

County of Santa Clara
Santa Clara Valley Health & Hospital System
Agency Administration
Financial Services



HHS16 060909


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DATE: June 9, 2009

TO: Board of Supervisors

FROM: 
Kim Roberts
SCVHHS - Chief Executive Officer

SUBJECT: FY09 Year-End Appropriation Modification for Santa Clara Valley Medical Center, Valley Health Plan and Various Enterprise Funds

RECOMMENDED ACTION

Approve Request for Appropriation Modification No. 198 - \$29,595,433, increasing revenue and expenditures in the Santa Clara Valley Medical Center, Valley Health Plan and various Enterprise Fund budgets. (4/5 Roll Call Vote)

FISCAL IMPLICATIONS

There is no impact on the County General Fund as a result of this action.

Prior to the end of each fiscal year, Santa Clara Valley Medical Center (SCVMC) and Valley Health Plan (VHP) develop expenditure and revenue projections. If projections show expenses and revenues will exceed the Board approved appropriations, an appropriation modification request is forwarded to the Board of Supervisors.

This budget modification requests a one-time net increase of \$29,595,433 in revenue and expenses. The increases in expense are fully offset by increases in revenues or expense reductions and have a neutral effect.

REASONS FOR RECOMMENDATION

There are two components to this one-time budget modification.

Operating Budget for Valley Medical Center (SCVMC) and Valley Health Plan (VHP)

In the SCVMC operating budget, it is requested to recognize additional revenues of \$4.8 million to cover increases in payroll and professional services within the SCVMC budget. Throughout the year, SCVMC's payroll expenses have been slightly more than budget due to higher patient activity. In addition, higher costs for services have exceeded budget.

VHP provides health insurance for County employees and County residents (Medi-Cal managed care, Healthy Families, Healthy Kids, Healthy Generations, and IHSS workers). Due to an increase in VHP membership and associated increase expenditures to VHP providers for medical services, the appropriation modification requests an increase of \$7.6 million in managed care revenue and expense. SCVMC is the primary provider of medical services to VHP members. Consequently, SCVMC experienced a \$3 million increase in Medi-Cal managed care receipts and associated health services through its contract with VHP.

Other Transfers

In addition, following a collaborative reconciliation with the County Controller's office, this budget modification appropriates operating fund transfers in and operating fund transfers out related to lease revenue bond principal payments of \$14.2 million. The budget modification also moves the County Counsel budget for capital projects in the amount of \$42,400 to the Seismic Capital Project because all capital expense must be included in a specific project, and corrects general ledger account coding for previous budget modification number 137 for \$120,000.

BACKGROUND

SCVHHS provides regular reports to the Health and Hospital Committee on the financial status and budget-to-actual performance for all SCVHHS departments.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve this budget modification may result in SCVMC and VHP being unable to pay vendors for services and prevent the County Controller's Office from entering financial statement balance transfers needed for year-end financial reports.

ATTACHMENTS

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