CHS/Mecklenburg County Partnership
70 Years Together

A. GO Bonds – County relieved of obligation to fund debt

- Prior to 1983, County issued GO bonds to fund 50% of all of CMC's capital, much like it does now for schools, community college and libraries.
- CHS has issued its own debt since 1983 and the County has no obligation for CHS debts.
- CHS's outstanding debt at 12-31-010 was $1.5 billion compared to the County's GO debt of $2.1 billion.
- CHS's annual debt service on its "double A" rated debt is $90 million per year.
- The county is rated "triple A". No non-profit healthcare systems are rated this high. CHS is rated in the lowest category of "double A's". CHS reserve funds are at the average "double A" median.

B. DSS Partnership – Using Federal funds vs. local funds for uninsured

- CHS pays the non-federal share costs of 21 caseworkers.
- Optimizing Medicaid has contributed to indigent care funding to be essentially flat for 20 years.

C. Indigent Care Support – A model for the nation

- Provided to all Mecklenburg County hospitals since 1940's
- Public expectation that care must be rendered to those unable to pay for and care must be accompanied by public funding.
- "Medical home" model used for the primary care clinics
- Designed to encourage primary care versus high cost ED and inpatient care
- Multiple sites in County and patient satisfaction very high
- Funding has been $16 - $18 million per year for 18 of the last 20 years.
- All hospitals in the County are eligible after providing unreimbursed and under-reimbursed care equal to at least 3% of net patient revenue.
- If funding had been increased in 1993 at the general CPI level through 2010, the additional funding would have been $78 million.
- Funding was reduced in 09, 10 and 11 by 16% from the FY 08 level, saving $7.7 million for the County for these three years. Services remained the same.
- CHS provides a disproportionate amount of indigent care.

D. EMS Partnership – Life saving efficiency and outcomes dramatically improved

- In 1995–1996 the County and CHS were the catalyst to both have a clinical model and health system involvement.
- National studies show the current model to be the most effective.
- Through numerous efficiencies, the County subsidy per trip was reduced from $429/trip in 1996 to less than $200/trip for 2011. This is unadjusted for inflation.
- County hired prior to the new arrangement an external expert to scope both performance and subsidy expectations based on national benchmarks.
- Prior to CHS's involvement, only 63.5% of calls had a response less than 10.59 minutes. Today, 96.7% are responded to in less than 9.59 minutes.
- If MEDIC was funded at the external expert's and original contractual level, the County would have funded over $26 million more since 1997.

E. **Public Health – Economies of skill and better coordination of services**

- Moved under CHS management to improve patient care coordination between PH and health care providers.
- Funding kept flat for first five years from 97 – 09, saving $5.2 million compared to general CPI annual increases of 3.5%.
- CHS at risk for any inefficiencies or cost overruns after inflationary costs are funded.
- Patient satisfaction is very high
- No management fee charged by CHS

F. **Behavioral Health - Increased programs and quality but reduced financial burden to the County**

- County built in the 60's a free-standing Mental Health Center (MHC) with inpatient and outpatient services.
- MHC had significant quality of care deficiencies and was only getting 16% of its total budget from non-County sources. Today 65% of the funding comes from non-County sources.
- After the County engaged a national firm to study options, they recommended pursuing a relationship with hospital partner and CMC agreed to do it.
- Operations, licensed beds, etc., merged into CMC to achieve scale and skill efficiencies.
- Specific goals were set including quality and third-party accreditation
- CMC combined its psych services with MHC to improve the reimbursement rates and efficiencies of the facility that had less than a 55% occupancy.
- Had the County continued to manage the MHC and increased funding at the Medical CPI, from 1986 to 2009, $91 million more would have been funded by County.
- Patient satisfaction and employee satisfaction are high.
- No management fee charged by CHS.

G. **Interlocal Agreement – Durable relationship**

- Pulls together PH, BH and Indigent Care into one agreement
- Best interest of CHS's bond rating and access to public bond market to have all County relationships wrapped into one agreement
- Agreement has reporting, audit and other requirements

H. **Why has it worked for 70 years?**

- Excellent coordination and cooperation by County staff
- Common missions of serving most vulnerable citizens
- Consistent County Commissioner commitment
- Innovative arrangements
- Significant documented savings to the taxpayers
- CHS scale and expertise benefits County
- CHS ability to attract insured patients and issue it's own bonds
- High quality patient care services
- Transparency and accountability
- Doing the right thing for the partnership