



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 19-191

Board Meeting Date: 3/12/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Amendment to the Agreement with Navigant Consulting Services, Inc. for Operational and Financial Transformation Consulting and Project Management

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Navigant Consulting Services, Inc. for operational and financial transformation consulting, extending the term through September 30, 2021, and increasing the amount by \$4,320,000 to an amount not to exceed \$5,160,000.

BACKGROUND:

San Mateo Medical Center (SMMC) has been engaged in multi-year planning to address a structural budget gap that is the result of flat and declining revenues and increasing costs for both directly-operated and contracted functions. The majority of SMMC expenditures are in the workforce, where compensation and benefits are driven substantially by the high cost of living in the Bay Area and competition with private health employers. The Affordable Care Act mandate to purchase health insurance has been eliminated and federal support for continued health insurance and delivery system reform is markedly absent at this time.

The new state administration has signaled that health coverage will be a focus, but it is too soon to say what the impact of those initiatives will be. At the same time, federal and state agencies continue to focus on compliance and reimbursement audits, increasing SMMC's risk of disallowance.

In light of these factors, SMMC has been pushing forward on revenue strategies, as well as options to reduce costs. In addition, SMMC has identified the need for external consultation to move forward some of the strategic and operational initiatives that will reduce the gap at a faster pace. On November 16, 2018, SMMC issued a Request for Proposal (RFP) for Operational and Financial Transformation Consulting and Project Management. The RFP scope of work was focused around 3 primary themes: business analytics, ambulatory clinic operations, and hospital operations.

DISCUSSION:

This amendment proposes to engage Navigant Consulting Services Inc. to provide project management, action plan development, execution, monitoring and data analytics support for strategic initiatives and operational improvement focus areas. Specifically, through 5 coordinated workstreams, this project will support transformation efforts for these focus areas:

- **Business Analytics** - development of an internal analytics team to create capabilities for support of strategic and operational initiatives
- **Ambulatory Clinic Operations** - project management support for the primary and specialty care strategic initiatives, to drive execution on the Pay for Performance (P4P) programs and to develop plans for a centralized call center for patient outreach, pre-registration, authorizations and financial clearance.
- **Hospital Operations** - assess and identify potential operational and clinical efficiencies to drive down costs and increase revenue. Develop action plans and project management support for execution.

The project will be organized in 5 coordinated workstreams supported by Navigant's Project Management Office (PMO) as follows:

Five Coordinated Workstreams



This is an 18-month engagement to ensure adequate time for execution of plans and transition to a sustainable state. This work will progress as illustrated below:



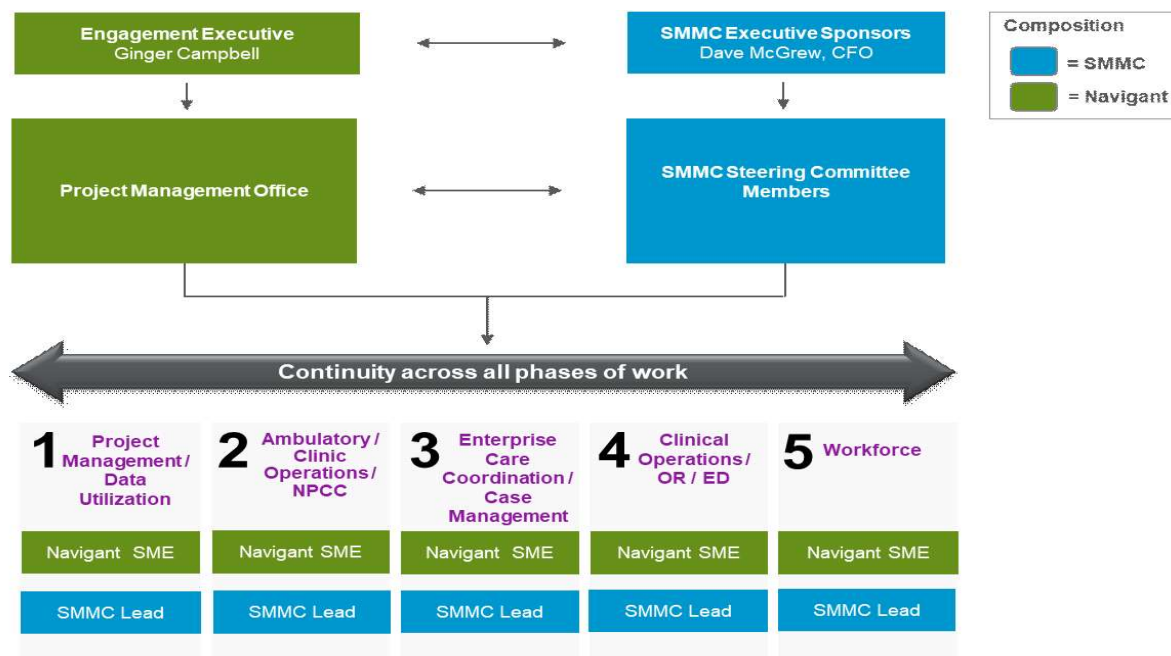
[1] Timelines and areas of focus will be adjusted based on client feedback

To support this work, Navigant plans to allocate the following staffing to various stages of the project:

Workstream	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3
PMO / Analytic Support	4.6	9.2	6.1	3.3	2.7	2.4	0.6
Ambulatory	1.9	3.6	2.4	1.7	3.0	2.2	0.2
Care Coordination	2.1	2.8	2.6	2.8	2.0	0.9	0.2
Clinical Operations / Periop	0.9	2.0	0.0	0.0	0.0	0.1	0.2
Workforce	1.0	2.3	0.0	0.0	0.0	0.1	0.2
Central Analytics Team	0.3	0.7	0.1	0.1	0.0	0.1	0.2
	10.8	20.6	11.1	7.9	7.8	5.9	1.8

Indicates on-site individuals

Project governance will be led by an executive steering committee as illustrated below:



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 improving access to primary and specialty medical care for our patients, increase revenue to support clinical services and reduce costs through operational efficiencies. It is anticipated that SMMC executive stakeholders' satisfaction with the engagement- measured quarterly throughout the life of the engagement - will be captured by an overall approval rating of 85% or better.

PERFORMANCE MEASURE:

Measure	FY 2018-19 Estimated	FY 2019-20 Projected
SMMC executive stakeholders' satisfaction with the engagement, as captured by an overall quarterly approval rating	N/A*	85%

*New measure

FISCAL IMPACT:

The term of the revised agreement is May 1, 2018 through September 30, 2021. The amount of the agreement is not to exceed \$5,160,000. The amendment increases the contract amount by \$4,320,000. Funds in the amount of \$720,000 are included in the SMMC FY 2018-19 Adopted Budget. Similar arrangements will be made for future years and will be funded through one-time revenues from cost report settlements of \$3,600,000.

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.