

Stanislaus County
Health Services Agency
Strategic Planning/Financial
Evaluation Project

**HSA/HFS Consultants Initial Report
to the
Board of Supervisors
September 11, 2007**

Health Services Agency

- Public Health Division - essentially mandated and grant funded programs
- **Medically Indigent Adult Program – mandated program**
- **Clinic and Ancillary Division- non-mandated, underfunded services**

Clinics Role in the Community

Mandated v. Voluntary

- During past several years
240,000 – 260,000 patient visits
- Patient populations
Medi-Cal, Medicare, Medically Indigent Adult (MIA), Commercial, Uninsured
- MIA patients = Approx. 10% of services

Perspective

- April/May 2007 – recognized financial picture worse than previously recorded
- June 2007 – submitted unbalanced preliminary budget for Fiscal Year 2007-2008
- Established internal assessment/planning teams – CEO, Auditor-Controller, SBT, HSA
- July 2007 – BOS approved engagement of outside experts
- July 26, 2007 – Learned FQHC-Look Alike designation recommended

Financial Picture

	FY 2007/2008
Operating Loss	\$17.0 M
Planned County Contribution	\$4.4 M
Shortfall	\$12.6 M
Estimated FQHC-LA Revenue	6.4 M
Shortfall w/o changes	\$6.2M

Figures assume full fiscal year - timing adjustments required

Four Objectives

1. Financial Assessment & Recovery
2. **Financially Model Clinic System w/out FQ**
3. **Financially Model Clinic System w/FQ**
4. **Financially Model an MIA only clinic**

Three Teams Working Concurrently

- Internal Controls Team
 - Internal Auditors on Revenue & Expense Cycles
- IT Team
 - CEO, SBT, HSA working to “merge” 2 accounting systems
- Initiatives Team
 - HFS Consultants, CEO staff, HSA on systemic changes

Federally Qualified Health Center – Look Alike (FQHC-LA) Application Progress

- August 2006 – Application Submitted
- January 2007 – HRSA requested changes
- February 2007 – HSA submitted changes
- May 2007 – Unexpected Site Visit
- July 2007 – HRSA announces recommending approval
- August 2007 – HRSA notifies CMS, CMS notifies DHS
- September 2007 – Expecting Final Approval

FQHC-LA Financial Impact

- Rate Development
 - Medi-Cal = approx. \$140 per visit
 - Medicare = \$115.33 per visit (maximum)
- Net Impact \$6.4 million annually
- Primary Care Services Only; No additional revenue for non-FQ services

HFS/CEO/HSA Initiatives Team

Goal = \$6.2+ million

- Initially established 51 initiatives for consideration
- Met with Health Executive Committee
July 21, July 25, August 7, August 28
- Met with Community Health Center Board
August 1, August 20, September 5

Cost Saving/Efficiency Initiatives

- Original 51 initiatives - Combined and Prioritized:
Initial High; Additional High and Additional
- Potential estimated savings from Initial Recommendations: \$6.1M-\$7.6M
- 4 Initiatives Required Community Health Center Board Approval – Received September 5, 2007

Initial High Priority Initiatives –

Community Health Center Board's Authority

- Reduce Urgent Care Center Hours
- Renegotiate or Terminate Commercial Contracts
- Designate a clinic to serve all MIA patients
- Implement Open Access/Same Day Scheduling

Subtotal (CHCB Initiatives)

Cumulative Estimated Impact: \$2.2 - 2.4M

Initial High Priority Initiatives – Board of Supervisor's Authority

Subtotal

Cumulative Estimated Impact: \$3.9-5.2M

4 Recommendations require a Public
Hearing

3 Recommendations for consideration today

Recommendations for future Public Hearing - \$2 million annually

Reduce Urgent Care Center capacity:	\$846,000
Eliminate Clinical Laboratory Services:	\$430,000
Eliminate Radiology Department:	\$415,000
Reduce Maximum Income Limit for MIA:	\$256,000

Note: Further Detail intended for future Public Hearing

Initiatives for Today's Consideration

- Renegotiate or Terminate Commercial Contracts
- Add Co-Payments to MIA Program
- Implement Efficiency Improvements

Renegotiate or Terminate Commercial Contracts

Description: Terminate commercial contracts where the negotiations to raise payment rates to cover HSA cost are unsuccessful.

Patients Impacted: Patients with Commercial Insurance & Healthy Cubs

Financial Impact: \$360,000-\$550,000.

(Based on converting 50% to FQHC-LA reimbursable visits)

Add Co-Payments to Medically Indigent Adult Program (MIA)

Description: Proposal to add nominal co-payments in the MIA program (51% - 125% of FPL)

Patients Impacted: 1,500-2,000

Financial Impact: \$200,000

Medical & Dental Visits: \$5

ER/Admissions: \$25

Pharmacy Encounters: \$3

Outpatient Surgery: \$25

Note: above 125% FPL, subject to Share of Cost currently

Efficiency Improvements

- Management and Staffing Efficiencies
Pharmacy, Medical Transcription & Accounting
workflow redesign
- Access federal pricing discounts on prescription
medications (eligible once FQ)
- Training program to speed Medi-Cal disability
applications
- Open Access/Same Day Scheduling

Timeframes

September - October

Community Health Center Board Meeting
Recommendations to Board of Supervisors
Briefings to Health Executive Committee
Community Health Summit sponsored
by CHC Board
Board Meeting and Public “Beilenson”
Hearing

Implementation: Fall 2007 – Spring 2008

Recommendations

- Accept HFS Consultants Initial Report
- Schedule a Public “Beilenson” Hearing for October 16, 2007
- Renegotiate or Terminate Commercial Contracts
- Approve the addition of copayments to the MIA program
- Direct implementation of efficiency improvements