



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 18-167

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
Gina Wilson, Chief Financial Officer

Subject: Amendment to the Agreement with San Mateo Health Commission

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with the San Mateo Health Commission, doing business as Health Plan of San Mateo, for services to Medi-Cal members, for the term January 1, 2017 through September 30, 2019, funded through Intergovernmental Transfers.

BACKGROUND:

The County of San Mateo has contracted with the San Mateo Health Commission, doing business as Health Plan of San Mateo (HPSM), since January 1994. Your Board has approved numerous agreements and amendments for the provision of healthcare and behavioral healthcare services to HPSM members, including those enrolled in the Medi-Cal program. Your Board has also approved prior agreements and amendments related to Intergovernmental Transfers (IGTs), which is a mechanism the County has long used to help pay for services in the Health System. An IGT is a federally-approved mechanism whereby County funds are provided to the State to draw down matching federal dollars for the Medi-Cal program. On April 11, 2017, you approved an agreement with HPSM for FY 2015-2016 and 2016-2017 for the term July 1, 2015 through September 30, 2019. On June 6, 2017 you approved two amendments: the term of the first amendment is July 1, 2015 through September 30, 2019, and totals to \$21,056,738 or \$10,528,367 in net revenue and the term of the second amendment is from January 1, 2015 through September 30, 2019 and totals to \$5,850,265 or \$2,925,133 in net revenue.

DISCUSSION:

The original agreement and subsequent amendments allow HPSM to provide supplemental payments to the Health System to support the provision of services to HPSM's Medi-Cal members in FY 2015-16 and FY 2016-17. In exchange, the Health System is required to remain a participating provider in HPSM and maintain services such as emergency room licensure, inpatient surgery suites, treatment for mental health and substance use disorders, and community-based services. The agreement terms also require that IGT revenues are used to fund health services and not returned to

the County General Fund.

The State has now required an amendment to allow for payment of the required match for the Newly Eligible members effective January 1, 2017. As part of the Affordable Care Act, effective January 1, 2017, there is a required 5% match that the State has just now determined could be payable through the plans and an Intergovernmental Transfer. This 5% match equates to \$176,324 payment to receive \$3,526,477 in revenue.

This amendment was received from the State on February 12, 2018 and must be returned by March 6, 2018.

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

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

Approval of the amendment to the agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing funds to pay for healthcare services to Medi-Cal beneficiaries resulting in further improved health outcomes and lower costs. The original performance measures remains and it is anticipated that the number of Medi-Cal recipients treated at SMMC will increase from 38,019 in FY 2016-2017 to 40,000 in FY 2017-18.

PERFORMANCE MEASURE:

Measure	FY 2016-17 Actual	FY 2017-18 Projected
Number of Medi-Cal recipients enrolled with SMMC	38,019	40,000

FISCAL IMPACT:

The term of this amendment is January 1, 2017 through September 30, 2019, and totals to \$3,526,477 in revenue, of which \$3,350,153 is net new revenue, of which \$2,550,153 was included in the FY 2017-18 Adopted Budget. The balance of \$800,000 will be held in a reserve account for other financial risks.