



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: January 14, 2015
Board Meeting Date: February 24, 2015
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 Beacon Partners, Inc.

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Beacon Partners, Inc., increasing the amount by \$200,000 to an amount not to exceed \$2,354,000.

BACKGROUND:

The International Statistical Classification of Diseases and Related Health Problems (ICD) is the World Health Organization's list of codes representing medical diagnoses. ICD-10 is the tenth revision of this diagnostic classification system. In 2009, the US Department of Health and Human Services (HHS) mandated that covered entities such as San Mateo Medical Center (SMMC) move from the ICD-9 to ICD-10 code sets by October 1, 2014 (subsequently extended to October 1, 2015). On October 8, 2013, the San Mateo County Board of Supervisors approved an agreement with Beacon Partners, Inc. (Beacon) to provide an ICD-10 implementation strategy and training program for the Health System. On September 5, 2014, SMMC's Chief Executive Officer approved an amendment modifying the payment schedule and extending the term of the agreement through February 29, 2016, to reflect the later HHS deadline.

DISCUSSION:

The one-year delay in ICD-10's implementation requires that SMMC have Beacon onsite for a longer period of time, to ensure the continuity and completeness of its ICD-10 implementation and preparation. In order to minimize additional costs associated with this delay, SMMC has identified internal staffing resources to absorb some of the project work that would have otherwise been assigned to Beacon.

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

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This amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing statistically significant data for tracking and improving the healthcare of SMMC residents. It is anticipated that SMMC will be 100% compliant with ICD-10 program by October 1, 2015.

PERFORMANCE MEASURE:

Measure	FY 2014-15 Estimated	FY 2015-16 Projected
Compliance with ICD-10 program by October 1, 2015	75%	100%

FISCAL IMPACT:

The term of the amended agreement is October 1, 2013, through February 29, 2016, in an amount not to exceed \$2,354,000. Funds in the amount of \$852,000 were included in the SMMC FY 2014-15 Adopted Budget, and funds in the amount of \$697,000 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 is covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.