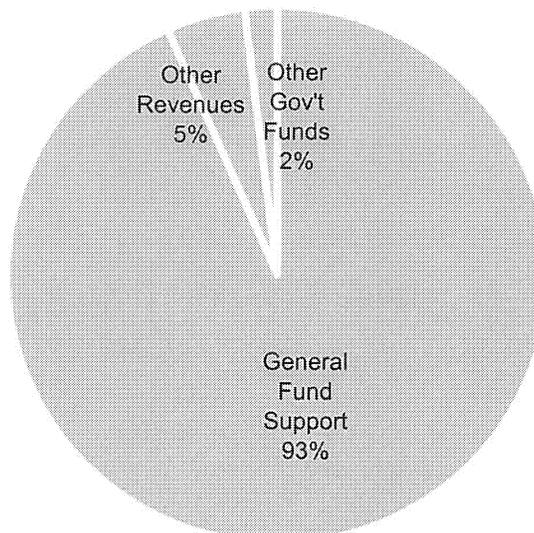


PURPOSE

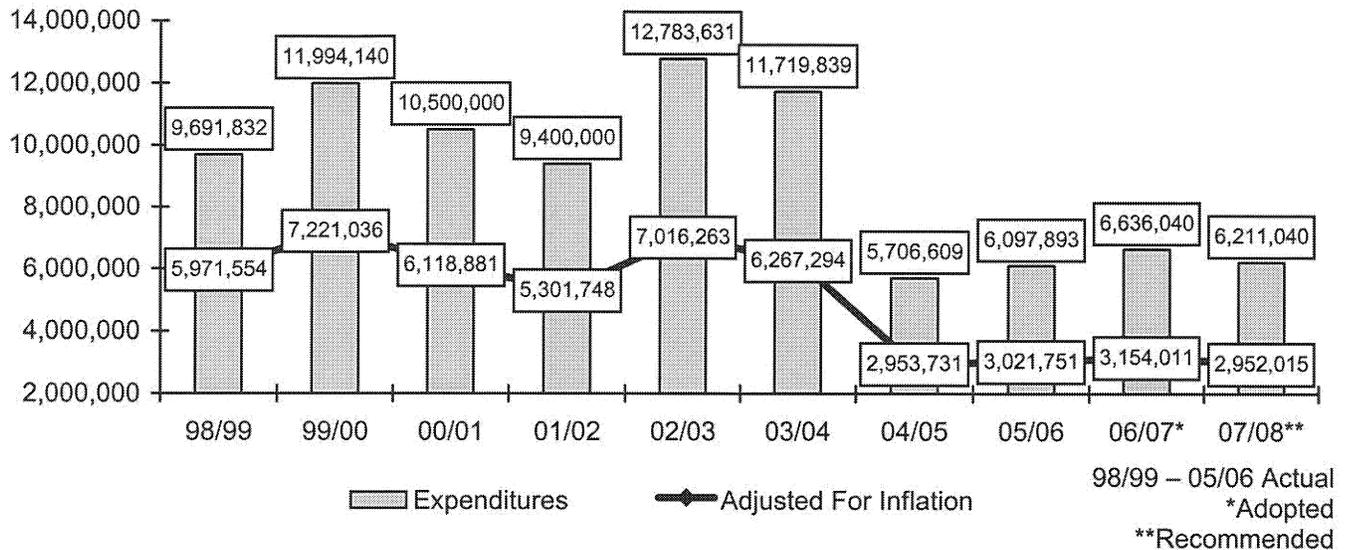
To provide funds for uncollectible charges to indigent patients and grant payments to the Community Health Center of the Central Coast.

Financial Summary	2005-06	2006-07	2007-08	2007-08	2007-08
	Actual	Actual	Requested	Recommended	Adopted
Revenues	\$ 578,980	\$ 590,510	\$ 409,436	\$ 409,436	\$ 409,436
Salary and Benefits	586,749	539,351	242,495	242,495	242,495
Services and Supplies	4,989,104	5,180,789	5,445,545	5,445,545	5,445,545
Other Charges	522,040	522,040	523,000	523,000	523,000
**Gross Expenditures	\$ 6,097,893	\$ 6,242,180	\$ 6,211,040	\$ 6,211,040	\$ 6,211,040
General Fund Support (G.F.S.)	\$ 5,518,913	\$ 5,651,670	\$ 5,801,604	\$ 5,801,604	\$ 5,801,604

Source of Funds



10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

The Medical Assistance Program budget historically contained the General Fund contribution to the County hospital and outpatient clinics. In 2003, the County closed General Hospital and, in 2004, transferred operation of the outpatient primary care clinics to the Community Health Centers of the Central Coast (CHC).

This budget now includes funding provided to CHC for clinic and pharmacy operations as outlined in the contracts between the County and CHC. Those contracts specify that annual adjustments to the payments made by the County will be based on consumer and pharmaceutical price indices. For FY 2007-08, the clinic grant will increase by about \$116,000, for a total of approximately \$3.9 million. The pharmacy grant will increase by about \$45,000, for a total of approximately \$1.4 million.

In the fall of 2005, the former Health Agency Director presented the Board with a report on the first year of operations under our contract with CHC. A similar report was developed by the current Health Agency Director at the conclusion of the second year of our contract. The Health Agency’s analyses indicate that CHC’s financial position has significantly improved as a result of contracting with the County. Health Agency staff continue to hold discussions with CHC about options for expanding services as a result of this favorable financial status.

This budget also includes the General Fund contribution to the County Medical Services Program (fund center 350) to pay for inpatient hospital services previously provided at General Hospital as well as payments to physician specialists who treat County Medical Services Program (CMSP) patients. For FY 2007-08, the General Fund contribution for the above referenced services is anticipated to remain at the FY 2006-07 amount of \$523,000. No increase is needed due to additional revenue sources available for the CMSP program.

In FY 2005-06 and 2006-07, this budget included funding for water, sewer, electricity and other utility expenses incurred while the former hospital was being remodeled. The remodel is now complete and County Health Agency departments moving to the remodeled facility will assume responsibility for these payments beginning in FY 2007-08. The money those departments were previously spending on utility expenses in leased facilities will be redirected to pay these costs.

The budget also includes residual worker’s compensation payments related to claims filed by County employees who worked at the County’s hospital and clinics. For FY 2007-08, the estimated expense for this is \$243,000, which is about \$300,000 lower than the amount budgeted for FY 2006-07. This financial obligation is expected to decline and ultimately cease within the next two years.

Recommended revenues reflect rent payments from CHC for County-owned facilities CHC leases in San Luis Obispo and Atascadero. In addition, the state has authorized the County to use a portion – about \$120,000 – of California Healthcare for Indigent Program (CHIP) funds to offset the County’s contract with CHC. Those revenues are also included in this fund center.

BOARD ADOPTED CHANGES

None.