitement.



Michael Bellinger, PHC member, rides a horse at a farm in Ferndale, Humboldt County



Michael met calves that had been born just the night before, and then watched as cows were hooked up to automatic milking machines. Michael was in awe, and then it was his turn to milk a cow by hand. This time, Michael's smiles were big, as he couldn't believe he actually got to milk a cow the old-fashioned way.

He and his family were thrilled for the experience, but it didn't end there. There were several new calves on the farm that needed to be bottle-fed. Michael sat on a bucket, holding a bottle, and a new calf came up and drank from it. He said he was amazed at how strong the calf was.

Michael's eventful day ended with the rare opportunity of watching a calf being born.

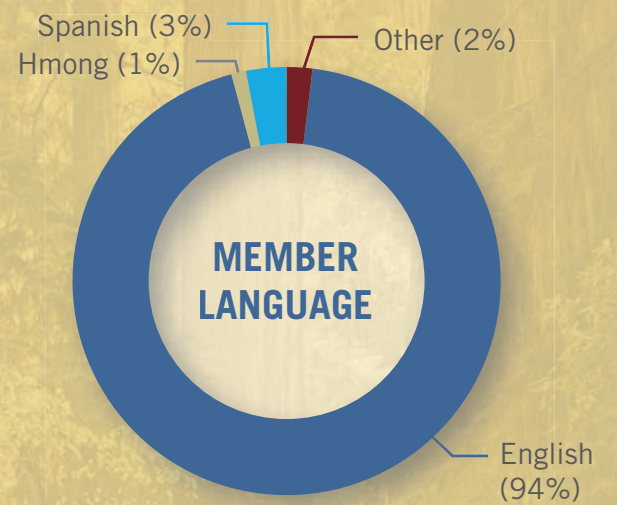
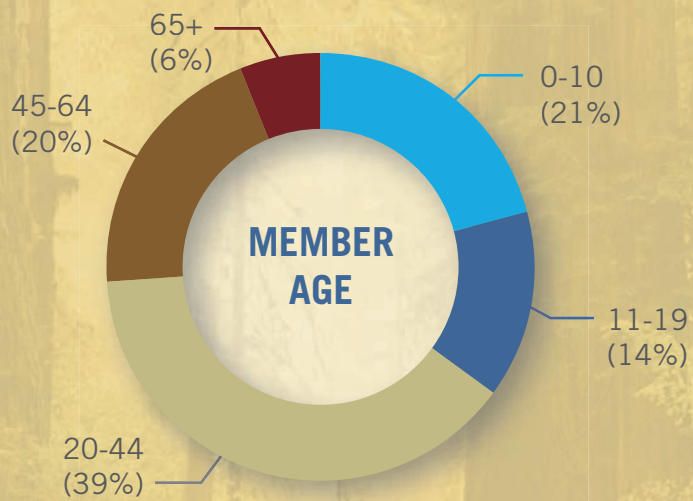
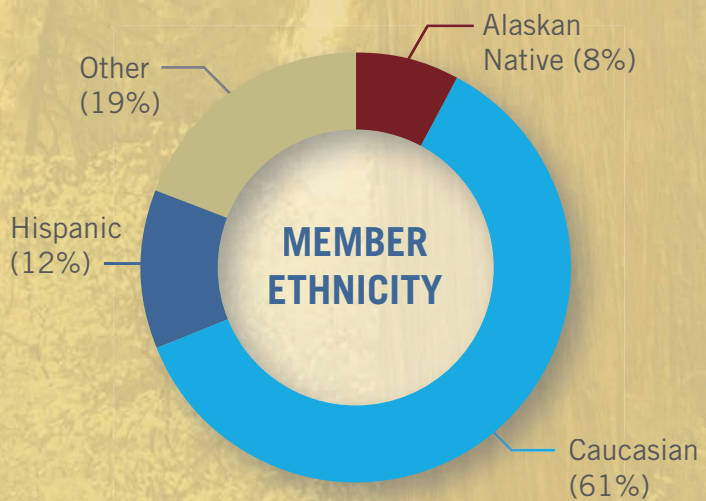
A little more than a month later, Michael passed away. Despite his illness in those final weeks, Michael talked about how exciting his day on the farm had been and how it was more than he could ever have imagined.

Sometimes, it's the simple things that matter most.

Partners in Palliative Care

Michael Bellinger received palliative care from ResolutionCare for about five months as part of PHC's Partners in Palliative Care Pilot Program, which launched in September 2015 with a patient- and family-centered focus of anticipating, preventing, and treating suffering during end-of-life care. Less than half the participants required hospitalization, and for every \$1 spent to administer the pilot, \$3 were saved in hospital costs. The program was broadened in July 2017. These efforts guide PHC's implementation of palliative care and hospice services for those with cancer, end-stage liver disease, congestive heart failure, and chronic obstructive pulmonary disease. Palliative care becomes a PHC benefit as of January 1, 2018.

The Northwest Region by the Numbers





NORTHWEST
MEMBERSHIP: 63,453



NORTHWEST ER USAGE:
34% decrease in usage among the Medi-Cal
Expansion population from 2014 to 2017



NORTHWEST QUALITY
IMPROVEMENT PROGRAM:
\$6.1 million in QIP funds issued to providers

REGIONAL HIGHLIGHTS

WELL-CHILD VISITS: 11.59% increase from last year in Well-Child Visits in 3rd, 4th, 5th, 6th Years of Life (according to HEDIS, the Healthcare Effectiveness Data Information Set)

MENTAL HEALTH: 103% increase in mental health penetration rate (the number of members who utilize mental health care) from 2014 to 2017

SOCIAL DETERMINANTS OF HEALTH: In the first year after North Coast Clinics Network received a \$500,000 grant from PHC:

- 832 school-age children participated in 31 wellness clubs or classes
- 59 adults participated in nine wellness classes
- 499 items (sleeping bags, tarps, hygiene kits, etc.) and 294 days' worth of food was distributed

THE SOUTHEAST REGION



The Southeast region, and specifically Solano County, is where PHC was founded back in 1994 by the Solano Coalition for Better Health, in an effort to reduce Emergency Room use. Because the Southeast region is home to significant Russian- and Tagalog-speaking populations, all PHC member materials are translated into those languages.

La Clínica de La Raza in Vallejo: Going Above and Beyonds

Junelle Palec, Regional Manager for La Clínica de La Raza's Solano County Medical Sites, knows that there's often more to a patient's story than meets the eye.



Junelle Palec

Palec tells the story of an elderly female patient who was very ill. Her health was deteriorating when La Clínica staff discovered that she wasn't getting the food she needed.

After some probing, they found out that the woman's refrigerator wasn't working and that her landlord refused to repair it. The staff at La Clínica connected the woman with Legal Services of Northern California. It was determined that the landlord was responsible, and soon the woman had a new refrigerator. Once she had a place to keep her food from spoiling, "it was like night and day," Palec says. The woman's health improved immensely.

La Clínica, the only community health center in Vallejo, Solano County's largest city, sees people with dire situations every day, people who need more than medical care to improve their well-being.

"The medical care is here," Palec says of the quality care provided at La Clínica. "You've got to dive in and see what the underlying cause of the problem is. Getting to that place and being able to help on that level is very rewarding."

La Clínica's devotion to its patients makes it a key partner for PHC. About 15,000 PHC members are assigned to La Clínica, which is about 37 percent of our membership in Vallejo.

Our members benefit from La Clínica's many efforts, including:

- Two primary care sites in Vallejo, with a total staff of more than 100
- La Clínica Great Beginnings, which provides perinatal services
- Multilingual staff to serve a diverse community
- Integrated behavioral health services
- Partnerships with community organizations, including Food Bank of Contra Costa and Solano
- Active role of Viola Lujan, Director of Business and Community Relations at La Clínica, on PHC Board of Commissioners

Tracy Mendez, Director of Medical Operations for La Clínica, says she values the strong collaboration between PHC and La Clínica.



"We appreciate PHC's broad perspective and forward-thinking regarding ways to improve population health with attention to cost savings," Mendez says. "I believe we are often able to support this through our own strong and innovative service delivery."

Mendez and La Clínica are pleased to support programs and services in Vallejo and address the greater needs that persist there. We at PHC look forward to our continued partnership with La Clínica in serving our members.

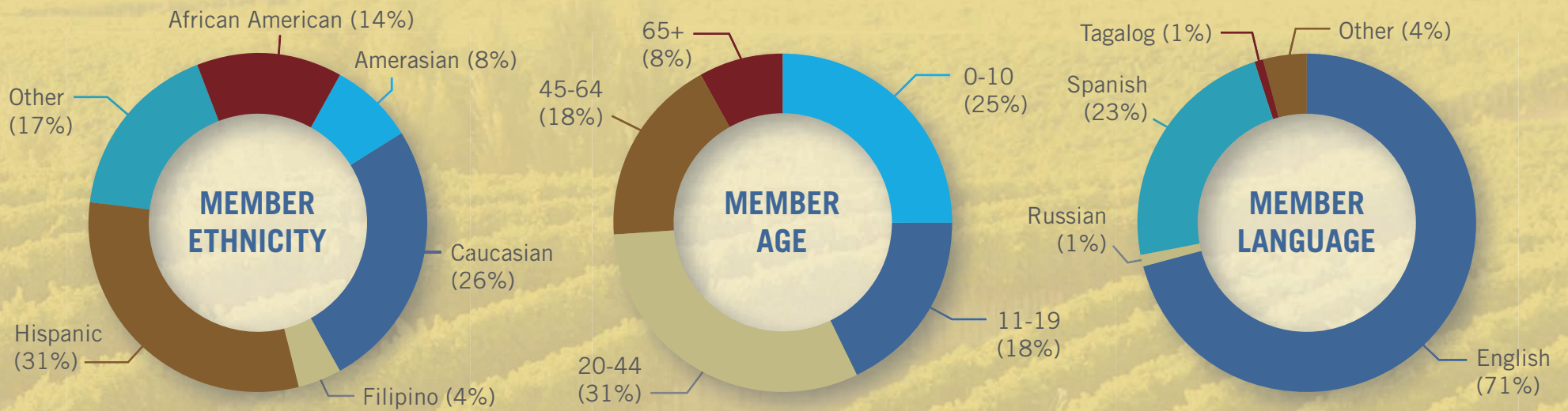
Transitions Clinic Helps Formerly Incarcerated Patients

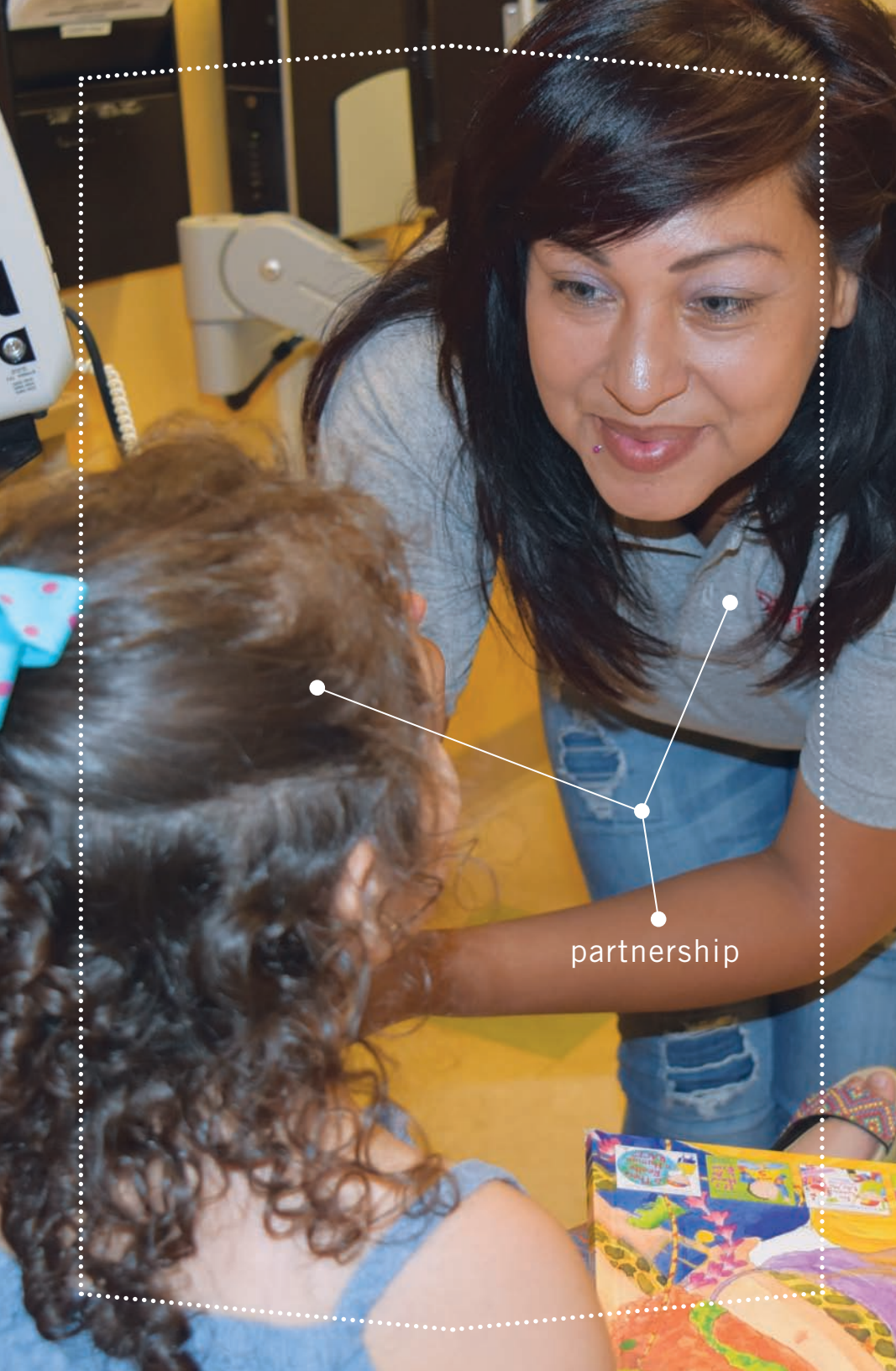
Social determinants (factors such as housing, education, job opportunities, and child care) can greatly impact one's chances of becoming sick or dying early. In 2016, PHC awarded over \$2 million as part of our Social Determinants of Health initiative, including \$250,864 to La Clínica to begin a Transitions Clinic for patients with a recent history of incarceration.

In the first year since receiving the funding, La Clínica has:

- Created the Transitions Clinic
- Hired a Community Health Worker
- Reached out to 115 individuals each quarter
- Enrolled 28 new patients
- Gained approval to begin videoconferencing with inmates who are set to be released to determine eligibility for the Transitions Clinic

The Southeast Region by the Numbers





partnership



SOUTHEAST
MEMBERSHIP: 190,875



SOUTHEAST ER USAGE:
37% decrease in usage among the Medi-Cal
Expansion population from 2014 to 2017



SOUTHEAST QUALITY
IMPROVEMENT PROGRAM:
\$31 million in QIP funds issued to providers

REGIONAL HIGHLIGHTS

CERVICAL CANCER SCREENING: 6.99% increase in cervical cancer screening relative to last year (according to HEDIS, the Healthcare Effectiveness Data Information Set)

PSYCHIATRY MINI-FELLOWSHIP FOR PCPS: UC Davis mini-fellowship addresses the shortage of psychiatry care in our region. PHC subsidized \$12,000 of the \$15,000 tuition for each of six primary care clinicians. (\$72,000 in Strategic Use of Reserves funding)

ADVANCE CARE PLANNING: 35 people attended a training in Fairfield, hosted by PHC, for administrators, clinical and non-clinical staff, educators, front and back office workers, and social workers; 93% of those attending were “very satisfied” with the training.

THE SOUTHWEST REGION



The Southwest region includes Sonoma County, the largest county by population in our 14-county service area. We maintain a regional office in Santa Rosa to ensure regional representation. The Southwest region is home to more Spanish-speaking members than any of our regions.

Member Letter: Doing What It Takes to Live a Longer, Healthier Life

July 24, 2017

Last year, around my 49th birthday, I was up to 478 pounds. I have been on oxygen due to being obese and unhealthy. I started 2017 weighing 450 pounds.

In March of 2017, I went to get a sandwich at Subway in Lucerne and saw the new physical medicine center for the Lucerne Community Clinic. I saw a phone number, called it, and talked to Mike Duskin, the clinic trainer. He gave me information on the clinic, and I made an appointment. The day after my appointment, I started the clinic exercise program.

I told Mike that I needed to lose weight, as I was done living like I was waiting to die. I had lost my girlfriend of seven years to cancer the previous November, and I knew I was not ready to give up. I would do what it takes to live longer.

I was turning 50 in September, and I wanted to lose weight as a gift to myself. I had been preparing for bariatric surgery, and I weighed 450 pounds. The program that I was put on was at a good pace and increased as I progressed. The trainer gave me skills and knowledge on everything from lifting weights and cardio exercise to diet and building confidence. He saw how much time and effort I put in, so he was happy to help me grow.

My progress has been insane! The bariatric doctor said, after I lost 50 pounds in 60 days, that my progress had overcome the need for surgery. I had been on a pacemaker, and after the first 30 days, my heart started pacing on its own. The pacemaker was turned off.

After 75 days, I was taken off high blood pressure medications. My endurance has increased, and I am going two and three hours each day without oxygen. Today (July 24), I weigh 355 pounds. Mike and this program have turned me into a fat-burning machine.

If you want it, destiny awaits. Grab the brass ring; you only live once.

Vincent Charles Reese
PHC Member, Lucerne (Lake County), California

Update as of November 2, 2017: Vincent reports his weight is 332 pounds, and he is doing well in his exercise program.



Above: Vincent Reese at 478 pounds.

Below: Vincent tries on some new clothes after losing 146 pounds with the help of Lucerne Community Clinic.



Grant Funding Aids Lucerne Community Clinic

Vincent has been working out at Lucerne Community Clinic's physical medicine center five days a week, burning calories, gaining strength, and improving his health.

The clinic received a grant as part of our Strategic Use of Reserves program to expand primary care services, and the clinic used its \$10,428.49 award to purchase equipment for the physical medicine center.

Dr. Robert Gardner, the Lucerne Community Clinic medical director, got his start in preventive medicine and says exercise plays a key role in preventing and treating illness.

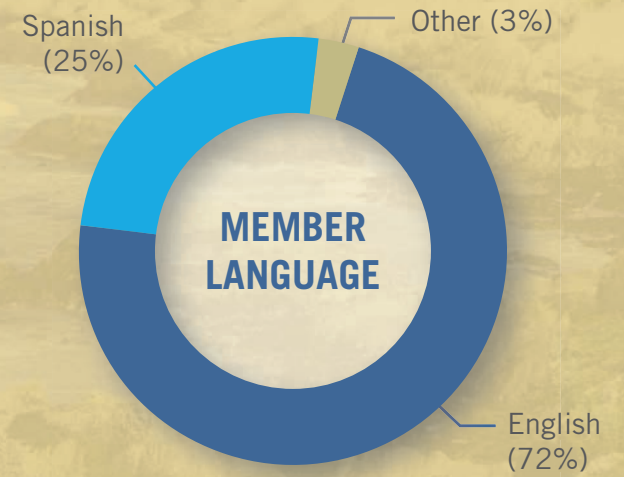
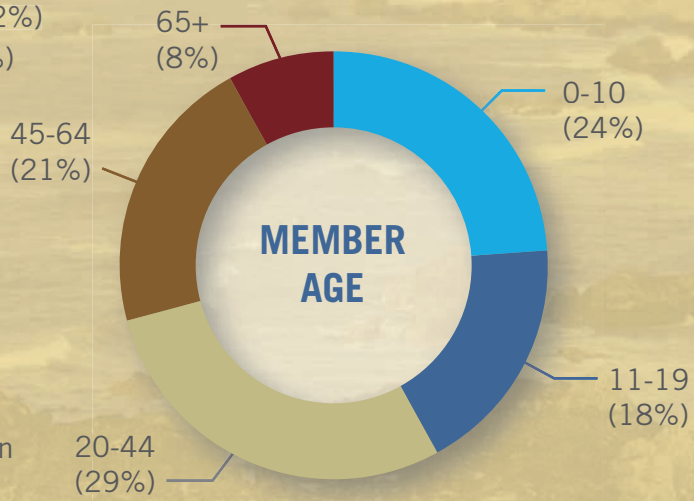
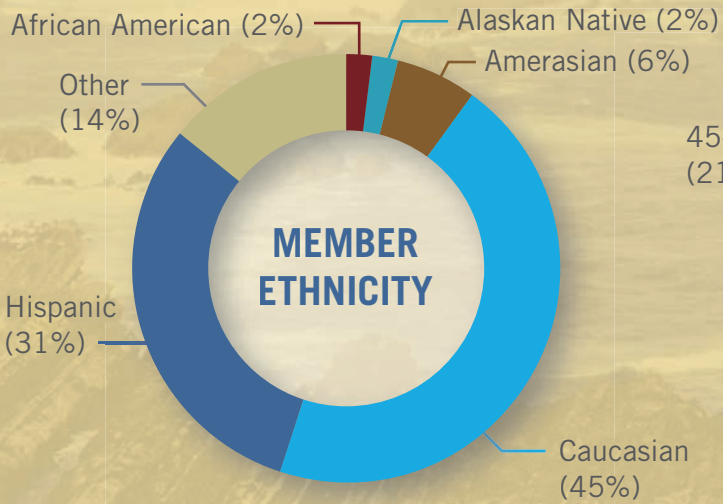
He says the clinic refers patients to the exercise program for multiple reasons ranging from obesity to Crohn's Disease to anxiety. Dr. Gardner says it has also proved beneficial for recovering opioid addicts.

Patients are given a regimen tailored to their specific needs and coaching from the clinic's certified personal trainer. The exercise programs are offered at no cost, which Dr. Gardner sees as "a way to give back to the community of Lucerne."

He says not only does using exercise as treatment benefit patients like Vincent, it also benefits the health care system through long-term cost savings.

"It's the same philosophy as drug treatment," Gardner says, referring to estimates that every dollar spent on addiction programs yields a return of \$4 to \$7 in reduced crime and criminal justice costs, or up to \$12 when health care costs are included. "I wouldn't be surprised if it's equivalent for exercise programs."

The Southwest Region by the Numbers





SOUTHWEST
MEMBERSHIP: 220,374



SOUTHWEST ER USAGE:
41% decrease in usage among the Medi-Cal
Expansion population from 2014 to 2017



SOUTHWEST QUALITY
IMPROVEMENT PROGRAM:
\$25 million in QIP funds issued to providers

REGIONAL HIGHLIGHTS

COUNSELING FOR PHYSICAL ACTIVITY: 8.32% increase in counseling for physical activity at well-child checks relative to last year (according to HEDIS, the Healthcare Effectiveness Data Information Set)

SOCIAL DETERMINANTS OF HEALTH: In the first year after Petaluma Sober Circle received a \$86,469 grant from PHC:

- 21 individuals completed in-patient drug treatment at Drug Abuse Alternatives Center
- Nearly 72% drop in police calls for service involving chronic inebriants
- 80% drop in fire department transport of serial inebriants to Petaluma Valley Hospital ER

MANAGING PAIN SAFELY: 83% decrease in members on high-dose opioids (from January 1, 2014 to May 31, 2017)

FISCAL YEAR 2016-2017 FINANCIAL UPDATE

Financial stewardship is one of our strategic principles at PHC.

We are committed to ensuring that our resources are focused on providing high-quality care to each and every one of our members.

Our administrative expenses, less than 4 percent, have stayed consistent with our revenue. This allows us to put more money into the communities and in enhancing the benefits of our members.

HEALTH CARE EXPENDITURES

CATEGORY	AMOUNT
Fee for service hospital, physician, and other costs	\$1.14 billion
Capitated physician, hospital, and other costs	\$469.9 million
Long-term care	\$318.7 million
Pharmacy	\$279.1 million
Quality Improvement Program	\$72.5 million
Total Health Care Expenditures	\$2.28 billion



STANDOUT CUSTOMER SERVICE

Member Services

- Total calls received – 292,170
(fiscal year, July 1, 2016 – June 30, 2017)

24-Hour Nurse Line

- Total triaged calls – 21,729
(fiscal year, July 1, 2016 – June 30, 2017)

Member Satisfaction

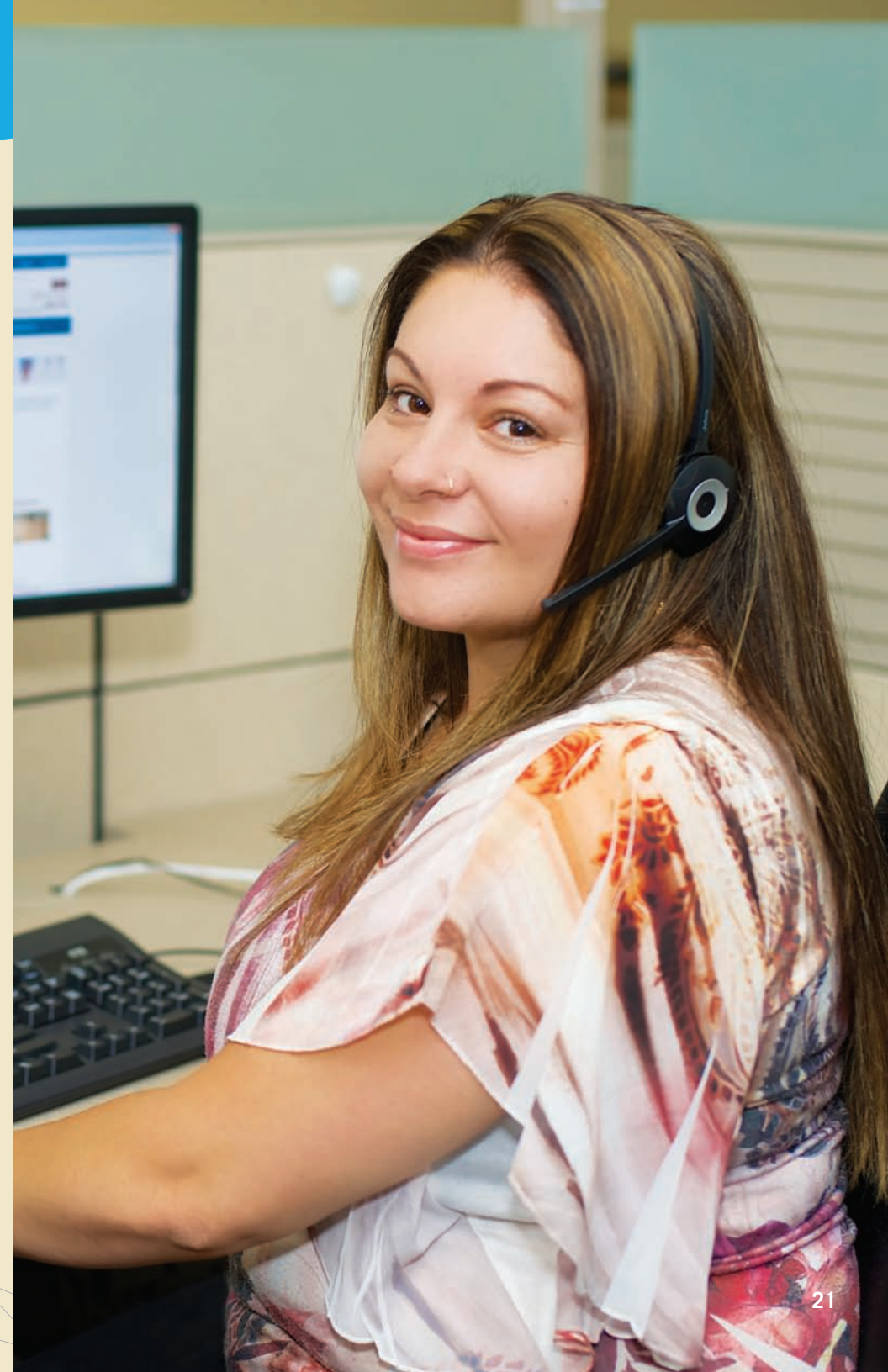
- 91% satisfaction rate (members rated their experience with PHC over the past six months at 7 or above on a scale of 1 to 10 with 10 being best)

Claims

- 99% of all claims were paid within 30 calendar days of receipt

Provider Satisfaction

- 95% satisfaction rate (overall satisfaction with PHC)



Board of Commissioners:

Tanir Ami, OLE Health
Aimee Brewer, NorthBay Healthcare
Lewis Broschard, M.D., Sutter Medical Group
Tammy Moss Chandler, Mendocino County Health and Human Services Agency
Paula Cohen, Retired
Grant Colfax, M.D., Marin County Health and Human Services
Greta Elliott, I'SOT Inc. dba Canby Family Practice Clinic
Donnell Ewert, Shasta County Health and Human Services Agency
Richard Fogg, Retired
Robert Gardner, M.D., Lucerne Community Clinic
Letty Garza, Trinity County Health and Human Services
Dean Germano, Shasta Community Health Center
Catherine Harshbarger, Banner Lassen Medical Center
Randall Hempling, Retired
Howard Himes, Napa County Health and Social Services
Gerald Huber, Solano County Health and Social Services
Dave Jones, Mountain Valleys Health Centers
Karen Larsen, Yolo County Health and Human Services Agency
Viola Lujan, La Clínica de La Raza
Sarada Mylavarapu, M.D., Dignity Health - Woodland Memorial Hospital
Joy Newcom-Wade, Consumer
Kenneth Platou, Dignity Health Mercy Medical Center - Mt. Shasta
LaSonja Porter, Consumer
Mitesh Popat, M.D., Marin Community Clinic
Kathryn Powell, Petaluma Health Center
Barbie Robinson, Sonoma County Department of Health Services
Heather Snow, Del Norte Department of Health and Human Services
Herrmann Spetzler, Open Door Community Health Centers
Nancy Starck, Humboldt County Department of Health and Human Services
Karen Tait, M.D., Lake County Health Services Department
Allan Yamashiro, Sutter Davis Hospital



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