

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

DEPT: Health Services Agency *MJ*

BOARD AGENDA # B-10

Urgent

Routine

AGENDA DATE December 11, 2007

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval to Relocate the Urgent Care/After Hours Services to the Paradise Medical Office and to Designate the Paradise Medical Office as the Site to Provide Primary Care Services to Medically Indigent Adult Program Patients

STAFF RECOMMENDATIONS:

1. Approve the relocation of the Urgent Care/After Hours Services to the Paradise Medical Office and designate the Paradise Medical Office as the site to provide primary care services to Medically Indigent Adult program patients.
2. Authorize the Managing Director of the Health Services Agency to take those reasonable actions necessary to implement the above recommendation.

FISCAL IMPACT:

The fiscal impact of this recommendation was related to and part of other efficiency initiatives that were incorporated into the revised budget submitted and approved on November 6, 2007 for the Fiscal Year 2007-2008. Together those efficiency initiatives are projected to achieve \$1,166,000 in savings annually.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-963

On motion of Supervisor Grover, Seconded by Supervisor Monteith

and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: Mayfield

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST: *Christine Ferraro*
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Relocate the Urgent Care/After Hours Services to the Paradise Medical Office and to Designate the Paradise Medical Office as the site to provide primary care services to Medically Indigent Adult program

Page 2

FISCAL IMPACT (Continued):

Prior to the revised budget, the Health Services Agency's preliminary budget included an unmet need after a \$4.4 million General Fund contribution, of \$12.6 million. With the recent announcement by the federal government that the Health Services Agency met the requirements of the Federally Qualified Health Center Look-Alike designation, the Agency was able to project an increase in net revenue of \$6.4 million annually. The remaining shortfall of \$6.2 million however, necessitated significant changes in the Agency's operations. Those changes, in the form of several recommended initiatives were approved by both the Community Health Center Board and the Board of Supervisors, during meetings which took place in September and October of 2007, and which were estimated to save the Agency between \$6.2 and \$7.8 million annually. Additionally, as part of the First Quarter Financial Report, on November 6, 2007 the Board of Supervisors authorized the use of an additional \$4,189,655 of General Funds for the Health Services Agency to fund the remaining current year operating deficit of the Clinic system. This additional support is necessary since the initiatives are being implemented throughout the fiscal year.

DISCUSSION:

The Health Services Agency has been experiencing serious financial challenges for several years. A three-year strategic plan was launched in September 2005 to address revenue shortfalls and efficiency improvements. While progress was made on many initiatives, revenues continued to fall far short of expenses into the 2006-2007 fiscal year. The Agency had submitted the application for the Federally Qualified Health Center Look-Alike designation in August of 2006, which would infuse much needed enhanced reimbursement for Medi-Cal and Medicare patients, but the federal government had not made a determination or granted the designation by the close of the 2006-2007 fiscal year. Accounting and budgeting errors coupled with increasing medical costs particularly in the Medically Indigent Adult program and pharmacy were identified and by the spring of 2007, the financial outlook for the Agency's Clinic and Ancillary division was dismal.

The Health Services Agency, the Auditor-Controller's Office and the Chief Executive Office staff launched an intensive planning effort in coordination with the Health Executive Committee of the Board of Supervisors. In July of 2007, the Board of Supervisors approved a consulting engagement with HFS Consultants to assist in the effort to identify and implement solutions to achieve financial stability.

The Federally Qualified Health Center Look-Alike designation was finally approved by the federal Health Services and Resources Administration on September 20, 2007.

The achievement of this designation will now enhance net revenue by an estimated \$6.4 million annually. This improvement decreases the estimated operating deficit of

Approval to Relocate the Urgent Care/After Hours Services to the Paradise Medical Office and to Designate the Paradise Medical Office as the site to provide primary care services to Medically Indigent Adult program

Page 3

\$12.6 million to \$6.2 million. Note: The \$12.6 million estimated shortfall is net of the \$4.4 million county general fund allocation.

On September 11, 2007 and on October 16, 2007, initiatives were presented to the Board of Supervisors, which combined were estimated to eliminate the remaining \$6.2 million operating deficit on an annual basis. It is important to note that a shortfall will still exist during this Fiscal Year 2007-2008 as the initiatives had not been implemented at the start of the fiscal year, and many will take some period of months to implement. During the First Quarter Financial Report to the Board of Supervisors on November 6, 2007, a revised Fiscal Year 2007-2008 budget for the Clinic and Ancillary division of the Health Services Agency estimated that net shortfall for this fiscal year at \$4.19 million.

The Board of Supervisors authorized staff to implement the recommended initiatives, which have since been implemented or are in various stages of implementation.

Among the recommendations was an initiative to reduce the capacity of the Urgent Care Center. Effective on December 1, 2007, the Urgent Care Center which currently operates out of the former hospital Emergency Room at 830 Scenic Drive, changed its operating hours from 84 hours per week to 36 hours per week, essentially serving patients during non-traditional operating hours when most other primary care providers are closed.

Staff pursued a study to consider whether this after-hours operation could be co-located with one of the Agency's primary care clinics to achieve efficiency and to resolve some facility issues present in the Urgent Care Center's existing location. This would produce some nominal overhead savings (utilities, housekeeping) but would offer greater staffing flexibility and staffing efficiencies. Most significant of the facility issues, is the impact on patient flow/patient management resulting from exam areas bordered by curtains, rather than hard walled rooms. For example, it is not uncommon for a mother to present for services accompanied by multiple young children, making it extraordinarily difficult to deliver care while containing the children. The curtained areas sometimes inhibit a desirable level of confidentiality during the patient-physician encounter.

Simultaneous to this study, staff was developing a plan to designate one clinic as the site to provide primary care services to the Medically Indigent Adult (MIA) program patients. This one-site concept was approved by both the Community Health Center Board and the Board of Supervisors on September 5, 2007 and September 11, 2007, respectively.

Staff conducted an analysis using a point system assigned to the strengths and weaknesses of the various alternatives. The outcome of the analysis developed this recommendation to relocate the Urgent Care services to the Paradise Medical Office (PMO) at 401 East Paradise Road in Modesto and designate PMO as the site for MIA patients' primary care services. One of the most compelling factors is that out of all of

Approval to Relocate the Urgent Care/After Hours Services to the Paradise Medical Office and to Designate the Paradise Medical Office as the site to provide primary care services to Medically Indigent Adult program

Page 4

the Health Services Agency's clinics, the Paradise Medical Office contributes the most patients to the existing Urgent Care Center and is also the clinic with the largest number of established Medically Indigent Adult patients, making this solution the one offering the least amount of interruption or inconvenience to the patients.

This recommendation was discussed with and was supported by the Health Executive Committee of the Board of Supervisors on December 4, 2007 and with the Community Health Center Board on December 5, 2007. During the month of November, this recommendation was shared during the regular meeting of the West Modesto-King Kennedy collaborative and was met with much support. It has also been discussed with the landlord of that site, who was supportive.

POLICY ISSUE:

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

STAFFING IMPACT:

This recommendation would allow the Agency to more effectively and efficiently utilize existing staff, but does not require any staffing additions or changes. The reductions to the Urgent Care staffing as a result of the reductions in capacity/hours of operation was approved by the Board of Supervisors on October 16, 2007 and implemented on December 1, 2007.