

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

447



FROM: Executive Office

SUBMITTAL DATE:
November 14, 2013

SUBJECT: Health Care Governance Committee (HCGC) update, and Riverside County Regional Medical Center (RCRMC) monthly financial and operational performance update

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Health Care Governance Committee and RCRMC monthly financial and operational performance update.

BACKGROUND:

Summary

On November 5, 2013, the Board approved the professional services agreement with Huron Consulting Services, LLC for the implementation of hospital financial performance and health system strategic plan programs. Services provided under the agreement will be provided in both FY 12/13 and 13/14. The fixed fee amount of the agreement is \$22,290,000 plus out of pocket expenses estimated at \$3,566,400 for a total of \$25,856,400.

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Debra Cournoyer
Debra Cournoyer

Deputy County Executive Officer

Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$	\$	\$	\$	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS:

Budget Adjustment:

For Fiscal Year:

C.E.O. RECOMMENDATION:

APPROVE

BY:

George A. Johnson
George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: 5/21/13 2.2, 6/18/13 2-8, 7/16/13 2-4, 8/20/13 2-8, 9/23/13 4, 10/22/13 2-24

District: All

Agenda Number:

2-12

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Health Care Governance Committee (HCGC) update, and Riverside County Regional Medical Center (RCRMC) monthly financial and operational performance update

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BACKGROUND:

Summary (continued)

Huron experts are already in place at the hospital and have initiated work in several areas focusing on revenue cycle, labor and non-labor programs. In addition, data obtained in the assessment phase is being update and baseline and reporting metrics for all program areas are being established. Work plans are in development and management tools are being implemented. Progress in all program areas will continue to be monitored and reported monthly to the Board.

On October 9, 2013, the Board authorized submission of the County's tentative notice selecting the County Savings Determination Process (Hospital Savings Formula) to the Department of Health Care Services (DHCS). At the same time, historical data on health realignment and county funds spent on indigent health care was provided to DHCS. If DHCS disagrees with the county's data, they must advise the county by December 15, 2013. The Board of Supervisors must adopt a resolution advising the state of their final decision by January 22, 2014.

Riverside County implemented the LIHP program, known as Riverside County HealthCare (RCHC) on January 1, 2012. RCHC has provided a broad range of health care services to residents of Riverside County who are: 1) between the ages of 19-64 year of age; 2) United States Citizens, or United States non-citizen national, or qualified Aliens as defined by Federal law; 3) at or below 133% of the Federal Poverty Level; 4) not pregnant; and, 5) are not eligible for Medi-Cal. Since the inception of the program, RCHC has enrolled over 42,500 unique individual members. Current active enrollment is well over 29,000 members. Enrollment locations include Riverside County Regional Medical Center, the ten family care clinics and the Department of Public Social Services (DPSS) Offices. On January 1, 2014, all RCHC Members will transition to Managed Care Medi-Cal.

An update regarding the various transition activities was previously provided to the Board. Those activities continue to ensure a smooth transition in January 2014. In October, provider information sessions regarding the transitions were held. The sessions were recorded and the link to view the sessions is available for providers who were unable to attend. Providers are encouraged to utilize the link for staff training. A member Frequently Asked Questions (FAQ) sheet has been developed and is being distributed through the clinics as well as being posted to the RCHC website (www.riversidecountyhealthcare.org).

In early November, DHCS sent out the 60-Day "Plan Choice Notification Letter" to LIHP members statewide. In many cases, the letter stated incorrectly that the LIHP member's current primary care physician does not participate with either managed care medical provider. This is incorrect for Riverside County as well as many other counties. DHCS will be providing counties with information regarding the extent of the issue, however, at the time this report was prepared, exact numbers have not been determined. An update will be provided to the Board regarding the extent of the issue. RCHC is in the process of mailing correction notifications to RCHC members, the letter has been posted on the RCHC website and distributed in the clinics. In addition, DHCS is mailing correction notifications to the affected LIHP members.

On October 1, 2013, the Department of Public Social Services (DPSS) launched a new Riverside Regional Call Center (RRCC) to support calls from Covered California for Medi-Cal expansion and health care pre-enrollment. The RRCC houses call agents, workforce management and supervisory staff. The RRCC had a slow start in terms of calls received; however, calls have increased incrementally from week to week. The RRCC received 1,728 calls and accepted 692 new Medi-Cal applications during the first five weeks of operation.

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RRCC staff has experienced delays in processing and completing cases in CalHEERS (the California Healthcare Eligibility, Enrollment and Retention System). Project staff is working with the State on identifying system issues and monitoring the progress that is being made to resolve these. System issues are being identified, tracked and reported via daily reports to the State.

Countywide, DPSS eligibility staff has been working diligently to meet the changing expectations, and adapt to new policies and systems to serve new populations of Medi-Cal eligibles. The Department has increased its Medi-Cal workforce by approximately 120 staff since January 2013 in preparation for the Medi-Cal expansion.

Additionally, DPSS has applied for a Medi-Cal outreach and enrollment grant authorized by Assembly Bill 82. The grant is designed to assist in enrolling vulnerable populations that are newly eligible for Medi-Cal and is funded by The California Endowment.

DPSS is proposing to provide and establish countywide coordination of Medi-Cal outreach and enrollment services with the grant funds. DPSS will serve as the lead with four additional county agency partners to collaborate in this effort to reach six identified vulnerable populations. The county collaborative partners include RCRMC, and the departments of Probation, Mental Health and Public Health.

DPSS is requesting \$4.8 million for a two-year period to successfully enroll as many as 150,000 individuals in Medi-Cal by June 30, 2016. Funding would primarily be used to hire eligibility staff that will work with the county partners and community-based outreach and enrollment staff from public and private community based organizations to target the following subpopulations:

- Persons with mental illness
- Persons with substance abuse disorder needs
- Persons who are homeless
- Persons who are in county jail, in state prison, on state parole, on county probation or under post-release
- Families of mixed immigration status
- Persons with limited English proficiency

DPSS and the county partners will engage existing community based organization groups that are currently providing outreach and enrollment activities to ensure a comprehensive and coordinated system of reaching as many eligible individuals and families as possible and avoid duplicating efforts.

Attached is the monthly summary of the financial position of the hospital. Included are year-end projections for cash, as well as revenue and expenditures estimates. As reported previously, the hospital ended FY 12/13 year with negative cash of \$27 million and a revenue, or net income, shortfall of a negative \$9.9 million. As of November 14, 2013, based on current year actuals and projections, it is estimated that cash will reach negative \$82.6 million at FY 13/14 year-end, approximately \$603,000 less than the almost \$83.2 million identified in the approved budget. The net income for FY 13/14 year-end is projected to reach a negative \$52.3 million an improvement of \$1.5 million over the October projection of \$54 million. Also included is a chart showing the historical cash position of the hospital with projections through FY 13/14 year-end, which includes the receipt and repayment of the \$40 million loan from the general fund.

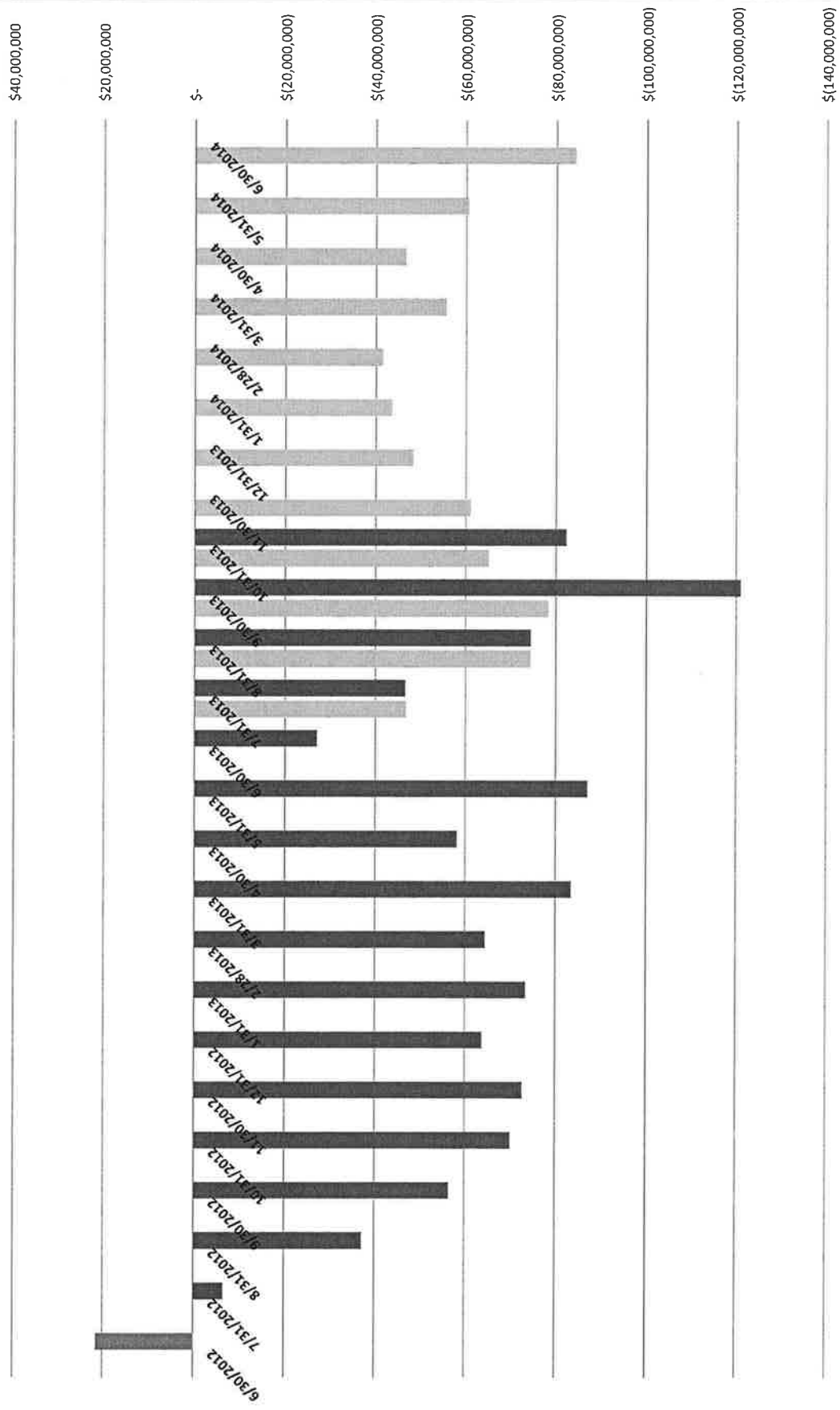
Impact on Residents and Businesses

The implementation of programs developed by Huron is expected to improve the operational and financial position of RCRMC by \$45 million to \$65 million annually.

**RCRMC MONTHLY FINANCIAL UPDATE
FISCAL YEAR 2013/14 (dated 11/14/13)**

	FY11/12 Actuals	FY12/13 Actual	FY13/14 BOS Approved Budget	Updated November 14, 2013 FY13/14	FY13/14 November Update to BOS Approved Budget Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	226,527,928	195,342,496	(31,185,432)
Patient Revenues	203,155,468	198,716,364	184,051,098	222,922,940	38,871,842
Other Revenue	<u>18,792,482</u>	<u>17,827,224</u>	<u>17,030,866</u>	<u>16,704,001</u>	<u>(326,865)</u>
Total Revenue	387,037,098	456,341,889	427,609,892	434,969,437	7,359,545
Operating Expenses:					
Salaries & Wages	175,845,633	188,192,274	204,827,732	203,738,514	(1,089,218)
Employee Benefits	61,970,341	65,669,730	75,213,862	73,122,149	(2,091,713)
Supplies	28,464,881	27,160,229	30,374,058	28,295,069	(2,078,989)
Pharmaceuticals	19,095,020	44,919,044	29,500,000	38,816,250	9,316,250
Professional Services and Fees	69,664,500	72,115,639	72,375,331	74,463,850	2,088,519
Other Operating Expenses	37,698,440	45,208,960	44,933,943	44,277,703	(656,240)
Total Operating Expenses	<u>392,738,815</u>	<u>443,265,875</u>	<u>457,224,926</u>	<u>462,713,535</u>	<u>5,488,609</u>
Operating Income	(5,701,717)	13,076,014	(29,615,034)	(27,744,098)	1,870,936
Interest Income and Other Expense (Expense)	139,294	(82,229)	(100,000)	(100,000)	-
Depreciation and Amortization	9,523,909	9,446,147	11,185,157	13,853,691	2,668,534
EBIT	(15,086,331)	3,547,638	(40,900,191)	(41,697,788)	(797,598)
Interest	11,781,701	13,457,979	10,618,485	10,618,485	-
Net Income	(26,868,032)	(9,910,341)	(51,518,676)	(52,316,273)	(797,598)
Ending Cash Balance	16,545,094	(27,122,219)	(83,199,433)	(82,596,590)	602,843

RCRMC Monthly Cash Position



■ Actual ▨ Projected