



# County of San Mateo

## Inter-Departmental Correspondence

---

**Department:** HEALTH

**File #:** 21-120

Board Meeting Date: 2/9/2021

---

**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise F. Rogers, Chief, San Mateo County Health  
Chester J. Kunnappilly, MD, 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, to increase the rates for inpatient medical-surgical services to its members due to recent changes in regulations by the Centers for Medicare and Medicaid Services.

### **BACKGROUND:**

San Mateo Medical Center (SMMC) has contracted with San Mateo Health Commission, doing business as Health Plan of San Mateo (HPSM), since January 1994. The current agreement started on January 1, 2007, through December 31, 2009, and automatically renews for successive twelve-month periods with the same terms and conditions, subject to any subsequent amendments.

The agreement provides for the care of inpatient, outpatient, and emergency services to patients who are eligible to receive Medi-Cal benefits. HPSM reimburses SMMC for providing such care.

The conditions upon which payments are made continue to include: working with HPSM medical staff to reduce hospital readmissions from the skilled nursing facility; agreeing not to terminate the agreement; agreeing not to close the Emergency Department at SMMC; and exploring medical management collaborative initiatives.

### **DISCUSSION:**

Due to the COVID-19 pandemic, the California Department of Health Care Services (DHCS) allowed hospitals to resubmit their cost report projections to account for the higher cost of caring for COVID-19 patients. Reimbursement rates for Medi-Cal inpatient services are based on the hospital's cost per patient day, and for SMMC the reimbursement rate increased from \$2,529 per day to \$4,104 per day for FY 2020-21 based on the resubmitted cost report. SMMC desires to amend this agreement to

increase payment rates for inpatient medical-surgical services to Plan members, to help assure the continued availability of Medi-Cal health care services to Medi-Cal beneficiaries in San Mateo County. At this time, it is unknown whether this higher rate will continue into FY 2021-22.

The amendment and resolution have been reviewed and approved by County Counsel as to form.

The resolution contains the County's standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

It is anticipated that the number of inpatient days for HPSM Medi-Cal members treated at SMMC will increase to 3,300.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2019-20 Actual</b>	<b>FY 2020-21 Projected</b>
Number of inpatient days for HPSM Medi-Cal members treated at SMMC	2,863 inpatient days	3,300 inpatient days

**FISCAL IMPACT:**

The initial term of the agreement is January 1, 2007, through December 31, 2009. Pursuant to its terms, the agreement automatically renews for successive twelve-month periods with the same terms and conditions, subject to any subsequent amendments. This amendment has a positive fiscal impact of approximately \$4,900,000 for SMMC.