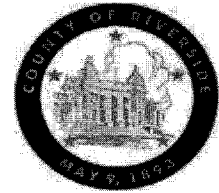


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.14

MEETING DATE:

FROM : RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS):

Tuesday, November 8, 2016

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS): Approval of short term cash intergovernmental transfer from RUHS - Medical Center to the State of California for Public Hospital Incentives and Redesign in Medi-Cal (PRIME) program to result in an estimated \$58 million net revenue.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify approval of the Intergovernmental Transfer (IGT) of \$25,034,625 due on 10/19/16 and shown in table A; and
2. Approve the additional Intergovernmental Transfers (IGT) shown in table A due on or about 4/30/17 and 10/31/17, and not to exceed a combined maximum of \$33,379,500.

Zareh Sarrafian

Zareh Sarrafian, Chief Executive Officer Health System

10/31/2016

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ n/a	\$ n/a	\$ Net Revenue	\$ n/a
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Cash advance from Medical Center Fund 40050 to result in Estimated \$58M Net Revenue			Budget Adjustment: No	
			For Fiscal Year: 16/17, 17/18	

C.E.O. RECOMMENDATION: APPROVE

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: November 8, 2016
xc: RUHS

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

3-14

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

BACKGROUND:

Summary

The Riverside University Health System – Medical Center requests the approval of three cash advances to the State of California required as part of the new incentive-based PRIME program. All the cash will be returned along with net revenue expected to total over \$58 million. This funding vehicle allows California to maximize federal revenue which it then returns to participating hospitals. All revenue and costs are included in the approved budget.

Historically, the state gives counties very little time to process IGT payments - typical lead time once final payment amounts are calculated is less than two weeks. For the October payment, the county was given 10 days.

The Public Hospital Incentives and Redesign in Medi-Cal (PRIME) is a pay-for-performance program. Participating California public health care systems and district and municipal hospitals must use evidence-based quality improvement methods to achieve performance targets and improve health outcomes for patients.

The California Department of Healthcare Services (DHCS) has established a standardized reporting platform that will automatically calculate individual member targets based on individual performance. Performance in the current fiscal year is used to establish the performance target in the next fiscal year. The county's medical center will submit mid-year and year-end performance reports that show progress on each performance target. Within 30 days of submitting these reports, DHCS will issue a request for RUHS - Medical Center to send in its intergovernmental transfer (IGT). The amounts of the IGT and resulting payment received by the medical center are directly related to the mid-year and final year-end performance reports.

Medical center performance and payments are subject to routine state audit. Poor audit results could lead to the Medical Center being required to repay some of the net PRIME revenue. Outstanding audit results could also lead to the Medical Center receiving additional payments. All cash advances are returned in full - this repayment is not tied to performance.

TABLE A (amounts are estimated by the state and subject to change)

IGT	Due Date	Amount	Rev. Date	Rev. Amt.	Net Revenue
DY11 (FY16)	10/19/16	\$25,034,625	11/11/16	\$50,069,250	\$25,034,625
DY12 (FY17)	04/30/2017	\$16,689,750	5/21/2017	\$33,379,500	\$16,689,750
DY12 (FY17)	10/31/2017	\$16,689,750	11/21/2017	\$33,379,500	\$16,689,750

Impact on Residents and Businesses

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

This action improves the fiscal health of the medical center by supporting efforts to assure that all budgeted revenue is received.

SUPPLEMENTAL:

Additional Fiscal Information

Approval of this action will allow RUHS-Medical Center to meet the deadlines set forth by DHCS and ensure timely receipt of PRIME matching payments and cash reimbursement. There is an incidental cost to receive this revenue, already included in the RUHS-Medical Center budget, for data collection and reporting. Payments to the medical center are subject to routine state audit which could result in revenue reductions or increases.

This program is incentive based and requires that certain clinical targets be achieved. Underperformance will result in revenue reductions, potentially leading to the loss of the PRIME matching revenue budgeted for FY16/17. This risk does not apply to the cash advances. All cash advances are returned to participating hospitals – cash repayment is not contingent on performance.