

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

344



FROM: Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
May 31, 2005

SUBJECT: Annual Rate Adjustment at Riverside County Regional Medical Center

RECOMMENDED MOTION: Request that a public hearing be set to discuss the implementation of a 15% rate increase at RCRMC and at the close of the hearing, that the Board approve resolution # 2005-304 to increase the current hospital charge structure by 15%; delegate to the Hospital Director authority to implement the rate increase; delegate to the Hospital Director the authority to adjust/add/delete rates within the hospital's rate structure as dictated by federal and state regulation changes or requirements; delegate to the Hospital Director the authority to negotiate discounts with non-federal, non-state, non-contracted third party health care insurance carriers and self pay individuals.

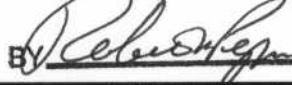
BACKGROUND: The Hospital's Charge Description master (CDM) contains the billing codes and retail charges for over 15,000 patient supplies, procedures, daily room rates and clinic rates for services rendered or performed at and billed by the Hospital. The Medi-Cal program provides the majority of RCRMC's income as well as support for indigent care.

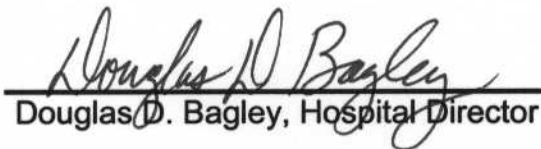
Departmental Concurrence

Continued

FORM APPROVED
COUNTY COUNSEL

JUN 06 2005

BY 


Douglas D. Bagley, Hospital Director

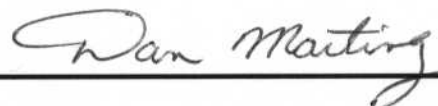
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|-----------------------|-------------------------------|------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 0 | In Current Year Budget: | NO |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | NO |
| | Annual Net County Cost: | \$ 0 | For Fiscal Year: | 2005-06 |

| | | |
|-------------------------|----------------------------------|--------------------------|
| SOURCE OF FUNDS: | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature



FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, Auditor-Controller
BY  Deputy

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.:

District:

Agenda Number:

3.52

BACKGROUND CONTINUED:

The federal rules prohibit the Medi-Cal (Medicaid) program from making aggregate payments that may exceed the total charges for these services. In the event that aggregate payments exceed charges, the federal government will recoup the amounts over and above this charge ceiling. A rate increase is recommended to allow RCRMC to participate in any expansions of reimbursement from the Medi-Cal program.

Current practices for managing adjustments to charges would be maintained, as summarized below.

Approximately 14.6 percent of RCRMC's total revenue is generated by non-contracted third party insurance carriers. These insurance carriers often contact RCRMC seeking payment discounts on services rendered to those patients insured. In return for these discounts the insurance carrier provides RCRMC with other favorable assurances related to the claim such as prompt payment. Delegation to the Hospital Director the authority to negotiate discounts on services with insurance carriers should reduce the time between when services were provided and payment for those services, significantly.

Approximately 1.5 percent of RCRMC's total revenue is generated by services provided to the uninsured or self-pay patient. These are individuals who do not qualify under the County's Medically Indigent Adult Program (MISP) or other federal and state programs. Nationally, the subject of requiring this category of patient to remit full charge payment for services has become an issue. Typically this category of patients' lack of payment is described as a bad debt. Delegation to the Hospital Director the authority to negotiate discounts on payments for services rendered would allow RCRMC to resolve the individual's bill based on a negotiated settlement amount which incorporates the individual's financial situation.

The practice of discounting of services is common practice throughout the health care industry. Prior to the Hospital Director exercising this delegated authority, the Hospital Director will receive a thorough three-tiered evaluation on each claim prior to making a decision. Staff experienced in claims processing, evaluation of individual financial situation, and collections will perform the initial evaluation.

Implementation of these rate changes will still leave RCRMC's average charge below the average charge of other hospitals in the area.