



**Contra
Costa
County**

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 18, 2011

Subject: Appropriation Adjustment and Contract with Health Management Associates for Hospital Sustainability Review

RECOMMENDATION(S):

Consider approving and authorizing the County Administrator to execute a contract with Health Management Associates, Inc., in an amount not to exceed \$382,759 for the period of December 15, 2010 through June 30, 2011 to conduct a sustainability review of the County's hospital, clinic, and health plan system and approving Appropriation Adjustment 5016 authorizing \$390,000 from the General Fund-Reserve for Contingencies and appropriate for contract expenses.

FISCAL IMPACT:

On October 20, 2009 the Board of Supervisors approved the allocation of \$250,000 from reserves for the purpose of conducting a sustainability review (Appropriation Adjustment No. 2009/5009). These funds were not utilized in the last fiscal year and were returned to the Reserve Fund until the RFP process was complete, costs were identified, and a contractor selected.

Therefore, the cost of this contract is not currently appropriated within the County Administrator's budget. If approved, Appropriation Adjustment No. 5016 will authorize and appropriate \$390,000 from Reserves for the cost of this contract

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/18/2011** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Gayle B. Uilkema, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 18, 2011

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Dorothy Sansoe,
925-335-1009

cc:

FISCAL IMPACT: (CONT'D)

plus a minor amount of additional funds for unforeseen expenses that may arise during the study, such as postage expenses.

BACKGROUND:

On September 23, 2008 the Board received a report from the Health Director and a presentation from the law firm of Ropes and Gray concerning Health Services Finances and Governance Options.

On March 17, 2009 the Board of Supervisors conducted budget and Beilenson hearings regarding reductions to the operating budget of County departments. At that time, Dr. William Walker indicated that the demand for services has overwhelmed the clinics and the hospital on a daily basis and that an increased partnership with the community clinics should

On April 21, 2009 the Health Services Department reported to the Board of Supervisors regarding standards for administration of indigent health care. At that time, the Board directed the County Administrator to return with a plan to study the sustainability of the hospital into the future.

On October 20, 2009 the Board of Supervisors authorized the County Administrator to issue a request for proposals to perform an audit on the sustainability of the Contra Costa Regional Medical Center and Clinics. The County received five responses to our request and a review panel from the County Administrator's Office, Health Services Department and the Physician and Dentists Organization of Contra Costa selected Health Managements Associates as the most qualified bidder. A copy of the contract is attached.

Statistics:

Over the past eight fiscal years (2001-02 through 2008-09), the level of County General Fund expended on the hospital and clinics has increased by 89%. According to the U.S. Census Bureau, between July 2001 and July 2008 (the latest data available), the population in Contra Costa County has increased approximately 6%. Inflation over this same time period was approximately 24%.

If funding provided to the Health Department reflected the increases in inflation and population, funding would have increased from the 2001-02 base year of \$30.6 million to approximately \$40 million in 2008-09. Actual General Fund cost in 2008-09 was \$56.5 million. The 2009-10 fiscal year General Fund subsidy budgeted for the hospital and clinics is \$57.8 million.

In 2001-02 the Hospital subsidy was 3.08% of the total County General Fund

expenditures. By 2008-09 it had increased to 4.61%. If the 2001-02 percentage share had been maintained, approximates \$38.7 million would have been expended last year.

Again, over the same period, the number of full time equivalent positions has increased from 23.8% of the County total to 30.5%.

The County Administrator is now requesting Board of Supervisors approval to implement the Strategic Plan by authorizing the County Administrator to issue requests for proposals and execute contracts with one or more of the most responsive and responsible bidders to complete the scope of work outlined in the Strategic Plan and report back to the Board of Supervisors.

CONSEQUENCE OF NEGATIVE ACTION:

If this request is not approved the County will not be able to obtain the expertise necessary for an independent review of the County Hospital and Clinic system. Potential areas for savings and improved business practices will not be identified.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

CLERK'S ADDENDUM

APPROVED and AUTHORIZED the County Administrator to execute a contract with Health Management Associates, Inc., in an amount not to exceed \$382,759 for the period of December 15, 2010 through June 30, 2011 to conduct a sustainability review of the County's hospital, clinic, and health plan system; APPROVED Appropriation Adjustment 5016 authorizing \$390,000 from the General Fund-Reserve for Contingencies and contract expenses; and REFERRED the matter to the Joint Conference Committee for further input (100% County General Fund).

ATTACHMENTS

Appropriation Adjustment 5016

Proposed Contract