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San Francisco Bay Area:
Regional Health Systems Vie for Market Share

Summary of Findings

Health care systems in the San Francisco Bay Area — which is healthier, wealthier, and has higher rates of insurance, on average, than the rest of California — continue to focus on building regional networks to support population health strategies and compete with market leader Kaiser Permanente. Over the past 20 years, the Bay Area health care market has consolidated and, as a result, is dominated by four systems: Kaiser; Sutter Health; University of California, San Francisco (UCSF) Health; and Stanford Health Care. At the same time, smaller systems, such as John Muir Health and El Camino Health, play key roles in geographic submarkets, making them attractive partners for the larger systems seeking to expand market share. In response to the region's high health care costs and employer requests for affordable, high-value options, new models and contracting structures are emerging in the Bay Area, including providers contracting directly with employers. Despite the region's relative affluence, more than one in five residents are covered by Medi-Cal or uninsured, and county-based safety-net health systems and Federally Qualified Health Centers (FQHCs) play critical roles in providing access to care for vulnerable populations, including the growing number of people experiencing homelessness.

The region, defined in this study as the five counties of San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara, has experienced a number of changes since the previous study in 2015–16 (see page 26 for more information about the Regional Markets Study).[1] Key developments include the following:

- **High health care costs and competition among large systems prompt interest in population health management.** Bay Area health care costs remain among the highest statewide, creating interest in the adoption of population health strategies long used by Kaiser that stress prevention and care coordination to avoid costly hospital stays. New contracting models and alliances that shift greater financial risk to providers also are emerging in the market.
- **More physicians align with large health systems as the independent private practice model erodes.** While physician supply in the Bay Area is strong, the share of independent physicians in private practice continues to decline. Physicians increasingly are joining medical groups affiliated with the large health systems. Two of the largest independent practice associations (IPAs) in the Bay Area — Hill Physicians Medical Group and Brown & Toland Physicians — are pursuing strategies to keep private practice viable.

- **Numerous public hospitals and local Medi-Cal health plans help to anchor the health care safety net.** The Bay Area's locally based public health plans cover the majority of the region's Medi-Cal enrollees. The region's public hospitals also play a critical safety-net role. Medi-Cal accounts for approximately two-thirds of revenue at Santa Clara Valley Medical Center (SCVMC), Zuckerberg San Francisco General Hospital, and Alameda Health System (AHS). While AHS continues to struggle financially, SCVMC has expanded its footprint with the acquisition of two community hospitals.

- **FQHCs play an important safety-net role.** The role of the region's FQHCs in caring for Medi-Cal enrollees and uninsured residents is growing. Across the five Bay Area counties, between 2014 and 2018, the number of FQHC patient visits per capita grew by 28%, and the number of clinic sites increased by 15%.

- **Access to and coordination of behavioral health care services for vulnerable populations is a challenge.** Inpatient psychiatric beds are in especially short supply, with one estimate indicating the region needs to add thousands of beds to meet demand. While the Bay Area has more psychiatrists per capita than elsewhere in California, psychiatrists to treat Medi-Cal and other safety-net patients remain scarce.

- **More people are experiencing homelessness across the region.** Along with efforts to coordinate physical and behavioral health care services and link vulnerable people to social services, local officials are leveraging federal coronavirus relief funds to add both permanent and interim housing units to address growing homelessness across the five Bay Area counties.

Market Background

The five counties — San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara — ringing much of San Francisco Bay are home to 6.4 million Californians. The Bay Area includes three of the state's 10 most populous cities: San Jose, with one million people, in Santa Clara County; San Francisco with 882,000 residents; and Oakland, with 433,000 people, in Alameda County.[2] The region also includes large suburban areas and swathes of farmland. Three bridges cross the central and southern bay from north to south, linking the region's communities. The San Francisco–Oakland Bay Bridge connects San Francisco with the East Bay counties of Alameda and Contra Costa, while the San Mateo–Hayward and Dumbarton Bridges connect the Peninsula south of San Francisco to the East Bay. In the South Bay, Santa Clara County borders the southern end of the bay.

Among the five counties in the region, Santa Clara is largest in terms of population and square mileage, followed by Alameda and Contra Costa. San Francisco and San Mateo are the smallest counties, though San Francisco is much denser than San Mateo, with 882,000 people living in San Francisco's 47-square-mile area (see Table 1). In addition to heavily urbanized and suburbanized areas, the Bay Area includes agricultural land: except for San Francisco County, every county has tens of thousands of acres of productive farmland.[3]

TABLE 1. Population and Land Size
San Francisco Bay Area Counties, 2019

	Population	Square Mileage (2010)
Santa Clara	1.9 million	1,290
Alameda	1.7 million	739
Contra Costa	1.2 million	716
San Francisco	882,000	47
San Mateo	767,000	448

Source: US Census Bureau QuickFacts, accessed for each county, November 9, 2020.

The region's population ranks second largest among the study regions and grew faster than the statewide population — 4.7% over five years, compared with 3.2% statewide (see Table 2). Racially and ethnically diverse, the Bay Area has a substantial Asian population, with 3 in 10 people identifying as Asian, double the statewide proportion. Nearly a quarter of the population identifies as Latinx. Almost a third of the Bay Area's population is foreign-born. Despite a booming (pre-pandemic) economy, the region's ever-increasing cost of living and housing shortage contribute to intensifying income disparities and longer work commutes as people seek more affordable housing away from urban centers.

Known for the information technology sector of Silicon Valley, primarily in Santa Clara County, and the finance sector in San Francisco, the region's economic growth (pre-pandemic) is also powered by well-developed education, health care, and hospitality and tourism sectors.[4] Kaiser Permanente's headquarters is in Oakland, and several well-known academic institutions, including Stanford University and the University of California, also call the Bay Area home.

The Bay Area has the lowest rates of poor health and chronic disease (with the exception of asthma, which tracks the statewide percentage) and the lowest unemployment rate among the study regions at 2.7% (in 2018 prior to the pandemic). The region also has the highest rate of college degrees (58%) and highest median income ($113,000) among the study regions. However, fewer households can afford to buy a median-priced house in the Bay Area compared with the statewide average (24% versus 31% statewide).

Within the region, areas of extreme wealth are juxtaposed with areas of extreme poverty. More than half of Bay Area residents live in households earning more than $100,000 per year, while 8% of the population subsists on less than the federal poverty level (FPL) of $25,100 a year for a family of four in 2018.[5] Among the region's five counties, the rate of people living below the FPL is highest in San Francisco (10%), as is the rate of homelessness (nearly 1%).[6] In recent years, the number of people experiencing homelessness has increased broadly across the region, doubling in Alameda to 8,022 people and increasing by 50% to 9,706 people in Santa Clara from 2015 to 2019.[7]

TABLE 2. Demographic Characteristics

San Francisco Bay Area vs. California, 2018

	Bay Area	California
POPULATION STATISTICS		
Total population	6,407,388	39,557,045
Five-year population growth	4.7%	3.2%
AGE OF POPULATION, IN YEARS		
Under 18	20.3%	22.7%
18 to 64	65.1%	62.9%
65 and older	14.6%	14.3%
RACE/ETHNICITY		
Latinx	23.1%	39.3%
White, non-Latinx	35.5%	36.8%
Black, non-Latinx	5.9%	5.6%
Asian, non-Latinx	31.0%	14.7%
Other, non-Latinx	4.5%	3.6%
BIRTHPLACE		
Foreign-born	30.0%	25.5%
EDUCATION		
High school diploma or higher	89.7%	83.7%
College degree or higher	58.2%	42.2%
ECONOMIC INDICATORS		
Below 100% federal poverty level (FPL)	8.1%	12.8%
100% to 199% FPL	10.1%	17.1%
Household income $100,000+	55.1%	38.0%
Median household income	$113,335	$75,277
Unemployment rate	2.7%	4.2%
Able to afford median-priced home (2019)	24.3%	31.0%
HEALTH STATUS		
Fair/poor health	15.2%	18.5%
Diagnosed with diabetes	7.5%	10.1%
Has asthma	15.8%	15.7%
Has heart disease	5.6%	6.8%

Sources: "County Population by Characteristics: 2010–2019," Education by County, FPL by County, Income by County, US Census Bureau; "AskCHIS," UCLA Center for Health Policy Research; "Employment by Industry Data: Historical Annual Average Data" (as of August 2020), Employment Development Dept., n.d.; and "Housing Affordability Index - Traditional," California Association of Realtors. All sources accessed June 1, 2020.

As the available housing supply decreases relative to demand and home prices continue to increase, commutes have lengthened as employees live farther from their jobs: About 4 in 10 people in the greater Bay Area commute from a different county.[8] The region's traffic congestion has continued to worsen as well.[9] The average number of hours that drivers spent sitting in traffic per year in the Bay Area increased from 75 in 2015 to 97 in 2019.[10] With worsening traffic conditions, more Bay Area residents are becoming "super-commuters," traveling more than 90 minutes each way by car or transit.[11] It is unclear whether changes during the pandemic in how and where Bay Area residents work will reshape the region once restrictions ease on economic activity.

Most Residents Have Private Health Insurance Coverage

In comparison with residents of California as a whole, more people in the Bay Area have private insurance (61.6% compared with 47.7%), and fewer have Medi-Cal coverage (18.6% compared with 28.7%). Following declines in the rate of people without health insurance stemming from the Affordable Care Act's coverage expansions in 2014, the region's uninsured rate held steady between 2015 and 2019 (4.9% versus 4.4%) and was slightly over half the statewide rate of 7.7% in 2019 (see Table 3). Between 2015 and 2019, private coverage, as well as Medicare coverage, increased by 1 percentage point, while Medi-Cal enrollment declined by 1.7 percentage points.[12]

TABLE 3. Trends in Health Insurance, by Coverage Source
San Francisco Bay Area vs. California, 2015 and 2019

	BAY AREA		CALIFORNIA	
	2015	2019	2015	2019
Medicare*	14.3%	15.4%	14.4%	15.9%
Medi-Cal	20.3%	18.6%	29.1%	28.7%
Private insurance†	60.5%	61.6%	47.8%	47.7%
Uninsured	4.9%	4.4%	8.6%	7.7%

*Includes those dually eligible for Medicare and Medi-Cal.

† Includes any other insurance coverage (excluding Medicare and Medi-Cal).

Source: Calculations made by Blue Sky Consulting Group using data from the US Census Bureau, the Centers for Medicare & Medicaid Services, and the California Department of Health Care Services.

Kaiser Leads Commercial, Medicare Markets

Kaiser remains the dominant commercial and Medicare Advantage (MA) insurer regionally, with several respondents indicating Kaiser covers roughly 50% of insured Bay Area residents. As one market observer commented, "Kaiser is omnipresent." In addition to Kaiser, major commercial health insurers in the region include Aetna, Anthem Blue Cross, Blue Shield of California, Cigna, Health Net, and UnitedHealthcare (United). A number of regional health plans also offer commercial coverage in the Bay Area. These include Sutter Health Plus, a part of Sutter Health, Valley Health Plan (VHP) operated by Santa Clara County, Contra Costa Health Plan operated by Contra Costa County, and Chinese Community Health Plan. Sutter Health Plus, established by Sutter in 2013, offers commercial products in the Bay Area, San Joaquin County, and the Sacramento area. The health plan has grown from 8,000 covered lives in 2014 to 94,000 in 2019.[13] VHP, which was created to provide coverage for Santa Clara County government employees, also participates in Covered California (the state's health insurance marketplace). In 2019, VHP had about 39,000 commercial enrollees.[14] Chinese Community Health Plan has approximately 23,000 lives in commercial, MA, and Covered California products, which are available in San Francisco and San Mateo Counties.[15] Finally, in addition to serving as the public Medi-Cal health plan in Contra Costa County, Contra Costa Health Plan offers commercial coverage to county employees.

Within the region, the majority of Medicare beneficiaries remain enrolled in original Medicare (55.7%), although MA enrollment has increased — from 42.3% in 2015 to 44.3% in 2019 (see Table 4 on page 5). Across the region, Kaiser is the dominant MA plan, covering 66% of enrollees, ranging from 49% in San Francisco County to 78% in Alameda County. United is the next largest MA plan, with 13% of regional enrollment.

TABLE 4. Medicare Coverage Source

San Francisco Bay Area vs. California, 2015 and 2019

	BAY AREA		CALIFORNIA	
	2015	2019	2015	2019
Original Medicare				
► Percentage	57.7%	55.7%	59.6%	56.2%
► Count	521,856	548,890	3,370,508	3,528,546
Medicare Advantage and Other Health Plan Enrollment				
► Percentage*	42.3%	44.3%	40.4%	43.8%
► Count*	382,344	436,083	2,283,388	2,748,620

*Medicare beneficiaries enrolled in health plans that are offered by private companies approved by Medicare to provide health care coverage offered at a uniform premium and uniform level of cost-sharing to all Medicare beneficiaries residing in the service area (or segment of the service area). Each type of plan has special rules and exceptions.

Source: "Medicare Enrollment Dashboard," Centers for Medicare & Medicaid Services, accessed October 5, 2020.

Covered California Enrollment Steady as Premiums Rise

Regional enrollment in Covered California has held steady between 2015 and 2019 at 3.1%. Compared with premiums in the state generally, the Bay Area's Covered California 2019 premiums were higher, and, mirroring the statewide trend, premiums increased significantly from 2015 to 2019 (see Table 5). In 2019, the health plan with the largest market share was Kaiser, with 66% of the enrollment, followed by Blue Shield, with 18% of enrollees across the region. VHP and Chinese Community Health Plan held 8% and 4% market shares, respectively.

TABLE 5. Covered California Premiums and Enrollment

San Francisco Bay Area vs. California, 2015 and 2019

	BAY AREA		CALIFORNIA	
	2015	2019	2015	2019
Monthly premium* (Silver Plan on the exchange for a 40-year-old individual)	$369	$529	$312	$454
Population enrolled				
► Percentage	3.1%	3.1%	3.0%	3.1%
► Number	198,590	200,840	1,190,590	1,233,360

*Covered California assigns each of the Bay Area region's counties its own rating region (Regions 4, 5, 6, 7, and 8). Blue Sky Consulting Group calculated the monthly average premium for the Bay Area region as the weighted average of the average Silver Plan premium in each of the five rating regions (weighted by the number of enrollees in each rating region).

Sources: Blue Sky Consulting Group analysis of data files from "Active Member Profiles: March 2019 Profile" (as of May 31, 2020) and "2019 Covered California Data: 2019 Individual Product Prices for All Health Insurance Companies," Covered California, accessed June 1, 2020.

Large Health Systems Making Regional Plays

Over the past 20 years, the Bay Area hospital market has consolidated, leaving a handful of systems holding significant market share. Kaiser remains the largest health system in the region, followed by Sutter Health. While their geographic reach is not as extensive as Kaiser or Sutter Health, UCSF Health and Stanford Health Care continue to jockey for market share in Alameda and Contra Costa Counties. Overall, the region has a similar number of inpatient hospital beds per 100,000 people as California as a whole, while hospital operating margins, on average, are lower than the statewide margin and operating expenses are much higher (see Table 6).

TABLE 6. Hospital Performance (Acute Care)

San Francisco Bay Area vs. California, 2018

	Bay Area	California
Beds per 100,000 population	179	178
Operating margin*	–0.2%	4.4%
Paid FTEs per 1,000 adjusted patient days*	16	15
Total operating expenses per adjusted patient day*	$7,172	$4,488

*Excludes Kaiser.

Note: *FTE* is full-time equivalent.

Source: "Hospital Annual Financial Data - Selected Data & Pivot Tables," California Office of Statewide Health Planning and Development; "County Population by Characteristics: 2010–2019," US Census Bureau. All sources accessed June 1, 2020.

Hospital Submarkets Abound

While Kaiser, Sutter Health, UCSF Health, and Stanford Health Care operate regionally, the Bay Area remains characterized by numerous submarkets as a result of the region's size, geography, and traffic gridlock. Typically, in each submarket, one or two hospitals dominate and compete with Kaiser. Major hospital submarkets include the following:

- Located across the Bay to the east of San Francisco, the **East Bay** includes Alameda and Contra Costa Counties. Within the East Bay, there are several submarkets, including the inner East Bay (the Berkeley-Oakland area in northern Alameda County) where Sutter and UCSF operate the only non-county hospitals other than

Kaiser: Sutter's Alta Bates Summit Medical Center[16] and UCSF Benioff Children's Hospital – Oakland. In southern Alameda County, Washington Hospital Healthcare System, a district hospital, competes with Kaiser in the Fremont submarket. Alameda Health System is the public hospital in Alameda County. Further east, John Muir Health competes with Kaiser for patients in Contra Costa County. John Muir operates two hospitals and co-owns a third — San Ramon Regional Medical Center — with investor-owned Tenet Health. Contra Costa County also operates a safety-net hospital in this submarket, Contra Costa Regional Medical Center.

- The **South Bay** submarket centers on the city of San Jose in Santa Clara County. Sutter does not have a hospital in the South Bay, leaving Kaiser to compete with two investor-owned HCA Healthcare hospitals: Regional Medical Center and Good Samaritan Hospital. Santa Clara County also operates three hospitals in the submarket: the county hospital, Santa Clara Valley Medical Center, and two community hospitals, O'Connor Hospital and St. Louise Regional Hospital.
- The **Peninsula** submarket stretches from south of San Francisco through San Mateo County into northern Santa Clara County, including the cities of Palo Alto and Mountain View. Kaiser and Sutter both have a presence in this submarket, which also includes Stanford Hospital, Lucile Packard Children's Hospital, El Camino Health, Dignity Health's Sequoia Hospital, and Seton Medical Center. San Mateo County operates a safety-net hospital, San Mateo Medical Center, as well.
- In the **San Francisco** submarket, an area comprising just 47 square miles, Kaiser, Sutter, and UCSF Health all operate hospitals. Dignity Health, with two hospitals, also plays a significant role in the San Francisco submarket, as does Chinese Hospital. In addition, the county operates Zuckerberg San Francisco General Hospital.

Kaiser Maintains Role as Market Leader

As in most of the other study regions, Kaiser is viewed as the market leader in the Bay Area. Kaiser is a closed model health maintenance organization (HMO) with a vertically integrated financing and delivery system that includes a health plan, Kaiser-owned hospitals, and a network of physicians employed by The Permanente Medical Group (with more than 9,000 physicians in Northern and Central California). Headquartered in Oakland, Kaiser has a significant presence in the Bay Area, operating 10 hospitals. In 2016, Kaiser opened a nine-story, 220,000-square-foot outpatient building in San Francisco that includes more than 100 physician offices.[17] Kaiser also is constructing a new outpatient building in Redwood City in San Mateo County. When the new four-story, 197,800-square-foot building opens in 2021, it will replace two existing buildings on the same campus and house 143 physician offices and 116 exam rooms.[18]

Medicare and commercial coverage account for 93% of Kaiser inpatient discharges, with Medi-Cal accounting for just 6%.[19] This allocation reflects Kaiser's long-standing practice of limiting participation in the Medi-Cal program. Several respondents commented that Kaiser's low Medi-Cal patient load helps Kaiser offer lower premiums that other market participants reportedly cannot match.

Sutter Solidifies Position as Second-Largest Hospital System

Sutter Health is the second-largest Bay Area health system, operating nine hospitals in four of the five counties in the region and accounting for 17% of inpatient discharges (compared with the 22% accounted for by Kaiser).[20,21] In 2018, Sutter opened a new seven-story, 120-bed hospital in San Francisco, the California Pacific Medical Center (CPMC) Mission Bernal Campus.[22] In 2019, Sutter opened a second new hospital in San Francisco: the 274-bed Sutter CPMC Van Ness Campus, which also includes a nine-story, 476,000 square foot outpatient facility.[23]

Sutter is particularly dominant in Alameda County, where the health system operates two major general acute

care hospitals in the Oakland-Berkeley area: the 401-bed Alta Bates Summit Medical Center — Alta Bates Campus in Berkeley and the 348-bed Summit Campus in Oakland. Alta Bates operates the only non-Kaiser emergency department (ED) between Berkeley and San Pablo to the north, following the closure of Doctors Medical Center in Richmond in 2015. Rather than retrofit Alta Bates to meet California's 2030 seismic requirements, Sutter announced plans in 2016 to close the hospital by 2030.

In recent years, Sutter Health merged its Bay Area medical foundations into a single entity, Sutter Bay Medical Foundation, with more than 2,500 physicians providing care across the greater Bay Area. The medical groups that make up Sutter Bay Medical Foundation include Palo Alto Foundation Medical Group, Sutter East Bay Medical Group, Sutter West Bay Medical Group in San Francisco, and Sutter Medical Group of the Redwoods in the northern Bay Area counties of Marin and Sonoma. Sutter Health Plus, the system's affiliated health plan, announced it is largely cutting ties with Brown & Toland, one of the region's large IPAs, which had been included in Sutter's network for large group, small group, and individual insurance products. Beginning in 2021, Sutter Health Plus enrollees no longer have access to Brown & Toland primary care physicians (PCPs) in Alameda, Contra Costa, San Francisco, or San Mateo Counties, and health plan enrollees in Alameda and Contra Costa also lost access to Brown & Toland specialists.[24]

Since the late 1990s, Sutter Health has been expanding its footprint in the Bay Area and, more broadly, in Northern California, gaining leverage in negotiations with payers. In December 2019, Sutter Health settled an antitrust class-action lawsuit with the state Office of the Attorney General, agreeing to repay $575 million in overcharges. As part of the settlement, Sutter Health agreed to a number of provisions, including ending the practice of "all or nothing" contracting (requiring a payer to contract with all Sutter providers to gain access to any Sutter providers); no longer requiring health plans to place Sutter facilities in the most favorable tier in a tiered network structure; limiting out-of-network charges; and ending confidentiality restrictions on price, quality, and cost data. A court-appointed monitor is charged with ensuring Sutter Health adheres to the terms of the settlement for at least 10 years.[25] A second, federal antitrust lawsuit against Sutter is scheduled to go to trial in October 2021.[26]

UCSF Pursues New Strategies to Expand Influence

UCSF Health is an academic medical center in the region and integrates research and clinical care on three campuses in San Francisco: Parnassus Heights, Mount Zion, and Mission Bay. UCSF Health expanded from 650 beds in 2014 to 782 beds in 2018 with the opening of the Mission Bay campus in 2015. Additionally, UCSF Health plans to replace the seismically outdated Moffitt Hospital on the Parnassus Heights campus and increase inpatient and ED capacity (by 42% and more than 80%, respectively) as part of a comprehensive plan for the campus that includes housing and transit investments. The new facility is expected to open in 2030.[27]

Market observers noted that UCSF Health plays a more prominent role in the region than the system's 7% share of inpatient discharges suggests. In addition to affiliating with Children's Hospital Oakland in 2014, UCSF Health has been building its network by partnering with hospitals across the greater Bay Area, including John Muir Health in the East Bay, Washington Hospital in Fremont, Good Samaritan in San Jose, and MarinHealth and Sonoma Valley north of San Francisco.

UCSF Health has begun to implement a new strategy in recent years in response to capacity constraints. In 2019, UCSF Health reportedly turned away 855 complex care patients because it did not have available beds. To ensure capacity for complex patients, the health system has been deepening relationships with community hospitals, providing UCSF faculty and support while steering patients who do not need complex care to community hospitals that can meet their needs. This strategy allows UCSF Health's hospitals to focus on providing tertiary and quaternary services.

UCSF Health's faculty practice, UCSF Medical Group, represents approximately 1,000 physicians who teach at UCSF and care for patients at UCSF Medical Center campuses in San Francisco and UCSF Benioff Children's Hospitals in San Francisco and Oakland. UCSF Health also affiliates with a reported 400 physicians via independent physician groups mainly for primary care as well as some specialty and urgent care, including Golden Gate Urgent Care (now part of Dignity GoHealth Urgent Care), John Muir Medical Group, One Medical, MarinHealth Medical Network, and most recently, Circle Medical. In addition, UCSF has jointly invested with John Muir in the Berkeley Outpatient Center, which provides primary, specialty, and urgent care as well as lab and imaging services.

UCSF Health also has expanded its influence by developing an accountable care network, Canopy Health, in partnership with John Muir and Hill Physicians. Launched in 2015, Canopy is an alliance of hospitals and physicians that works with health plans to enable patients to access the full continuum of care in a coordinated way from anywhere in the Bay Area (see "New Contracting Models Emerge" later in this report for more information on Canopy). UCSF Health reportedly developed Canopy to better compete with Kaiser for commercial patients, including UCSF Health's own employees, and better manage population health across the sprawling Bay Area region. Respondents noted that UCSF Health's operating margin has been declining (from 5.9% in 2014 to 2.9% in 2018) in part because of a payer mix with an increasing share of government payers relative to commercial.

UCSF Health's efforts to develop affiliations have hit some bumps along the way. Building on a decades-old affiliation with Dignity Health, UCSF sought to expand access by arranging for Dignity Health's Bay Area hospitals to serve as UCSF Health community hospitals. The effort, however, met with substantial public backlash concerning future access to treatments that conflict with religious directives and was dropped in 2019.[28] UCSF has continued clinical programs in Dignity Health's Bay Area hospitals, with UCSF providing surgeons and other physicians to fill specific needs. Dignity Health is also a provider for Canopy.

Despite expectations that the 2014 affiliation between UCSF Benioff Children's Hospital and Children's Hospital Oakland (now UCSF Benioff Children's Hospital Oakland) would stabilize the Oakland hospital's finances, financial challenges continue. UCSF Benioff Children's Hospital Oakland's (Oakland Children's) operating margin has not improved, falling from –12.0% in 2014 to –13.5% in 2018. The hospital serves mostly Medi-Cal patients (72% of inpatient discharges) and has historically run a deficit.[29] UCSF Health reportedly has invested more than $180 million to support Oakland Children's care of pediatric Medi-Cal patients in Alameda County and expanded some programs since the affiliation began. Additional investments are planned in coming years, including a replacement hospital intended to support expanded care programs and services for the local community. In 2018, physicians from Oakland Children's publicly complained about diminished local control and a lack of benefits from the affiliation with UCSF.[30] After challenging contract negotiations, UCSF Health has reportedly integrated the majority of Oakland Children's physicians into a single group operating on both sides of San Francisco Bay.

Stanford Continues to Expand East Bay Footprint

Stanford Health Care's Stanford Hospital in Palo Alto is the region's other academic medical center, providing tertiary and quaternary services and serving as the only Level I trauma center between San Francisco and San Jose. To comply with the 2030 state seismic requirements, Stanford opened a new 368-bed hospital in November 2019. The seven-story, 824,000-square-foot facility is connected to the old hospital. The ED in the new hospital includes 66 rooms and is twice the size of the ED in the old hospital, which Stanford will convert into a pediatric-only ED.

Stanford's affiliated physician network includes a medical foundation, University HealthCare Alliance, with 70 locations

across the South and East Bay. The medical foundation also includes an affiliated IPA, Affinity Medical Group, that includes 29 medical practices.

As part of its expansion into the East Bay, Stanford acquired the 207-bed ValleyCare Medical Center in Pleasanton in 2015. This acquisition also included urgent care facilities, medical office buildings, outpatient surgery centers, and imaging centers in the East Bay cities of Dublin, Livermore, Pleasanton, and San Ramon in southeastern Alameda County and southern Contra Costa County. ValleyCare reported a –15.6% operating margin in 2018, and market observers commented that Stanford may be considering whether to reduce services at the hospital. More recently, Stanford opened a new outpatient facility in 2017 in Emeryville at the foot of the eastern end of the San Francisco–Oakland Bay Bridge. The four-story, 90,000-square-foot facility offers primary and specialty care, as well as imaging and lab services, to East Bay residents.[31]

In 2019, Stanford and Sutter signed a letter of intent to explore a potential partnership to provide cancer care for patients in the East Bay. This could include replicating the multidisciplinary Stanford Cancer Center South Bay, likely to compete with the cancer center at the new UCSF–John Muir Health Berkeley Outpatient Center.[32]

The strategy behind Stanford's expansion into the East Bay has become clearer in recent years, with the health system entering into direct-to-employer contracts to provide health care to several Silicon Valley companies. These contracting relationships require a regional provider network to ensure access to care for employees who reside outside the Peninsula and South Bay submarkets (see "New Contracting Models Emerge" later in this report for more information).

Former Verity Facilities Purchased

In 2020, Verity Health System (formerly Daughters of Charity) dissolved after filing for Chapter 11 bankruptcy protection in 2018. Four of Verity's six hospitals were in the Bay Area and played a critical safety-net role in San Mateo and Santa Clara Counties.

In late 2018, the County of Santa Clara Health System, which includes the public hospital system, purchased the 72-bed St. Louise Regional Hospital in Gilroy, the 358-bed O'Connor Hospital in San Jose, and the DePaul Urgent Care Center in Morgan Hill for $235 million. Santa Clara County assumed control of the facilities in March 2019.

In March 2020, just as the COVID-19 pandemic took hold, Verity announced the intention to close its two remaining hospitals: 357-bed Seton Medical Center in Daly City and 121-bed Seton Coastside, which provides skilled nursing care, in Moss Beach (on the San Mateo County coast) after negotiations stalled with a potential buyer.[33] Recognizing Seton's role as one of the primary safety-net hospitals for San Mateo County and southern San Francisco County, the San Mateo County Board of Supervisors approved $20 million in "bridge" funding to be paid out in $5 million increments over four years contingent on Verity finding a buyer with an acceptable business plan and financials and Seton remaining a full-service hospital. The state of California contracted with Verity to use Seton as a pandemic surge hospital, helping to keep the hospital's doors open. In April 2020, the U.S. Bankruptcy Court in Los Angeles approved the sale of both facilities for $40 million to AHMC Healthcare, Inc., a six-hospital investor-owned system in Los Angeles, marking AHMC's entrance into the Northern California market.

In addition to DePaul Urgent Care Center, Verity operated five other clinics in the South Bay cities of San Jose, Morgan Hill, and Gilroy. In 2019, El Camino Health purchased these clinics for $1.27 million.

El Camino Health Looks to Expand, Affiliates with Providers

Located on the Peninsula, El Camino Health is a district hospital that operates two campuses with a total of 443 beds: El Camino Hospital Mountain View and El Camino Hospital Los Gatos. El Camino's operating margin remains strong, increasing from 8.7% in 2014 to 14.5% in 2018. The health system's strong financial performance is likely in part the result of the system's favorable payer mix: in 2018, commercial payers

accounted for 69.6% of revenue, and Medicare accounted for 26.3%.

To increase market share and the referral base for its hospitals, El Camino Health has focused on developing provider affiliations. The El Camino Health Medical Network (ECHMN), which is affiliated with El Camino Health, provides administrative and operations support to physicians practicing on the Peninsula and in the South Bay. ECHMN provides urgent care, primary, and specialty care at 12 locations across Santa Clara County.

In 2016, El Camino Health acquired land in San Jose with plans to build a third campus near Kaiser's South Bay Medical Center. Construction of the new facilities has yet to move forward while the health system focuses on expanding its provider affiliations. In 2020, El Camino Health opened a new seven-story, 265,000-square-foot medical office building on the Mountain View campus. Known as the Sobrato Pavilion, this facility houses heart and vascular care, post-stroke care, imaging services, outpatient procedure rooms, and clinic space.[34] In addition, the Taube Pavilion, a new, 54,000-square-foot inpatient psychiatric building, opened on the Mountain View campus in 2019. The new facility includes 36 inpatient beds.[35]

John Muir Health Plays Key Role in Contra Costa County

Located in Contra Costa County, John Muir operates two large medical centers: 554-bed John Muir Health Walnut Creek Medical Center and 245-bed John Muir Health Concord Medical Center. The Walnut Creek campus serves as a Level II trauma center and is the only trauma center in Contra Costa County. In addition, John Muir operates a 73-bed psychiatric hospital, John Muir Behavioral Health Center, in Concord that provides both inpatient and outpatient behavioral health services.

John Muir also jointly operates San Ramon Regional Medical Center with Tenet Health, a national, investor-owned hospital system. While John Muir has a 49% ownership stake in the hospital, one respondent commented that in practice John Muir is the dominant partner. In late 2015, John Muir and San Ramon Regional opened the Pleasanton Outpatient Center, expanding John Muir's reach into southeastern Alameda County. One respondent commented that John Muir "owns the 680 corridor," referring to Interstate 680, which runs the length of eastern Contra Costa County and continues into eastern Alameda County.

John Muir's medical foundation, the John Muir Physician Network, includes more than 1,000 primary care and specialty physicians. The network includes three medical groups (John Muir Medical Group, John Muir Multispecialty Medical Group, and John Muir Health Cardiovascular Medical Group) as well as independent physicians.

In addition to its partnership with UCSF Health, John Muir partners with Stanford Children's Health for pediatric specialty services. Stanford physicians provide primary and specialty services in John Muir's Walnut Creek and Pleasant Hill locations. Stanford physicians also staff John Muir's pediatric intensive care unit, which opened in April 2015.

Perhaps reflecting both the overall higher costs of medical care in Northern California and the lack of significant competition in Contra Costa County, a recent national hospital price transparency study by the Rand Corporation found John Muir's negotiated prices for commercial health plans are four times the amount Medicare would have paid for the same inpatient and outpatient services. Among hospitals included in the study, John Muir was the most expensive.[36]

Dignity Health Merges with Catholic Health Initiatives to Form CommonSpirit

Headquartered in San Francisco, Dignity Health operates 28 acute care nonprofit hospitals in California, including three in the Bay Area: 288-bed Saint Francis Memorial Hospital and 275-bed St. Mary's Medical Center in San Francisco and 208-bed Sequoia Hospital in San Mateo County. Dignity Health is a relatively small player in the Bay Area inpatient market, accounting for just 3% of discharges. In early 2019, Dignity Health merged with Chicago-based Catholic Health

Initiatives to form CommonSpirit Health, a network of 137 hospitals across 21 states.[37]

Dignity Health works with a variety of physician integration models, including a medical foundation, affiliated medical group models, clinically integrated networks, and IPAs.[38] The Dignity Health Medical Foundation includes some 950 physicians and another 800 affiliated providers throughout California.[39] In the Bay Area, physicians practicing with Dignity Health Medical Group–Saint Francis/St. Mary's offer primary and specialty services in San Francisco, while physicians with Dignity Health Medical Group–Sequoia provide services at three locations in San Mateo County.[40]

As Independent Practice Erodes, IPAs Seek New Opportunities

The Bay Area has significantly more physicians per 100,000 residents than the state overall. In fact, the region exceeds, the Council on Graduate Medical Education's recommended ratios for PCPs and specialty physicians (see Table 7). The region also has 60% more psychiatrists per 100,000 residents than the statewide average. Even so, one market observer noted access challenges for certain specialists, including endocrinologists and infectious disease specialists.

TABLE 7. Physicians: San Francisco Bay Area vs. California, 2020

	Bay Area	California	Recommended Supply*
Physicians per 100,000 population†	260.3	191.0	—
► Primary care	81.8	59.7	60–80
► Specialists	177.9	130.8	85–105
► Psychiatrists	18.7	11.8	—
% of population in HPSA (2018)	4.5%	28.4%	—

*The Council on Graduate Medical Education (COGME), part of the US Department of Health and Human Services, studies physician workforce trends and needs. COGME ratios include doctors of osteopathic medicine (DOs) and are shown as ranges above.

† Physicians with active California licenses who practice in California and provide 20 or more hours of patient care per week. Psychiatrists are a subset of specialists.

Sources: Healthforce Center at UCSF analysis of Survey of Licensees (private tabulation), Medical Board of California, January 2020; and Health Professional Shortage Area (HPSA) data from *Shortchanged: Health Workforce Gaps in California*, California Health Care Foundation, July 15, 2020.

While physician supply in the Bay Area is strong, respondents commented on the continuing erosion of private practice, with physicians increasingly joining medical groups affiliated with the large health systems. According to market observers, commercial reimbursement is relatively low for independent providers: approximately 100% of the Medicare rate for equivalent services. By contrast, the large health systems reportedly compensate physicians between 250% and 400% of the Medicare rate, making it hard for smaller medical groups and IPAs in the region to compete for providers.

The Bay Area's physician sector is relatively consolidated compared to California as a whole: 58% of PCPs belong to a practice owned by a hospital or health system, compared with 43% statewide (see Table 8). Similarly, 57% of specialists in the region are part of a practice owned by a hospital or health system, compared with 53% across the state. Even as medical groups aligned with the larger health systems in the region seek to add providers, two of the largest IPAs in the Bay Area — Hill Physicians Medical Group and Brown & Toland — are pursuing strategies to keep private practice viable.

TABLE 8. Physicians in Practice Owned by a Hospital or Health System
San Francisco Bay Area vs. California, 2019

	Bay Area	California
Primary care	58%	43%
Specialists	57%	53%

Source: Blue Sky Consulting Group calculation of population-weighted regional and state averages from Richard M. Scheffler, Daniel R. Arnold, and Brent D. Fulton, The Sky's the Limit: Health Care Prices and Market Consolidation in California (PDF), California Health Care Foundation, October 2019.

Hill Physicians Seeks Opportunities for Growth and Leverage

Hill Physicians is the largest IPA in Northern California, with more than 4,000 PCPs and specialists serving residents in the Bay Area, Sacramento, and the Central Valley. In the Bay Area, more than 700 Hill PCPs and 1,800 specialists provide care in Alameda, Contra Costa, San Mateo, and San Francisco Counties.[41] Hill has a long-term management services agreement with PriMed Management Consulting Services. PriMed is jointly owned by Hill, Dignity, Anthem, and Blue Shield, with Hill owning one-third of PriMed, Dignity owning one-third, and Anthem and Blue Shield each owning one-sixth. Hill offers both exclusive and nonexclusive arrangements to participating practices in the Bay Area, and PCPs are paid on a fee-for-service (FFS) basis with an incentive payment tied to quality, patient experience, and efficiency metrics. Exclusive practices are eligible for additional incentive payments.

To compete with Kaiser and other large health systems, Hill is positioning itself as the "affordable, high-quality" provider option for other health plans in the region. Hill takes professional risk for commercial HMO, preferred provider organization (PPO), MA, and Medi-Cal products in the region and has invested in technology to improve care management and administrative functions for its physicians, including the implementation of the Epic electronic health record (EHR) system. In addition, the IPA participates in commercial accountable care organizations (ACOs) with upside-only risk. The IPA also received a restricted Knox-Keene license in June 2020 from the state Department of Managed Health Care (DMHC), which allows Hill to accept global risk. In September 2020, Hill began taking full risk-based payments for MA enrollees in the Sacramento region and plans to expand this strategy to other parts of the IPA's service area over time.

Hill has expanded its footprint in the Bay Area in recent years. In 2018, Hill and the John Muir Medical Group IPA merged, following the termination of the John Muir Medical Group IPA's agreement with John Muir Health System. The merger added 150 PCPs and 400 specialists to Hill.[42] Also in 2018, Hill expanded into San Mateo County, affiliating with the Dignity Health Medical Network–Sequoia IPA and its 160 PCPs and specialists.[43]

To test an employed group practice model, the IPA created Hill Health in 2016 in Oakland. Under the model, the IPA merged several primary care practices into Hill Health with the intention of creating additional smaller medical groups as a means of offering independent physicians an alternative to joining Kaiser or Sutter in the East Bay. Hill has reportedly struggled with the economics of managing an employed physician model, however, and respondents indicated it is unlikely to be expanded. In 2020, Hill Health employed six physicians.

Blue Shield's Altais Acquires Brown & Toland

Brown & Toland includes approximately 2,700 physicians providing care across seven counties in the greater Bay Area, including the five counties in this study. Brown & Toland serves approximately 350,000 patients, with more than half insured by commercial HMO and PPO products. As employers in the region have continued to move away from commercial HMO products in favor of PPOs, Brown & Toland's HMO enrollment has decreased significantly. In 2020, the IPA had 70,000 patients in HMO products.[44] In addition to the commercial market, the IPA also participates in MA in multiple Bay Area counties as well as the Medi-Cal managed care program in San Francisco County. Brown & Toland reportedly seeks to increase its Medi-Cal membership as well as participate in the Covered California market.

Brown & Toland contracts for both risk-based and FFS products, taking global risk for MA and some commercial patients. While the IPA has a long track record with professional risk, Brown & Toland's early experience managing MA institutional risk, which requires different capabilities, resulted in financial losses. After climbing a steep learning curve, Brown & Toland intends to grow its participation in MA in the region. The IPA also participates in some commercial HMO products as well as Medi-Cal managed care on a shared-risk basis. For PPO products, Brown & Toland has both

FFS and upside-only risk contracts. The IPA also participates in commercial ACOs with upside-only risk. While Brown & Toland was one of the original Medicare Pioneer ACOs, the IPA exited the program after three years in 2016. Brown & Toland demonstrated savings in each of the first three years of the program, but the savings generated decreased each year. In addition, Medicare changed the methodology following the third year, making it harder for Brown & Toland to demonstrate additional savings.

To keep private practice viable and remain price-competitive in the market, Brown & Toland has sought to grow its geographic reach, expand products and physician practice models, and invest in technology to support providers. While historically the dominant IPA in San Francisco, in recent years Brown & Toland has expanded to cover the larger Bay Area as part of a strategy to offer a network with a broader geographic reach to its health plan partners.

Like Hill, Brown & Toland is experimenting with different practice models for physicians. This includes an employed model, known as BTHealth, for independent physicians seeking to leave private practice who do not want to join the large medical foundations affiliated with the regional health systems. Since its inception in 2018, BTHealth has grown from a handful of physicians to more than 30 clinical practitioners in 2020, although Brown & Toland, like Hill, has reportedly struggled with managing an employed model. In addition to the employed model, Brown & Toland has also created a "hybrid" option for physicians who want to remain independent but who would benefit from access to practice support services (e.g., EHR group purchasing). The IPA reportedly intends to grow this model to include approximately 100 physicians over the next several years.

Reflecting the competitive provider landscape in the region, Brown & Toland's relationship with Sutter has changed in recent years. Historically, two of Sutter's Bay Area medical groups – Sutter East Bay Medical Foundation (SEBMF) and Sutter Pacific Medical Foundation – were part of Brown & Toland's network for contracting purposes. Under this arrangement, Sutter physicians in these two medical groups could access managed care enrollees only through the IPA. In 2017, however, Sutter ended this relationship for SEBMF. In addition, as noted earlier, beginning in 2021 Sutter Health Plus members no longer have access to Brown & Toland PCPs or, in some counties, specialists.

In April 2020, Altais, a start-up with significant financial backing from Blue Shield of California, announced the acquisition of Brown & Toland. Altais was launched in 2019 to control health care costs by supporting independent physicians and allowing them to remain in private practice. Several respondents commented that market consolidation led by the health systems in the region has resulted in price increases, which may explain Blue Shield's interest in creating Altais to enable the insurer to align directly with physicians. In addition to a capital infusion, Altais will provide Brown & Toland with information technology support, including practice management tools, predictive analytic capability, and telehealth functionality.[45] The deal was finalized in November 2020, with Brown & Toland becoming an Altais subsidiary.[46]

Altais offers two avenues of support for physicians and their practices. Through Altais Clinical Services, the company provides capital to physicians. This includes an employment option as well as acquisition of practices or IPAs, such as Brown & Toland. Through Altais Health, the firm offers providers access to clinical tools and technology as well as administrative support services.

The ability of Altais to influence the Bay Area market remains to be seen. Some providers expressed concern that this new model could result in preferential treatment of Altais providers within Blue Shield's networks or that Blue Shield will develop new products built around Altais providers. One respondent noted that the acquisition of Brown & Toland could be particularly problematic for Hill, which has a well-established relationship with Blue Shield.

New Contracting Models Emerge

Market observers noted that, given the relatively high price of health care in the region, and in part to compete with Kaiser and Sutter, new models and contracting structures have emerged in recent years. These include an accountable care network, Canopy Health, and Stanford Health's efforts with direct-to-employer contracting.

Canopy Health Expands Network, Enters MA Market

Initially known as the Bay Area Accountable Care Network, Canopy Health was created in 2015 by UCSF Health and John Muir to develop a regional provider network to compete with Kaiser and Sutter. In addition to UCSF Health and John Muir, Hill Physicians and Meritage Medical Network own stakes in Canopy. Beginning with a contract with Health Net in 2017 to offer commercial coverage to 13,000 University of California employees and their families, Canopy has grown to 45,000 members in commercial and MA products in nine counties in the greater Bay Area.

Canopy holds a restricted Knox-Keene license, which allows the organization to contract with health plans on behalf of the providers in its network and to enter into full risk-based contracts. Canopy's products include a commercial HMO through both Health Net and United. In 2021, Canopy launched an exclusive provider organization (EPO) product in partnership with United to serve midmarket employers with premiums reportedly in line with Kaiser. Originally planned for 2020, the EPO's launch was delayed a year because of the pandemic. Canopy also participates in MA through a partnership with United. The MA product launched in 2020 in Alameda, Contra Costa, and San Francisco Counties.

Canopy is structured as a closed-network model. Enrollees must get care from network providers except for emergency care. Recognizing that employees in the Bay Area may commute long distances, the Canopy Health Alliance Referral Program assists enrollees with referrals to network providers who may be part of a different medical group from the member's PCP but whose office is more conveniently located (e.g., closer to where the enrollee works).

Over the past several years, Canopy has focused on expanding its network, adding hospitals across the region as well as medical groups and IPAs. Market observers noted that one gap in the Canopy network is the hospital sector in the Oakland-Berkeley area of the East Bay. Because the only community hospitals in this submarket belong to Sutter and Kaiser, Canopy patients must travel west across the Bay Bridge to San Francisco or 15 miles to the east to John Muir to access hospital care. While Canopy includes Alameda Health System, the county's public hospital system, respondents questioned whether Canopy's commercial patients would seek care at the public system's hospitals. In the South Bay submarket, neither Stanford nor El Camino Health participate in Canopy, but the two hospitals in San Jose owned by HCA Healthcare — 264-acute bed Regional Medical Center of San Jose and 438-acute bed Good Samaritan Hospital — serve Canopy enrollees in this submarket. Of the two large IPAs in the Bay Area region, Hill Physicians is part of Canopy's network, but Brown & Toland is not.

Stanford Health Pursues Direct-to-Employer Contracts

Within the Bay Area, Stanford Health is pioneering direct-to-employer arrangements in which Stanford serves as the ACO for several large, self-insured employers in Silicon Valley. Employees who enroll in the Stanford ACO can receive care from Stanford's three hospitals (Stanford University Medical Center, Lucile Packard Children's Hospital, and ValleyCare) and affiliated providers in the Peninsula, South Bay, and East Bay submarkets. In addition, Stanford's ACO network includes other community-based hospitals (e.g., El Camino Health, Washington Hospital) and physicians (e.g., Brown & Toland).

Under these arrangements, Stanford is responsible for managing the network as well as the cost and quality of care. While the ACO receives FFS payments for services, the contracts also include a total cost of care risk-sharing agreement with the employers that includes both upside and downside

risk. Like other direct-to-employer arrangements, a national carrier serves as the third-party administrator to process claims and provide a wraparound network to augment Stanford's (e.g., for behavioral health services, urgent care).

To be successful, this model requires self-insured employers with a critical mass of employees in the region to enable the ACO to manage care delivery and the total cost of care. One market observer noted the growing interest in these arrangements among Bay Area employers but questioned whether this model will ultimately have a major influence on the commercial market.

Strong Safety Nets Anchored by Public and Nonprofit Providers

Within California, the Bay Area is known for strong county-based safety-net health systems. Alameda, San Francisco, and Santa Clara all operate public hospitals and outpatient clinics, and all three counties have public health plans that primarily serve people covered by the Medi-Cal managed care program. The safety nets in these three counties include a number of private FQHCs as well. (Contra Costa and San Mateo Counties also have robust safety nets that include public hospitals and clinics, local Medi-Cal health plans, and FQHCs, but these counties were not analyzed in detail for this project.)

Local Medi-Cal Health Plans Hold Majority of Enrollment

Alameda, San Francisco, and Santa Clara Counties all participate in the Medi-Cal Two-Plan Model for managed care, under which a public health plan, or local initiative, competes with a commercial health plan for enrollment. Alameda Alliance for Health, San Francisco Health Plan, and Santa Clara Family Health Plan are the local initiative plans and cover the majority of the more than 800,000 Medi-Cal managed care enrollees across the three counties. In all three counties, Anthem Blue Cross serves as the commercial plan, covering approximately 150,000 Medi-Cal enrollees (see Table 9). In addition, each of the local initiative plans subcontracts with Kaiser, an arrangement that dates back to the consolidation of the state's Children's Health Insurance Program, known in California as the Healthy Families Program, into Medi-Cal in 2013. In these counties, Kaiser's Medi-Cal enrollment is limited to people who were enrolled in Kaiser within the prior 6 to 12 months (depending on the county) or who have an immediate family member covered by Kaiser.

TABLE 9. Medi-Cal Managed Care Enrollment, by Health Plan
Selected San Francisco Bay Area Counties, October 2020

	Health Plan(s)	Enrollment	% of Total County Enrollment
Alameda	Anthem Blue Cross	62,604	19%
	Alameda Alliance for Health	264,698	81%
San Francisco	Anthem Blue Cross	19,601	13%
	San Francisco Health Plan	136,707	87%
Santa Clara*	Anthem Blue Cross	71,091	21%
	Santa Clara Family Health Plan	265,968	79%

*Includes Cal MediConnect enrollees.

Source: "Medi-Cal Managed Care Enrollment Report," California Health & Human Services Agency Open Data Portal, accessed November 15, 2020.

Santa Clara County is one of the seven counties across the state participating in California's Medicare/Medi-Cal dual-eligible pilot, known as Cal MediConnect (CMC), which is intended to test the integration of Medicare and Medi-Cal benefits, including long-term care, under a single health plan. CMC is scheduled to expire at the end of 2022, and the state has indicated the pilot will not be extended; instead, all Medi-Cal health plans statewide will be required to operate a dual-eligible special needs plan and offer the Medi-Cal long-term care benefit, although the implementation date has not been set.

With more than 260,000 Medi-Cal members, Alameda Alliance for Health provides coverage for more than 80% of Medi-Cal enrollees in Alameda County. Since 2015, after emerging from state conservatorship, the health plan has worked to improve its reputation and financial position. Other than coverage for In-Home Supportive Services (IHSS) workers,[47] Medi-Cal is the only product offered by Alameda Alliance. The health plan contracts with providers on both a FFS and risk basis. Alameda Alliance's pay-for-performance

(P4P) program provides incentive payments to primary care providers meeting performance goals for a variety of quality measures.[48]

San Francisco Health Plan provides coverage for more than 135,000 Medi-Cal enrollees. In addition, the health plan offers two other products, one for IHSS workers and one for local government employees. The health plan contracts with nine delivery networks, comprising a medical group and affiliated hospital, on a capitated basis (both full and partial risk). The health plan's medical groups include FQHCs as well as commercial medical groups (e.g., Hill, Brown & Toland, UCSF). Similarly, the hospitals participating in the delivery networks include the public hospital, Zuckerberg San Francisco General Hospital, as well as Sutter's California Pacific Medical Center, UCSF, and Chinese Hospital. Kaiser is considered one of the health plan's delivery networks and reportedly holds 7% of enrollment. San Francisco Health Plan also administers the county's Healthy San Francisco program, which provides access to health care to uninsured San Franciscans.

Similar in size to Alameda Alliance, Santa Clara Family Health Plan covers more than 265,000 Medi-Cal enrollees. To access the county-operated health and hospital system, as well as private FQHCs in the county, Santa Clara Family Health Plan subcontracts with county-owned Valley Health Plan. As a result, about half of the plan's enrollees are delegated to VHP. Of Santa Clara Family Health Plan's remaining enrollment, Kaiser cares for roughly 10%; two IPAs — Physicians Medical Group and Premier Care IPA — care for about 25%; and independent physicians or other medical groups that contract directly with the health plan care for the remainder.

Public Hospitals Play Crucial Safety-Net Role

Owned and operated by the San Francisco Department of Public Health (SFDPH), Zuckerberg San Francisco General Hospital and Trauma Center (ZSFG) operates the only Level I trauma center for San Francisco and northern San Mateo County. The hospital campus includes the county's only psychiatric emergency services unit, which has 18 beds. ZSFG has a long-standing relationship with the UCSF School of Medicine, and all of the physicians at the hospital are on the UCSF faculty. Medi-Cal accounted for 57.9% of the hospital's inpatient discharges in 2018 and 66.4% of revenue. Within San Francisco County, the hospital accounts for one-third of Medi-Cal discharges.

The hospital opened a new nine-story acute care hospital building in 2016 that meets the 2030 state seismic requirements. The new hospital's ED is much larger, with capacity to treat twice as many patients. In addition, the ED was designed with surge capacity in mind and can expand from 58 to 116 beds if needed.[49] Of the more than $1 billion to build the hospital, the majority ($887.4 million) was financed through a voter-approved bond, while Chief Executive Officer (CEO) Mark Zuckerberg of Facebook and his wife, Priscilla Chan, a physician, provided $75 million to support the project.[50]

In Alameda County, Alameda Health System (AHS) is the public health system. Highland Hospital in Oakland is the system's flagship facility. The 408-bed hospital is the only Level I trauma center serving the East Bay. In addition to Highland, the system includes 261-bed Alameda Hospital, a district hospital managed (but not owned) by AHS; 93-bed San Leandro Hospital, which AHS acquired in 2013; and 80-bed John George Psychiatric Hospital in San Leandro.[51] The health system also includes an FQHC with four sites, including one at Highland Hospital. Across its system, AHS employs more than 1,000 physicians.[52] In 2018, 63.3% of AHS's revenue came from Medi-Cal, accounting for 53.1% of the system's inpatient discharges.

AHS is organized as a public hospital authority, which operates separately from the county government, although the hospital's board of trustees is appointed by the county board of supervisors. AHS does not receive any county general funds to support its budget; instead, the hospital system benefits from a dedicated county sales tax funding stream (known locally as "Measure A" funding). AHS receives

75% of Measure A funds annually, which translates to more than $100 million and accounts for 10%–11% of the system's overall budget.

In recent years, like other public hospitals across the state, AHS has started to move from FFS toward value-based payment approaches. This move has been driven in part by requirements in the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program in California's Section 1115 Medicaid waiver (known as "Medi-Cal 2020"). As a first step toward taking risk, AHS is interested in taking capitation for primary care services. To support population health management, AHS has started to align more closely with its providers by implementing a single EHR system. AHS implemented Epic in 2019 across all facilities and providers in the system to improve care coordination and better manage financial risk for patient care.

A new nine-story acute care tower was opened at Highland Hospital in 2016 to meet the state seismic requirements. At San Leandro Hospital, AHS retrofitted the upper two floors of the hospital to meet state seismic requirements and relocated all of the acute care rehabilitation beds from Fairmont Rehabilitation and Wellness Center to San Leandro Hospital in 2019. Alameda Hospital has yet to be rebuilt or retrofitted. The future of the hospital resides with the Alameda Health Care District, which owns the hospital.

In 2020, an Alameda County Grand Jury issued a report detailing the serious fiscal crisis facing AHS and assigning AHS, the county board of supervisors, and the AHS board of trustees with joint responsibility for improving the system's financial health.[53] Additionally, after AHS employees raised concerns about the system's safety measures related to the pandemic, county supervisors removed the entire board of trustees in late 2020.[54]

The public hospital system in Santa Clara includes three hospitals: 660-bed Santa Clara Valley Medical Center (SCVMC) in San Jose; 358-bed O'Connor Hospital, also in San Jose; and 72-bed St. Louise Regional Hospital in Gilroy, south of San Jose. SCVMC is a tertiary referral hospital and the only Level I trauma center in San Jose. SCVMC operates one of four burn centers in Northern California, and the only one between San Francisco and Los Angeles.[55] The health system also includes 11 outpatient clinics (eight primary care health centers and three specialty care outpatient facilities) as well as a homeless health care program. At SCVMC, 63.3% of the hospital's 2018 revenue came from Medi-Cal, with an additional 16.3% from Medicare. The payer mix for the O'Connor and St. Louise hospitals includes more commercially insured patients. For O'Connor, the hospital's 2018 payer mix was split evenly between Medicare, Medi-Cal, and commercial payers, with each accounting for one-third of revenue. For St. Louise, Medicare accounted for 25.5% of revenue, with Medi-Cal and commercial payers accounting for 32.8% and 39.7%, respectively.

SCVMC opened a new hospital in 2017 to comply with state seismic requirements. The county also plans to renovate O'Connor and St. Louise to comply with the 2030 deadline. (See "Behavioral Health Care Challenges" later in this report for a discussion of SCVMC's new inpatient psychiatric unit.)

SCVMC takes both FFS and risk-based payments. The hospital is interested in taking more risk (both global and partial) as the market moves toward value-based payment strategies. In particular, the hospital system is exploring taking global risk for Medicare patients in partnership with IPAs in the region.

As part of the purchase of O'Connor and St. Louise from Verity, the county system also acquired De Paul Health Center in Morgan Hill. At the time De Paul was acquired, the facility had been shuttered for 12 years. As part of the county's response to the pandemic, De Paul was activated for use as a nonacute, step-down facility in late 2020. Beginning in 2021, the county intends to use De Paul as a skilled nursing facility or to provide subacute care. Other plans for the De Paul campus include expanded urgent care and other outpatient capacity, a pharmacy, and imaging and lab services.

FQHC Growth Continues

As in the other study regions, FQHCs play an important role across the Bay Area in caring for Medi-Cal enrollees and residents who are uninsured. Across the five counties, between 2014 and 2018, the number of FQHC encounters, or patient visits, per capita grew by 28%, and the number of clinic sites increased by 15% (see Table 10).[56] Medi-Cal accounts for the majority of the patients seen at the clinics in the region. In 2018, 60% of patients were covered by Medi-Cal and another 15% were uninsured.

TABLE 10. Federally Qualified Health Centers

San Francisco Bay Area vs. California, 2014 to 2018

	BAY AREA		CALIFORNIA	
	2018	Change from 2014*	2018	Change from 2014*
Patients per capita	0.1	23%	0.2	29%
Encounters per capita	0.3	28%	0.5	35%
Operating margin	1.6%	–81%	2.1%	–32%

*Reflects the percentage change in patients/encounters per capita and the absolute change in margins.

Notes: Includes FQHC Look-Alikes, community health centers that meet the requirements of the Health Resources and Services Administration Health Center Program but do not receive Health Center Program funding. Patients may be double counted if the same person visits more than one health center.

Sources: "Primary Care Clinic Annual Utilization Data," California Office of Statewide Health Planning and Development, "County Population by Characteristics: 2010–2019," US Census Bureau. All sources accessed June 1, 2020.

In Alameda County, nine community-based FQHCs, one FQHC operated by Oakland Children's, and one public FQHC operated by AHS provide care to local residents. LifeLong Medical Care and La Clinica de la Raza, which primarily serves the Latinx population, are the largest FQHCs in Alameda County. Eight of the community-based FQHCs belong to the Alameda Health Consortium, which operates an IPA, Community Health Center Network (CHCN), that contracts with health plans and takes professional risk for 155,000 managed care enrollees on behalf of member FQHCs. In addition to taking risk, CHCN has participated in Medi-Cal P4P programs operated by both health plans serving Alameda County that reward providers for meeting quality and encounter data standards as well as hospital and ED utilization metrics. Anthem, however, discontinued its P4P program in early 2020. Because CHCN takes professional risk, the IPA also operates its own P4P program, which focuses on quality measures and hospital utilization.

In San Francisco, 12 FQHCs operate in the county, including 11 community-based FQHCs and one public FQHC operated by SFDPH. The public FQHC includes 12 sites with three of the largest primary care sites on the ZSFG campus. Primarily serving the Chinese-American population, North East Medical Services (NEMS) is the largest community-based FQHC in San Francisco, with 10 sites in the county and satellite clinics in other counties, including Santa Clara. In addition to providing health care services, NEMS operates a management services organization. In 2019, NEMS partnered with Health Net to offer an MA health plan, as part of a larger strategy to retain patients as they age into Medicare. In 2021, NEMS will launch a Program of All-Inclusive Care for the Elderly (PACE). PACE serves people aged 55 and older who are certified to need nursing home care but can safely remain in the community with supportive services. Most PACE enrollees are eligible for both Medicare and Medicaid, with enrollees eligible only for Medicare paying a premium for the long-term care portion of the PACE benefit.[57] In early 2021, NEMS also applied to DMHC for a full-service Knox-Keene license, reportedly with plans to enter the MA market.

As in Alameda and San Francisco Counties, FQHCs play an important safety-net role in Santa Clara County. In 2019, six community-based FQHCs, three FQHC "Look-Alikes" (which can receive enhanced Medicare and Medi-Cal payments but are ineligible for federal grants), and one public FQHC operated by SCVMC provided care to county residents. SCVMC operates 11 sites across the county, and several market observers noted the competitive relationship between the county and community-based FQHCs in Santa Clara. In 2020, the largest community-based FQHC, Foothill Community Health Center, with 13 sites in the county, was acquired by Tri-City Health Center, which serves patients in southern Alameda County.[58] Following the merger, the combined organization was renamed Bay Area Community Health.

Also, in 2020, Ravenswood Family Health Network (formerly Ravenswood Family Health Center) acquired MayView Community Health Center, an FQHC Look-Alike. Ravenswood is based in neighboring San Mateo County.

Behavioral Health Care Challenges

Mirroring findings in other study regions, many respondents cited efforts to improve access to behavioral health care as a priority. While the Bay Area has more psychiatrists per 100,000 residents than other study regions, several respondents noted challenges with recruiting and retaining psychiatrists who treat Medi-Cal and other safety-net patients. The need for bilingual behavioral health providers was also noted by safety-net respondents, with one commenting that hiring culturally competent behavioral health providers is a major "pain point."

Shortage of Inpatient Psychiatric Beds

Respondents reported a shortage of inpatient psychiatric beds across the region, with one commenting that capacity is "woefully inadequate." A 2019 California Hospital Association report identified the need for thousands of additional psychiatric beds across the Bay Area, including 832 beds in Alameda County, 442 beds in San Francisco County, and 969 beds in Santa Clara County.[59] Another recent study noted that challenges on the inpatient side may reflect lack of access to care in routine and intensive outpatient settings in a complex system of care for mental health conditions.[60] One hospital executive commented, "Our experience is not that we need acute psychiatric beds, but all types of lower-level inpatient beds, especially locked subacute beds and psychiatric skilled nursing beds." The same respondent noted this problem has been worsened by the pandemic, which has slowed admissions to outpatient settings even further.

To improve access to care, AHS is reportedly working to develop the continuum of care across facilities to relieve pressure on John George Psychiatric Hospital. AHS is also reportedly exploring expanding outpatient care for people with less acute mental health conditions to prevent hospitalizations, as well as to care for those needing follow-up after discharge.

In Santa Clara, SCVMC is building a $350 million psychiatric unit, expected to open in 2023, that will provide inpatient, emergency, and urgent care services for both adults and children. SCVMC is partnering with Stanford, Kaiser, and El Camino Health in this effort: once the new unit is open, the community hospitals will refer patients to SCVMC for care. This should result in a more favorable payer mix for SCVMC, because the hospital will treat Medicare and commercial patients in this unit as well as Medi-Cal and uninsured patients.

Fragmented Behavioral Health Safety Net Moves Toward Integration

In Medi-Cal, health plans are responsible for nonspecialty mental health services (for "mild-to-moderate" conditions), while counties are responsible for specialty mental health and substance use disorder (SUD) services. The complexities of navigating multiple delivery systems — for both patients and providers — has motivated provider, health plan, and county interest in integrating the various systems. Across the region, some promising models are emerging. For example, San Francisco Health Plan contracts with the same specialty mental health providers as the county, which helps Medi-Cal enrollees who need both specialty and nonspecialty mental health services. In addition, some FQHCs, notably HealthRIGHT 360 in San Francisco, are contracting with the county to deliver specialty mental health and SUD services. In Santa Clara, the county has integrated behavioral and physical health care in county-operated FQHCs by having psychiatrists and licensed clinical social workers on-site to provide behavioral health services.[61] ZSFG also has integrated behavioral health into primary care clinics on the hospital's campus. In Alameda, the county provides psychiatric consultation services to primary care and behavioral health providers at the private FQHCs.

Addressing the Needs of the Homeless Population

As in other regions of California, homelessness is a critical issue facing the Bay Area. According to 2017 data, more than 70% of the Bay Area's homeless population resided in Alameda, San Francisco, and Santa Clara Counties, and preliminary data for 2019 indicate the homeless population grew between 17% (San Francisco) and 43% (Alameda) in these counties between 2017 and 2019.[62] In recognition of the overlap between homelessness and behavioral health needs, Alameda, San Francisco, and Santa Clara all include people experiencing homelessness as a focus of their Medi-Cal Whole Person Care pilots, which seek to coordinate physical and behavioral health care as well as social services for high-risk populations.

In San Francisco, an estimated 15,000 people are homeless during a year, and county officials have prioritized addressing the homelessness crisis.[63] In March 2019, San Francisco implemented an initiative, known as Mental Health Reform, to develop recommendations to address the mental health and SUD needs of homeless adults. A related effort, known as Mental Health SF, was approved by the county board of supervisors in late 2019. Mental Health SF includes reform of the behavioral health delivery system and guarantees behavioral health care to all uninsured county residents or residents who are homeless.[64]

Emerging Experience with COVID-19

The Bay Area fared better than the state as a whole during the initial months of the COVID-19 pandemic. Not only did monthly case rates trend lower than statewide rates from March to August 2020 (1,041 versus 1,791 per 100,000 people), but fewer Bay Area cases resulted in death (1.3% of Bay Area cases versus 1.8% of cases statewide).[65] Unemployment in the region tripled during the early months of the pandemic but remained lower than the statewide unemployment rate (see Table 11). Medi-Cal enrollment remained virtually unchanged as of August 2020, though market observers expected job losses to lead to additional enrollment. The Bay Area benefited from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, receiving slightly more provider relief funding per capita than the statewide average as of August 2020. The Bay Area received a quarter of the statewide per capita average of high-impact funds, reflecting the region's relatively lower case rates as of August 2020.

In fall 2020, market observers expected longer-term economic and governmental fiscal challenges that would exceed initial mitigation from federal supports. One respondent observed, "We're headed back into recession mode where the greater the need, the fewer the resources." Safety-net providers expressed concern about future service cuts, explaining that services provided in 2020 relied on organizations' reserves and one-time federal and local relief funds, "but next year, revenues will be down and one-time sources will be gone." These expectations had not been realized by spring 2021 when state and local fiscal prospects improved as a result of better than expected revenue and passage of the third federal stimulus package, which provided $350 billion to state and local governments.[66]

TABLE 11. COVID-19 Impacts: San Francisco Bay Area vs. California, August 2020

	Bay Area	California
UNEMPLOYMENT RATE		
► Pre-pandemic (FEBRUARY 2020)	2.7%	4.3%
► Mid-pandemic (AUGUST 2020)	8.6%	11.4%
MEDI-CAL ENROLLMENT		
► Percentage change (FEBRUARY TO AUGUST 2020)	1.5%	1.0%
CARES ACT, PER CAPITA (AUGUST 2020)		
► Provider Relief Funds	$151	$148
► High Impact Funds	$4	$16

Sources: "Employment by Industry Data," State of California Employment Development Department; "Month of Eligibility, Dual Status, by County, Medi-Cal Certified Eligibility," California Health and Human Services, Open Data; and "HHS Provider Relief Fund," Centers for Disease Control and Prevention. CARES Act data accessed August 31, 2020; all other data accessed September 30, 2020.

In the Bay Area, as across the state and the nation, COVID-19 has disproportionately affected populations of color, particularly the Latinx population, elevating public discussion of long-standing racial and ethnic health and socioeconomic disparities.[67,68] A UCSF study of San Francisco's

Mission District, a largely Latinx neighborhood, found the positivity rate 20 times higher in Latinx participants than non-Latinx participants (3.9% versus 0.2%) between April and May 2020, pointing to the Latinx community's inability to work from home and crowded living conditions.[69] Similarly, in Alameda County, a study of the AHS ED in April 2020 showed Latinx patients' positivity rate was significantly higher than non-Latinx patients (40.3% versus 10.1%).[70] Across the region, analysis of case rates from March through July 2020 by zip code showed COVID-19 transmitting faster in low-income neighborhoods, particularly among communities of color, than in higher-income areas.[71] As one respondent said, "the pandemic has laid bare the disparities." According to another, "COVID-19 offers a glaring example of the inequitable access to care and health in general."

Counties Tap State and Federal Resources for Housing Solutions

Bay Area counties temporarily housed people experiencing homelessness at high risk of COVID-19 because of age or underlying chronic illness in hotel and motel rooms under the governor's Project Roomkey, which was launched in April 2020. As of fall 2020, Project Roomkey housed approximately 4,800 people in dozens of hotels across the five Bay Area counties paid for with Federal Emergency Management Agency funds (75%) and a state-funded match (25%).[72,73] The governor built on this program by creating Project Homekey in June 2020, which leveraged federal coronavirus relief funds to provide $600 million in grants (subsequently increased to over $800 million) for local governments to purchase hotels by the end of the year to convert to permanent housing units.[74,75] Local governments took advantage of this program and expected to add more than 1,200 permanent and interim housing units across the region.[76]

The unprecedented addition of so many housing units in such a short time will undoubtedly provide shelter to many who would have otherwise gone without. These programs, however, will not solve the Bay Area's long-term severe housing shortage, and the pandemic's longer-term consequences for housing and homelessness have yet to unfold. How long the economic downturn and the normalization of working remotely will last and how those trends will interact with the cost of housing remains to be seen.

Health Care Organizations Responded Collaboratively

Similar to other regions in this study, the pandemic inspired many collaborative efforts. Organizations reportedly came together in new ways to share information, secure personal protective equipment, organize hospital resources, help with contact tracing and testing, and quickly move funding to areas of greatest need. For example, all of the hospital CEOs in San Francisco met weekly to collaborate on and coordinate pandemic response efforts. ZSFG, UCSF, and Dignity also worked together to set up a COVID-19 unit at Dignity's Saint Francis Memorial Hospital. As an academic medical center in San Francisco, UCSF worked closely with SFDPH and UCSF affiliates to efficiently disseminate research-based information about COVID-19. In Alameda County, AHS and community health centers conducted testing and contact tracing in vulnerable neighborhoods, and in Santa Clara, SCVMC and VHP helped with contact tracing as well.

Many Advantages to Embracing Telehealth

At the start of the pandemic, many patients and health care providers, especially FQHCs, did not use telehealth, or used it only in an extremely limited way. Pushed to provide services and generate revenue without face-to-face interactions, providers across the private and public sectors quickly pivoted to telehealth. One respondent commented, "We did more in the last 90 days for telehealth than in the last 10 years."

Providers and patients, even those previously reluctant, embraced telehealth, particularly telephone visits, and even found some aspects advantageous over face-to-face care. Providers appreciated the ability to observe social determinants of health during video visits, such as a patient's home environment, fall risk, and medicine cabinet,

or a child's disposition in determining need for emergency care. Telehealth also dramatically reduced appointment "no-show" rates, particularly for behavioral health appointments. Respondents explained that telehealth eliminated transportation challenges, provided convenience and urgent care, and, specific to behavioral health, reduced feared stigma from being seen physically attending an appointment related to SUD or mental health treatment. Finally, one respondent, struggling with workforce retention because of high local housing costs, hoped telehealth would offer a long-term solution to this perennial problem. Despite resounding enthusiasm for telehealth among respondents and a belief among many that telehealth is here to stay, it is unknown how federal and state policies will support telehealth use after the pandemic ends.

Issues to Track

- Will additional health system affiliations or consolidation among hospitals and physicians occur, or will the market stabilize? What will be the long-term impacts of hospital and provider consolidation on health care affordability in the region?
- Will the number of independent physicians in private practice continue to decline? How will the Altais acquisition of Brown & Toland affect the market? Will Altais acquire other IPAs or medical groups in the region or state?
- How will the new risk-bearing models evolve? Will Canopy continue to expand? Will direct-to-employer contracting gather steam?
- Will AHS continue to struggle financially? Will SCVMC enter into global risk contracts for Medicare patients?
- Will San Francisco's behavioral health reform initiatives result in improved access and better outcomes for people experiencing homelessness?
- How will the pandemic impact the Bay Area over the longer term? How will the pandemic-related recession impact providers and county budgets in the region?

ENDNOTES

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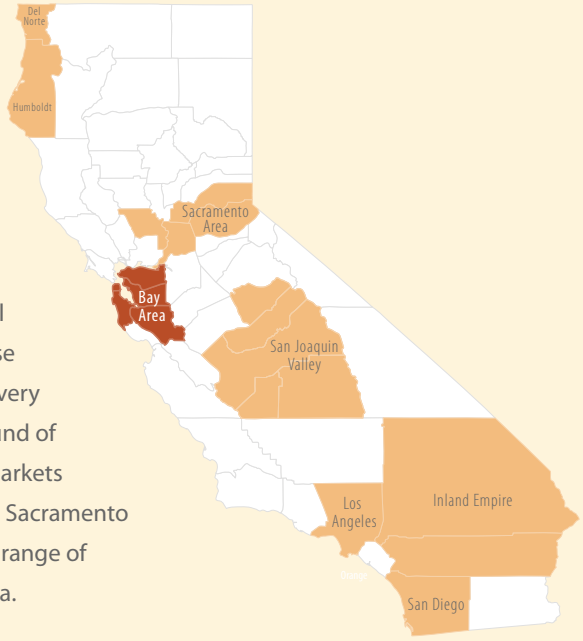
Background on Regional Markets Study: San Francisco Bay Area

Between August and December 2020, researchers from Blue Sky Consulting Group conducted interviews with health care leaders in San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara Counties in the San Francisco Bay Area of California to study the market's local health care system. The market encompasses the San Francisco-Oakland-Berkeley Metropolitan Statistical Area and the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.



The San Francisco Bay Area is one of seven markets included in the Regional Markets Study funded by the California Health Care Foundation. The purpose of the study is to gain key insights into the organization, financing, and delivery of care in communities across California and over time. This is the fourth round of the study; the first set of regional reports was released in 2009. The seven markets included in the project — Humboldt/Del Norte, Inland Empire, Los Angeles, Sacramento Area, San Diego, San Francisco Bay Area, and San Joaquin Valley — reflect a range of economic, demographic, care delivery, and financing conditions in California.

Blue Sky Consulting Group interviewed nearly 200 respondents for this study, with 29 specific to the San Francisco Bay Area. Respondents included executives from hospitals, physician organizations, community health centers, Medi-Cal managed care plans, and other local health care leaders. Interviews with commercial health plan executives and other respondents at the state level also informed this report. The onset of the COVID-19 pandemic occurred as the research and data collection for the regional market study reports were already underway. While the authors sought to incorporate information about the early stages of the pandemic into the findings, the focus of the reports remains the structure and characteristics of the health care landscape in each of the studied regions.

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ABOUT THE FOUNDATION

The **California Health Care Foundation** is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford. CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system.

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