

120

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



FROM: Executive Office

SUBMITTAL DATE:
January 15, 2014

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

BACKGROUND:

Summary

Huron experts and county staff continue to make progress implementing initiatives and cost saving measures as identified in the attached Overview, Financial Benefit and Benefit Projection charts. Initiatives launched at this time are expected to generate \$15 million in annual benefits. In addition, one-time revenue cycle benefits totaling \$7 million have also been launched. Once the initiatives

Continued page 2

Departmental Concurrence


 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 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

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 6/18/13 2-8, 7/16/13 2-4, 8/20/13 2-8, 9/23/13 4, 10/22/13 2-24, 11/26/13 2-12

District: All

Agenda Number:

2-5

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

DATE:, 2014

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BACKGROUND:

Summary (continued)

have been agreed upon, work steps are identified and implemented to drive the benefit followed by monitoring to confirm that the value will be realized. Some of the RCRMC financial and operational initiatives underway include 340B registration for County operated federally qualified health center look-alikes (FQHC), position review process/model, revenue cycle department design and process improvement recommendations, and an analysis of appointment scheduling for FQHC clinics. Strategic Plan initiatives underway include an environmental and competitive market assessment, identification of clinical service lines, pediatric partnership opportunities and the development of academic affiliation models. A Board workshop has been scheduled for February 25, 2014 at which Huron will present possible academic affiliation models, update strategic plan initiatives and update progress on RCRMC financial and operational initiatives.

On January 1, 2014 the Low Income Health Program (LIHP) transition to Managed Care Medi-Cal occurred. The LIHP, known as Riverside County HealthCare (RCHC) experienced minimal transition issues. The issues identified in the early days of the transition include some members showing Medi-Cal eligible but were not associated with a Managed Care Medi-Cal program as of January 1, 2014 and a small portion which did not transition from the LIHP into Medi-Cal. The County is working closely with the State Department of Health Care Services as well and the Managed Care Medi-Cal programs to ensure patients continue to receive medically necessary care without an interruption of service. Additionally, the County is working with the same parties to ensure those LIHP enrollees that did not transition are enrolled into Medi-Cal. The County provided reports to both the Managed Care Medi-Cal plans to ensure continuity of care for LIHP enrollees.

RCHC pharmacists have worked with enrollees and pharmacies to transfer prescriptions to local Managed Care Medi-Cal program affiliated pharmacies upon request. RCRMC is affiliated with both plans as a pharmacy provider so the transfer of prescriptions is optional. There are approximately 800 county residents who applied for the RCHC program as late as December 31, 2013 who are pending an eligibility determination. Eligibility workers are in communication with the applicants to complete the process. The applicants need to complete the application process by turning in necessary verifications to make an eligibility determination. Overall, the transfer of the RCHC members has been a seamless transition for the members.

During December 2013, the Department of Public Social Services (DPSS) received 17,657 Medi-Cal applications countywide. This is an increase of 20.4 percent from the previous month. DPSS attributes the surge to increased marketing and enrollment activities for health care occurring near the end of the month. Certain State Regional Call Centers were also operational two additional days during the last two weeks of December to provide access to individuals wanting to enroll. Medi-Cal enrollment in Riverside County was at 309,485 persons as of December 31, 2013, compared to 306,105 in the month of November.

In its third month of operation, the Riverside Regional Call Center (RRCC) reported 1,777 calls received from Covered California for health coverage and Medi-Cal enrollment, which is an increase of 43.5 percent from the previous month, and an additional 697 calls from our customer service DPSS Administrative Resolutions inquiry phone line. The RRCC accepted 744 Medi-Cal applications in the month of December, which represents a 15.9 percent increase from the previous month.

The State provided instructions to counties to re-evaluate beneficiaries with a Share of Cost (SOC) in December 2013 for benefits using the new Affordable Care Act (ACA) rules effective January 2014. These individuals could now be eligible to zero Share of Cost Medi-Cal. In preparation for the changing

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rules and to provide a higher level of customer service, Riverside County DPSS informed customers applying for benefits during the open enrollment period October through December 2013, of the option to also enroll for benefits that would be effective January 1, 2014 under the new rules.

The problems with functionality and reliability of the CalHEERS system continue. This is the automated system that supports Covered California and communicates with the department's C-IV system. Issues with the MEDS systems and Customer Identification Numbers (CIN) also continue to be a challenge.

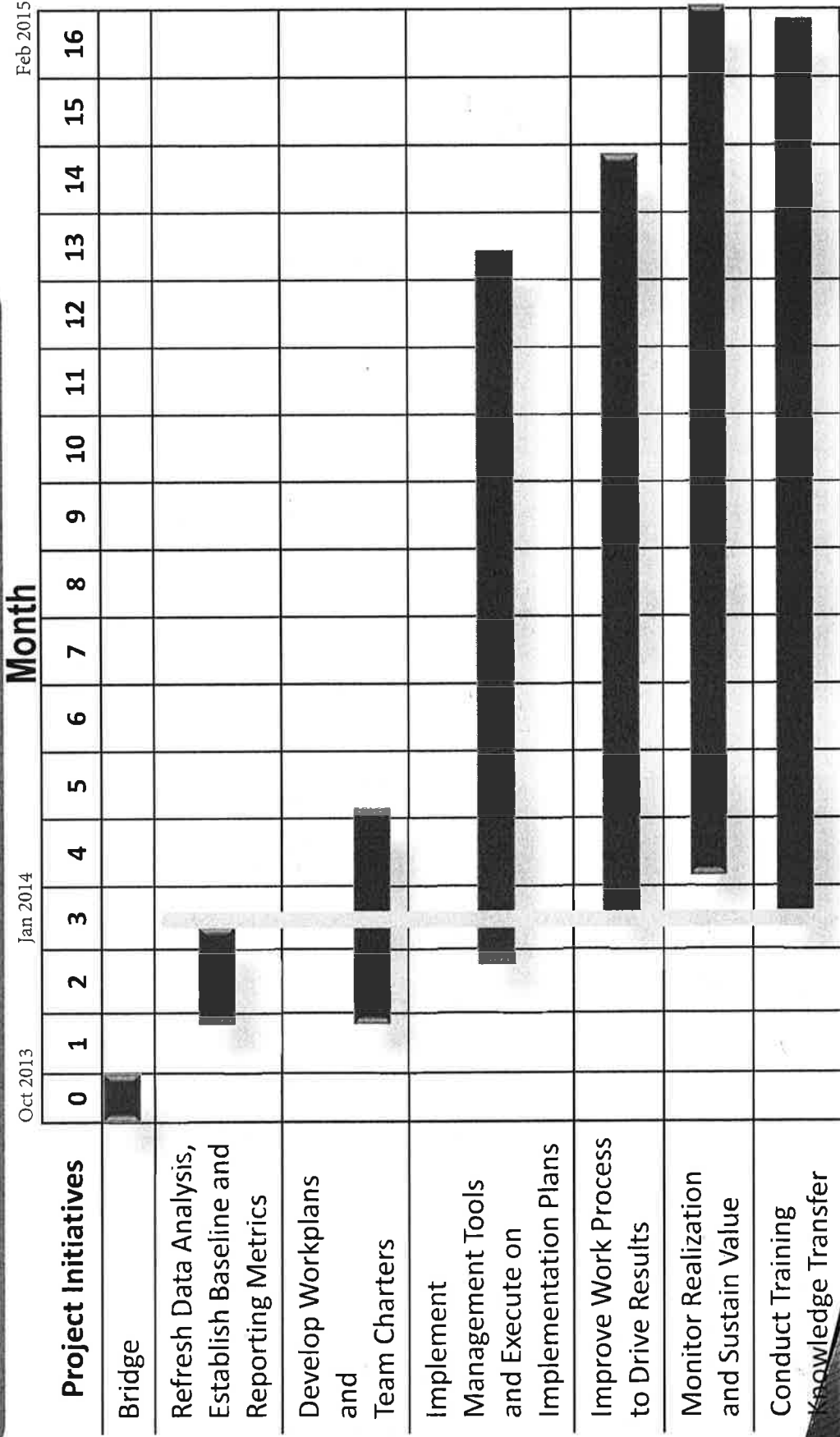
The California Welfare Directors Association (CWDA), Department of Health Care Services (DHCS), Covered California and CalHEERS continue to work collaboratively to resolve the issues. Daily and weekly health care reform webinars and conference calls continue to facilitate information sharing and program announcements that enhance the understanding of operational challenges and impacts to counties and the community. There has been a slight delay in the planned system interface between C-IV and CalHEERS, which is now scheduled to go live on Tuesday, January 21. DPSS has initiated a contingency plan to ensure a seamless process of continued enrollment.

CWDA is embarking on a new initiative to measure success with implementing the eligibility components of Healthcare Reform, with the hope of developing a reasonable mechanism of data collection to provide regular information that can help answer the question about how counties are reflecting a first class customer service approach related to healthcare reform implementation. To this end, counties will engage in a one to three year evaluation. With the use of administrative data, it is expected that evaluation activities will provide meaningful information for ongoing county implementation activities.

As mentioned in previous reports, DPSS applied for a \$4.8 million grant from the California Endowment for Medi-Cal outreach and enrollment. The grant is aimed at newly eligible population groups (persons with mental health and substance use disorder needs; homeless persons; person in the county who are in incarcerated, on parole, on county probation, or under post-release community supervision; families with mixed immigration; persons with limited English proficiency). Collaborative partners include, RCRMC, Probation Department, Department of Mental Health, Department of Public Health, and Community Based Organizations. Grant allocations have not yet been announced.

RCRMC and Executive Office staff are working with Huron to develop dashboards that will reflect the timing of the impact of cost saving initiatives and revenue enhancements on the budget and cash flow of the hospital. It is anticipated that the dashboards will be presented at the Board workshop on February 25, 2014. In the meantime, RCRMC prepared the attached summary of the monthly financial position of the hospital.

Overview: Implementation Timeline



We are here

Financial Benefit – “Big Board”



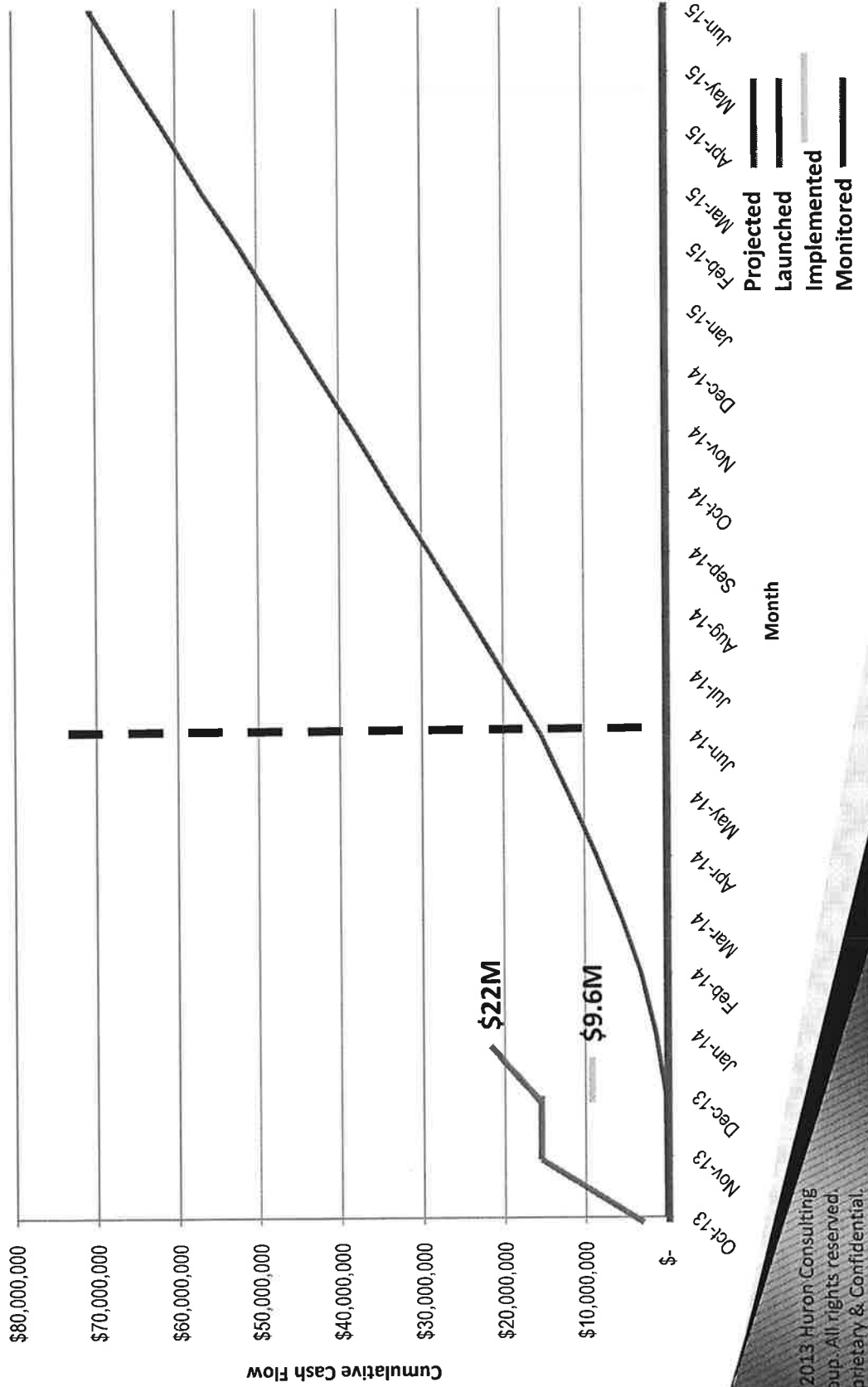
Solution	Annual Benefit						Monitored
	Low	Mid	High	Launched	Implemented		
Non-Labor	\$ 13,185,000	\$ 16,630,000	\$ 20,075,000	\$ 15,047,643	\$ 9,675,327		
Labor	\$ 8,948,000	\$ 11,017,000	\$ 13,086,000				
HR	\$ 4,000,000	\$ 5,500,000	\$ 7,000,000				
Physician Solutions	\$ 9,600,000	\$ 11,300,000	\$ 13,000,000				
Revenue Cycle	\$ 5,000,000	\$ 6,000,000	\$ 7,000,000				
CDI	\$ 650,000	\$ 675,000	\$ 700,000				
Clinical Operations	\$ 3,600,000	\$ 4,400,000	\$ 5,200,000				
Total Recurring	\$ 44,983,000	\$ 55,522,000	\$ 66,061,000	\$ 15,047,643	\$ 9,675,327		
RC ICB	\$ 6,000,000	\$ 7,000,000	\$ 8,000,000	\$ 7,000,000			
Total Benefit	\$ 50,983,000	\$ 62,522,000	\$ 74,061,000	\$ 22,047,643	\$ 9,675,327		

Launched – represents the value of initiatives that have been vetted with the Initiative Team and the team has agreed to move forward with the work on that initiative
 Implemented – all work steps that will impact the initiative to drive the identified benefit have been completed
 Monitored – confirmation of the value of the initiative through measurement

Benefit Projection



Cumulative Annualized Implemented Benefit
Plan vs. Actual



Financial Benefit – “Big Board”

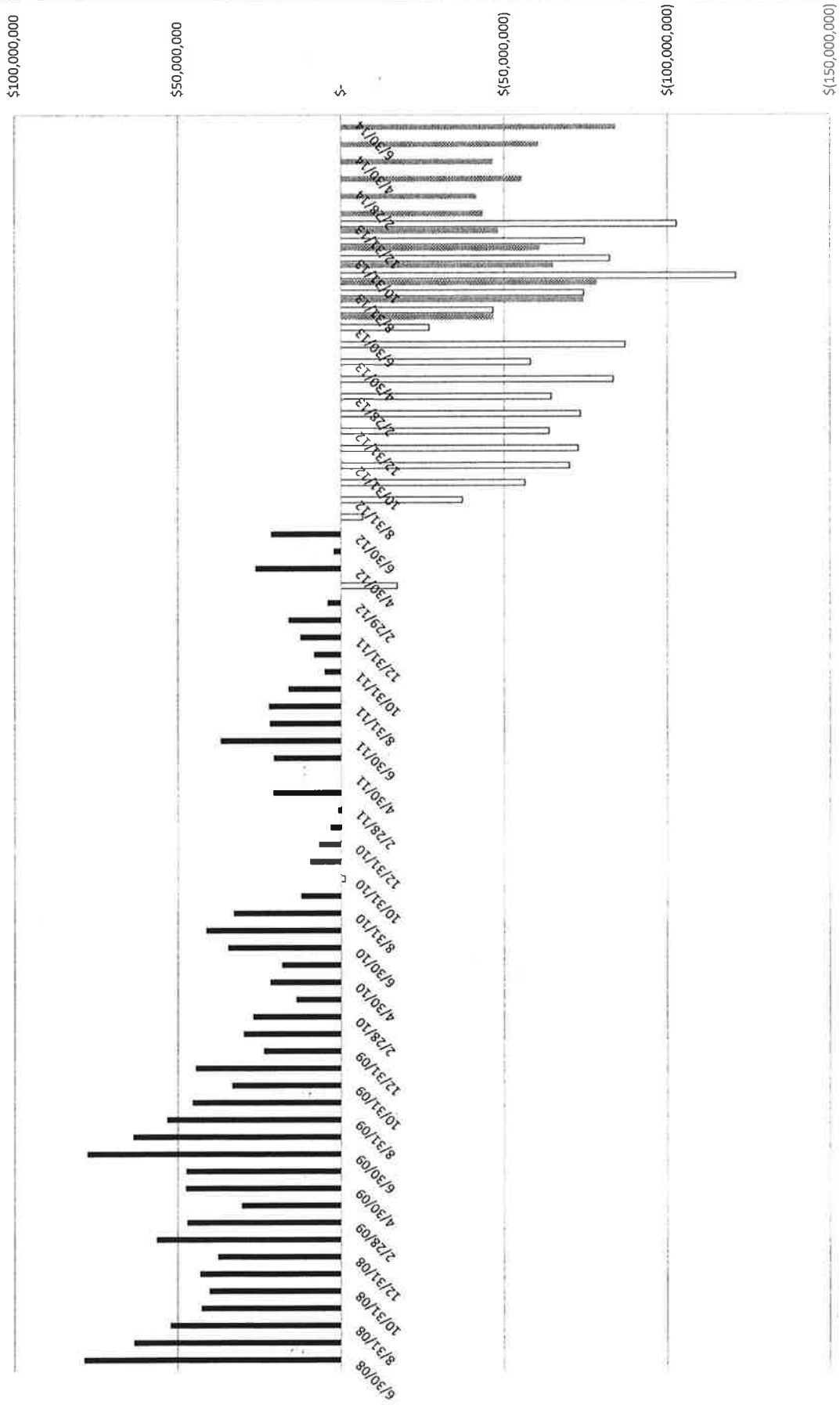


Solution	Annual Benefit					
	Low	Mid	High	Launched	Implemented	Monitored
Non-Labor	\$ 13,185,000	\$16,630,000	\$20,075,000	\$18,873,935	\$12,961,155	
Labor	\$ 8,948,000	\$11,017,000	\$13,086,000	\$7,044,235		
HR	\$ 4,000,000	\$ 5,500,000	\$ 7,000,000			
Physician Solutions	\$ 9,600,000	\$11,300,000	\$13,000,000			
Revenue Cycle	\$ 5,000,000	\$ 6,000,000	\$ 7,000,000			
CDI	\$ 650,000	\$ 675,000	\$ 700,000			
Clinical Operations	\$ 3,600,000	\$ 4,400,000	\$ 5,200,000			
Total Recurring	\$ 44,983,000	\$55,522,000	\$66,061,000	\$25,918,170	\$12,961,155	
RC ICB	\$6,000,000	\$7,000,000	\$8,000,000	\$7,000,000		
Total Benefit	\$50,983,000	\$62,522,000	\$74,061,000	\$32,918,170	\$12,961,155	

**RRCMC MONTHLY FINANCIAL UPDATE
FISCAL YEAR 2013/14 (dated 01/06/14)**

	FY11/12 Actuals	FY12/13 Actual	FY13/14 BOS Approved Budget	Updated January 6, 2013 FY13/14	FY13/14 January 6 Update to BOS Approved Budget Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	226,527,928	182,239,621	(44,288,307)
Patient Revenues	203,155,468	198,716,364	184,051,098	231,122,940	47,071,842
Other Revenue	18,792,482	17,827,224	17,030,866	16,704,001	(326,865)
Total Revenue	387,037,098	456,341,889	427,609,892	430,066,562	2,456,670
Operating Expenses:					
Salaries & Wages	175,845,633	188,192,274	204,827,732	204,715,088	(112,644)
Employee Benefits	61,970,341	65,669,730	75,213,862	72,391,821	(2,822,041)
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	37,191,831	7,691,831
Professional Services and Fees	69,664,500	72,115,639	72,375,331	73,563,850	1,188,519
Other Operating Expenses	37,698,440	45,208,960	44,933,943	44,277,703	(656,240)
Total Operating Expenses	392,738,815	443,265,875	457,224,926	460,435,362	3,210,436
Operating Income	(5,701,717)	13,076,014	(29,615,034)	(30,368,800)	(753,766)
Interest Income and Other Expense (Expense)	139,294	(21,229)	(100,000)	(100,000)	-
Depreciation and Amortization	9,523,909	9,623,432	11,185,157	13,637,229	2,452,072
EBIT	(15,086,331)	3,431,354	(40,900,191)	(44,106,029)	(3,205,838)
Interest	11,781,701	13,214,214	10,618,485	10,981,044	362,559
Net Income	(26,868,032)	(9,782,860)	(51,518,676)	(55,087,072)	(3,568,397)
Ending Cash Balance	16,545,094	(27,122,219)	(83,199,433)	(86,569,793)	(3,370,360)

RCRMC Monthly Cash Position



■ Actual ■ Projected