

COUNTY OF SAN MATEO  
Departmental Correspondence

DATE: **OCT 03 2001**

HEARING DATE: **OCT 23 2001**

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Interim CEO, Hospital & Clinics Division

SUBJECT: Amendments to the Agreement (2001-2) with the San Mateo Health Commission



RECOMMENDATION

Adopt a resolution authorizing the President of the Board to execute an amendment to an agreement with the San Mateo Health Commission.

Background

On January 11, 1994, your Board approved an agreement with the San Mateo Health Commission for San Mateo County General Hospital (SMCGH) to serve as a participating hospital in the Health Plan of San Mateo (HPSM), the Medi-Cal capitated program. All San Mateo County Medi-Cal patients are automatically enrolled in the HPSM and are assigned to hospital affiliated primary care providers. The term of the agreement was one year, from December 1, 1993 through November 30, 1994.

On December 19, 1995, your Board approved five amendments to the agreement (94-1, 94-2, 94-3, 95-1, and 95-2) which: 1) updated Exhibit B and deleted mental health services from the Health Plan's contract with the State; 2) extended the term through November 30, 1995; 3) increased per diem payments and outpatient reimbursement; and redefined the term "Special Member Pediatric Day."

On January 28, 1997, your Board approved three amendments to the agreement (95-3, 96-1, and 96-2) which: 1) revised Exhibit B for the 1995 term; 2) extended the term through November 30, 1996; 3) reduced the percentage of withhold from 15% to 10% and adjusted the capitation allocation rates; 4) increased provider rates for one year effective June 1, 1996; and 5) extended the term through November 30, 1997, and added Full Capitation Allocations to the Health Plan's approved budget.

On February 10, 1998, your Board approved amendment 97-1 which extended the term one year, through November 30, 1998 and replaced Exhibit B which contains the full capitation allocations.

On November 17, 1998, your Board approved Amendment 98-1 which: 1) increased the hospital per diem rates by 10% and increased the outpatient rate by 5% (or 33% above the Medi-Cal rates) for services provided on or after July 1, 1998; and 2) included a revised schedule of capitation allocations reflecting the increase in rates.

On February 23, 1999, your Board approved Amendment 98-2 which extended the term of the agreement another year, through November 30, 1999 and replaced Exhibit B (Full Capitation Allocations which reflected adjustments to various categories, none of which is more or less than 1%).

On February 8, 2000, your Board approved Amendment 99-1 which extended the term of the agreement through November 30, 2000.

On April 25, 2000, your Board approved Amendment 2000-1 which increased Hospital Inpatient and Outpatient rates by 5% and increased physician rates and hospital outpatient rates from 33% to 38% above Med-Cal rates at a minimum.

On March 27, 2001, your Board approved Amendments 2000-2 which extended the term of the agreement another year, through November 30, 2001 effective December 1, 2000 and Amendment 2001-1 which increased Hospital Inpatient and Outpatient rates by 5% effective February 1, 2001. This amendment included a revised Exhibit 3 reflecting the increase in rates.

#### Discussion

In response to the Health Plan's contracting hospitals' requests for higher reimbursement to help offset increasing deficits and to maintain a provider network to meet members' needs, the San Mateo Health Commission took action to increase per diem amounts paid to contracting hospitals.

Amendment 2001-2 increases the per diem levels for an Acute Care Day to \$1,302 effective for admissions on or after June 1, 2001. This Amendment also increases the rates for the above days to \$1,502 for admissions on July 1, 2001 through October 31, 2001. The rates for Critical Care Days increased to \$1,775 for July 1, 2001 through October 31, 2001. For admissions on or after November 1, 2001, the per diem rates will return to the pre-July 1, 2001 levels: \$1,302 and \$1,575 respectively. In addition to the per diem changes, this amendment amends Exhibit 3 to increase the inpatient allocations to reflect the per diem increases.

#### Term and Fiscal Impact

Based on HPSM volume in FY 2000-01, it is projected San Mateo County General Hospital will realize approximately \$1,300,000 in FY 2001-02 as a result of this increase. Additional HPSM revenue of \$975,000 has already been included in the Hospital and Clinics FY 2001-02 adopted budget and will be used to cover operational costs. The difference of about \$325,000 is not included in current revenue estimates. No action to recognize additional revenue is recommended. Later in the year all revenue sources for Hospital and Clinics will be reviewed and reported to the Board.

RESOLUTION NO. \_\_\_\_\_

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

\* \* \* \* \*

RESOLUTION AUTHORIZING EXECUTION OF AN  
AMENDMENT (2001-2) TO THE AGREEMENT WITH THE  
SAN MATEO HEALTH COMMISSION

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance an amendment to the agreement, reference to which is hereby made for further particulars, whereby the San Mateo Health Commission will continue to pay for Medi-Cal reimbursable hospital and medical services provided to San Mateo County Medi-Cal recipients at San Mateo County General Hospital; and

WHEREAS, Amendment 2001-2 increases the per diem levels for an Acute Care Day to \$1,302 effective for admissions on or after June 1, 2001; increases the rates for the above days to \$1,502 for admissions on July 1, 2001 through October 31, 2001; increases the rates for Critical Care Days to \$1,775 for July 1, 2001 through October 31, 2001. For admissions on or after November 1, 2001, the per diem rates will return to the pre-July 1, 2001 levels: \$1,302 and \$1,575 respectively. Exhibit 3 is amended to increase the inpatient allocations to reflect the per diem increases; and

WHEREAS, this Board has been presented with a form of the Amendment to the Agreement and has examined and approved it as to both form and content and desires to enter into the Amendment to the Agreement:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby authorized and directed to execute said Amendment to the Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

# **HOSPITAL AGREEMENT**

## **Amendment 2001-2**

This Agreement is made this 1st day of June, 2001, by and between the San Mateo Health Commission, a public corporation, hereinafter referred to as "PLAN", and **San Mateo County General Hospital**, hereinafter referred to as "HOSPITAL."

### **RECITALS**

WHEREAS, PLAN and HOSPITAL have previously entered into an Agreement effective December 1, 1993;

WHEREAS, Article XIV.C of such Agreement provides for amending such Agreement;  
and

WHEREAS, the San Mateo Health Commission has approved increases in reimbursement rates to hospitals effective June 1, 2001 and July 1, 2001, and a reduction in hospitals' risk sharing for the special members' pool.

NOW, THEREFORE, PLAN and HOSPITAL hereby agree as follows:

### **Paragraph One - EXHIBIT 2, Reimbursement Addendum**

I. Section A of Exhibit 2 is amended to read:

A. **"HOSPITAL Inpatient Service Reimbursement**

- (1) Except as provided for in (6) below, PLAN shall pay HOSPITAL ninety percent (90%) of the following all-inclusive rates per day for admissions beginning on and after June 1, 2001:

(a)	Acute Medical/Surgical Day	\$1,302.00
(b)	ICU Heart Day	\$1,575.00
(c)	Neonatal Critical Care Day	\$1,575.00
(d)	Obstetrics Critical Care Day	\$1,575.00
(e)	Pediatric Critical Care Day	\$1,575.00
(f)	Obstetrical Common Day	\$ 814.00
(g)	Nursery Common Day	\$ 488.00
(h)	ICU Burn Day	\$1,575.00
(i)	Administrative Day	\$ 202.00
(j)	Special Member Pediatric Day	\$1,302.00

(2) Except as provided for in (6) below, PLAN shall pay HOSPITAL ninety percent (90%) of the following all-inclusive rates per day for admissions beginning on and after July 1, 2001:

(a)	Acute Medical/Surgical Day	\$1,502.00
(b)	ICU Heart Day	\$1,775.00
(c)	Neonatal Critical Care Day	\$1,775.00
(d)	Obstetrics Critical Care Day	\$1,775.00
(e)	Pediatric Critical Care Day	\$1,775.00
(f)	Obstetrical Common Day	\$ 939.00
(g)	Nursery Common Day	\$ 563.00
(h)	ICU Burn Day	\$1,775.00
(i)	Administrative Day	\$ 202.00
(j)	Special Member Pediatric Day	\$1,502.00

(3) Except as provided for in (6) below, PLAN shall pay HOSPITAL ninety percent (90%) of the following all-inclusive rates per day for admissions beginning on and after November 1, 2001:

(a)	Acute Medical/Surgical Day	\$1,302.00
(b)	ICU Heart Day	\$1,575.00
(c)	Neonatal Critical Care Day	\$15775.00
(d)	Obstetrics Critical Care Day	\$1,575.00
(e)	Pediatric Critical Care Day	\$1,575.00
(f)	Obstetrical Common Day	\$ 814.00
(g)	Nursery Common Day	\$ 488.00
(h)	ICU Burn Day	\$1,575.00
(i)	Administrative Day	\$ 202.00
(j)	Special Member Pediatric Day	\$1,302.00

- (4) The all-inclusive per diem rates, as described above, are to be the only payments made by PLAN to HOSPITAL for inpatient services provided to Medi-Cal Beneficiaries except where otherwise provided hereunder.
- (5) The remaining ten percent (10%) of the per diem rate will be withheld and placed in a reserve account as provided in Section C of this Exhibit.
- (6) For Members in aid codes 55, 58, 5F, 5G and 5N (OBRA), PLAN shall pay HOSPITAL one hundred percent (100%) of the all inclusive rates per day for admissions beginning on or after December 1, 1997.

II. Paragraph (3) of Section C. Risk/Savings Account of Exhibit 2 is amended by adding at the end, the following:

"In the event that the account(s) for Special Members assigned by PLAN to that Primary Hospital Pool should cause a reduction in the withhold amount to be returned to HOSPITAL, PLAN shall pay the amount of such reduction from PLAN's funds as set forth in this agreement. However, the amount of withhold



## FULL CAPITATION ALLOCATIONS

Effective 7/1/01 (Revised)

## FOR CASE-MANAGED MEMBERS:

Beneficiaries' Aid Category	Regular Hours PCP Cap	Extended Hours PCP Cap	Referral	Hospital Inpatient	Hospital Outpatient & Other Med	Pharmacy	Total Allocation	
							Regular PCP Cap	Extended PCP Cap
Public Assistance:								
Aged	\$5.36	\$5.85	\$8.35	\$72.89	\$21.77	\$100.14	\$208.51	\$209.00
Blind	8.67	9.49	21.34	\$100.74	89.90	163.41	384.06	384.88
Disabled	13.83	15.18	24.05	\$127.66	65.80	161.96	393.30	394.65
Family	10.35	11.33	15.34	\$29.38	16.36	15.69	87.12	88.10
Med Needy No SOC:								
Aged	9.83	10.76	30.23	\$97.75	50.84	82.11	270.76	271.69
Blind	29.05	31.83	89.43	\$698.01	131.61	32.91	981.01	983.79
Disabled	29.05	31.83	75.06	\$694.26	160.07	90.08	1,048.52	1,051.30
Family	16.94	18.58	35.40	\$82.01	30.37	16.45	181.17	182.81
MI Child No SOC	13.35	14.63	26.46	\$79.81	41.98	22.04	183.64	184.92
Refugees	10.35	11.33	15.20	\$41.74	20.08	10.83	98.20	99.18
Percent of Poverty	13.11	14.43	13.64	\$40.00	11.98	11.18	89.91	91.23

## FOR SPECIAL MEMBERS:

Beneficiaries' Aid Category	Regular Hours PCP Cap	Extended Hours PCP Cap	Referral	Hospital Inpatient	Hospital Outpatient & Other Med	Pharmacy	Total Allocation	
							Regular PCP Cap	Extended PCP Cap
Med Needy SOC:								
Aged	\$0.00	\$0.00	\$9.39	\$132.61	\$60.06	\$151.99	\$354.05	\$354.05
Blind	0.00	0.00	120.06	\$928.92	393.51	189.50	1,631.99	1,631.99
Disabled	0.00	0.00	91.46	\$695.55	186.08	315.22	1,288.31	1,288.31
Family	0.00	0.00	108.16	\$541.64	80.15	20.91	750.86	750.86
MI Adult:								
SOC	0.00	0.00	310.99	\$2,513.76	174.38	136.60	3,135.73	3,135.73
No SOC & Pending	0.00	0.00	253.60	\$654.74	141.64	6.48	1,056.46	1,056.46
MI Child SOC	0.00	0.00	76.29	\$697.07	262.00	7.13	1,042.49	1,042.49
MIA LTC	0.00	0.00	310.28	\$742.02	174.38	136.60	1,363.28	1,363.28
MN LT Non-Grant:								
Aged	0.00	0.00	5.10	\$33.87	34.75	114.38	188.10	188.10
Blind	0.00	0.00	85.48	\$554.39	131.81	213.85	985.53	985.53
Disabled	0.00	0.00	85.48	\$554.39	131.81	213.85	985.53	985.53
OBRA	0.00	0.00	63.41	\$199.29	32.86	7.92	303.48	303.48



**Paragraph Three - EXHIBIT 3A**

Exhibit 3A is amended to read:

**EXHIBIT 3 A**

<b><u>Aid Category</u></b>	<b><u>Aid Code</u></b>
<b>Public Assistance:</b>	
Aged	10,16,18
Blind	20,26,28,6A
Disabled	36,60,66,68,6C,6N,6P,6R
Family	30,32,33,35,38,39,40,42,3A,3C,3E, 3G,3H,3L,3M,3P,3R,3U,4F,4G,4M
<b>Medically Needy No Share of Cost (SOC):</b>	
Aged	14,1H
Blind	24
Disabled	64,6H,6V,6W,6X,6Y
Family	34,54,59,76,3N,5X,7X
<b>Medically Indigent Children:</b>	
No SOC	03,04,45,82,4A,4C,4K,5K,7J
<b>Refugees:</b>	01,02,08,0A
<b>Medically Needy SOC:</b>	
Aged	17
Blind	27
Disabled	65,67
Family	37
<b>Medically Indigent Adult:</b>	
SOC	87
No SOC & Pending	81,86
<b>Medically Indigent Children:</b>	
SOC	83
<b>Medically Indigent Adult - LTC:</b>	53
<b>Medically Needy Long-Term, Non-Grant:</b>	
Aged	13
Blind	23
Disabled	63
<b>OBRA:</b>	55,58,5F,5G,5N
<b>Percent of Poverty:</b>	47,72,7A,8P,8R

**Paragraph Four - Effective Date of Amendment**

This amendment shall be effective June 1, 2001.

**Paragraph Five - Incorporation of Agreement Rights, Duties and Obligations**

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

**SAN MATEO HEALTH COMMISSION**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: Executive Director

**HOSPITAL**

Name: San Mateo County General Hospital

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_