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



FROM: Executive Office and RCRMC

SUBMITTAL DATE:
January 2, 2014

SUBJECT: Adoption of Final Resolution for Determining Payments to the Family Support Subaccount, redirecting 1991 Health Realignment Funds

RECOMMENDED MOTION: That the Board of Supervisors:

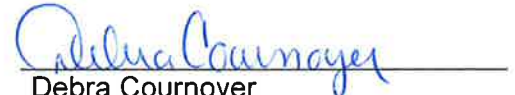
1. Adopt the Final Resolution for Determining Payments to the Family Support Subaccount; and,
2. Authorize the Chairman to sign the Final Resolution.

BACKGROUND:

Summary

On October 22, 2013, item 2-24, the Board of Supervisors authorized the County Executive Officer to sign and submit the notice of the County's tentative decision to select the Savings Formula option to the state by November 1, 2013, for the redirection of 1991 Health Realignment funds. Furthermore, as required by Section 17600.50(c) of the Welfare and Institutions (W&I) Code, counties must adopt a resolution with a final decision by January 22, 2014.


Lowell Johnson
Interim Hospital CEO


Debra Cournoyer
Deputy County Executive Officer

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

SOURCE OF FUNDS:

Budget Adjustment:

For Fiscal Year:

C.E.O. RECOMMENDATION:

APPROVE

BY: 
George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Prev. Agn. Ref.: 10/22/2013 2-24

District: All

Agenda Number:

3-5

COUNTY COUNSEL
 DATE 1/2/14
 BY: [Signature]
 DEPARTMENTAL CONCURRENCE

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

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Adoption of Final Resolution for Determining Payments to the Family Support Subaccount, redirecting 1991 Health Realignment Funds

DATE: January 2, 2014

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BACKGROUND:

Summary (continued)

Assembly Bill 85 was approved by the Governor on June 27, 2013 and redirects \$300 million of 1991 Health Realignment revenues statewide for FY 13/14. Redirection will begin in January of 2014 and be spread over six months. The County's share of the redirected funds for January through June 2014 is estimated at \$8.9 million. Going forward, the annual redirection will be determined based on the County's selected option. Counties had until October 31, 2013 to tentatively decide between Option 1, the 60/40 split, and Option 2, the Savings Formula and must now inform the State of the final determination.

The 60/40 option is fairly straightforward, with counties forgoing 60 percent of their current Vehicle License Fee (VLF) realignment funds. The hospital savings option includes a process for measuring county costs and savings with a "true up" between the state and the county at the end of five years. Previously, a model developed by California Association of Public Hospitals (CAPH), Table 1, was used to compare the two options. Since then, RCRMC has updated the projections and prepared the two scenarios shown in Table 2 and Table 3. Table 2 incorporates estimated savings resulting for the implementation of Huron programs; as well as maintaining the current 31,000 Low Income Health Program (LIHP) members as they transition to MediCal in 2014. Table 3 also incorporates Huron program savings, but estimates that enrollment will increase significantly under MediCal, from the current 31,000 to 51,000. Graphs 1 and 2 provide a visual comparison of the information presented in Tables 2 and 3. The amounts estimated for the hospital savings option are subject to change and reconciliation to actuals, as well as final approval by the State. However, based on information available at this time, RCRMC and the Executive Office recommend adoption of the Savings Formula as the most advantageous to the County under either scenario.

Table 1
Initial CAPH Model

Fiscal Year	Estimated Cost	Estimated Net Gain (Loss)	Hospital Formula	60/40
14/15	\$357.59 M	\$8.77 M	\$7.01 M	\$31.74 M
15/16	\$375.30 M	\$2.40 M	\$1.92 M	\$32.50 M
16/17	\$394.75 M	\$(11.86) M	\$ 0.00	\$33.28 M
17/18	\$414.14 M	\$(20.58) M	\$ 0.00	\$34.08 M
TOTAL			\$8.93 M	\$131.60M

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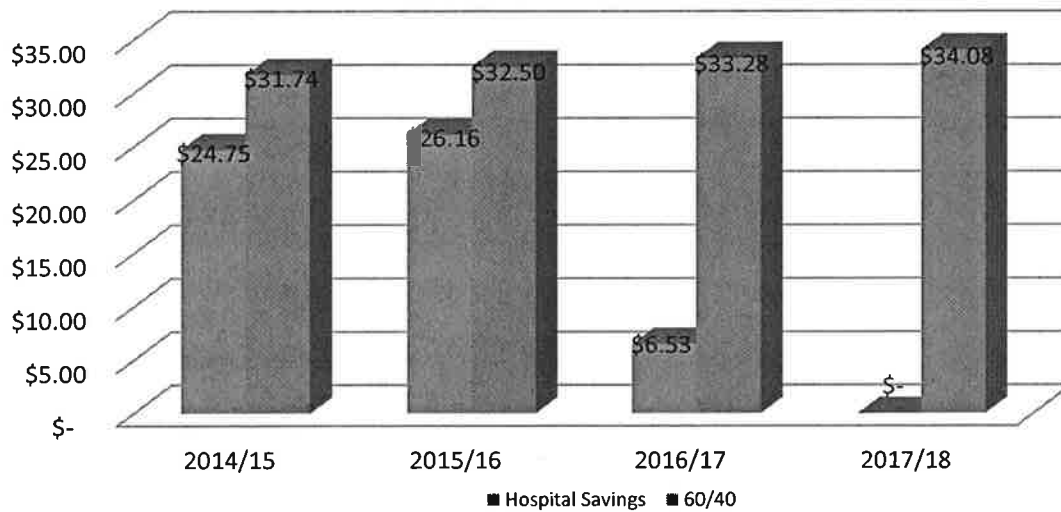
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Table 2
RCRMC Update Current Enrollment Scenario

Fiscal Year	Estimated Cost	Estimated Net Gain (Loss)	Hospital Formula	60/40
14/15	\$354.44 M	\$30.94 M	\$24.75 M	\$31.74 M
15/16	\$346.32 M	\$32.70 M	\$26.16 M	\$32.50 M
16/17	\$359.48 M	\$8.16 M	\$ 6.53 M	\$33.28 M
17/18	\$370.88 M	\$(12.40) M	\$ 0.00	\$34.08 M
TOTAL			\$57.44 M	\$131.60M

Graph 1
Current Enrollment Scenario
In Millions



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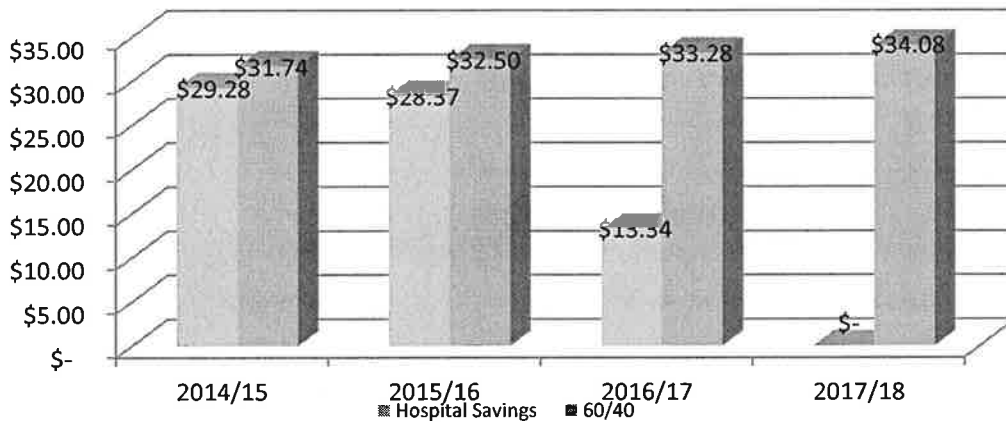
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Table 3
RCRMC update Increased Enrollment Scenario

Fiscal Year	Estimated Cost	Estimated Net Gain (Loss)	Hospital Formula	60/40
14/15	\$408.92 M	\$36.60 M	\$29.28 M	\$31.74 M
15/16	\$404.33 M	\$35.46 M	\$28.37 M	\$32.50 M
16/17	\$411.83 M	\$16.68 M	\$ 13.34 M	\$33.28 M
17/18	\$419.87 M	\$(8.03) M	\$ 0.00	\$34.08 M
TOTAL			\$70.99 M	\$131.60M

Graph 2
Increased Enrollment Scenario





TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

Final Resolution for Determining Payments to the Family Support Subaccount

In compliance with Section 17600.50(c) of the Welfare and Institutions code, Public Hospital Health System Counties (which include, Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, and Ventura) must adopt a resolution by January 22, 2014 informing the Department of Health Care Services of the County's final decision to choose either the County Savings Determination Process or the 60/40 formula option.

Riverside County chooses the option selected below
County Name

to determine payments to the Family Support Subaccount:

County Savings Determination Process - The formula pursuant to Welfare and Institutions (W&I) Code, Section 17612.1. The county acknowledges that upon choosing this option, this determination method is final and not subject to change.

OR

60/40 formula - 60 percent of the 1991 health realignment funds that otherwise would have been allocated to the counties and 60 percent of the county maintenance of effort, pursuant to W&I Code, Section 17600.50(c)(2). The county acknowledges that upon choosing this option, this determination method is final. However the County has a one-time option to submit a petition to the County Health Care Funding Resolution Committee pursuant to W&I Code, Sections 17600.60(d) to later pursue the County Savings Determination Process.

I hereby certify, under penalty of perjury, that I am the official responsible for informing the State of the above option in said county for determining its payments to the Family Support Subaccount.

County Official (Signature) Date _____

County Official Title

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BY: *Neel R. Kipnis*
DATE: 1/17/14
COUNTY CLERK