

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

962



FROM: Executive Office

SUBMITTAL DATE:
July 2, 2014

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

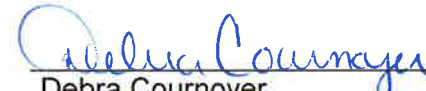
RECOMMENDED MOTION: That the Board of Supervisors:
Receive and File the monthly financial and operational performance update from the Health Care Governance Committee (HCGC) and Riverside County Regional Medical Center (RCRMC)

Continued on Page 2

Departmental Concurrence



Lowell Johnson
Hospital Director



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 <input checked="" 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. 12/17/13 2-7, 1/28/14 2-5, 2/25/14 16-3, 3/25/14 2-2, 4/22/14 2-3, 6/3/14 2-8, 6/16/14 2-0

District: All

Agenda Number:

2-6

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: July 2, 2014

PAGE: 2 of 2

BACKGROUND:

Summary

As of June 25, 2014, over \$64 million in annual financial benefits and over \$8.7 million in one-time non-labor and revenue benefits have been launched at RCRMC. Launched initiatives are those that have been vetted by work teams and work steps for process improvements have been identified. Work process improvements – including approved lower-cost contracts, software that supports ideal staffing levels, software that supports optimal billing and collections - are in place for over \$48 million of the \$72.9 million of launched activities. These activities are in place and already generating savings. As new initiatives are implemented, they are carefully monitored for 1- 3 months to verify success. At this time, over \$37 million of the \$56 million identified have been “monitored”. Some of the monitored areas include registry expenditures, accounts receivable and supply expenditures per patient day.

The monthly financial update prepared by RCRMC projects an improvement in the year-end cash position up from the approved budget projection of a negative \$83.2 million to negative \$64.7 million.

In addition to the year-end cash position, RCRMC continues to monitor and evaluate budget projections and expects significant improvement when FY 13/14 is closed out later this year. Through June 23, 2014, as more patients enroll in Medi-Cal, there has been a significant change in funding sources with revenue shifting from waiver and realignment funding to patient revenue through Medi-Cal. While some expenditure categories are projected to increase, overall, year-end expenditures are expected to come in nearly \$11 million less than budgeted. Increases in pharmaceuticals and professional services and fees will partially offset a decrease of over \$13.7 million in salaries, benefits and supplies.

Financial Benefit – “Big Board”



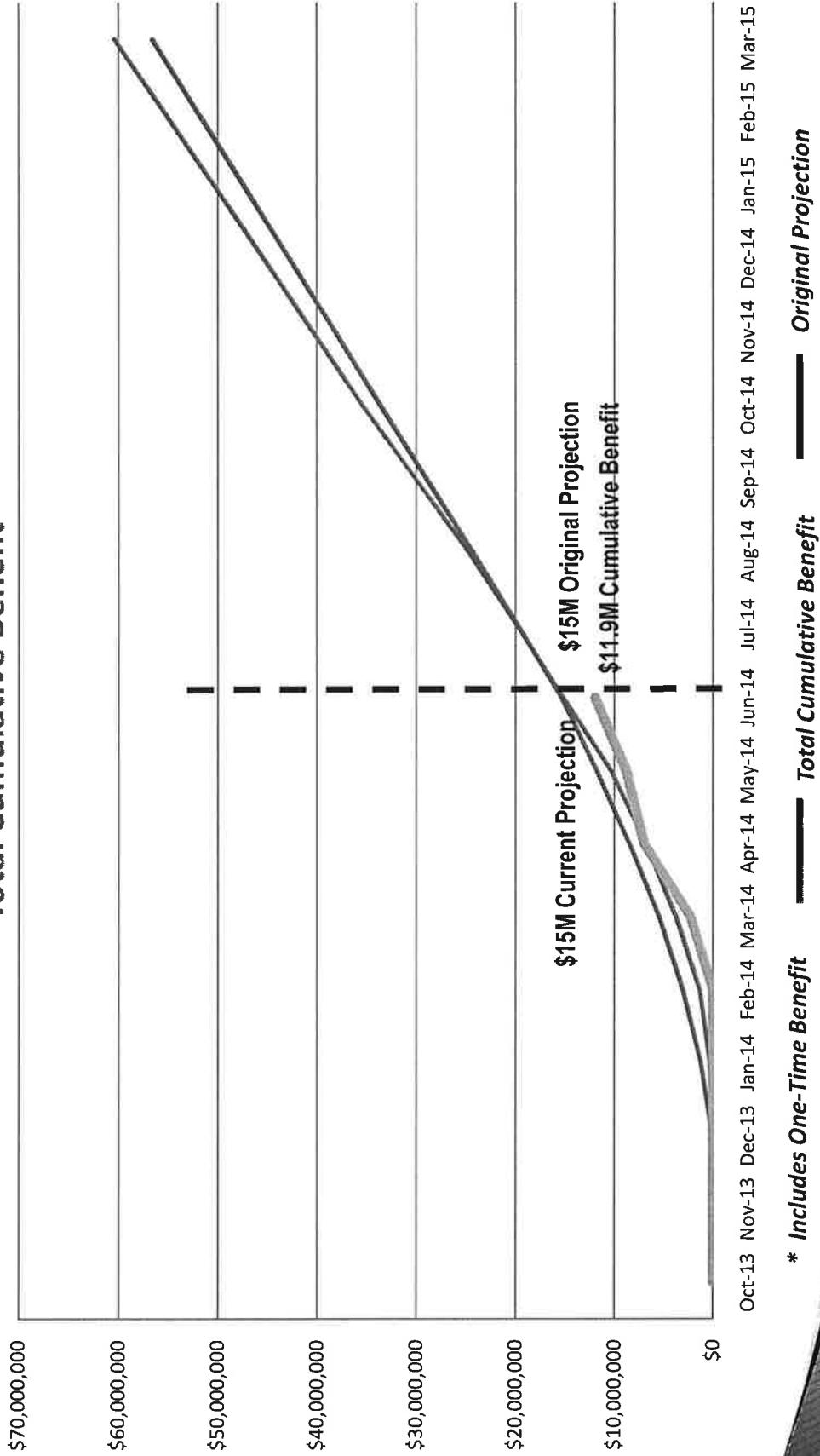
| Solution | Target | Annual Benefit | | |
|------------------------|---------------------|---------------------|---------------------|---------------------|
| | | Launched | Implemented | Monitored |
| Non-Labor | \$16,630,000 | \$35,032,745 | \$29,930,803 | \$26,453,731 |
| Labor | \$11,017,000 | \$14,139,453 | \$12,198,677 | \$10,415,132 |
| HR | \$5,500,000 | * \$5,712,500 | \$207,000 | |
| Physician Solutions | \$11,300,000 | \$3,586,360 | | |
| Revenue Cycle | \$6,000,000 | \$5,000,000 | \$5,000,000 | |
| CDI | \$675,000 | \$700,000 | \$675,000 | \$161,227 |
| Clinical Operations | \$4,400,000 | | | |
| Total Recurring | \$55,522,000 | \$64,171,058 | \$48,011,480 | \$37,030,090 |
| Non-Labor | | \$1,730,249 | \$1,680,586 | \$738,951 |
| RC ICB | \$7,000,000 | \$7,000,000 | \$6,000,000 | |
| Total Benefit | \$62,522,000 | \$72,901,307 | \$55,692,066 | \$37,769,041 |

*\$3.1M of HR Launched benefit is related to the MOU

Benefit Projection



Total Cumulative Benefit



* Includes One-Time Benefit

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

| | FY11/12 Actuals | FY12/13 Actual | FY13/14 BOS Approved Budget | FY13/14 Budget 06/23/14 | FY 13/14 Budget Variance |
|---|----------------------------|---------------------------|--|--|---|
| Waiver/Realignment Revenues | 165,089,149 | 239,798,301 | 226,527,928 | 181,621,881 | (44,906,047) |
| Patient Revenues | 203,155,468 | 198,716,364 | 184,051,098 | 215,133,120 | 31,082,022 |
| Other Revenue | 18,792,482 | 17,827,224 | 17,030,866 | 17,715,215 | 684,349 |
| Total Revenue | 387,037,098 | 456,341,889 | 427,609,892 | 414,470,216 | (13,139,676) |
| Operating Expenses: | | | | | |
| Salaries & Wages | 175,845,633 | 188,192,274 | 204,827,732 | 197,100,987 | (7,726,745) |
| Employee Benefits | 61,970,341 | 65,669,730 | 75,213,862 | 71,899,267 | (3,314,595) |
| Supplies | 28,464,881 | 27,160,229 | 30,374,058 | 27,728,142 | (2,645,916) |
| Pharmaceuticals | 19,095,020 | 44,919,044 | 29,500,000 | 33,322,264 | 3,822,264 |
| Professional Services and Fees | 69,664,500 | 72,115,639 | 72,375,331 | 72,546,765 | 171,434 |
| Other Operating Expenses | 37,698,440 | 45,208,960 | 44,933,943 | 43,645,543 | (1,288,400) |
| Total Operating Expenses | 392,738,815 | 443,265,875 | 457,224,926 | 446,242,968 | (10,981,958) |
| Operating Income | (5,701,717) | 13,076,014 | (29,615,034) | (31,772,752) | (2,157,718) |
| Interest Income and Other Expense (Expense) | 139,294 | (21,229) | (100,000) | (133,712) | (33,712) |
| Depreciation and Amortization | 9,523,909 | 9,623,432 | 11,185,157 | 10,074,880 | (1,110,277) |
| EBIT | (15,086,331) | 3,431,354 | (40,900,191) | (41,981,344) | (1,081,153) |
| 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) | (52,747,259) | (1,228,583) |
| Ending Cash Balance | 16,545,094 | (27,122,219) | (83,199,433) | (64,741,000) | 18,458,433 |

Monthly Cash Position



MONTHLY CASH POSITION

| | Cash Projection August 2013 | Cash Projection June 2014 | Change |
|--------------------------------|--------------------------------|------------------------------|---------------|
| Revenue From Patients | \$ 213.8 | \$ 196.0 | \$ (17.8) |
| Supplemental Payment State | \$ 308.2 | \$ 326.1 | \$ 17.9 |
| Other Revenue | \$ 24.1 | \$ 33.5 | \$ 9.4 |
| Total Cash In | \$ 546.1 | \$ 555.6 | \$ 9.5 |
| Expenses | \$ (602.2) | \$ (593.2) | \$ 9.0 |
| Cash Beginning | \$ (27.1) | \$ (27.1) | \$ - |
| Cash Change From Operations | \$ (56.1) | \$ (37.6) | \$ 18.5 |
| Cash June 30, 2014 | \$ (83.2) | \$ (64.7) | \$ 18.5 |

Daily Cash Position

