California Community Clinics

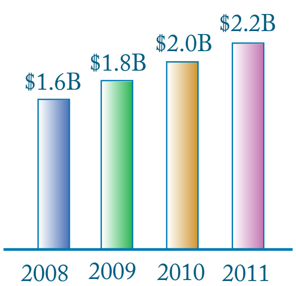
Organizational Factors Impacting Financial Performance

This study was conducted to better understand the financial health of the California clinic safety net and factors that may positively influence the development of high performing health clinics. The research also developed a framework for grouping clinics by similar operational characteristics to enable benchmarking and sharing of best practices. This infographic illustrates selected performance highlights of Federally Qualified Health Centers and Look-Alike clinics in California. A full profile, including for all clinic types, is presented in the complete report.

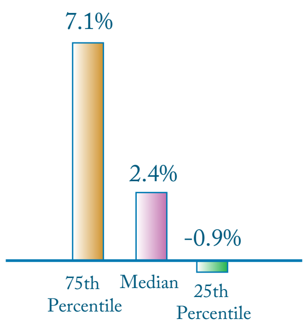
Clinic Financial Profile

Over the four year study period (2008-2011), clinics continued to demonstrate strong growth but had tight margins. Federally Qualified Health Centers and Look-Alike Clinics outperformed other types of clinics.

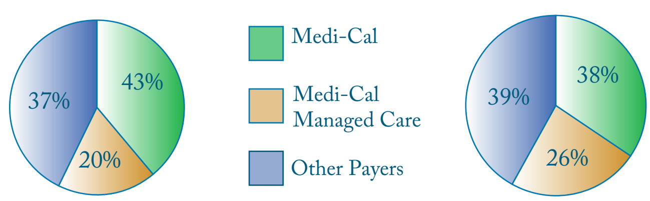
Operating Revenue Growth of 33%



Tight Operating Margins with 25% of Clinics Vulnerable



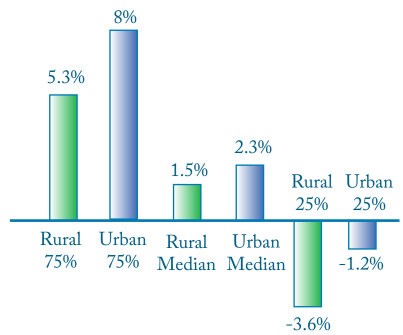
Medi-Cal revenue continued to comprise 63-64% of Net Patient Revenue for all clinics, but shifted towards Medi-Cal managed care.



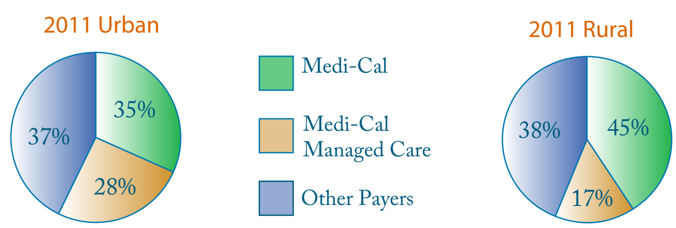
Clinic Location

Urban clinics earned higher margins. Rural Clinics spent 2% more on salary-related expenses, which affected margins negatively. Rural clinics had less cash reserves than urban clinics, with 20 fewer days cash on hand at the median. 1 in 4 rural clinics operated with 12 days cash reserves or less.

2008-2011 Average Operating Margins



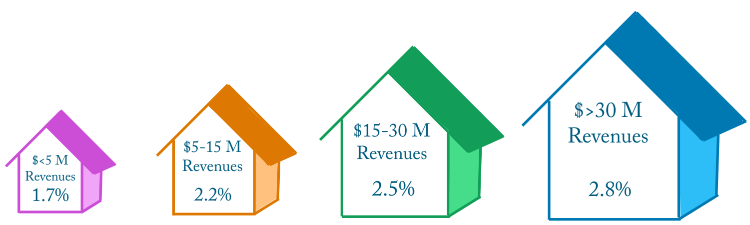
Rural and urban clinics were similar in the proportion of patient revenue from Medi-Cal. However, rural clinics earned less of their Medi-Cal revenue from managed care programs. Notably, patient revenue covered a lower percentage of costs for rural clinics (65%) than for urban clinics (67%).



Size

Larger clinics generally outperformed smaller ones. This was true whether size was measured by revenues, number of employees or patients, or other metrics.

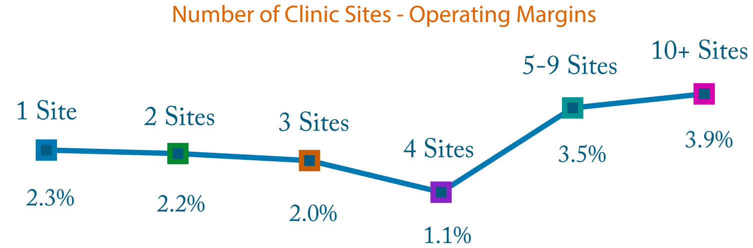
Larger Clinics Generated Higher Margins



Number of Sites

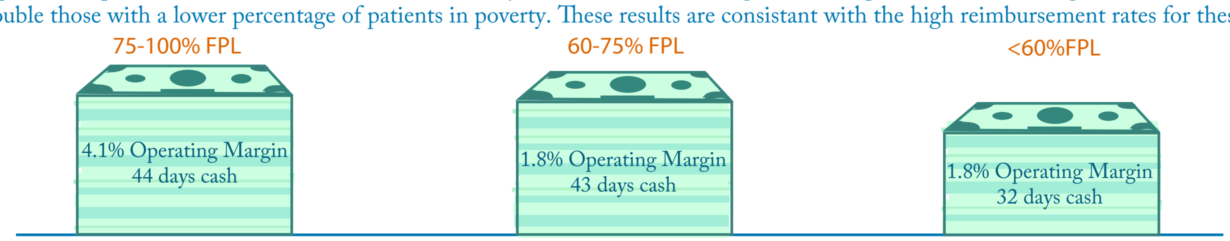
Once a clinic organization grew to three to four clinic sites, operating margins began to slip. Clinics with five to nine sites had healthier margins while clinics with 10 or more sites enjoyed even stronger operating performance.

Number of Clinic Sites - Operating Margins



Patient and Payer Mix

Clinics with a higher portion of patients under 100% of the Federal Poverty Level (FPL) had stronger financial performance, with higher cash reserves and operating margins more than double those with a lower percentage of patients in poverty. These results are consistant with the high reimbursement rates for these clients.



Access the report at:
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