

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

DEPT: Health Services Agency *mt*

BOARD AGENDA # B-11

Urgent Routine

AGENDA DATE May 18, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of the Recommended Steps to Support the Transition Related to the Closing of the Stanislaus County Sponsored Stanislaus Family Medicine Residency Program to include a Reduction-in-Force Action Effective June 30, 2010, and Opening of the Valley Consortium for Medical Education Sponsored Valley Family Medicine Residency Program effective July 1, 2010

STAFF RECOMMENDATIONS:

1. Authorize the Chief Executive Officer or his designee and the Managing Director of the Health Services Agency or her designee to fulfill the operational and contractual responsibilities to implement the closure of the program effective at the close of June 30, 2010.

(Continued on Page 2)

FISCAL IMPACT:

The current Fiscal Year 2009/2010 Clinic and Ancillary division budget is \$49,513,811. The Residency Program budget is contained within the larger Clinic and Ancillary Budget. The Family Medicine Residency Program annual cost is approximately \$4.5 million. Until actions in early 2009 by the Federal Government's Center for Medicare and Medicaid Services (CMS), Graduate Medical Education Funding of

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2010-305

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith

and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of the Recommended Steps to Support the Transition Related to the Closing of the Stanislaus County Sponsored Stanislaus Family Medicine Residency Program to include a Reduction-in-Force Action Effective June 30, 2010, and Opening of the Valley Consortium for Medical Education Sponsored Valley Family Medicine Residency Program Effective July 1, 2010

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STAFF RECOMMENDATIONS (Continued):

2. Authorize the Chief Executive Officer or his designee and the Managing Director of the Health Services Agency or her designee to fulfill the operational and contractual responsibilities to support the opening of the Valley Family Medicine Residency Program by the Valley Consortium for Medical Education, including requesting that the State of California amend and transfer the Song-Brown Healthcare Workforce Training Act grants (#08-9031 and #09-9036) for the Fiscal Year 2010-2011 and Fiscal Year 2011-2012 to the Valley Consortium for Medical Education.
3. Approve the reduction-in-force of thirty filled full-time allocated positions and the deletion of three full-time allocated vacant positions from the Health Services Agency Clinic and Ancillary division budget as outlined in Attachment A effective at the close of June 30, 2010.
4. Amend the Salary and Position Allocation Resolution to reflect the changes as outlined in the Staffing Impacts section of this report effective July 1, 2010.

FISCAL IMPACT (Continued):

approximately \$2.5 million per year offset the cost of the program, with the County and Doctors Medical Center sharing equally in the remaining costs, or shortfall, not covered by the federal reimbursement through the hospital. Historically, the Health Services Agency's share of the shortfall was between \$750,000 to about \$1 million.

The clinic budget historically included one-half of the shared operating costs, which is reconciled equally between Doctors Medical Center and the Health Services Agency. Following the withdrawal of federal Graduate Medical Education funding (of the fully accredited program) and an extensive planning process, the Board of Supervisors on May 5, 2009 approved a plan to preserve the residency program and to seek restoration of federal funding, which included the equal sharing with Doctors Medical Center of the full operating costs for a two year period during which a new community consortium would be established to develop a new residency program. The County's share of the interim two year period costs was included in the borrowing from the Tobacco Securitization Fund approved by the Board of Supervisors on March 24, 2009.

The proposed recommendations acknowledges that the actual program in existence today, which is sponsored (owned) by the County, is closing effective June 30, 2010 and as such the County will no longer be employing resident physicians or the management/administrative staff dedicated to the residency program. A new program, the Valley Family Medicine Residency Program is set to launch on July 1, 2010 under

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the sponsorship (ownership) of the new consortium, the Valley Consortium for Medical Education (Consortium). The Fiscal Year 2010-2011 proposed budget to be submitted by the Health Services Agency will include the County's portion of the anticipated cost of the new residency program. The preliminary estimates of the Health Services Agency's costs of the new Family Medicine Residency program through participation in the new Consortium are approximately equivalent to the historical shortfall after federal funding. The actual net cost will be dependent upon the distribution and posting of costs through the participating organizations. Under the new Consortium, federal funding for the new residency program is expected to begin effective July 1, 2010.

Historically, the Health Services Agency through the Stanislaus Family Medicine Residency program annually entered three-year "Song-Brown" Healthcare Workforce Training Act grant agreements with the State of California's Office of Statewide Health Planning and Development Healthcare Workforce Development Division. Those grant agreements, which are specific to family medicine resident physician training and cannot be used for other purposes, provided approximately \$37,000 – 120,000 each year to help offset the program costs. Each grant agreement included a three-year period coinciding with the three-year training duration for the Family Medicine specialty. The recommendation to transfer these grants to the new Consortium will ensure this vital funding source can continue its support of the local residency program.

DISCUSSION:

The current recommendations reflect the next steps in the implementation of the plan approved by the Board of Supervisors on May 5, 2009, to restore federal Graduate Medical Education funding and achieve uninterrupted family medicine residency training in support of the County clinics and for the development of family physicians to practice in the community caring for our community's residents.

Stanislaus County has provided health services to its underserved communities since 1893 when the first Stanislaus County hospital was built. The focus of the County government health system was compassionate, quality care to those in need.

The County's first physician residency training program was formed in 1935 and was affiliated with Stanford University. In 1975, the current Family Medicine Residency Program was established in affiliation with the University of California, Davis system. The Residency Program is a three year training program in the primary care area of Family Medicine. Completion of the Residency Program enables a licensed physician to take the Family Medicine Board exam to become "Board Certified." The existing program, called the Stanislaus Family Medicine Residency Program, is a fully accredited program with the Accreditation Council for Graduate Medical Education (ACGME) and is noted for its gifted, diverse and culturally sensitive physicians. A

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critical component of the County's 1975 decision to participate in a family medicine residency program was to meet the ever-increasing local demand for obstetrical care for Medicaid (Medi-Cal) patients. The Residency Program also has focused on providing well-rounded training for residents to facilitate their operating independently in medically underserved areas, which includes delivering babies.

The Residency Program, which has graduated 240 new primary care physicians since 1975, currently trains 27 residents per year. As a community asset, this program through its faculty physicians and residents, not only provides the majority of the care provided in the Health Services Agency clinics to approximately 70,000 patients each year, but also has contributed approximately 70 currently practicing family medicine physicians in our community.

Although the Stanislaus Family Medicine Residency Program boasted full accreditation by the Accreditation Council for Graduate Medical Education, the federal government recouped funding received to pay program costs and halted current and future payments. After much discussion with the federal Centers for Medicare and Medicaid Services, Congressmen, ACGME, and a contracted consultant Kiki Nocella, PhD, it was determined that the only means to ensure future federal funding is to submit and receive accreditation as a new program. A new program must in aggregate be materially different from what has existed in order to be considered a new program. The reference to new program is a designation conferred by the accrediting body and by regulation and precedent has been a delegated authority of the accrediting body by the federal government.

On the May 5, 2009 approval by the Board of Supervisors, the County successfully collaborated with Doctor's Medical Center (Tenet) and Memorial Medical Center (Sutter Health) to each be participating organizations and established the Valley Consortium for Medical Education. A painstaking effort was made to craft a new program with changes in sponsorship, and to structure and curriculum. This was conveyed in a new program application submitted to the ACGME by the federally conveyed deadline of July 15, 2009. As part of the process, the voluntary withdrawal of the existing Stanislaus Family Medicine Residency Program to be effective June 30, 2010 was necessary, while awaiting the review and accreditation decision on the Consortium's new program. In late January, the ACGME granted a full three-year accreditation award to the new program, effective July 1, 2010. It should be noted that staff and the Consortium participant organizations maintain that this effort to meet a 2009 interpretation of 1997 rules, was without "reasonable" cause, however it appeared to be the only possible manner in which to seek restoration of federal funding for graduate medical education in our community. Also, Tenet Corporation continues in its appeal of the federal recoupment decision; however, a resolution could take multiple years.

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The January accreditation award enabled the Consortium to recruit an incoming first year class of medical school graduates to begin in the new Valley Family Medicine Residency program on July 1, 2010. Additionally, the Consortium is in the process of offering second and third year positions to qualified residents promoting to those next levels, including those qualified residents in the existing Stanislaus Family Medicine Residency Program. It should be noted that Resident physicians are employed but also enter individual contracts with the program's sponsoring organization. As such, existing first and second year residents received written notice in September of 2009 that the Stanislaus Family Medicine Residency Program would be closing on June 30, 2010 and that their existing agreements would not be renewed. The draft of that letter was provided in advance during a meet and confer session with the Residents labor group.

Given the multitude of issues and tasks to bring up the Consortium and new program in a relatively short period of time, the Consortium board, of which two of the seven members represent the County, planned a phased approach for building the necessary organizational infrastructure. With regard to employment, the Consortium had planned to enter a leased arrangement with the County for the employee services, such that the Consortium would become the employer at a later date, perhaps one year after the launch of the new program. However, the Consortium's new legal counsel recently advised that to avoid a potential risk of federal funding disallowance, it would be better for the Consortium as the new sponsor of the new program, to be the employer of the resident physicians, program director and support staff, incurring the direct costs of salaries, benefits, etc. With no tolerance for a known risk of funding disallowance, on April 27, 2010, the Consortium formally notified the County of its decision to be the employer from the first day of the new program, on July 1, 2010 (see Attachment B). Staff then fulfilled the County's meet and confer obligations with the impacted labor groups and began preparations for the current recommendations, including holding meetings with the impacted staff.

This information was discussed with the Health Executive Committee of the Board of Supervisors on May 11, 2010.

POLICY ISSUE:

Approval of this recommendation is consistent with the Board of Supervisors' priorities of A Healthy Community, Effective Partnerships and Efficient Delivery of Public Services, by implementing the next steps in a collaborative process to preserve uninterrupted training of family physicians and restoration of federal funding for Graduate Medical Education.

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STAFFING IMPACT:

Currently there are 546 full-time allocated positions in the Health Services Agency of which 500 are filled and 46 are vacant. This agenda item recommends the deletion of 30 full-time allocated positions requiring approval of a reduction-in-force action and to delete three vacant allocated positions. Additionally, it is recommended that the Salary and Position Allocation Resolution be amended to reflect the recommended position changes as outlined in Attachment A which includes the deletion of five classifications associated with the current residency program.

Recognizing the potential impact this recommendation may have on the County's workforce, representatives from the County's Chief Executive Office/Human Resources Division and the Health Services Agency have discussed the potential impacts of this action with affected labor organizations. County staff has worked closely with the Consortium to identify employment opportunities in the new residency program for existing County employees who will be impacted by the recommended reductions-in-force.

DEPARTMENT CONTACT:

Mary Ann Lee, Managing Director, 209-558-7163.

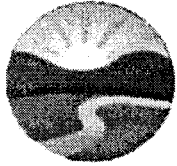
Attachment A

**Health Services Agency
Recommended Changes to Salary and Position Resolution
Effective July 1, 2010**

Allocated Budget Unit	Position	Allocated Classification	Filled/ Vacant	Filled Classification	Recommendation
Clinics and Ancillary	3393	Administrative Clerk III	Filled	Administrative Clerk III	Delete Position
Clinics and Ancillary	3463	Administrative Secretary	Filled	Administrative Secretary	Delete Position
Clinics and Ancillary	9429	Dir. of Residency Program	Filled	Dir. of Residency Program	Delete Position
Clinics and Ancillary	11318	Staff Services Analyst	Filled	Staff Services Analyst	Delete Position
Clinics and Ancillary	1465	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1466	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	1467	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1468	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1469	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1470	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1471	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1472	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1473	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	1474	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1475	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1476	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	1477	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1478	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	1479	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1480	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1483	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	1484	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1485	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1486	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	1487	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	6843	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	6844	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	6847	Resident Physician III	Filled	Resident Physician III	Delete Position
Clinics and Ancillary	6848	Resident Physician III	Filled	Resident Physician I	Delete Position
Clinics and Ancillary	6849	Resident Physician III	Filled	Resident Physician II	Delete Position
Clinics and Ancillary	1481	Resident Physician III	Vacant		Delete Position
Clinics and Ancillary	1488	Resident Physician III	Vacant		Delete Position
Clinics and Ancillary	7820	Asst. Dir. of Residency Program	Vacant		Delete Position

Delete Classifications

- Resident Physician I (Job Code 605300)
- Resident Physician II (Job Code 605400)
- Resident Physician III (Job Code 696200)
- Director of Residency Program (Job Code 925600)
- Assistant Director of Residency Program (Job Code 906800)



**Valley Consortium for
Medical Education**

April 27, 2010

Richard W. Robinson
Chief Executive Officer
Stanislaus County
1010 10TH Street
Modesto, CA 95350

Re: Employment of Residency Program staff

Dear Mr. Robinson:

The Valley Consortium for Medical Education Board of Directors made a policy decision relative to the employment structure of those in and supporting the residency program. Effective July 1, 2010, the VCME will be the employer of record as the Sponsor of the program. This date coincides with the effective date of the newly accredited Valley Family Medicine Residency Program and the first date that the VCME through its participant organizations, intends to seek federal graduate medical education reimbursement.

The VCME will be taking the necessary steps to employ the residents, the Residency Director and necessary support staff as of July 1, 2010, and will not be looking to Stanislaus County to provide that service. The VCME has initiated the work necessary to develop employment services to be effective July 1, 2010.

We request that Stanislaus County, as the current employer of Stanislaus Family Medicine Residency program employees, fulfill the activities necessary to support this transition to the new VCME employment structure. This request is consistent with Section 9 of the VCME Master Participation Agreement of which Stanislaus County is a party.

Thank you for your support and attention to this matter.

Sincerely

Handwritten signature of Steve Mitchell in cursive.

Steve Mitchell
Vice Chair

Handwritten signature of Mike King in cursive.

Mike King
Secretary-Treasurer

c: VCME Board members



Health Services Agency

Physician Residency Program – Next Steps

May 18, 2010

PowerPoint Presentation

Brief Recap

- Federal Government determines the 1997 residency transition not appropriate and recoups \$20M from DMC, of which the County incurred \$10M
- Two Pronged Resolution Approach
 - Appeal filed by DMC (Tenet)
 - Master Plan developed for Restoration of funding
- Board of Supervisors approved Master Plan May 5, 2009
- Consortium Developed – May/June 2009
 - County, Doctor's Medical Center, Memorial Medical Center

Brief Recap continued...

- Federal Government released new interpretation of 1997 rules in July 2009, enabling local solutions
- County submitted current program withdrawal to be effective 6/30/10
- Consortium filed new program application with requested effective date of 7/1/10
- Accreditation of new Program granted in Jan 2010 for the 7/1/10 start

Next Steps

Effective July 1, 2010

- Transfer Grant Funding to the Consortium
- Transition Employer Status to the Consortium
 - Change in timing, but not concept
 - Valley Consortium for Medical Education hiring-in-progress
 - Stanislaus County formal Reduction-in-Force Process

Staffing Implications

- Reduction-in-Force of 30 Filled Full-time positions
 - 26 Filled Resident Physicians
 - 1 Administrative Secretary
 - 1 Admin Clerk III
 - 1 Staff Services Analyst
 - 1 Residency Program Director
- Deletion of 3 Vacant Positions
 - 2 Resident Physicians
 - 1 Asst Residency Program Director

Staff Recommendations

- Authorize the operational implementation of the closure of the Stanislaus Family Medicine Residency Program effective June 30, 2010
- Authorize the contractual and operational activities in support of the opening of Valley Family Medicine Residency Program effective 7/1/10, including requesting the transfer of grants

Staff Recommendations continued...

- Approve the Reduction-in-Force of 30 filled full-time positions and deletion of 3 vacant positions, effective 7/1/10 (close of June 30, 2010)
- Amend the Salary and Position Allocation Resolution to reflect the reductions-in-force and vacant position deletions, effective 7/1/10