

COUNTY OF SACRAMENTO
CALIFORNIAFor the Agenda of:
February 1, 2005

To: Board of Supervisors

From: Countywide Services Agency

Subject: **05-015:** Appropriation Adjustment Request #25-058, And The University of California, Davis, Medical Center Contract Rebate Allocation Plan

Contact: Lynn Frank, Deputy Director, Department of Health and Human Services, 875-2011
Dave Mowery, Deputy Director, Department of Human Assistance, 875-3520

Overview

The Department of Health and Human Services (DHHS) contracts with the University of California, Davis, Medical Center (UCDMC) to provide inpatient care to medically indigent patients. This contract totaled \$25,077,269 for Fiscal Year 2003-04. A provision of the contract provides for adjustments in the maximum amount payable based on the actual usage of inpatient "bed days". If UCDMC provides bed days in excess of 10% of the base line amount, the maximum contract payment is increased. However, if UCDMC provides bed days 90% below the base line, or less, the contract requires UCDMC to refund, or rebate, a portion of the amount paid to them. In Fiscal Year 2003-04, UCDMC provided approximately 75% of the base line bed days. DHHS has received a rebate of \$6,290,303 as a result.

Recommendation

1. Approve the proposed allocation of the \$6,290,303 UCDMC rebate.
2. Direct the Director of Employment Records and Training to prepare a Salary Resolution Amendment adding 2.0 positions to DHHS and 16.0 positions to the Department of Human Assistance (DHA).
3. Approve the attached Appropriation Adjustment Request redirecting \$991,572 in appropriations and revenues within the DHHS 2004-05 Adopted Final Budget and adding \$335,287 in appropriations to the DHA 2004-05 Adopted Final Budget.

Measures/Evaluation

Not applicable

Fiscal Impact

DHHS has received a rebate of \$6,290,303 as a result of fewer bed days provided by UCDMC in Fiscal Year 2003-04. The DHHS Fiscal Year 2004-05 Adopted Final Budget did not anticipate receiving a rebate from the FY 2003-04 contract. This reduction in projected expenditures provides sufficient funds for the requested DHHS and DHA expenditures, while still providing \$5,039,710 in additional savings carryover for 2004-05. Future contract rebates and cost reductions from the added staff positions will provide savings sufficient to fund these ongoing costs in future years.

BACKGROUND:

DHHS contracts with the UCDMC to provide inpatient care to medically indigent patients. This contract totaled \$25,077,269 for Fiscal Year 2003-04. A provision of the contract provides for adjustments in the maximum amount payable based on the actual usage of "bed days". If UCDMC provides bed days in excess of 10% of the base line amount, the maximum contract payment is increased. However, if UCDMC provides bed days 90% below the base line, or less, the contract requires UCDMC to refund, or rebate, a portion of the amount paid to them.

In Fiscal Year 2003-04, UCDMC provided approximately 75% of the base line service bed days. DHHS has received a rebate of \$6,290,303 as a result. The DHHS Fiscal Year 2004-05 Adopted Final Budget did not anticipate receiving a rebate from the FY 2003-04 contract.

DISCUSSION:

UCDMC Contract

UCDMC provides inpatient services to County Medically Indigent Services Program (CMISP) eligible clients. Eligibility determination is ultimately a County responsibility. The contract maximum for Fiscal Year 2003-04 was \$25,077,269, subject to the provision described above. The budgeted contract amount for Fiscal Year 2004-05 is \$26,733,121. The increase is based on Consumer Price Index for Hospital Costs, as stipulated in the County's contract with UCDMC.

Bed Day Usage

The contract was based on a baseline of 8,123 inpatient bed days. UCDMC only provided 6,212 of inpatient days in Fiscal Year 2003-04, 23.5% below the baseline, for patients ultimately determined to be a county responsibility. This is a reduction of 1,933 bed days from the prior year. This reduction was achieved through increased efforts and coordination of DHHS medical case management staff, fiscal staff, and DHA eligibility staff. Additionally, the DHHS negotiated a change in policy regarding who is the payor of last resort. In previous years, UCDMC presumed CMISP eligibility when no other payer was immediately identified. DHHS now requires UCDMC to first seek other funding sources. CMISP eligibility is allowed only after exhausting all other possibilities.

Proposed Allocation of the Rebate

Several needs have become apparent during this fiscal year that require resolution prior to the annual budget process. The availability of \$6.2 million from the UCDMC contract rebate allows the County to address these needs while still adding \$ 5,039,710 to fund balance carryover for fiscal year 2005/06.

Juvenile Medical Services Lease Costs

Juvenile Medical Services (JMS) transferred to DHHS as a separate Budget Unit when the Department of Medical Systems was dissolved. It receives a separate general fund allocation for budget purposes. Any carryover savings are returned to the general fund and are not available to other DHHS programs. Likewise, any cost over runs are the responsibility of the general fund and not DHHS.

During Fiscal Year 2003-04, leased costs were inadvertently charged to the former Medical Systems

cost center for JMS. The charges were reversed during the year end clean-up procedures. The result was no charges for leased property costs in JMS and Real Estate had unreimbursed costs totaling \$54,267.

Actual costs for Fiscal Year 2004-05 are likely to be close to budgeted appropriations and revenues, leaving little room for unbudgeted charges without additional general fund participation. DHHS proposes a one-time increase to the JMS appropriations to cover this accounting error.

Catholic Healthcare West North Highlands Clinic

Catholic Healthcare West proposes to establish a free primary health clinic in the North Highlands area. They currently operate a similar clinic in the White Rock area, sponsored by Mercy Hospital of Folsom. Consistent with its vision and mission to care for the poor, the Mercy San Juan Medical Center (MSJMC) sponsored clinic would provide primary health care services free of charge to medically underserved, poor families of the North Sacramento area including North Highlands, McClellan, and surrounding communities. Patients served would range in age from infants to elderly. Care provided would include wellness and prevention services such as annual physicals and immunizations, treatment of acute episodic illnesses and minor injuries, and management of chronic diseases such as asthma, diabetes and hypertension.

The White Rock Family Clinic, which primarily serves the working poor, estimates that 40 to 50% of its patients are eligible for the County Medically Indigent Services Program (CMISP). The clientele at the proposed clinic in North Highlands may be poorer and, therefore, more of the patients may be CMISP eligible. The proximity to homeless housing programs at McClellan will likely draw many patients who otherwise might present at County clinics for care.

The future clinic site is proposed on the grounds of the Joyce Elementary School campus located on Watt Avenue. The school was selected in conjunction with school districts for being centrally located, a location with other community services, and accessible via bus lines to members of the community. MSJMC plans to establish an agreement with Rio Linda and Grant Joint Unified School District's Boards to locate a clinic building on campus. This partnership will provide campus space and utilities for a nominal annual fee. MSJMC will provide operational resources for the clinic that will include social services, financial advising, medical staff, clerical support, and diagnostic services.

MSJMC is conducting a capital campaign to raise \$300,000 for start up costs. It is appropriate to assist this effort by allocating \$100,000 of funding toward the clinic because the proposed free clinic will service County-responsible patients.

Public Health Communicable Disease Investigators

Sacramento County has some of the highest rates of major sexually transmitted diseases in California. It ranks third for chlamydia, eighth for gonorrhea, and tenth for syphilis. In addition, the County rates are higher than chlamydia and gonorrhea State averages, and the number of cases of syphilis has increased over ten-fold in the past four years. Moreover, trends for all three diseases show a persistent increase over time.

Sexually transmitted diseases are reportable to the county by law and require follow-up to ensure adequate treatment and evaluation. This is usually done by interviewing patients and their partners

and obtaining contact information. Follow-up is more difficult and requires significant resources when the patients have only minimal information about their partners.

The State STD Branch provided the County with specially trained Disease Investigation Specialists (DIS) in the past. They have reduced the number of DIS's over the past six years from five full time equivalents to one. The State plans to withdraw its support completely from Sacramento County once the remaining DIS retires in two years. This staffing reduction results in decreased follow-up of patient contacts. Only syphilis cases currently receive follow-up investigations.

DHHS proposes to create 2.0 Communicable Disease Investigators to begin to replace capacity to perform contact tracing, diagnoses, and treatment of sexually transmitted diseases. These positions will also increase the surge capacity of the Communicable Disease Control Program, and the Public Health Division as a whole, to handle any disease outbreaks. The annual cost of salaries and benefits for these two positions totals \$117,713.

Web CMR

Over 80 diseases are reportable to the Health Officer. The DHHS Division of Public Health is in the process of implementing a Web CMR solution to increase disease surveillance in Sacramento County. Currently physicians and laboratories fill out confidential morbidity reports and fax or mail them to the office. The reports are then entered manually into a State database. Nurse epidemiologists review the reports and look for outbreaks or sentinel events that would require health department action. This surveillance can be improved by making it easier for providers to report using a web based solution.

Sacramento County issued an RFP for a solution. The selected vendor is Atlas Development Corporation, who has implemented their product in Los Angeles and San Diego Counties. The source of funding for the purchase of the software was initially anticipated to be the CDC Bioterrorism Grant. However, this did not include funding the interface with the State Department of Health Services database. State DHS recently informed us that they will not approve the use of bioterrorism to purchase a Web CMR system. However, the cost of the interface could be claimed to that funding source. As a result, DHHS requests funding from the UCD rebate. DHHS proposes to use the UCDMC contract rebate for the purchase of the Atlas product and first year operating costs, freeing up the Bioterrorism funding for the development of the state interface and ongoing costs.

The total cost of the contract with Atlas over 5 years would be \$483,860. The first year costs total \$281,842. The components of the first year implementation cost are:

- Purchase of product and implementation \$182,830
- Software maintenance and customer support, start-up and first year \$68,012
- Training \$6,000
- Web Hosting \$25,000

Mental Health and Primary Health Information Management Systems

Your Board approved the selection of InfoMC, Inc as the vendor to design and implement the new management information systems for the DHHS Divisions of Mental Health (MHBAR) and Primary Health (PIMS). InfoMC Inc. is developing a fully-integrated system (CalCIS) crossing the entire health and human services spectrum. This enterprise-wide concept was not envisioned in the

original two requests for proposals. The consolidation of the two systems adds a level of significant complexity.

The CalCiS suite of completely integrated and HIPAA compliant care management solutions combines practice management, billing, payor claims and electronic medical record (EMR) functionality in one solution set. The system is being designed and built to address the unique financial, clinical, regulatory and reporting needs required for California counties.

CalCiS is a web-based enterprise management application. CalCiS's fully secure, fully managed, application hosting service allows County customers to access the system without having to purchase and maintain costly hardware and software.

Once implemented, both MHBAR and PIMS will increase revenues from State and third party billings sufficient to pay for themselves over time. The implementation for both systems was anticipated to occur during Fiscal Year 2004-05. However, the complexity of developing a Web based application and the dynamics of operating mental health and primary health programs in California have delayed the application development and implementations until Fiscal Year 2005-06. These unanticipated delays result in the loss of estimated revenue in the current Fiscal Year. Mental Health can cover this loss through the Realignment Trust Fund. However, Primary Health is primarily funded through the general fund. The additional general fund needed to cover the Fiscal Year 2004-05 lost revenue is \$437,750.

New DHA Positions

DHA is requesting that a portion of the UCDCMC rebate fund an additional 16 positions in CMISP. Current staffing levels do not allow for timely eligibility determinations, potentially delaying delivery of non-emergency medical care to Sacramento County residents. The delayed eligibility determinations also impact the County's cost of care at the UCDCMC.

When presenting for medical care at a county clinic, individuals not in an emergency situation are required to have their eligibility determined prior to treatment. The volume of client contact for DHA necessitates additional staff to efficiently move clients through the eligibility process. DHA is experiencing high levels of client agitation in its waiting room in the Primary Care Clinic (PCC) due to the length of time it takes for clients to be seen. The implementation of CalWIN in March will increase waiting time. The requested additional staffing will allow DHA to determine eligibility within the required three day timeframe and to possibly implement a swing shift for the Eligibility staff at the PCC. As the PCC is open until 9 p.m., a second shift of eligibility staff would decrease waiting time as client numbers could be spread throughout the day. This would require DHA to meet & confer with the affected bargaining units.

The 16 requested staff will be used as follows:

- (1) Eligibility Specialist to handle the CMISP/Medi-Cal referrals coming from the contract hospitals (other than UCDCMC).
- (2) Eligibility Specialists- additional intake workers at UCDCMC.
- (1) Eligibility Specialist- Disability Medical Unit worker (one eligibility position currently, paid for by UCDCMC).
- (4) Eligibility Specialist positions to meet the increased CMISP need at the Primary Care Center, Research Drive Clinic, and the Bowling Drive Clinic.

- (1) Eligibility Supervisor
- (3) Human Services Assistant (special skills), a substantial percent of the population utilizing the clinic services are non-English speaking.
- (4) Office Assistants for increased office support, shifting the responsibility of In-Patient referrals for County Case Management from the PCC.

The Eligibility Specialists will be performing, in varying degrees, functions that are reimbursable under Medi-Cal. These positions will draw an average of at least 29% federal revenue.

Summary of Recommendations

Details of the recommended utilization of the rebate revenues are described above. The following table summarizes those recommendations:

Juvenile Medical Services 2003-04 lease costs	\$54,267
Catholic Health Care West North Highlands Clinic	100,000
2.0 DHHS Communicable Disease Investigators	117,713
Web CMR first year costs	281,842
Primary Care automation project, the Patient Management Information System (PIMS)	437,750
16.0 DHA CMISP eligibility staff, net 5 months (\$335,287 cost less \$76,266 Medi-Cal reimbursement)	259,021
Carry over available for Fiscal Year 2005-06	5,039,710
Total	\$6,290,303

FINANCIAL ANALYSIS

DHHS has received a rebate of \$6,290,303 as a result of fewer bed days provided by UCDMC in Fiscal Year 2003-04. The DHHS Fiscal Year 2004-05 Adopted Final Budget did not anticipate receiving the rebate. This reduction in projected expenditures provides sufficient funds for the requested DHHS and DHA expenditures, while still providing \$5,039,710 in additional savings carryover for 2004-05. Future contract rebates and cost reductions from the added staff positions will provide savings sufficient to fund the ongoing costs in future years. The recommended expenditures total \$1,326,859 (which are partially offset by additional Medi-Cal revenue totaling \$76,266) leaving a balance of \$5,039,710 available as a carryover to fund Fiscal Year 2005-06.

DHHS' Fiscal Year 2005-06 Requested Budget will include an estimated rebate from the 2004-05 UCDMC contract. Ongoing costs will include the 2.0 communicable disease investigators in DHHS (\$117,713) and the 16.0 CMISP positions in DHA (\$621,650). The annual gross cost of the 16 positions is \$804,689 with estimated federal Medi-Cal pass through revenue of \$183,039 for a net annual cost of \$621,650. The addition of the new DHA positions, in conjunction with the stringent contract monitoring by DHHS, will generate continued rebates from the UCDMC contract sufficient to fund the ongoing costs in future years.

Respectfully submitted,

APPROVED:

**05-015: Appropriation Adjustment Request # 25-058, And The University of California, Davis,
Medical Center Contract Rebate Allocation Plan**

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PENELOPE CLARKE, Administrator
Countywide Services Agency

TERRY SCHUTTEN
County Executive

Attachments

104568

Midyear Budget Agenda

COUNTY OF SACRAMENTO

1. REQUEST NUMBER

25-0588 CLR

APPROPRIATION ADJUSTMENT REQUEST

COUNTY OF SACRAMENTO
AUDITOR-CONTROLLER
2005 JAN 13 AM 11:45

2. Department Name

HEALTH + HUMAN SERVICES

Department Name (if applicable)

HUMAN ASSISTANCE

3. Date

1/13/05

4. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND#	INDEX#	ACCOUNT	ACCOUNT TITLE	AMOUNT
SOURCE OF FINANCING				SEE ATTACHED	\$1,326,859
USE OF FINANCING				SEE ATTACHED	\$1,326,859

5. JUSTIFICATION (Attach Memo if Necessary)

BOARD LETTER 05-015 UNIVERSITY OF CALIFORNIA, DAVIS,
MEDICAL CENTER CONTRACT REBATE ALLOCATION PLAN

Department Head

JAMES W. HUNT

Department Head (if applicable)

JANE RASMUSSEN

By:

Ryan Frank

Date

1-12-05

By:

Mary K. Tamm for

Date

1/12/05

6. ACTION

Dept. Head Approval(s) only required

Board Action Required

Four-Fifths Vote Required

Auditor-Controller

By:

Cynthia R. Ber

Date

1/12/05

7. APPROVAL

Approve

Disapprove

County Executive

By:

Penelope Clarke
By Linda Hoag

Date

1/13/05

8. RESOLUTION

On a motion by Supervisor _____, seconded by Supervisor _____
the foregoing resolution was passed and adopted by the BOARD OF SUPERVISORS of the County of Sacramento, State of
California, this _____ day of _____ 19__ by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

Resolution Number _____

CHAIR OF THE BOARD OF SUPERVISORS OF
SACRAMENTO COUNTY CALIFORNIA

(SEAL)

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

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(Board of Supervisor Approved)

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COUNTY OF SACRAMENTO
Appropriation Adjustment Request

05-015

Countywide Services Agency

		Fund			
Source of Funding	Fund#	Center	Acct. No.	Account Title	Total
	7271000	001A	7270000	30360000	Community Based Organizations
001A		8181000	95955500	Medical Admin - State	76,266
		8108100			
				TOTAL SOURCES	1,326,859

7230100 Uses of Funding	001A	8181000	10111000	Salaries & Wages - Regular	230,950
	001A	8181000	10121000	Retirement - Employer Cost	43,419
	001A	8181000	10122000	OASDHI - Employer Cost	17,668
	001A	8181000	10123000	Group Insurance - Employer Cost	43,250
	001A	7230000	20294300	Leased Property Costs	54,267
	001A	7201800	20281200	Data Processing Supplies	437,750
	001A	7201800	30360000	Community Based Organizations	100,000
	001A	7207500	10111000	Salaries & Wages - Regular	82,634
	001A	7207500	10121000	Retirement - Employer Cost	13,337
	001A	7207500	10122000	OASDHI - Employer Cost	6,322
	001A	7207500	10123000	Group Insurance - Employer Cost	15,420
	001A	7207500	20281200	Data Processing Supplies	281,842
					TOTAL USES