

740
SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE: July 29, 2003

SUBJECT: Participation in SB-1255 Program – Round Sixteen A

RECOMMENDED MOTION: That the Board of Supervisors authorize a transfer of \$16.5 million from County General Fund to the California Medical Assistance Commission's SB-1255 Trust Fund.

BACKGROUND: SB-1255 (Chapter 996, Statutes of 1989) added Section 14085.6 to the Welfare and Institutions Code. This section established a program whereby the State may utilize certain voluntary Intergovernmental Transfers to provide funds to Disproportionate Share Hospitals (only) to assist them in enhancing or maintaining access for Medi-Cal beneficiaries. The state Medi-Cal Program uses Intergovernmental Transfers to match Federal dollars, to make additional payments to Disproportionate Share Hospitals providing basic emergency room services, and to participate in the Selective Provider Contract Program. SB 1255 provides local governmental hospitals an opportunity to potentially receive approximately \$1.50 or more back for every dollar contributed.

(Continued on Page 2)

Douglas D. Bagley

Douglas D. Bagley, Chief Executive Officer
Riverside County Regional Medical Center

FINANCIAL DATA:

CURRENT YEAR COST	\$ 16,500,000	ANNUAL COST:	N/A
NET COUNTY COST	\$ 0	IN CURRENT YEAR BUDGET:	YES
		BUDGET ADJUSTMENT FY:	No for FY 03/04

SOURCE OF FUNDS: County General Fund Transfer

C.E.O. RECOMMENDATION:

APPROVE

Dan Marting

County Executive Office Signature

Department Recommendation:
 Consent Policy

Per Executive Office:
 Consent Policy

Department Recommendation:

Per Executive Office:

Prev. Agn. ref.

Dist.

AGENDA NO.

3.70

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OFFICE OF THE COUNTY CLERK
COUNTY OF RIVERSIDE, CALIFORNIA

SUBJECT: Participation in SB-1255 Program – Round Sixteen A

(BACKGROUND continued)

The California Medical Assistance Commission (CMAC) has already completed various "rounds" of transfers/negotiations and distributions. Riverside County Regional Medical Center (RCRMC) is a disproportionate share hospital. The Hospital has participated in the Selective Provider Contract Program (Medi-Cal) since inception of the program. RCRMC is a major provider of Medi-Cal emergency, trauma, and other services in the County of Riverside.

The annual impact of State and Federal funding at RCRMC for next year is substantial. One opportunity for recovering additional funding to offset the cost of both charity and indigent care is through participation in the SB 1255 Program.

The deadline for an Intergovernmental Transfer into the Emergency Services and Supplemental Payments Fund is anticipated to be August 1, 2003.

The SB 1255 Program holds the State harmless from any Federal disallowance resulting from this program. A hospital receiving supplemental reimbursement, pursuant to this section, shall be liable for any reduced Federal participation resulting from the implementation of this program. The State may recoup Federal disallowances from the hospital in any manner authorized by law or by contract. Since the inception of the program in 1988, there have been no disallowances at RCRMC.

The method of funding this transfer is as follows: 1) The County General Fund will transfer the designated amount due CMAC; 2) The Hospital will, in turn, transfer funds from the Enterprise Fund to the County General Fund proportionately as they are received from the State.

The Hospital has received approximately 180 percent returns on previous Intergovernmental Transfers. There is no formula for this distribution as there is with SB 855. The distribution is made on the basis of negotiations that occur between hospitals and Medi-Cal and subsequent amendments to contracts. As with any government program, there is always some risk. However, in fifteen previous rounds, every county that made an Intergovernmental Transfer received not only its transfer, but also a return ranging from 150 to 200 percent. Riverside County's average return is between 170 and 180 percent for every dollar transferred. If the State did not return County Intergovernmental Transfers, the program would end up "defunct" as no county would ever participate. This is a highly unlikely scenario, based upon the fact that this program also saves the State General Fund from having to make other increases in Medi-Cal Program payments to hospitals.

In the past, the principle concern with participation in SB 1255 has focused upon the actual timing of the payments, both the transfer to the State and the return to the Hospital before the Fiscal Year End. The County Counsel, Specialty Counsel, and the Executive Office have reviewed this program.

FINANCIAL JUSTIFICATION:

There are sufficient appropriations in the Contributions to Health and Mental Health budget and the hospital budget for this transaction. We anticipate payment from CMAC and repayment to the General Fund by June 30, 2004. The SB 1255 Program significantly offsets the local costs of indigent care, while maintaining access to needed hospital services.