



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 21-273

Board Meeting Date: 4/6/2021

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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:** Agreement with Healthcare Cost Solutions, Inc. to Provide Hospital Coding Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Healthcare Cost Solutions, Inc. to provide hospital coding services for the term of April 1, 2021 through March 31, 2026, in an amount not to exceed \$1,800,000.

**BACKGROUND:**

Accurate coding is essential for proper billing compliance and revenue capture, in addition to building a comprehensive health database that accurately identifies the acuity of patient care and an accurate case mix index. In order to ensure the accuracy of its coding by employee coders and providers, San Mateo Medical Center (SMMC) has identified an ongoing need for compliance coding audits. Coding audits are essential due to annual coding updates, to reduce risk, and to maximize compliance with Medicare, Medicaid, and other federal health care program regulations.

SMMC completed a Request for Proposal in November 2020 for a vendor to perform compliance coding audits. Healthcare Cost Solutions (HCS) was chosen based on experience, pricing, and institutional knowledge gained from working with SMMC previously.

**DISCUSSION:**

HCS will perform retrospective medical record clinical coding and documentation audits at SMMC. In addition, all diagnosis and procedures on patient charts will be reviewed to better quantify SMMC's overall coding accuracy. This agreement is going to your Board late due to prolonged negotiations with the vendor.

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

The resolution contains the County's standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

The Information Services Department has reviewed and approved the IT component of this agreement.

The County's Contract Compliance Committee has approved a waiver request for a five-year term for this agreement.

It is anticipated that the audit accuracy for coding compliance will be 95%.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2020-21 Estimated</b>	<b>FY 2021-22 Projected</b>
Audit accuracy for coding compliance	95%	95%

**FISCAL IMPACT:**

The term of the agreement is April 1, 2021 through March 31, 2026. The amount of the agreement is not to exceed \$1,800,000 for the 5-year term. Funds in the amount of \$150,000 are included in the SMMC FY 2020-21 Adopted Budget. Funds in the amount of \$360,000 are included in the SMMC FY 2021-22 Recommended Budget. Similar arrangements will be made for future years.

The payment provisions and levels of services in this contract differ from that of the previous contract due to a simpler cost structure. The total value of the new contract represents a 5% decrease compared to that of the previous contract.

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 is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.

**ATTACHMENT:**

RFP Matrix