

County of Santa Clara

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Megan Doyle
Clerk of the Board

September 4, 2015

FILED

SEP 11 2015

DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY BRITNEY HUEBIG DEPUTY

The Honorable Rise Jones Pichon
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

RE: Grand Jury Report: Santa Clara Valley Medical Center Continuity Update on Performance

Dear Judge Pichon:

At the August 25, 2015 meeting of the County of Santa Clara Board of Supervisors (Item No. 25), the Board adopted the response from the County Administration to the Final Grand Jury Report and recommendations relating to Santa Clara Valley Medical Center Continuity Update on Performance.

As directed by the Board of Supervisors and on behalf of the Board President, our office is forwarding to you the enclosed certified copy of the response to the Final Grand Jury Report. This response constitutes the response of the Board of Supervisors, consistent with provisions of California Penal Section 933(c).

If there are any questions concerning this issue, please contact our office at 299-5001 or by email at michele.holscher@cob.sccgov.org.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Michele Holscher".

Michele Holscher
Deputy Clerk, Board of Supervisors
County of Santa Clara

Enclosures




Hospital Administration
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San Jose, California 95128
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Better Health for All

July 16, 2015

To: Gary Graves, Chief Operating Officer
County of Santa Clara

From: Paul E. Lorenz, Chief Executive Officer
Santa Clara Valley Medical Center 

Cc: Rene Santiago, Deputy County Executive, HHS

Subject: Response to 2014-15 Santa Clara County Civil Grand Jury Report

Approved: 08/25/2015

The Santa Clara County Civil Grand Jury conducted a follow-up investigation to determine the status of the recommendations from the 2011-2012 Civil Grand Jury report on SCVMC. The following is SCVMC's response to the Findings and Recommendations.

Finding 1

The County does not have a written policy requiring the justification of an annual subsidy from Santa Clara County's General Fund to the Santa Clara Valley Medical Center Enterprise Fund.

Recommendation 1:

The County should have a written policy to require justification for the annual subsidy from Santa Clara County's General Fund to the Santa Clara Valley Medical Center Enterprise Fund.

SCVMC Response:

SCVMC concurs in part. The County Executive does have a written process and methodology, approved by the Board of Supervisors, as provided for in the memo dated January 3, 2001, Valley Medical Center (VMC) General Fund Subsidy Target Methodology. The County Executive Office does require justification, on an annual basis, from SCVMC on the level of General Fund Subsidy support. This information is provided and reviewed by the County Executive – Office of Budget & Analysis (OBA) during the annual County budget preparation process.

Finding 2

The Santa Clara Valley Medical Center management team is making good strides to address historically poor financial management.

Recommendation 2:

No recommendation.

Finding 3

The Santa Clara Valley Medical Center will never be able to reach the break-even financial performance.

Recommendation 3:

The County should require the Santa Clara Valley Medical Center continue efforts to increase productivity and its financial performance.

SCVMC Response:

SCVMC concurs. SCVMC agrees that it is critically important to increase productivity and its overall financial performance to sustain services and minimize the burden to the County General Fund. While SCVMC agrees that it may be impossible to reach "break-even", given State law and County policy, it is a worthy goal.

Finding 4

The Santa Clara Valley medical Center has taken measures to demonstrate improvement in performance as it relates to the Health Care Reform Act/Affordable Care Act.

Recommendation 4:

The County should require Santa Clara Valley Medical Center to continue to take measures to demonstrate improvement in performance as it relates to Health Care Reform Act and the Affordable Care Act.

SCVMC Response:

SCVMC concurs.

Finding 5

The Santa Clara Valley Medical Center and Santa Clara County have made progress in coordinating the Santa Clara Valley Medical Center's Sun accounting and the County's SAP accounting system.

Recommendation 5:

The County should ensure that the Santa Clara Valley Medical Center's Sun accounting and the County's SAP accounting system are coordinated as planned.

SCVMC Response:

SCVMC concurs.

Finding 6

The Santa Clara Valley Medical Center does not produce its own Comprehensive Annual Financial Report and multi-year financial strategic plan.

Recommendation 6:

The County should require that the Santa Clara Valley Medical Center produce its own Comprehensive Annual Financial Report and a multi-year financial strategic plan and should post them on the hospital website.

SCVMC Response:

SCVMC concurs in part. SCVMC produces a monthly and annual financial report specific to the SCVMC Enterprise Fund. This financial report and all accounts are audited and reviewed as part of the County Comprehensive Annual Financial Report. SCVMC will conduct current year and subsequent year (multi-year) budget forecasting and analysis based available information.

Finding 7

The Santa Clara Valley Medical Center has implemented 15 applications within the HealthLink system. The additional 12 applications are scheduled to be fully implemented by 2017.

Recommendation 7:

The County should require that the Santa Clara Valley Medical Center conduct a cost benefit analysis before expanding the HealthLink system to the 12 lower priority applications.

SCVMC Response:

SCVMC concurs. The County's agreement with Epic was for an "enterprise" license, meaning that the County is authorized to implement Epic's entire suite of modules at no additional cost for software. The only implementation costs are for infrastructure and labor. Implementing the remaining 12 modules, which include modules for expensive services including Diagnostic Imaging, Pharmacy and Surgery, is estimated to cost \$12 million in capital. The County is confident these costs will be offset by increases in revenue capture, as was demonstrated during the initial implementation of 15 HealthLink modules.

In terms of patient care, implementation of these additional modules will further enhance the seamless flow of information across the entire continuum of care and further facilitate evidence-based clinical and administrative decision-making.

Prior to the implementation of any of the licensed HealthLink modules, a detailed operational and financial impact review is conducted. Approval of the Executive HealthLink Oversight Committee is required.

Finding 8

The Santa Clara Valley Medical Center plans to implement a marketing strategy and hire a Marketing Director and Web Manager to increase public awareness.

Recommendation 8:

The County should ensure that the Santa Clara Valley Medical Center's marketing plans moves forward expeditiously and highlights the many advanced specialty units available at the hospital.

SCVMC Response:

SCVMC concurs.

The foregoing instrument is a correct copy of the original.

ATTEST: Megan Doyle
Clerk of the Board

By: 
Deputy Clerk

Date: 9/4/15