



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 21-348

Board Meeting Date: 5/4/2021

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 Operations Management Agreement II with Brius, LLC

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the Operations Management Agreement II with Brius, LLC relating to the operation of Burlingame Skilled Nursing for the term of October 1, 2020 through September 30, 2025.

BACKGROUND:

In July 2012, San Mateo County Health entered into an Operations Management Agreement (Original Agreement) with Brius, LLC (Brius) to manage the Burlingame Long Term Care facility, a skilled nursing facility now known as Burlingame Skilled Nursing (Facility), on behalf of San Mateo Medical Center (SMMC). The County had previously entered into a lease agreement for the Facility and had been operating the Facility at a loss of revenue. The Original Agreement with Brius allowed for the operation of the Facility under SMMC's license, preserving 281 skilled nursing beds devoted to Medical beneficiaries in the County, as well as many union jobs. Brius has performed well under the Original Agreement: the quality of patient care as rated by external auditors has improved and patients move smoothly from SMMC to the Facility.

The Original Agreement expired on September 30, 2020 and the parties entered into the Operations Management Agreement II (New Agreement) for the term of October 1, 2020 through September 30, 2025 to ensure the highest level of patient care.

DISCUSSION:

Under the terms of the New Agreement, Brius agreed it owed certain amounts under the Original Agreement, referred to as "Rent Refund," "Old Accounts Receivable," and "Additional Accounts Receivable," but did not agree with the amount specified by SMMC. The parties agreed to meet and confer in good faith to come to agreement on the outstanding amounts owed and the payment terms to settle these amounts. This amendment reflects the parties' agreement that the amount owed by

Brius is \$4,546,971 in accrued Accounts Receivable, inclusive of simple interest on the overdue payments at 5%.

In addition, this amendment clarifies a provision in the New Agreement that allows Brius to continue advocating to the Department of Health Care Services for additional rate increases tied to audited fiscal years ending 2014 through 2018. If successful, Brius would retain all amounts related to such increases, including interest, and SMMC would retain interest related to any previously settled retroactive rate payments.

The amendment 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).

It is anticipated that any regulatory plan of correction (POC) be submitted to SMMC at least five days before the due date to the regulatory agency.

PERFORMANCE MEASURE:

Measure	FY2019-20 Actual	FY2020-21 Estimated
Minimum number of days any regulatory POC be submitted to SMMC before the due date to the regulatory agency	N/A*	5 days

*New Measure

FISCAL IMPACT:

The term of the amendment to the New Agreement will extend through September 30, 2025. The accrued AR settlement amount of \$4,546,971 was reflected in prior year budgets and the fiscal impact to FY 2020-21 is the receipt of cash for these outstanding amounts owed.