

Memorandum

TO: Health Department Staff
FROM: Merle Green
DATE : January 19, 2006
RE: Public Health Authority Update

This is an update on our research into the Public Health Authority (PHA) model. The analysis has revealed that we will benefit most from an alternative approach to stabilize our funding and increase our revenue-producing capacity. Our approach will include:

- ❖ Detailed descriptions of the relative costs of providing services
- ❖ Extensive research of sources of revenue to support programs
- ❖ Budgetary considerations for each cost center
- ❖ Possibilities for public/ private partnerships to enhance and grow select services
- ❖ Across-the-board internal cost savings
- ❖ Accounts Receivable/ Accounts Payable efficiencies....ex. aging of accounts
- ❖ Affordability and options for "incentives"
- ❖ Targeted ventures with our 501 (c) 3 organization (*Partners in Public Health*)
- ❖ Decreasing our need for bad debt write-offs
- ❖ Adjusting billing cycles
- ❖ Other core business activities

Our research into the Public Health Authority (PHA) has continued to reveal key facts. I will summarize three major points below:

1. At the committee's request, Guilford County attorney's office reviewed legal documents from Cabarrus County. The office concluded that since Cabarrus is a "hybrid" of several General Statutes (GS135A, GS 126, and GS 130A), some of which are no longer available to us, the substantial guidance for Guilford will have to come from some source other than Cabarrus. Hertford County's PHA is still in its infancy and has provided little useable information to Guilford. We will now borrow any "best practices" that are deemed applicable to Guilford from various health and medical facilities across NC.
2. With national large for-profit companies such as IBM, and local midsized not-for-profit companies such as Moses Cone Health System announcing the elimination of pension plans for retired employees due to the growing cost of servicing these plans, the risk of unfriendly personnel changes that may have eventually been necessary under the PHA gives reason for continuing with the safety-net of the county system for employee benefits. Because of this conclusion, we will continue with full inclusion into the Guilford County HR/ benefit system. This also appeared to be the area that was most troubling to many staff. I think you will appreciate the elimination of this stress.
3. When we analyzed the possibility of "adding on" proven substantial revenue generating services, our analysis showed that key services fall under heavily regulated governmental logistics. Our timelines for additional services would be dictated by such processes as open Certificates of Need in our county. Knowing that our timelines may not be the State's timelines, we substantiated the need to create add-ons that were more under our complete control. Possible add-on programs are being researched at this time.

To summarize, we are moving ahead with aggressive actions for securing the future of our Department without pursuit of the official title of PHA.