

<h1 style="margin: 0;">County Of Sonoma</h1> <h2 style="margin: 0;">Agenda Item</h2> <h3 style="margin: 0;">Summary Report</h3>			<b>Clerk of the Board Use Only</b> <b>Meeting Date</b> <b>Held Until</b> /   /                                      /   /	
			<b>Agenda Item No:</b> _____	<b>Agenda Item No:</b> _____
<b>Department:</b> Health Services			<b>4/5 Vote Not Required</b>	
<b>Contact:</b> Rita Scardaci	<b>Phone:</b> (707) 565-4700	<b>Board Date:</b> 11/17/2009	<b>Deadline for Board Action:</b>	
<b>AGENDA SHORT TITLE:</b> Santa Rosa Family Medicine Residency Program				
<b>REQUESTED BOARD ACTION:</b> Update the Board of Supervisors regarding transfer of Program Sponsorship of the Santa Rosa Family Medicine Residency Program from the Santa Rosa Family Medicine Residency Consortium to Sutter Medical Center of Santa Rosa.				
<b>CURRENT FISCAL YEAR FINANCIAL IMPACT - None.</b>				
<b>Explanation (if required):</b> None.				
<b>Prior Board Action:</b> 10/21/08 Authorized transfer of the Program Sponsorship of the Family Medicine Residency Program from Sutter Medical Center of Santa Rosa to the Santa Rosa Family Medicine Residency Consortium; 6/26/07 – Authorized limited waiver of Sutter’s compliance with Section 10.10 of the Health Care Access Agreement; 2/9/96 – Authorized execution of Hospital Lease, Health Care Access Agreement and Master Settlement Agreement with Sutter Sonoma Medical Center, Inc.				
<b>Alternatives – Results of Non-Approval:</b> Board will not receive current information regarding Santa Rosa Family Medicine Residency Program.				

## **Background:**

### **Transfer of Residency Program Sponsorship to Consortium**

On March 26, 1996, the County entered into a Health Care Access Agreement (HCAA) whereby Sutter Medical Center of Santa Rosa (Sutter) agreed to provide access to high-quality hospital services to the residents of Sonoma County, including but not limited to, the operation of the Santa Rosa Family Medicine Residency Program.

As a result of an annual operating deficit of approximately \$1.5 million, in April 2006, Sutter assembled a community-based advisory committee to identify structural changes to the Residency Program to improve its operations and financial sustainability. After research and various meetings with stakeholders regarding an appropriate structure, the Committee recommended development of a consortium model family medicine residency program.

On June 26, 2007, the County Board of Supervisors authorized the submission of the Santa Rosa Family Medicine Residency Consortium's (the Consortium) application to the Accreditation Council for Graduate Medical Education (ACGME). The Board's final approval of a consortium model residency program would only be considered upon receipt of a satisfactory business plan for the Consortium.

On October 12, 2008, Sutter submitted to the Board its *Business Plan for Transferring Sponsorship of the Family Medicine Residency Program from Sutter Medical Center of Santa Rosa to the Santa Rosa Family Medicine Residency Consortium* (Business Plan) which addressed the governance, operations and financing of the Consortium. Based on that plan, the Board approved the transfer of the program sponsorship of the Santa Rosa Family Medicine Residency Program from Sutter Medical Center of Santa Rosa to the Santa Rosa Family Medicine Residency Consortium. However, the Board's Resolution required Sutter to continue to fully comply with the HCAA and the Corporate Guaranty. Accordingly, Sutter continued to be the entity responsible for the operations and funding of any operating deficits of the Consortium.

On October 22, 2008, Sutter submitted a letter to the ACGME requesting transfer of program sponsorship. On January 12, 2009, ACGME approved the transfer of program sponsorship to the Consortium.

### **Medicare Rule Presents Roadblock to Funding Consortium Operations**

Upon transfer of program sponsorship, the Consortium membership began the process of implementing the Business Plan. In the spring of 2009, Consortium staff encountered an irreversible funding obstacle. Under the Consortium's Business Plan and five-year pro forma, Sutter remained the primary financial contributor to the Consortium's operations, contributing a projected \$4.2 million in FY 2009 and approximately \$4.8 million per year thereafter. The primary source of Sutter's funding was projected to be reimbursement from Medicare for hospitals providing graduate medical education (GME). It was determined that Medicare regulation requires a hospital to incur at least 90% of the total cost of the residents' salaries and benefits and teaching supervision costs at non-Sutter sites in order to qualify for Indirect Medical Education and Direct Medical Education reimbursement. Because the Business Plan includes Kaiser's funding of \$2.7 million per year for residents' salaries and benefits, Sutter would be unable to comply with Medicare's 90% rule, thereby incurring an additional \$8.9 million deficit in funding over the 5-year Business Plan. The Consortium, Sutter and Kaiser representatives were unable to identify a solution or alternate funding source that allowed them to comply with the Medicare regulation. Sutter has determined that it had to submit a request to ACGME to transfer sponsorship of the Residency Program back to Sutter Medical Center of Santa Rosa. Since Consortium Participation Agreements had not been executed, residents and faculty have remained employed by Sutter Medical Center of Santa Rosa, and administration of the Residency Program was never transferred to the Consortium.

Attached is a copy of Sutter Medical Center of Santa Rosa's letter dated August 19, 2009, notifying the County of its intent to transfer ACGME sponsorship of the program from the Consortium back to Sutter Medical Center of Santa Rosa.

### **Consortium Board Approves Transfer of Sponsorship Back To Sutter**

On September 17, 2009, Santa Rosa Family Medicine Residency Consortium Board of Directors approved a resolution transferring sponsorship of the residency program from the Consortium back to Sutter Medical Center of Santa Rosa. A motion to dissolve the Consortium was approved by the Consortium Board the following week. On October 12, 2009, Sutter and the Consortium submitted a letter to ACGME requesting that program sponsorship be returned to Sutter Medical Center of Santa Rosa which was approved by ACGME on October 14, 2009. Copies of both letters are attached.

**Sutter Remains Obligated to Comply with HCAA**

Since 1996, Sutter has been the sole sponsor and funding source for the Santa Rosa Family Medicine Residency Program. Upon return of Santa Rosa Family Medicine Residency Program sponsorship to Sutter Medical Center of Santa Rosa/Sutter Health West Bay, Sutter Medical Center of Santa Rosa/Sutter Health West Bay Region and Sutter Health will continue to be responsible for ensuring compliance with Section 10.10 of the HCAA. Sutter Health’s Corporate Guaranty remains in place. The Department will continue to monitor Sutter’s compliance with the HCAA.

In the attached letter dated November 2, 2009, Jeff Haney, MD, Program Director, Santa Rosa Family Medicine Residency, indicated the collaboration forged over the last years by the Consortium will benefit the Residency Program going forward. Sutter Medical Center of Santa Rosa will continue to provide a majority of inpatient resident training; Kaiser has indicated a willingness to continue to provide educational rotations in pediatrics and musculoskeletal medicine at their facility; Children’s Hospital Oakland continues to provide a pediatric rotation for residents; Southwest Community Health Center will continue to operate the Chanate Family Practice Center; and the updated Graduate Education Committee will include membership from the various academic partners. The Santa Rosa Family Medicine Residency Program remains supported by multiple institutions in the community committed to working together to provide an excellent educational experience for the residents.

**Attachments:** Sutter Medical Center of Santa Rosa letter dated August 19, 2009; Santa Rosa Family Medicine Residency Q & A dated August 31, 2009; Consortium letter dated October 12, 2009 requesting transfer of program sponsorship back to Sutter Medical Center of Santa Rosa; ACGME letter dated October 14, 2009 approving transfer of program sponsorship; Santa Rosa Family Medicine Residency letter to County dated November 2, 2009.

**On File With Clerk:** Business Plan for Transferring Sponsorship of the Santa Rosa Family Medicine Residency Program.

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than “Requested”)**

**Vote:**