

## HEALTH PLAN-PROVIDER AGREEMENT

### HEALTH SYSTEM AGREEMENT

This Agreement is made this \_\_\_\_ day of \_\_\_\_\_ by and between San Mateo Health Commission dba Health Plan of San Mateo, a public entity hereinafter referred to as "PLAN", and the County of San Mateo, San Mateo County Health System, hereinafter referred to as "PROVIDER".

#### RECITALS:

WHEREAS, PLAN is a County Organized Health System, formed pursuant to Welfare and Institutions Code Section 14087.51 and Sections 2.23.010, 2.23.020 and 2.23.030 of the San Mateo County Ordinance Code, which has entered into and maintains a Medi-Cal Services Contract with the State California;

WHEREAS, PROVIDER, a department of a political subdivision of the State of California, which includes the San Mateo Medical Center division (including all affiliated clinics and providers), the Behavioral Health Recovery Services division (including all affiliated clinics and providers and responsibilities as the specialty behavioral health plan), the Family Health Services division, the Aging & Adult Services division, the Public Health, Policy and Planning division, the Health Coverage Unit division, and the Emergency Medical Services division, on behalf of its various divisions has previously entered into agreements with PLAN to provide services with respect to Medi-Cal PLAN members;

WHEREAS, PROVIDER operates the only disproportionate share hospital (DSH), as defined in Welfare and Institutions Code Section 14105.98, in the County of San Mateo, and historically has been the largest DSH provider of adult (non-obstetric) inpatient service days to PLAN's members; and whereas PROVIDER also provides mental health treatment; substance use disorder treatment; administrative, care and coverage coordination; public health services; and long term care institutional and home and community based services to PLAN's members, among other services;

WHEREAS, the parties acknowledge that PROVIDER provides services to Medi-Cal PLAN members that are in addition to those covered under the Medi-Cal State plan ("additional health care services"), as permitted pursuant to 42 C.F.R. section 438.6(e), although the cost of these additional health care services cannot be included when determining the payment rates to PLAN under its Medi-Cal Services Contract with the State of California; and

WHEREAS, PLAN and PROVIDER desire to enter into an Agreement to provide supplemental revenue to PROVIDER with respect to services, including the additional health care services, provided for Medi-Cal PLAN members ("Medi-Cal services") as a result of intergovernmental transfers ("IGTs") from the County of San Mateo to the California Department of Health Care Services ("State DHCS"), to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries, and to improve the coordination and effectiveness of their care; and

WHEREAS, as a result of the IGTs from the County of San Mateo referenced above, PLAN received an increase in total compensation under its Medi-Cal Services Contract with the State of California, effective for the State fiscal year 2014-15 rate period, that is in addition to the PLAN's share of those rate increases for Medi-Cal Managed Care Plans, including County Organized Health System health plans, reflected in the final State Budget for the State fiscal year 2014-15.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

**A. Payment**

PLAN shall pay to PROVIDER the increase in total compensation received by the PLAN as a result of the IGTs from the County of San Mateo for FY 14-15 ("IGT PAYMENTS") in accordance with Section E. below.

Such IGT PAYMENTS are for Medi-Cal services to the PLAN's Medi-Cal members rendered by PROVIDER. The parties agree that PROVIDER shall have full discretion in the manner and amount of allocation of such supplemental payments with respect to the services rendered by PROVIDER. Such payments may be allocated as follows, but this list is neither exhaustive nor proscriptive:

- (1) as supplemental revenue for additional health care services provided by PROVIDER TO Medi-Cal PLAN members,
- (2) as supplemental revenue for services provided under PROVIDER's existing agreements with PLAN,
- (3) as supplemental revenue for making available hospital physician staff, including, but not limited to, specialists, radiologists, and emergency room physicians to Medi-Cal PLAN members;
- (4) as supplemental revenue for making available nursing facility services to Medi-Cal PLAN members under the NF Agreement with PLAN;
- (5) as supplemental revenue for coordination of care and any other non-hospital service activities that benefit Medi-Cal PLAN members; and
- (6) as supplemental revenue for making inpatient and outpatient hospital services available to Medi-Cal PLAN members.

The IGT PAYMENTS are not for services provided by PROVIDER'S federally qualified health centers ("FQHC") to the extent the services are reflected in the FQHC's prospective payment system rate, nor are they operating revenues for NF services. IGT PAYMENTS paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

**B. Health Plan Retention**

- (1) Medi-Cal Managed Care Seller's Tax

The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT PAYMENTS. If the PLAN receives any capitation rate increases for MCO taxes based on the IGT PAYMENTS, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State DHCS, and shall pay, as part of the IGT PAYMENTS, the remaining amount of the capitation rate increase to PROVIDER.

(2) PLAN will not retain any other portion of the IGT PAYMENTS received from the State DHCS other than those mentioned above.

**C. Conditions for Receiving IGT PAYMENTS**

As condition for receiving IGT PAYMENTS, PROVIDER shall, as of the date of the particular IGT PAYMENT is due:

- (1) Remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;
- (2) Maintain its current emergency room licensure status and not close its emergency room;
- (3) Maintain current inpatient surgery suites and not close these facilities; and
- (4) Maintain its provision of treatment of mental health and substance use disorders, and its community-based services.

**D. Notice of Transfer of Funds**

PLAN shall send a notice to PROVIDER when PLAN receives any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the County of San Mateo. Notices shall be sent to PROVIDER's Chief Financial Officer, Gina Wilson, via email at [gwilson@smcgov.org](mailto:gwilson@smcgov.org) or via mail at San Mateo County Health System, 225 37th Avenue, San Mateo, CA 94403.

**E. Form and Timing of Payments**

PLAN agrees to pay IGT PAYMENTS to PROVIDER in the following form and according to the following schedule:

- (1) PLAN will pay the IGT PAYMENTS to PROVIDER no later than thirty (30) calendar days after receipt of the IGT PAYMENTS from State DHCS.
- (2) PLAN agrees to pay the IGT PAYMENTS to PROVIDER in the form and manner set forth in written directions from PROVIDER'S Chief Financial Officer.

## **F. Consideration**

(1) As consideration for the IGT PAYMENTS, PROVIDER shall use the IGT PAYMENTS for the following purposes and shall treat the IGT PAYMENTS in the following manner:

(a) For purposes of the Medi-Cal waiver supplemental funding reconciliation process (commonly referred to as the Paragraph 14 process), any IGT PAYMENTS that are directed by PROVIDER to inpatient hospital services shall represent supplemental revenue for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during FY 14-15. The IGT payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the IGT payments apply.

(b) To the extent that the total payments received by PROVIDER for any State fiscal year under this Agreement exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining IGT PAYMENT amounts shall be retained by PROVIDER to be expended for health care services. Retained IGT PAYMENTS may be used by PROVIDER in either the State fiscal year received or in subsequent State fiscal years.

(2) For purposes of subsection (1) (b) of this Section, if the IGT PAYMENTS are not used by PROVIDER in the State fiscal year received, PROVIDER will establish retention of such funds by demonstrating that the balance of PROVIDER's retained earnings account at end of any State fiscal year in which it received IGT PAYMENTS has increased over the unspent portion of the prior State fiscal year's balance by the amount of IGT PAYMENTS received but not used. These retained PROVIDER funds may be commingled with other County of San Mateo funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the County of San Mateo or federal matching funds, will be recycled back to the County of San Mateo's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this agreement constitute patient care revenues.

## **G. Term**

The term of this agreement shall commence on July 1, 2014 and shall terminate on September 30, 2017.

# SIGNATURES

HEALTH PLAN: San Mateo Health Commission

BY CEO, \_\_\_\_\_  
Maya Altman

Date: \_\_\_\_\_

PROVIDER: County of San Mateo

By: President, Board of Supervisors \_\_\_\_\_

Date: \_\_\_\_\_

Attest

By \_\_\_\_\_

John L. Maltbie  
Clerk, Board of Supervisors