

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Health Agency Health Systems Division	(2) MEETING DATE August 22, 2006	(3) CONTACT/PHONE Kimberly Miramon (805) 781-4929	
(4) SUBJECT Request to approve the annual renewal application for the California Healthcare for Indigents Program (CHIP) for FY 2006/07.			
(5) SUMMARY OF REQUEST The California Healthcare for Indigents Program (CHIP) was established in FY 1989/90 with the passage of Proposition 99 and AB 75. Approval of this application will result in the County receiving estimated CHIP funds of \$ 188,694 for FY 2006/07. CHIP funds are appropriated in Fund Center 352—Other Indigents Health. These monies will enable the County to: <ul style="list-style-type: none"> • Partially reimburse private hospitals for uncompensated care; • Partially reimburse providers who serve the Child Health and Disability Prevention Referral and Follow-up Program (CHDP-RFU) population for those CHDP-RFU clients to receive necessary medical and dental treatment; • Reimburse the Medical Assistance Program (BU 183) to offset the cost of the Community Health Centers (CHC) contract by partially funding the County's payment to CHC. CHIP is a component of the health care system in San Luis Obispo County to ensure that the County meets its obligations for the provision of medical services to the indigent population.			
(6) RECOMMENDED ACTION It is recommended that the Board take the following actions: (1) approve the annual renewal application (Clerk's File) to the State Department of Health Services for the California Healthcare for Indigents Program (CHIP) for FY 2006/07 and (2) authorize the Health Agency Director to execute the corresponding Standard Agreement and Description of Proposed Expenditures Report for the CHIP allocation.			
(7) FUNDING SOURCE(S) CHIP	(8) CURRENT YEAR COST \$ 188,694	(9) ANNUAL COST \$ 188,694	(10) BUDGETED? XX YES <input type="checkbox"/> N/A NO
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): This Application has been reviewed and approved by County Counsel as to form and legal effect.			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? XNo <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____			
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th, <input checked="" type="checkbox"/> All	(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(15) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)	(16) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) xxContracts (Orig(2) + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) N/A		
(17) NEED EXTRA EXECUTED COPIES? xxNumber: _____1_____ xxAttached N/A	(18) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted 4/5th's Vote Required xxN/A		
(19) ADMINISTRATIVE OFFICE REVIEW <div style="text-align: right; font-family: cursive; font-size: 1.2em;"> ok Dan Bulski 8-22-06 B-8 </div>			



SAN LUIS OBISPO COUNTY HEALTH AGENCY

2191 Johnson Avenue • P.O. Box 1489
San Luis Obispo, California 93406
805-781-5520 • FAX 805-781-1048

Jeff Hamm
Health Agency Director

TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director *J Hamm*

DATE: August 22, 2006

SUBJECT: Request to approve the annual renewal application for the FY 2006/07 California Healthcare for Indigents Program (CHIP)

Recommendation

It is recommended that the Board take the following actions: (1) approve the annual renewal application (Clerk's File) with the State Department of Health Services (DHS) for California Healthcare for Indigents Program (CHIP) funding for FY 2006/07, and (2) authorize the Health Agency Director to execute the corresponding Standard Agreement and Description of Proposed Expenditures Report for the FY 2006/07 CHIP allocation.

Discussion

The California Healthcare for Indigents Program (CHIP) was established in FY 1989/90 with the passage of Proposition 99 and AB 75. This application is the first step for the County to secure the FY 2006/07 CHIP funding. Once the application is approved by DHS, a Standard Agreement will ensue. The Health Agency Director will execute the corresponding Agreement and the required reports will be submitted, which will enable the State to release the funds to the County. This application will result in estimated CHIP funds of \$188,694 for FY 2006/07, which is reflected in the Final 2006-07 Budget in Fund Center 352—Other Indigents Health.

These funds will enable the County to:

- Reimburse private hospitals for uncompensated care;
- Reimburse providers who serve the Child Health and Disability Prevention Referral and Follow-up Program (CHDP-RFU) population for those CHDP-RFU clients to receive necessary medical and dental treatment;
- Reimburse the Medical Assistance Program (Fund Center 183) to offset the cost of the Community Health Centers (CHC) contract by partially funding the County's payment to CHC.

CHIP is a component of the health care system in San Luis Obispo County to ensure that the County meets its obligations for the provision of medical services to the indigent and low income population.

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Other Agency Involvement/Impact

The application has been reviewed and approved by County Counsel as to form and legal effect.

Financial Considerations

The Final Budget for FY 2006/07 includes revenue and expense in the amount of \$188,694 for Fund Center 352—Other Indigents Health, which are allocated by category as follows:

County Hospital Account	
(\$124,461 to contribute to the County’s payment to CHC)	\$138,290
Non-County Hospital Services:	
Discretionary Funds (Based on actual claims):	22,254
Formula Funds:	22,254
(Allocation based on OSHPD data to partially compensate local hospitals for charity care)	
Emergency Medical Services Physician Payments:	2,948
CHDP-RFU:	<u>2,948</u>
Total	\$188,694

CHIP is 100% State-funded. Approval of this application involves no General Fund support.

The allocation for FY 2004-05 was \$183,198. The allocation for FY 2005-06 was originally established at \$169,388. However, the 2005-06 allocation received a one-time augmentation in the amount of \$182,349 from the State’s Cigarette and Tobacco Surtax Fund, bringing the total allocation for last year to just over \$350,000. The 2006-07 amount of \$188,694 is more typical of what this County can expect in terms of ongoing State funding for this program.

Results

Receipt of these CHIP funds allows the County to pass through a very small offset to the charity care the hospitals and physicians in this County provide and the bad debt they incur. In 2003, the County’s private hospitals reported to the Office of Statewide Health Planning and Development (OSHPD) that they collectively provided \$30,180,279 in services that fell into either the bad debt or charity care categories.

The CHIP program assists with obtaining the overall goal of “improving health and reducing suffering by arranging for services to promptly diagnose and treat medical conditions,” which contributes to the desired Countywide result of a “Healthy Community.”

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