

HEALTH PLAN-PROVIDER AGREEMENT
Health System Agreement

This Agreement is made this ____ day of _____ {month/year}, 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 2.68.010, 2.68.020 and 2.68.030 of the San Mateo Ordinance Code, which has entered into and maintains a Medi-Cal Services Contract with the State of California;

WHEREAS, PROVIDER, 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 and 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 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 behavioral health, substance use disorder, administrative, care and coverage coordination, public health 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 for payment increases 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 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 improve the coordination and effectiveness of their care.

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

IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the County of San Mateo specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds ("Intergovernmental Agreement") effective for the period July 1, 2011 through June 30, 2012 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments will be applied

to the FY 2011-12 Medi-Cal services in the following order of priority: (1) as payment for additional health care services provided by PROVIDER to Medi-Cal PLAN members, and (2) as payment increases for services provided under PROVIDER's existing agreements with PLAN, except that LMMCRR 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, and are not for acute inpatient hospital and outpatient hospital services provided by PROVIDER. LMMCRR 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) Managed Care Organizations Tax

The PLAN shall be responsible for any Managed Care Organization ("MCO") tax due pursuant to the Revenue and Taxation Code Section 12201 relating to any IGT MMCRRIs. If the PLAN receives any capitation rate increases for MCO taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MCO tax that PLAN is required to pay to the State DHCS, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

(2) The PLAN and PROVIDER agree that up to Six Million Four Hundred Thousand Dollars (\$6,400,000) of the MMCRRi may be retained by the PLAN and used exclusively to maintain or enhance services, access, outcomes, or health status for Medi-Cal beneficiaries of the PLAN. The amount and specific use of the funds retained by the PLAN shall be determined by mutual written agreement of PLAN and PROVIDER. Such funds shall be expended within one calendar year of receipt of the IGT MMCRRIs funds described in paragraph 1.A above or June 30, 2015, whichever is later

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

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR 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 its current inpatient surgery suites and not close these facilities; and
- (4) maintain its provision of behavioral health, substance use disorder, long term care institutional, and community based services.

D. Schedule and Notice of Transfer of Funds

PLAN shall send 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.

E. Form and Timing of Payments

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

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (i.e., electronic transfer).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than thirty (30) calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

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

(a) The LMMCRR 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 LMMCRR IGT Payments apply.

(b) To the extent that 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 LMMCRR Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR Payment amounts may be used by the PROVIDER in either the State fiscal year received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) of this Section F., if the LMMCRR 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 in PROVIDER'S retained earnings account at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR 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.

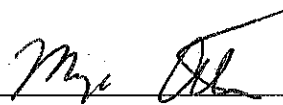
2. Term

The term of this Agreement shall commence on July 1, 2011 and shall terminate on December 31, 2013.

Signatures

HEALTH PLAN: San Mateo Health Commission

Date: 4/10/13

By: CEO, 

PROVIDER: County of San Mateo

Date: _____

By: President, Board of Supervisors _____

Attest:

By _____

Clerk, Board of Supervisors