



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 19-351

Board Meeting Date: 4/23/2019

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**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 San Mateo Health Commission dba 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, dba the Health Plan of San Mateo, for Medi-Cal Primary Care Physicians Medical Services to create a shared savings agreement for the term of January 1, 2019, through December 31, 2019.

**BACKGROUND:**

On September 9, 2008, your Board approved an agreement with the San Mateo Health Commission, dba 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. The agreement has been amended multiple times, most recently on July 10, 2018, to amend the reimbursement rates beginning on July 1, 2018.

**DISCUSSION:**

This amendment includes an Alternative Payment Model (APM) to ensure compliance with the State of California's Medi-Cal 2020 section 1115 waiver. This waiver requires a contractual mechanism for sharing either risk or a reduction in the cost of care and requires payments to be tied to quality performance. The amendment will help SMMC manage medical costs associated with HPSM patients who are assigned to SMMC by separating its shared savings into distinct lines of business: Medi-Cal, Medi-Cal Expansion, and Medicare Cal-Medi Connect.

Subject to compliance with the shared savings agreement and APM amendment, SMMC will be entitled to receive shared savings payments in June 2020 if the cost to HPSM for assigning patients to SMMC clinics is less than 90 percent of the amount that HPSM receives from Medi-Cal and

Medicare during the period of January 1, 2019 through December 31, 2019. Separating the lines of business for the shared savings calculation will provide a greater opportunity for SMMC to achieve savings by aligning the costs for each population to the revenue specific to that population. In addition, this amendment will also ensure compliance with the existing shared savings agreement that specifies the parties will develop a shared risk model effective January 1, 2019.

The amendment and resolution have been reviewed and approved by County Counsel as to form. This contract is late due to prolonged negotiations with HPSM.

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing SMMC with the opportunity for increased financial flexibility to expand and enhance access to medical services to County residents who are eligible HPSM members. It is anticipated that there will be a projected total of shared savings of \$1,000,000.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2018-19 Estimated</b>	<b>FY 2019-20 Projected</b>
Projected total of shared savings	\$1,000,000	\$1,000,000

**FISCAL IMPACT:**

The term of this amendment is January 1, 2019, through December 31, 2019. Assuming SMMC achieves anticipated cost savings, SMMC will receive an estimated additional \$2,000,000 in revenue from HPSM for calendar year 2019 (paid in June 2020). Because these payments are contingent on cost savings and performance conditions that are not guaranteed, no monies will be included in the SMMC FY 2019-20 Recommended Budget. There is no Net County Cost associated with this agreement.