

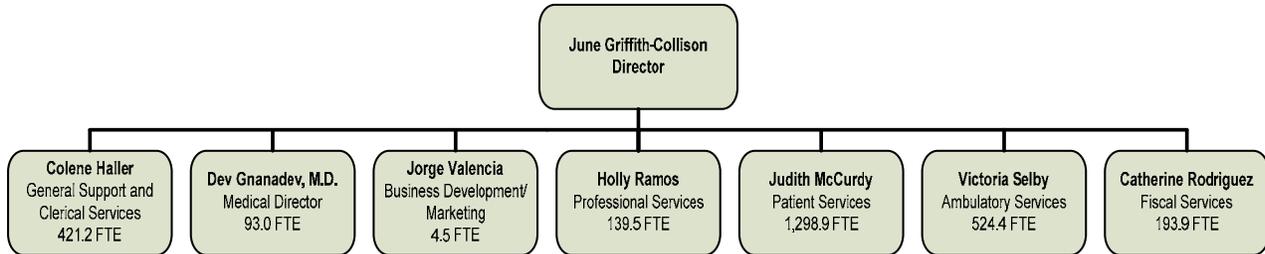
ARROWHEAD REGIONAL MEDICAL CENTER

June Griffith-Collison

I. MISSION STATEMENT

The San Bernardino County "Arrowhead Regional Medical Center" (ARMC) is a safety net hospital with the primary mission of providing quality healthcare, a basic necessity of humankind, 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.

II. ORGANIZATIONAL CHART



III. DESCRIPTION OF MAJOR SERVICES

Arrowhead Regional Medical Center (ARMC) is a state of the art, acute care facility embracing advanced technology in all patient and support areas. The Medical Center offers the latest in patient care by providing a full range of inpatient and outpatient services, three off campus community health centers, Department of Behavioral Health's inpatient activities and numerous specialty services. Freeway access, shuttle service and locale as an Omnitrans bus hub makes ARMC convenient to county residents.

The campus houses five buildings which also serve to somewhat outline the definitive services: Behavioral Health, Hospital, Outpatient Care Center, Diagnostic & Treatment and the Central Plant.

The Hospital and Behavioral health facilities are comprised of 373 (90 Behavioral Health and 283 Hospital) inpatient rooms, most of which are private. The Emergency Department is a Level II Trauma Center and consists of 15 observation rooms, 8 treatment rooms, 3 law enforcement holding rooms and 8 trauma rooms. In 2005, an Emergency Department remodel added a 9 bay Rapid Medical Emergent Treatment area to expedite treatment and improve throughput. The helicopter landing area can accommodate both standard medi-vac helicopters and military helicopters. The outpatient care center consists of 109 examination rooms and 8 procedure rooms.

The Medical Center remains one of the most technologically advanced health care institutions in the entire country. It is also seismically sound, capable of withstanding an 8.3 magnitude earthquake and is designed to remain self sufficient and functional for a minimum of 72 hours.

Inpatient Care: Inpatient services provide curative, preventative, restorative and supportive care for general and specialty units within the General Acute Care Hospital, Behavioral Health Hospital and Home Health. Care is coordinated among multiple care providers responsible for patient care twenty-four hours a day. Nursing functions are the primary interface with patients, families and others and are often the interpreter for the hospital experience and treatment plan. Education is a primary focus. ARMC offers numerous Residency Programs for the training of physicians in Family Practice, Emergency Medicine, Surgery, Neurosurgery, Women's Health, and Internal Medicine.

Inpatient Service lines include:

- Inland Counties Regional Burn Center, which provides total burn care to patients of all ages and serves San Bernardino, Riverside, Inyo and Mono Counties.



- Medical Intensive Care (MICU), Surgical Intensive Care (SICU) – providing critical care for medical and surgical patients requiring continuous monitoring, assessment and treatment.
- Neonatal Intensive Care Unit (NICU) providing critical care for newborn premature/fragile infants.
- Maternal Child Services – labor / delivery / maternity and postpartum.
- Newborn Nursery providing full services for newborn infants.
- Operative Services provides surgical, invasive and peri-operative for all surgical procedures excluding cardiac. It is comprised of 15 OR suites, a three room Specialty Procedure Lab, Pre-Op Holding Area, Post Anesthesia Care Unit (PACU), Ambulatory Surgery Care (ASC), Pre-Op Clinic, Pain Clinic and three Obstetrical / Gynecological Operating Rooms.
- Pediatrics – providing assessment, observation and treatment of pediatric patients.
- Medical Surgical Services – Geriatrics, Orthopedics, telemetry patients requiring assessment, observation and treatment.
- Specialty Services – offered to patients who have special needs such as Dialysis, Cancer, Transplant (kidney) and Wound care – Patient evaluation follow-up, diagnostic planning, treatment and case management.
- Behavioral Health – Adult inpatient psychiatric treatment services which include evaluation, assessment and treatment by interdisciplinary teams of psychiatrists, nurses, psychiatric technicians, clinical therapists and occupational therapist. Program offers medication administration, individual and group therapy and family education.

Outpatient Services: Outpatient Care is an integral part of our multifaceted health care delivery system offering a wide range of emergency, primary, preventive, chronic, follow-up and specialty care in an ambulatory care setting. Visits have exceeded 250,000 annually excluding the Emergency Room volume.

Outpatient Service lines include:

- Emergency Medicine – ARMC is a busy Level II Trauma Center offering acute, emergent and urgent treatment of patients. Visits are currently in excess of 90,000 annually.
- Primary care – three outlying family health centers offering comprehensive primary medical care for children and adults. These are community clinics that provide preventive, obstetrical and gynecological care, family planning services, well child visits, immunizations, health education and referral to specialty services – Fontana Family Health Center, McKee Family Health Center and Westside Family Health Center.
- Specialty Clinics (10) including:
 - Infusion Therapy – provide therapeutic and supportive care to adult oncology patients and their families, chemotherapy, blood products, IV hydration and antibiotics.
 - Internal Medicine with subspecialties of cardiology, allergy, nephrology, endocrinology, gastroenterology, hematology, neurology and rheumatology.
 - Surgery clinic with subspecialties of general surgery, wound care, burn care, urology, oral surgery/dental, ENT/audiology, neurosurgery, ophthalmology, pre-operative evaluation and post operative care.
 - Women's Health offering comprehensive pregnancy services from preconception counseling to postpartum care including high risk maternal / child care.
 - Orthopedic clinic providing services for diagnosis and treatment of diseases and abnormalities of the musculoskeletal system with emphasis on upper extremity, joint reconstruction, trauma, and spine.
 - Pediatric clinic – a variety of comprehensive services to children 0 – 18 years of age, well child visits, immunizations, high risk follow-up, sick child walk-in visits as well as pediatric specialty services of cystic fibrosis, neurology, nephrology, endocrinology, asthma, diabetes, genetics, allergy, cardiology and hematology.
 - Family Elder Care serving primarily elderly adults and frail elderly, their support systems/caregivers and families, offers consultative services for seniors, geriatric evaluation and management.
 - Rehabilitation Clinic – conducts evaluations for State Disability, Rehabilitation/Treatment of amputees, spinal cord injuries and strokes. Referrals are to Physical Therapy, Speech, Occupational Therapy and Prosthetics.

Ancillary / Support & Specialized Services Include:

- Medical Imaging Department (Radiology) utilizes a digitized imaging and archiving system which replaces x-ray film. Radiologists can remotely access and read images for expedited diagnostic interpretation. The Medical Imaging Department also performs Bone Densometry, Mammography, CT scanning, MRI, Ultrasound, Nuclear Medicine, and Radiation Oncology.
- Neurodiagnostics offers both inpatient and outpatient diagnostic studies. Tests performed include electroencephalograms (EEG), Continuous EEG, Electromyogram (EMG), Nerve Conduction studies and transcranial dopplers.
- The Clinical Laboratory is responsible for inpatient and outpatient diagnostic services which include chemistry, hematology, coagulation, urinalysis, bacteriology, cytology, virology, mycology, serology, TB, blood transfusions, autopsy and surgical pathology. Approximately 1.4 million tests are performed annually in this 24 hour service.
- Pharmacy provides comprehensive inpatient and outpatient pharmaceutical services. The outpatient Pharmacy operates an automated prescription filling system called Optifill II. The patient submits the prescription and it is entered into the computer and reviewed by a pharmacist. Once accepted, a label is printed; the computer initiates filling the bottle and caps the prescription. Quality assurance is completed prior to presenting to the patient.
- Rehabilitation Services includes Physical Therapy, Occupational Therapy and Speech Therapy. The department evaluates and treats patients with neuromuscular, musculoskeletal, sensorimotor, cardiovascular, and pulmonary disorders, and language dysfunction. The goal is to restore the patient's functional activities of daily living to the highest possible level.
- Respiratory Care offers a thorough practice of routine, prophylactic and intensive respiratory care modalities including gas and aerosol therapy, conventional mechanical ventilation, high frequency oscillatory ventilation, airway management, CPR, blood gas acquisition and analysis, non invasive monitoring and placement of percutaneous tracheotomies.
- Home Health includes rehabilitative care, IV therapy and wound care extended to patient's home to complete the continuum of care.
- Health Information Library offers a catalog of CD ROM, journals and computers with internet access for health care research and up to date information.
- Wound care and hyperbaric medicine is directed specifically toward the healing of chronic wounds. Services include diagnostic testing / sharp debridement, casting and strapping for compression therapy, and patient education. Hyperbaric Oxygen Therapy (HBO) is offered to patients with specific types of difficult to treat wounds that are known to respond to HBO per UHMS guidelines.

IV. 2005-06 ACCOMPLISHMENTS

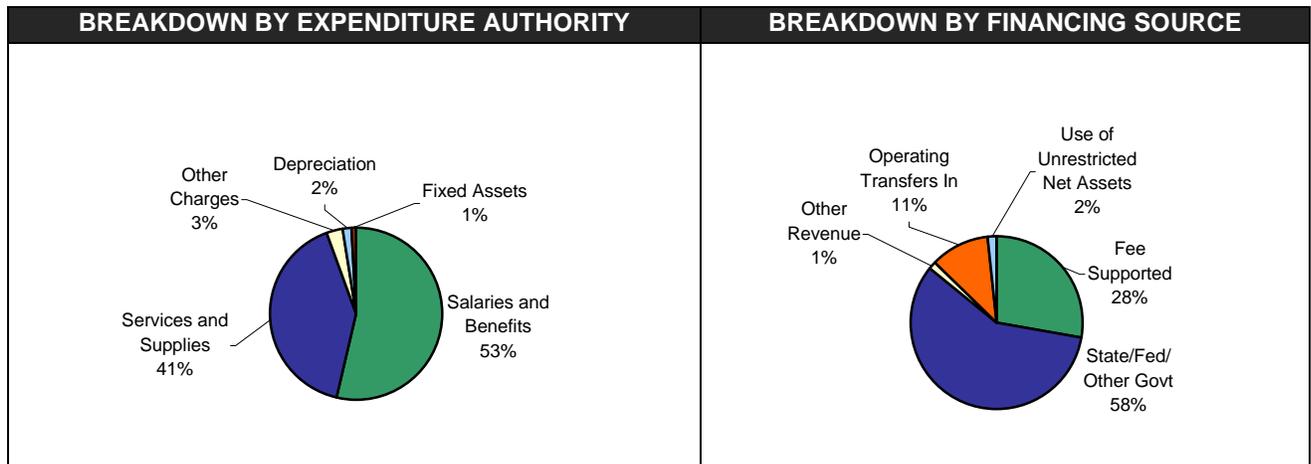
- Patient Visit Redesign was successfully implemented and continues to expand in the outpatient setting, significantly decreasing patient wait times and throughput. Excellence Award received from California Association of Public Hospitals/Safety Net Institution, Fall of 2005.
- Patient flow through the Emergency Department has been streamlined, decreasing both wait times and the number of patients "leaving without being seen" with an increase in overall visits.
- Continue to maintain an upward trend in OB deliveries - 10%.
- Successful participation in Section 1011 of the Medicare Modernization Act – 100% compliance quarter ending December 31, 2005.
- Successfully infusing licensed vocational nurses (LVN's) into the nursing service, facilitating nurse to patient ratios and decreasing registry utilization.
- 30% reduction in work related injuries in high injury Department of Environmental Services.
- Patient satisfaction scores for 4th quarter. 2005-06 was at 83.4%.



V. 2006-07 SUMMARY OF BUDGET UNITS

| | 2006-07 | | | | |
|-----------------------------------|--------------------|--------------------|------------------|------------------------------|----------------|
| | Appropriation | Revenue | Fund Balance | Revenue Over/ (Under) Exp | Staffing |
| Arrowhead Regional Medical Center | 352,563,295 | 348,897,401 | | (3,665,894) | 2,683.4 |
| Tobacco Tax Funds | 3,827,366 | 2,096,924 | 1,730,442 | | |
| Archstone Foundation Grant | 74,411 | 39,306 | 35,105 | | |
| TOTAL | 356,465,072 | 351,033,631 | 1,765,547 | (3,665,894) | 2,683.4 |

VI. 2006-07 BUDGET



VII. GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

GOAL 1: INCREASE OUTPATIENT AND EMERGENCY ROOM VISITS.

- Objective A: Continue implementation of outpatient visit redesign program in primary and specialty clinics.*
- Objective B: Reinitiate Tattoo Removal clinic.*
- Objective C: Implement Direct Observation Unit to streamline throughput and decrease ED holds.*
- Objective D: Enhance primary care physician recruitment / retention via structured marketing and business development plan.*

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|---------------------|------------------------|------------------------|------------------------|
| 1A. Percentage increase of outpatient visits (240,056 visits in 2005-06) | N/A | 4% | ≤1% | 4% |
| 1B. Percentage decrease in ER patients leaving without being seen (10,950 patients in 2005-06). | N/A | 16% | 16% | 25% |
| 1B. Reinitiate tattoo removal clinic. | NEW | NEW | 250 | 500 |
| 1D. Percentage increase in outpatient surgeries (4,764 surgeries in 2005-06). | N/a | 11% | 7% | 11% |
| 1E. Percentage increase in outpatient rehab volume (18,860 visits in 2005-06). | N/A | NEW | NEW | 5% |

Status

In 2006-07 implementation of the Patient Visit Redesign Program began in the Family Health Centers (FHC) and Specialty Clinics. Patient Visit Redesign is now complete at McKee FHC and the Women’s Health Clinic. McKee patient cycle time has decreased from 86 minutes to 33 minutes and the Women’s Health Clinic continues to present unique challenges. A beginning cycle time of 150 minutes has been decreased to 51



minutes. A task force has been put in place to address the operational efficiency. Fontana FHC and the Pediatric Clinic are in the 90-day trial run phase and both areas are performing well. Fontana FHC patient cycle time began at 94 minutes and is now down to 49 minutes. The Pediatric Clinic patient cycle time began at 120 minutes and has been decreased to 51 minutes. Additionally, patient flow through the Emergency Department (ED) has been improved as well with a decrease in average wait time of approximately 20 minutes with a growth in census. Patients who left without being seen in the ED has also decreased from approximately 10.8% to 7.8% even with an overall increase in the number of ED visits.

Another strategy to achieve the goal of increasing outpatient and emergency room visits is to continue to enhance marketing activities for public awareness of services provided such as promotional videos, community health fairs, and collaboration with ARMC's Foundation activities. During the first quarter of 2006-07, the marketing department has participated in or staged 35 events designed to enhance public awareness of ARMC services including the following:

- Annual Community Health and Safety Fair September 23, 2006 – 4,000 attendees.
- Print and Cable TV advertising for Pediatrics, Wound Care and Family Elder Care.
- Inland Counties Burn Center fundraiser in conjunction with Sammy Hagar - \$25,000 raised.
- 19 newspaper articles have appeared in local papers about various ARMC services.

As part of the effort to increase outpatient visits, the hours of service for outpatient surgeries were also expanded in 2006-07. Additionally, unused operating room suites were activated. To date, there has been no appreciable increase in outpatient surgeries demonstrated but an 11% increase is projected for 2007-08.

Another source of outpatient and emergency room visits is the outpatient rehabilitation workers' compensation referral base. In 2006-07 a plan was developed and implemented to capture these patient visits. The goal is to increase volume by 5% (943). As part of the plan, patients are to be registered and processed through the Center for Employee Health & Wellness which is currently based at ARMC and set-up to handle claims for work related injuries. This is a collaborative effort by county Human Resources and ARMC and the compensation structure for their services will be developed including a fee schedule. The future success of this plan will also depend on a targeted marketing campaign. This campaign will include a series of presentations and tours for members of Colton, Fontana, Rialto, and San Bernardino Chambers of Commerce. The first event is scheduled for November 15 involving 100 members of the Colton Chamber of Commerce. Additionally, a brochure and short video are being developed for reference material. Following these presentations, local business insurance carriers (Workers' Compensation) will be contacted in an effort to discuss contracting.

GOAL 2: INCREASE ADMISSIONS IN ACUTE CARE SERVICES.

Objective A: Continue to increase number of deliveries.

Objective B: Increase hospital overall admissions.

Objective C: Grow Transplant Program.

Objective D: Move toward obtaining Level I Trauma designation.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|--|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| 2A. Percentage increase in the number of deliveries (3780 deliveries in 2005-06). | N/A | ≤1% | 6% | 3% |
| 2B. Percentage increase in ER admissions by efficient patient throughput (20,182 admissions in 2005-06). | N/A | 2% | 3% | 2% |
| 2B. Grow Transplant Program. | NEW | 4 | 12 | 16 |

Status

In 2005-06 the number of deliveries at ARMC was 3,780. As part of reaching the goal of increasing admissions in acute care services, ARMC set the goal of increasing the number of deliveries by 6% for 2006-07. To date deliveries continue to show an upward trend and are currently up by 10%, 4% more than expected.



Admissions in acute care services are also impacted by the management of the inpatient care process and reduction of emergency room "hold patients. By improving throughput and decreasing the patients' average length of stay in the emergency room through the implementation of case management rounds, decreasing barriers to patient discharge and improved utilization review management, admissions will also increase. To achieve this, a discharge pilot was implemented to facilitate the discharge planning process in an effort to coordinate all necessary events that need to take place prior to patient discharge. The goal was to identify and prevent unnecessary delays in discharge. January – May 2006, 6 Medical-Surgical units phased into the pilot. At each phase, placement was identified as a major indicator of delay in discharge and lack of results was identified as the primary cause. ARMC is currently working with Purchasing to develop agreements with area skilled nursing facilities, which will give ARMC other placement options for patients. One other component that will contribute to the increase in admissions is the ability to optimize room turnover with Bed Management Software Program. This is still under review for the best possible solution for Bed Management System Program.

It is ARMC's intent to improve its transplant program through advertisement and public education. Brochures are being completed and will be marketed directly to dialysis centers.

ARMC is working to establish a Level 1 Trauma Unit designation. To qualify for Level 1 designation, the hospital must have the capabilities to provide open-heart surgeries. Although ARMC does not currently provide this service, an agreement has been entered into with a cardiac anesthesia group. The next steps will be to purchase the necessary equipment and contract with a cardiac surgery group.

GOAL 3: ENHANCE REIMBURSEMENT AND OTHER REVENUE STREAMS.

Objective A: Continue to improve financial screening and eligibility process for government aids and new programs in the Emergency Department.

Objective B: Initiate point of service collection for Labor & Delivery and Emergency Departments. Target date: July 2007.

Objective C: Separate billing for Direct Observation Unit admits for estimated 1,500 annual admits.

Objective D: Continue to ensure revenue producing departments remain abreast of current reimbursement regulations for proper billing and coding of diagnostic procedures.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|---------------------|-------------------------|------------------------|------------------------|
| 3A. Percentage increase of Medi-Cal Eligibility patients identified from screening in the ER (15,610 in 2005-06). | N/A | 10% | 15% | 5.5% |
| 3B. Reduce the error rate in billing through identification and monitoring stats (error rate was 12% in 2005-06). | N/A | Error rate less than 5% | 2% | 2% |
| 3C. Separate billing for Direct Observation Unit. | NEW | NEW | 728 | 1,500 |

Status

In 2006-07 ARMC set out with the overall goal of maximizing its revenue streams through four specific objectives. Through the improvement of the financial screening and eligibility process for government aids and new programs in the Emergency Room, ARMC could realize increased receipts of Medi-Cal reimbursements. All admissions staff have completed the Quarterly Registration Training as of October 13, 2006.

In an effort to enhance reimbursement under the Medicare Modernization Act of 2003, ARMC has set the objective of reducing its billing error rate. Program reimbursement was 100% in compliance in the Audit Result for the Quarter ending December 31, 2005. As a result, reimbursement was maximized and ARMC received \$370,000 in 2005-06 for period covering through September 30, 2005, \$206,000 in September 2006 for the period covering through December 31, 2005, and anticipated receipts of \$382,000 in November 2006 for period covering through March 31, 2006.



Additional funding may also be available under SB 1100, California's Medi-Cal Hospital/Uninsured Care Demonstration Project. The state has budgeted \$126.2 million in 2006-07, new calculations from the California Association of Public Hospitals reflects \$131.8 million, an increase in reimbursement by \$5.6 million in 2006-07 from budget.

Another effort to reach this goal is to restructure the reimbursement staffing to properly analyze and manage cost reporting and accounts receivable. The position is still open for Reimbursement Manager and it is being converted to a contract position with increased compensation to attract qualified candidates. Staff is also being properly trained. The Controller and account staff finished Medicare Cost Reporting training classes as of October 25, 2006 and the Patient Accounting Director is scheduled to attend Medicare Managed Care Contracting training on November 3, 2006.

A key component to enhancing reimbursement and revenue streams is to ensure revenue producing departments are abreast of current reimbursement regulations for proper billing and coding of diagnostic procedures. This will be achieved by monthly monitoring of unbilled accounts due to coding issues and the review of resources for maximum benefit of departmental placement.

Separate billing for the Direct Observation Unit (DOU) will extend the Emergency Room Department (ER) outpatient capacity. DOU patient billing is separate from ER visit billing and is billed in time increments instead of the standard ER per visit charge. The DOU is for patients requiring observation for less than 24 hours.

GOAL 4: EXPLORE ADDITIONAL COST CONTAINMENT OPPORTUNITIES AND STRATEGIES.

Objective A: Continue implementation of restructured nursing to patient mix ratios by infusing Licensed Vocational Nurses (LVN's) into Medical Surgical areas, Emergency Department, etc.

Objective B: Continue to reduce registry usage by aggressive recruitment and marketing of services.

Objective C: Continue to hold departmental monthly operating reviews (MOR's) with department managers for fiscal accountability and adherence to budgetary expenditures.

Objective D: Assess contract renewals for better contract terms i.e. rate increases, cost reduction opportunities, (global purchase contract for supplies and equipment maintenance).

Objective E: Capture MIA eligible, self-pay patients in the ER and convert those eligible to Medi-Cal.

Objective F: Continue to decrease the cost of pharmaceutical care.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|--|--------------------------------|--------------------------------|--------------------------------|
| 4B. Percentage decrease in third party nurse staffing assistance (\$3.4 million spent in 2005-06). | N/A | 25% | 48% | 14% |
| 4C. Reduce the number of employee injuries in the Department of Environmental Health Services. | 11/month | 9/month | 9/month | 7/month |
| 4D. Percentage decrease in contract renewals – consolidated equipment maintenance service agreements with USCS Equipment Technology Solutions (\$1.963 million spent in 2005-06). | N/A | 35% | 17% | 13% |
| 4E. Percentage decrease in costs as a result of combining lab operations with Public Health. | N/A | NEW | Approx. 5% savings | Approx. 5% savings |
| 4F. Percentage change in pharmaceutical costs (\$1.477 million in costs for 2005-06). | N/A | (40%) | (40%) | 3% |
| 4G. Decrease in the utilization of sitters/number of assaults. | No decrease in sitters. 6 reportable incidents to DHS | 6 reportable | 6 reportable | 4 reportable |

Status:

As part of an on-going effort to contain costs where possible, during the current nursing shortage, ARMC explored the possibility of utilizing Licensed Vocational Nurses (LVN) where permitted. As part of this process, the nurse to patient skill mix ratio was restructured. As a result of the restructuring, LVN's were



incorporated into the nurse to patient skill mix ratio for the non specialty medical/surgical areas and the registered nurses (RN's) were cross trained for the specialty areas such as Neonatal Intensive Care Unit (NICU) and Labor and Delivery. This new structure called for 72 LVN positions, of which 37 were hired immediately. To date, a total of 12 RN's have been successfully cross trained, 5 in the NICU and 7 in Labor and Delivery.

Another opportunity for cost containment is the reduction in the usage of third party nurse staffing assistance or the Nurse Registry. This effort has been successful to date and was accomplished by enhanced nursing recruitment strategies and better control of unscheduled absences which negatively affected the nursing staff. During 2006-07, \$500,000 was spent on the Registry through October 25, 2006, and it is projected that a total amount of \$1.75 million will be spent. During 2005-06, \$3.4 million was spent on the Registry, equally a reduction of 48.5% in costs. Utilization of the Registry continues to decline. In March 2006, the Registry was used for a total of 3,702 hours or 21.3 full-time equivalent employees (FTE), 2,094 hours or 12 FTE's in June and 1085 hours or 6.2 FTE's projected for October. Due to the recruitment strategies implemented, 20 RN vacancies were filled in NICU and Labor and Delivery between January and September 2006. Additionally, between the months of July and September 2006, the vacancy rate decreased by 4.3% for RN II's and 17.7% for Licensed Vocational Nurse II's, there was no change for the Clinic RN II's, and an increase of 4% for the Per Diem RN II's and 3.9% for the Mental Health Nurse II's.

Associated staffing costs present an opportunity for cost control and one area that needed to be closely looked at was ARMC's Environmental Services or janitorial services. This department had the highest incidents of work related injuries and ARMC implemented equipment and procedural safe practices through retraining and reinforcement of established procedures which led to a 30% reduction in work related injuries to date and a resulting decrease in costs due to time off, overtime, temporary help and workers' compensation expenses.

Cost containment is also controlled by the monthly departmental operating reviews conducted with department managers. Through these on-going reviews, actual expenditures are kept inline with budgeted expenditures. By timely fiscal reporting to administration, costs can be best controlled and monthly figures are due to the administrator by 20th day of the following month.

A collaborative effort between ARMC and the Department of Public Health (DPH) is the consolidation of Laboratory Services, where appropriate. Beginning November 1, 2006, ARMC will send Fluorescent Treponemal Antibody (FTA), a syphilis confirmation test, and tuberculosis sensitivities (approximately 200 tests) to DPH. Alternately, DPH will send Gonorrhea Culture and other bacterial cultures (approximately 387 tests) to ARMC. Additional savings are being assessed through the consolidation of supply ordering and the DPH Manager and ARMC Material Manager are exploring their possible options.

ARMC has implemented various measures to decrease the cost of pharmaceuticals. These measures include negotiations with manufacturers, maximizing the use of federal 340B drug purchasing program, enhancing reimbursement through the use of generic medications, and strict control of formulary drugs. Pharmacy cost savings for the first quarter were \$254,854 and these savings are expected to continue to a 40% cost savings which will then be maintained.

The development of specialty inpatient care units in Behavioral Health (DBH) called the Crisis Stabilization Unit (CSU) is utilized to stabilize patients and divert them from admission, thereby allowing patients to return to outpatient community. A Memorandum of Understanding (MOU) between ARMC and DBH has been executed and funding is now available.

GOAL 5: CONTINUE MAINTAINING AND IMPROVING THE INFORMATION TECHNOLOGY INFRASTRUCTURE AND PROCEED WITH INSTALLATION AND IMPLEMENTATION OF ADDITIONAL MEDITECH SYSTEM MODULES.

Objective A: Meditech Upgrade from 5.5 to 5.6

Objective B: Build, install and implement the following modules:

- a. Authorization Referral Module (ARM).*
- b. Medical Practice Management (MPM/LSS) part 1 – administrative.*
- c. Medical Practice Management (MPM/LSS) part 2 – clinical.*

Objective C: Install and implement the Home Health Billing Software.



Status

Technology is a vital component to every aspect of ARMC operations. Because of this, the maintenance and continual improvement of the information technology infrastructure is important. To achieve this goal, it is necessary to evaluate necessary information technology equipment and software required for the following:

- a. Data Repository – a module used to increase the speed and utilization of Meditech data. This is currently in progress and awaiting fixes from Meditech. Implementation of this module has been added as additional duties to existing employees who are scheduled to attend training in December 2006. Hospital-wide training will begin in June 2007.
- b. Data Center Computer Servers replacement due to aging of servers – Meditech servers completed November 06. All other servers scheduled for March 2007.
- c. Picture Archiving Communication System (Medical Imaging System) – Previous PACS system was converted to McKesson PACS and went live August 2006. McKesson Cardiology PACS to begin full implementation, February 2007.
- d. Home Health Billing Software – This project is in progress and a prospective vendor has been selected. Contract and board item in process.

Meditech upgrade from 5.3 to 5.5 (Completed March 2006) and interfaces such as:

- a. Inland Empire Health Plan (IEHP) Interface will provide IEHP patient's encounter data in a standard health care claim format (837). This project is on hold due to IEHP being unable to handle format at this time.
- b. CBORD Nutrition Services interface provides dietary orders from Meditech to Nutrition Services. Project is In process and awaiting contractor (CBORD) actions to go live.
- c. Medical Imaging System (PACS) interface – sends radiology orders and transcribed radiology reports from Meditech to McKesson PACS. This was completed July 2006.
- d. MUSE Respiratory project is intended to send patient registration data and orders to the MUSE cardiac care system. This project is on hold awaiting MUSE database modification.
- e. MD Staff System interface to Operating Room Scheduling module - This module will transmit MD operating room privilege status updates to Meditech. It is in process and ARMC is working with the vendor to finalize interface specifications.
- f. Imaging project for Personnel System was completed September 2006.
- g. Accucheck interface with Meditech will send blood glucose test results to the Meditech System. This project is process. ARMC is working with vendor to finalize interface specifications.
- h. Collection interface allows County Collections Department to have access to Meditech Patient Accounting to post payments and adjustments – This project is on hold awaiting final balancing of accounts receivable numbers between departments.

ARMC continues to assist Public Health Department and Department of Behavioral Health with Meditech implementation. ARMC is working with Public Health daily and to date, Behavioral Health has decided not to use Meditech.

ARMC is implementing Computerized Physicians Order Entry (CPOE) throughout the Medical Center and Family Health Centers. Work for the Medical Center in process and the live date is unknown. Family Health Centers have started training on new MPM module. Tentative live set for November 2007.

Build, install and implement the following Meditech modules:

- a. Quality Management / Risk Management Module: Completed July 2006.
- b. Emergency Department Module: In process, unknown live date.
- c. Community Wide Scheduling: To be addressed with MPM install and being changed as needed.

| |
|--|
| GOAL 6: CONTINUE IMPROVING PATIENT QUALITY AND CUSTOMER SATISFACTION. |
|--|

Objective A: Initiate evidence based practice – Target date: January 2008.

Objective B: Redesign clinical employee evaluation process through performance based profiles – Target date: January 2008.

Objective C: Continue to maintain high visibility among staff and visitors by Associate Administrators in all hospital units.

Objective D: Continue direct communications with employees such as employee forums, recognition awards.

Objective E: Improve patient satisfaction scores in "Overall likelihood of recommending" by 5%.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|--|---------------------|---------------------|---------------------|
| 6A&B. Improvement in Patient Satisfaction scores from patient questionnaires. | Inpatient 81.61% in "likelihood of recommending" | 83% | 80% | 83% |

Status

Continue to provide a high level of patient care based on customer service standards established through ARMC's Gold Coin program and the county-wide ServiceFIRST program. Implement corrective actions when necessary through direct access to Patient Advocate, management, and administrators. Patient satisfaction scores for 4th quarter 2005-06 were 83.4%. For 1st quarter 2006-07 the task of mailing surveys to patients, which was formerly completed by ARMC, was assumed by Press-Ganey Associates, Inc., a vendor that tabulates patient satisfaction scores through the direct survey of patients. A significantly lower response rate impacted the reliability of results due to the small sampling of surveys for tabulation, which resulted in a slight decrease of ARMC's patient satisfaction scores. Press-Ganey and ARMC are working to increase response rate, before scores are tabulated for the 2nd quarter, 2006-07.

Continue direct communications with Medical Center staff and physicians through new employee orientation, employee forums, and recognition awards:

- Ongoing Administrative rounds by Administrators in all areas of the hospital.
- Employee Forums held 2 - 3 times annually.
- All Administrators attend New Employee Orientation for introduction to new staff. These are held on a bi-weekly basis.
- Recruitment & Retention Committee remains active.
- Employee Activities Committee remains active.

ARMC's 2007-08 goals were selected to coincide with the primary mission of the Medical Center and strategic plan for meeting current service demands and future service requirements in a dynamic healthcare environment of changing reimbursement structures and diminishing resources. Having been at capacity shortly after opening its doors, the Medical Center's most pressing issue remains lack of inpatient beds. With due consideration to the significant impact on expansion and progression of the healthcare delivery system and ARMC's ability to adequately serve an area of growth and development, the Board of Supervisors approved an 84 bed expansion of ARMC's inpatient capacity. ARMC continues to develop a high performance workforce in a climate of national shortage of registered nurses, clinical laboratory scientists, radiologic technologists, respiratory care practitioners and physical, occupational and speech therapists. Efforts continue to be directed toward immediate, intermediate and long term remedies. The Medical Center's long-term (2 – 5 years) strategic plan encompasses the following:

1. Increase Bed Capacity – Expansion of 84 beds on sixth floor of ARMC's patient tower. This plan includes constructing an on campus building to accommodate displaced sixth floor employees and selected services / departments not requiring acute care space. Other services not dependent on hospital access to function may be located off-site. Proposed completion date is estimated to be mid 2009.
2. Parking has found temporary relief in the recent addition of approximately 138 parking spaces. However, with the 84 bed planned expansion, parking access and availability will require further consideration. Though employees assigned off-site will free up approximately 90 parking spaces, it will likely not be sufficient to prevent parking congestion.
3. Development of Heart Program – ARMC's plan to move toward Level I Trauma designation is in preparation for the development of a full scope Heart Program. The Cardiac surgery business is currently



transferred out to other healthcare facilities, but would be better served being maintained within the County Hospital. The expansion of the sixth floor will also facilitate the success of this Program.

- 4. Continue efforts toward achieving an Electronic Health Record (EHR).
- 5. Continue in the direction of a "Health Care Agency" concept of operations for San Bernardino County; integrating services where appropriate and co-locating, where feasible, the administrative functions of Public, Behavioral Health and the Medical Center.

VIII. 2006-07 APPROVED ADDITIONAL GENERAL FUND FINANCING (POLICY ITEMS)

The department did not have any approved policy items for 2006-07.

IX. 2007-08 REQUESTS FOR ADDITIONAL GENERAL FUND FINANCING (POLICY ITEMS)

| 2007-08 OBJECTIVES FOR POLICY ITEMS | 2007-08 POLICY ITEMS |
|--|--|
| 1. The Westside Clinic's current facility is 5,000 square feet and an additional 2,500 square feet will allow for increased patient volume and the addition of new patient services. | A. Increase and expand the level of safety and patient services available at the Westside clinic by increasing the clinic space by 2,500 square feet with improvements. Additional Funding Requested: \$2,500,000 one-time funding. |

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|--|---------------------|------------------------|------------------------|------------------------|
| P1. Planning in preparation of construction. | NEW | NEW | 15% | 100% |

Status

For 2007-08, the department chose the objective of increasing patient volume, safety and adding new patient services at the Westside Clinic. The current clinic is 5,000 square feet and the addition of 2,500 square feet will allow for an increase in patient volume and new patient services. Additionally, the improvements to the existing structure and grounds will increase the level of safety and patient throughput. The measurement for 2006-07 and 2007-08 is planning in preparation for construction. Once the project is complete, the measurement will then be services and patient volume.

X. 2007-08 PROPOSED FEE ADJUSTMENTS

The department is not requesting any proposed fee adjustments for 2007-08.

If there are questions about this business plan, please contact Colene Haller, Chief Operating Officer, (909) 580-6180.

