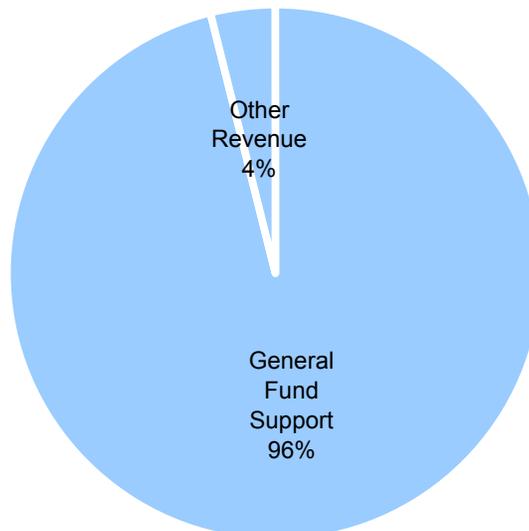


PURPOSE

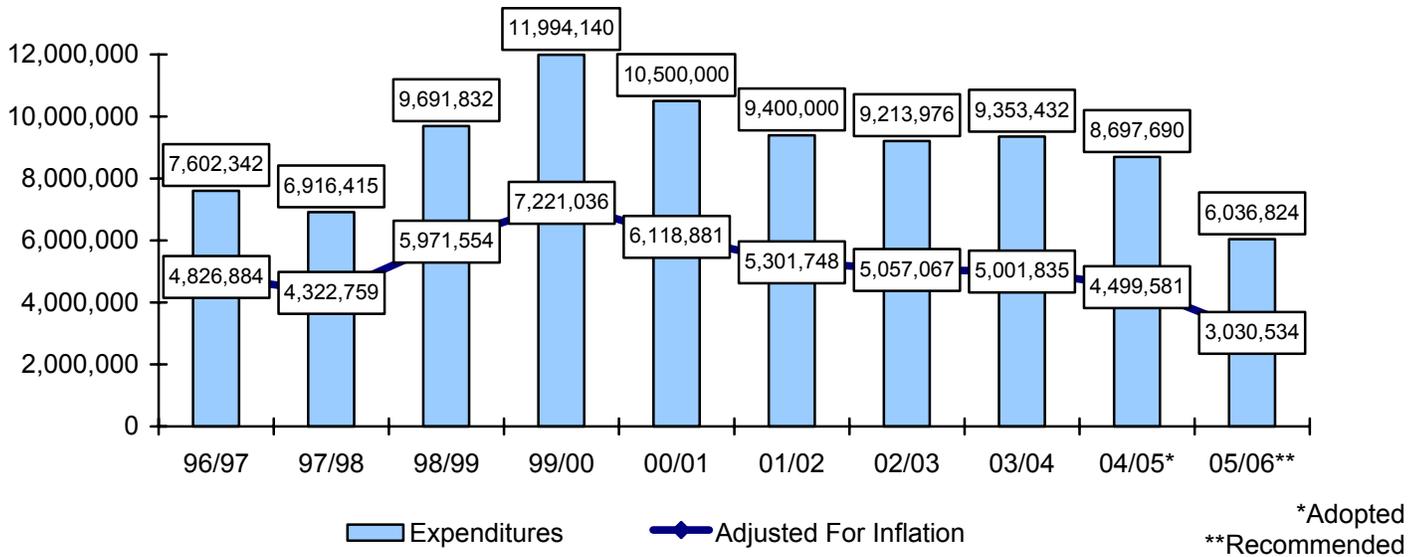
To provide funds for uncollectible charges to indigent patients and grant payments to the Community Health Center of the Central Coast.

<u>Financial Summary</u>	<u>2003-04</u> <u>Actual</u>	<u>2004-05</u> <u>Actual</u>	<u>2005-06</u> <u>Requested</u>	<u>2005-06</u> <u>Recommended</u>	<u>2005-06</u> <u>Adopted</u>
Revenues	\$ 0	\$ 1,019,058	\$ 236,760	\$ 236,760	\$ 236,760
Salary and Benefits	0	0	0	0	0
Services and Supplies	543,975	4,377,177	5,514,784	5,514,784	5,514,784
Other Charges	<u>11,175,864</u>	<u>1,329,432</u>	<u>522,040</u>	<u>522,040</u>	<u>522,040</u>
**Gross Expenditures	\$ 11,719,839	\$ 5,706,609	\$ 6,036,824	\$ 6,036,824	\$ 6,036,824
General Fund Support (G.F.S.)	<u>\$ 11,719,839</u>	<u>\$ 4,687,551</u>	<u>\$ 5,800,064</u>	<u>\$ 5,800,064</u>	<u>\$ 5,800,064</u>

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 (or fund center) now reflects the funding provided to CHC for operation of outpatient clinics and various ancillary services, including a pharmacy in San Luis Obispo and Atascadero. Consistent with the Board approved contract with CHC, the FY 2005-06 payments to CHC are based on the consumer price index (not to exceed 3%) and the producer price index for pharmaceuticals (not to exceed 7.5%).

This fund center also includes the General Fund money transferred to the County Medical Services Program to pay for inpatient hospital services previously provided at General Hospital as well as increased payments to physician specialists who treat County Medical Service Program patients. The Board authorized the latter action as part of last year's decision to contract with CHC.

For FY 2005-06, this fund center will also include money to:

- 1) Reimburse General Services for maintenance staff who work at the former hospital. This facility is largely vacant now. Numerous infrastructure upgrades and remodeling projects are underway so that various divisions of the Health Agency can be moved from leased space into the former hospital in FY 2006-07. However, until General Services has a "client department" to bill for these services, we are absorbing these costs in the Medical Assistance Program budget. When the facility is occupied in 2006-07, the departments will be able to redirect money currently paid to maintain their leased space to offset these costs.
- 2) Pay for water, sewer, electricity, gas and other utility costs incurred while the former hospital is being remodeled. The departments that eventually occupy the building will redirect money they are currently paying for utilities in their lease offices to pay these utility costs.

Recommended revenues reflect rent payments from CHC for County-owned facilities they lease in San Luis Obispo and Atascadero. The total amount of rent revenue is about \$100,000 less than projected last year as CHC requested to move out of the space they occupied in the former hospital and, instead, occupy the Annex behind the former hospital. This change had the effect of reducing the overall amount of square feet leased by CHC and the corresponding amount of rent they pay. While this represents a revenue loss to this fund center, it will free up more space than initially projected in the former hospital, thereby allowing us to relocate more Health Agency programs to this facility.

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The recommended level of General Fund Support for this budget is 4% - or about \$300,000 - lower than the FY 2004-05 adopted budget. This is due to the one-time costs included in FY 2004-05 related to the transition with CHC. Assuming the former hospital is reoccupied on July 1, 2006, an additional \$300,000 of expense will be eliminated from the Medical Assistance Program budget.

BOARD ADOPTED CHANGES

None.