

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-12

Urgent

Routine

AGENDA DATE September 11, 2007

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Acceptance of the HFS Consultants Initial Report on the Health Services Agency Strategic Planning and Financial Evaluation Project and Approval of Related Recommendations; and Approval to Set a Public Hearing on October 16, 2007 at 6:40 p.m. to Consider Program Changes to the Clinic System as Outlined in the Report

STAFF RECOMMENDATIONS:

1. Accept the initial report from HFS Consultants on the Health Services Agency Strategic Planning and Financial Evaluation Project.
2. Set a Public Hearing pursuant to the Health and Safety Code § 1442.5 on October 16, 2007 at 6:40 p.m. to consider:
 - a. The reduction in clinic capacity of the Urgent Care Center;
 - b. The elimination of the direct provision of clinical laboratory services;
 - c. The elimination of the direct provision of radiology services; and
 - d. A reduction in the maximum eligibility for Medically Indigent Adults (MIA) from 250% to 200% of the Federal Poverty Level.

(Continued on Page 2)

FISCAL IMPACT:

As the Health Services Agency enters the third year of the Board-approved three-year Strategic Plan, it is facing a significant financial challenge, both in its operating budget and its cash position. The 2007-2008 Proposed Budget for the Clinics and Ancillary Services Division reflected an unfunded shortfall of \$12.6 million for which funding was not identified. Additionally, the 2006-2007 Fiscal Year had an additional net loss of \$4.9 million that was funded prior to the 2006-2007 year-end, using the remaining Strategic Plan contingency funds, Public Health fund balance, and unsecuritized Tobacco Settlement funds.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-736

On motion of Supervisor Mayfield, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Acceptance of the HFS Consultants Initial Report on the Health Services Agency Strategic Planning and Financial Evaluation Project and Approval of Related Recommendations; and Approval to Set a Public Hearing on October 16, 2007 at 6:40 p.m. to Consider Program Changes to the Clinic System as Outlined in the Report

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STAFF RECOMMENDATIONS (Continued):

3. Direct the Health Services Agency Managing Director to renegotiate and/or terminate commercial insurance contracts, including the Healthy Cubs contract.
4. Approve the addition of copays to the zero share of cost currently applied to the MIA program recipients.
5. Direct the Health Services Agency Managing Director to implement the efficiency improvements outlined in the HFS Consultants report.

FISCAL IMPACT (Continued):

This was in addition to the planned General Fund allocation of \$5.6 million in 2006-2007 and \$4.4 million in 2007-2008. The 2005-2006 fiscal year end position was also scrutinized and discovered to have been incorrectly accounted for at the end of the 2005-2006 fiscal year. The Final Budget for 2007-2008 includes a recommendation that an additional \$4,633,559 in County Match be transferred to the Clinics and Ancillary Services budget to eliminate the cash deficit that existed at year-end 2005-2006.

Based on recent updates from the Health Resources and Services Administration, the final approval of the County's application for Federally Qualified Health Center Look-Alike (FQHC-LA) status appears imminent. The cost report provided by HFS Consultants estimates that FQHC-LA status will provide additional revenue of \$6.4 million annually in increased reimbursements for clinic services. In addition, the recommended system changes and efficiencies are estimated to increase revenues and reduce costs by over \$6 million annually. No changes are recommended to the Agency's budget at this time, as final approval of the FQHC-LA application has not yet been received, and some of the recommendations require a public hearing before Board action. It is anticipated that budget adjustments will be included in the October 16, 2007 report to the Board.

In future years, the on-going General Fund contribution authorized by the Board on September 13, 2005 along with the additional revenues from FQHC-LA and the annual savings associated with the recommended efficiencies should allow the Agency to submit balanced budgets annually.

DISCUSSION:

Background

In September 2005, the Board of Supervisors adopted the recommended three-year Strategic Plan for the Health Services Agency. This plan infused \$16.7 million in general funds into the Agency and recommended several strategies for change to the

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clinic systems to continue to provide access to citizens who rely on the Agency for the health care needs, primarily those who are underserved and uninsured.

In the 2006-2007 Mid-Year Fiscal Report, in March 2007 (last fiscal year) a growing cash deficit in the Health Services Agency was of growing concern and noted in Mid-Year Report. In late April 2007, the Health Services Agency (HSA) identified a growing deficit and fiscal exposure, originally thought to be largely the result of a drug pricing issue in the Clinics and Ancillary Services budget. Additionally, HSA reported a growing cash deficit of \$8 million in the Clinics and Ancillary Services budget at mid-year 2006-2007, that was attributed, at that time, to timing differences in the flow of one-time monies, compared to the previous year (2005-2006). By the third quarter report of 2006-2007, it was apparent that the growing shortfalls were not due to the timing of the receipt of revenues and reimbursements, but rather, the result of a significant under-realization of revenue, and other emerging issues. The funding shortfall is a result of numerous factors that can generally be described as follows:

- ◆ Decreasing Medi-Cal patient visits;
- ◆ Increasing Medically Indigent Adult (MIA) visits;
- ◆ Declining ancillary volumes without a corresponding drop in expenses;
- ◆ Increased pharmaceutical pricing and utilization;
- ◆ Overstatement of revenues;
- ◆ Inaccurate budget estimates; and
- ◆ Accounting errors.

Staff from HSA, the Chief Executive Office and the Auditor-Controller have worked diligently on a detailed fiscal analysis and to verify the estimated shortfall. On June 26, 2007 the Board approved funding transfers, as detailed below, to the Clinics and Ancillary Services budget to resolve the 2006-2007 operating deficit. This shortfall was in addition to the 2006-2007 General Fund contribution of \$6,255,618 that the Board authorized as part of the three-year Strategic Plan, adopted on September 13, 2005.

| | |
|--|--------------------|
| HSA Strategic Plan contingency funds | \$1,439,000 |
| HSA Public Health fund balance | \$1,736,630 |
| Unsecuritized Tobacco Settlement funds | <u>\$1,723,770</u> |
| Total additional transfer of funds for 2006-2007 | \$4,899,400 |

As a result of this review, the 2005-2006 fiscal year end position was also scrutinized and discovered to have been incorrectly accounted for at the end of the 2005-2006 fiscal year. An initial review of 2005-2006 indicated a net loss, although the full exposure was not known. At this time a thorough review of Fiscal Year 2005-2006 financials has been completed to determine the actual operating position at year-end. The Agency identified current year savings of \$593,000 in post-closing adjustments to

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2006-2007 financials that, in the 2007-2008 Final Budget, are recommended to be applied to the 2005-2006 cash deficit. The Final Budget also recommends that an additional \$4,633,559 in County Match be transferred to the Clinics and Ancillary Services budget to eliminate the cash deficit that existed at year-end 2005-2006. Based on the Strategic Plan funding and the additional General Funds applied to the recent deficits, the total General Funds expended on HSA Clinics and Ancillary Services are \$24,235,049.

The most significant initiative within the Health Services Agency's Clinics and Ancillary Services Division Strategic Plan to achieve financial sustainability is the pursuit of the Federally Qualified Health Center Look-Alike (FQHC-LA) designation. The application for that designation was submitted to the federal Health Resources and Services Administration (HRSA) in August of 2006. On July 26, 2007, verbal notification was received that HRSA was recommending approval of the designation to Centers for Medicare and Medicaid Services (CMS) which is responsible for making the final determination. As part of the anticipated approval process, CMS on August 27, 2007, forwarded information to the California Department of Health Services for comment, and the final determination on the County's application should be reached very soon.

For Fiscal Year 2007-2008, the financial goal of the Agency's Clinics and Ancillary Services Division was to achieve a break-even position with a planned general fund contribution of approximately \$4 million. Projections submitted with the Proposed Budget in June indicate that without the FQHC-LA designation or other significant system changes, the Clinics and Ancillary Services Division would require more than \$12 million in additional funding to achieve a break-even position.

Based on the urgency and level of complexity, the Board authorized the engagement of external experts, HFS Consultants. These experts have assisted the Chief Executive Office, Auditor-Controller and Health Services Agency staff in the development of policy recommendations to resolve the current fiscal crisis and to implement sustainable solutions that seek to preserve services for the community within limited available resources. It was acknowledged that the policy recommendations were expected to differ significantly based upon the outcome of the pending FQHC-LA application. The intended work of the consultants and staff was for the purpose of effectively planning alternatives which could be promptly launched based on the possible outcomes of the pending application, and in order to minimize, as much as possible, the financial exposure to the County.

Staff from the Chief Executive Office and Health Services Agency meet regularly on the challenges facing the Agency, and have developed a set of four objectives that have focused the efforts of the consultant. The objectives, with current status updates, are:

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- ◆ Complete a financial assessment and identify recovery strategies;
 - Work on prior year costs completed
 - Funds identified for prior years' shortfalls
 - Internal audit in final stages
 - Work ongoing to transition to one financial accounting system
- ◆ Model financially a clinic system that is as efficient as possible to determine the real cost of doing business;
 - Recommended improvements without FQHC-LA revenues still leave a gap of over \$6 million – financially unsustainable
 - Would require drastic reductions in clinic system, including specialty care
 - Rough estimate of savings per clinic closure - \$1.3 million
- ◆ Model financially a sustainable clinic system that receives FQHC-LA status (using prior model as a foundation);
 - FQHC-LA designation estimated to increase net revenues by \$6.4 million
 - Initiatives included in consultant's initial report are estimated to reduce deficit by \$6 million or more annually
 - Implementation of all recommended initiatives, along with FQHC-LA designation should produce a fiscally sustainable clinic system
- ◆ Model financially alternatives that provide Medically Indigent Adult (MIA) mandated services only, without the FQHC-LA designation.
 - Based on verbal notification of pending approval of FQHC-LA status, this objective has not been modeled fully.

The Board's Health Executive Committee has been regularly informed of progress and continues to provide direction to the work efforts. At the request of the Health Executive Committee, the remaining three Board members have been individually briefed periodically on the progress. The Community Health Center Board has also been part of this effort as the governing body over the clinics for which FQHC-LA status has been requested.

The Strategic Planning and Financial Evaluation Project Initial Report

The report, provided by the HFS Consultants, is not a product of work accomplished solely by the consultants. It is very much a collaborative effort between the Health Services Agency, the Chief Executive Office and HFS Consultants, with substantial support from the Auditor-Controller and the Strategic Business Technology staff. The recommendations contained in the report are expected to provide a "roadmap to fiscal recovery" for the Clinics and Ancillary Services division, and allow the County and the Health Services Agency to continue to provide clinical services to the community, within available resources. At this time, about one third of the recommendations have been fully analyzed and detailed into a plan of action. It is important to note that work will

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continue on all recommendations, to ensure the clinic system can be as efficient as possible in providing much needed services to County residents.

Some of the recommendations contained in the report are subject to a public hearing, pursuant to the Health and Safety Code § 1442.5. It is requested that the Board of Supervisors schedule that public hearing for October 16, 2007, at which time those recommendations can be discussed.

A draft of the recommendations was presented to the Health Executive Committee at their meeting on August 28, 2007. The Committee recommended that the recommendations be forwarded to the entire Board of Supervisors. The Chief Executive Officer and the HSA Managing Director have begun meetings with employees, unions and other interested parties to discuss the recommendations. Additionally, a draft of the recommendations was presented to the Community Health Center Board at their meetings, initially on August 20, 2007 and on September 5, 2007, and that body has provided their support for the recommendations.

The County's application for Federally Qualified Health Center Look-Alike (FQHC-LA) status we submitted to the Health Resources and Services Administration (HRSA) in August 2006. Based on recent updates from the HRSA, the final approval of the County's application for FQHC-LA status appears imminent. As per the cost report provided by HFS Consultants, it is estimated that FQHC-LA status will provide additional revenue of \$6.4 million annually. In addition, the recommended system changes and efficiencies are estimated to increase revenues and reduce costs by over \$6 million annually. It will be appropriate to make actual appropriations and revenue changes to the Agency's budget once final approval of the FQHC-LA application is received, and the Board conducts a public hearing on some of the recommendations. It is anticipated that budget adjustments will be included in the October 16, 2007 report to the Board.

In future years, the on-going General Fund contribution authorized by the Board on September 13, 2005 along with the additional revenues from FQHC-LA and the annual savings associated with the recommended efficiencies should allow the Agency to submit balanced budgets annually.

POLICY ISSUE:

Approval of this item supports the Board of Supervisors' priorities of a healthy community and efficient delivery of public services.

STAFFING IMPACT:

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The recommendations in this agenda item will result in several phases of staffing impacts to existing contract, part-time and full-time allocated positions in the Health Services Agency. Staffing impacts are expected to occur throughout the current fiscal year based on the phased implementation of the recommendations. The initial phase of staffing impacts is estimated to include the elimination of approximately 30 full-time allocated positions based on recommendations to eliminate the direct provision of Clinical Laboratory and Radiology services and the recommendation to reduce the clinic capacity of the Urgent Care Center. Additional impacts are expected, as specific recommendations are developed to improve operational efficiencies throughout the department.

Staff from the Chief Executive Office and the Health Services Agency have initiated discussions with designated labor representatives regarding the projected impacts of these recommendations on existing County employees, including the County's intent to contract for services provided to the Medically Indigent Adult population. The initial phase of staffing reductions is estimated to begin on December 1, 2007 after final consideration by the Board of Supervisors in October. Additional staffing impacts will be identified and considered in future Board agenda items as necessary.



September 7, 2007

Richard W. Robinson
Chief Executive Officer
Stanislaus County
1010 10th Street
Modesto, CA 95353

Re: Strategic Planning and Financial Evaluation Project:
Phase 1 Report

Dear Rick:

In July, 2007 HFS Consultants (HFS) was engaged by the Stanislaus County to assist with Strategic Planning and Financial Evaluation efforts for the Health Services Agency's clinic system. The principal goals of the engagement were to help the agency develop solutions to its current budget shortfall and to develop strategies for developing an efficient, financially secure means of operating the clinics. In order to address these goals, HFS has developed a project plan that emphasizes completing work in three phases (the individual phases are detailed in the attached report). A report on the progress made to date completing Phase One activities is attached to this cover letter.

HFS was selected to work on this project based on its extensive healthcare management and Federally Qualified Health Center (FQHC) experience as well as the county's knowledge of HFS capabilities through its prior engagement of HFS in January, 2006 to develop the County's Federally Qualified Health Center Look-Alike (FQHC-LA) application. In order to complete the work involved in the various phases of the project HFS has assembled a team of experienced consultants to work with teams from HSA and the County's Chief Executive Office Staff. The HFS Project Manager for this engagement is Steve Rousso. Mr. Rousso is a Senior Vice President and Principal with HFS Consultants. His expertise in the hospital industry has been demonstrated over his twenty years experience and his work with more than three hundred healthcare facilities throughout California and the United States. Mr. Rousso has performed

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numerous impact analyses and financial forecasts related to changes in government regulations, FQHC reimbursement and procedures. He has also prepared strategic plans, cost benefit studies and break even analysis for various clients. Moreover, he has significant experience with the implementation and running of FQHC programs and the development of alternative financing scenarios. Mr. Rousso is a featured speaker on the state and national level on issues dealing with FQHC's. He also serves as a consultant to the California Primary Care Association (CPCA), the principal organization that represents FQHC's in California. Mr. Rousso holds both a Bachelor of Science degree in Health Services Administration and a Master of Science degree in Health Services Administration. He also received a Master in Business Administration degree in Health Care Management. Steve is being assisted by Pierce Leavell, HFS Senior Consultant. Mr. Leavell has a broad range of healthcare management experience including FQHC approved primary care clinics, specialty clinics, hospital support services, construction project management, physician contracting, and compliance preparation. With over fourteen years of experience, Mr. Leavell has held senior management positions including Director of Support Services, Division Manager over Materials Management, and Executive Director of a three clinic FQHC approved health system. He is a Certified Healthcare Executive ("CHE") as recognized by American College of Healthcare Executives ("ACHE"). He also has a Certificate in Practice Management from the American Academy of Medical Management. Pierce has both a Bachelor of Arts and Master of Arts in Political Science. He also earned a Master of Hospital and Health Administration and has completed graduate work towards a Doctoral degree. Financial analysis support has been provided by Noelle Wang, CPA and HFS consultant. Ms. Wang has over ten years of healthcare financial analysis experience. Background support has been provided by Bill Dean, HFS Manager, and Nancy Huesby, HFS Manager. Mr. Dean has more than twenty years experience of management experience with nursing homes, clinics and FQHC program applications and regulations. Ms. Huesby has more than twenty years of healthcare management experience including serving as CFO for several healthcare organizations.

In addition to the HFS project team members, HSA and the County Chief Executive Office Staff have provided numerous individuals to participate on various working groups assembled by HFS and HSA administration. The combined talents and expertise of these individuals has allowed HFS to prepare the attached report which represents the current progress during Phase one of the

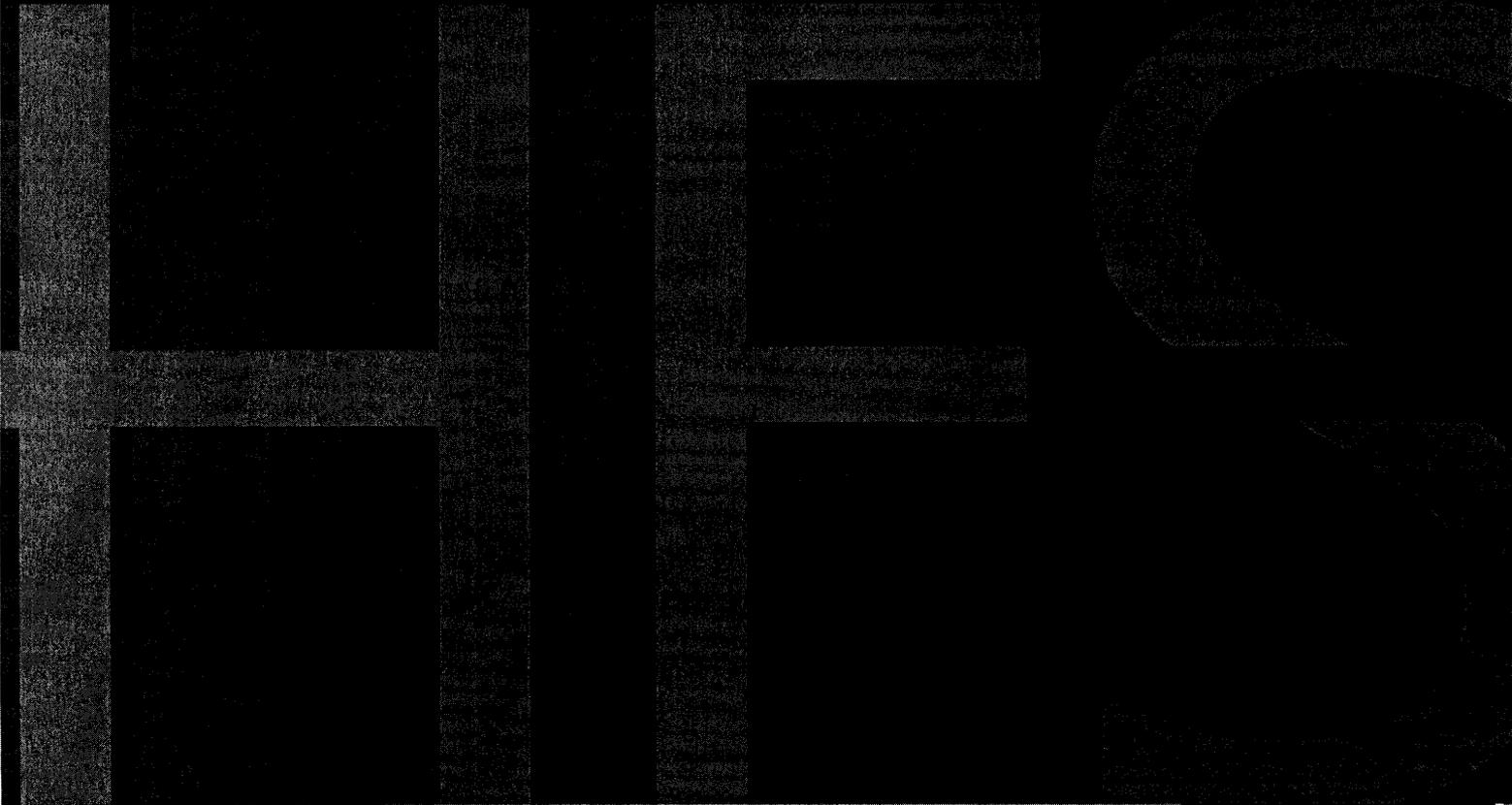
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project. It is anticipated that additional reports will be forthcoming as HFS and its supporting teams members continue work towards completing all three phases of the project.

We appreciate working with you and look forward to continued progress toward completing the Strategic Planning and Financial Evaluation Project.

Sincerely,

Steve Rousso
Senior Vice President & Principal
HFS Consulting
Attachment



Stanislaus County Health Service Agency
Strategic Planning and Financial Evaluation Project

HFS Consultants
September 6, 2007
Phase 1



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I. INTRODUCTION AND BACKGROUND ON HFS

HFS is pleased to have been selected to work on the Strategic Planning and Financial Evaluation Project. HFS is uniquely qualified to provide financial modeling, Federally Qualified Health Center (FQHC) setup assistance and consulting services to the Health Services Agency (HSA). HFS Consultants was formed in 1991 to provide locally focused consulting services to the healthcare industry. We built our reputation by working side-by-side with clients to exploit opportunities, optimize operating and financial functions, bridge gaps, and meet a variety of challenges with practical solutions. With offices in Oakland, Los Angeles and San Diego County, HFS has grown both in breadth and depth of services offered, becoming the largest and most experienced firms of its kind on the West Coast.

The firm is now comprised of seven principals with over 150 years of combined healthcare experience, and over 100 managers and associates spanning healthcare's critical functions and disciplines. Through employment of individuals with extensive healthcare industry experience, supplemented with ongoing research and continuing education, the Company maintains a professional staff of healthcare consultants who understand the unique structure of the industry, the forces that shape it, and how these factors apply to the healthcare marketplace.

As a mid-sized firm, our principals are able to maintain direct, personal contact with our clients and to communicate client needs effectively to our managers and staff. For more than 200 hospitals, long term care facilities, various state agencies and other healthcare providers in 2006, the Company provided management, operations, reimbursement and planning services. Our breadth of experience has resulted in the Company being well known to providers, underwriters, developers, investors, bankers and other organizations that play major roles in the healthcare industry. We are confident in our ability to provide comprehensive management consulting services without compromise.

Current Engagement

In July of 2007, Stanislaus County engaged HFS Consultants (HFS) to conduct a strategic planning and financial evaluation of the Health Services Agency's (HSA) clinic system. The system had recently experienced severe financial difficulties as a result of revenue short falls and overly optimistic revenue projections. Specifically, the County Board of Supervisors through the Chief Executive Office requested that HFS model and analyze three different clinic health system objectives and assist HSA in efforts to identify cost saving and efficiency enhancement opportunities. The three objectives are:

- ◆ Model financially a clinic system that is as efficient as possible to determine the real cost of doing business;
- ◆ Model financially a sustainable clinic system that received FQHC-LA status (using prior model as a foundation); and
- ◆ Model financially alternatives that provide Medically Indigent Adult (MIA) mandated services only, without the FQHC-LA designation.

In order to accomplish these tasks operationally, HFS will complete this assignment in several phases, as follows:

Phase One

- the operating models will be analyzed and a recommendation on the most favorable option made;
- the FQHC-LA initial rate will be determined;
- the financial shortfall gap will be quantified;
- cost saving initiatives will be identified and prioritized;
- the initial high priority initiatives will be evaluated and cost savings sufficient to cover the financial shortfall gap will be determined;
- the recommended model and initiatives will be presented to the Board of Supervisors for approval.

Phase Two

- steps to support the implementation of the approved initiatives from Phase One will be taken;
- Evaluation of the second group of initiatives will begin;
- a comprehensive evaluation of clinic and administrative staffing will occur;
- a review and evaluation of the current HSA organizational structure will be conducted;
- recommendations regarding the second set of initiatives, staffing, and HSA organizational structure will be presented to the Board of Supervisors.

Final Phase

- HFS will continue to assist with the implementation of the recommendations from the prior phases.
- HFS will also assist with the evaluation of the last set of initiatives.
- It will then make its final recommendations to the Board of Supervisors along with an update on the implementation of the prior phase's recommendations.

II. DEMOGRAPHIC INFORMATION ON STANISLAUS COUNTY

Stanislaus County has some very unique demographic characteristics. The county has a population of approximately 505,000, 75 percent of whom live in just four cities (Modesto, Turlock, Ceres and Hughson). Modesto, the county seat, has a population of 188,856 while Turlock, the second largest city, has a population of 55,810. Despite the high degree of urbanization, the principal base of the county's economy is agriculture. Because of the reliance on seasonal agriculture jobs, the unemployment rate within the county averages 7.3 percent versus the state average of 4.8 percent. This higher level of unemployment and under employment is also reflected in the poverty rate. Within the county fully 16 percent of the population was 100 percent below the Federal Poverty Level (FPL). Thirty eight percent of the county population was 200% or below the FPL. Ethnically, Stanislaus County is approximately two thirds Caucasian and one third Hispanic with a small percentage of Asian/Pacific Islanders

and African Americans. What is significant in terms of the county's future is the growth rate of its Hispanic population. Between 1990 to 2000 the county's Hispanic population grew by 75%. This population growth rate is one reason why Stanislaus County is one of the fastest growing counties in California.

III. BACKGROUND ON DELIVERY OF HEALTHCARE IN STANISLAUS COUNTY

For more than 100 years Stanislaus County Government has provided healthcare services to county residents. The County funded and operated a full service hospital until 1997 when its Stanislaus Medical Center closed. However, closing the hospital didn't stop the county from providing for hospital services. In partnership with Doctors Medical Center (DMC) HSA entered into a twenty year agreement which provides for both inpatient care of HSA patients and medical education opportunities. HSA, as the umbrella organization for most county healthcare programs, provides leadership and funding for a multi-site clinic system, an urgent care center, specialty and rehabilitation clinics, several ancillary services, a public health department, a community health promotion department, indigent healthcare services and other health related programs. In partnership with the Scenic Family Medical Group (SFMG), training opportunities are provided to 27 resident physicians each year through the agency's Family Medicine Residency Program. Primary care services are provided through clinics located in Modesto, Ceres, Hughson and Turlock. Historically, Stanislaus County has been a compassionate provider of healthcare services. Under Section 17,000 of the California State Code, Counties are only mandated to provide necessary healthcare services to Medically Indigent Adults (MIA). Stanislaus County's healthcare services far exceed the minimum requirement and surpass the healthcare offerings of many other counties within California.

In addition to the services offered through HSA, a number of other healthcare organizations operate within Stanislaus County. Besides DMC, Modesto is served by a second hospital, Memorial Medical Center. Two other acute care hospitals operate within the county, one in Turlock (Emanuel Medical Center) and one in Oakdale (Oak Valley Hospital). In the near future

Kaiser Permanente will open a new acute care hospital in the North Modesto/Salida area. Three specialty hospitals operate within the county. Kindred Hospital provides comprehensive rehabilitation services. Outpatient surgical procedures are performed at the Stanislaus Surgical Center. The County provides for inpatient mental healthcare through its Stanislaus Behavioral Health Center. Three other healthcare organizations provide clinical services in Stanislaus County. Aspen Medical Group provides clinical access to the poor at its location in Modesto. Oak Valley Hospital sponsors rural health clinics in Oakdale and Riverbank. Finally, Golden Valley Health Center (GVHC), a FQHC headquartered in Merced County, operates eight clinics (soon to be nine with the opening of a clinic out by the airport) in Stanislaus County (see exhibit 1 for a map of clinic locations).

Statistical Picture of Healthcare Services in Stanislaus County

During the past several years:

- HSA has served on an annual basis the healthcare needs of approximately 80,000 clients (sixteen percent of the total county population).
- Collectively the HSA primary care clinics handled more than 226,000 patient visits during this time period (see exhibit 2).
- Medicare and Medi-Cal represent two of the largest pools of patients seen within the HSA's clinic system.
- There are 49,000 Medicare eligible individuals within Stanislaus County (HSA experienced over 20,000 Medicare visits at its clinics in Fiscal Year 2007).
- A full 22% (110,000) of the county's population is Medi-Cal eligible (HSA primary care clinics had over 80,000 Medi-Cal visits in Fiscal Year 2007) (see exhibit 3 for distribution of Medicare and Medi-Cal visits by clinic).
- The percentage of HSA clinic patients at or below 200 percent of the FPL varies greatly. The range within the clinic system is between 28 percent (Pediatric Clinic) up to 56 percent (Paradise Medical Offices).

Exhibit 1: Map of clinic locations in Stanislaus County

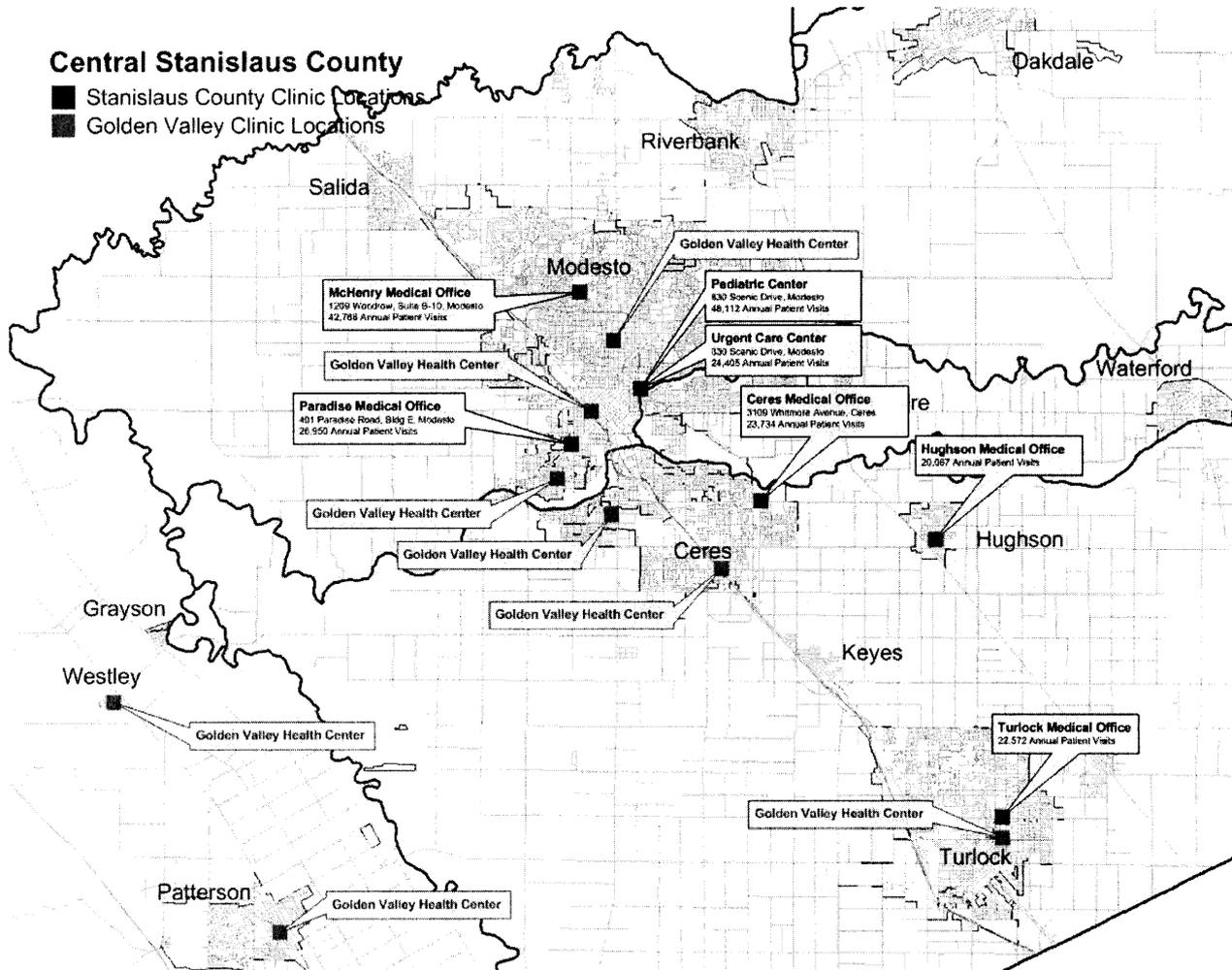


Exhibit 2: Distribution of users and encounters by clinic

| Clinic Location | Users | Encounters(Visits) | Rooms |
|-----------------------------------|--------|--------------------|--|
| Ceres Medical Offices | 7,784 | 22,930 | 12 exam 2 procedure 2 counseling |
| Family Practice Center/Pediatrics | 7,427 | 22,703 | 11 exam 1 procedure 1 counseling |
| Hughson Medical Offices | 24,136 | 48,937 | 24 exam 2 procedure 1 counseling |
| McHenry Medical Office | 15,047 | 41,226 | 23 exam 2 procedure 5 counseling |

| Clinic Location | Users | Encounters(Visits) | Rooms |
|--------------------------|---------------|--------------------|--|
| Paradise Medical Offices | 8,409 | 41,315 | 41 exam 2 procedure 3 counseling |
| Turlock Medical Offices | 8,389 | 24,964 | 13 exam 1 procedure 3 counseling |
| Urgent Care Center | 17,861 | 24,348 | 8 exam 1 procedure |
| Total | 89,053 | 226,423 | |

Source: Stanislaus County Health Services Agency FQHC-LA Application

Exhibit 3: Distribution of Medicare and Medi-Cal Visits by Clinic

| Clinic Location | Medi-Cal (HealthNet) | Medi-Cal Blue Cross | Medi-Cal | Medicare |
|-----------------------------------|----------------------|---------------------|---------------|---------------|
| Ceres Medical Offices | 1846 | 6067 | 5063 | 3250 |
| Family Practice Center/Pediatrics | 1081 | 3160 | 4978 | 3481 |
| Hughson Medical Offices | 1075 | 3935 | 3672 | 4430 |
| McHenry Medical Office | 2409 | 9412 | 11323 | 4501 |
| Paradise Medical Offices | 1834 | 5575 | 6254 | 4745 |
| Turlock Medical Offices | 207 | 1814 | 9113 | 3712 |
| Urgent Care Center | 2890 | 9397 | 2965 | 1071 |
| Total | 11,342 | 39,360 | 43,368 | 25,190 |

Source: IHCP All Clinics Visit Comparison.xls

IV. THREE HEALTHCARE CLINIC DELIVERY OBJECTIVES

HSA Financial Situation

Since the closure of the Stanislaus Medical Center in November 1997, HSA experienced over \$52 million in operating losses. As of June 30, 2005 the Agency had an accumulated deficit of \$22 million. In the face of such significant fiscal challenges, the County undertook a strategic

planning effort that culminated in the HSA Three Year Strategic Plan approved by the Board of Supervisors on September 13, 2005. This plan included 19 separate recommendations, including the pursuit of the Federally Qualified Health Center Look-Alike (FQHC-LA) designation, a remodel of the clinic facilities plan that reduced the number of clinic locations from seven to six and a substantial ongoing General Fund contribution to the Agency to ensure much-needed clinical services would remain available to the community. The Board authorized the use of \$16.7 million General Funds over the three years of the Strategic Plan, with an ongoing annual contribution of \$3.7 million thereafter. (Exhibit 4) The County anticipated the result of this plan would be a clinic system that was financially stable and that operated within available resources, without any additional deficit.

Exhibit 4: Financial Realities-Clinic & Ancillary Division

| | Fiscal Year 2005/2006 | Fiscal Year 2006/2007 | Fiscal Year 2007/2008 (Projected) |
|--------------------------------------|--------------------------|--------------------------|--------------------------------------|
| Operational Losses | \$(12.4)M | \$(10.5)M | \$(16.6)M |
| Planned General Fund Contribution | \$7.4 M | \$ 5.6 M | \$4.0 M |
| Estimated Shortfall | \$(5.0)M | \$ (4.9)M | \$(12.6)M |

Source: Stanislaus County, July 20, 2007

In the 2006-2007 Mid Year Fiscal Report, in March 2007 a growing cash deficit was reported and noted with concern. In late April 2007, the Agency identified a growing operating deficit and fiscal exposure, originally thought to be largely the result of a drug pricing issue in the clinics. Additionally, the cash deficit was increasing and was attributed at that time to timing differences in the flow of one-time monies when compared to the previous year. By May 2007 it was understood that the growing shortfalls were not due to timing issues, but were in a result of significant under-realization of revenues and other factors, as described here:

- Decreasing Medi-Cal patient visits;
- Increasing MIA visits;
- Declining ancillary volumes without a corresponding drop in expenses;
- Increased pharmaceutical pricing and utilization;

- Overstatement of revenues;
- Inaccurate budget estimates; and
- Accounting errors.

A team of staff from HSA, the Chief Executive Office and the Auditor-Controller immediately began work to control, analyze and verify the shortfall. On June 26, 2007 the Board approved funding transfers of \$4.9 million to resolve the clinics' 2006-2007 operating deficit. Subsequently, the Agency determined the operating loss for 2005-2006 was \$4.6 million, which the Board will be asked to take action on as part of the County's Final Budget for 2007-2008.

With the realization that projections for the current Fiscal Year 2007/2008 indicated a potential \$16.6M operating loss, the County and HSA hired HFS Consultants to review and model several healthcare system objectives for dealing with the new and additional financial shortfall.

The Board of Supervisors specifically asked HFS to examine and model three distinct clinic healthcare delivery objectives. The specified objectives were:

- a. HSA Clinic system as efficient as possible, without FQHC-LA funding.
- b. HSA Clinic system with FQHC-LA funding, based on previous objective.
- c. HSA mandated services only option.

A discussion of the positive and negative factors of each model as well as the overall financial impact on the deficit appears below. (Note: The scope of our activities was redirected after we received verbal notification that the FQHC-LA application was moving through the CMS approval process. Subsequently, the majority of our efforts went into researching initiatives that would support the HSA Clinic system with FQHC-LA funding model).

The FQHC-LA System Objective

Key Feature:

This objective reflects the addition of FQHC-LA reimbursement rates to the existing HSA clinic system. FQHC-LA reimbursement rates factor in a clinic(s) existing cost structure to ensure

payments for services provided to eligible patients cover the cost of providing the service. In the current competitive healthcare environment, FQHC-LA designation usually results in significantly higher reimbursement for clinics serving large populations of individuals without other healthcare coverage options. With FQHC-LA designation, access to 340 B discount pharmaceuticals is also available (we currently project that this benefit alone will help HSA save up to \$1M a year). While FQHC-LA reimbursement can help HSA reduce its current budget deficits other measures will be necessary in order to balance the overall operating budget. This further underscores the need for additional systemic changes in operations and staffing. Without additional efficiencies the prospect of continued budget deficits remains real.

Financial impact:

The net effect of this change is to raise Medicare reimbursement rates from \$47.71 to \$115.33 per visit. This represents a 241 percent increase in Medicare reimbursement. Likewise the Medi-Cal rate would go from \$54.78 to approximately \$139.97 per visit. This represents a 241 percent increase in Medi-Cal reimbursement. According to current estimates the additional FQHC-LA reimbursement generated by the increases in the reimbursement rate will result in \$6.4M reduction in the HSA clinic system deficit. Under this set of assumptions an additional \$6.2M in cost savings must be identified.

Positive Factors:

- Additional revenue reduces the amount of HSA Clinic deficit to \$6.2M.
- HSA takes over responsibility for billing (currently this function is split between SFMG and HSA).
- FQHC-LA approval will provide an additional incentive for the county to convert MIA patients to Medi-Cal patients.

Negative factors:

- Cost reductions during Fiscal Year 2007/2008 could result in a lower reimbursement rate when the permanent rate is established in one to one and a half years.
- \$6.2M deficit will still require significant cutbacks in clinic health system operations.

Impact on Patients:

Higher overall reimbursement levels will reduce the deficit faced by HSA. This in turn should cause fewer services to be eliminated to balance the HSA clinic system budget.

The no FQHC-LA System Objective

Key Feature:

This objective reflects the HSA system without additional FQHC-LA reimbursement. The hallmark of this system would be the implementation of a number of steps designed to reduce the funding deficit.

Financial Impact:

Without additional FQHC-LA reimbursement enhancements, the current HSA clinic system deficit can be reduced but not eliminated. Revenue enhancements could also be sought although this is a limited opportunity which would also involve staff time and expense. Overall, budget cuts amounting to \$12.6M would have to be identified and implemented in order to address the current budget deficit.

Positive Factors:

- It might be possible to keep a few clinic and/or ancillary services open, above the MIA only level.

Negative Factors:

- Due to the deep cost savings measures necessary to reduce the \$12.6M deficit, very few clinics or other services could be provided.

Impact on patients:

Under this scenario we do not believe enough cost savings could be achieved to cover the \$12.6M deficit without closing the entire clinic system. The cutbacks necessary to deal with the

clinic system deficit will greatly curtail available services. It may become necessary to provide any remaining services out of the Scenic Campus. This move would serve two purposes. First, it would relocate the few remaining clinic resources into Modesto. This would centrally locate these services in relationship to the clinic patient base. The second purpose served by this strategic relocation would be to allow HSA to try and sublease all outlying clinic properties in order to reduce the residual remaining lease cost. The downside to this relocation would be the creation of transportation/access issues for many of the approximately 80,000 unique patients currently served by the clinic system.

The Mandated Services only Objective

Key feature:

This objective reflects the closure of the existing HSA clinic system and the provision of mandated services only, either directly or by contract.

Financial Impact:

The cost to provide MIA mandated services only has not yet been determined.

Positive Factors:

- It may be possible to concentrate all MIA services in one location, which may enhance MIA care and provide some cost savings.
- If MIA care is contracted out it may help the county to shift from being a provider of healthcare to being a payor only for healthcare.
- Shifting healthcare focus to a much smaller number of patients (ex. the MIA population) could result in improved healthcare services for that group.

Negative Factors:

- A large number of patients currently within the HSA clinic system would no longer be able to receive healthcare services.

- Closing all the other clinics may violate the hospital services agreement between HSA and DMC.
- Finding providers willing to contract for the care of MIA patients may be difficult.
- It is unclear if caring for MIA patients through contracted providers will be less expensive than providing the services in-house.

V. FQHC-LA APPROVAL PROCESS AND STATUS

In pursuit of enhanced clinic system reimbursement for Medi-Cal and Medicare patients, HSA submitted an FQHC-LA application to the Health Resource Services Administration (HRSA) in August of 2006. HSA also asked the Board of Supervisors to establish a Community Health Center Board (CHCB) as required by FQHC regulations. This CHCB would provide community oversight and governance for the FQHC-LA clinics. The Board of Supervisors passed an ordinance establishing the CHCB, which held its initial meeting on August 6, 2006. The CHCB is comprised of eleven members, two of which are appointed by the Board of Supervisors. Of the eleven, 51% must be users of the clinics system.

In January 2007, HRSA sent HSA results from their initial review. The response indicated that they wanted HSA to make several changes in order to move the approval process forward. HSA made the recommended changes and sent it back to HRSA in February 2007. Following this exchange, HRSA conducted a site visit of HSA's proposed FQHC-LA clinics in May 2007. On August 6th, HRSA verbally recommended to The Centers for Medicare and Medicaid Services (CMS) that the application be approved. The next steps in the process involved sending notification of the recommendation from CMS in Washington to the CMS Region Nine Office that has responsibility for California. That office then requested comments from the California Department of Health Services (DHS). Barring any negative comments, CMS will notify the applicant, Medi-Cal Provider Enrollment and the Medicare fiscal intermediary of the pending approval. Once these steps are completed, HSA is notified of a start date and asked to submit its proposed cost based FQHC-LA interim rate. On August 27th, the DHS received a letter from CMS notifying the department of its recommendation regarding the HSA FQHC-LA application.

Once in receipt of the letter, the DHS has two weeks to review the recommendation and comment. Barring an unlikely negative comment from the DHS, HSA should anticipate receiving the official notification letter later this month.

VI. FQHC-LA INTERIM RATE DETERMINATION

HFS, working together with HSA, has gathered and analyzed clinic system information on the six primary care and urgent care FQHC-LA clinics in order to develop both an estimated Medicare and Medi-Cal proposed interim rate and clinic operating cost information. The key information necessary to prepare the rate calculations was to identify qualifying Medi-Cal visits. Using this information we have been able to project that new FQHC-LA reimbursement will produce \$6.4M more in Medicare and Medi-Cal reimbursement (See exhibit 5).

Exhibit 5: Impact of FQHC-LA Reimbursement

| FQHC-LA Net Impact Summary | |
|-----------------------------------|-------------------|
| Medicare Increase | \$1,602,219 |
| Medi-Cal Increase | \$8,162,774 |
| Net Revenue Increase | \$9,764,993 |
| Less Net Additional Expense | \$3,335,722 |
| Total FQHC-LA Impact | \$6,429,71 |

Source: HFS/HSA calculations

VII. COST SAVING INITIATIVES

In order to address HSA’s current deficit and provide information to analyze the three clinic health system objectives, HSA established a strategic planning work group. This group, comprised of HSA, County Chief Executive Office Staff and HFS personnel, has been charged with identifying and quantifying cost saving and revenue enhancement opportunities and pursuing initiatives to improve the overall efficiencies of the clinic delivery system. Since

starting its work in July, 2007 the group has identified more than fifty-one separate costs saving and revenue enhancement opportunities. Given the limited amount of time necessary to develop information for consideration by the Board of Supervisors Meeting on September 11th, it was determined that the cost initiatives needed to be prioritized. The initial prioritization effort occurred in early August. This effort identified thirteen high priority items as the first group of initiatives to be analyzed. The initial evaluation of the potential cost savings to be achieved if the group of thirteen items were implemented was between \$2.5M to \$3M. Given that the shortfall in the FQHC-LA approved model was \$6.2M, it became apparent that additional initiatives needed to be evaluated to capture an additional \$3.2M or more in cost savings. Accordingly, the mix of initiatives was changed and the total number of evaluated initiatives increased to twenty. This combination of initiatives resulted in projected estimated cost savings of between \$6.0M to \$7.5M. The twenty selected initiatives include the following:

- Change Medical Transcription services.
- Lower maximum eligibility requirement for MIA from 250% to 200% of the Federal Poverty Level.
- Management efficiencies.
- Eliminate Laboratory Services.
- Eliminate Radiology Services.
- Pharmacy staffing changes.
- Pharmacy implementation of 340B discount program.
- Pharmacy adoption of MIA Formulary.
- MIA-Faster transition to Medi-Cal.
- Add copay to zero share of cost MIA.
- Review Personal Pay Policy and sliding scale.
- Reduce Urgent Care Center Hours.*
- Changing provider classification in Urgent Care.
- Eliminate Healthy Cubs Staff (if Healthy Cubs contract is eliminated).
- Eliminate duplication of input into two accounting systems.
- Indirect savings.

- Designate a clinic to serve all MIA patients.*
- Implement Open Access/Same Day Scheduling.*
- Renegotiate/Terminate commercial contracts.*
- Eliminate biller position (if commercial contracts are eliminated).

*These items require CHCB approval as they fall under the authority of that board.

An evaluation, financial impact and status of each of the selected initiatives appears in Appendix 1, along with a current copy of initiative prioritization grid which groups the initiatives into three categories: Initial High Priority Initiatives, Additional High Priority Initiatives and Additional Initiatives.

VIII. FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

Given the dire financial difficulties faced by HSA it is paramount that the FQHC-LA status be pursued and confirmed. FQHC-LA status provides the best current strategy for acquiring enhanced reimbursement, which in turn should narrow the shortfall gap. However, none of the three objectives reviewed generates enough cost savings or revenue enhancements to end the HSA clinic system deficit without pursuing \$6.2M or more in initiatives that will involve the elimination of some current services or potentially even some clinic closures. Additionally, in some situations, when cost savings cuts have been identified, there is a concern that the overhead cost may remain with HSA. The remaining cost saving initiatives should also be reviewed and analyzed in order to determine the best mix of options that will both address the deficit and improve the efficiency of the clinics. With regard to revenue generation, consideration should be given to hiring a full time grant writer in order to pursue as many grant opportunities as possible. Where possible, co-pay rates should be raised to the maximum allowed. Partnership and cost sharing opportunities also need to be identified and pursued.

Our closing recommendation would be the approval of all twenty initiatives mentioned above and discussed in Appendix 1, with consideration given to HSA to have the flexibility to determine whether to continue the Healthy Cubs Program based on the outcome of negotiations

with the Children and Families Commission, which has not yet been addressed to the Commission. Our position is based on several points. First, we believe this combination of recommendations has the best ability to generate enough savings to close the current budget deficit. We also believe these initiatives represent logical operational improvements. Many of the initiatives represent process redesigns that should allow for sustained operating efficiencies. Some of these initiatives also recognize that HSA shouldn't be providing a service (ex. Laboratory services; Radiology services) when other options exist within the marketplace that potentially can produce lower cost (through a bidding process for contracting to provide the service) and potentially more access for patients (with multiple locations to receive service).

The most important conclusion we can make from the preceding discussion is the necessity for moving forward with both the implementation of the cost savings initiatives and the redesign of the clinic operations. The cost savings initiatives alone may address the current funding issues but without systemic change, the current operating paradigm will continue to be inefficient and labor intensive. An example that points out this dichotomy is the proposed changes to the Pharmacy. We have projected large savings in the operations of the pharmacy based on a combination of process redesign (ex. staffing changes) and collaborative clinical practices (ex. MIA Formulary). Similar efforts in all areas of the clinical system could produce equally compelling results. It is our intent to continue to drive these changes as we move forward with our HSA and Chief Executive Office Staff Partners in completing the project.

Appendix 1

Cost Saving Initiatives

Stanislaus County HSA
 Strategic Planning & Financial Evaluation
 Page 20

| Initial High Priority Initiatives | Conservative estimated cost savings | High estimated cost savings | Beilenson Hearing Required (Oct) | Target Implementation Date | Potential Reduction-in-Force |
|---|-------------------------------------|-----------------------------|----------------------------------|----------------------------|------------------------------|
| Reduce Urgent Care hours | \$ 846,000 | \$ 846,000 | yes | 12/01/07 | yes |
| Changing classification in Urgent Care | \$ 120,000 | \$ 150,000 | no | 12/01/07 | no |
| Eliminate Lab (buy for MIA) | 0 | \$ 430,000 | yes | 12/01/07 | yes |
| Eliminate Radiology (buy for MIA) | \$ 315,000 | \$ 415,000 | yes | 12/01/07 | yes |
| Pharmacy-Staffing | \$ 520,000 | \$ 770,000 | no | 11/01/07 | no |
| Pharmacy-MIA formulary | \$ 1,000,000 | \$ 1,000,000 | no | 09/01/07 | no |
| Pharmacy-Access 340B discounts (once FQHC-LA) | \$ 500,000 | \$ 750,000 | no | 10/01/07 | no |
| Add copay to zero share of cost MIA | \$ 90,000 | \$ 90,000 | no | 10/01/07 | no |
| Review personal pay cash amounts and sliding scale; institute annual review per Strategic Plan | \$ (60,000) | \$ 150,000 | no | 10/01/07 | no |
| MIA- Faster transition to Medi-Cal | \$ 200,000 | \$ 200,000 | no | 10/01/07 | no |
| Renegotiate/Terminate commercial contracts | \$ 360,000 | \$ 550,000 | no | 02/01/08 | no |
| Eliminate biller position(s) | \$ 50,000 | \$ 100,000 | yes | 02/01/08 | yes |
| Eliminate Healthy Cubs staff | \$ - | \$ - | no | 06/30/08 | no |
| Change maximum eligibility for MIA from 250% of Federal Poverty Level to 200% | \$ 256,000 | \$ 256,000 | no | 12/01/07 | yes |
| Change Medical Transcription services to be consistent with more efficient sites to reduce direct costs | \$ 150,000 | \$ 150,000 | no | 12/01/07 | yes |
| Implement Open Access/Same Day scheduling | \$ 1,000,000 | \$ 1,000,000 | no | 03/01/08 | no |
| Eliminate duplication of input into two accounting systems | \$ 100,000 | \$ 100,000 | no | 12/01/07 | yes |
| Staffing efficiencies | \$ 500,000 | \$ 500,000 | no | 01/01/08 | no |
| Designate a clinic to serve all MIA patients-consider different physician compensation | \$ - | \$ - | no | 01/01/08 | no |
| Indirect savings | \$ 69,000 | \$ 69,000 | no | 01/01/08 | no |
| Total | \$ 6,016,000 | \$ 7,526,000 | | | |

| Additional High Priority Initiatives | Conservative estimated cost savings | High estimated cost savings | Bellenson Hearing Required (Oct) | Target Implementation Date | RIF |
|---|-------------------------------------|-----------------------------|----------------------------------|----------------------------|-----|
| Consolidate Support Services/Reallocate CAP charges/eliminate duplication of services | | | | | |
| Evaluate elimination of Pharmacy (buy for MIA) | | | | | |
| Pharmacy-Free drug program | | | | | |
| Revisit Dental Services , scope, delivery model – relocate dental services | | | | | |
| Review High Risk Obstetrics/Refer to community providers | | | | | |
| Staffing Ratios to be established for consistency and cost reduction | | | | | |
| Evaluate management structure | | | | | |
| Reduce/reconfigure number of clinic sites | | | | | |
| Change/define scope of benefits to MIA | | | | | |
| Schedule management /Provider management /Practice management | | | | | |
| Evaluate all or portions of Specialty Care – number of specialty care visits (MIA) | | | | | |
| Evaluate what/where programs are provided in clinics (i.e. Family Planning, BCDP, Title 10, CHDP, CPSP) | | | | | |
| Total | | | | | |

| Additional Initiatives | Conservative estimated cost savings | High estimated cost savings | Bellenson Hearing Required (Oct) | Target Implementation Date | RIF |
|---|-------------------------------------|-----------------------------|----------------------------------|----------------------------|-----|
| Evaluate Residency Program | | | | | |
| Recruit Mid levels now. Need to do salary comps for NP's. | | | | | |
| Streamline credentialing to ensure medical staff can bill all payors when starting to work in the clinics | | | | | |
| Consider sale of County Center Two (long term) | | | | | |
| Sell Medical Arts Building | | | | | |
| Medical Malpractice: evaluate methods for decreasing expense | | | | | |
| Salary Physicians for MIA only program | | | | | |
| Long Term: Consider forming a Health Care District | | | | | |
| Contracts: Equalize terms; Negotiate better rebate; Evaluate cost of contracts | | | | | |
| Seek Grant Opportunities for Residency and operations | | | | | |
| Evaluate Rehab/Wound Care services for modification | | | | | |
| Certified Public Expenditure (CPE) initiative | | | | | |
| Total | | | | | |

Stanislaus County Health Services Agency
Initiatives Profiles

| | |
|---|--|
| <p>High Priority Initiative:</p> <p>Reduce Urgent Care Center Hours</p> | |
| <p>Description of Initiative:</p> | <p>HSA would decrease Urgent Care hours of operation from 84 hrs/per week to 36 hrs/per week. The new operating hours would be Monday - Friday 5:00 pm to 9:00 pm, Saturday and Sunday 12:00 pm to 8:00 pm. Target date for implementation: December 1, 2007.</p> |
| <p>Patients Impacted:</p> | <p>Approximately 25-50% of patient visits would be shifted to outlying clinics. Capacity enabled by open access/same day scheduling system. Estimate 25-50% of patients would use Urgent Care during new operating hours.</p> |
| <p>Financial Impact:</p> | <p>It's estimated that reducing staffing in proportion to the reduction in center hours will result in salary savings of \$846,000.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>Facility Implication: Urgent Care facility would be available from 8am to 5pm for use by other programs (ex. MIA clinic). Equipment implications: None. Contract Implication: Provider contract would need to be negotiated.</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Seek Boards' approval (including required hearing). 2. Communicate planned changes to Stakeholders. 3. Set a date for planned change to occur. 4. Work with Human Resources to facilitate staffing changes. 5. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|---|---|
| <p>High Priority Initiative: Change Provider Staffing in Urgent Care Center</p> | |
| <p>Description of Initiative:</p> | <p>Changing current Urgent Care Center provider staffing from the present 2 MDs per shift to 1 MD and 1 PA/NP per shift.</p> |
| <p>Patients Impacted:</p> | <p>This change could potentially impact all future Urgent Care Center patients. In FY 2006-2007, 23,259 patients were treated at the Urgent Care Center.</p> |
| <p>Financial Impact:</p> | <p>Projected savings of \$120,000-\$150,000 are based on contract savings generated by replacing one physician with a midlevel provider.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>Facility implications: None. Equipment Implications: None. Contract Implications: Negotiate Provider contract.</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Initiate contract discussions. 2. Communicate planned changes to Stakeholders. 3. Set a date for planned change to occur. 4. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: | |
| Eliminate Clinical Laboratory Services | |
| Description of Initiative: | Recommendation to eliminate Clinical Laboratory operations. MIA required services would be contracted out to a local vendor. |
| Patients Impacted: | Patients will be redirected to other providers. |
| Financial Impact: | \$430,000 estimated annual program savings. (Note: Cost avoidance of facility repairs of \$100,000-110,000). |
| Implications for Equipment, Facility or Contracts: | \$85,000 one time cost to buy out remaining contractual obligations for lab equipment. Consumable contracts and equipment contracts will need notification. Notification time frames range from 30 days to 120 days. Need to issue RFI for MIA lab services. |
| Action Plans: | <ol style="list-style-type: none"> 1. Coordinate changes with Public Health Lab. 2. Communicate planned changes to Stakeholders. 3. Set a date for planned changes to occur. 4. Work with Human Resources to facilitate staffing changes. 5. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|---|---|
| <p>High Priority Initiative:</p> <p>Eliminate Radiology Services Department: Buy required service for MIA/Orthopedics</p> | |
| <p>Description of Initiative:</p> | <p>Recommendation to eliminate current Radiology operations. MIA required services would be contracted out. Portable x-ray machine to support Orthopedics would be leased.</p> |
| <p>Patients Impacted:</p> | <p>All future patients requiring radiology services at HSA would be affected. Patients would be redirected to other providers.</p> |
| <p>Financial Impact:</p> | <p>Program savings are estimated to be between \$315,000-\$415,000.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>Equipment Implications: Terminate equipment leases and determine residual values on HSA owned equipment. Facility Implications: Vacated facility would be vacant. Contract Implications: Contract for Radiology services for mandated programs and Orthopedic support would need to be negotiated.</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Notify Stakeholders of pending changes. 2. Negotiate contract with provider of radiology services. 3. Determine ability to dispose of surplus equipment. 4. Consult with Human Resources about staff reductions. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|--|---|
| High Priority Initiative: Pharmacy-Staffing | |
| Description of Initiative: | Reduce staffing cost by redesigning workflow and reducing the need for temporary high cost staff. |
| Patients Impacted: | None. |
| Financial Impact: | \$520,000 - \$770,000 in savings from a reduction of clerical and pharmacy staff. |
| Implications for Equipment, Facility or Contracts: | Possible minimal construction to work bench to facilitate new workflow (estimated cost \$10,000-\$25,000). |
| Action Plans: | <ol style="list-style-type: none"> 1. Terminate Contracts. 2. Implement redesign process. 3. Communicate planned changes to Stakeholders. 4. Set a date for planned change to occur. 5. Work with Human Resources to facilitate staffing changes. 6. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: Pharmacy, Creation of MIA Formulary | |
| Description of Initiative: | Reducing medication cost by limiting the drugs physicians can prescribe to those listed on a select, approved formulary. |
| Patients Impacted: | Approximately 6,000 MIA patients. |
| Financial Impact: | \$1,000,000. Savings achieved by maximizing utilization of "free drugs" and medically indicated cost effective Medication. |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | 1. Implementation on 9/1/07. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|---|--|
| High Priority Initiative: Pharmacy, 340B Drugs | |
| Description of Initiative: | Federal program that extends pricing discounts on prescription medication to FQHC and FQHC-LA clinics. |
| Patients Impacted: | FQHC-LA clinic patients requiring medication. |
| Financial Impact: | \$500,000-\$750,000. |
| Implications for Equipment, Facility or Contracts: | Contract required once FQHC-LA approved. |
| Action Plans: | 1. Initiate implementation upon approval of FQHC-LA Status. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|--|---|
| <p>High Priority Initiative:</p> <p>Add co-pay to zero share of cost MIA</p> | |
| <p>Description of Initiative:</p> | <p>HSA proposes to add nominal co-payments in the Medically Indigent Adult Program (MIA) for those with income between 51% and 130% of the Federal Poverty Level. Note: Those with income above 130% are already subject to Share of Cost. Recommended co-payments are as follows: Office Visits (medical): \$5 Dental Visits: \$5 Prescription(s): \$3/per visit to the pharmacy (regardless of the number of prescriptions filled on a particular day) Outpatient Surgery: \$25 Emergency Room visit: \$25 Inpatient Admission: \$25 (waived if admitted from the ER)</p> |
| <p>Patients Impacted:</p> | <p>Estimated beneficiaries affected: 1,500 – 2,000. This estimate represents the number of MIA beneficiaries who received medical and dental services in fiscal year 06/07 and whose income fell between 51% and 130% of the Federal Poverty Guidelines.</p> |
| <p>Financial Impact:</p> | <p>Estimated savings to the program: \$90,335. This estimate is based on the number of patient encounters documented in FY 06/07 for services in the areas of Office Visits, Out-Patient Surgery, Prescriptions, Dental, Emergency Room and Inpatient admissions multiplied by the anticipated co-pay per visit type.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>Equipment Implications: Three ID card machines are required (\$1,500 per unit).</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Notify staff and beneficiaries of impending changes. 2. Set policy and procedures. 3. Set date for change. 4. Implement changes. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|---|--|
| High Priority Initiative: Review personal pay and sliding fee scale/ annual review based upon visit cost | |
| Description of Initiative: | Create sliding fee scale within the 200% FPL limit ranging from a 70% discount to average cost per clinic visit. |
| Patients Impacted: | Uninsured FQHC-LA clinics' patients. |
| Financial Impact: | \$(60,000) to \$150,000. |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | 1. The Board of Supervisors approved a new policy on August 28, 2007. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|--|---|
| High Priority Initiative: MIA – Faster transition to Medi-Cal | |
| Description of Initiative: | HSA – Indigent Health Care Program will implement training program for HSA physicians and support staff in identification and documentation of Medically Indigent Adult (MIA) beneficiaries with disabling conditions in order to more effectively assist the patients in applying for disability through the Social Security Administration. |
| Patients Impacted: | Estimated beneficiaries affected: 775 – 1,100. This estimate represents the number of MIA beneficiaries who applied for disability benefits or were in the appeals process. |
| Financial Impact: | \$200,000 based on moving beneficiaries to Medi-Cal. |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | <ol style="list-style-type: none"> 1. Train staff in disability application process and proper documentation. 2. Set policy and procedures. 3. Schedule and present trainings. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|--|--|
| High Priority Initiative: Negotiate or Terminate Commercial Contracts | |
| Description of Initiative: | Terminate commercial contracts where the negotiations to raise payment rates to cover HSA cost are unsuccessful. |
| Patients Impacted: | Patients with commercial insurance and Healthy Cubs. |
| Financial Impact: | \$360,000-\$550,000 (based on converting 50% to FQHC-LA reimbursable visits). |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | <ol style="list-style-type: none"> 1. Review contracts. 2. Provide notice of intent to cancel contracts that are identified as paying below HSA cost. 3. Depending upon the response received, either negotiate or cancel the low paying commercial agreements. |

Stanislaus County Health Services Agency
Initiatives Profiles

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|---|---|
| High Priority Initiative: Reduction of Billing Staff | |
| Description of Initiative: | Eliminate Clerk III position(s) if/when commercial contracts are terminated. |
| Patients Impacted: | None |
| Financial Impact: | \$50,000-\$100,000. |
| Implications for Equipment, Facility or Contracts: | Availability of one workstation including computer. |
| Action Plans: | <ol style="list-style-type: none">1. Communicate planned changes to Stakeholders.2. Set a date for planned change to occur.3. Work with Human Resources to facilitate staffing changes.4. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| <p>High Priority Initiative: Eliminate Healthy Cubs Program</p> | |
| <p>Description of Initiative:</p> | <p>If the Healthy Cubs contract for medical services is terminated, eliminate the outreach staffing component.</p> |
| <p>Patients Impacted:</p> | <p>Approximately 3,500.</p> |
| <p>Financial Impact:</p> | <p>Nominal. Outreach staffing is funded by the Children and Families Commission.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>HSA must give notice of termination to contracted providers</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Notify stakeholders of impending changes. 2. Renegotiate reimbursement structure to HSA with the Children & Families Commission. 3. Set date for transition. 4. Work with Human Resources to facilitate staffing changes (if required). 5. Have HR involved to help manage personnel issues. 6. Implement changes. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| <p>High Priority Initiative:</p> <p>Change maximum eligibility for MIA from 250% of Federal Poverty Level to 200%</p> | |
| <p>Description of Initiative:</p> | <p>Recommendation to change the eligibility level from 250% to 200% of the Federal Poverty Level (FPL), which is more consistent with other California Counties.</p> |
| <p>Patients Impacted:</p> | <p>175.</p> |
| <p>Financial Impact:</p> | <p>\$256,000.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>None.</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Notify stakeholders of pending changes. 2. Set policy and procedures. 3. Set date for transition. 4. Implement changes. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: | |
| Reduce Medical Transcription Services Costs | |
| Description of Initiative: | Reduce staffing by redesigning how transcription services are delivered and utilized. |
| Patients Impacted: | None. |
| Financial Impact: | \$150,000. |
| Implications for Equipment, Facility or Contracts: | None. |
| 1. Action Plans: | <ol style="list-style-type: none"> 1. Redesign transcription processes. 2. Communicate planned changes to Stakeholders. 3. Set a date for planned change to occur. 4. Work with Human Resources to facilitate staffing changes. 5. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: Open Access/Same Day Scheduling | |
| Description of Initiative: | Implementation of Open Access/Same Day Surgery (SDS) will improve patient access by reducing the no show rate. The majority of appointments in a provider's schedule with the Same Day Scheduling model will provide patients the opportunity to see their medical provider the day they call for an appointment. The goal will be to guarantee the patient will be seen on the same or next day with their provider or a partner of their provider. A few special appointment types will be scheduled ahead of time (i.e., special procedures). |
| Patients Impacted: | All patients in the clinic system will benefit from timely access to their provider. Benefits include: <ul style="list-style-type: none"> • Having appointments available on the same day the patient calls will decrease the number of "No Shows". • Decreasing no shows will increase revenues by having less missed appointments. • The capacity of the system to see patients will increase. • Pilot project at Paradise Medical Office (PMO) demonstrates the potential for a 50% reduction in the No Show rate with SDS. Higher patient satisfaction rates have also been reported by providers using this scheduling model. |
| Financial Impact: | \$1,000,000 is a conservative estimate of increased revenue due to quicker access and improved continuity once all clinics adopt SDS and FQHC-LA reimbursement is in effect. |
| Implications for Equipment, Facility or Contracts: | There are no identified implications for space, equipment or contracts. |
| Action Plans: | <ol style="list-style-type: none"> 1. Received CHCB approval on September 5, 2007. 2. Residency Program will continue to pilot SDS at PMO, troubleshooting problems. 3. SDS schedule prototypes and Centralized Scheduling (CSU) protocols will be reviewed and amended as necessary to enable SDS to roll out to other clinics. 4. Procedures will be drafted outlining timeframes and requirements for full implementation based on the experiences of the pilot project. 5. PMO faculty will be the first group to expand into SDS. 6. All other clinics CMO, HMO, MMO, TMO and Peds will be rolled out by March 1, 2008. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: Eliminate duplication in accounting system | |
| Description of Initiative: | Redesign work process to eliminate duplicate work. Savings generated by staff reductions. |
| Patients Impacted: | None. |
| Financial Impact: | \$50,000-\$100,000. |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | <ol style="list-style-type: none"> 1. Communicate planned changes to Stakeholders. 2. Set a date for planned change to occur. 3. Work with Human Resources to facilitate staffing changes. 4. Implement changes after all issues are resolved. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: Management Efficiencies | |
| Description of Initiative: | Using Benchmarks and Best Practices to redesign management and support structure. |
| Patients Impacted: | None. |
| Financial Impact: | Approximately \$500,000 (Conservative estimate based on staffing reduction of 2.5% of overall HSA staffing budget). |
| Implications for Equipment, Facility or Contracts: | No effects are anticipated at this time. |
| Action Plans: | <ol style="list-style-type: none">1. Review current organization structure.2. Conduct job audits to determine how current staff is working.3. Propose and evaluate alternative organizational structures.4. Make organizational structure recommendation.5. Work with Human Resources to facilitate staffing changes. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| High Priority Initiative: Indirect Savings | |
| Description of Initiative: | Overhead savings generated by reductions in both programs and utilized space. |
| Patients Impacted: | None. |
| Financial Impact: | \$69,000 |
| Implications for Equipment, Facility or Contracts: | None. |
| Action Plans: | 1. Formalize recognition of potential savings with other county departments. |

Stanislaus County Health Services Agency
Initiatives Profiles

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| <p>High Priority Initiative: Designate one clinic to serve all MIA patients</p> | |
| <p>Description of Initiative:</p> | <p>HSA effort to concentrate MIA primary care services in one location. Potential outcomes include:</p> <ul style="list-style-type: none"> • Better patient compliance. • Improved case management. • Development of clinical guidelines. • Provider continuity. • Closer contacts with eligibility workers. • Continuity of care. |
| <p>Patients Impacted:</p> | <p>Approx. 6,000 MIA patients.</p> |
| <p>Financial Impact:</p> | <p>Cost Containment.</p> |
| <p>Implications for Equipment, Facility or Contracts:</p> | <p>Implication for equipment and space: Space and equipment could be shared with another clinic that operates at less than half a day or has excess capacity. Implication for contracts: Providers would have to be identified to provide service in this clinic.</p> |
| <p>Action Plans:</p> | <ol style="list-style-type: none"> 1. Continue research into possible Scenic Campus locations. 2. Talk with providers about staffing proposed clinic. |



California State Association of Counties

Urban Counties Caucus

County Welfare Directors Association

County Human Services Program Funding

| Program | Description | Accountability/ Performance Monitoring | Average Monthly Caseload 2006-07 | 2006- 07 Budget | Sharing Ratio | Budget Methodology | <i>Annual Impact of Cuts Since 2000-01</i> |
|---|--|---|---|-----------------------------|--|--|--|
| CalWORKS Eligibility, Welfare to Work Services, and Child Care | The State's welfare reform program that began 1997-98. Counties perform eligibility determination, benefit issuance, welfare-to-work services, and child care to qualifying low-income families. | 50 percent share of federal work participation penalty for potential county exposure of \$74.5 million in the current federal fiscal year potentially growing by up to \$30 million per year, up to a maximum penalty of \$313 million. | 467,667 | \$1.93 billion total funds | \$1.5 billion Federal TANF Funds \$378.1 million State \$58 million County | The Budget funds costs at the 2000-01 level, creating a program shortfall. Changes in caseload are budgeted, but the costs of serving that caseload are frozen at the 2000-01 level, exacerbating the program shortfall. Budget adjustments are for premises that can increase or decrease the budget. Originally based on PCAB (Proposed County Administrative Budget), a process to determine actual county costs. | \$277.8 million unfunded cost-of-doing-business increases \$109.5 million cut to county operations and services |
| Food Stamps Administration | Counties provide eligibility determination and benefit issuance to eligible low-income families. | Federal error-rate penalty with potential county fiscal exposure in the millions of dollars. | 836,712 | \$512.4 million total funds | 50 percent Federal 35 percent State 15 percent County | The Budget funds costs at the 2000-01 level, creating a program shortfall. Changes in caseload are budgeted, but the costs of serving that caseload are frozen at the 2000-01 level, exacerbating the program shortfall. Budget adjustments are for premises that can increase or decrease the budget. Originally based on PCAB, a process to determine actual county costs. | \$160.6 million unfunded cost-of-doing-business increases \$65.6 million reductions to county operations and services |

| Program | Description | Accountability/ Performance Monitoring | Average Monthly Caseload 2006-07 | 2006- 07 Budget | Sharing Ratio | Budget Methodology | <i>Annual Impact of Cuts Since 2000-01</i> |
|-------------------------------|--|---|---|--------------------------------|---|--|---|
| Medi-Cal Eligibility | Counties provide eligibility determination for health insurance to low-income families | Variety of state accountability and performance measures with potential penalties of up to two percent of the allocation each year, for potential county exposure of \$26.7 million based on the current allocation. Performance measures address application and redetermination processing times, linkages to the Healthy Families program, and processing automation alerts. | 6.6 million | \$1 billion | 50 percent Federal 50 percent State | Since 2003-04 based on an annual Budget Worksheet request submitted to and approved by DHS. The worksheet is a method to determine actual Medi-Cal costs. | Fully Funded |
| Adoptions | Counties provide adoptions placements for abused or neglected children in foster care. | Federal Children and Family Services Review. State Outcomes and Accountability System (AB 636) provides quarterly individual county performance on 14 measures related to child safety, permanence, and well-being. | 72,803 | \$72.8 million total funds | 43.67 percent Federal 56.33 percent State | The Budget funds costs at the 2000-01 level. Counties are funded with a total of 560.55 full-time equivalent workers statewide. Originally based on the unit cost for an annual adoption worker in each county multiplied by the number of full-time equivalent workers. | \$5.9 million unfunded cost-of-doing-business increases \$18 million cut to county operations and services |
| Child Welfare Services | Counties provide a broad range of services to abused and neglected children and families at risk of abuse and neglect including emergency response, assessment, family maintenance, family reunification, and permanent placement. | Same as Adoptions. | 159,038 | \$1.39 billion total funds | 50 percent Federal 35 percent State 15 percent County | The Budget funds costs at the 2001-02 level, creating a program shortfall. Changes in caseload are budgeted, but the costs of serving that caseload are frozen at the 2001-02 level, exacerbating the program shortfall. Budget adjustments are for premises that can increase or decrease the budget. Originally based on PCAB, a process to determine actual county costs. | \$228 million unfunded cost-of-doing-business increases |

| Program | Description | Accountability/ Performance Monitoring | Average Monthly Caseload 2006-07 | 2006- 07 Budget | Sharing Ratio | Budget Methodology | Annual Impact of Cuts Since 2000-01 |
|--|---|--|---|-----------------------------|--|--|--|
| Foster Care Eligibility | Counties determine eligibility and establish federal eligibility to create State General Fund savings. In addition, counties determine benefit issuance of foster payments to group homes, foster family homes, guardians, and relative caretakers | Federal IV-E Foster Care Eligibility Review potentially leading to federal disallowances of millions of dollars. | 72,315 | \$97.4 million total funds | 50 percent Federal 35 percent State 15 percent County | The Budget funds costs at the 2000-01 level, creating a program shortfall. Changes in caseload are budgeted, but the costs of serving that caseload are frozen at the 2000-01 level, exacerbating the program shortfall. Budget adjustments are for premises that can increase or decrease the budget. Originally based on PCAB (Proposed County Administrative Budget), a process to determine actual county costs. | \$30.8 million unfunded cost-of-doing-business increases \$2.6 million cut to county operations and services |
| Adult Protective Services | Counties respond to reports of elder and dependent adult abuse and provide assessment, investigation, and case management services including emergency shelter care, food, and transportation. | | 20,566 | \$88.3 million total funds | \$50.2 million State General Fund Federal Title XIX | Costs have been frozen at the 2002-03 level. Budget adjustments are for changes in estimated federal Title XIX reimbursements only. | \$19.2 million unfunded cost-of-doing-business increases \$16.7 million cut to county operations and services |
| In-Home Supportive Services Administration | Counties provide both eligibility determination and assessment for the types and numbers of hours of service for eligible clients. Low-income elderly and disabled adults and disabled children receive in-home care services from providers (i.e. personal care, meal preparation, housecleaning). | State Quality Assurance Initiative requiring counties to complete specific tasks designed to increase the accuracy of the authorized hours per case. | 374,999 | \$273.4 million total funds | 49.06 percent Federal 35.66 percent State 15.28 percent County | Counties receive funding for a specific number of hours of social worker time. However, the number of hours does not reflect the amount of social worker time needed to determine eligibility and assess the types and numbers of hours of service. Caseload adjustments funded at 2000-01 costs. There has been no increase in cost-of-doing-business since 2000-01. | \$70.9 million unfunded cost-of-doing-business increases |
| Total Annual Impact of cuts (\$212.4 million) and unfunded cost-of-doing-business increases (\$793.2 million) through 2006-07 Budget. | | | | | | | \$1,006 billion Total Funds \$637.0 million State General Funds |

* Cuts include those adopted by the Legislature and funds vetoed by the Governor. Chart updated February 27, 2007.

B-12

September 7, 2007

BOARD OF SUPERVISORS

2007 SEP 10 P 3: 02

Board of Supervisors
1010 Tenth Street, Suite 6500
Modesto, CA 95354

Gentlemen:

It is my understanding that you are considering closing the x-ray, lab and reducing/changing the HSA Urgent Care hours here in Modesto.

I am unable to attend the meeting on September 11, 2007 because I work during the day, but, as a lifelong resident **and taxpayer**, I urge you NOT to reduce or change the HSA Urgent Care hours or close the x-ray or lab there.

In the past year, I have used this service twice for my daughter. In fact, I was just in there on Wednesday, September 5, 2007 with her. Fortunately, the x-ray was available there because she had to have two x-rays taken of her hip where they found a "hairline" fracture and ordered medication and crutches. It has been VERY CONVENIENT for me because sometimes, things happen after 5:00 p.m. during the week or on weekends when the doctor's office is closed. If the HSA hours are reduced and/or changed, it would probably be in the evening which would OVERCROWD the hospitals even more! This is a MUCH NEEDED FACILITY!

If you have to go to emergency at Doctor's Hospital or Memorial Hospital, YOU HAVE TO WAIT **FOREVER!** It has been my experience with HSA Urgent Care the times I have been there, they have been very efficient and compassionate, and my daughter has been seen in an hour or so both times. This saves a lot of time when you work during the day, get up early and get your child to school and go to work rather than sit around the hospital for several hours and wait!

Instead of reducing or changing the HSA Urgent Care hours and closing the x-ray and lab, I request that you cut somewhere else such as the salaries of the "big shots" that are way overpaid or some other "USELESS" program, **somewhere besides THIS program!** As you know, the hospitals in this area are OVERWHELMED, and the HSA Urgent Care helps the low income people and keeps the hospitals from being **MORE OVERCROWDED** than they already are! They do a great job!

Please consider keeping the HSA Urgent Care hours as they are along with the x-ray and lab at that facility. It will benefit all the people who live here in Stanislaus County and need this service. As I taxpayer, I help pay for this service and wish to keep it intact.

If you have any questions, you can contact me at 529-3220 (work) or write me at the address below. Thank you for your consideration on this matter.

Very truly yours,


Sue A. Seaman

P.S. This plan has been a blessing to me & my daughter as well as many others, I'm sure!

I will watch how all of you vote & keep that in mind at re-election time

Thank you!

**DECLARATION OF PUBLICATION
(C.C.P. S2015.5)**

**COUNTY OF STANISLAUS
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am the printer And Principal clerk of the publisher of **THE MODESTO BEE**, printed and Published in the **City of MODESTO**, County Of **STANISLAUS**, State of California, daily, For which said newspaper has been adjudged a Newspaper of general circulation by the Superior Court of the County of **STANISLAUS**, State of California, under the date of **February 25, 1951**, **Action No. 46453**; that the notice of which the annexed is a printed copy, has been published in each issue thereof on the following dates, to wit:

OCTOBER 3, 10, 2007

I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at **MODESTO**, California on

OCTOBER 10, 2007


Signature

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that, pursuant to Section 1442.5 of the California Health and Safety Code and other applicable laws, the Board of Supervisors of the County of Stanislaus, State of California, will hold a public hearing regarding the reduction or elimination of certain health and medical services provided by the County. The public hearing will commence on Tuesday, October 16, 2007 at 6:40 p.m. or as soon thereafter as the matter may be heard, in the Board Chambers, 1010 10th Street, Modesto, California, at which time and place all interested persons may appear and be heard.

ADDITIONAL NOTICE IS GIVEN that the services proposed for reduction or elimination are as follows:

| Patients Affected | Reduction | Description of Reduction or Elimination |
|-------------------------------|-------------------------|---|
| Approximately 7,755 patients | \$846,000 | 1. Reduction in clinic capacity of the Urgent Care Center – the proposed level of clinical capacity represents a reduction of approximately 50% of existing capacity. This proposed reduction in capacity would be accomplished by reducing the operating hours. It is proposed that the Urgent Care Center would continue to operate seven days per week, but with limited hours each day. |
| Approximately 26,356 patients | Between \$0 - \$430,000 | 2. Elimination of the direct provision of Clinical Laboratory Services – patients of the Health Services Agency who are either referred to the clinical laboratory for specimen collection, or their specimens are collected in the clinic and forwarded for testing by the Clinical Laboratory would be referred to an alternate provider(s). |
| Approximately 9,493 patients | \$315,000 - \$415,000 | 3. Elimination of the direct provision of Radiology Services – discontinue the direct provision of radiology with the exception of limited plain film X-ray specifically to support the Orthopedic Clinic. Patients impacted by this change would be referred to an alternate provider(s). |
| Approximately 175 patients | \$256,000 | 4. Reduction in Medically Indigent Adult Program Eligibility – Reduce the maximum income threshold for eligibility from 250% of the Federal Poverty Limit to 200% of the Federal Poverty Limit. |

NOTICE IS FURTHER GIVEN that at any time prior to the time fixed for the hearing, any interested person may file written comments on the proposed action with the Clerk of the Board of Supervisors of the County of Stanislaus. Both oral and written comments will be considered by the Board of Supervisors at the time and place fixed for hearing. Additional information regarding this hearing may be obtained by contacting the Stanislaus County Health Services Agency at (209) 558-7163, or by writing the Stanislaus County Health Services Agency, Attention: Administration, P.O. Box 3271, Modesto, CA 95353