



# County of San Mateo

## Inter-Departmental Correspondence

**Department:** HEALTH

**File #:** 18-158

Board Meeting Date: 2/27/2018

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

**To:** Honorable Board of Supervisors

**From:** Louise Rogers, Chief, Health System  
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

**Subject:** Amendment to the agreement with CareAdvantage Hospital Service San Mateo Health Commission, Doing Business as Health Plan of San Mateo

### **RECOMMENDATION:**

Adopt a resolution authorizing an amendment to the agreement with the San Mateo Health Commission, doing business as Health Plan of San Mateo, to add a pilot quality-reporting program effective February 1, 2018, and authorizing San Mateo Medical Center to accept an estimated \$2,700,000 in revenue.

### **BACKGROUND:**

The County of San Mateo, through San Mateo Medical Center (SMMC), has contracted with San Mateo Health Commission, doing business as Health Plan of San Mateo (HPSM), since January 1994. HPSM is responsible for coverage of the vast majority of San Mateo County's safety net population.

HPSM's current CareAdvantage Hospital Service agreement with SMMC offers a prepaid health benefits plan for individuals covered under the federal Medicare program and was originally approved for the term of January 1, 2009 to December 31, 2009. This agreement automatically renewed for successive twelve-month periods with the same terms and conditions, subject to any subsequent amendments. On January 25, 2011, the agreement was amended to increase the per diem rate for psychiatric hospital services.

### **DISCUSSION:**

HPSM and SMMC have mutually agreed to implement a pilot quality-reporting program at SMMC's two Skilled Nursing Facility (SNF) locations: Burlingame Long-Term Care and onsite at SMMC. As part of the pilot program, HPSM will reimburse SMMC for CareAdvantage SNF services based on Medicare's current Resource Utilization reimbursement rate instead of the previous negotiated rate. This represents an increase in the daily reimbursement rate from approximately \$425 to \$625-650. As a result, SMMC projects that it will receive approximately \$2,700,000 in revenue and will meet

with HPSM quarterly to review the progress of the program.

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

This agreement is coming to your Board late due to protracted negotiations.

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by improving the quality of care for patients receiving care at SMMC SNF locations. It is anticipated that through this pilot, SMMC will maintain a SNF census of 90% HPSM members, to support access to SNF services for members of the County's safety net population.

**PERFORMANCE MEASURE:**

Measure	FY 2016-17 Actual	FY 2017-18 Projected
Percentage of SNF census that will be HPSM members	N/A*	90%

\*New measure

**FISCAL IMPACT:**

The initial term of this agreement is January 1, 2009 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. The anticipated amount of revenue SMMC will receive is approximately \$2,700,000 term. Revenue in the amount of \$794,118 is included in the SMMC FY 2017-18. Adopted Budget. Funds in the amount of \$1,905,882 will be included in the SMMC FY 2018-19 Recommended Budget. Since this is a revenue agreement to the County, there is no Net County Cost.

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.