

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

962



FROM: Executive Office

SUBMITTAL DATE:
July 2, 2014

SUBJECT: Monthly financial and operational performance update from the Health Care Governance Committee and Riverside County Regional Medical. Districts – All; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:
Receive and File the monthly financial and operational performance update from the Health Care Governance Committee (HCGC) and Riverside County Regional Medical Center (RCRMC)

Continued on Page 2

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 checked="" 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 Benoit, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 15, 2014
xc: EO,

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

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

Prev. Agn. Ref. 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, 6/3/14 2-8, 6/16/14 2-0

District: All

Agenda Number:

2-6

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. Districts – All; [\$0]

DATE: July 2, 2014

PAGE: 2 of 2

BACKGROUND:

Summary

As of June 25, 2014, over \$64 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 - are in place for over \$48 million of the \$72.9 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 \$37 million of the \$56 million identified have been "monitored". Some of the monitored areas include registry expenditures, accounts receivable and supply expenditures per patient day.

The monthly financial update prepared by RCRMC projects an improvement in the year-end cash position up from the approved budget projection of a negative \$83.2 million to negative \$64.7 million.

In addition to the year-end cash position, RCRMC continues to monitor and evaluate budget projections and expects significant improvement when FY 13/14 is closed out later this year. Through June 23, 2014, as more patients enroll in Medi-Cal, there has been 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 \$11 million less than budgeted. Increases in pharmaceuticals and professional services and fees will partially offset a decrease of over \$13.7 million in salaries, benefits and supplies.

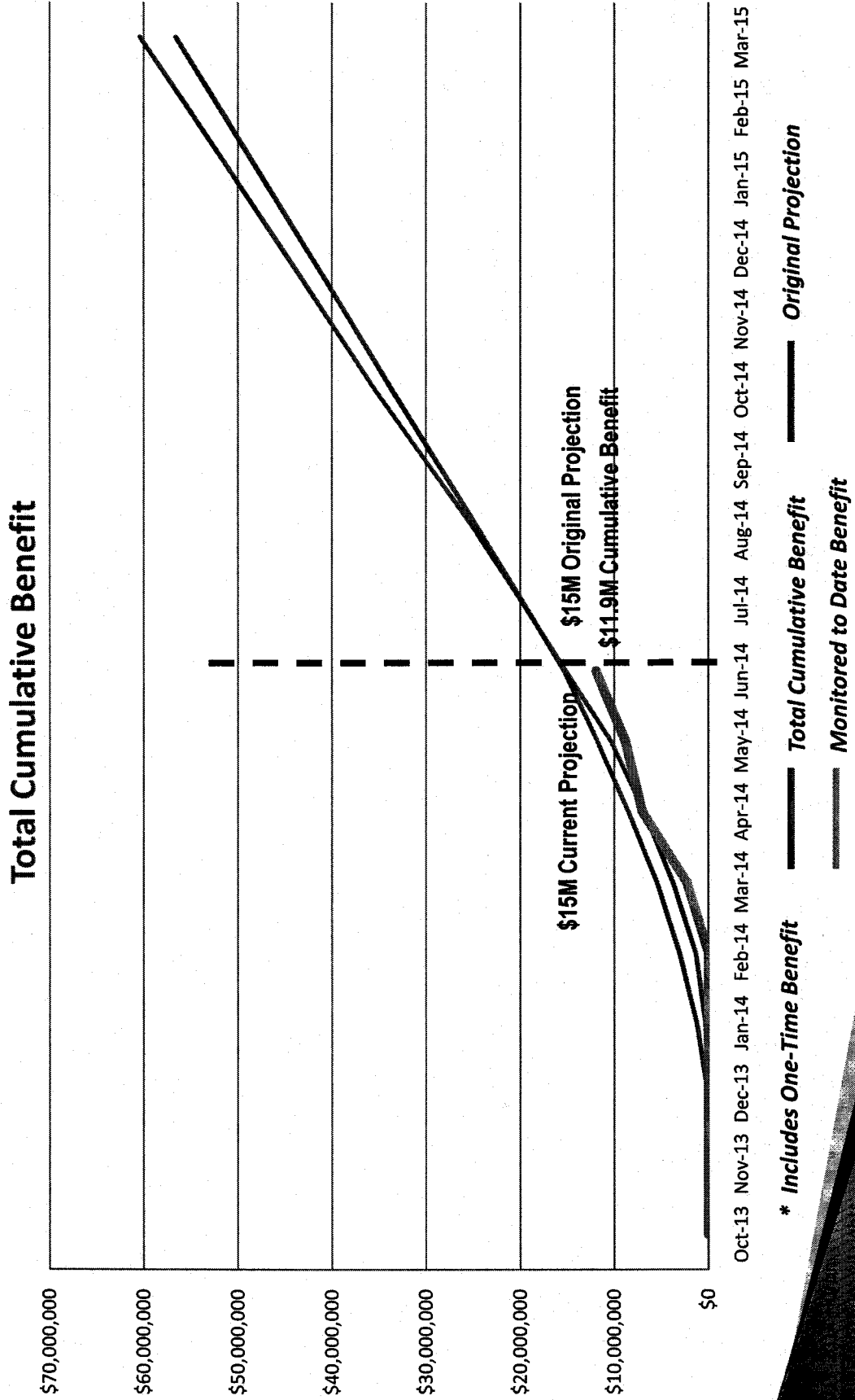
Financial Benefit – “Big Board”



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	\$12,198,677	\$10,415,132
HR	\$5,500,000	* \$5,712,500	\$207,000	
Physician Solutions	\$11,300,000	\$3,586,360		
Revenue Cycle	\$6,000,000	\$5,000,000	\$5,000,000	
CDI	\$675,000	\$700,000	\$675,000	\$161,227
Clinical Operations	\$4,400,000			
Total Recurring	\$55,522,000	\$64,171,058	\$48,011,480	\$37,030,090
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	\$72,901,307	\$55,692,066	\$37,769,041

*\$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

Oct-13 Nov-13 Dec-13 Jan-14 Feb-14 Mar-14 Apr-14 May-14 Jun-14 Jul-14 Aug-14 Sep-14 Oct-14 Nov-14 Dec-14 Jan-15 Feb-15 Mar-15

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

	FY11/12 Actuals	FY12/13 Actual	FY13/14 BOS Approved Budget	FY13/14 Budget 06/23/14	FY 13/14 Budget Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	226,527,928	181,621,881	(44,906,047)
Patient Revenues	203,155,468	198,716,364	184,051,098	215,133,120	31,082,022
Other Revenue	18,792,482	17,827,224	17,030,866	17,715,215	684,349
Total Revenue	387,037,098	456,341,889	427,609,892	414,470,216	(13,139,676)
Operating Expenses:					
Salaries & Wages	175,845,633	188,192,274	204,827,732	197,100,987	(7,726,745)
Employee Benefits	61,970,341	65,669,730	75,213,862	71,899,267	(3,314,595)
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	72,546,765	171,434
Other Operating Expenses	37,698,440	45,208,960	44,933,943	43,645,543	(1,288,400)
Total Operating Expenses	392,738,815	443,265,875	457,224,926	446,242,968	(10,981,958)
Operating Income	(5,701,717)	13,076,014	(29,615,034)	(31,772,752)	(2,157,718)
Interest Income and Other Expense (Expense)	139,294	(21,229)	(100,000)	(133,712)	(33,712)
Depreciation and Amortization	9,523,909	9,623,432	11,185,157	10,074,880	(1,110,277)
EBIT	(15,086,331)	3,431,354	(40,900,191)	(41,981,344)	(1,081,153)
Interest	11,781,701	13,214,214	10,618,485	10,765,915	147,430
Net Income	(26,868,032)	(9,782,860)	(51,518,676)	(52,747,259)	(1,228,583)
Ending Cash Balance	16,545,094	(27,122,219)	(83,199,433)	(64,741,000)	18,458,433

Monthly Cash Position



MONTHLY CASH POSITION

	Cash Projection August 2013	Cash Projection June 2014	Change
Revenue From Patients	\$ 213.8	\$ 196.0	\$ (17.8)
Supplemental Payment State	\$ 308.2	\$ 326.1	\$ 17.9
Other Revenue	\$ 24.1	\$ 33.5	\$ 9.4
Total Cash In	\$ 546.1	\$ 555.6	\$ 9.5
Expenses	\$ (602.2)	\$ (593.2)	\$ 9.0
Cash Beginning	\$ (27.1)	\$ (27.1)	\$ -
Cash Change From Operations	\$ (56.1)	\$ (37.6)	\$ 18.5
Cash June 30, 2014	\$ (83.2)	\$ (64.7)	\$ 18.5

Daily Cash Position



DAILY CASH POSITION

