



Final Report to the California Partnership for the San Joaquin Valley  
SAN JOAQUIN VALLEY HEALTH ENTERPRISE ZONE PROJECT

**History and Background:**

The Health Enterprise Zone (HEZ) project was developed to respond to the California Partnership for the San Joaquin Valley (Partnership) Health and Human Services (HHS) Work Group recommendation to: *Establish medical “enterprise zones” throughout the region that offer tax credits and other financial incentives for providers to retain, open and expand services to underserved populations.* This recommendation was incorporated into the Partnership Strategic Action Plan; and the Central Valley Health Policy Institute (CVHPI) was funded to assess the feasibility of implementing a San Joaquin Valley HEZ. The Central California Public Health Partnership (PHP) is the lead organization in this effort with CVHPI providing the project staff.

The initial objectives of the San Joaquin Valley HEZ project were to identify the critical elements for successful recruitment and retention of health professionals and health services in underserved areas of the region, foster consumer awareness and responsibility for healthy living and wellness practices, and explore the feasibility of applying this model through community and stakeholder participation. Critical to the success of this project was the engagement of a Task Force with broad representation from regional business, economic, legislative, community, and health leaders to develop a HEZ concept for the San Joaquin Valley. To ensure a thorough and objective HEZ model assessment, we have enlisted the expertise of a consulting team from related Partnership work groups including: Economic Development, Higher Education and Workforce Development, Land Use, Agriculture and Housing, and Advanced Communication Systems and Information Technology.

**Overview of the Project Questions:**

The initial goal was to answer these broad questions:

- 1) How should the problem of health access in the San Joaquin Valley be defined?
- 2) What are the financial and regulatory barriers to establishing a new medical practice/health business?
- 3) Has HEZ been implemented successfully elsewhere and what can be learned from this?
- 4) What economic incentives have proven results in recruiting and retaining physicians and other health care practitioners?

**Project Timeline and Progress:**

This is an 18-month project from July 2007 until December 2008. To date, two HEZ Task Force meetings provided stakeholder-driven direction, health care needs assessment data, HEZ model development, and final model selection. CVHPI developed a San Joaquin Valley HEZ Model Concept Interim Report based on research, interviews and focus groups with experts in the areas of health business, economic development, provider recruitment, and government. Next, feasibility assessments were scheduled in each of the eight San Joaquin Valley counties. Concurrently, a cost-benefit analysis of potential incentives has been conducted. To

culminate the HEZ project, a final report will be presented including the concept report, eight-county feasibility report, cost-benefit analysis report and recommendations for strategies to implement a San Joaquin Valley HEZ model. These San Joaquin Valley-based health care policy recommendations will be proposed to the California Partnership for the San Joaquin Valley with collaboration and guidance from San Joaquin Valley health-care stakeholders, Central California Public Health Partnership, and San Joaquin Valley HEZ Task Force.

## **Accomplishments**

The HEZ project has resulted in several accomplishments. First, the project increased collaboration among San Joaquin Valley (Valley) county health-care stakeholders and generated enthusiasm and positive media interest throughout the Valley. Legislative representatives, local physicians and hospital recruiters, health-care economists, health-care consortiums and advocacy groups, medical societies, and Valley constituents have inquired about the HEZ models and support for forthcoming recommendations. A single HEZ model has risen to the top and has been researched in particular depth, as a result of increased collaboration among Valley health-care stakeholders to address the regional disparity and shortage of health-care professionals. In addition to increased unification, the Valley counties have assisted with outreach and constructive feedback of all HEZ-related reports, findings, and discussions. The HEZ project has gained attention from Congressman Cardoza, Retired Assemblywoman Nicole Parra, Toby Douglas of State Department for Health Care Services, and Peter Barth, director of California Health and Human Services Department director. Additionally, local news journalists in Tracy, Stockton, and Fresno attended county and regional venues where the HEZ project was discussed; they interviewed the project director and participants for insight into the project.

After conducting intensive research, data collection, interviews, and presenting findings to the San Joaquin Valley HEZ Task Force members and county stakeholders, a consensus has been reached. Valley health-care stakeholders have identified their primary interest in furthering the HEZ Federal Medicaid (FMAP) health-care financing model to address health care professional shortages in the Valley. Essentially, the HEZ FMAP model entails modifying the current Federal Medicaid matching rate for designated sub-state regions with poverty rates and associated demand for publicly insured care that are much higher than the remainder of the state. These sub-state regions would receive increased federal funding (while maintaining current state effort) that is more inline with their unique population (e.g., payer mix, poverty, unemployment) and health care environment. The Valley would be among these sub-state carve-outs and would receive significantly increased Medi-Cal funding to increase health care access and reimbursements to health-care specialists and primary care physicians providing care to underserved Valley populations. The additional funds would be managed regionally to promote development of innovative regional approaches to increasing health-care access for the currently underserved. Approaches such as changing the reimbursement and regulatory frameworks for Federally Qualified Health Centers and Rural Health Centers – equally complex federal and state legislative initiatives – and increased public financing for medical and health-care education in the region were viewed as potentially helpful but insufficient to address the structural financing and regulatory challenges that plague all aspects of the region's health systems.

Focus on this FMAP model requires additional resources and application for a federal waiver to implement. CVHPI has been analyzing state and national data to identify if there are other comparable sub-state regions in California and nationally. CVHPI is assessing the feasibility of implementing a pilot of this model to improve the supply of specialty and primary care physicians in the Valley. All Valley counties have reached a consensus to continue the necessary research to move this HEZ FMAP model forward and to the state and national legislatures.