

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

288



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
November 13, 2014

SUBJECT: Huron Consulting Project progress and the monthly financial and operational performance update from the Riverside County Regional Medical Center. Districts – All; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:
Receive and File Huron Consulting Project progress and the monthly financial and operational performance update from the Riverside County Regional Medical Center (RCRMC).

Departmental Concurrence

Continued on Page 2


Zereh H. Sarrafian
Hospital CEO

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:	N/A
				For Fiscal Year:	

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Debra Cournoyer

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref 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, 7/15/14 2-6, 9/30/14 2-1

District: All

Agenda Number:

2-16

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

FORM 11: Huron Consulting Project progress and monthly financial and operational performance update from the Riverside County Regional Medical Center. Districts – All; [\$0]

DATE: November 13, 2014

PAGE: 2 of 2

BACKGROUND:

Summary

As of October 15, 2014, over \$70 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, continued reductions in paid full time equivalents (FTE) and use of registry staff - are in place for over \$77.2 million of the \$78.8 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 \$83.7 million in annual reoccurring benefits, have been “monitored”, exceeding the total launched activities. Monitored areas include overtime costs, registry expenditures, accounts receivable and supply expenditures per patient day.

Although the Huron engagement is winding down monitoring and other activities are being transitioned to RCRMC staff. Huron continues to implement solutions in several areas including physician solutions, clinical operations and strategy. Physician solutions focus on operational improvements in the 10 federally qualified health centers and hospital based clinics, including specialty care referrals, scheduling and staffing plans. Clinical operations focus on case management, length of stay, physician involvement in determining level of care and appropriate patient placement. In addition, the Huron and RCRMC strategy team continue to work with university partners to formalize affiliation agreements for both graduate and undergraduate medical education programs, finalize executive dashboards, analyze data for negotiations with commercial payors, and develop a five-year financial forecast.

Based on initial projections, RCRMC expected to end FY 14/15 with negative cash of \$55.4 million. The latest update anticipates some improvement in the cash position by year-end. RCRMC is projecting a negative cash balance of \$44 million.

RCRMC continues to monitor FY 14/15 revenue and expenditure projections as they compared to the approved budget. Although the latest projections show a further decrease in expenditures of nearly \$1.5 million, patient revenue continues to decrease and is projected to drop by \$26.5 million. Some of the primary factors contributing to the decrease are a reduction in the number of patient visits to the emergency department, fewer appointments at the hospital-based clinics and a decrease in hospital admissions all of which mean less revenue to the hospital.

Financial Benefit – “Big Board”



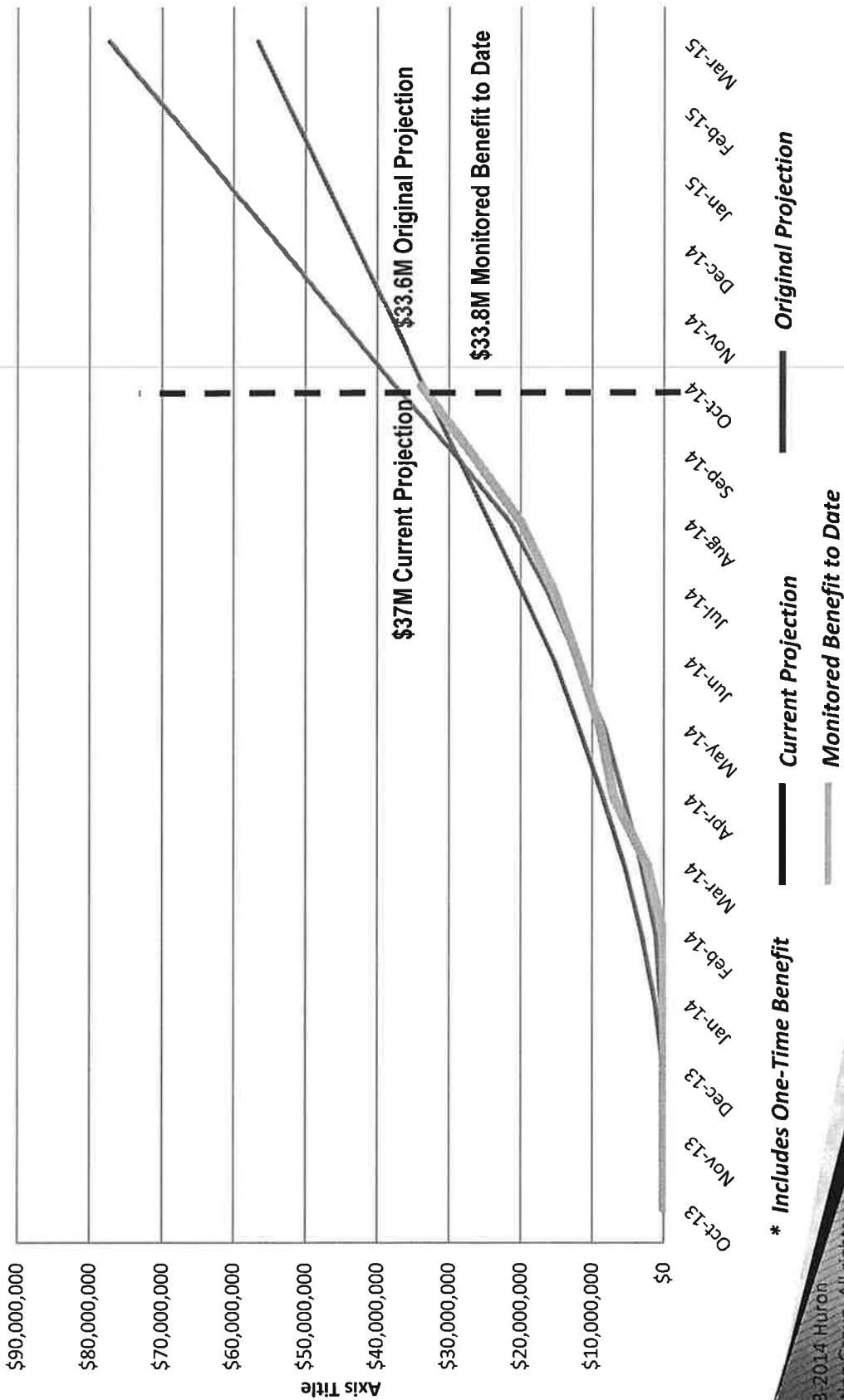
Solution	Target	Annual Benefit		
		Launched	Implemented	Monitored
Non-Labor	\$16,630,000	\$35,032,745	\$29,930,803	\$26,453,731
Labor	\$11,017,000	\$14,139,453	\$28,555,881	\$28,555,881
HR	\$5,500,000	*\$5,712,500	\$2,912,000	\$2,326,000
Physician Solutions	\$11,300,000	\$9,511,360	\$2,446,395	\$2,333,412
Revenue Cycle	\$6,000,000	\$5,000,000	\$5,000,000	\$23,824,726
CDI	\$675,000	\$700,000	\$675,000	\$213,081
Clinical Operations	\$4,400,000			
Total Recurring	\$55,522,000	\$70,096,058	\$69,520,079	\$83,706,831
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	\$78,826,307	\$77,200,665	\$84,445,782

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

Benefit Projection



Total Cumulative Benefit



RCRMC MONTHLY FINANCIAL UPDATE

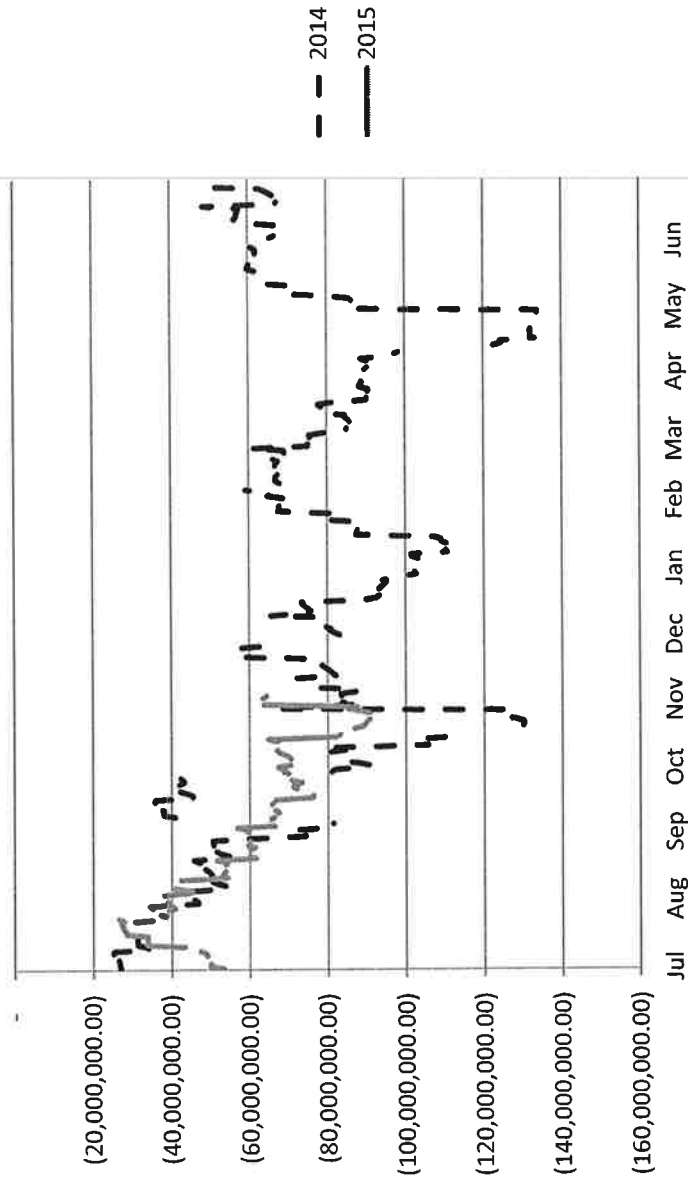
FISCAL YEAR 2014/15

	FY11/12 Actual	FY12/13 Actual	FY13/14 Actuals	FY14/15 BOS Approved Budget	FY14/15 October Update Budget	FY 14/15 Budget Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	175,835,118	142,048,411	137,008,864	(5,039,547)
Patient Revenues	203,155,468	198,716,364	222,294,192	293,836,930	270,909,911	(22,927,019)
Other Revenue	18,792,482	17,827,224	17,968,342	16,748,339	18,138,624	1,390,285
Total Revenue	387,037,099	456,341,889	416,097,652	452,633,680	426,057,399	(26,576,281)
Operating Expenses:						
Salaries & Wages	175,845,633	188,192,274	194,455,811	185,609,430	185,515,300	(94,130)
Employee Benefits	61,970,341	65,669,730	68,721,540	78,202,064	71,757,202	(6,444,862)
Supplies	28,464,881	27,160,229	27,997,562	20,765,762	20,255,092	(510,670)
Pharmaceuticals	19,095,020	44,919,044	34,298,699	24,255,875	25,396,556	1,140,681
Professional Services and Fees	69,664,500	72,115,639	86,181,697	66,124,399	69,828,747	3,704,348
Other Operating Expenses	37,698,440	45,208,960	45,782,947	44,183,511	44,907,365	723,854
Total Operating Expenses	392,738,815	443,265,875	457,438,256	419,141,041	417,660,262	(1,480,779)
Operating Income	(5,701,716)	13,076,014	(41,340,604)	33,492,639	8,397,137	(25,095,502)
Interest Income and Other Expense (Expense)	139,294	(21,229)	(153,395)	(145,312)	(145,312)	0
Depreciation and Amortization	9,523,909	9,623,432	10,040,907	13,247,151	17,256,423	4,009,272
	(9,384,615)	(9,644,660)	(10,194,302)	(13,392,463)	(17,401,735)	(4,009,272)
Earnings Before Interest	(15,086,331)	3,431,354	(51,534,906)	20,100,176	(9,004,598)	(29,104,774)
Interest	11,781,701	13,214,214	10,760,852	10,056,989	10,591,820	534,831
Net Income (Deficit)	(26,868,032)	(9,782,860)	(62,295,758)	10,043,187	(19,596,418)	(29,639,605)

Daily Cash Position



DAILY CASH POSITION



Monthly Cash Position



MONTHLY CASH POSITION

	Cash Projection August 2014	Cash Projection September 2014	Change
Revenue From Patients	\$ 232.5	\$ 237.4	4.9
Supplemental Payment State	\$ 280.1	\$ 286.3	6.2
Other Revenue	\$ 25.1	\$ 25.5	0.4
Total Cash In	\$ 537.7	\$ 549.2	11.5
Expenses	\$ 552.2	\$ 552.3	0.1
Cash Beginning	\$ (40.9)	\$ (40.9)	-
Cash Change From Operations	\$ (14.5)	\$ (3.1)	11.4
Cash June 30, 2015	\$ (55.4)	\$ (44.0)	11.4