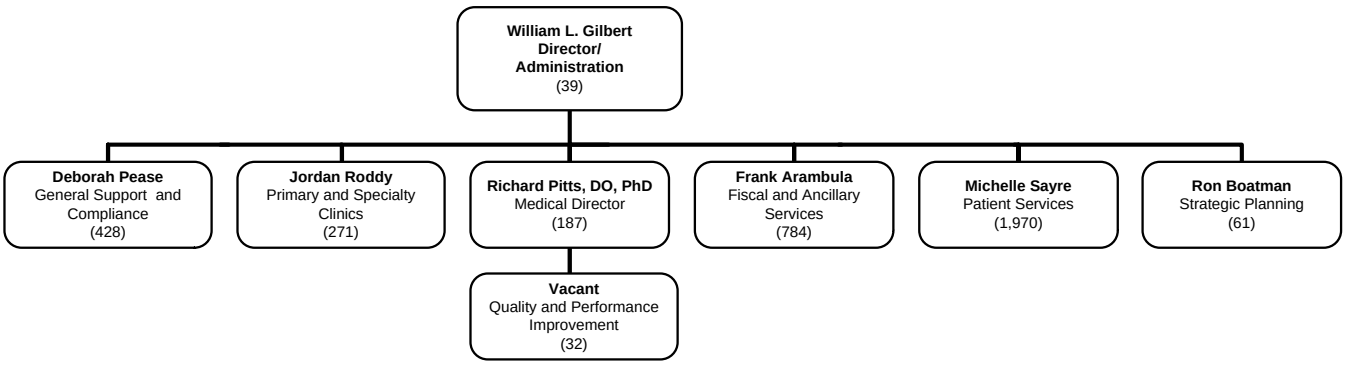
ARROWHEAD REGIONAL MEDICAL CENTER

William L. Gilbert

DEPARTMENT MISSION STATEMENT

The San Bernardino County Arrowhead Regional Medical Center is a safety net hospital with the primary mission of providing quality healthcare to the residents of San Bernardino County. We continuously strive to improve the health of the communities we serve and become the provider of choice for healthcare delivery and education.

ORGANIZATIONAL CHART



2016-17 SUMMARY OF BUDGET UNITS

	2016-17					
	Requirements	Sources	Net County Cost	Use of / (Contribution to) Fund Balance	Use of / (Contribution to) Net Position	Staffing
Enterprise Funds						
Arrowhead Regional Medical Center	502,075,494	506,549,661			(4,474,167)	3,772
Medical Center Lease Payments	41,777,982	41,777,982			0	0
Total Enterprise Funds	543,853,476	548,327,643	0	0	(4,474,167)	3,772
Total - All Funds	543,853,476	548,327,643	0	0	(4,474,167)	3,772

2015-16 MAJOR ACCOMPLISHMENTS

- Received accreditation from the College of American Pathologists for the Laboratory and Blood Gas Lab.
- Graduated 46 resident physicians from Arrowhead Regional Medical Center (ARMC) core residency programs, with 23 residents staying in the Inland Empire area to practice.
- Collaborated with the California Association of Public Hospitals and Health Systems to help the California Department of Health Care Services negotiate a new five-year Medicaid Demonstration Waiver to provide significant funding for operations through 2020.
- Recognized as a Gold Level Recipient of the American Heart Association's Fit-Friendly Worksites Recognition Program for the ninth year in a row.
- Received the American Heart Association/American Stroke Association's Get With the Guidelines®-Stroke Silver Plus Quality Achievement Award with Target: Stroke Honor Roll, achieving 100% of all stroke core measures, placing ARMC above all other area hospitals.
- Installed new equipment and renovated the cardiovascular catheterization lab.

DEPARTMENT PERFORMANCE MEASURES

COUNTY GOAL: IMPROVE COUNTY GOVERNMENT OPERATIONS		Measure	2014-15 Actual	2015-16 Target	2015-16 Est.	2016-17 Target
OBJECTIVE	**Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.**	Percentage of survey respondents who would "definitely" recommend the hospital	68%	72%	69%	72%
STRATEGY	Improve ARMC's CAHPS Hospital Survey (HCAHPS) score used to monitor inpatient satisfaction through the use of best practice tools involving hospital employees and medical staff.					

COUNTY GOAL: IMPROVE COUNTY GOVERNMENT OPERATIONS		Measure	2014-15 Actual	2015-16 Target	2015-16 Est.	2016-17 Target
OBJECTIVE	**Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.**	Percentage of survey respondents who would "definitely" recommend the provider practice	74%	80%	76%	80%
STRATEGY	Improve ARMC's CAHPS Clinician & Group Survey (CG-CAHPS) score used to monitor Family Health Clinic patient satisfaction through the use of best practice tools to educate clinic employees and medical staff.					

COUNTY GOAL: IMPROVE COUNTY GOVERNMENT OPERATIONS		Measure	2014-15 Actual	2015-16 Target	2015-16 Est.	2016-17 Target
OBJECTIVE	**Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.**	NEW Percentage of Outcome Measures with 100% Achievement	N/A	N/A	N/A	80%
STRATEGY	Improve the Centers for Medicare & Medicaid Services' mandated disease outcome measures achievement rate through adherence to established treatment, prevention, and collaboration strategies performed by frontline healthcare providers.					

Arrowhead Regional Medical Center

DESCRIPTION OF MAJOR SERVICES

Budget at a Glance	
Total Requirements (Excl. Reimb.)	$506,679,856
Total Sources (Incl. Reimb.)	$511,154,023
Use of / (Contribution To) Net Position	($4,474,167)
Total Staff	3,772

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 40 specialty clinics.

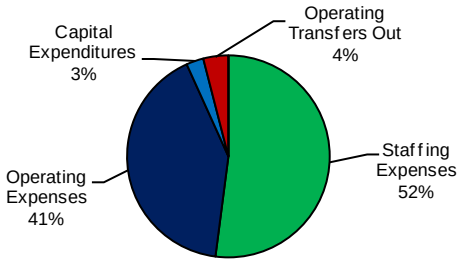
In keeping with its mission of providing quality health care and education, a variety of community outreach and wellness programs are offered, including the Breathmobile (asthma education and screening), a mobile medical clinic, annual health and safety expo, and annual 5K walk-run event. ARMC is the 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:

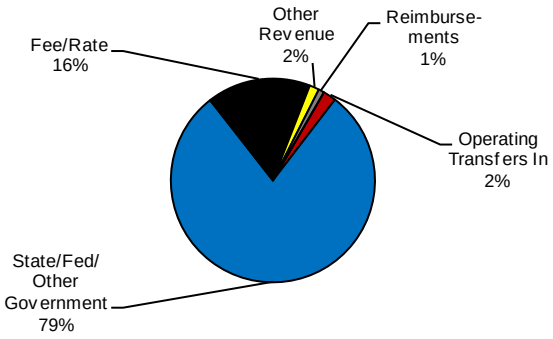
- **Emergency Department:** ARMC's Emergency Department, with more than 92,000 patient visits each year, includes a helicopter landing area outside of the Emergency Department that can accommodate both standard medical evacuation helicopters and military helicopters.
- **Trauma Center:** ARMC's trauma 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 (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 many 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).

2016-17 RECOMMENDED BUDGET

TOTAL REQUIREMENTS
(EXCLUDING REIMBURSEMENTS)



TOTAL SOURCES
(INCLUDING REIMBURSEMENTS)



ANALYSIS OF 2016-17 RECOMMENDED BUDGET

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

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

	2012-13 Actual	2013-14 Actual	2014-15 Actual	(A) 2015-16 Modified Budget	2015-16 Estimate	(B) 2016-17 Recommended Budget	(B-A) Change From Prior Year Modified Budget
Requirements							
Staffing Expenses	231,529,363	247,431,909	243,218,079	253,687,693	253,619,215	263,719,134	**10,031,441**
Operating Expenses	189,924,979	212,957,284	202,845,498	215,701,211	215,326,110	208,764,290	**(6,936,921)**
Capital Expenditures	5,363,315	5,320,736	8,071,542	11,681,232	11,357,203	13,955,689	**2,274,457**
Total Exp Authority	426,817,657	465,709,929	454,135,119	481,070,136	480,302,528	486,439,113	**5,368,977**
Reimbursements	(179,912)	0	(1,070,640)	(3,559,758)	(4,599,570)	(4,604,362)	**(1,044,604)**
Total Appropriation	426,637,745	465,709,929	453,064,479	477,510,378	475,702,958	481,834,751	**4,324,373**
Operating Transfers Out	9,618,819	10,821,308	9,835,647	11,681,261	11,667,653	20,240,743	**8,559,482**
Total Requirements	436,256,564	476,531,237	462,900,126	489,191,639	487,370,611	502,075,494	**12,883,855**
Sources							
Taxes	0	0	0	0	0	0	**0**
Realignment	0	0	0	0	0	0	**0**
State/Fed/Other Government	317,139,276	290,522,623	391,084,308	375,622,579	404,811,003	404,085,371	**28,462,792**
Fee/Rate	91,177,192	130,957,219	132,557,040	88,213,585	79,265,668	84,043,449	**(4,170,136)**
Other Revenue	30,112,490	265,723	25,794,216	7,827,711	7,829,432	7,859,160	**31,449**
Total Revenue	438,428,958	421,745,565	549,435,564	471,663,875	491,906,103	495,987,980	**24,324,105**
Operating Transfers In	23,561	33,739,228	595,098	10,561,681	0	10,561,681	**0**
Total Financing Sources	438,452,519	455,484,793	550,030,662	482,225,556	491,906,103	506,549,661	**24,324,105**
Net Position							
Use of/ (Contribution to) Net Position**	(2,195,955)	21,046,444	(87,130,536)	6,966,083	(4,535,492)	(4,474,167)	**(11,440,250)**
Est. Net Position Available						99,032,659	
Total Est. Unrestricted Net Position						94,558,492	
Budgeted Staffing*	3,544	3,621	3,696	3,692	3,692	3,772	**80**

*Data represents modified budgeted staffing
**Contribution to Net Position appears as a negative number and increases Estimated Net Position Available.

Note: Unlike governmental funds, the 2015-16 Modified Budget and Estimate columns do not include information on Estimated Net Position Available or Total Estimated Unrestricted Net Position because GAAP requires that internal service and enterprise funds include line items such as depreciation, which are not budgeted, in the Net Position calculation.

MAJOR REQUIREMENTS AND SOURCES IN 2016-17 RECOMMENDED BUDGET

Staffing Expenses of $263.7 million fund 3,772 positions. Operating Expenses of $208.8 million are comprised primarily of medical supplies, physician fees, purchased medical services, insurance, utilities, and rent expense. Capital Expenditures of $14.0 million fund necessary clinical and non-clinical equipment purchases. These expenses are offset by Reimbursements of $4.6 million for services and supplies purchased on behalf of other County departments.

Operating Transfers Out of $20.2 million represents costs budgeted for debt service of $8.0 million and $12.2 million for construction projects, which are being managed by the Real Estate Services-Project Management Division (PMD).

Sources of $506.5 million includes $404.1 million in state and federal funding primarily from Medicare and Medi-Cal; $84.0 million in current services from private pay patients and insurance; and $7.9 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.

BUDGET CHANGES AND OPERATIONAL IMPACT

The approval of the renewal of the State of California's Section 1115 Waiver (Waiver) by the Centers for Medicare and Medicaid Services signals the next step in health care transformation for ARMC. The renewed Waiver, a significant source of ARMC's revenue, includes three major components: Public Hospital Redesign and Incentives in Medi-Cal (PRIME), Global Payment Program (GPP), and Whole Person Care (WPC).

PRIME is a pay for performance program. Funding will be achieved by meeting metrics that improved infrastructure, staffing, and care management related to the ambulatory setting. PRIME takes transformation to a new level and raises the bar of performance to national standards. Integration of Primary Care and Behavioral Health is just one example of the nine project objectives set to national standards.

GPP aims to treat the remaining uninsured with the right care at the right place at the right time. The GPP will use non-traditional or complementary services, which is a shift from high cost-based, hospital-centric models of care. Services such as wellness programs, tele-health, group medical visits, home nursing, and eVisits with primary care providers are just a few examples.

WPC is designed to provide comprehensive integrated care to highest-risk and most vulnerable patients. WPC will include coordinating physical health, behavioral health, and social service needs with an aim to improve health and well-being.

As a result of continued focus on patient care and patient care volume, Requirements are increasing by $12.9 million. This is primarily due to increases in Staffing Expenses of $10.0 million related to the net addition of 80 positions and negotiated salary increases. The majority of the new positions are related to the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and positions tied to achieving funding from the renewed Waiver. Increases in Capital Expenditures of $2.3 million are related to the purchase of clinical and non-clinical equipment. Increases of $8.6 million in Operating Transfers Out are related to capital improvement projects managed by PMD. The decrease in Operating Expenses of $6.9 million is primarily driven by a reduction in insurance costs and high cost pharmaceutical drugs related to the Hepatitis C Clinic. This anticipated reduction of pharmaceutical costs at ARMC is a result of other Hepatitis C clinics that will be available in the Inland Empire.

Sources are increasing by $24.3 million primarily due to increases in state, federal, and other government revenue sources. This additional revenue is associated with volume increases in the acute inpatient, outpatient, and behavioral health units. Additional revenues are also related to an improvement in the payor mix, which

includes an increase in the number of Medi-Cal managed care patients, and a reduction in the number of self-pay patients due to the Affordable Care Act.

ANALYSIS OF NET POSITION

The budget reflects a contribution of $4.5 million to Net Position. This is a result of anticipated volume increases combined with reduced expenses. Available Net Position will be used to fund future capital projects, electronic health record system, and fixed asset purchases as needed.

2016-17 POSITION SUMMARY*

Division	2015-16 Modified Staffing	Adds	Deletes	Re-Orgs	2016-17 Recommended	Limited	Regular
Administration	37	3	0	-1	39	3	36
Patient Services	2,036	56	-8	-114	1,970	622	1,348
Primary and Specialty Clinics	260	34	0	-23	271	13	258
Medical Director	196	0	-10	1	187	174	13
Strategic Planning	0	3	0	58	61	1	60
Fiscal and Ancillary Services	422	17	-10	355	784	130	654
Quality and Performance Improvement	36	1	-1	-4	32	2	30
General Support and Compliance	705	0	-5	-272	428	37	391
Total	3,692	114	-34	0	3,772	982	2,790

*Detailed classification listing available in Appendix D.

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing Expenses of $263.7 million fund 3,772 budgeted positions of which 2,790 are regular positions and 982 are limited term positions. The budget includes a net increase of 80 positions (addition of 114, deletion of 34). The primary driver of these budgeted staffing changes relates to the addition of 12 beds in the behavioral health unit, increased staffing in sterile processing unit, and additional positions tied to achieving goals for the renewed Waiver. The reorganization of positions is primarily related to the reassignment of the Ancillary divisions from the General Support and Compliance division to the Fiscal Services and Ancillary division and the addition of a Strategic Planning division.

A total of 114 positions are added to the budget (83 regular, 31 limited term) as follows:

Additions
Associate Chief Nursing Officer (1 regular)
Care Assistant (5 regular)
Clinic Assistant (21 regular)
Clinical Therapist I (1 regular, 1 limited term)
Contract Physical Therapy Assistant (1 limited term)
Healthcare Program Administrator (2 regular)
Hospital Unit Assistant (2 regular, 3 limited term)
Laboratory Technologist II (3 regular)
Licensed Vocational Nurse II (6 regular)
Licensed Vocational Nurse-Per Diem (2 limited term)
Medical Staff Coordinator (1 regular)
Mental Health Nurse II (8 regular)
Nurse Educator (1 regular)
Nursing Attendant (2 regular, 3 limited term)
Occupational Therapy Assistant (1 regular, 1 limited term)
Office Assistant III (6 regular)
Psychiatric Technician I (1 regular, 1 limited term)
Public Service Employee (4 limited term)
Registered Nurse II-ARMC (1 regular)

Additions (cont.)
Registered Nurse II-Clinic (1 regular)
Registered Nurse II-Per Diem (9 limited term)
Respiratory Care Practitioner III (2 regular)
Secretary I (1 regular)
Social Service Practitioner (2 regular)
Special Procedures Radiologic Technologist II (4 regular)
Staff Analyst II (1 regular)
Sterile Processing Technician I (4 limited term)
Storekeeper (6 regular, 2 limited term)
Stores Supervisor (1 regular)
Supervising Sterile Processing Technician (1 regular)
Utilization Review Technician (2 regular)

Based on an operational assessment of staffing requirements, a total of 34 vacant positions have been deleted (10 regular, 24 limited term) as follows:

Deletions
Assistant Hospital Administrator-Fiscal Services (1 regular)
Associate Hospital Administrator-Nursing Services (2 regular)
Business Applications Manager (1 regular)
Contract Physical Therapist II (1 limited term)
Contract Resident PGY III (1 limited term)
Contract Resident PGY IV (3 limited term)
Contract Resident PGY VI (1 limited term)
Contract Resident PGY VII (5 limited term)
Contract Respiratory Care Practitioner II (3 limited term)
Contract Special Procedures Radiologic Technologist (1 limited term)
Cook I (1 regular)
Cytotechnologist (1 limited term)
Food Service Worker I (2 regular)
General Services Aide (2 regular)
Health Information Management Assistant I (1 limited term)
Neurodiagnostic Technologist II (1 limited term)
Nursing Attendant (6 limited term)
Sterile Processing Technician I (1 regular)

Medical Center Lease Payments

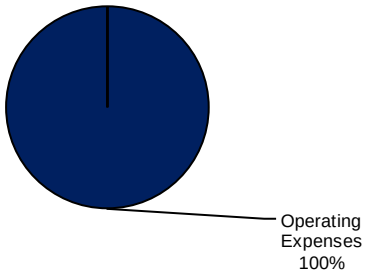
DESCRIPTION OF MAJOR SERVICES

Budget at a Glance	
Total Requirements (Excl. Reimb.)	$41,777,982
Total Sources (Incl. Reimb.)	$41,777,982
Use of / (Contribution To) Net Position	$0
Total Staff	0

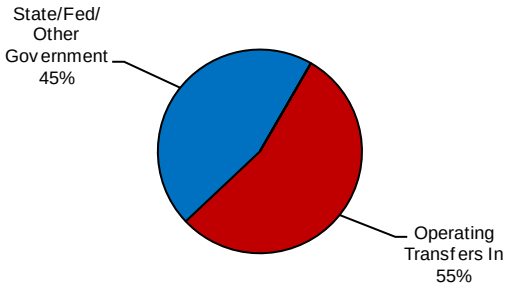
This budget unit funds the cost of long-term lease payments to the Inland Empire Public Facilities Corporation for the Arrowhead Regional Medical Center (ARMC) facility. Funding sources include state revenues from the Construction Renovation/Reimbursement Program (SB 1732). This program provides supplemental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

2016-17 RECOMMENDED BUDGET

TOTAL REQUIREMENTS
(EXCLUDING REIMBURSEMENTS)



TOTAL SOURCES
(INCLUDING REIMBURSEMENTS)



ANALYSIS OF 2016-17 RECOMMENDED BUDGET

GROUP: Arrowhead Regional Medical Center
DEPARTMENT: Capital Facilities Leases
FUND: Medical Center Lease Payments

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

	2012-13 Actual	2013-14 Actual	2014-15 Actual	(A) 2015-16 Modified Budget	2015-16 Estimate	(B) 2016-17 Recommended Budget	(B-A) Change From Prior Year Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	**0**
Operating Expenses	41,657,396	42,279,632	41,609,664	41,629,997	41,535,546	41,777,982	**147,985**
Capital Expenditures	0	0	0	0	0	0	**0**
Total Exp Authority	41,657,396	42,279,632	41,609,664	41,629,997	41,535,546	41,777,982	**147,985**
Reimbursements	0	0	0	0	0	0	**0**
Total Appropriation	41,657,396	42,279,632	41,609,664	41,629,997	41,535,546	41,777,982	**147,985**
Operating Transfers Out	0	0	0	0	0	0	**0**
Total Requirements	41,657,396	42,279,632	41,609,664	41,629,997	41,535,546	41,777,982	**147,985**
Sources							
Taxes	0	0	0	0	0	0	**0**
Realignment	0	0	0	0	0	0	**0**
State/Fed/Other Government	18,901,369	21,247,253	16,501,273	18,890,122	19,114,785	18,957,360	**67,238**
Fee/Rate	0	0	0	0	0	0	**0**
Other Revenue	769,768	2,887	0	0	0	0	**0**
Total Revenue	19,671,137	21,250,141	16,501,273	18,890,122	19,114,785	18,957,360	**67,238**
Operating Transfers In	21,986,259	21,029,491	25,108,391	22,739,875	22,420,761	22,820,622	**80,747**
Total Financing Sources	41,657,396	42,279,632	41,609,664	41,629,997	41,535,546	41,777,982	**147,985**
Net Position							
Use of/ (Contribution to) Net Position	0	0	0	0	0	0	**0**
Est. Net Position Available						0	
Total Est. Unrestricted Net Position						0	
Budgeted Staffing*	0	0	0	0	0	0	**0**

*Data represents modified budgeted staffing

Note: Unlike governmental funds, the 2015-16 Modified Budget and Estimate columns do not include information on Estimated Net Position Available or Total Estimated Unrestricted Net Position because GAAP requires that internal service and enterprise funds include line items such as depreciation, which are not budgeted, in the Net Position calculation.

MAJOR REQUIREMENTS AND SOURCES IN 2016-17 RECOMMENDED BUDGET

Operating Expenses of $41.8 million represent lease payments and associated fees and expenses.

State, Federal, or Other Government revenue of $19.0 million is from the State of California'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 $22.8 million are funded by $10.7 million of Tobacco Master Settlement Agreement monies, $4.1 million of Health Realignment funds, and $8.0 million in revenues anticipated to be generated by ARMC.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are increasing by $147,985 primarily due to increased debt service costs, which results in an increase of Sources to meet needed 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.

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