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Elica Health's new CEO chose to experience its services firsthand

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July 20, 2017 — About a year ago, the board of directors at Elica Health Centers launched a nationwide search for a new CEO. Elica's founder and CEO of nearly 20 years, Elizabeth Cassin, was ready to pass the baton to a new leader. The search for a new CEO led the board from coast to coast, but the most appealing candidate wound up sitting at their own table.

Kenneth McGuire, who served on the board's finance committee for over a year, started as CEO of Elica on July 1. He threw his hat in the ring for the CEO position after developing a passion for helping disadvantaged populations gain access to health care.

"Being able to provide health care to the homeless and immigrant populations who are underserved in Sacramento is very gratifying," McGuire told the Business Journal.

According to Cassin, McGuire's commitment to Elica's mission was evident from when he first joined the organization.

"When he was approached to join the board, his requirement was that he join the board as a consumer," Cassin said.

Federally qualified health centers (FQHCs), such as Elica, receive federal funding to provide care for underserved communities and are required by law to have a governing board. More than half of the board members must be consumers of the medical group; the other members are typically community stakeholders with business, legal and health care backgrounds. With his experience in finance and health care, McGuire was more than qualified to



serve on the board as a stakeholder - but he was committed to experiencing Elica's services firsthand.

"He felt he needed to be down where the rubber meets the road to see how we were impacting the community," Cassin said. "He's very devoted to the community and those we serve, and he wants to know what we're doing, how we're doing it and what we can do to improve."

McGuire's resume includes years of experience in finance and health care. He spent 15 years in banking. Following the recession, when lending markets were depressed, McGuire made a career change. He joined Horizon West Healthcare Inc., which operated 27 skilled nursing facilities at the time, as CFO in 2008. In less than a year, he was appointed CEO.

Leading up to his tenure at Horizon West, the Rocklin-based company was mired in controversy and litigation. One case involved the death of a 79-year-old patient in 2005, which resulted in years of court battles and a \$29.1 million judgment against the company in 2010.

"I saw a great company that needed better leadership - that's why I took the job," McGuire said. He pointed

to his experience evaluating risk as key to his ability to help Horizon West. "All of my experience in the banking industry involved turnarounds. This situation was no different."

Horizon's financials improved in McGuire's first year, but he left the company in 2011 when it was acquired by Plum HealthCare Group LLC.

After Horizon, McGuire founded Innovations Health Systems LLC, a Rocklin-based holding company that invests in health care companies. One of its holdings, Innovations Health Devices, manufactures and distributes medical devices for patients with degenerative diseases. Another, Pediatric Recovery Network, provides post-acute care for children throughout Northern California. McGuire remains an investor in Innovations Health and chairman of its board, though he's no longer involved in its day-to-day operations.

As he settles into his new role at Elica, McGuire is eyeing ways to continue its growth. Since receiving FQHC designation in 2012, Elica has increased its number of facilities from two to eight. From 2012 to 2015, patient visits increased from 10,000 to 60,000 and revenues rose from \$2.35 million to over \$11 million, according to the nonprofit reporting service GuideStar. One of McGuire's first major tasks as CEO will be overseeing a new facility in West Sacramento, which will replace a smaller facility and offer expanded dental and mental health services.

Explosive growth among FQHCs in recent years was largely due to increased federal funding under the Affordable Care Act, according to Chris Perrone, director of improving access at the California Health Care Foundation. The increase in funding "gave them the opportunity to invest in better care and expand their operations."

The growth in FQHCs has been a boon for newly insured patients, especially in California. According to Perrone, FQHCs have provided a significant portion of care to new patients under Medi-Cal.

But reliance on the ACA puts FQHCs in the crosshairs of a raging national health care debate. A repeal or replacement of the ACA could result in a significant reduction in funding for FQHCs.

"Many (FQHCs) would return to the days of struggling financially," Perrone said. While McGuire is aware of the risks, he says his focus is on the organization internally.

"I want to make sure every part of our foundation is strong," he said. "That's something that you need to continually remind yourself as a fast-growing organization."

On his first day as CEO, McGuire had his executive team write down a list of their duties on a day-to-day basis.

"I told them, 'Forget about your job titles,'" he said. "'Tell me about your priorities, and tell me the responsibilities that come with them.'"

The goal was to identify and address gaps at the highest levels of leadership. McGuire emphasized the importance of focusing on variables within his control. "You have to come to work and do your job every day," he said. "You can't be fearful."