

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

660



**FROM:** Executive Office

**SUBMITTAL DATE:**  
May 21, 2014

**SUBJECT:** Monthly financial and operational performance update from the Health Care Governance Committee and Riverside County Regional Medical Center and Support of SB 1341 reaffirming existing State statute that SAWS is the system of record for Medi-Cal customers. Districts – All; [\$0]

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

1. Receive and File the monthly financial and operational performance update from the Health Care Governance Committee (HCGC) and Riverside County Regional Medical Center (RCRMC)
2. Authorize the Chairman to sign the attached letter of support for SB 1341, as it is currently written, reaffirming existing State statute that SAWS is the system of record for Medi-Cal customers; and
3. Direct the Executive Office to engage our legislative advocates to monitor and advocate our support to SB 1341, consistent with the California State Association of Counties position supporting SB 1341.

Departmental Concurrence

*Lowell Johnson*

Lowell Johnson  
Hospital Director

*Debra Cournoyer*

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 type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

**SOURCE OF FUNDS:**

Budget Adjustment:

For Fiscal Year:

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

**APPROVE**

BY: *George A. Johnson*  
George A. Johnson

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Stone, and Ashley  
Nays: None  
Absent: Tavaglione and Benoit  
Date: June 3, 2014  
xc: E.O., RCRMC

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

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

Prev. Agn. Ref.: 11/26/13 2-12, 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

District: All

Agenda Number:

**2-8**

**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 and Support of SB 1341 reaffirming existing State statute that SAWS is the system of record for Medi-Cal customers. Districts – All; [\$0]

**DATE:** May 21, 2014

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**BACKGROUND:**

**Summary**

As of April 30, 2014, nearly \$55 million in annual financial benefits and over \$8.8 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 nearly \$38 million of the \$63.5 million of launched activities. These activities are functioning and already generating savings. Once new initiatives are functioning, they are carefully monitored for 1- 3 months to verify success. In this way over \$20 million of the \$38 million mentioned has been “monitored”. Dashboards, graphical representations of key performance indicators, are being finalized that identify the areas being monitored and the trends for each area. Some of the monitored areas include registry expenditures, accounts receivable and supply expenditures per patient day. It is anticipated that dashboards will be presented at the June 16, 2014 Board of Supervisors workshop.

The monthly financial update prepared by RCRMC projects a slight improvement in the year-end cash position up from negative \$83.2 million to negative \$78.7 million.

In addition to the year-end cash position, RCRMC continues to monitor and evaluate budget projections and expects some improvement by FY 13/14 year-end. Through May 13, 2014, as more patients enroll in Medi-Cal, RCRMC has seen 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 \$8 million less than budgeted. Increases in pharmaceuticals and professional services and fees will partially offset a decrease of nearly \$10 million in salaries and benefits.

With regard to the eligibility and enrollment activities, DPSS reports that there were approximately 113,500 Medi-Cal applications received during the open enrollment period of October 1, 2013 through April 15, 2014. Unlike enrollment in the Health Benefit Exchange, individuals who may be eligible for Medi-Cal are able to enroll at any time. As a result, DPSS continues to receive new applications every month.

As reported in the Governor’s May Revise, there has been a significant increase in Medi-Cal enrollment statewide that exceeded most expectations. Due to ongoing technical problems with California’s Health Eligibility and Enrollment Retention System (CalHEERS), counties continue to experience significant delays in processing applications. As of the beginning of May, there was a backlog of over 900,000 cases still pending statewide. In Riverside County, there were more than 70,000 applications pending. Within this backlog, approximately 13,000 applications were received during the period of October and December. DPSS is attempting to process the applications from oldest to newest while also being responsive to customers who may have more time sensitive medical care needs.

There are many technical problems with CalHEERs including system performance issues, inconsistencies in the integrity of the information being transmitted between CalHEERs and the State Automated Welfare System (SAWS) as well as system defects resulting in incorrect eligibility results. As a result, counties are receiving ongoing guidance for how to work around and resolve these discrepancies where possible. In some cases, a system fix has to be implemented before action can be taken.

Aside from the current system issues, counties have also been challenged by the limited functionality of CalHEERs. For example, within the last month, the system has been able to issue notices to customers to inform them of the status of their application and any documentation that may be required to complete the eligibility determination process. Unfortunately, some customers received incorrect notices and are receiving multiple notices, which adds to the confusion and frustration customers are experiencing. The system does not yet have the functionality to deny a case. As a result, DPSS is unable to terminate or deny a case for lack of

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eligibility. This prevents the department from advising customers of the status of their case and enabling them to access other health care coverage. It is estimated that this functionality will be implemented sometime in June, but it must first pass system testing during the next few weeks. This functionality is also critical for processing Medi-Cal renewal applications, which is described in more detail below.

In addition to these issues, Covered California also has a backlog of paper verifications to scan and link to the pending applications. This documentation is necessary for completing the eligibility determination process. The most recent estimate was that there were over 300,000 verifications to be scanned and linked to applications from January through April. As DPSS has contact with customers, they are advised to send their verifications directly to DPSS to expedite the review process.

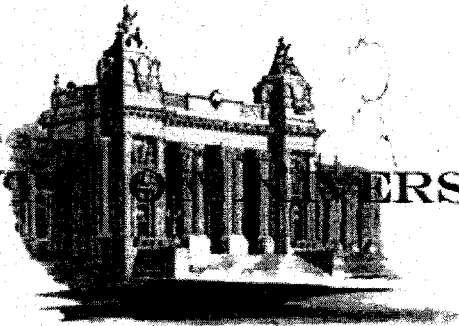
Because of these issues, DPSS staff has to touch cases multiple times, continually change their business processes in order to work around system errors and are often unable to complete the eligibility process or give official notice to the customer of the status of his or her application. The system was expected to provide an instant response to verify residency, income and other information related to eligibility. Instead of seconds, the system response has varied from minutes to days. As of May 15, system performance had improved significantly, providing on average a 6-minute response time. Even with these improvements, the process could be much more efficient if counties were able to process cases through our existing SAWS case management system instead of through CalHEERS.

In addition to working through the backlog, the State decided to reinstate the renewal requirement for existing Medi-Cal cases. Existing customers have not received renewal notices since January 2014 and effective in May, the State began issuing the renewal notices to customers retroactive to January. As a result, in May customers with a renewal notice due in January and in June received notice to verify that they continue to be eligible for Medi-Cal coverage. Each month, two months of notices will be issued for the remainder of the year. This is additional work that DPSS staff will be receiving to process in addition to managing the current backlog.

Counties expressed concerns to the State about this decision and the likelihood that this would further delay the processing of new applications, but the State was adamant about issuing the renewal notices. The State has not provided any additional funding to mitigate the exponential increase in workload caused by the system problems, the need to process a year's worth of renewals in six months or the overall increase in caseload. DPSS continues to prioritize the work for staff and are authorizing overtime in an attempt to process these cases as quickly as possible.

Given the significant demand for Medi-Cal services and the challenges experienced by Covered California in developing a system to meet the different health care eligibility rules and requirements, the County Welfare Directors Association, with CSAC as a co-sponsor, sought legislation that reaffirms existing State statute that SAWS is the system of record for Medi-Cal customers. SB 1341 (Mitchell) further commits to having all Medi-Cal eligibility rules and case management functionality reside in SAWS, thereby allowing counties to have the ability to process applications more efficiently. The current process by which SAWS interfaces with CalHEERS is technically complex to build and maintain and has been a significant contributing factor to the ongoing system performance problems. For these reasons, DPSS is requesting that the Board submit a letter of support for SB 1341 to reinforce the importance of having all Medi-Cal eligibility and case management functionality built and maintained in SAWS going forward.

# COUNTY OF RIVERSIDE



## Board of Supervisors

District 1	Kevin Jeffries 951-955-1010
District 2	John F. Tavaglione 951-955-1020
District 3	Jeff Stone 951-955-1030
District 4	John Benoit 951-955-1040
District 5	Marion Ashley 951-955-1050

June 3, 2014

The Honorable Holly Mitchell  
State Capitol, Room 4082  
Sacramento, CA 95814

### SUBJECT: SB 1341 (Mitchell) – SUPPORT

Dear Senator Mitchell:

On behalf of the Riverside County Board of Supervisors, I am pleased to inform you of our strong support of SB 1341.

We appreciate your leadership in authoring SB 1341, especially in light of the significant problems that counties have experienced with the California Health Eligibility Enrollment and Retention System (CalHEERS). In Riverside County, there are more than 438,965 persons receiving Medi-Cal benefits and during the open enrollment period, we received over 113,000 new applications. Unfortunately, the current system functionality has prevented us from providing timely feedback to new applicants, of which more than 50,000 are still pending.

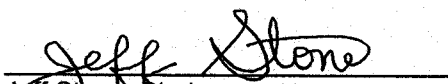
Counties strongly encouraged the Administration and Covered California to build the functionality for the expanded Medi-Cal program into the already existing and successfully functioning State Automated Welfare Systems (SAWS). With our strong objections, the decision was made to build this functionality into CalHEERS, which is now contending with significant technical problems that impede completion of the eligibility process on a daily basis.

It is clear in statute that counties are responsible for determining Medi-Cal eligibility and for adhering to all of the associated Medi-Cal processing, notification and record retention requirements. However, the mechanism through which counties accomplish this has been bifurcated between the existing SAWS systems and CalHEERS, which undermines the effectiveness and efficiency of counties in responding to the hundreds of thousands of residents in need of these services.

SB 1341 reaffirms the importance of SAWS being the system of record for Medi-Cal. In so doing, customers will be assured of receiving consistent, accurate, and timely services as well as a system that complies with the statutory due process requirements as it relates to Medi-Cal eligibility.

For these reasons, the Riverside County Board of Supervisors expresses our strong support for SB 1341.

Sincerely,

  
\_\_\_\_\_  
Jeff Stone, Chairman  
Riverside County Board of Supervisors

cc: County Welfare Directors Association of California (CWDA)

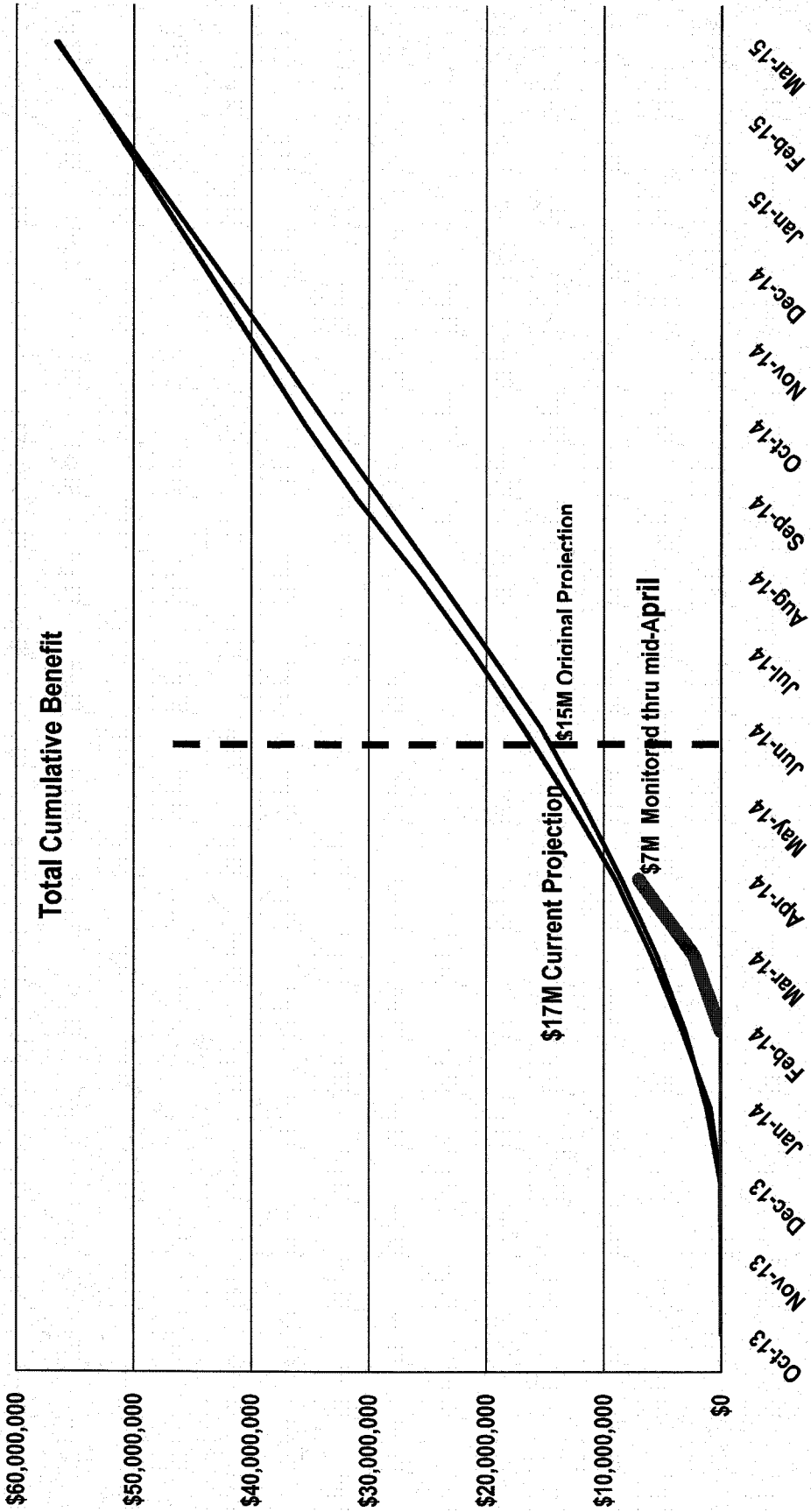
# Financial Benefit – “Big Board”



Solution	Annual Benefit						
	Low	Mid	High	Launched	Implemented	Monitored	
Non-Labor	\$13,185,000	\$16,630,000	\$20,075,000	\$28,751,245	\$23,020,945	\$18,519,136	
Labor	\$8,948,000	\$11,017,000	\$13,086,000	\$11,652,927	\$3,255,559	\$2,003,125	
HR	\$4,000,000	\$5,500,000	\$7,000,000	\$5,712,500	\$207,000		
Physician Solutions	\$9,600,000	\$11,300,000	\$13,000,000	\$3,586,360			
Revenue Cycle	\$5,000,000	\$6,000,000	\$7,000,000	\$5,000,000	\$5,000,000		
CDI	\$650,000	\$675,000	\$700,000				
Clinical Operations	\$3,600,000	\$4,400,000	\$5,200,000				
<b>Total Recurring</b>	<b>\$44,983,000</b>	<b>\$55,522,000</b>	<b>\$66,061,000</b>	<b>\$54,703,032</b>	<b>\$31,483,504</b>	<b>\$20,522,261</b>	
Non-Labor				\$1,872,145	\$934,512	\$51,538	
RC ICB	\$6,000,000	\$7,000,000	\$8,000,000	\$7,000,000	\$6,000,000		
<b>Total Benefit</b>	<b>\$50,983,000</b>	<b>\$62,522,000</b>	<b>\$74,061,000</b>	<b>\$63,575,177</b>	<b>\$38,418,016</b>	<b>\$20,573,799</b>	

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

# Benefit Projection



\* Includes One-Time Benefit  
 — Total Cumulative Benefit  
 - - - Monitored to Date Benefit  
 — Original Projection

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

	<u>FY11/12</u> Actuals	<u>FY12/13</u> Actual	<u>FY13/14</u> BOS Approved Budget	<u>FY13/14</u> Budget 05/13/14	<u>FY 13/14</u> Budget	<u>Variance</u>
<b>Waiver/Realignment Revenues</b>	165,089,149	239,798,301	226,527,928	181,621,881		(44,906,047)
<b>Patient Revenues</b>	203,155,468	198,716,364	184,051,098	224,987,809		40,936,711
<b>Other Revenue</b>	18,792,482	17,827,224	17,030,866	17,715,215		684,349
<b>Total Revenue</b>	387,037,098	456,341,889	427,609,892	424,324,905		(3,284,987)
<b>Operating Expenses:</b>						
Salaries & Wages	175,845,633	188,192,274	204,827,732	198,100,987		(6,726,745)
Employee Benefits	61,970,341	65,669,730	75,213,862	72,456,884		(2,756,978)
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	74,046,765		1,671,434
Other Operating Expenses	37,698,440	45,208,960	44,933,943	43,645,543		(1,288,400)
<b>Total Operating Expenses</b>	<b>392,738,815</b>	<b>443,265,875</b>	<b>457,224,926</b>	<b>449,300,585</b>		<b>(7,924,341)</b>
<b>Operating Income</b>	<b>(5,701,717)</b>	<b>13,076,014</b>	<b>(29,615,034)</b>	<b>(24,975,680)</b>		<b>4,639,354</b>
Interest Income and Other Expense (Expense)	139,294	(21,229)	(100,000)	(145,312)		(45,312)
Depreciation and Amortization	9,523,909	9,623,432	11,185,157	11,647,274		462,117
<b>EBIT</b>	<b>(15,086,331)</b>	<b>3,431,354</b>	<b>(40,900,191)</b>	<b>(36,768,265)</b>		<b>4,131,925</b>
Interest	11,781,701	13,214,214	10,618,485	10,765,915		147,430
<b>Net Income</b>	<b>(26,868,032)</b>	<b>(9,782,860)</b>	<b>(51,518,676)</b>	<b>(47,534,180)</b>		<b>3,984,495</b>
<b>Ending Cash Balance</b>	<b>16,545,094</b>	<b>(27,122,219)</b>	<b>(83,199,433)</b>	<b>(78,762,799)</b>		<b>4,436,634</b>

# Monthly Cash Position



## MONTHLY CASH POSITION

	Cash Projection August 2013	Cash Projection May 2014	Change
Revenue From Patients	\$ 213.8	\$ 193.9	\$ (19.9)
Supplemental Payment State	\$ 308.2	\$ 345.0	\$ 36.8
Other Revenue	\$ 24.1	\$ 33.3	\$ 9.2
<b>Total Cash In</b>	<b>\$ 546.1</b>	<b>\$ 572.2</b>	<b>\$ 26.1</b>

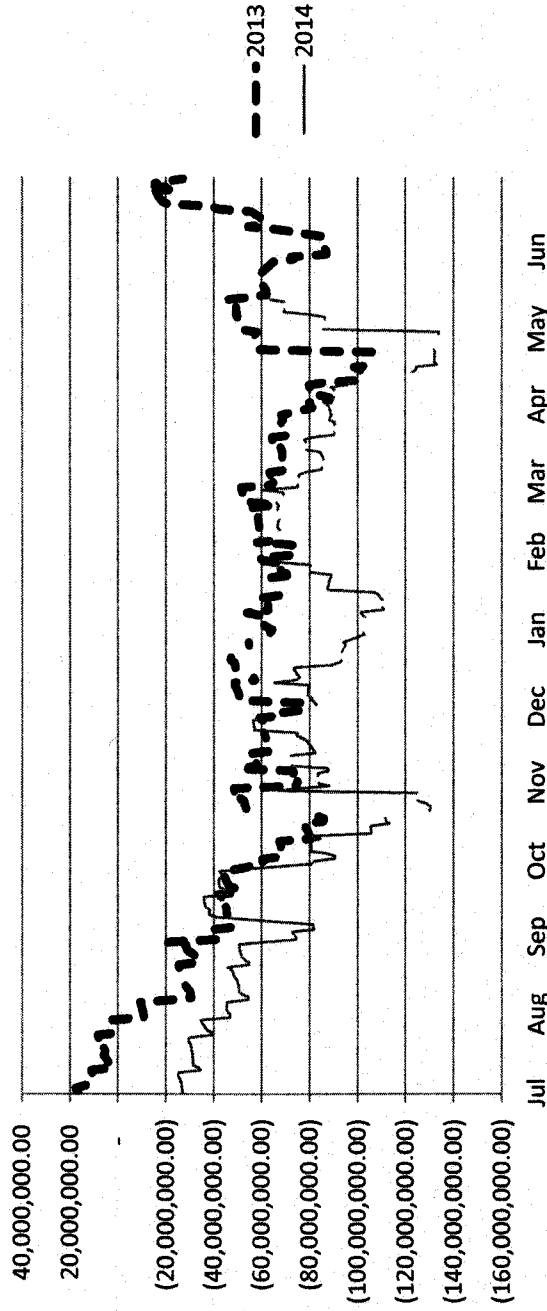
Expenses	\$ (602.2)	\$ (623.8)	\$ (21.6)
Cash Beginning	\$ (27.1)	\$ (27.1)	\$ -
Cash Change From Operations	\$ (56.1)	\$ (51.6)	\$ 4.5
Cash June 30, 2014	\$ (83.2)	\$ (78.7)	\$ 4.5



# Daily Cash Position



DAILY CASH POSITION



**Riverside County Board of Supervisors  
Request to Speak**

Submit request to Clerk of Board (right of podium),  
Speakers are entitled to three (3) minutes, subject  
to Board Rules listed on the reverse side of this form.

**SPEAKER'S NAME:** GARRY GRANT

**Address:** \_\_\_\_\_  
(only if follow-up mail response requested)

**City:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

**Date:** JUNE 3<sup>OTH</sup> **Agenda #** 2-8

**PLEASE STATE YOUR POSITION BELOW:**

**Position on "Regular" (non-appealed) Agenda Item:**

\_\_\_\_\_ **Support**     **Oppose**    \_\_\_\_\_ **Neutral**

**Note:** If you are here for an agenda item that is filed  
for "Appeal", please state separately your position on  
the appeal below:

\_\_\_\_\_ **Support**    \_\_\_\_\_ **Oppose**    \_\_\_\_\_ **Neutral**

**I give my 3 minutes to:** \_\_\_\_\_

## **BOARD RULES**

### **Requests to Address Board on "Agenda" Items:**

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

### **Requests to Address Board on items that are "NOT" on the Agenda:**

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

### **Power Point Presentations/Printed Material:**

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

### **Individual Speaker Limits:**

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. *Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.*

### **Group/Organized Presentations:**

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

### **Addressing the Board & Acknowledgement by Chairman:**

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.

**Riverside County Board of Supervisors  
Request to Speak**

Submit request to Clerk of Board (right of podium),  
Speakers are entitled to three (3) minutes, subject  
to Board Rules listed on the reverse side of this form.

**SPEAKER'S NAME:** Paul Jacobs

**Address:** \_\_\_\_\_  
(only if follow-up mail response requested)

**City:** Temecula **Zip:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

**Date:** 6/3/14 **Agenda #** 2-8

**PLEASE STATE YOUR POSITION BELOW:**

**Position on "Regular" (non-appealed) Agenda Item:**

\_\_\_\_\_ **Support**      \_\_\_\_\_ **Oppose**      \_\_\_\_\_ **Neutral**

**Note:** If you are here for an agenda item that is filed  
for "Appeal", please state separately your position on  
the appeal below:

\_\_\_\_\_ **Support**      \_\_\_\_\_ **Oppose**      \_\_\_\_\_ **Neutral**

**I give my 3 minutes to:** \_\_\_\_\_

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