



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



**Date:** December 10, 2014  
**Board Meeting Date:** January 27, 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:** Ratification of an agreement with the State to continue participation in the Construction and Renovation Reimbursement Program

**RECOMMENDATION:**

Adopt a Resolution ratifying the execution of an agreement with the Department of Health Care Services regarding the County's continued participation in the Construction and Renovation Reimbursement Program and associated receipt of reimbursement funds under that program.

**BACKGROUND:**

The California Department of Health Care Services (DHCS), pursuant to Welfare & Institutions Code Section 14085.5, operates a Construction and Renovation Reimbursement Program (Reimbursement Program). Under the Reimbursement Program, hospitals that serve a disproportionate share of Medi-Cal beneficiaries and other low-income populations can receive supplemental reimbursement from the State for the debt service incurred on revenue bonds for construction, renovation, or replacement of facilities or fixed equipment. One condition of Reimbursement Program participation is that the capital project at issue must have been submitted to the Office of Statewide Health Planning and Development between 1988 and 1994. Because some of the County's capital projects at San Mateo Medical Center (SMMC) met these requirements, the County has participated in the Reimbursement Program since October 1998.

**DISCUSSION:**

SMMC was notified in April 2014 that continued participation in the Reimbursement Program required a Provider Participation Agreement with DHCS. On November 10, 2014, the Chief Executive Officer of SMMC, with approval of County Counsel, signed a new Provider Participation Agreement on behalf of the County. The Board of

Supervisors is now being asked to ratify this signature in order to permit the County to continue to receive reimbursement funding from DHCS.

The Provider Participation Agreement 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 providing SMMC with supplemental reimbursement from the State for the debt service incurred on revenue bonds. It is anticipated that as a result of SMMC's participation in the Reimbursement Program, SMMC will receive \$3.4 million in reimbursement.

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Reimbursement for participation in the Construction Reimbursement and Renovation program	\$3.2 million	\$3.4 million

**FISCAL IMPACT:**

The term of the agreement begins July 1, 2013 and will be in effect until the DHCS Reimbursement Program is either discontinued or SMMC is no longer eligible for reimbursements (e.g., repayment is made in full) . Funds in the amount of \$3.3 million were received from the Reimbursement Program for FY 2012-13. With the execution of this agreement, the Reimbursement Program will release funds in the amount of \$3.2 million for FY 2013-14. It is anticipated that SMMC will receive \$3.4 million for FY 2014-15 and will likely continue to receive reimbursement funds in subsequent years. There is no Net County Cost associated with this agreement.