



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 19-298

Board Meeting Date: 4/9/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health
Gina Wilson, Chief Financial Officer, San Mateo County Health

Subject: Amendment to the Agreement with San Mateo Health Commission

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement between the County of San Mateo and the San Mateo Health Commission, dba Health Plan of San Mateo, requiring that services to Medi-Cal members be funded through Intergovernmental Transfers, for the term January 1, 2015 through December 31, 2020.

BACKGROUND:

The County of San Mateo has contracted with the San Mateo Health Commission, dba Health Plan of San Mateo (HPSM), since January 1994. Your Board has approved numerous agreements and amendments with HPSM, 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). An IGT is a long-used, federally-approved mechanism whereby County funds are provided to the State of California (State) to draw down matching federal dollars for the Medi-Cal program.

On April 11, 2017, your Board approved an agreement with HPSM for the term of July 1, 2015 through September 30, 2019. On June 6, 2017 you approved two amendments to that agreement; the term of the first amendment is July 1, 2015 through September 30, 2019, and authorized payment of up to \$21,056,738, or \$10,528,367 in net new revenue; and the term of the second amendment is from January 1, 2015 through September 30, 2019 and authorized payment of up to \$5,850,265, or \$2,925,133 in net new revenue. On February 27, 2018, your Board approved an amendment to that agreement for the period of January 1, 2017 through September 30, 2019 and authorizing payment of up to \$3,526,477, or \$3,350,153 in net new revenue. On September 18, 2018, your Board approved an amendment for calendar year 2016 with a term of January 1, 2015 to December 31, 2018 for supplemental payments to include the “duals” populations (i.e., those who qualify for Medicare and Medicaid), which were not included in the scope of the original agreement.

The latter amendment authorized additional revenue of \$6,310,383, or \$3,155,192 in net new revenue.

DISCUSSION:

The original agreement and subsequent amendments allow HPSM to provide supplemental payments to County Health, supporting the provision of services to HPSM's Medi-Cal members in calendar years 2015, 2016 and 2017, as well as FY 2015-16, FY 2016-17 and FY 2017-18. In exchange, County Health 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 be used to fund health services and not returned to the County General Fund.

The State of California recently informed the County and the HPSM of a requirement to enter into a fifth amendment to this agreement for FY 2017-18. This amendment will provide for additional revenue estimated to be \$20,195,392, of which \$4,815,009 is new revenue to be received by the San Mateo Medical Center (SMMC), net of a 20% IGT assessment fee of \$1,088,347.

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).

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

Approval of this 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 measure remains and it is anticipated that the number of Medi-Cal recipients treated at SMMC will decrease from 37,423 in FY 2017-2018 to 36,000 in FY 2018-19.

PERFORMANCE MEASURE:

Measure	FY 2017-18 Actual	FY 2018-19 Projected
Number of Medi-Cal recipients enrolled with SMMC	37,423 recipients	36,000* recipients

**The FY2018-19 result is projected to decline with expected demographic changes in the County's Medi-Cal population, due to factors such as the higher cost of living and increased housing prices.*

FISCAL IMPACT:

The term of the amendment is January 1, 2015 through December 31, 2020, and is estimated to generate \$20,195,392 in revenue, of which \$4,815,009 is net new revenue and was included in the FY 2017-18 Adopted Budget.