CHANGE STARTS AT THE TOP IN SANTA CLARA VALLEY MEDICAL CENTER RESUSCITATION

Summary

The Grand Jury reviewed the Independent Auditor's Report dated April 6, 2011, titled "The Management Audit of Santa Clara Valley Health and Hospital System Administration and Support Services" (Audit[1]). The Audit's focus is on Santa Clara Valley Medical Center (SCVMC), and lists 58 recommendations that, if undertaken, would improve processes, stop historic losses and put SCVMC on a path toward financial recovery.

The Audit's findings and recommendations, and SCVMC's response to them, are of great interest to the Grand Jury. The broader context of the Audit is SCVMC's long history of poor financial management and the Santa Clara County Board of Supervisors (BOS) bailouts, which have been the subject of previous Grand Jury reports and audit reports.

The most recent Audit findings reflect a chronically over-budget health care system, whose management team operated so independently from Santa Clara County (the County) that proper budgeting and sound financial performance were never aligned. Given recent economic challenges, the BOS no longer has the resources to continue to cover SCVMC losses from the General Fund. The Grand Jury questioned what changes SCVMC was undertaking that would lead to a change in operations that in turn should lead to improved fiscal performance.

Background

SCVMC was first established in 1876 and today is the county's primary health care safety net. In addition to typical clinical care, SCVMC is recognized for its delivery of high-quality, specialized treatment for emergency medical, neo-natal, trauma, burns, and rehabilitation from severe injuries. SCVMC also coordinates with other county agencies to plan and prepare for disasters—medical, natural or manmade. Perhaps less known is that SCVMC is also a teaching institution affiliated with Stanford and UC schools of medicine in training our next generation of skilled medical practitioners. The Grand Jury learned that SCVMC is an enterprise operation capable of breaking even.

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[1] *Management Audit of Santa Clara Valley Health and Hospital System Administration and Support Services*, April 6, 2011. A copy of the full report is available at:
http://www.sccgov.org/managementauditor

Today, SCVMC is a $1.2 billion operation, approximately one quarter of the entire County budget. While SCVMC has successfully developed regionally and nationally recognized specialties, it has failed to manage finances within County-approved budgets. SCVMC historically recorded a chronic revenue shortfall while expenses increased, requiring subsidies from the County's General Fund (see Table 1).

Table 1: History of S C VMC Financial Performance.[2]

Fiscal Year	Revenue ($M)	Expense ($M)	Profit/Loss ($M)	Percent Loss
2011-12				
2010-11	*939.5	978.4	*-38.9	-4.1%
2009-10	892.4	1,058.1	-165.7	-18.6%
2008-09	785.2	956.2	-171.0	-21.8%
2007-08	736.3	895.2	-158.9	-21.6%
2006-07	652.1	800.3	-148.2	-22.7%
2005-06	543.8	735.1	-191.3	-35.2%
2004-05	595.7	704.6	-108.9	-18.3%
2003-04	549.3	645.0	-95.7	-17.4%
2002-03	490.5	607.9	-117.4	-23.9%
2001-02	459.7	535.9	-76.2	-16.6%
2000-01	446.6	483.7	-37.1	-8.3%

*Federal revenues increased by $95.7 million reducing the operating loss from $134.6 million to $38.9 million (see above)

According to the Audit, "SCVMC's operating losses more than quadrupled between FY 2000-01 and FY 2008-09 based on the County's audited financial statements." The substantial losses illustrated above, combined with the sheer size of SCVMC's financial operation, have made SCVMC the target of much scrutiny. Independent auditors and prior grand juries identified and addressed underlying management problems. In spite of sound recommendations from these bodies, SCVMC had historically demonstrated resistance to change.

Several important milestones have occurred over the last few years to reverse this trend. In September 2009, the BOS hired Jeffrey V. Smith, MD as County Executive. Dr. Smith was a practicing doctor and is an attorney with in-depth knowledge of medical systems.

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[2] Data obtained from Harvey Rose, Inc., SCC Independent Auditor.

In 2010, the federal Health Care Reform Act (HCRA) was passed into law. Although the nuances of HCRA are complex, the act requires federally funded hospitals across the nation to measure, meet and report on key performance indicators in order to receive federal funding. The indicators include:

- Improving capacity and access

- Improving the patient experience through quality initiatives

- Better integrating systems

- Developing the infrastructure needed to measure and eventually control costs.

According to the Office of the County Executive, the requirements of HCRA will also mean an estimated additional 40,000 insured persons will be looking for health care services in Santa Clara County. SCVMC anticipates approximately 14,000 will seek services from county medical facilities.

Under Dr. Smith's leadership, a number of changes began to be implemented and individuals held accountable for performance. Between 2009 and 2011, numerous high-ranking SCVMC managers resigned. In February 2011, Dr. Smith appointed Linda M. Smith (no relation) as SCVMC Chief Executive Officer. In September 2011, he appointed David McGrew, CPA, as the Chief Financial Officer of Santa Clara Valley Health and Hospital System (SCVHHS) and in February 2012 he hired Rene G. Santiago as Deputy County Executive responsible for Health and Hospital Oversight. SCVMC is an organization under the SCVHHS umbrella. Ms. Smith, Mr. McGrew and Mr. Santiago come with many years of experience in hospital operations.

In 2011, the SCVMC physicians formed a union, the Valley Physicians Group (VPG) and the first ever union contract between VPG and the County was ratified on December 6, 2011, effective November 28, 2011 through November 24, 2013.

Methodology

The Grand Jury conducted interviews with SCVMC leadership and individuals from the Office of the County Executive. In addition, the Grand Jury reviewed numerous documents, including past management audits, attended BOS' Health & Hospital Committee meetings and reviewed various meeting minutes, County policies, and reviewed the Memorandum of Agreement between the County and the VPG, the physicians' union. See Appendix A for a list of documents reviewed.

Discussion

Numerous independent audits have been conducted over the years. These audit reports support a common theme in describing an operation out of financial control. In spite of the reports' salient findings and recommendations, not much had changed over the years in SCVMC's management approach. Prior BOS seemed unable to break through the political barriers that prevented decisions from being passed that would hold SCVMC accountable to financial performance.

Until recently, there was little to no accountability by SCVMC for owning and implementing the prior recommendations that would address its financial woes. The Grand Jury interviews revealed, in some cases, that there was no acknowledgement that the hospital chronically lost money.

Not until economic conditions forced the BOS to take a stronger stand did real change begin, starting with Dr. Smith's hiring.

Management Changes

Dr. Smith is undertaking constructive changes by identifying appropriate corrections and leading a change process with a goal of implementing sound management operations and stopping the financial losses. The new SCVMC leadership is emphasizing increased productivity—as opposed to just cost cutting—to improve financial performance. These changes hope to reverse financial losses with a view to becoming a break-even enterprise without compromising the outstanding quality of health care SCVMC provides.

Over the past year, the new SCVMC administration has also brought an emphasis on hospital business management best practices —as opposed to focusing only on delivery of medical services. One overarching goal is to increase SCVMC productivity—or patient throughput. As a result of implementing the improvements and holding line managers accountable for performance, the new administration's expectation is that SCVMC will be at break-even in FY 2013. If this goal is met, it will be the first time in many years SCVMC will not require an unbudgeted County subsidy to operate.

Improving Performance

SCVMC management hopes to achieve their goals by taking action in three broad categories:

- Improving patient access

- Correcting flaws in the revenue cycle

- Decreasing controllable costs.

<u>Improving Patient Access</u>

A key area of improvement is to increase the number of patients moving through the system (patient throughput), or the number of patients seen, to get closer to full capacity. Three factors affect increasing throughput:

- Availability of appointments

- Ability of a caller to get through to scheduling to make an appointment

- Overbooking to compensate for patients who are no shows.

The Grand Jury learned that, prior to ratification of the VPG contract, physicians had the latitude to create and fill their own appointment schedules. Weekly schedules are made up of half-day "panels." The number of panels a physician worked was not mandated. Further, the number of appointments scheduled in a given panel was not mandated. It was reported in interviews that physician productivity was as low as 25% in some cases, and 80% of physicians were operating at below capacity. On average, physicians were seeing 6.5 patients per day against a target of 8.0. The result was a two-fold negative impact on revenue: first, fewer patients being seen meant less revenue was generated than could be. Second, SCVMC was, in some cases, paying physicians a full salary for part-time work. Further, the 8.0 patients per day target, even if met, is too low to reach break-even financial performance.

Under the new VPG contract,[3] patient scheduling has been centralized and the number of patients scheduled has increased. SCVMC negotiated a new scheduling target, starting with 10.0 patients per day (up from the previous 8.0), eventually ramping up to the new target of 16.0 patients per day.

Increasing the number of available appointments will directly increase revenue, assuming the appointment slots are filled. Presently two barriers hamper the ability to fill appointments. First, there is an inordinately long telephone wait time for scheduling an appointment. The Grand Jury learned telephone wait times as long as four hours to simply schedule an appointment were common. The second problem in scheduling is the no-show rate. Nationally, that rate is approximately 5.5%. At SCVMC, the no-show rate is as high as 20%. To address these problems, SCVMC has recently increased staff in the call/scheduling center and has implemented a policy of overbooking in anticipation of no shows.

As to the issue of whether SCVMC was paying full-time salaries for part-time work, SCVMC did not previously track physician utilization to know if it was paying for time that was not revenue-generating clinic time. A newly implemented system will track each physician's clinical, administrative, research, teaching, and scholarly time, with a utilization goal of 90% clinic time. With this data, SCVMC can more accurately evaluate physician productivity.

Increasing productivity is a critical first step; however, equally important is improving patient satisfaction to retain current patients and to attract new patients. Interviews revealed that patient satisfaction is relatively low. This impedes new growth because unhappy patients are less likely to return if they have service alternatives. Dissatisfied patients will not likely refer friends and family to SCVMC, so a growth opportunity is lost. At a joint meeting among the County and City of San Jose, it was reported that SCVMC was "changing the system from one that is reactive, episodic, and physician-centered to one that is proactive, coordinated and patient centered."[4]

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[3] BOS Board meeting, December 6, 2011, in the Board Of Supervisors' Chambers. Agenda item 27, Supp Info 1A, Memorandum of Agreement (Agreements and Amendments)

[4] BOS Joint meeting, October 28, 2011, at the San Jose City Council Chambers. Agenda Item 3b,

A Center for Leadership and Transformation (CLT) initiative (see appendix A for more about CLT) is reportedly working to shift the SCVMC focus from physician-centric to patient-centric. Patient satisfaction surveys are administered with a view toward understanding how SCVMC can improve its service. In addition, the new hospital tower with 168 private rooms reportedly will rival the best private hospital rooms in the county.

The Grand Jury also learned that SCVMC does not currently market its services, in spite of the claim that they operate several top-rated specialty clinics on par with the best medical facilities in the region. The existence of their world-class services may not be broadly understood among county residents.

Correcting Flaws in the Revenue Cycle

Increasing productivity by seeing more patients does not automatically lead to increased revenues. Underlying patient care is a complex revenue cycle that relies on accuracy of data in order to generate a valid invoice. SCVMC's revenue cycle consists of three main components:

a. Pre-service: capturing accurate patient name and address information, verification of and obtaining prior authorization from the patient's insurance carrier, and scheduling appointments

b. Service: capturing treatment information during the patient's visit with the physician

c. Billing: generating accurate billing statements and improving collections.

The Grand Jury learned that some element of each of the above components is dysfunctional to the point that revenue collection is hampered. The SCVHHS Enterprise Consolidated Balance Sheet as of June 30, 2011 shows an outstanding accounts receivable balance of more than $133 million (78 days average in accounts receivable).[5] Reducing the collection period is an area of improvement on which SCVMC is working.

It should be noted that SCVMC is implementing a new digital hospital management system called EpicCare in May 2013. This electronic record-keeping system has the potential to make physicians more productive by simplifying the important patient-related elements of their care delivery. In each examination room there will be computer screens providing access to patient medical history, past appointments, prescribed medications, lab test results, as well as a word processing capability to record patient appointment information. On the patient side, EpicCare enables patients

County of Santa Clara Budget Update, Supp. Info. 1 - Item 3 City County Intro Memo (Miscellaneous)

[5] Memo from Sylvia M. Gallegos, Deputy County Executive/Acting Director SCVHHS to Santa Clara County Health and Hospital Committee, dated April 14, 2010.

to do more via online queries and self-help health reminders, perform self-service refills, appointment scheduling and bill pay. All these features have the potential to increase patient satisfaction and are expected to ultimately reduce SCVMC's record-keeping costs.

Decreasing Controllable Costs

Grand Jury interviews revealed that until recently, there was no discipline and no platform around which to control costs. For instance, the new SCVHHS CFO reported that there are numerous reports with information useful for management decisions, but few managers were versed in using them. Efforts to change the management approach from casual conversation without accountability to performance improvement using the data available are part of the cultural changes taking place.

The Grand Jury learned that a key contributor to SCVMC's poor fiscal management was the lack of rigor given to budgeting and subsequent tracking of expenses against budget. Instead, budgeting was reportedly done by using the prior year's budget and applying an escalation factor. No effort was made to reconcile actual expenses against budgeted expenses, to understand the differences between the two and the causes of losses, to explore census[6] trends and to build the next year's budget using this type of information.

Another factor in controlling costs is controlling labor. In many businesses, managers can add and eliminate positions as business forecasts dictate, or can reduce hours to fit demand. At the hospital, as with other County departments, staffing is set by the County's Master Salary Ordinance[7], which codifies all approved full-time and part-time positions. Once this is established, it is not possible to modify the position, for instance changing a full time to a part-time position. At the hospital, some employees are being paid full time when they are effectively working part time. For instance, if demand for a given clinic has a cyclical drop, SCVMC does not have the latitude to reduce hours. It may move staff to other locations, but if demand is lower overall, SCVMC must still pay full salaries or reduce its staff. While this situation will change as capacity improves, in the interim, there is no flexibility to reduce the hours temporarily until capacity warrants full-time positions. While there is a provision for employees to request a reduction of hours, employers do not have this same ability. Overall SCVMC's ability to manage staff according to demand is limited by the inability to have more flexible staffing.

Managers could get around this problem by opening part-time positions; however, with a hiring freeze in place, there is not much opportunity to open part-time positions at this time. As a result of this staffing conundrum, in some areas SCVMC is paying full cost

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[6] Census is the daily patient count.

[7] To view the full text of the Master Salary Ordinance, click on this URL:
http://www.sccgov.org/sites/esa/Salary%20Ordinance/Documents/Master-Salary-Ordinance---NS-5-11.pdf

for part-time needs. Unbalanced staffing was exacerbated by the prior method of physician scheduling. Further, it is very difficult to eliminate a position, even if it is unfilled. SCVMC can leave coded jobs unfilled, using contracted labor to manage fluctuations in demand. However, the contracts for such services should be structured to the maximum benefit of SCVMC—prioritizing around what is best for the hospital and its patients versus what is best for the healthcare providers. This flexibility will enable management to adjust hours as necessitated by census demand in order to avoid paying for services not needed.

The Impact of the Federal Health Care Reform Act

The Federal Health Care Reform Act (HCRA) immediately changed the way federally supported hospitals receive funding. HCRA will also increase the number of persons with access to healthcare. Up to a potential 40,000 currently uninsured individuals will be covered by the HCRA in the county starting in 2014.

Although HCRA was signed into law two years ago, it is presently being challenged in the Supreme Court. Arguments are being raised about the constitutionality of the Affordable Care Act's individual mandate and issues surrounding federal versus state powers.

Prior to HCRA, public hospitals received block grants from the federal government. HCRA now requires hospital accountability in several dimensions of operation before federal funds are released. This accountability is driven through the Delivery System Reform Incentive Payments (DSRIP) funding allocation plan. DSRIP fundamentally drives each public hospital to develop and bolster the systems most needed to deliver effective service for their particular population. This accountability requires hospitals to implement systems to ensure performance requirements are tracked, met and reported before federal funding is released. SCVMC has hired Alvarez and Marsal (A&M), a consulting hospital management firm, to identify the initiatives needed and to guide implementation of the performance management systems needed to meet DSRIP requirements. Initiatives are underway to meet the requirements and work plans are in place for these initiatives.

The plans include a number of defined projects that, in aggregate, will position SCVMC for full implementation of health care reform in 2014. The systems and discipline needed to meet DSRIP requirements are part and parcel of what is needed to turn SCVMC around financially, and underscore the necessity to make needed change. However, an A&M status report dated Oct 25, 2011 states, "There is substantive risk to successful operational change as defined by the DSRIP initiatives and the collection of budgeted funds for this fiscal year and the future years, if the infrastructure and staffing are not put in place."[8]

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[8] Memo from George Pillari & Mark Finucane (Alvarez & Marsal Healthcare Industry Group, LLC), to the County Health and Hospital Committee, subject: A&M Project Report, dated October 25, 2011.

Regarding the potential increase of 40,000 new patients under HCRA, not all of these newly insured patients will seek health care from SCVMC. Patients have a choice of hospitals and health care providers, so SCVMC will need to compete for those dollars. To attract and retain these patients, patient satisfaction is key. Further, HCRA changes the federal funding mechanism by requiring hospitals to demonstrate patient satisfaction (among other measures) in order to receive federal money. Therefore, SCVMC is compelled to improve patient satisfaction to receive these monies.

Clarifying the Financial Picture

SCVMC is a very large enterprise hospital operation and, justifiably, has its own computer systems, including an accounting system. The County has its own information systems and also maintains SCVMC financial data. Effectively, there are two sets of books on SCVMC. According to Linda Smith, SCVMC CEO, there is no cross-talk between the applications at SCVMC and the County to ensure data consistency[9]. This lack of consistent data was recently underscored when the Audit found millions of dollars worth of equipment missing from the County's books[10] while the SCVMC books did account for the so-called "missing" equipment. EpicCare will introduce a new financial system, but it does not address the lack of communication between the County's systems. Data from the SCVMC should update the data in the County SAP system on a regular basis

As a $1.2B annual operation, SCVMC is large enough to warrant its own financial report to the public. The County's Comprehensive Annual Financial Report (CAFR) does show some SCVMC financial information. For example, inter-fund transfers from the General Fund (GF) to SCVMC and vice-versa are contained in the inter-fund statements in the CAFR. A GF "Grant" is shown on the "Santa Clara Valley Medical Center Statement of Revenues and Expenses Summary" statement in the Final Budget document.[11] However, it is not possible to discern the overall financial picture of SCVMC from this information, let alone a detailed understanding. One would need to be very familiar with the internal workings of SCVMC, or need to attend the BOS Health and Hospital Services Committee meetings on a regular basis, to be able to determine how well SCVMC performed during the fiscal year. This performance is reported in the Audit, but the general public has no means of seeing the consolidated financial performance of SCVMC on an annual basis.

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[9] **Data consistency** summarizes the validity, accuracy, usability and integrity of related data between applications and across the IT enterprise. This ensures that each user observes a consistent view of the data, including visible changes made by the user's own transactions and transactions of other users or processes.

[10] *Management Audit of Santa Clara Valley Health and Hospital System Administration and Support Services*, April 6, 2011, Executive Summary, page iii, "High Level of Missing Hospital Equipment"

[11] Fiscal Year 2012 Final Budget, "Santa Clara Valley Medical Center Statement of Revenues and Expenses Summary", page 309

Conclusions

SCVMC is a critical county resource, but this $1.2 billion operation has historically demonstrated a chronic loss of revenue, requiring bailout from the County's General Fund. While it is reasonable to expect the County to fund SCVMC to some degree, sound financial management—including budgeting and measuring performance against budgets—has been lacking. Further, until recently, the BOS has not demonstrated the political will to hold SCVMC leadership accountable for poor performance.

The Grand Jury found that recent changes in management staff and the implementation of new policies focused on increasing productivity—and redressing the revenue problem—are a marked and welcomed change of course for SCVMC. Under the leadership of the Office of the County Executive, the following changes are noteworthy by addressing chronic problems head-on:

- Hiring a new SCVMC CEO with policies and systems underway to hold physicians accountable for meeting productivity goals and to hold managers accountable for meeting performance goals

- Hiring a new SCVHHS CFO with policies and systems underway to correct the financial planning and reporting systems and to train line managers in financial performance management

- Establishing problem-solving teams to correct revenue cycle flaws to increase successful revenue receipts

- Putting teams in place to develop the performance measurement systems needed to continue to receive Federal funding

- Implementing EpicCare, an electronic record-keeping system that will improve the patient experience and streamline recordkeeping for physicians.

This work is beginning to pay off. The SCVMC CEO reports that physician appointments have increased an average of 1.5 per four-hour session, from 6.5 to 8.0 for Medicine and from 6.5 to 10.0 for Pediatrics & Obstetrics. Overall, throughput is increasing. January showed a 25% daily increase in patients seen, increasing, on the average, from 2700 to 3500 per day throughout the hospital and clinics combined. While it is too early to tell whether these gains will hold, SCVMC seems poised to achieve their new goals of break-even in FY 2013.

Findings and Recommendations

Finding 1

The new SCVMC management team is making good strides to address historically poor financial management by creating cost center manager responsibility, targeted to deliver break-even or better financial performance.

Recommendation 1A

The County should require that SCVMC stays within the budget to avoid future unplanned subsidies from the General Fund.

Recommendation 1B

The County should require that hospital leadership runs SCVMC as a business and require leadership to make appropriate financial decisions using the data the hospital systems generate.

Finding 2

SCVMC has historically operated below capacity, which directly contributed to its chronically poor financial performance, resulting in County bailout from the General Fund. Increasing productivity is critical to SCVMC's financial performance.

Recommendation 2

The County should implement systems to increase productivity in reaching break-even financial performance.

Finding 3

The performance indicators imposed by the HCRA—improved patient experience, improved capacity and access, measure and control cost—are precisely the measures that should have been in place years ago and, if implemented, can lead to significantly improved SCVMC performance.

Recommendation 3

Regardless of how HCRA may be affected by the United States Supreme Court decision, the County should adopt performance measurements consistent with the HCRA indicators because they can lead to improved SCVMC performance.

Finding 4

The Audit pointed out that SCVMC keeps a separate set of books from the County's SAP system, and the two do not match. This makes it difficult to obtain accurate financial information.

Recommendation 4

The County should develop and implement an interface between the SCVMC and County systems to ensure data consistency, in accordance with generally accepted accounting principles.

Finding 5

SCVMC financial data is not transparent to the public due to the confusing way parts of SCVMC finances are broken up and tracked in the County's CAFR.

Recommendation 5

The County should require an SCVMC consolidated financial statement reported as part of the CAFR.

Finding 6

The new EpicCare system offers benefits in streamlining records, patient access to records, and accounting performance (accounts payable/accounts receivable systems).

Recommendation 6

The County should give SCVMC's implementation of EpicCare top priority to meet the scheduled May 2013 date.

Finding 7

SCVMC has best-in-class care facilities that would be attractive to new patients, but SCVMC does little to advertise its services and specialties to attract new patients.

Recommendation 7

The County should establish a marketing function directed at increasing public awareness of the services SCVMC offers.

Appendix A: List of Documents Reviewed

BOS Joint meeting, October 28, 2011, at the San Jose City Council Chambers. Agenda Item 3b, County of Santa Clara Budget Update, Supp. Info. 1 - Item 3 City County Intro Memo (Miscellaneous).

BOS Board meeting, December 6, 2011, in the Board Of Supervisors' Chambers. Agenda item 27, Supp Info 1A, Memorandum of Agreement (Agreements and Amendments)

Santa Clara County, Fiscal Year 2012 Final Budget

Management Audit of Santa Clara Valley Health and Hospital System Administration and Support Services, April 6, 2011

Santa Clara County, Master Salary Ordinance

Memo from Gallegos, Sylvia M., Deputy County Executive/Acting Director, SCVHHS, to Santa Clara County Health and Hospital Committee, Dated April 14, 2010

Memo from Smith, Jeffrey V., County Executive, to the Board of Supervisors, Subject: Recommendations Relating to Activities of the Center for Leadership and Transformation, Dated January 11, 2011

Memo from Pillari, George and Finucane, Mark (Alvarez & Marsal Healthcare Industry Group, LLC), to the County Health and Hospital Committee, Subject: A&M Project Report, Dated October 25, 2011

Santa Clara County Health and Hospital Committee, Dated April 14, 2010

Appendix B: Center for Leadership and Transformation (CLT)[12]

At the March 2, 2010 Board of Supervisors (BOS) meeting, the BOS approved the County Executive's recommendation to contract with Rapid Transformation, LLC, in the amount of $196,000, for period beginning March 1, 2010 to June 30, 2010 (Agenda Item #11g). These activities have been completed.

As part of the FY 2011 Approved Budget, the Board approved an expenditure of $600,000 for FY 2011 for a combination of executive management training, mid-level manager training, Rapid Transformation efforts, and website development.

During the FY 2011 Budget Hearings, the Board approved funding to continue the organizational transformation efforts begun under the auspices of the Center for Leadership and Transformation. Rapid Transformation, LLC, headed by Dr. Behnam Tabrizi is conducting these efforts with the participation of County staff.

$100,000 will be used to provide continued outreach with the County organization, including professional filming of key training sessions so they can be experienced by a wider County employee audience. The $270,000 being requested for CLT activities will be offset by revenues that are anticipated due to current CLT efforts to maximize revenues at Santa Clara Valley Medical Center. In addition to the active CLT project action teams, the SCVHHS Administration and staff have demonstrated organizational leadership and commitment to applying transformation principles to multiple aspects of the healthcare system, including assigning a cross-boundary team to examine the Medi-Cal waiver programs and other ongoing departmental efforts.

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[12] Memo from Jeffrey V. Smith, County Executive, to the Board of Supervisors, subject: Recommendations Relating to Activities of the Center for Leadership and Transformation, dated January 11, 2011.

This report was **PASSED** and **ADOPTED** with a concurrence of at least 12 grand jurors on this 3rd day of May, 2012.

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Kathryn G. Janoff
Foreperson

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Alfred P. Bicho
Foreperson pro tem

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James T. Messano
Secretary