

FORM APPROVED COUNTY COUNSEL
 BY: *Anita C. Willis* 6-7-16
 DATE

920C



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

FROM: Riverside University Health System – Medical Center

SUBMITTAL DATE:
 May 25, 2016

SUBJECT: Scheduling of Public Hearing to Consider FY 2016/17 Rate Adjustment for the Riverside University Health System – Medical Center

RECOMMENDED MOTION: That the Board of Supervisors:

1. Direct that a public hearing be set to discuss the implementation of a 6.09% rate increase at Riverside University Health System – Medical Center;
2. Direct that at the close of the hearing, the Board shall approve or deny resolution No. 2016-133 to increase the current medical center charge structure by 6.09%.

BACKGROUND:

Summary

Approval of this document will set a public hearing to consider raising hospital charges 6.09 percent to keep up with market inflation. The Medical Center last increased prices in April, 2015.

(Continued on Next Page)

Zareh H. Sarrafian
 Assistant CEO – Health System

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: N/A				Budget Adjustment: No	
				For Fiscal Year: FY 16/17	

C.E.O. RECOMMENDATION:

APPROVE

BY: *Christopher M. Hans*
 Christopher M. Hans

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: | District: | Agenda Number:

3-62

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Scheduling of Public Hearing to Consider FY 2016/17 Rate Adjustment for the Riverside
University Health System – Medical Center**

DATE: May 25, 2016

PAGE: 2 of 2

BACKGROUND:

Summary

Riverside University Health System – Medical Center (RUHS-MC) has a Charge Description Master (CDM) that contains the billing Current Procedural Terminology (CPT), Health Care Common Procedure Coding Systems (HCPCS), revenue codes and retail charges for over 16,000 patient supplies, procedures, daily room rates and clinic rates for services rendered or performed at and billed by the Hospital.

RUHS-MC's labor costs have increased in excess of the proposed increase as a result of union wage and benefit increases. Despite those increases RUHS-MC did not increase charges during FY 2015/16. Based on the research, an opportunity exists for RUHS-MC to increase overall charges in order to keep up with market inflation and maintain competitive pricing.

To ensure charges are market based, staff checked back with Huron Healthcare - who as part of their engagement in 2015, compared RUHS-MC's charges to the local market and recommended a mix of price increases and decreases based on competitor pricing, historical usage, and contractual reimbursement. A high level update of market data was recently supplied and supports the proposed increase. The local market analysis included among others, Riverside Community Hospital, San Geronio Memorial Hospital, Parkview Community Hospital, Arrowhead Regional Medical Center, Loma Linda University Medical Center, Hemet Valley Medical Center, and Southwest Healthcare System.

Increased cost and the updated data provided by Huron Healthcare provides justification for an increase to the CDM which will enhance hospital net revenue. The analysis resulted in recommended changes which would increase annual gross revenue by 6.09 percent and enhance net revenue by approximately \$1.9 million over the next 12 month period if effective July 1, 2016.

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.

ZHS:wg