



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: March 5, 2013
Board Meeting Date: April 23, 2013
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: Authorizing the Controller to Pay Non-Contract Medical Service Providers

RECOMMENDATION:

Adopt a Resolution authorizing:

- A) 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, 2013 through June 30, 2015, in an amount not to exceed \$500,000; and
- B) The Chief of the Health System or designee, acting in consultation with the County Manager and County Counsel, to negotiate rates different from those set forth where such rates are necessary

BACKGROUND:

Since 1990 your Board has authorized the Controller to pay non-contract medical service providers who 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. Examples of areas where SMMC does not have necessary equipment or does not perform necessary procedure include various forms of cancer (such as Brachy Therapy or Bone Marrow Transplants) and Transplants (such as liver, heart, lung and kidney).

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.

On December 9, 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 the HPSM to administer funding directed to the provision of care to the medically indigent population. A major benefit of this arrangement is to ensure consistency among contracting rates with providers and to take advantage of the HPSM contracting expertise.

A similar Resolution pertaining to non-contract physicians is being presented to your Board under separate cover.

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 in cases where, in the judgment of the Chief, such 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. The negotiated rate depends primarily on equipment required, procedure to be performed and length of stay. This provision was included in an Amendment to the Agreement with HPSM to ensure consistency in all payment terms related to County funding for medical care for the medically indigent population.

All referrals to non-contract providers must be authorized in advance and in writing by SMMC Administration, and utilization review will be concurrently provided by the Case Management Department at SMMC. In January 2009 HPSM began working with SMMC to assure appropriate referrals to outside providers. For the years 2010 through 2012, no monies were expended under the authority of this Resolution.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution 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 2012-13 Estimated	FY 2013-14 Projected
Percentage of patients referred to non-contract medical service providers for specialty care services	<1.0%	<1.0%

FISCAL IMPACT:

The term of the Resolution is July 1, 2013 through June 30, 2015. The maximum fiscal obligation is \$500,000. Funds in the amount of \$250,000 will be included in the SMMC FY 2013-14 Recommended Budget. Funds in the amount of \$250,000 will be included in the SMMC FY 2014-15 Recommended Budget. The negotiation provisions remain the same as prior Resolution, but the maximum payment level has been reduced by 50%.

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 are covered by the County's General Fund contribution to SMMC.