

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

April 23, 2024

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

2023-24 Budget Adjustments for Purchase of Unbudgeted Hospital Expenses

RECOMMENDATION(S)

Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments, as detailed in the Financial Impact section, to Arrowhead Regional Medical Center's 2023-24 budget to fund increased costs in pharmaceuticals, purchased medical services, physician costs, and medical supplies (Four votes required).

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The recommended budget adjustments of \$21,000,000, as reflected in the below table, are needed to provide Arrowhead Regional Medical Center (ARMC) with sufficient appropriation authority in fiscal year 2023-24 to fund increased costs in pharmaceuticals, purchased medical services, physician costs and medical supplies. These costs will be funded by salary savings from vacant positions, additional revenue from the Global Payment Program and Quest Settlement.

SAP Fund Center	Commitment Item/GL	Description	Action	Amount
9110004200	51001010	Regular Salary	Decrease	\$5,000,000
9187114200	52002443	Enterprise Fund Operations Contract	Increase	\$7,000,000
9177104200	52003800	Pharmaceuticals	Increase	\$6,500,000
9175004200	52006100	Purchased Medical Services	Increase	\$2,500,000
9110004200	52004100	Other Medical Supplies	Increase	\$5,000,000
9110004200	40449610	Arrowhead Regional Medical Center - Global Payment Program	Increase	\$13,000,000
9110004200	40809970	Other Revenue	Increase	\$3,000,000

BACKGROUND INFORMATION

2023-24 Budget Adjustments for Purchase of Unbudgeted Hospital Expenses
April 23, 2024

Approval of the Recommendation will allow ARMC to fund increased costs in pharmaceuticals, purchased medical services, physician costs, and medical supplies. The need for additional funding for pharmaceutical is due to an unexpected increase in Oncology patients that required additional medications; in medical services due to an increase in laboratory expenditures from increased volume of lab orders; and in physician and medical supply costs primarily due to increased costs from inflation.

The increased costs will be funded by salary savings from vacant positions and additional revenue from the Global Payment Program as the department's initial submission for calendar year 2022 only allowed for 75% of the total pool of money to be released to ARMC, after reviewing the data ARMC was able to get to 100% of the total allowable dollars from the State. In addition, ARMC will receive additional revenue from the Quest Settlement, which was approved by the Board of Supervisors on March 12, 2024.

ARMC is a 456-bed university-affiliated teaching hospital licensed by the California Department of Public Health, operated by the County, and governed by the Board of Supervisors. ARMC delivers a large spectrum of essential services including emergency medicine, family medicine, internal medicine, neurology, obstetrics and gynecology, psychiatry, and ophthalmology. ARMC is composed of the main hospital, a behavioral health center, five primary care centers, and 40 subspecialty clinics.

ARMC recommends approval of these appropriation adjustments because it will allow ARMC to operate in a fiscally responsible and business-like manner, continue to provide for the health and safety of county residents, and help continue providing critical services.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on March 28, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, General Accounting Manager, 382-7022) on, March 29, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 8, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on April 8, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer 387-5423) on April 8, 2024.

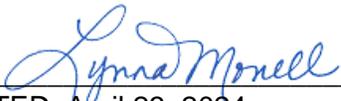
2023-24 Budget Adjustments for Purchase of Unbudgeted Hospital Expenses
April 23, 2024

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: April 23, 2024



cc: File - Medical Center
CCM 04/26/2024