



Funding Realities and the San Mateo County Medical Center

[Issue](#) | [Background](#) | [Findings](#) | [Conclusions](#) | [Recommendations](#) | [Responses](#) | [Attachments](#)

Issue

Considering current funding realities, are San Mateo County's goals to provide health care to the indigent and medically uninsured residents of San Mateo County sustainable at the current level of service?

Background

San Mateo County (County) is the third wealthiest county in California and the twenty-eighth richest county in the United States.¹ The population is 748,858 residents (2009 estimate).² Approximately 76,000 patients were treated at least once during 2008 at either the San Mateo Medical Center (Medical Center) or one of its associated clinics or facilities. Most patients needed more than one visit. As mandated by California state law, California Welfare and Institutions Code Section 17000 (Section 17000), the County must provide health care to county residents age 18 and older who cannot afford medical care and have no other alternatives. The indigent and medically uninsured residents rely on the County as a "last resort" medical provider. A San Mateo County Health System official also stated that all minors, whether documented or not, are automatically covered.

While counties are required under Section 17000 to provide health care to the indigent and medically uninsured, the courts have provided little guidance as to specific mandates required by law. They have provided counties with broad guidelines which include: "(1) a county must offer care to all medically indigent that are lawfully residents in the county; (2) eligibility for care must be based on medical need, not simply on income or some other standard such as eligibility for Medi-Cal; and (3) the county must provide indigent residents not just emergency care but also that care necessary to preserve life and/or limb or to prevent avoidable suffering."³

A 2009 California HealthCare Foundation⁴ report on indigent care found that health services provided to undocumented persons varied drastically among California counties:

- San Mateo County is among nine counties that offer the same full services to undocumented persons as are offered to county residents
- Thirty-five counties only offer emergency services to undocumented persons
- Santa Cruz offers non-emergency care in the clinics, but no emergency care
- Thirteen counties (including San Diego, Sacramento, Orange, etc) offer no services to undocumented persons.

¹ Census Bureau 2008 estimate <http://www.census.gov/did/www/saibe/data/statecounty/data/2008.html>

² County Profile <http://www.co.sanmateo.ca.us/bos.dir/budget/recommend2009/A-39.pdf>

³ 2006-2007 San Mateo County Civil Grand Jury report entitled "Provision of Indigent Health Care in San Mateo County"

⁴ California HealthCare Foundation <http://www.chcf.org/topics/view.cfm?itemid=134110>

The Medical Center has established a continuum of health care services as presented in Table 1:

Table 1⁵ San Mateo Medical Center Services

Areas of Service	Specific Services
Ambulatory Care	Primary Care Clinics Medical/Surgical Specialty Clinics Pediatrics Senior Care Center
Medical/Surgical Acute Care	Emergency Medical/Surgical Inpatient Intensive Care Unit Short Stay Unit/Infusion
Psychiatric Acute Care	Inpatient Emergency
Long Term Care	Burlingame San Mateo
Ancillary Services	Laboratory Pharmacy Radiology
Specialized Clinics	Innovative Care Clinic Keller Center for Family Violence Intervention Ron Robinson Senior Care Clinic

The Medical Center provides an integrated continuum of care for medical services. This is a comprehensive plan that provides the patient a full spectrum of medical care rather than “band aid” treatment that would have the patient returning to the emergency room numerous times. Additionally, the Medical Center has fostered more cooperation with private and not for profit hospitals to ensure that appropriate medical services are provided to patients.

The Medical Center prioritizes medical need in the following order:⁶

1. Traumatic injury or severe illness
2. Children’s needs
3. Senior’s needs
4. Adults enrolled in Health Plan of San Mateo (HPSM)
5. Adults not enrolled in HPSM

Federal eligibility for medical services to the medically uninsured or indigent is based on the federal poverty level of \$22,050 per year income for a family of four. San Mateo County has designated the medically indigent level for San Mateo County at 200% of the federal poverty level or \$44,100 for a family of four. All other counties in the Bay Area except San Francisco also set the level at 200% of the federal level. San Francisco County sets theirs at 500% of the federal level. In San Mateo County 6.9% of the residents are living below the county poverty level while 7.6% of residents are uninsured.⁷ These county residents are served by the Medical Center. The Medical Center clinics currently have 5,000 patients waiting to receive medical care and they may wait up to 9 months before being seen in the clinics.

⁵ Copy of San Mateo Medical Center Power Point presentation

⁶ Ibid.

⁷ California County Indigent Care Program Profiles, 2009

The County of San Mateo 2009-2010 adopted budget for the Medical Center is \$252.1 million, with a proposed \$252.9 million budget for the 2010-2011 fiscal year. The cost per adjusted patient day (APD) for the fiscal year 2008-2009 was \$885 while the projected cost per day for 2009-2010 is \$872. The 2008-2009 costs per APD are based on 130,256 inpatient days and 233,241 outpatient visits. The 2009-2010 projected costs per APD are based on 129,274 inpatient days and 236,064 outpatient visits.⁸ The 2009-10 and 2010-11 budgets fund 1,127 full time equivalent positions while the County salary resolution authorizes 1,235 positions each year.

The 2009-10 adopted Medical Center budget includes California state aid in the amount of \$45.5 million and Federal Aid in the amount of \$1.4 million for a total of \$46.9 million in outside governmental funding. These grant funds do not include patient revenues from Medicare and Medi-Cal which were budgeted at \$75.7 million. These funds are categorical funds designated for specific medical service and health care programs. If the County uses these earmarked funds for services other than specified programs, no matter how vital the County's need, the governmental funding agencies will demand the money be returned.

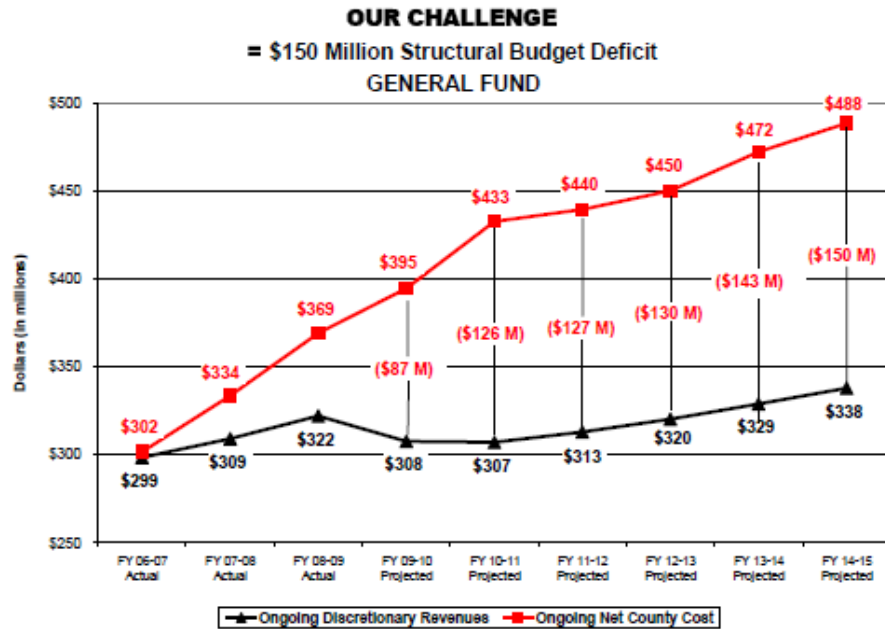
The 2006-2007 San Mateo County Civil Grand Jury report on the Medical Center reported that: "San Mateo County is one of 13 counties in California that meets its Section 17000 obligations by operating a county hospital. Because the County owns the hospital, the cost of indigent medical care includes not only the direct cost of providing care, but also the total revenues and expenses associated with operating an acute care hospital and out-patient services."⁹

San Mateo County is currently experiencing a structural deficit of \$87 million in its general fund for the 2009-2010 fiscal year. The following chart shows the challenge faced by the County as it attempts to fund county-wide services adequately while overall revenues continue to decrease. The forecast projects a structural deficit of \$150 million by fiscal year 2014-2015 if there are no changes in the current level of revenues and expenses.

⁸ San Mateo Medical Center, Year End Performance Measures Report, 9/18/2009

⁹ 2006-2007 San Mateo County Civil Grand Jury report entitled "Provision of Indigent Health Care in San Mateo County"

Chart 1



Source: San Mateo County, County Manager’s office, Budget Division, 2010

The Medical Center 2009-2010 budget represents 17.3% of the total San Mateo County budget. As can be seen in Table 2 below, while the total county budget has increased 48.1% over the last 9 years, the total Medical Center budget, including capital expenditures, has increased 75.8% during that same period. As a result of the increased costs for service and the decreased revenue stream, the general fund contribution to the Medical Center operations in 2009-2010 was \$66.6 million which represents 26.3% of the Medical Center budget.

	Fiscal Year Ending June 30,									% Change	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2006-2010	2002-2010
TOTAL COUNTY BUDGET (Net approp)	\$991.1	\$1,049.7	\$1,105.2	\$1,132.4	\$1,256.7	\$1,374.1	\$1,339.0	\$1,423.6	\$1,467.7	16.8%	48.1%
Total SMMC Budget including capital (Net approp)	\$144.3	\$155.5	\$166.9	\$187.7	\$209.2	\$223.4	\$228.8	\$244.3	\$252.1	20.51%	74.71%
Total General Fund Contribution to SMMC	\$41.8	\$46.0	\$58.5	\$56.4	\$58.9	\$70.3	\$72.2	\$81.8	\$66.6	13.1%	59.3%
SMMC Budget as % of County Budget	14.6%	14.8%	15.1%	16.6%	16.6%	16.3%	17.1%	17.2%	17.18%	3.18%	17.97%
General Fund Contribution as % of SMMC Budget	29.0%	29.6%	35.1%	30.0%	28.2%	32.1%	31.6%	33.5%	26.42%	-6.17%	-8.80%

Source: San Mateo 2006 – 2007 San Mateo County Civil Grand Jury Report entitled “Provision of Indigent Health Care in San Mateo County” as updated by the San Mateo County Controller’s Office, 2010

In 2008 the Board of Supervisors (BOS) established a policy based on budget expenditure assumptions stating that the general fund contribution to the Medical Center would be reduced to \$50 million per year from the previous annual contribution of \$72 million. Because of the current recession, loss of jobs and health insurance coverage, there has been a significant increase in demand on the health system and the BOS was asked to revise the policy by the County Manager.

At its February 9, 2010 meeting, the BOS eliminated the assumption that the general fund contribution to the Medical Center would be reduced to \$50 million. Instead the General Fund contribution of \$66.7M would be reduced by 10% and the budget for the Medical Center would absorb 35% of salary and benefit increases. This action resulted in a decreased general fund contribution of \$6.7 million. The Medical Center will absorb a \$2.5 million increase in salary, retirement, and other benefit costs for a total budget gap of \$9.2 million.¹⁰

Over the years, the BOS has recognized the disparity in Medical Center costs for health care under the mandates established in Section 17000 and the reality of generating adequate revenues to meet the needs for service. To address these long-term and continuing structural deficits in the cost of health care, the BOS has undertaken a series of studies to gather data and determine appropriate actions to decrease the costs for health care in San Mateo County. A recap of the BOS efforts to address this disparity includes:

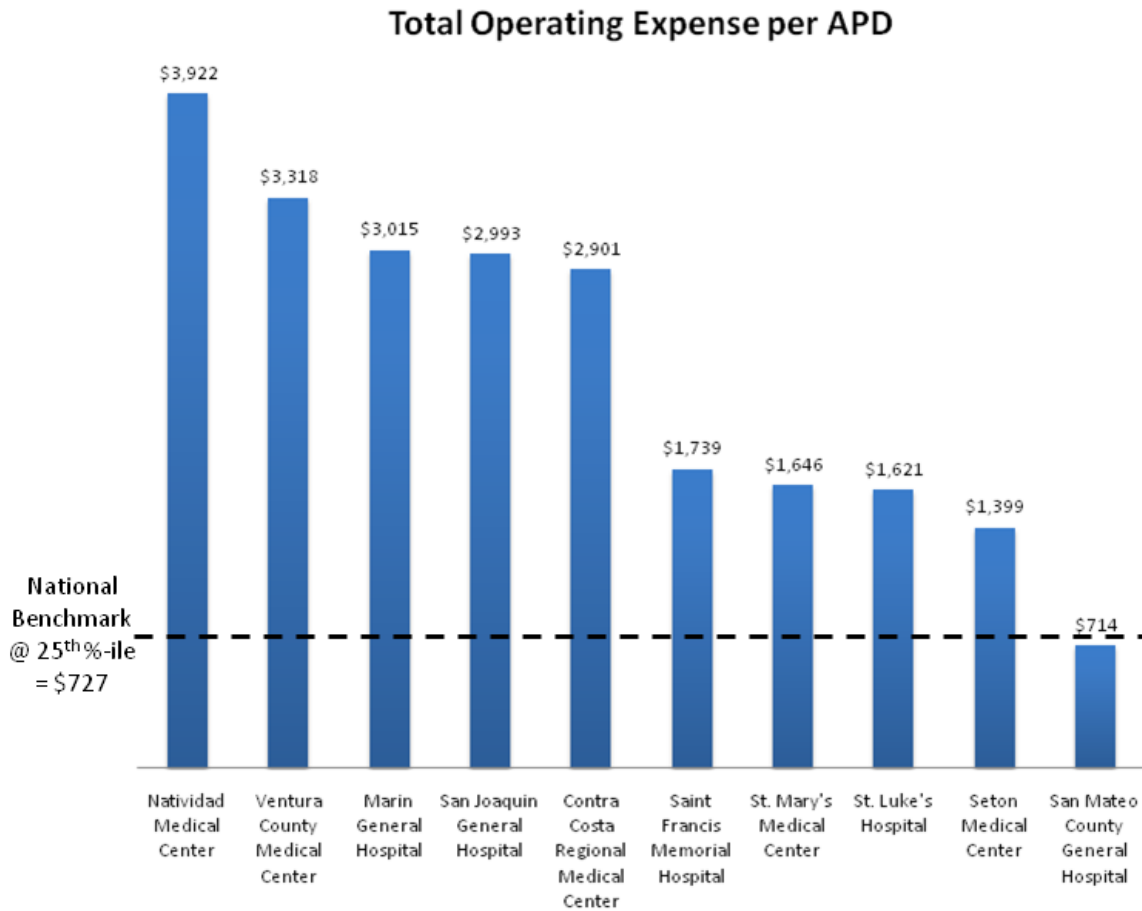
- 2004 – Controller’s Office study entitled the “Indigent Eligibility Study” identified the number of patients treated who did not meet eligibility requirements and potential improvements in eligibility screening processes.
- 2004 – Consultant study of Medical Center expenditures and revenues related to indigent medical care.
- 2005 – Controller’s Office study, “Categorization of Patients”, identified cash flow enhancement opportunities.
- 2005 – County Manager office report recommended the formation of workgroups to address key issues.
- 2005 – County Medically Indigent Health Care Workgroup recommended a long term business model for the Medical Center and the need to develop a charity care policy.
- 2006 – Status report from the County Medically Indigent Workgroup indicated that the 2005 recommendation for a charity care policy was still outstanding.
- 2006 – Board of Supervisors creates Blue Ribbon Task Force to address health care coverage for uninsured adults with low incomes.
- 2006- Deloitte Study to determine cost effectiveness of Medical Center operations
- 2007 – County report “Medically Indigent (WELL) Screening and Verification Pilot” resulted in a 25% decrease in non-eligible uninsured applicants by requiring proof of residency, assets and income.
- 2007 – State funded three-year allocation to test innovative ways of providing health care for the uninsured.

¹⁰ BOS agenda item prepared by Chief, Health System, February 9, 2010 agenda

- 2007 – Consultant study evaluates the Medical Center, clinics and Burlingame Long Term Care facility.

Of the recent studies and efforts several have important outcomes for the current status of the Medical Center. The Deloitte study of 2006 indicated that the Medical Center was more cost effective than comparative non-profit and public hospitals. A comparison of total operating expenses for adjusted patient day (APD) included in the 2006 Deloitte study and reproduced in Table 3 below indicated that, while the highest total operating expense per APD was \$3,922, the Medical Center was the lowest at \$714 per APD. When benchmarked with 9 other comparable hospitals, Medical Center is below the 25th percentile of the national benchmark of \$727 per APD and had the lowest cost of all hospitals surveyed.¹¹

Table 3: Facility Benchmarking



Since 2006, the costs have gone up by approximately \$200 per APD, but the general fund contribution to the Medical Center decreased in fiscal year 2009-2010.

In 2007, the BOS hired an outside consulting group (HMA) to evaluate the Medical Center, clinics, and Burlingame Long Term Care facility. The audit had many suggestions for

¹¹ Deloitte Consulting study of SMMC, 2006

improvement and, as a result, the BOS approved the Health System Redesign Initiative (Redesign) in 2008. The focus of the initiative was to “design and implement a new, sustainable and creative approach to health care delivery that incorporates key recommendations of the HMA Phase 2 Final Report and the recommendations of the Blue Ribbon Task Force on Adult Health Care Coverage Expansion.”¹²

The redesign effort identified seven priority areas for focus by the Redesign Team:

1. Eligibility and Administration
2. Chronic Disease Management and Care Coordination
3. Integration Across Levels of Care
4. Physical Leadership, Structures, and Accountability
5. Community Health Network for the Underserved
6. Long Term Care
7. Strategic and Operational Financial Improvements

The redesign effort has resulted in significant administrative, operational and financial improvements to San Mateo County’s health care system, most of which have focused on the Medical Center operations.¹³ The March 2009 update to the BOS indicated that the Redesign Initiative saved \$7.75 million towards the County’s 2008-2009 efforts to reduce the costs of delivering health care in San Mateo County.

Due to the passage of federal health care legislation in April 2010, the Blue Ribbon Task Force on Adult Health Care Coverage Expansion decided to curtail their work on a local plan to make affordable coverage available to uninsured residents. Until the operational details of the legislation are identified, it is impossible to determine its impact on San Mateo County and the Medical Center. In any event, the federal legislation does not take effect until 2014.

Investigation

In its investigation of the San Mateo Medical Center, the 2009-2010 San Mateo County Civil Grand Jury interviewed county officials and employees, conducted site visits of facilities, and reviewed documents and audits prepared by outside consultants, internal auditors from the San Mateo County Controller’s Office and health department personnel related to the finances and operations of the Medical Center.

Findings

1. San Mateo County has had a structural deficit (expenses exceed revenues) since FY 2006-2007. This deficit is projected to be \$87 million for the 2009-2010 fiscal year and is expected to increase to \$150 million in 2014-2015.
2. The Medical Center offers patients an integrated continuum of care which provides for comprehensive medical services.

¹² Health System Redesign Initiative Improvement Update, November-March, 2009.

¹³ See Health System Redesign Initiative Implementation Update, November – March, 2009 for details of the accomplishments and milestones of the Initiative.

3. The Board of Supervisors has recognized the increased demands for health services due to the loss of jobs, lost health insurance and the increase of residents living below the designated poverty level as a result of the recent recession.
4. The clinics have a nine-month waiting list of 5,000 patients indicating the current demand for medical services is not being met.
5. San Mateo County is one of only two counties among California's 58 counties that provides long-term care to its elder indigent population.¹⁴
6. San Mateo County is one of only nine counties in California that provides full health services to undocumented persons. California law requires counties to be the health care provider of last resort only for its documented residents. Thirty-five counties only provide emergency medical services to undocumented adults.¹⁵
7. Some California counties, such as Alameda, Fresno and Yolo, eliminated Medi-Cal optional services (including dental, speech therapy, psychology, podiatry, optician, optometry, audiology, acupuncture and chiropractic) from their programs when the State stopped covering them in 2009.¹⁵
8. Of the 35 California counties with a Medically Indigent Service Program (MISP), 16 require a medical need for 'drop-in' treatment. San Mateo County is not among these 16 counties.¹⁵
9. The Board of Supervisors established the medically indigent income level in the County at 200% of the federal poverty level (\$44,100 for a family of four versus the federally mandated amount of \$22,050); therefore, services provided by the Medical Center exceed mandated state/federal requirements. All other Bay Area counties, except San Francisco, also set the medically indigent level at 200% of the federal level. San Francisco County sets theirs at 500%.
10. San Mateo Medical Center services provided to residents of San Mateo County were at a lower cost per adjusted patient day (APD) than nine comparable hospital facilities in California in 2006.
11. Redesign efforts undertaken by the Medical Center have resulted in organizational efficiencies and in savings to the general fund over the last two years.
12. The current federal health care legislation will have a significant impact on addressing the issue of health care for the medically uninsured and indigent. It is difficult to determine the actual impact at this time as its implementation in San Mateo County will not begin until 2014.

Conclusions

The 2009-2010 San Mateo County Civil Grand Jury concludes that:

1. There is a disconnect between the level of health services mandated by the Board of Supervisors and the funding available from the County and all other agencies.
2. San Mateo County offers health services above and beyond levels available in most California counties.

¹⁴ HMA Report to San Mateo County Board of Supervisors, 2008

¹⁵ California County Indigent Care Program Profiles, 2009

3. San Mateo County offers health services to resident populations, including undocumented persons, not covered in all California counties.
4. There are continuing and increasing demands on the Medical Center for the provision of health services from the unemployed, uninsured and residents below the poverty level.
5. In order to manage health care costs, other counties in California have made policy choices to limit the extent of services provided to indigent residents and undocumented persons. Other counties have also eliminated coverage of services formerly funded by Medi-Cal, including dental, speech therapy, psychology, podiatry, optician, optometry, audiology, acupuncture and chiropractic.
6. The Medical Center, clinics, and Burlingame Long Term Care have made and continue to make significant quantitative and qualitative improvements to the service delivery system and to undertake organizational efficiencies that reduce costs.
7. The care provided by San Mateo County Health Services is delivered in an effective manner and there appear to be few opportunities to significantly further improve efficient operations.

Recommendations

The 2009-2010 San Mateo County Civil Grand Jury commends the Board of Supervisors and the Medical Center Division of the County Health Services Department for their continuing efforts to improve efficiencies in the health care system in the County while identifying and implementing possible cost cutting measures.

The Grand Jury recommends that the Board of Supervisors:

1. Address the disparity among (a) the level of health services mandated, (b) its unrealized desire to decrease the Medical Center subsidy from the General Fund necessary to provide the current level of services, and (c) the resultant ballooning of the structural deficit.
2. Prior to the 2011-2012 budgetary cycle, consider taking the following actions:
 - a. Fund the current level of mandated health services by making reductions in other County operations,
 - b. Eliminate health services programs and/or serviced populations that are not mandated by, or fully funded by, federal or state monies, including but not limited to:
 - i. full service for undocumented persons,
 - ii. treatment for indigent persons without a medical need
 - iii. services dropped from Medi-Cal coverage in 2009.
 - c. Lower the medically indigent income level from \$44,100, which is 200% of the federal and state mandated level of \$22,050.
3. Work with state and federal legislators to ensure that San Mateo County receives the greatest potential funding possible from both the state and federal levels and that efforts are made to streamline regulations that increase costs or create obstacles to delivering exceptional health care to the residents of San Mateo County.
4. Ensure that the Medical Center continue its efforts to reduce costs and increase efficiency through the current redesign initiative.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: August 30, 2010
BOARD MEETING DATE: September 14, 2010
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: David S. Boesch, County Manager
SUBJECT: 2009-10 Grand Jury Response

RECOMMENDATION:

Accept this report containing the County's response to the following 2009-10 Grand Jury report: Funding Realities and the San Mateo County Medical Center

BACKGROUND / DISCUSSION:

The County is mandated to respond to the Grand Jury within 90 days from the date that reports are filed with the County Clerk and Elected Officials are mandated to respond within 60 days. To that end, attached is the County's response to the Grand Jury report on Funding Realities and the San Mateo County Medical Center, issued on June 24, 2010.

Acceptance of this report contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that all Grand Jury findings and recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

FISCAL IMPACT:

There is no Net County Cost associated with accepting this report.

APPROVED BY
BOARD OF SUPERVISORS

SEP 14 2010

CLERK OF BOARD
BY *Maria S. Peterson* DEPUTY

Funding Realities and the San Mateo County Medical Center

What follows is the County's response to the Grand Jury's findings and recommendations.

Grand Jury Finding Number 1. San Mateo County has had a structural deficit (expenses exceed revenues) since FY 2006-2007. This deficit is projected to be \$87 million for the 2009-10 fiscal year and is expected to increase to \$150 million in 2014-15.

Agree. The FY 2014-15 projected structural budget deficit has been reduced by \$36 million to a revised projection of \$114 million due to ongoing budget reductions in the FY 2010-11 budget.

Grand Jury Finding Number 2. The Medical Center offers patients an integrated continuum of care which provides for comprehensive medical services.

Agree.

Grand Jury Finding Number 3. The Board of Supervisors has recognized the increased demands for health services due to the loss of jobs, lost health insurance and the increase of residents living below the designated poverty level as a result of the recent recession.

Agree.

Grand Jury Finding Number 4. The clinics have a nine-month waiting list of 5,000 patients indicating the current demand for medical services is not being met.

Agree. As of June 1, 2010, the waiting list was approximately 5,000. As of August 2, 2010, efforts to reduce the waiting list have brought it down to 2,216 with an overall wait-time of 113 days.

Grand Jury Finding Number 5. San Mateo County is one of only two counties among California's 58 counties that provide long-term care to its elder indigent population.

Agree, in part. The vast majority of patients receiving long-term care services in California are insured by Medi-Cal, and therefore do not rely on counties for coverage of their long-term care expenses under section 17000 of the Welfare and Institutions Code. San Mateo County does not pay for long-term care in private facilities for elder uninsured residents, but the Medical Center serves uninsured patients in Burlingame Long-Term Care and in the long-term care unit within the

Medical Center's main campus. In the fiscal year ending June 30, 2010, the indigent population represented 1% of patient days at Burlingame Long-Term Care and 6% of patient days at the Medical Center's main campus long-term care unit.

The County does not have detailed knowledge of what other counties do regarding long-term care services for their indigent populations. It is, however, correct that very few counties operate long-term care institutions. Most long-term care is provided in private institutions.

Grand Jury Finding Number 6. San Mateo County is one of only nine counties in California that provides full health services to undocumented persons. California law requires counties to be the health care provider of last resort only for its documented residents. Thirty-five counties only provide emergency medical services to undocumented adults.

Disagree, in part. While we do not have detailed knowledge as to the practices of every other California county, a report by the California Healthcare Foundation published in October 2009, "*County Programs for the Medically Indigent in California*", indicates that 13 counties provide non-emergency care to undocumented residents.

Grand Jury Finding Number 7. Some California counties, such as Alameda, Fresno, and Yolo, eliminated Medi-Cal optional services (including dental, speech therapy, psychology, podiatry, optician, optometry, audiology, acupuncture and chiropractic) from their programs when the State stopped covering them in 2009.

Disagree. The State eliminated Medi-Cal optional services in 2009; counties can't determine what benefits are offered in the Medi-Cal program as the program is administered by the State.

In San Mateo County, services to Medi-Cal beneficiaries are provided by the Health Plan of San Mateo (HPSM) through a contract with the State. HPSM is a separate entity from the County, with its own governing board. When the State cut these benefits, HPSM determined that it was less expensive to provide some of these benefits than to provide the higher cost of care that might result from their elimination. For example, while the State decided to no longer pay for podiatry services, HPSM, as an efficiency measure and for quality reasons, decided to continue covering podiatry since diabetic patients would require more costly care without access to these services.

The scope of services included in San Mateo County's indigent care program is generally no more generous than the HPSM Medi-Cal program, including the areas of optional benefits that were adjusted in 2009. Some of the Medi-Cal optional benefits that were eliminated in 2009 continue to be covered when provided by a Federally Qualified Health Center (FQHC), a designation that San Mateo County

clinics have that is not shared by all other counties.

Grand Jury Finding Number 8. Of the 35 California counties with a Medically Indigent Service Program (MISP), 16 require a medical need for 'drop-in' treatment. San Mateo County is not among these 16 counties.

Disagree. The San Mateo County Financial Assistance policies for the medically indigent state that the indigent care program does "not cover outpatient procedures or admissions deemed not medically necessary." These policies can be found at: http://www.co.sanmateo.ca.us/bos.dir/BosAgendas/agendas2009/Agenda20091215/20091212_a_42.pdf. No health services are provided by San Mateo County to persons who do not have a medical need.

Grand Jury Finding Number 9. The Board of Supervisors established the medically indigent income level in the County at 200% of the federal poverty level (\$44,100 for a family of four versus the federally mandated amount of \$22,050); therefore; services provided by the Medical Center exceed mandated state/federal requirements. All other Bay Area counties, except San Francisco, also set the medically indigent level at 200% of the federal level. San Francisco County sets theirs at 500%.

Disagree, in part. Each California county is required to provide medical care to indigent persons residing in the county under California Welfare & Institutions Code Section 17000. There is no specific statewide minimum or maximum income level set in Section 17000. Each county sets its own eligibility criteria and service level for its indigent medical care program under section 17000. San Mateo County has established 200% of the Federal Poverty Level as the upper income limit for its Section 17000 program.

Recently, some counties have been sued over their Section 17000 eligibility criteria and service level rules, with the courts holding that counties must take into account the actual financial ability of residents to obtain subsistence medical care, notwithstanding an individual's income level. For example, in *Alford vs. County of San Diego*, the California Court of Appeal held that San Diego County's flat income cap eligibility standard for its indigent medical care program that did not consider individuals' ability to pay for all or a portion of their medical care unlawful.

Therefore, in considering eligibility standards, the County must take into account the cost of living in this area. City-Data lists the Cost of Living Index for San Mateo County in December 2009 as 170.8, compared to a national average of 100; this places the local cost of living as "very high."

Grand Jury Finding Number 10. San Mateo Medical Center services provided to residents of San Mateo County were at a lower cost per adjusted patient day (APD) than nine comparable hospital facilities in California in 2006.

Agree.

Grand Jury Finding Number 11. Redesign efforts undertaken by the Medical Center have resulted in organizational efficiencies and in savings to the general fund over the last two years.

Agree.

Grand Jury Finding Number 12. The current federal health care legislation will have a significant impact on addressing the issue of health care for the medically uninsured and indigent. It is difficult to determine the actual impact at this time as its implementation in San Mateo County will not begin until 2014.

Agree.

Recommendations:

The 2009-2010 San Mateo Civil Grand Jury commends the Board of Supervisors and the Medical Center Division of the County Health Services Department for their continuing efforts to improve efficiencies in the health care system in the County while identifying and implementing possible cost cutting measures.

The Grand Jury recommends that the Board of Supervisors:

- 1. Address the disparity among (a) the level of health care services mandated, (b) its unrealized desire to decrease the Medical Center subsidy from the General Fund necessary to provide the current level of services, and (c) the resultant ballooning of the structural deficit.**

Response:

Agree. The County is developing a revised methodology in how it allocates general purpose revenues to operating departments. The County will work with the Health System, as well as all other departments, to adjust service levels in line with available resources.

The County has experienced growing healthcare service demands as a result of the continuing economic downturn. The loss of health insurance coverage that has accompanied the loss of jobs has contributed to increased enrollment in the County's indigent care program. Federal healthcare reform will result in expanded health insurance coverage by 2014, which will reduce the number of uninsured residents reliant on the healthcare safety net.

2. **Prior to the 2011-2012 budgetary cycle, consider taking the following actions:**
 - a. **Fund the current level of mandated health services by making reductions in other County operations,**
 - b. **Eliminate health services programs and/or serviced populations that are not mandated by, or fully funded by, federal or state monies, including but not limited to:**
 - i. **full service for undocumented persons,**
 - ii. **treatment for indigent persons without a medical need**
 - iii. **services dropped from Medi-Cal coverage in 2009**
 - c. **Lower the medically indigent income level from \$44,100, which is 200% of the federal and state mandated level of \$22,050.**

Response:

Agree, in part. The County is working with the Health System, as with other departments, to develop a sustainable level of service, achieving a balanced budget as part of the County's five-year structural budget deficit elimination plan. Efforts include assessing current services across all operating departments to determine core, mandated programs and identify non-essential services as well as mandated services provided in excess of minimum service levels (overmatch).

- 3) **Work with state and federal legislators to ensure that San Mateo County receives the greatest potential funding possible from both the state and federal levels and that efforts are made to streamline regulations that increase costs or create obstacles to delivering exceptional health care to the residents of San Mateo County.**

Response:

Agree. San Mateo County's Legislative Agenda sets as one of its objectives appropriate state and federal funding for health care services.

- 4) **Ensure that the Medical Center continue its efforts to reduce costs and increase efficiency through current redesign initiative.**

Response:

Agree. The Health System continues to seek to reduce costs and increase efficiency in all divisions. Most recently, the Medical Center has been able to reduce the primary care new patient appointment waiting list. In addition, the Medical Center has won a two-year grant to implement the Seamless Care Initiative, which uses the Toyota LEAN process improvement methodology and other proven efficiency tools to increase efficiency in all of the Medical Center clinics.