



24-5631

DATE: May 7, 2024 (Item No. {{item.number}})

TO: Board of Supervisors

FROM: Paul Lorenz, Chief Executive Officer, Santa Clara Valley Healthcare
Vinod Sharma, Chief Financial Officer, Santa Clara Valley Healthcare

SUBJECT: Updates to Inpatient, Facility, Ancillary, and Professional Services Rates

RECOMMENDED ACTION

Adopt Resolution to increase inpatient, facility, ancillary, and professional services rates for Santa Clara Valley Healthcare, effective June 1, 2024.

FISCAL IMPLICATIONS

Approval of the recommended action would not require modification to the Fiscal Year (FY) 2023-2024 Board approved budget for Santa Clara Valley Healthcare (SCVH).

The recommended action would increase ancillary, professional services, and facility charges, as detailed in Attachment A, and increase inpatient room rates, as reflected in Attachment B to the Resolution for SCVH. These adjustments would result in a projected overall average rate increase of 5.00%. The FY 2024-2025 SCVH Recommended Budget has accounted for the potential gross revenue impact.

REASONS FOR RECOMMENDATION AND BACKGROUND

Santa Clara Valley Healthcare periodically conducts a review and adjustment of its charges, considering operational expenses and third-party reimbursement. Charge adjustments help to offset annual cost escalation for those commercial contracts where reimbursement is paid as a percentage of billed charges.

County Ordinance Code Section A18-5 provides that inpatient hospital room rates be established by resolution of the Board of Supervisors. On June 28, 2022, the Board approved new rates for SCVH inpatient, facility, ancillary, and professional services that became effective on July 1, 2022. This transmittal recommends additional charge adjustments to reflect increased costs of delivering care.

SCVH continues its commitment to supporting low-income patients through existing programs that mitigate the impact of these increases on vulnerable populations. SCVH is

focused on maintaining a balance between financial sustainability and the accessibility of quality healthcare services for all.

CHILD IMPACT

The recommended action will have no/neutral impact on children or youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve these actions would prevent SCVH from increasing reimbursement for its commercial insurance contracts.

STEPS FOLLOWING APPROVAL

The Clerk of the Board will send a notification to Vinod Sharma, Chief Financial Officer, County of Santa Clara Health System; George Hurrell, Director of Business Development and Managed Care Contracts, SCVH; and Mark Mena, Revenue Cycle Director, SCVH.

ATTACHMENTS:

- Signed Resolution
- Attachment A Professional, Facility, and Ancillary Rate Changes for SCVH Effective June 1, 2024
- Attachment B Inpatient Room Rates for SCVH Effective June 1, 2024