



# County of San Mateo

## Inter-Departmental Correspondence

---

**Department:** HEALTH

**File #:** 18-063

Board Meeting Date: 1/23/2018

---

**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 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, and the San Mateo Medical Center to create a shared saving agreement for the term of January 1, 2018 through December 31, 2018.

### **BACKGROUND:**

On September 9, 2008, your Board approved an agreement with the Health Plan 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. Pursuant to its terms, the agreement renews each year for a one year term, subject to either party's right to give notice to terminate the agreement. On March 26, 2014, your Board approved an amendment to the agreement to bring it into compliance with AB 85, which requires that payments for Medi-Cal expansion populations be made directly to county hospitals and clinic systems.

### **DISCUSSION:**

This amendment will ensure compliance with the State of California's Medi-Cal 2020 section 1115 waiver, which requires that the agreement between SMMC and HPSM set forth at least one financial arrangement involving an "Alternative Payment Model" (APM). The APM must include some contractual mechanism for sharing either risk or the savings from reducing the cost of patients' care. This amendment provides for the development of a strategic framework for transitioning to value-based care, sharing the financial risk and potential gains from effectively managing the medical costs associated with caring for patients assigned to SMMC. This is the first step towards a broader goal to encourage both parties to build on this platform and advance to value-based care.

This amendment will allow SMMC to accept a shared savings payment in June 2019 if the total cost for HPSM to provide care to its members who are assigned to SMMC clinics is less than 90% of the

amount that HPSM receives from the Medi-Cal and Medicare programs for such patients during the period of January 1, 2018 through December 31, 2018.

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

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing SMMC with the opportunity for increased financial flexibility to expand and enhance access to medical services to County residents who are eligible HPSM members. SMMC anticipates reducing the total cost of care for its assigned HPSM members to 88% of HPSM revenues for those patients.

**PERFORMANCE MEASURE:**

Measure	FY 2017-18 Estimated	FY 2018-19 Projected
Total cost for HPSM to provide care to its members assigned to SMMC, as a percentage of HPSM revenues for those patients	89%	88%

**FISCAL IMPACT:**

The term of this amendment is January 1, 2018 through December 31, 2018. Assuming SMMC achieves anticipated cost savings, there is an estimated additional \$1,700,000 in revenue that the SMMC would receive from the HPSM in recognition of savings achieved during calendar year 2018. Because these payments are contingent on achieving cost savings that are not guaranteed, no monies are included in the SMMC FY18-19 Recommended Budget. There is no net county cost.