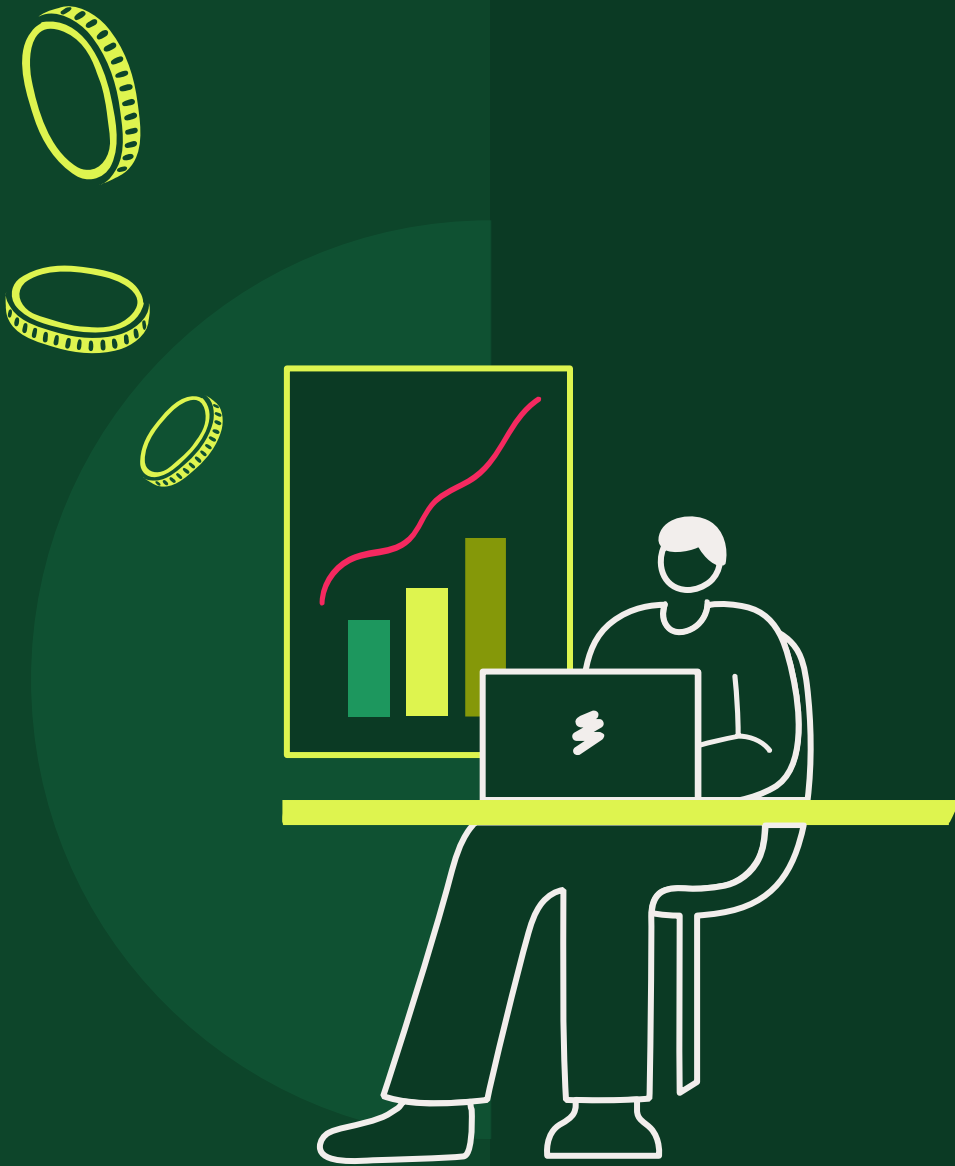


HSA TRAN 2025



Agenda



OVERVIEW



HISTORY



FINDINGS AND STATE
ISSUES



CURRENT EFFORTS
& SUCCESSES



MOVING FORWARD

OVERVIEW



It was determined that in 2024 the cash balance practices, and lack of policy were outdated and no longer aligned with best practices in the industry



The County had been engaged in "Backend borrowing" for the last two decades.



To resolve the Health Service Agency (HSA) "Backend borrowing" problem, the County issued a Tax/Revenue Anticipation Note (TRAN)



To continue with the best practices and avoid "Backend borrowing" the County must issue an annual TRAN.



HISTORY

- HSA was part of General Fund up until the closure of the Skilled Nursing Facility (SNF) at the end of FY 03/04. This was done to consolidate all HSA budget units into one fund, and isolate SNF. The budget for HSA at the time of separation was \$14,197,165, there was a little over two million negative balance left from fund 201 that has since been paid off.
- By 2024 HSA had borrowed close to \$30,000,000 from the General fund without following best practices. This left the General fund on the hook for HSA interest expense.
 - \$554,082 of the Interest expense absorbed by General Fund was covered with LATCF dollars with Board approval
- The Board issued a \$30,000,000 TRAN in 2024 that was purchased by the Tehama County Treasury Pool. This allowed the Treasury Pool to earn a reasonable rate of return on the lending, and this allowed to HSA department to have an authorized borrowing to resolve their cashflow needs.

HEALTH SERVICES AGENCY FINDINGS & STATE ISSUES



HSA has run a negative balance due to the nature of the reimbursement process from the state and lack of advancements for Grant Programs. Additionally, staff shortages and the complexity of transfer letters, have impacted the transfer of funds from HSA's Restricted Funds to their Operating Fund.



- * As the budget for the Agency has grown over the years, the negative cash balance has increased exponentially.
- * HSA claim reimbursements are billed in arrears.
- * Claims can take anywhere from 5 to 10 years for County to receive reimbursement back from the State.

CURRENT EFFORTS



- Issuance of TRAN to resolve cashflow problems for HSA department
- HSA department to complete cash transfers form restricted funds on a timely basis
- Auditor met with HAS to simplify transfer process
- HSA has implemented new billing process with state



ISSUED TRAN FOR
CASHFLOW



MAKE TIMELY CASH
TRANSFERS AND BILLINGS
TO STATE

CURRENT SUCCESSES



- HSA department is making some successes with billings and reducing cashflow needs
 - 2024 TRAN was for \$30,000,000
 - 2025 TRAN will be for \$25,000,000
- HSA department has mostly caught up with billings backlog

MOVING FORWARD



- ▶ ISSUE HSA TRAN 2025
- ▶ ENSURE HSA MAKES TIMELY TRANSFERS FROM RESTRICTED FUNDS
- ▶ ENSURE BILLINGS STAY TIMELY WITH STATE
- ▶ CONTINUE MONTHLY MEETINGS WITH HSA, AUDITOR, AND TREASURER
- ▶ CONTINUE TO WATCH CHANGING STATE AND FEDERAL POLICY DEVELOPMENTS
- ▶ ADVOCATE FOR COUNTIES AND STATE REPRESENTATIVES TO ENSURE TIMELY RETURNS FROM STATE TO COUNTIES



SUMMARY

- Negative cash balance issue began in FY 04/05 during the consolidation of Skilled Nursing Facility with Health Services budget units, leading to ongoing negative cash balance.
- "Backend borrowing" is not an option we can return to
- HSA TRAN 2024 was issued for \$30,000,000; TRAN 2025 will be for \$5,000,000 less
- The County is in this position mostly due to state's practice of holding reimbursements, the reduction of advanced funding streams for county programs, staffing issues and complexity of transfer letters from Restricted Funds to Health Agency's Operating Fund.
- HSA will make timely transfers from their restricted funds

Thank you

