



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 25-076

June 10, 2025

Introduced: 5/12/2025

Current Status: Agenda Ready

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Matter Type: BoS Resolution

Adopt a Resolution amending Article I.d. of the Monterey County Master Fee Resolution effective upon adoption of the resolution, to adjust fees related to the Health Department's Clinic Services Bureau (Clinic Services) pursuant to the attached Fee Schedule.

RECOMMENDATIONS:

It is recommended that the County of Monterey Board of Supervisors:

Adopt a Resolution amending Article I.d. of the Monterey County Master Fee Resolution effective upon adoption of the resolution, to adjust fees related to the Health Department's Clinic Services Bureau (Clinic Services) pursuant to the attached Fee Schedule.

SUMMARY/DISCUSSION:

The County of Monterey, on behalf of its Health Department Clinic Services Bureau (Clinic Services) operates twelve (12) clinics that are designated as Federally Qualified Health Centers (FQHC). As an FQHC, Clinic Services is required, by the Health Resources and Services Administration (HRSA), to periodically review its fee schedule to ensure that it accurately reflects costs of services rendered and that fees are consistent with local prevailing rates or charges. In compliance with the requirements, Clinic Services has been reviewing and adjusting its fee schedules annually.

Clinic Services engaged the services of Healthcare Management Strategies, LLC, to assist with the analysis and fee adjustment proposal for the FY 2025-26 Fee Schedule. The proposed adjustments were based on a review of Clinic Services' average charge per visit versus that of comparable local clinics, along with calculated average cost per visit, to assess alignment with locally prevailing rates and the extent to which charges supported the cost of operation.

The proposed FY 2025-26 Fee Schedule reflects an average increase of 25% to fees compared to the FY 2024-25 Fee Schedule. The recommended increase is based on the need to close the gap between average cost per visit and charges per visit so that charges more adequately cover the reasonable costs of operation and are more consistent with local clinic prevailing rates.

Additionally, Clinic Services is mandated by HRSA to offer Sliding Fee Discount Program (SFDP) for patients whose income is at or below 200% of the Federal Poverty Level (FPL). For FY 2025-26, Clinic Services proposes no change to the SFDP discount schedule. Continuing the current level of the SFDP discount schedule would keep services affordable for patients as well as comply with HRSA's requirements of reflecting costs of services in charges and increased efforts in maximizing revenue.

The proposed fees reflect no more than the actual, reasonable, fully loaded costs of the services

provided to the payor/applicant. By definition, these service charges are not a 'tax' and are exempt from voter approval pursuant to Article XIII C section 1(e)(1)-(2) of the California Constitution ('Prop. 26': charge imposed for specific benefit conferred/ privilege/ service or product provided or granted to the payor).

This work supports the County of Monterey Health Department 2025 - 2028 Strategic Plan Goal: 4. Deepen Organizational Effectiveness and Support Long-Term Sustainability.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has approved as to legal form.

FINANCING:

The recommended fee adjustments are intended to recapture service costs with considerations of operation cost, payor reimbursements and prevailing local charges, without generating additional revenue. It is to assure that the programs remain revenue neutral with no additional impact on the County's General Fund Contribution to the Department. The fee increase is also intended to stay compliant with HRSA's requirements. FQHC reimbursement by Medi-Cal and Medicare is Perspective Payment System (PPS), which will not be affected by the proposed fee schedule. Similarly, Clinic Services does not expect significant increase in revenue from patients resulting from the fee increases.

Currently, all patients visiting Clinic Services clinics are screened for eligibility into State and Federal programs to ensure that all patients eligible for a third-party payor source are enrolled in appropriate programs. All patients can apply for the SFDP and eligible for the discounts if they are under the 200% Federal Poverty Level, as approved by FQHC regulations.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐ Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☐ Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒ Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☐ Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐ Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

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Approved by: Elsa Mendoza Jimenez, Director of Health Services, 755-4526

Attachments:

Board Report

Proposed Board Resolution

Clinic Services 2025 Proposed Article I.d. Fee Schedule and Analysis Methodology

Sliding Scale Discount Chart, Effective Upon Adoption of the Resolution