



## News Release

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### **San Mateo Medical Center Previews Measures to Balance FY08-09 Budget**

*San Mateo, Calif.* – San Mateo Medical Center is proposing several steps to balance its budget for the upcoming fiscal year, which begins July 1. The budget measures include ways to create new revenue and reduce costs, while improving service to the community. The proposed budget of \$244 million will be presented to the Board of Supervisors in late June. This amount represents an increase of \$12 million or 5.2 percent over the current fiscal year, compared to recent growth in consumers' insurance premiums of about 8 percent.

“Our goal in developing the 2008-2009 budget was to continue providing excellent, high quality healthcare to our community, while ensuring the future financial health of the Medical Center,” said Dr. Sang-ick Chang, the Medical Center’s chief executive officer.

Like many other health care institutions, the Medical Center is facing fast-rising costs and federal reimbursements are not keeping pace. To address this challenge, the County launched the Health System Redesign Initiative last year to create a more sustainable approach to healthcare delivery. The goals of the initiative are to improve the County’s financial position as a healthcare provider, and to improve access to healthcare and health outcomes for people served by the County. The County Manager, the Medical Center, the Health Department, and the Health Plan of San Mateo are working together to leverage each organization’s strengths and to lead the creation with private healthcare

organizations of a Community Health Network for the Underserved. Early accomplishments from the Redesign Initiative, included in the budget, are:

- Increasing the capacity of its Senior Care Center to serve an additional 2,000 patients. The Senior Care Center currently cares for 3,000 patients.
- Further expanding pediatric services for children, by offering additional office hours during the evenings and on weekends. This initiative began in the current fiscal year.
- Improving internal business processes to enroll as many eligible patients as possible into state or federal programs such as Medi-Cal and Medicare, and improving billing and collection rates.

Other key aspects of the proposed budget include:

- Installing a “cook-chill” system to prepare meals more efficiently. This system is an industry standard and will enable the Medical Center to provide the same level of food service with fewer staff.
- Outsourcing its transportation service. With this move, patients and staff will enjoy more consistent and reliable service while the Medical Center will reduce costs. Currently, the Medical Center employs drivers to transport patients and materials.
- Reducing labor expense. A total of 70 positions will be held vacant and 19 positions will be eliminated out of the Medical Center’s 1,350 staff members. The positions to be eliminated are in Food & Nutrition Services and Transportation Services, with the exception of three management positions. Seventeen of these positions are currently filled. The County’s Human Resources Department will be making every effort to find positions for the affected employees within the County and will work closely with them through the transition process.
- Maintaining the County contribution at the current level of \$72 million.

“With rising healthcare costs such as supplies and labor, and ongoing reductions in funding sources such as Medi-Cal, it becomes increasingly challenging for us to balance our budget,” Dr. Chang said. “Despite the challenges, we remain focused on providing excellent healthcare to our community.”

*About San Mateo Medical Center* – San Mateo Medical Center is a County system of healthcare providing inpatient services, outpatient services, and long-term care. These services are provided through an acute care hospital, skilled nursing facility and 11 clinics located across San Mateo County. The mission of San Mateo Medical Center is to serve the healthcare needs of all residents of San Mateo County, with an emphasis on education and prevention, and without regard for ability to pay.

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