



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 18-581

Board Meeting Date: 7/10/2018

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 the Agreement with San Mateo Health Commission Doing Business as the Health Plan of San Mateo for Medi-Cal Primary Care Physicians Medical Services

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, for Medi-Cal Primary Care Physicians Medical Services, to amend the reimbursement rates, beginning July 1, 2018.

BACKGROUND:

On September 9, 2008, your Board approved an agreement with the San Mateo Health Commission, doing business as the Health Plan of 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 new one-year period, 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. On January 23, 2018, your Board approved a further amendment to the agreement to ensure compliance with the State of California's Medi-Cal 2020 section 1115 waiver, which requires that the agreement contain an Alternative Payment Model.

DISCUSSION:

On April 27, 2018, the Superior Court of California ruled that payments to SMMC from the HPSM Pay for Performance (P4P) Program must be included in the calculation of supplemental payments that reconcile Federally Qualified Health Center (FQHC) providers' total payments received with Prospective Payment System entitlement. This decision eliminated financial incentives for SMMC to participate in the HPSM P4P Program.

While Title 42 of the Code of Federal Regulations, section 405.2469 states that, "Any financial incentives provided to FQHCs under their Medicare Advantage contracts, such as risk pool

payments, bonuses, or withholds, and that such payments therefore would not be included the calculation and supplemental payments are prohibited from being included in the calculation of supplemental payments due to the FQHC," the California Department of Healthcare Services had argued that the "risk pool payments," "bonuses," and "withholds" in the P4P program lack the shared characteristics of a benchmark system that measures outcomes.

This amendment revises HPSM's quality incentive payment program to create a benchmark system and to help SMMC take the first steps towards being able to exclude these bonus payments from supplemental payment calculations.

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

The amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by incentivizing performance outcomes and primary care engagement, as well as allowing SMMC to make further investments in value-based care. It is anticipated that SMMC will receive a projected bonus of \$553,000 for achieving the engagement benchmark in 4 of 9 clinics.

PERFORMANCE MEASURE:

Measure	FY 2017-18 Actual	FY 2018-19 Projected
Projected Bonus for achieving the engagement benchmark in four of nine clinics	N/A*	\$553,000

*New Measure

FISCAL IMPACT:

The term of this amendment is January 1, 2018 through December 31, 2018. Assuming SMMC achieves anticipated benchmark outcomes, there is an estimated additional \$553,000 in revenue that the SMMC would receive from HPSM during that year. Because these payments are contingent on achieving anticipated benchmark outcomes, no monies are included in the SMMC FY2018-19 Recommended Budget. 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.