



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 18-166

Board Meeting Date: 2/27/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Amendment to Agreement with San Mateo Health Commission dba Health Plan of San Mateo

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with San Mateo Health Commission dba Health Plan of San Mateo for the administration of the Access and Care for Everyone program extending the term through March 31, 2020, in an amount not to exceed \$49,085,000.

BACKGROUND:

On July 21, 2015, your Board approved an agreement pursuant to which the San Mateo Health Commission dba Health Plan of San Mateo (HPSM) would provide third party administrator (TPA) functions on behalf of the San Mateo Medical Center (SMMC) for the term of April 1, 2015 through March 31, 2018, with the option to extend the term through March 31, 2020, in an amount not to exceed \$24,750,000. The agreement has subsequently been amended to include a data usage agreement on behalf of the Family Health Services Division.

DISCUSSION:

This amendment is to extend the term of the Agreement by two years, through March 31, 2020 and to increase the funding available to pay HPSM for the ACE-related TPA services provided under the agreement. Specifically, the amendment will increase the amount payable under the agreement by \$24,335,000, to \$49,085,000.

As a TPA, HPSM shall continue to provide various services, which include, but are not limited to, claims processing and data management, outpatient pharmacy benefits, provider relations, and collection of participant fees relating to ACE members. The amounts included in this contract cover both HPSM TPA fees as well as fee-for-service payments made to non-SMMC medical providers for care provided to ACE patients.

The agreement 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 access to healthcare to the ACE patients of San Mateo County. It is anticipated that all activities undertaken by HPSM in performance of third party administrator duties will comply with all applicable Federal laws, regulations, reporting requirements, CMS instructions and with the Health System's contractual obligations with the California Department of Health Care Services.

PERFORMANCE MEASURE:

Measure	FY 2016-17 Actual	FY 2017-18 Projected
Percentage of activities undertaken by HPSM as third party administrator that will be in compliance with applicable Federal laws, regulations, reporting requirements, CMS instructions and contractual obligations	100%	100%

FISCAL IMPACT:

The revised term of the agreement is April 1, 2015 through March 31, 2020. The amount payable under the agreement, as amended, is not to exceed \$49,085,000 (reflecting an increase of \$24,335,000, under the amendment). This amount covers the monthly TPA administration fee of \$185,000 and anticipated monthly claim payments to non-SMMC medical providers of \$600,000 for the next 31 months. Funds in the amount of \$3,041,875 are included in the SMMC FY 2017-18 Adopted Budget. Funds in the amount of \$12,167,500 are included in the SMMC FY 2018-19 Recommended Budget. Similar arrangements will be made for future years.

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.