

288

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



FROM: Riverside County Regional Medical Center

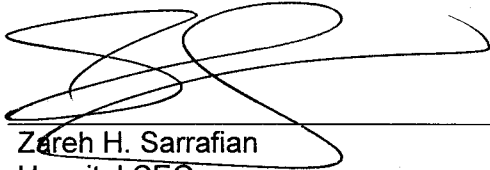
SUBMITTAL DATE:
November 13, 2014

SUBJECT: Huron Consulting Project progress and the monthly financial and operational performance update from the Riverside County Regional Medical Center. Districts – All; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:
Receive and File Huron Consulting Project progress and the monthly financial and operational performance update from the Riverside County Regional Medical Center (RCRMC).

Continued on Page 2


Departmental Concurrence


Zareh H. Sarrafian
Hospital CEO

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: N/A
	For Fiscal Year:

C.E.O. RECOMMENDATION: APPROVE


BY: 
Debra Cournoyer

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: November 24, 2014
xc: RCRMC

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

Prev. Agn. Ref 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, 9/30/14 2-1

District: All

Agenda Number:

2-16

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

FORM 11: Huron Consulting Project progress and monthly financial and operational performance update from the Riverside County Regional Medical Center. Districts – All; [\$0]

DATE: November 13, 2014

PAGE: 2 of 2

BACKGROUND:

Summary

As of October 15, 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 \$77.2 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 \$83.7 million in annual reoccurring benefits, have been “monitored”, exceeding the total launched activities. Monitored areas include overtime costs, registry expenditures, accounts receivable and supply expenditures per patient day.

Although the Huron engagement is winding down monitoring and other activities are being transitioned to RCRMC staff. Huron continues to implement solutions in several areas including physician solutions, clinical operations and strategy. Physician solutions focus on operational improvements in the 10 federally qualified health centers and hospital based clinics, including specialty care referrals, scheduling and staffing plans. Clinical operations focus on case management, length of stay, physician involvement in determining level of care and appropriate patient placement. In addition, the Huron and RCRMC strategy team continue to work with university partners to formalize affiliation agreements for both graduate and undergraduate medical education programs, finalize executive dashboards, analyze data for negotiations with commercial payors, and develop a five-year financial forecast.

Based on initial projections, RCRMC expected to end FY 14/15 with negative cash of \$55.4 million. The latest update anticipates some improvement in the cash position by year-end. RCRMC is projecting a negative cash balance of \$44 million.

RCRMC continues to monitor FY 14/15 revenue and expenditure projections as they compared to the approved budget. Although the latest projections show a further decrease in expenditures of nearly \$1.5 million, patient revenue continues to decrease and is projected to drop by \$26.5 million. Some of the primary factors contributing to the decrease are a reduction in the number of patient visits to the emergency department, fewer appointments at the hospital-based clinics and a decrease in hospital admissions all of which mean less revenue to the hospital.

Financial Benefit – “Big Board”



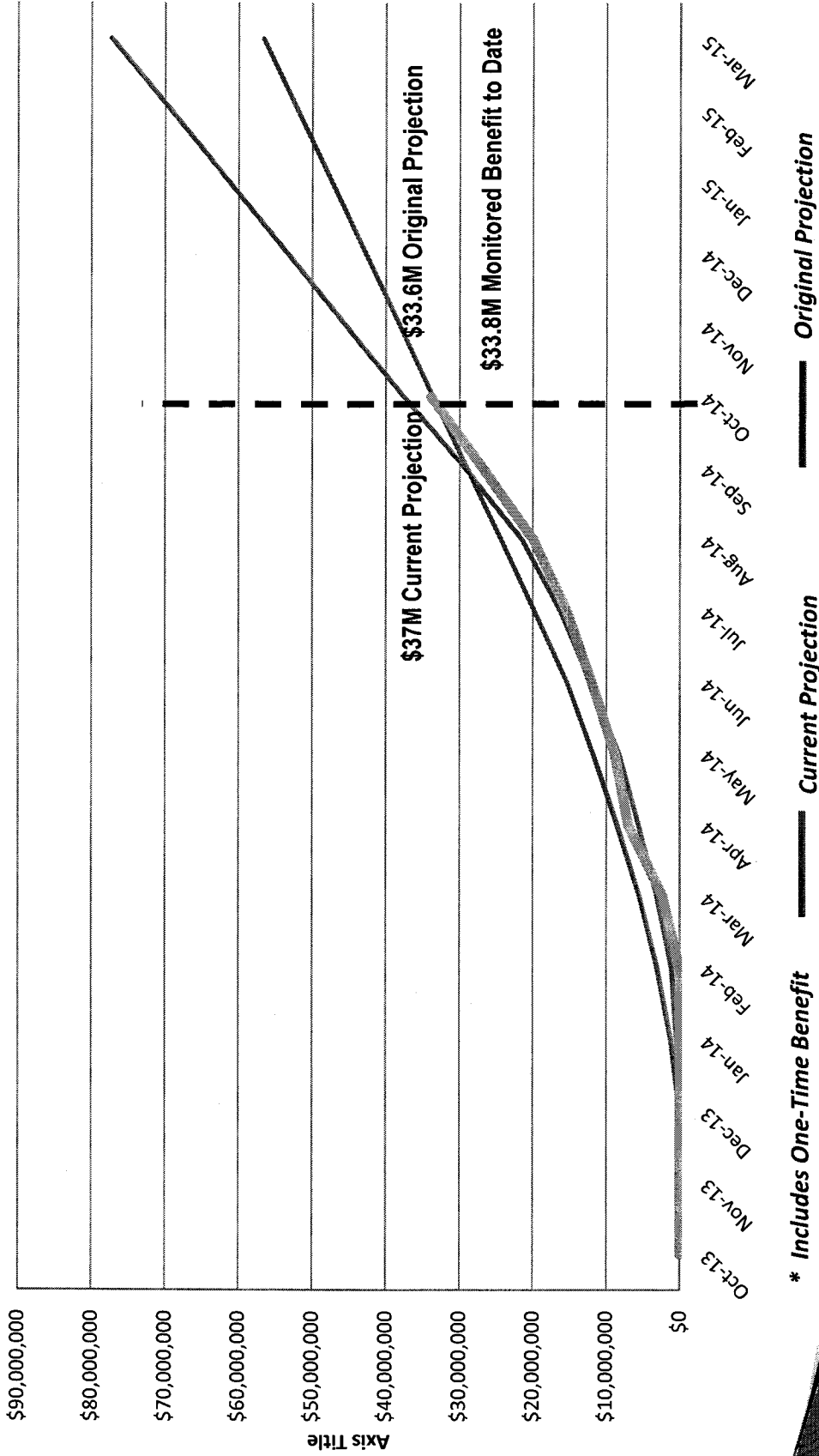
Solution	Target	Annual Benefit		
		Launched	Implemented	Monitored
Non-Labor	\$16,630,000	\$35,032,745	\$29,930,803	\$26,453,731
Labor	\$11,017,000	\$14,139,453	\$28,555,881	\$28,555,881
HR	\$5,500,000	*\$5,712,500	\$2,912,000	\$2,326,000
Physician Solutions	\$11,300,000	\$9,511,360	\$2,446,395	\$2,333,412
Revenue Cycle	\$6,000,000	\$5,000,000	\$5,000,000	\$23,824,726
CDI	\$675,000	\$700,000	\$675,000	\$213,081
Clinical Operations	\$4,400,000			
Total Recurring	\$55,522,000	\$70,096,058	\$69,520,079	\$83,706,831
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	\$78,826,307	\$77,200,665	\$84,445,782

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

Benefit Projection



Total Cumulative Benefit



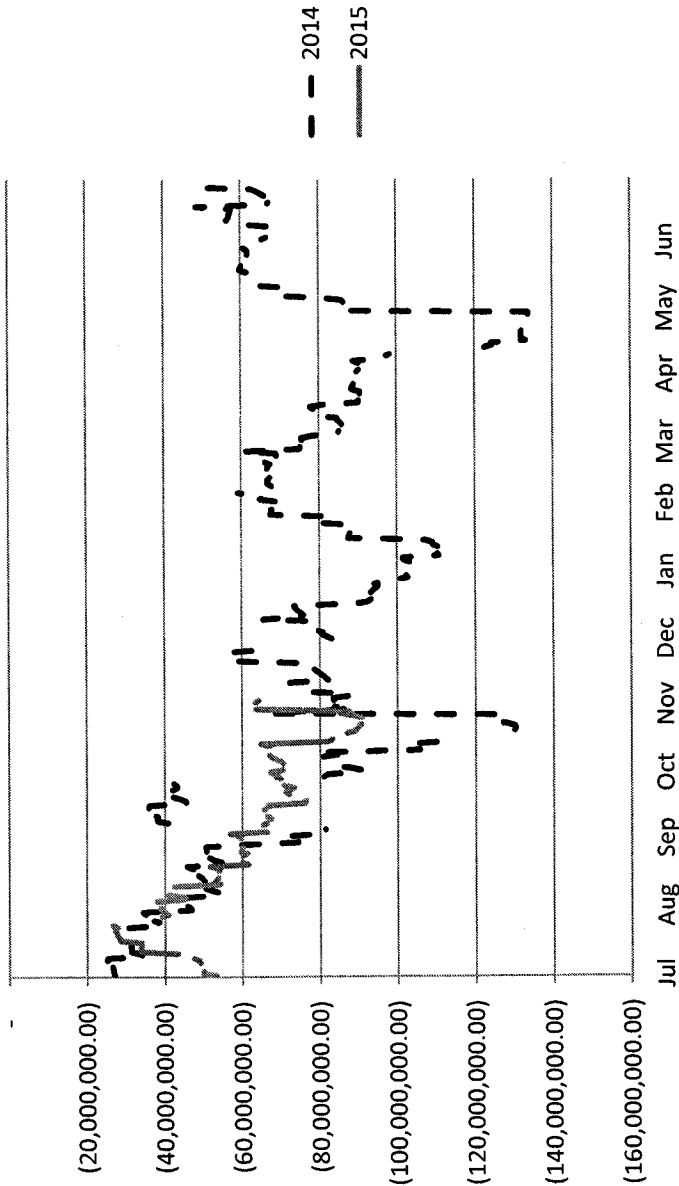
* Includes One-Time Benefit
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**RRCRM MONTHLY FINANCIAL UPDATE
FISCAL YEAR 2014/15**

	FY11/12 Actual	FY12/13 Actual	FY13/14 Actuals	FY14/15 BOS Approved Budget	FY14/15 October Update Budget	FY 14/15 Budget	Variance
Waiver/Realignment Revenues	165,089,149	239,798,301	175,835,118	142,048,411	137,008,864	137,008,864	(5,039,547)
Patient Revenues	203,155,468	198,716,364	222,294,192	293,836,930	270,909,911	270,909,911	(22,927,019)
Other Revenue	18,792,482	17,827,224	17,968,342	16,748,339	18,138,624	18,138,624	1,390,285
Total Revenue	387,037,099	456,341,889	416,097,652	452,633,680	426,057,399	426,057,399	(26,576,281)
Operating Expenses:							
Salaries & Wages	175,845,633	188,192,274	194,455,811	185,609,430	185,515,300	185,515,300	(94,130)
Employee Benefits	61,970,341	65,669,730	68,721,540	78,202,064	71,757,202	71,757,202	(6,444,862)
Supplies	28,464,881	27,160,229	27,997,562	20,765,762	20,255,092	20,255,092	(510,670)
Pharmaceuticals	19,095,020	44,919,044	34,298,699	24,255,875	25,396,556	25,396,556	1,140,681
Professional Services and Fees	69,664,500	72,115,639	86,181,697	66,124,399	69,828,747	69,828,747	3,704,348
Other Operating Expenses	37,698,440	45,208,960	45,782,947	44,183,511	44,907,365	44,907,365	723,854
Total Operating Expenses	392,738,815	443,265,875	457,438,256	419,141,041	417,660,262	417,660,262	(1,480,779)
Operating Income	(5,701,716)	13,076,014	(41,340,604)	33,492,639	8,397,137	8,397,137	(25,095,502)
Interest Income and Other Expense (Expense)	139,294	(21,229)	(153,395)	(145,312)	(145,312)	(145,312)	0
Depreciation and Amortization	9,523,909	9,623,432	10,040,907	13,247,151	17,256,423	17,256,423	4,009,272
	(9,384,615)	(9,644,660)	(10,194,302)	(13,392,463)	(17,401,735)	(17,401,735)	(4,009,272)
Earnings Before Interest	(15,086,331)	3,431,354	(51,534,906)	20,100,176	(9,004,598)	(9,004,598)	(29,104,774)
Interest	11,781,701	13,214,214	10,760,852	10,056,989	10,591,820	10,591,820	534,831
Net Income (Deficit)	(26,868,032)	(9,782,860)	(62,295,758)	10,043,187	(19,596,418)	(19,596,418)	(29,639,605)

Daily Cash Position

DAILY CASH POSITION



Monthly Cash Position



MONTHLY CASH POSITION

	Cash Projection August 2014	Cash Projection September 2014	Change
Revenue From Patients	\$ 232.5	\$ 237.4	4.9
Supplemental Payment State	\$ 280.1	\$ 286.3	6.2
Other Revenue	\$ 25.1	\$ 25.5	0.4
Total Cash In	\$ 537.7	\$ 549.2	11.5
Expenses	\$ 552.2	\$ 552.3	0.1
Cash Beginning	\$ (40.9)	\$ (40.9)	-
Cash Change From Operations	\$ (14.5)	\$ (3.1)	11.4
Cash June 30, 2015	\$ (55.4)	\$ (44.0)	11.4

**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 S. BARNETT

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: Nov 24 - 2014 **Agenda #** 9-16 (2-16)

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
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SPEAKER'S NAME: Paul Jacobs

Address: _____
(only if follow-up mail response requested)

City: Temecula **Zip:** _____

Phone #: _____

Date: 11/24/14 **Agenda #** 2-16

PLEASE STATE YOUR POSITION BELOW:

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

_____ **Support** _____ **Oppose** _____ **Neutral**

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SPEAKER'S NAME: Julie Waltz

Address: _____
(only if follow-up mail response requested)

City: ~~Los~~ _____ **Zip:** _____

Phone #: _____

Date: 11/24/14 **Agenda #** 2-16

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