



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Health Services Agency

Subject: Beilenson Public Hearing on Health Centers Radiology and Lab Redesign

Meeting Date: June 10, 2025

Formal Title: Hold public hearing in accordance with the Beilenson Act to consider the redesign of the County's Clinical services, including ending the Health Services Agency's radiology and laboratory services

Recommended Actions

Hold public hearing, in accordance to the California Health and Safety Code, Section 1442.5 (Beilenson's Act), to consider the redesign of the County's Clinical services, comprising of the closure of the County's Radiology and Laboratory services and contracting with local laboratory and radiology providers to ensure access for indigent patients of the Health Services Agency.

Executive Summary

The Health Services Agency (HSA) requests the Board to hold a public health hearing in accordance to the California Health and Safety Code, Section 1442.5 (Beilenson's Act), as scheduled by the Board on May 20, 2025, to consider closing Radiology and Laboratory services provided by HSA's Health Centers Division (Health Centers). Closure of Radiology and Laboratory services would result in responsibly managing the Health Centers Division (Health Centers) budget while ensuring continued patient access through referrals.

Discussion

The County Radiology and Laboratory departments are located at 1080 Emeline Avenue in Santa Cruz and 1430 Freedom Boulevard in Watsonville. The operational hours are Monday through Friday 8 AM to 5 PM in Santa Cruz, Monday through Friday 7:30 AM-6:30 PM in Watsonville, and closed on weekends. There are 2.0 full-time equivalent (FTE) budgeted staff in the Radiology department and 5.6 FTE budgeted in the Laboratory department, as detailed below.

Radiology Staff:

FTE	Job Title	Position Code
1	CHF RAD TECHNOLOGIST	NG4001AA
1	RAD TECHNOLOGIST	NG3001AA

Laboratory Staff:

FTE	Job Title	Position Code
0.8	LAB ASST/PHLEBOTOMIST	NA3003JA
0.8	LAB ASST/PHLEBOTOMIST	NA3001JA
1	SR LAB ASST/PHLEB	NA4001AA
1	LAB ASST/PHLEBOTOMIST	NA3002AA
1	LAB ASST/PHLEBOTOMIST	NA3004AA
1	CLINICAL LAB SCIENTIST	NE8003AA

These are important services that help ensure clients have a one stop shop available to them, however Health Centers' has been in financial shortfall for the past several years. Unfortunately, the budget shortfalls are a point where radiology and laboratory service reduction must be considered in order to balance the Health Centers' budget and ensure primary care services continue.

The closure of the Radiology and Laboratory departments would impact the 7.6 FTE positions. The County Personnel Department and HSA have begun working with the affected laboratory and radiology employees to provide them with employment placement options, should the board approve the proposed closure. Should the Board approve the closure by the June 10th Last Day Budget Hearings, the associated financial and personnel actions will be finalized thereafter. HSA will continue plans to cease Health Centers' operations of laboratory and radiology services and Personnel will continue to work closely with the 7.6 FTE to be impacted per the MOU with the General Representation Unit.

The closure of the Radiology department will result in the elimination of approximately 2,270 imaging appointments per year. This change will affect roughly 1,832 patients who currently use County radiology services.

The Laboratory department closure will result in the elimination of approximately 15,027 laboratory appointments annually. This change will impact about 7,835 patients who currently receive laboratory services through County facilities.

The laboratory and radiology services offered on-site provide convenience but operate as a cost center and not a revenue-generating center for the division in the current reimbursement environment of Federally Qualified Health Centers (FQHCs). Running these services costs more money than they bring in, approximately \$2,000,000 annually, with expenses for staff wages, equipment maintenance, and necessary supplies significantly outweighing the limited revenue they generate, approximately \$5,000 annually.

Considering the challenging budget environment, there is a need to make difficult choices. By redirecting laboratory and radiology services, the money and space can be used to focus on primary care services. This change will help maintain quality care for patients while operating within financial means and providing patients a means by which to get these services.

Many FQHCs, including Salud Para La Gente and Santa Cruz Community Health do not run their own Laboratory and Radiology departments but instead work with outside providers for these specialized services. This same approach used by other FQHCs in the community can be followed by sending patients to external facilities for radiology tests and contracting with community laboratories to provide blood-drawing/laboratory services for both County health centers. This arrangement would ensure patients still receive these services within the community.

Health Centers plan to partner with outside radiology facilities and create a smooth referral system so patients can continue getting care without interruptions. The goal is to place blood-drawing specialists at both Watsonville and Santa Cruz Health Centers at no expense to HSA, maintaining on site services. However, if services are not on site, staff will help clients navigate transportation as needed. For example, when a clinician

requests laboratory or radiology services, if the patient has Medi-Cal they will have access to a ride through the Central California Alliance for Health ride service and for those with no insurance, bus tickets and cab vouchers are available. This setup will help to take care of patients while reducing costs.

These practical changes will allow services to be maintained that meet patient needs while managing budget responsibly during this difficult financial period.

Financial Impact

HSA Health Centers' Fiscal Year 2025-26 Proposed Budget includes transitioning laboratory services to community providers to help reduce costs while ensuring continued patient access through referrals. This aims to align services with current needs and fiscal priorities. As HSA continues to face a challenging budget environment, it has become increasingly clear that maintaining in-house laboratory and radiology services is no longer financially sustainable. Approximately \$2,000,000 in cost reductions are expected with the radiology and laboratory redesign. Savings will come from the following budgets:

The savings will come from the following GLs:

- Santa Cruz Health Center Laboratory GL 361250
- Santa Cruz Health Center Radiology GL 361260
- Watsonville Health Center Laboratory GL 361350
- Watsonville Health Center Radiology GL 361360

Strategic Initiatives

Operational Plan - Comprehensive Health & Safety

Submitted By:

Monica Morales, Director of Health Services

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.