

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

920



**FROM:** Riverside University Health System – Medical Center

**SUBMITTAL DATE:**  
 May 25, 2016

**SUBJECT:** Approval of FY 2016/17 Rate Adjustment for the Riverside University Health System – Medical Center

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

1. Approve resolution No. 2016-133 to increase the current hospital charge structure by 6.09%.
2. Delegate to the Assistant CEO – Health System authority to implement the rate increase;
3. Delegate to the Assistant CEO – Health System 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 Assistant CEO – Health System the authority to negotiate discounts with non-federal, non-state, non-contracted third party health care insurance carriers and self-pay individuals.

**BACKGROUND:**

**Summary**

Approval of this document will raise hospital charges 6.09 percent to keep up with market inflation. Previous to the recommended change, the Medical Center last increased prices in April, 2015.

(continued on next page)

Zareh H. Sarafian  
 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

**County Executive Office Signature** Christopher M. Hans

**MINUTES OF THE BOARD OF SUPERVISORS**

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

**Prev. Agn. Ref.:** 06/21/16 3-62

**District:**

**Agenda Number:**

9-4

**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.

RESOLUTION NO. 2016-133

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF RIVERSIDE TO INCREASE THE CURRENT RATE STRUCTURE OF THE  
RIVERSIDE UNIVERSITY HEALTH SYSTEM – MEDICAL CENTER

WHEREAS, The Riverside University Health System – Medical Center (hereinafter referred to as the “Hospital”) has a Charge Description Master (CDM) which contains the billing codes and retail charges for over 16,000 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 2016/2017;

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

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 \_\_\_\_\_ 2016 that:

1. The Hospital is authorized to increase the current hospital charge structure by 6.09%.
2. The Assistant CEO – Health System is authorized to implement the rate increase.
3. The Assistant CEO – Health System 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 Assistant CEO – Health System is authorized to negotiate discounts with non-federal, non-state, non-contracted third party health care insurance carriers and self-pay individuals.

ZHS:WG:vj  
5/23/16