Arrowhead Regional Medical Center

DESCRIPTION OF MAJOR SERVICES

Budget at a Glance	
Requirements Less Reimbursements	$486,589,927
Sources/Reimbursements	$479,926,888
Use of / (Contribution To) Net Position	$6,663,039
Total Staff	3,699

Arrowhead Regional Medical Center (ARMC) is a 456-bed university-affiliated teaching hospital licensed by the State of California Department of Health and operated by the County of San Bernardino. The hospital, located on a 70-acre campus in Colton, California, is a designated Level II Trauma Center. ARMC operates a regional burn center, primary stroke center, a free-standing behavioral health center, four primary care centers, including three family health centers, and provides more than 40 outpatient specialty care services.

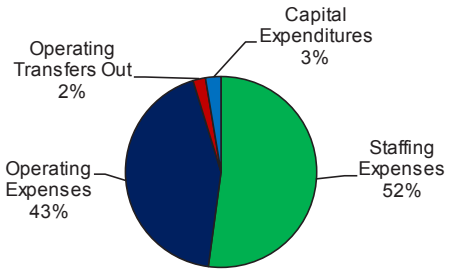
In keeping with its mission of providing quality health care and education, a variety of community outreach and wellness programs are offered, including the Breathmobile (asthma education and screening), a mobile medical clinic, annual health and safety expo, and annual 5K walk-run event. ARMC is the principal clinical site for multiple medical residency programs, some accredited through the Accreditation Council for Graduate Medical Association (ACGME), and others accredited by the American Osteopathic Association (AOA). Specialty programs include: emergency medicine, family medicine, internal medicine, surgery, neurological surgery, OB-GYN, psychiatry, and ophthalmology.

Patient care is coordinated among multiple care providers to ensure all health care needs are met from arrival to discharge, including the following:

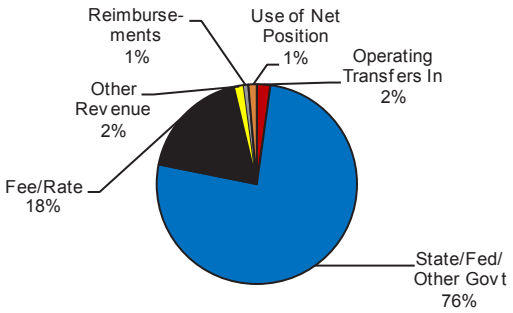
- **Emergency Department:** ARMC's emergency department, with more than 116,000 patient visits each year, includes a helicopter landing area outside of the Emergency Department that can accommodate both standard medical evacuation helicopters and military helicopters.
- **Trauma Center:** ARMC's trauma center treats the most seriously injured patients and is one of the region's busiest for adult trauma care. It is the only Inland Empire Trauma Center certified by the American College of Surgeons.
- **Edward G. Hirschman Burn Center:** The center provides complete inpatient and outpatient burn care to patients of all ages and serves four counties: Inyo, San Bernardino, Riverside and Mono.
- **Neonatal Intensive Care Unit (NICU):** The 30-bed unit offers state-of-the-art intensive care in a nursery setting and provides care for premature infants and sick newborns requiring continuous assessment, observation, and intensive treatment.
- **Outpatient and Specialty Services:** ARMC's Outpatient Care services include more than 60 different specialty services and an array of preventative/primary care programs designed to ensure optimum health for children and adults, including: Audiology, Cardiology (interventional and cardiac rehabilitation), Coumadin Clinic, Dialysis Center, Family and Elder Care, Gastroenterology Lab, Infusion Therapy, Lipid Clinic, Oncology Services, Ophthalmology, Orthopedics, Otolaryngology (ENT) and Oral, Maxillofacial Surgery, Pain Management Clinic, Pediatrics Clinic, Rehabilitation Services, Surgical Services, Women's Health Services, Wound Care Center (Hyperbaric Oxygen Therapy).
- **Family Health Centers:** The Family Health Centers (FHCs) offer comprehensive primary care medical services to individuals and families in Rialto (Westside Family Center), San Bernardino (McKee Family Health Center), and Fontana (Fontana Family Health Center).

2015-16 ADOPTED BUDGET

REQUIREMENTS LESS REIMBURSEMENTS



SOURCES/REIMBURSEMENTS



ANALYSIS OF 2015-16 ADOPTED BUDGET

GROUP: Arrowhead Regional Medical Center
DEPARTMENT: Medical Center
FUND: Medical Center

BUDGET UNIT: EAD MCR
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Final Budget	2015-16 Adopted Budget	Change From 2014-15 Final Budget
Requirements							
Staffing Expenses	213,355,057	231,529,363	247,431,909	243,218,079	249,854,047	253,687,693	**3,833,646**
Operating Expenses	192,521,910	189,924,979	212,957,284	202,845,498	203,279,973	209,877,378	**6,597,405**
Capital Expenditures	10,585,537	5,363,315	5,320,736	8,071,542	10,862,100	12,703,944	**1,841,844**
Total Exp Authority	416,462,504	426,817,657	465,709,929	454,135,119	463,996,120	476,269,015	**12,272,895**
Reimbursements	(139,322)	(179,912)	0	(1,070,640)	0	(3,559,758)	**(3,559,758)**
Total Appropriation	416,323,182	426,637,745	465,709,929	453,064,479	463,996,120	472,709,257	**8,713,137**
Operating Transfers Out	8,230,697	9,618,819	10,821,308	9,835,647	9,959,969	10,320,912	**360,943**
Total Requirements	424,553,879	436,256,564	476,531,237	462,900,126	473,956,089	483,030,169	**9,074,080**
Sources							
Taxes	0	0	0	0	0	0	**0**
Realignment	0	0	0	0	0	0	**0**
State, Fed or Gov't Aid	291,865,158	317,139,276	290,522,623	391,084,308	349,808,140	369,764,153	**19,956,013**
Fee/Rate	97,178,302	91,177,192	130,957,219	132,557,040	92,065,054	88,213,585	**(3,851,469)**
Other Revenue	2,151,835	30,112,490	265,723	25,794,216	5,130,054	7,827,711	**2,697,657**
Total Revenue	391,195,295	438,428,958	421,745,565	549,435,564	447,003,248	465,805,449	**18,802,201**
Operating Transfers In	38,312,185	23,561	33,739,228	595,098	18,455,792	10,561,681	**(7,894,111)**
Total Financing Sources	429,507,480	438,452,519	455,484,793	550,030,662	465,459,040	476,367,130	**10,908,090**
Net Position							
Use of/ (Contribution to) Net Position	(4,953,601)	(2,195,955)	21,046,444	(87,130,536)	8,497,049	6,663,039	**(1,834,010)**
Est. Net Position Available					11,048,951	100,013,497	**88,964,546**
Total Net Position					19,546,000	106,676,536	**87,130,536**
Budgeted Staffing*	3,416	3,544	3,621	3,696	3,696	3,699	**3**

*Data represents final budgeted staffing

Note: In 2014-15, $87.1 million was contributed to net position due to additional unbudgeted revenues received as a result of the Affordable Care Act (ACA), primarily related to the conversion of uninsured to Medi-Cal patients, the unbudgeted risk pool dollars from Inland Empire Health Plan (IEHP), and additional reimbursement up to cost for IEHP and Molina patients.

MAJOR EXPENDITURES AND REVENUE IN 2015-16 ADOPTED BUDGET

Staffing expenses of $253.7 million fund 3,699 budgeted positions. Operating expenses of $209.9 million are comprised primarily of medical supplies, physician fees, purchased medical services, external provider care services, insurance, utilities, and rent expense. Capital expenditures of $12.7 million fund needed clinical and non-clinical equipment purchases. These expenses are offset by reimbursements of $3.6 million for services and supplies purchased on behalf of other County departments.

Operating transfers out of $10.3 million primarily represent costs budgeted for debt service in the amount of $8.0 million. The remaining $2.3 million represents costs for construction projects, which are being managed by the Architecture and Engineering department.

Total revenue of $465.8 million includes $369.8 million in state and federal funding primarily from Medicare and Medi-Cal; $88.2 million in current services from private pay patients and insurance; and $7.8 million in other revenue from cafeteria sales, interest, miscellaneous grants, and services provided to other hospitals through the residency program.

Operating transfers in of $10.6 million represents the portion of Health Realignment allocated to ARMC. The California Department of Health Care Services continues to review the decrease in the amount of uninsured patients seen at ARMC, and then determines the impact to realignment funding based on AB 85 legislation.

BUDGET CHANGES AND OPERATIONAL IMPACT

ARMC continues to feel the impact of the ACA, which became effective January 1, 2014. Not only were patients moving from uninsured to Medi-Cal Fee for Service (FFS) and Medi-Cal Managed Care, but ARMC experienced volatility in census not seen in many years as well. As a result of the ACA, patients who now have a choice began to choose a provider that was closer to their home. These factors were material in determining the reimbursement levels from state and federal revenue sources for Disproportionate Share, Safety Net Care Pool, and Medi-Cal Rate Range. These sources are impacted by new revenues received for AB 85 Rate Range, Medi-Cal FFS, and Medi-Cal Managed Care.

Requirements are increasing by $9.1 million. This is primarily due to increases related to labor union contracts, physician fees, and patient volume-related incremental costs. Capital expenditures are increasing by $1.8 million due to equipment replacement needs. Operating transfers out are increasing by $360,943 due to capital projects administered by Architecture and Engineering.

Sources are increasing by $10.9 million primarily due to increases in state, federal and other revenue sources of $22.7 million, a decrease in commercial and private pay sources of $3.9 million, and a decrease in realignment revenue (received as operating transfer in) of $7.9 million as a result of AB 85 legislation, which requires a redirection of a portion of realignment revenues to offset state costs for CalWORKs.

ANALYSIS OF NET POSITION

The 2015-16 budget reflects the use of net position of $6.7 million. The use of net position is a result of increased budgeted costs in hospital operations, capital expenditures, and the transition related to the ACA. These costs are dependent on volume and thus may not materialize. The ACA has had a material impact on net position as revenues continue to shift from one source to another with each change impacting other sources. The Centers for Medicare and Medicaid Services (CMS) has not yet approved the State of California's Waiver Renewal proposal, which will replace the current Waiver that expires on October 31, 2015. The results of the Waiver Renewal may further impact ARMC's net position.

2015-16 POSITION SUMMARY*

Division	2014-15 Final Staffing	Adds	Deletes	Re-Orgs	2015-16 Adopted	Limited	Regular
Administration	33	1	-1	4	37	2	35
Patient Services	1,640	2	-10	405	2,037	638	1,399
Support Services	354	22	-10	-106	260	12	248
Medical Director	190	5	0	1	196	184	12
General Support and Patient Services	629	0	0	-629	0	0	0
Fiscal Services	425	1	0	-2	424	35	389
Quality Improvement	37	1	-1	-1	36	2	34
General Support and Compliance	388	0	-7	328	709	107	602
Total	3,696	32	-29	0	3,699	980	2,719

*Detailed classification listings available in Appendix D

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of $253.7 million fund 3,699 positions of which 2,719 are regular positions and 980 are limited term positions. The 2015-16 budget includes a net increase of 3 positions (addition of 32, deletion of 29). This includes a net increase of 6 regular positions and a net decrease of 3 limited term positions. The primary driver of these budgeted staffing changes relates to the continued strengthening of Ambulatory Services. This transition will position ARMC to have a greater emphasis on population health management. The reorganization of positions is primarily related to the reassignment of departments that previously reported to the Chief Operating Officer position which was deleted in 2014-15, as well as the reassignment of facilities and environmental management staff from Support Services to General Support and Compliance to allow for increased focus on development of Ambulatory Services.

A total of 32 positions are added to the budget (25 regular, 7 limited term) as follows:

Additions
Associate Hospital Administrator-Professional Services (1 regular)
Care Assistant (4 regular)
Clinic Operations Supervisor (1 regular)
Clinical Therapist I (3 regular)
Contract Research Program Coordinator (1 limited term)
Contract Resident PGY VI (4 limited term)
Institutional Review Board Coordinator (1 regular)
Licensed Vocational Nurse II (1 regular)
Marketing Specialist (1 regular)
Office Assistant II (1 regular)
Psychiatric Technician I (2 limited term)
RN Care Manager (10 regular)
Social Worker I (1 regular)
Staff Analyst II (1 regular)

Based on an operational assessment of staffing requirements, a total of 29 positions (23 vacant, 6 filled) have been deleted (19 regular, 10 limited term) as follows:

Deletes
Clinic Assistant (2 regular)
Clinic Supervisor-ARMC (3 regular – 1 filled)
Contract Marketing and Business Development Coordinator-ARMC (1 limited term)
Contract Radiological Tech (2 limited term)
Contract Spec Procedures Rad Tech (1 limited term)
Hospital Unit Assistant (1 regular)
Laboratory Assistant (2 regular)
Nursing Attendant (1 limited term)

Deletes (Continued)
Office Assistant II (1 regular)
Physical Therapist II (1 regular)
Psychiatric Technician I (2 regular)
Registered Nurse Case Manager (2 regular – 1 filled)
Registered Nurse II-Clinic (4 regular – 3 filled)
Registered Nurse II-Per Diem (5 limited term)
Registered Nurse II-ARMC (1 regular – filled)

Medical Center Lease Payments

DESCRIPTION OF MAJOR SERVICES

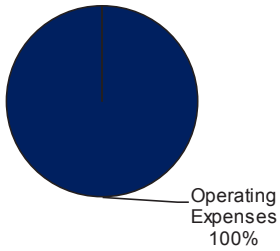
Budget at a Glance

Requirements Less Reimbursements	$41,629,997
Sources/Reimbursements	$41,629,997
Use of / (Contribution To) Net Position	$0
Total Staff	0

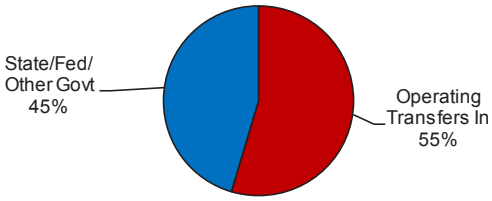
This budget unit funds the cost of long-term lease payments to the Inland Empire Public Facilities Corporation for the Arrowhead Regional Medical Center (ARMC) facility. Funding sources include state revenues from the Construction Renovation/Reimbursement Program (SB 1732). This program provides supplemental reimbursement for construction, renovation, or replacement of medical facilities or fixed equipment. Other funding sources are operating transfers from ARMC consisting of Medicare and fee for service revenues, and operating transfers from the general fund backed by Health Realignment revenues and tobacco settlement proceeds.

2015-16 ADOPTED BUDGET

REQUIREMENTS LESS REIMBURSEMENTS



SOURCES/REIMBURSEMENTS



ANALYSIS OF 2015-16 ADOPTED BUDGET

GROUP: Arrowhead Regional Medical Center
DEPARTMENT: Arrowhead Regional Medical Center
FUND: Medical Center Lease Payments

BUDGET UNIT: EMD JPL
FUNCTION: General
ACTIVITY: Property Management

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Final Budget	2015-16 Adopted Budget	Change From 2014-15 Final Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	**0**
Operating Expenses	41,526,830	41,657,396	42,279,632	41,609,664	42,049,251	41,629,997	**(419,254)**
Capital Expenditures	0	0	0	0	0	0	**0**
Total Exp Authority	41,526,830	41,657,396	42,279,632	41,609,664	42,049,251	41,629,997	**(419,254)**
Reimbursements	0	0	0	0	0	0	**0**
Total Appropriation	41,526,830	41,657,396	42,279,632	41,609,664	42,049,251	41,629,997	**(419,254)**
Operating Transfers Out	0	0	0	0	0	0	**0**
Total Requirements	41,526,830	41,657,396	42,279,632	41,609,664	42,049,251	41,629,997	**(419,254)**
Sources							
Taxes	0	0	0	0	0	0	**0**
Realignment	0	0	0	0	0	0	**0**
State, Fed or Gov't Aid	18,820,181	18,901,369	21,247,253	16,501,273	18,877,576	18,890,122	**12,546**
Fee/Rate	0	0	0	0	0	0	**0**
Other Revenue	0	769,768	2,887	0	0	0	**0**
Total Revenue	18,820,181	19,671,137	21,250,141	16,501,273	18,877,576	18,890,122	**12,546**
Operating Transfers In	22,706,649	21,986,259	21,029,491	25,108,391	23,171,675	22,739,875	**(431,800)**
Total Financing Sources	41,526,830	41,657,396	42,279,632	41,609,664	42,049,251	41,629,997	**(419,254)**
Net Position							
Use of/ (Contribution to) Net Position	0	0	0	0	0	0	**0**
Est. Net Position Available					0	0	**0**
Total Net Position					0	0	**0**
Budgeted Staffing*	0	0	0	0	0	0	**0**

*Data represents final budgeted staffing

MAJOR EXPENDITURES AND REVENUE IN 2015-16 ADOPTED BUDGET

Operating expenses of $41.6 million represent lease payments and associated fees and expenses.

State, federal, or government aid revenue of $18.9 million is from the State's Construction Renovation/ Reimbursement Program (SB 1732). The amount reimbursed by the State depends on the allowable portion of the lease payments multiplied by a rate that is calculated by the State every year. The rate fluctuates based on actual Medi-Cal inpatient days paid to ARMC.

Operating transfers in of $22.7 million are funded by $10.7 million of Tobacco Master Settlement Agreement monies, $4.0 million of Health Realignment funds, and $8.0 million in revenues anticipated to be generated by ARMC.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are decreasing by $419,254 primarily due to reduced audit costs and lower lease costs, which results in a reduction of sources needed to meet requirements.

ANALYSIS OF NET POSITION

There is no use of net position associated with this budget unit.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.