

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

109



FROM: Executive Office

SUBMITTAL DATE:
March 13, 2014

SUBJECT: Monthly financial and operational performance update from the Health Care Governance Committee and Riverside County Regional Medical Center.

Districts – All; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and File the monthly financial and operational performance update from the Health Care Governance Committee (HCGC) and Riverside County Regional Medical Center (RCRMC)

BACKGROUND:

Summary

Huron experts and county staff continue to make progress implementing initiatives and cost saving measures. As of March 5, 2014, over \$41 million in annual financial benefits and \$8 million in one-time non-labor and revenue benefits have been launched. Launched initiatives are those that have been vetted by work teams and work steps for process improvements have been identified. Work

Debra Cournoyer
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*
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.: 8/20/13 2-8, 9/23/13 4, 10/22/13 2-24, 11/26/13 2-12, 12/17/13 2-7, 1/28/14 2-5, 2/25/14 16-3

District: All

Agenda Number:

2-2

Departmental Concurrence

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

FORM 11: Monthly financial and operational performance update from the Health Care Governance Committee and Riverside County Regional Medical Center Districts – All; [\$0]

DATE: March 13, 2014

PAGE: 2 of 2

process improvements are in place for nearly \$16 million of the \$49 million of launched activities.

Although Huron projected \$15 million in benefits would occur by FY 2013/14 year-end, it is now estimated that it will likely be closer to \$13 million. The expectation is that the benefits will still materialize; however, it will not be until FY 14/15.

Huron is working with the Executive Office and RCRMC to develop dashboards, graphical presentation of key performance indicators, which will be included in future monthly reports to the Board of Supervisors.

Based on current information, it is projected that the cash position for RCRMC will worsen slightly from the shortfall identified in the FY 13/14 approved budget. Interim hospital leadership continues to review, evaluate and modify the methodology used to develop the FY 13/14 budget. RCRMC included approximately \$14 million in the latest shortfall projection for MediCal managed care payments that are slower than expected, as the State has not finalized the distribution methodology to counties. As of March 11, 2014, based on information compiled to this point, the hospital will end the year with an \$86.4 million cash deficit, \$3.2 million more than the original projection of negative \$83.2 million.

Although too soon to confirm, several positive impacts to cash, estimated at \$15 million, may materialize prior to FY 13/14 year-end. Staff has focused attention on the Delivery System Reform Incentive Payments (DSRIP), that may lead to an increase in, and earlier receipt of, payments for milestone achievements. In addition, RCRMC is working with the California Association of Public Hospitals (CAPH) regarding payment delays from the State that offset RCRMC debt service payments. Also known as, SB 1732, MediCal Construction and Renovation Reimbursement Program, supplemental MediCal reimbursement was authorized for RCRMC, a disproportionate share hospital (DSH), for debt service costs associated with hospital construction. Hospital staff continues to work with the Sheriff's Office and Department of Public Social Services, to enroll all eligible inmates, those receiving inpatient services at RCRMC, to generate reimbursements for this previously ineligible population. The hospital continues to struggle with a growing backlog of MediCal TAR (Treatment Authorization Request) cases. Huron initiatives are expected to address this problem for the future, but in the short-term, RCRMC is taking aggressive steps to address the significant backlog and anticipates a portion of the payments may be received prior to FY 13/14 year-end.

Financial Benefit – “Big Board”

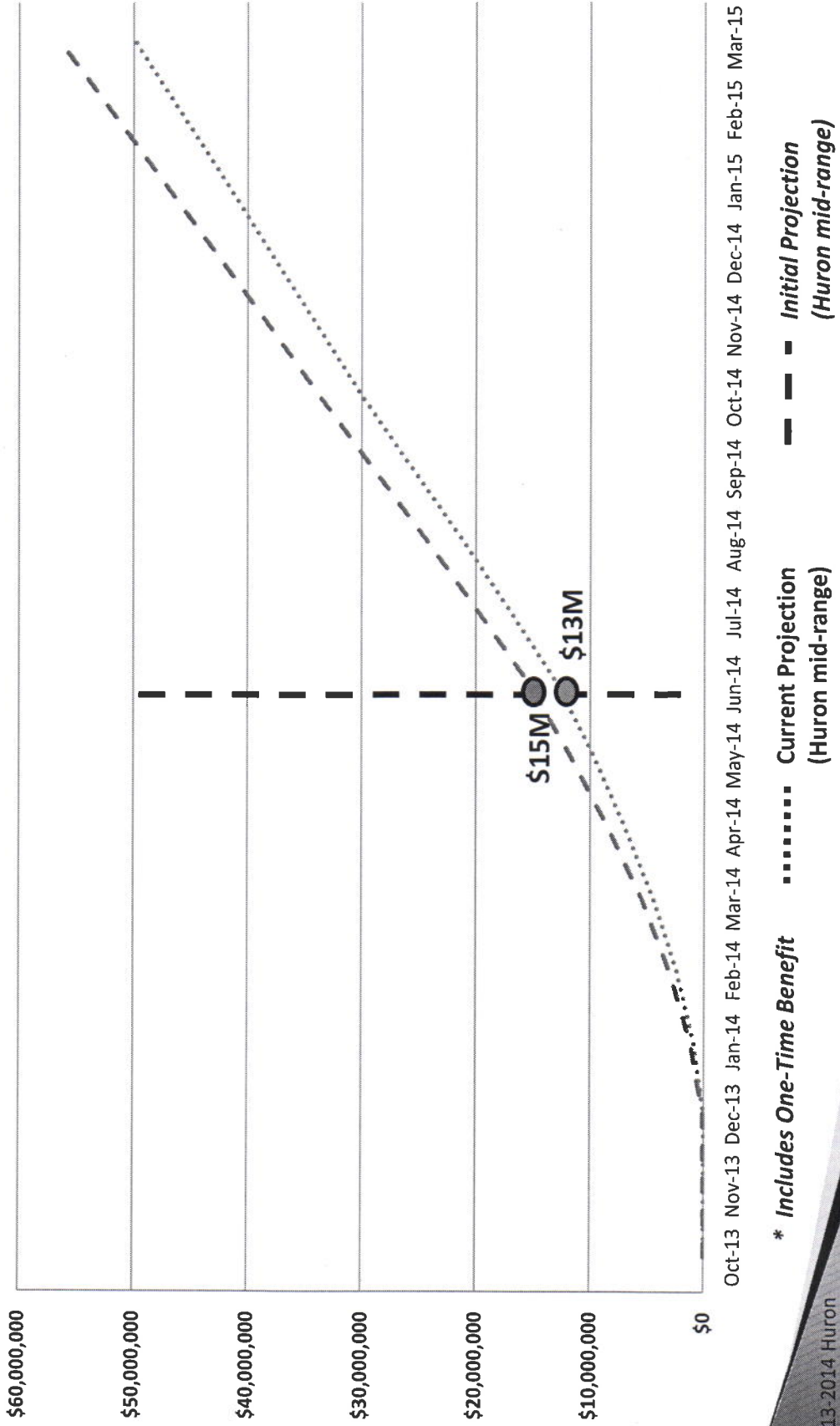


Initiative	Annual Benefit				
	Low	Mid	High	Launched	Implemented
Non-Labor	\$ 13,185,000	\$16,630,000	\$20,075,000	\$22,710,899	\$15,532,186
Labor	\$ 8,948,000	\$11,017,000	\$13,086,000	\$10,900,034	
HR	\$ 4,000,000	\$ 5,500,000	\$ 7,000,000	\$2,803,900	
Ambulatory Physician Solutions	\$ 9,600,000	\$11,300,000	\$13,000,000		
Revenue Cycle	\$ 5,000,000	\$ 6,000,000	\$ 7,000,000	\$5,000,000	
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	\$41,414,833	\$15,532,186
Non-Labor				\$1,152,493	\$465,080
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	\$49,567,326	\$15,997,266

Benefit Projection



Total Cumulative Benefit



* Includes One-Time Benefit

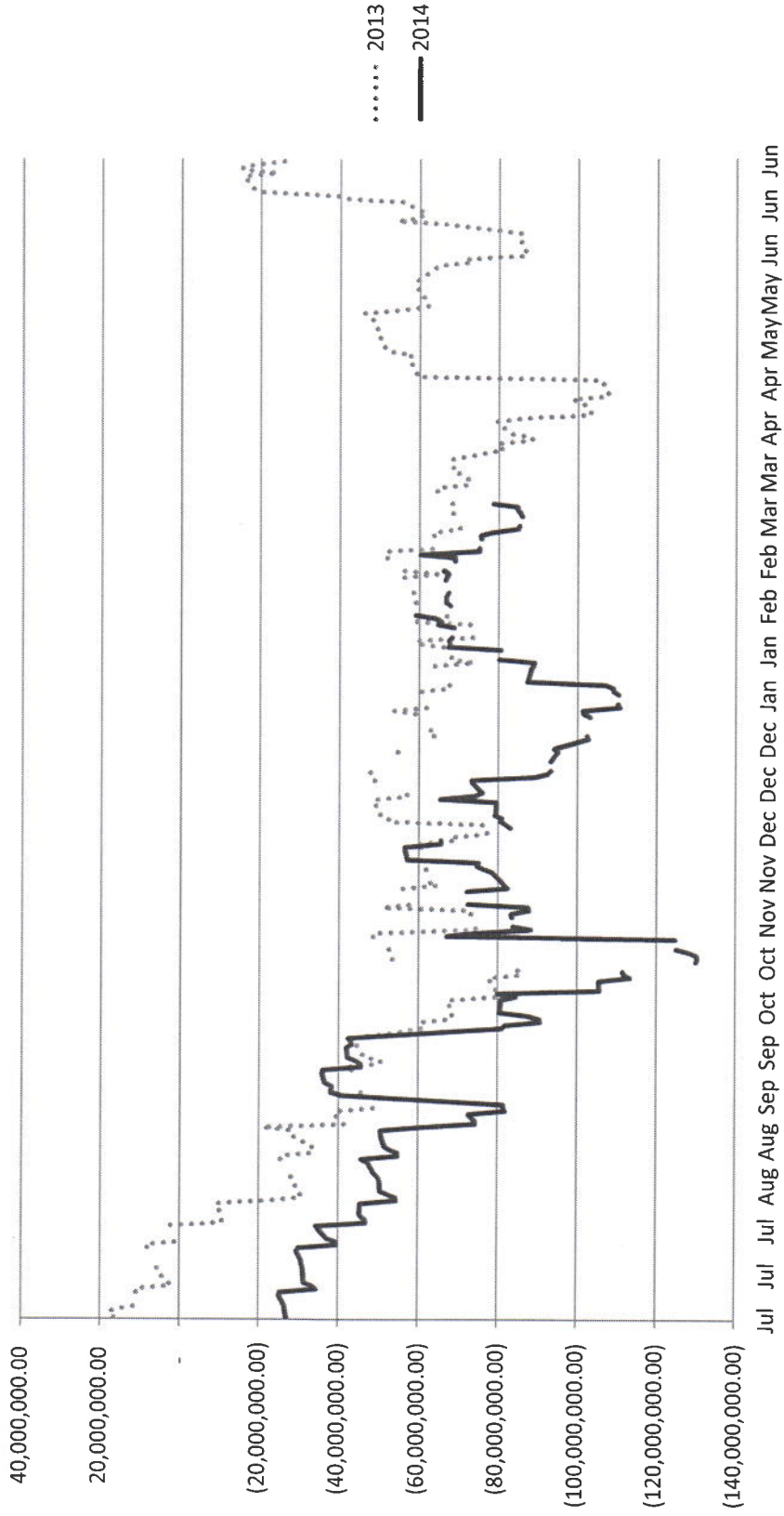
..... Current Projection (Huron mid-range)

----- Initial Projection (Huron mid-range)

**RCRMC MONTHLY FINANCIAL UPDATE
FISCAL YEAR 2013/14**

	FY11/12 Actuals	FY12/13 Actual	FY13/14 BOS Approved Budget	FY13/14 as of March 11, 2014	FY13/14 March to BOS Approved Budget Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	226,527,928	176,358,733	(50,169,195)
Patient Revenues	203,155,468	198,716,364	184,051,098	232,359,790	48,308,692
Other Revenue	18,792,482	17,827,224	17,030,866	16,748,339	(282,527)
Total Revenue	387,037,098	456,341,889	427,609,892	425,466,861	(2,143,031)
Operating Expenses:					
Salaries & Wages	175,845,633	188,192,274	204,827,732	198,726,086	(6,101,646)
Employee Benefits	61,970,341	65,669,730	75,213,862	73,069,669	(2,144,193)
Supplies	28,464,881	27,160,229	30,374,058	28,452,803	(1,921,255)
Pharmaceuticals	19,095,020	44,919,044	29,500,000	35,600,000	6,100,000
Professional Services and Fees	69,664,500	72,115,639	72,375,331	75,665,845	3,290,514
Other Operating Expenses	37,698,440	45,208,960	44,933,943	44,779,780	(154,163)
Total Operating Expenses	392,738,815	443,265,875	457,224,926	456,294,183	(930,743)
Operating Income	(5,701,717)	13,076,014	(29,615,034)	(30,827,322)	(1,212,288)
Interest Income and Other Expense (Expense)	139,294	(21,229)	(100,000)	(145,312)	(45,312)
Depreciation and Amortization	9,523,909	9,623,432	11,185,157	11,647,274	462,117
EBIT	(15,086,331)	3,431,354	(40,900,191)	(42,619,907)	(1,719,717)
Interest	11,781,701	13,214,214	10,618,485	10,765,915	147,430
Net Income	(26,868,032)	(9,782,860)	(51,518,676)	(53,385,822)	(1,867,147)
Ending Cash Balance	16,545,094	(27,122,219)	(83,199,433)	(86,413,129)	(3,213,696)

Daily Cash Position



Fiscal Year 2013 vs. Fiscal Year 2014

Does not include funds transferred from Waste Management

Monthly Cash Position



	Cash Projection August 2013	Cash Projection March 2014	Change
Revenue from Patients	\$213.8	\$210.9	(\$2.9)
Supplemental Payment State	\$308.2	\$320	\$11.8
Other Revenue	\$24.1	\$32.9	\$8
TOAL CASH IN	\$546.1M	\$563M	\$16.9M
Expenses	(\$602.2)	(\$622.4)	(\$20.2)
Cash Beginning	(\$27.1)	(\$27.1)	-
Cash Change from Operations	(\$56.1)	(\$59.2)	(\$3.1)
Cash June 30, 2014	(\$83.2)	(\$86.4)	(\$3.2)