

**KRONKOSKY CHARITABLE FOUNDATION  
ROUNDTABLE DISCUSSIONS**

**TOPIC:** Government Funding

**DATE:** May 6, 1999

**PREPARED BY:** Stephen Shin

**PARTICIPANTS**

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**Invited Representatives**

Susan Bomalaski	Executive Director	St. Peter - St. Joseph Children's Home
Carole Chamberlain	Executive Director	Barrio Comprehensive Family Health Care Center
Sonya Gonzalez	Executive Director	Parent Education Early Intervention Program
Sharon Shook	Executive Director	San Antonio Council on Alcohol and Drug Abuse
Don Weng	Operations Manager	COIL

**Foundation Staff and Trustees**

Palmer Moe	Executive Director
Megan Kromer	Director of Program and Evaluation
Mark Carmona	Grants Manager
Stephen Shin	Student Intern

**Overview of Agencies**

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**St. Peter-St. Joseph Children's Home**

St.Peter-St. Joseph Children's Home (SPSJCH) provides care for displaced or potentially displaced children in the area.

- SPSJCH was founded in 1891.
- The Texas Department of Protection and Regulatory Service (TDPRS) places children under the care of SPSJCH.
- TDPRS rates the children on a scale of 1-4 (1 being the lowest level) depending on level of care required. SPSJCH receives a reimbursement of \$15 for a child-level 1 and up to \$82 for a child-level 4.
- The average cost of care for any child is \$85, which includes schooling, therapy, food and care.
- The number of children in the state care system has declined over the years due to permanency planning, which allows for one year of care before attempting to relocate the children outside the system.
- The lower state budget has the effect of "squeezing out" children who might have been placed within the state's care under a higher budget.

- The percentage of children placed there voluntarily as the parents "work it out" has risen during the same period.
- There is an overall decline in the number of children at the home.
- Yet, SPSJCH has had to continue to staff at maximum capacity in the event of an increase in the number of children the state could place in its care.
- Coupled with recent changes in the state per-diem levels and two increases in the federal minimum wage standard, the SPSJCH has been forced to explore other options that does not require it to be as dependent on state money, including ceasing to accept state-placed children.

**Budget** (Approximate measures)

- 40% government (mostly state funding; federal funding: FDA food program)
- 35% private contributions
- 20% United Way
- 5% Catholic Archdiocese

**Barrio Comprehensive Family Health Care Center**

Barrio Comprehensive Family Health Care Center (BCF) provides primary care services (medical, dental, etc.) and health education programs. BCF serves the underprivileged in and around San Antonio. Many its child-related cases range from asthma to ear-aches while adult-related cases deal with pre-natal care and obesity related diabetes.

- Around 51% of it clientele are under 21 years of age.
- Many of its clients are uninsured (74%).
- BCF has become more dependent on federal funding over the past decade (7% increase over the past 10 years).
- Due to a 45% increase in their budget due to rising health care costs while experiencing a drastic reduction in Medicare and Medicaid reimbursements (40% decrease over the past two years), BCF has turned to managed care.
- Prior to becoming managed care, BCF did not have mainstream commercial contracts. BCF currently has contracts with some insurance companies.
- Being contracted with companies like HMO Blue is extremely difficult due to high administrative costs (many HMO's are subcontracted out to numerous organizations and practices) which reduces the available amount of Medicare and Medicaid funding.
- BCF has also experienced a reduction in Medicaid revenue as it has lost many of its elderly clients to the aggressive marketing strategies of HMOs.
- BCF still provides services to the same number of patients due to its ability to control cost.
- However, BCF is uncertain of its ability to maintain current care levels due to its inability to offer market-value salaries to its staff. BCF has already experienced a slight decrease in the number of employees it can staff.
- BCF does receive some help through federal loan programs (San Antonio is designated as an underserved area), but it is a temporary measure as the program only lasts for two years.
- BCF would like to expand prevention programs (exercise, low-fat diets, etc.).

**Budget**

- 32% from federal sources
- 10% from state
- Rest from Medicare and Medicaid payments.
- BCF relies on foundations for capital equipment.

### **Parent Education Early Intervention Program**

For over 18 years, Parent Education Early Intervention Program (PEEIP) has provided education, counseling and therapy to children and parents around San Antonio.

- PEEIP emphasizes personal and humanistic approach to care.
- PEEIP is extremely dependent on government funding. Around 60% of their budget comes through Medicaid reimbursements. It receives some funds from private insurance.
- Government funding requires extreme amounts of documentation which has diverted time and energy away from PEEIP's primary interests.
- PEEIP's high turnover rate stems from the dissatisfaction with having to follow rigorous state procedure on documentation and not monitoring the actual overall level of care.
- PEEIP feels that the increased stringency of state regulations derives from the state's belief that there are too many programs in the area that provide the same type of care. Therefore, the regulations are intended to "weed out" some programs.
- PEEIP has chosen to cease its operations due to the bureaucratic nature of its field.

### **Budget**

- 95% state funding, half of which are from federal programs.

### **COIL**

COIL's mission is to help the physically disabled become less-reliant on outside services in the hope that they can learn to live independently. COIL coordinates programs that raises confidence in the abilities of the disabled and then places them in the community.

- Independent Living programs prevent patients from the costly and ineffective process of recycling through programs.
- COIL previously received funding from the Texas Rehabilitation Council (TRC), which no longer funds specifically for these services. Instead, another state agency, SALES (service for all people for all disabilities), receives funding through non-competitive grants for somewhat similar purposes. Support of the disabled still exists. It is just travels through different avenues.
- Independent living issues are not yet resolved with SALES. The director of SALES quit before TRC and SALES could determine whether independent living programs would be funded. No replacement has been hired.
- Though COIL currently receives funding from the Texas Commission for the Blind and the Physically Disabled and the Texas Housing Commission, these grants are not for the specific purpose of independent living. COIL has had to change its operating focus.
- COIL recoups some funding for independent living through these other grants like the Rehabilitation Engineering and Extreme Rehabilitation Service.
- COIL also works through fee for specific services.
- COIL refers patients out for services they no longer can provide.

- SALES does not and cannot offer the same services as COIL did because of budget constraints and state mandates require it to cover certain programs.

### **San Antonio Council on Alcohol and Drugs**

The San Antonio Council on Alcohol and Drugs (SACAD) provides two essential services: aiding alcoholics find help and educating the community to remove the burdening stigma of alcoholism, which many still perceive as a moral and not a medical issue. SACAD operates in a field in which the state of Texas chooses to not fund heavily.

- SACAD was founded in 1957.
- Basic services include counseling, screening, assessment, 30 day, 60 day and 90 day follow-ups and other forms of support.
- SACAD also sponsors various prevention and intervention programs.
- SACAD receives a majority of its funding through the Texas Commission on Drugs and Alcohol. Its dependence on the state stems from a lack of willingness of people to donate to this cause and the impracticality of accepting government office grants.
- Its primary prevention program is a very outcome driven program, similar to managed care organizations.
- SACAD has shifted to a more managed care orientation for several reasons: the outcome perspective is beneficial for evaluation purposes (important in the eyes of funders like United Way), the overall non-profit public service sector seems to be moving toward that direction and it is very dependent on state dollars.
- SACAD has had to undergo an attitude shift and retrain many of its employees to adapt to the managed care style of operation. In addition, SACAD has placed more emphasis to researching more cost-effective treatments and delivery methods.
- Managed care has led to referral problems, because it is not conducive to referrals in the public service area.
- SACAD is attempting to construct a networking circle that will include more substance abuse programs.

### **Budget**

- 75% from the TCDA
- 15% private contributions and foundations
- 10% United Way

### **Issues**

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Non-profit health care and public care services are at a crossroads. With the decrease in government funding and the increase stringency of government regulations, organizations previously dependent on government funding have had to reorient themselves in their field. Increasingly, this field has begun to resemble more of an economic market: numerous organizations competing for scarce resources (limited funding). The answer for many groups is to turn to a managed care operating style in which cost-effectiveness and efficiency is emphasized. Many have done so hesitatingly.

### **Government Funding**

- Continued dependence on government funding subjects organizations to unstable and unpredictable budgets due to the volatile political nature of government.
- Administrative costs have drastically increased as government agencies require excessive documentation. Some feel that this money could be used better elsewhere.
- Government funding has dwindled.
- Government restructuring has led to the abolishment of certain agencies and the consolidation of their responsibilities under a "central" agency which makes the process more bureaucratic and burdensome. The organizational structure has become more like managed care.
- There has been an exorbitant increase in expectations from government agencies that places pressure on organizations.

### **Managed Care**

- Managed care tends to place too much emphasis on business, something most non-profit medical care or public care organizations are reluctant to do.
- Are there real benefits to managed care systems? Are hard outcome orientations the best way to evaluate, especially if the outcomes are largely financial.
- Increased responsibility vs. loss of mission. The Outcome Trap often muddles the original intent of the organization.
- Managed care can lead to commercial contracts, and other subcontracts, thus creating a burdensome structure that requires high administrative costs similar to government bureaucracies.
- Managed Care vs. Managed Cost. Does managed care have anything to do with care? Is it only cost oriented? Same amount of care for less money or less care for less money?
- Lose of personal intimacy with patients/clients.
- How can existing non-profit medical care and public care organizations evolve to provide the same care in a cost efficient manner?
- As more organizations turn toward managed care, the competitiveness has lead to the closing of organizations that provide vital services. Mergers need to occur in order for many organizations to survive, but then the question becomes one of autonomy.

### **Problems facing both**

- Managed care or government funding, can organizations offer competitive market-value salaries?
- Rising health care costs force organizations into precarious financial straits.
- Foundations and private donors rarely fund administrative costs or day-to-day costs.
- Non-profits are already operating at low cost. Can they go any lower?

### **Suggestions**

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- Organizations need to become more entrepreneurial in nature by marketing their services more aggressively.
- Organizations could become more diversified in order to make up lost funding. Offer additional profitable services to cover costs for other programs.
- Network and coordinate with other organizations.
- Keep in close contact with respective government agencies as to what they expect.