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

**FROM:** Riverside County Regional Medical Center (RCRMC)

**SUBMITTAL DATE:**

February 24, 2015

**SUBJECT:** FY 2014/15 Rate Adjustment for the Riverside County Regional Medical Center

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Request a public hearing to be set to discuss the implementation of a 7.98 percent rate increase at RCRMC and at the close of the hearing, the Board approve Resolution No. 2015-062 to increase the current hospital charge structure by 7.98 percent.
2. Delegate to the Hospital Director authority to implement the rate increase;
3. Delegate to the Hospital Director the authority to adjust/add/delete rates within the hospital's rate structure as dictated by federal and state regulation changes or requirements; and
4. Delegate to the Hospital Director the authority to negotiate discounts with non-federal, non-state, non-contracted third party health care insurance carriers and self-pay individuals.

Zareh Sarrafian  
Hospital Director

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:** None

**For Fiscal Year:** 14/15

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Debra Cournoyer

County Executive Office Signature

## MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order

- A-30
- 4/5 Vote

Prev. Agn. Ref.:

District: ALL

Agenda Number:

3-30

FORM APPROVED COUNTY COUNSEL  
BY:   
ANITA C. WILLIS  
DATE: 2/26/15

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: FY 2014/15 Rate Adjustment for the Riverside County Regional Medical Center**

**DATE: February 24, 2015**

**PAGE: 2 of 2**

**BACKGROUND:**

Previous to the recommended change below, RCRMC last increased prices over two years ago on July 31, 2012.

To ensure charges are market based Huron Healthcare, as part of their engagement, compared RCRMC's charges to the local market and recommend price increases and decreases based on competitor pricing, historical usage, and contractual reimbursement. The local market analysis included among others, Arrowhead Regional Medical Center, Hemet Valley Medical Center, Loma Linda University Medical Center and Riverside Community Hospital.

The Hospital's Charge Description Master (CDM) contains the billing Current Procedural Terminology (CPT), Health Care Common Procedure Coding Systems (HCPCS), revenue codes and retail charges for over 17,500 patient supplies, procedures, daily room rates and clinic rates for services rendered or performed at and billed by the Hospital.

Huron's analysis of the publically available data filed by the hospitals in the local market showed hospitals are increasing prices by an average of 10.35 percent annually. Additionally, the U.S. Bureau of Labor Statistics recorded a growth in the costs of medical care by 2.5 percent within the Los Angeles – Riverside – Orange County region between December 2013 and December 2014. Assuming constant growth, this rate would show an increase in overall medical care costs of 6.37 percent ( $1.025 \times 1.025 \times 1.0125$ ) since the 2012 price increase. Based on these figures, opportunity exists for RCRMC to increase overall charges in order to keep up with market inflation and maintain competitive pricing.

This review provides justification for an increase to the CDM and will enhance hospital net revenue. The analysis resulted in recommended changes which would increase annual gross revenue by 7.98 percent and enhance net revenue by approximately \$2.8 million over the next 12 month period.

**Impact on Citizens and Businesses**

As a result of the Affordable Care Act nearly all individuals have some type of coverage though Federal, State or Covered California programs and it is anticipated that the impact of the increase to other individuals (working poor or undocumented) would be minimal as the hospital provides discounts or free care to all that are unable to pay.

RESOLUTION NO. 2015-062

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE TO INCREASE THE CURRENT RATE STRUCTURE OF THE RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

WHEREAS, The Riverside County Regional Medical Center (hereinafter referred to as the "Hospital") has a Charge Description Master (CDM) which contains the billing codes and retail charges for over 17,500 patient supplies and procedures for services rendered or performed at, and billed for by, the Hospital, and

WHEREAS, the Hospital cost will increase in Fiscal Year 2014/2015;

WHEREAS, the billing rates are used to obtain reimbursement from third-parties and patients for these costs; and

WHEREAS, a rate increase has been the subject of a public hearing;

NOW THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on \_\_\_\_\_ 2015 that:

- 1. The Hospital is authorized to increase the current hospital charge structure by 7.98%.
2. The Hospital Director is authorized to implement the rate increase.
3. The Hospital Director is authorized to adjust, add or delete rates within the Hospital's rate structure as may be required by Federal and State regulatory or statutory charges.
4. The Hospital Director is authorized to negotiate discounts with non-federal, non-state, non-contracted third party health care insurance carriers and self-pay individuals.

ZHS:BG:vj
02/25/15

FORM APPROVED COUNTY COUNSEL

BY: ANITA C. WILLIS DATE 2-26-15