

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

**May 7, 2024**

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center,**

**SUBJECT**

**Medi-Cal Graduate Medical Education Payment Program Provider Participation Agreement**

**RECOMMENDATION(S)**

Approve the Medi-Cal Graduate Medical Education Payment Program Provider Participation **Agreement No. 24-351** with the California Department of Health Care Services, for the provision of reimbursements at an estimated revenue of \$54,000,000, for direct and indirect costs associated with the operations of the Graduate Medical Education Program at Arrowhead Regional Medical Center, with the agreement term of July 1, 2024 through June 30, 2027. (Presenter: William L. Gilbert, Director, 580-6150)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**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 total estimated reimbursement of \$54,000,000 is based on expenditures for Arrowhead Regional Medical Center's (ARMC) Graduate Medical Education (GME) Programs, which total \$81,000,000. The reimbursement shall be funded by the California Department of Health Care Services (DHCS) through Medi-Cal in the amount of \$16,000,000 for 2024-25, \$18,000,000 for 2025-26, and \$20,000,000 for 2026-27. DHCS requires the County to provide a local match of \$27,000,000.

To meet the DHCS match requirement, \$27,000,000 in intergovernmental transfers will be advanced from the County's Health Administration Budget Unit fund. This is used to guarantee the availability of the non-federal match funds for expenditures related to ARMC's GME program. Once the non-federal share portion is received from DHCS, ARMC will remit these funds to the County's Health Administration Budget Unit. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2024-25 recommended budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of this item will allow ARMC to receive reimbursements from DHCS in order to recover the Medi-Cal Managed Care Program Share of direct and indirect costs for the GME Programs. GME Programs are medical education programs that are hospital-based training pursued after receipt of Doctor of Medicine (MD) or Doctor of Osteopathic Medicine (DO) degrees. Individuals in GME programs enter specific residency programs to gain further education and experience in

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specialized fields of medicine, such as internal medicine, emergency medicine, and general surgery. Completion of residency programs leads to state licensure and board certification.

Effective January 1, 2017, under California law, the State makes GME payments to designated public hospitals (DPHs) using the methodologies determined by DHCS, in recognition of the Medi-Cal Managed Care share of direct and indirect GME costs. Payments are intended to help cover costs incurred by a DPH for medical residents and teaching faculty. As a DPH, ARMC will receive payments from DHCS under two categories: 1) direct GME costs, which are the direct costs of operating a residency program, such as resident stipends and administrative costs, and 2) indirect GME costs, which are associated with residency programs and the higher costs that the presence of training programs may generate.

ARMC recommends approval of this agreement as it will allow ARMC to continue to support the training and certification of physicians for the provision of health care services to the residents of San Bernardino County.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on March 12, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 15, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on April 17, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer 387-5423) on April 18, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: May 7, 2024



cc: ARMC - Gilbert w/agree for sign  
Contractor - c/o ARMC w/agree  
File - w/agree  
CCM 05/8/2024