



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: August 29, 2014
Board Meeting Date: September 30, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

Subject: Amendment to the agreement with Data Systems Group of California, Inc.

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with Data Systems Group of California, Inc. to provide claims and remittance software extending the term through June 30, 2016, and increasing the amount by \$286,960.00 to an amount not to exceed \$654,885.44.

BACKGROUND:

In October 2011, San Mateo Medical Center (SMMC) released a Request for Proposals (RFP) for an electronic claims processing information system. Data Systems Group of California, Inc. (DSG) was chosen because of its extensive Medi-Cal and Medi-Cal Managed care experience, as well as its ability to modify its software to efficiently process claims filed with the Health Plan of San Mateo (HPSM). DSG's custom-designed programming allows the user to access, review, and edit variances online to ensure accurate claim reimbursement.

On June 19, 2012, your Board approved an agreement with DSG to provide the services described above.

DISCUSSION:

SMMC is currently working to transition to the new International Statistical Classification of Diseases and Related Health Problems (ICD-10) coding system no later than October 2015. ICD-10 will have a pervasive impact throughout the entire healthcare industry, requiring organization-wide planning and preparation. Because of the complexity of the work being done to facilitate this transition in multiple SMMC systems, it would be disruptive to change the current electronic claims processing system - provided by DSG - during the ICD-10 transition. Therefore SMMC is requesting to

extend the term of the agreement with DSG to June 30, 2016. This extension would allow SMMC to complete the ICD-10 implementation and issue a new, comprehensive RFP for electronic claims processing services.

This amendment is late due to protracted negotiations with the vendor.

The County's Contract Compliance Committee has approved a waiver request to extend the agreement by a total of twenty-four months beyond the original two-year term.

The amendment and Resolution have been reviewed and approved by County Counsel as to form.

This agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by increasing the accuracy and speed of SMMC claims submitted for reimbursement. It is anticipated that the percentage of the claims paid on first submission will increase to 74%.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Percentage of the claims paid on first submission	62%	74%

FISCAL IMPACT:

The term of the agreement is July 1, 2012, through June 30, 2016, in an amount not to exceed \$654,885.44. Funds in the amount of \$143,480.00 will be included in the SMMC FY 2014-15 Recommended Budget. Funds in the amount of \$143,480.00 will be included in the SMMC FY 2015-16 Recommended Budget.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.