

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

619



**FROM:** Executive Office


**SUBMITTAL DATE:**  
September 18, 2014

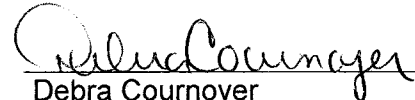
**SUBJECT:** Monthly financial and operational performance update from the Health Care Governance Committee and Riverside County Regional Medical. Districts – All; [\$0]

**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  
Hospital Director

  
\_\_\_\_\_  
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 checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	


**SOURCE OF FUNDS:** \_\_\_\_\_ Budget Adjustment: \_\_\_\_\_  
For Fiscal Year: \_\_\_\_\_

**C.E.O. RECOMMENDATION:** APPROVE  
BY:   
County Executive Office Signature George A. Johnson

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, 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: September 30, 2014  
xc: E.O.

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

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

**Prev. Agn. Ref** 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, 7/15/14 2-6 | **District:** All | **Agenda Number:** \_\_\_\_\_

2-1

**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:** September 18, 2014

**PAGE:** 2 of 2

**BACKGROUND:**

**Summary**

As of September 17, 2014, over \$70 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, continued reductions in paid full time equivalents (FTE) and use of registry staff - are in place for over \$75.7 million of the \$78.8 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 \$59 million in annual reoccurring benefits, have been "monitored". Some of the monitored areas include overtime costs, registry expenditures, accounts receivable and supply expenditures per patient day.

As reported by Hospital Director, Lowell Johnson at the budget workshop on September 9, 2014, the FY 13/14 cash position improved from a deficit of \$85 million reported in January 2014 to a deficit of \$40 million at year-end. Furthermore, it was reported that FY 14/15 revenue and expenditures projections are expected to balance in part due to implementation of Huron and RCRMC cost saving initiatives in labor and non-labor and projected increases in patient revenue collections. RCRMC continues to face challenges in FY 14/15 that include dependence on government funding for operations, payor mix imbalance, patient care throughput in the clinics, and replacement of critical capital equipment. The department will continue to monitor and evaluate budget projections.

Regional Cooperation agreements between the County and its university partners, Loma Linda University School of Medicine, Western University of Health Science and University of California Riverside School of Medicine, were approved by the Board of Supervisors on September 9, 2014. The agreements formalized arrangements to grow and manage certain clinical service lines provided at RCRMC, including its inpatient, ambulatory and federally qualified health centers. Through the regional cooperation agreements, the universities will serve as a resource to RCRMC for joint education and training of health professionals and provide technical assistance and consultation to RCRMC staff.

At a special joint meeting of the Riverside County Board of Supervisors and the San Bernardino County Board of Supervisors September 16, 2014, Inland Empire Health Plan (IEHP) CEO, Bradley Gilbert M.D., M.P.P, presented a Vision for Success for Healthcare Reform in the Inland Empire. His recommendations include the formation of 1) county planning committees for data integration across services, 2) a strategic planning committee to include both counties, Loma Linda University Medical Center and IEHP and 3) continue the relationship with UCR in Riverside County.

# 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	\$27,048,558	\$27,048,558
HR	\$5,500,000	*\$5,712,500	\$2,912,000	\$2,326,000
Physician Solutions	\$11,300,000	\$9,511,360	\$2,446,395	\$2,333,412
Revenue Cycle	\$6,000,000	\$5,000,000	\$5,000,000	
CDI	\$675,000	\$700,000	\$675,000	\$209,796
Clinical Operations	\$4,400,000			
<b>Total Recurring</b>	<b>\$55,522,000</b>	<b>\$70,096,058</b>	<b>\$68,012,756</b>	<b>\$58,371,497</b>
Non-Labor		\$1,730,249	\$1,680,586	\$738,951
RC/ICB	\$7,000,000	\$7,000,000	\$6,000,000	
<b>Total Benefit</b>	<b>\$62,522,000</b>	<b>\$78,826,307</b>	<b>\$75,693,342</b>	<b>\$59,110,448</b>

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

**RCRMC MONTHLY FINANCIAL UPDATE  
FISCAL YEAR 2014/15**

	FY12/13 Actual	FY13/14 Preliminary Actuals	FY14/15 Recommended Budget (A)
Waiver/Realignment Revenues	239,798,301	175,835,118	142,048,411
Patient Revenues	198,716,364	222,294,192	293,836,930
Other Revenue	<u>17,827,224</u>	<u>17,968,342</u>	<u>16,748,339</u>
<b>Total Revenue</b>	<b>456,341,889</b>	<b>416,097,652</b>	<b>452,633,680</b>
<b>Operating Expenses:</b>			
Salaries & Wages	188,192,274	194,455,811	185,609,430
Employee Benefits	65,669,730	68,721,540	78,202,064
Supplies	27,160,229	27,997,562	20,765,762
Pharmaceuticals	44,919,044	34,298,699	24,255,875
Professional Services and Fees	72,115,639	86,068,697	66,124,399
Other Operating Expenses	45,208,960	45,659,662	44,183,511
<b>Total Operating Expenses</b>	<u><b>443,265,875</b></u>	<u><b>457,201,971</b></u>	<u><b>419,141,041</b></u>
<b>Operating Income</b>	<b>13,076,014</b>	<b>(41,104,319)</b>	<b>33,492,639</b>
Interest Income and Other Expense (Expense)	(21,229)	(92,397)	(145,312)
Depreciation and Amortization	9,623,432	10,040,907	13,247,151
<b>EBIT</b>	<b>3,431,354</b>	<b>(51,237,623)</b>	<b>20,100,176</b>
Interest	13,214,214	15,051,348	10,056,989
<b>Net Income (Deficit)</b>	<b>(9,782,860)</b>	<b>(66,288,970)</b>	<b>10,043,187</b>
<b>Ending Cash Balance</b>	<b>(27,122,219)</b>	<b>(40,920,418)</b>	<b>(55,433,480)</b>

Notes:

A. Subject to final approval

# Monthly Cash Position

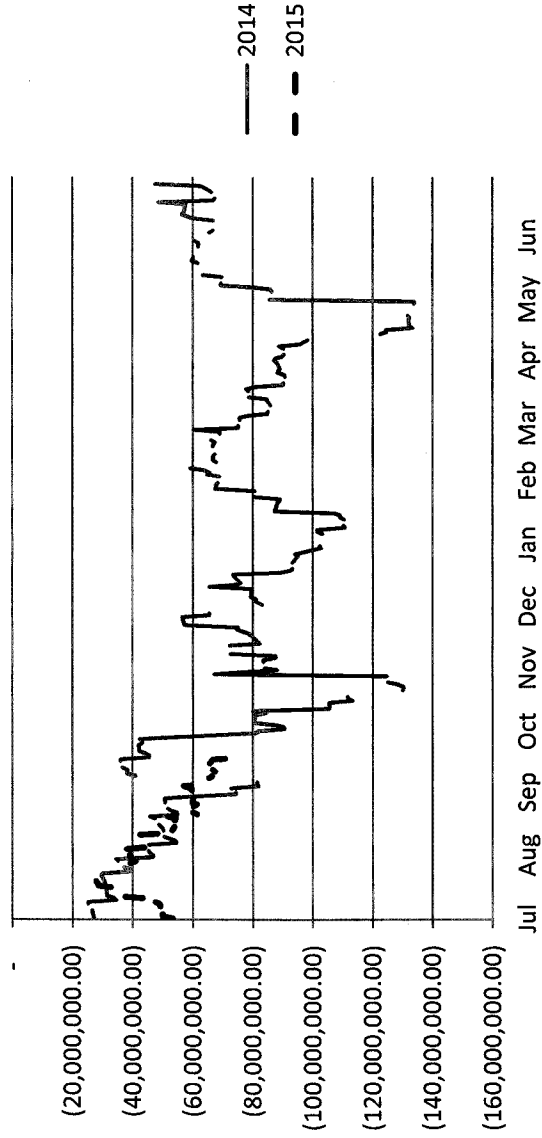


## MONTHLY CASH POSITION

	Cash Actual June 2014	Cash Projection June 2015 (as of September 2014)	Change
Revenue From Patients	\$ 201.9	\$ 230.7	\$ 28.8
Supplemental Payment State	\$ 340.3	\$ 280.1	\$ (60.2)
Other Revenue	\$ 34.9	\$ 26.9	\$ (8.0)
<b>Total Cash In</b>	<b>\$ 577.1</b>	<b>\$ 537.7</b>	<b>\$ (39.4)</b>
Expenses	\$ 590.9	\$ 552.2	\$ (38.7)
Cash Beginning	\$ (27.1)	\$ (40.9)	\$ (13.8)
Cash Change From Operations	\$ (13.8)	\$ (14.5)	\$ (0.7)
Cash June 30, 2014	\$ (40.9)	\$ (55.4)	\$ (14.5)

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:** 30TH SEPT 2014 **Agenda #** 2-1

**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.