



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 18-972

Board Meeting Date: 10/23/2018

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**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

**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, to increase the rates for inpatient medical-surgical services to its members due to recent changes in regulations by the Centers for Medicare and Medicaid Services.

**BACKGROUND:**

San Mateo Medical Center (SMMC) has contracted with San Mateo Health Commission, doing business as Health Plan of San Mateo (HPSM), since January 1994. The current agreement started on January 1, 2007, through December 31, 2009, and automatically renews for successive twelve-month periods with the same terms and conditions, subject to any subsequent amendments.

The agreement provides for the care of inpatient, outpatient, emergency services, and long-term care to patients who are eligible to receive Medi-Cal benefits. HPSM reimburses SMMC for providing such care.

The funds from HPSM for these services include federal matching funds, which in turn are matched based on a County contribution to the California Department of Health Care Services. The conditions upon which the supplemental payments are made continue to include: working with HPSM medical staff to reduce hospital readmissions from the skilled nursing facility; agreeing not to terminate the agreement; agreeing not to close the Emergency Department at SMMC; and exploring medical management collaborative initiatives.

**DISCUSSION:**

SMMC is the only disproportionate share hospital in San Mateo County and is the largest provider of adult (non-obstetric) inpatient hospital service to HPSM members.

Considering recent changes in reimbursement programs resulting from the issuance of final regulations by the Centers for Medicare & Medicaid Services (CMS) that revise and significantly strengthen existing Medicaid managed care rules, Plan and Provider desire to amend the agreement to increase payment rates for inpatient medical-surgical services to Plan members to help assure the continued availability of Medi-Cal health care services to Medi-Cal beneficiaries in San Mateo County.

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 care to inpatient, outpatient, emergency services, and long-term care to patients who are clients of HPSM. It is anticipated that 29,399 Medi-Cal recipients will be treated at SMMC.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2017-18 Actual</b>	<b>FY 2018-19 Projected</b>
Number of Medi-Cal recipients treated at SMMC	27,735 recipients	29,399 recipients

**FISCAL IMPACT:**

The initial term of the agreement is January 1, 2007, 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. This amendment has a positive fiscal impact on SMMC. The revenue from this amendment is included in SMMC's FY 2018-19 Adopted Budget.

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.