



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: January 13, 2014
Board Meeting Date: March 11, 2014
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: Amendment to the agreement with Toyon Associates, Inc.

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with Toyon Associates, Inc. to provide third-party reimbursement services to the San Mateo Medical Center, increasing the amount by \$380,000 to an amount not to exceed \$917,000.

BACKGROUND:

On January 24, 2012, your Board approved an agreement with Toyon Associates, Inc. (Toyon) for third party reimbursement services. As a result of a June 2011 Request for Proposals, Toyon was chosen because of their extensive knowledge of San Mateo Medical Center's (SMMC) financial operations, as well as their unique understanding of the complex and frequently-changing supplemental revenue calculations, specific to County healthcare operations.

DISCUSSION:

The agreement originally specified annual amounts for retainer services to be provided. However, in the interim, vacancies occurred in two key SMMC staff positions, the Senior Reimbursement Accountant and the Reimbursement Manager. As a result, Toyon had to assume much of the work that would normally be handled by the persons holding these positions. While covering the work of these two vacant positions, Toyon's diligence in aggressively pursuing SMMC's Medi-Cal appeals has recovered \$2.1 million in revenue over the term of the agreement to date. This makes the continued utilization of their services essential to SMMC's efforts to maximize third-party reimbursements.

In addition, 2014 is the year when public hospitals will establish their base year equations under State Assembly Bill 85 (AB85), which is the state's implementation of

the Accountable Care Act for health care reform. As a complete restructuring of public hospital reimbursement, the AB85 strategic analysis exercise has required a significant (but one-time) effort on the part of Toyon. This effort has been necessary, given AB85's enormous anticipated effect on how SMMC is paid for Medi-Cal and low income patient services going forward.

The amendment and Resolution have been reviewed and approved by County Counsel as to form. The contractor meets insurance certification requirements.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by maximizing third-party reimbursements for services provided to SMMC patients. It is anticipated that SMMC's required reports and estimates completed within the reporting period will be at 100%.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Actuals to date	FY 2014-15 Projected
Percentage of required reports and estimates completed within the reporting period	100%	100%

FISCAL IMPACT:

The term of the agreement is January 1, 2012 through December 31, 2014, in an amount not to exceed \$917,000. Funds in the amount of \$190,000 are included in the SMMC FY 2013-14 Adopted Budget. Funds in the amount of \$190,000 will be included in the SMMC FY 2014-15 Recommended Budget.

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, and are within the existing annual appropriation.