



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: November 4, 2013
Board Meeting Date: December 10, 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: Amendment to the agreement with HFS Consultants

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with HFS Consultants, extending the term through March 31, 2015 and increasing the amount by \$821,400 to an amount not to exceed \$921,400.

BACKGROUND:

On October 16, 2013, the Chief Executive Officer of the San Mateo Medical Center (SMMC) signed an agreement in the amount of \$100,000 with HFS Consultants (HFS) for a Chief Revenue Officer and an Interim Billing and Collections Manager to support SMMC's finance department until permanent candidates can be recruited.

DISCUSSION:

HFS was able to provide qualified local candidates on short notice with the experience needed to support the financial unit at SMMC. The original term of the agreement was only for forty-five days. The Chief Revenue Officer is needed to lead the revenue work at SMMC while we recruit to fill the five vacant financial management positions at SMMC. The Chief Revenue Officer will also facilitate SMMC's ICD-10 implementation and provide the expertise needed for SMMC to recover \$1.9 million in denial write-offs and point-of-service collections.

The Billing and Collections Manager will work under the supervision of the Chief Revenue Officer filling that management position until we can hire a permanent replacement.

The contract also provides that HFS recruit individuals to fill three of the vacant

Financial Service Manager II positions. HFS guarantees the placement of successful candidate(s) for a period of three months from each candidate's start date. SMMC will only be charged the fee of 22.5% of each position's first year annual compensation, up to a total cap of \$100,000, if the placement is successful. The use of an outside firm for specialized recruitment was approved by the County's Human Resources Department due to the extreme difficulty in filling these positions.

Based the pressing need at SMMC for these services and the success of the initial work performed by HFS, SMMC is also seeking a waiver of the Request for Proposals (RFP) process to permit HFS to continue providing these services.

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

SMMC also requests that your Board authorize the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

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 amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing necessary financial support to the finance and billing departments, enabling SMMC to continue to provide quality patient care to residents of San Mateo County. It is anticipated that as a result of the efforts of the Chief Revenue Officer and the finance team that SMMC will achieve a 2:1 ROI by recovering \$1.9 million in denial write-offs and point-of-service collections over the term of the agreement.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Estimated	FY 2014-15 Projected
Recovery of at least \$1.9 million in denial write-offs and point of service collections over the term of the agreement	N/A*	\$1,900,000

* New Measure

FISCAL IMPACT:

The term of the agreement is October 1, 2013 through March 31, 2015, and the total amount will not exceed \$921,400. Funds in the amount of \$460,700 are included in the SMMC FY 2013-14 Adopted Budget and funds in the amount of \$460,700 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.