



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: March 24, 2014
Board Meeting Date: May 6, 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 San Mateo Health Commission doing business as the Health Plan of San Mateo

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with the San Mateo Health Commission doing business as the Health Plan of San Mateo, increasing the estimated capitation and pay for performance payments by \$6,000,000 to an estimated annual amount of \$9,555,461.

BACKGROUND:

On September 9, 2008, your Board approved an agreement with the San Mateo Health Commission, doing business as the Health Plan of San Mateo (HPSM), for Primary Care Medical Services for eligible HPSM members receiving services at the San Mateo Medical Center (SMMC) for the term of January 1, 2008 through December 31, 2008. The term in the original agreement has an automatic renewal clause.

DISCUSSION:

As a result of the Affordable Care Act (ACA), the State adopted legislation (AB 85) in June 2013. AB 85 mandated that the State pay managed health care plans 75% of the actuarial rate range and requires those plans to pass the increased payments directly to county hospital and clinic systems to provide services to the Medi-Cal expansion populations.

This amendment will allow SMMC to accept these increased State payments via HPSM effective January 1, 2014, as a result of AB 85. Your Board is receiving this amendment late due to the time required by the State to determine to how payments would be made to HPSM and then remitted to SMMC.

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.

Approval of this agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing access to medical services to county residents that are eligible HPSM members. It is anticipated that there will be 15,000 newly eligible ACA / Medi-Cal enrollees by FY 2014-15.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Estimated	FY 2014-15 Projected
Newly eligible ACA / Medi-Cal enrollees	12,000	15,000

FISCAL IMPACT:

The term of this agreement began January 1, 2008, with an annual automatic renewal. This amendment will increase HPSM's annual payment amount to the county by \$6,000,000 to an estimated annual amount of \$9,555,461 effective January 1, 2014. Funds in the amount of \$6,555,461 – the total under the prior rate (\$3,555,461) plus the pro-rated increase of \$3,000,000 for the six-month period of January 2014 till June 2014 – are included in the SMMC FY 2013-14 Adopted Budget. Funds in the amount of \$9,555,461 will be included in the SMMC FY 2014-15 Recommended Budget. Similar arrangements will be made for future budget years. There is no Net County Cost.