



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** August 20, 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  
Susan Kole, Director, Correctional Health

**Subject:** Agreement with California Emergency Physicians Medical Group

**RECOMMENDATION:**

Adopt a Resolution authorizing an agreement with California Emergency Physicians Medical Group to provide emergency medical and Correctional Health Services for the term of October 1, 2014 through September 30, 2016, in an amount not to exceed \$3,500,000.

**BACKGROUND:**

California Emergency Physicians Medical Group (CEP) has provided the physician and physician assistant staff for the Emergency Department (ED) at the San Mateo Medical Center (SMMC) for over twenty years, offering SMMC the benefits of a large practice with diverse specialization and administrative support. CEP has provided physician services for Correctional Health since 2001. CEP also provides ED coverage at over 100 practice locations within the State of California.

**DISCUSSION:**

Under the existing agreement, SMMC has paid CEP for medical services and then billed third-party payors such as Medi-Cal for CEP's services. Under this new agreement, SMMC and CEP will change their billing arrangement: Specifically, CEP – not SMMC – will bill third-party payors for the CEP services provided to SMMC patients. In turn, SMMC will reduce its payment to CEP, reducing the cost of the contract by \$2,740,000 per year. We expect revenue to be reduced by a similar amount since we will no longer be billing for the ED physician services.

Under the new agreement, CEP will continue to provide Board Certified ED physicians twenty-four hours a day, seven days a week, to the SMMC ED. CEP also has agreed to

expand its ED coverage at SMMC; CEP will increase the number of annual patient visits by 9%, for a new total of 43,927 annual patient visits at SMMC. This increase is necessary to accommodate the increase in ED patient volume, as SMMC currently has the busiest ED on the Peninsula. In addition, CEP will continue to provide medical supervision for Psychiatric Emergency Services (PES) residents and restraint authority for PES patients in the absence of on-site psychiatry attending staff. Finally, CEP will provide physician services for Correctional Health.

County Administrative Memorandum B-1 provides that contracts for physicians are exempt from the Request for Proposals process.

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

SMMC is also asking the Board to authorize the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) for each agreement and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

Approval of this agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing emergency services to residents of San Mateo County. It is anticipated that less than 3% of patients coming to the ED will leave without being seen.

**PERFORMANCE MEASURE(S):**

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Percentage of patients presenting at the ED who leave without being seen	<3%	<3%

**FISCAL IMPACT:**

The term of the agreement is October 1, 2014 through September 30, 2016. The amount of the agreement is not to exceed \$3,500,000 for the two-year term. Funds in the amount of \$209,000 are included in the CHS FY 2014-15 Recommended Budget. Funds in the amount of \$1,072,500 are included in the SMMC FY 2014-15 Recommended Budget. Similar arrangements will be made for future years. The payment provisions of the contract are different from the prior contract because of the change in billing procedures described above. This change has resulted in a savings of \$5,480,000 over the two-year term, which is a reduction of 61% compared to the previous agreement. These savings will be offset by the reduction in revenue. The overall effect is budget neutral.

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.