



COUNTY OF SAN MATEO
Intergovernmental Correspondence
County Manager's Office



Date: June 9, 2014
Board Meeting Date: June 17, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Amendment to the Agreement with Seton Medical Center

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with Seton Medical Center and the Health Plan of San Mateo, extending the term through December 31, 2014, and increasing the maximum amount payable by \$7,200,000 to \$18,700,000.

BACKGROUND:

In considering the adoption of the Measure A sales tax and the use of proceeds from the tax, the Board of Supervisors identified as County priorities ensuring that hospitals and emergency rooms remain open and that long term care beds remain available for low income patients. In particular, the Board stated that it was considering the use of general funds to provide "substantial assistance" to Seton Medical Center to rebuild and meet seismic standards so that it can continue providing critical healthcare services in the community. On July 23, 2013, the Board adopted Resolution No. 072695, which authorized an agreement with Seton Medical Center and the Health Plan of San Mateo whereunder Seton agreed, among other things, to continue providing safety net services to county residents for the term of October 1, 2013 through June 30, 2014, in exchange for up to \$11,500,000 in financial support from the County.

In January of this year, the Daughters of Charity announced its intent to sell its health care system, including Seton Medical Center and Seton Coastside in San Mateo County.

DISCUSSION:

County staff recognizes the importance of Seton's mission to provide medical care to underserved residents in the northern part of the county, including Health Plan of San Mateo (HPSM)/Medi-Cal members and indigent County residents who receive healthcare under the County's Access to Care for Everyone (ACE) program. Seton

operates an emergency department and provides a significant number of long term care beds to low income patients.

In order to assist Seton to continue to deliver safety net health care services at the current levels, staff recommends that your Board amend the agreement with Seton and HPSM to extend the term through December 31, 2014 and to increase the maximum amount payable under the agreement by \$7,200,000, from \$11,500,000 to \$18,700,000. In exchange, Seton agrees that it will continue to provide safety net services for HPSM and ACE members at current levels until a sale occurs and a new provider is identified.

County Counsel has reviewed and approved the Resolution and Agreement as to form.

PERFORMANCE MEASURE(S):

Measure	FY 2013-14 Estimate	FY 2014-15 Projected
Seton admissions as a % of total hospital admissions for County patients*	22.0%	≥22.0%
Seton outpatient clinic visits as a % of total outpatient clinic visits for County patients*	10.7%	≥10.7%

* CareAdvantage, Medi-Cal, HealthWorks, Access and Care for Everyone (ACE), Healthy Families, Healthy Kids

FISCAL IMPACT:

The term of this agreement, as amended, is October 1, 2013 through December 31, 2014 and the maximum fiscal obligation is \$18,700,000. Funds in the amount of \$11,500,000 are included in the FY 2013-2014 Budget and \$7,200,000 will be included in the FY 2014-2015 Budget. These services will be paid for with proceeds from the Measure A sales tax.