



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: April 13, 2015
Board Meeting Date: May 19, 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: Resolution Authorizing the Controller to Pay Non-Contracted Medical Service Providers

RECOMMENDATION:

Adopt a resolution authorizing the Controller to pay non-contract medical service providers at non-County locations to provide services not offered at San Mateo Medical Center for the term of July 1, 2015 through June 30, 2017, in an amount not to exceed \$200,000.

BACKGROUND:

Since 1980, your Board has authorized the Controller to pay non-contract medical providers that provide medical services at non-County facilities to patients for whom the County has responsibility. If a patient needs services or procedures not offered at San Mateo Medical Center (SMMC) or through a contracted medical care provider, the patient is referred to an off-site facility and the expenses must be paid by the County.

In July 2007, your Board adopted a resolution authorizing the Controller to pay non-contract providers for services provided at the Medicare participating fee schedule rate for San Mateo County Part "B" and on the Medicare Labor Adjusted Ambulatory Surgery Classification (ASC). All other services not found on the Part "B" Medicare Fee Schedule or the ASC are paid at the Ambulatory Payment Classification (APC) rate, and all additional procedures are paid at 50% of the Medicare Allowable Reimbursement Rate.

In December 2008, your Board executed an agreement with the Health Plan of San Mateo (HPSM) to administer the Consolidated Access to Care for Everyone (ACE) Program. The agreement calls for HPSM to administer funding directed to the provision of care for the medically indigent population. A major benefit of this arrangement is to

ensure consistent contracting rates among providers and to take advantage of HPSM's contracting expertise.

DISCUSSION:

This resolution allows the Chief of the Health System or designee to negotiate rates different and most likely higher than rates recommended by HPSM. This would be for cases where, in the judgment of the Chief, different rates are necessary in order to secure required medical care, provided that such negotiation is done in consultation with the County Manager and the County Counsel.

SMMC Administration must authorize all referrals to non-contract providers in advance and in writing. SMMC Case Management provides concurrent utilization review. In January 2009, HPSM began working with SMMC to assure appropriate referrals to outside providers. For the years 2013 through 2014, \$4,673.50 was expended under the authority of the preceding Resolution to this Resolution.

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.

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by addressing the need for highly specialized medical services to County patients. It is anticipated that less than one percent (<1.0%) of County patients will be referred to non-contract medical service providers for specialty care services.

PERFORMANCE MEASURE(S):

Measure	FY 2014-15 Estimated	FY 2015-16 Projected
Percentage of patients referred to non-contract medical services providers for specialty care services	<1.0%	<1.0%

FISCAL IMPACT:

The term of the resolution is July 1, 2015 through June 30, 2017. The amount of the agreement is not to exceed \$200,000 for the two-year term. Funds in the amount of \$100,000 are included in the SMMC FY 2015-16 Adopted Budget. Funds in the amount of \$100,000 will be included in the SMMC FY 2016-17 Recommended Budget. Similar arrangements will be made for future years.

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.