



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

**DATE:** June 1, 2004

**BOARD MEETING DATE:** June 8, 2004

**TO:** Honorable Board of Supervisors

**FROM:** John Maltbie, County Manager

**SUBJECT:** Withdrawal of Termination Notice for Medi-Cal Agreements  
Between the County of San Mateo and the Health Plan of San  
Mateo and Authorization to Rescind the Withdrawal

**Recommendation**

Approve a resolution authorizing withdrawal of the termination notice for Medi-Cal agreements between the County of San Mateo and the Health Plan of San Mateo (HPSM) and authorizing the County Manager to rescind the withdrawal at any time during three consecutive 90-day periods beginning July 1, 2004.

**Background**

On March 23, 2004, you approved a resolution authorizing termination of the County's agreement with the HPSM to provide services through San Mateo Medical Center (SMMC) for HPSM members. This resolution provided the required 90-day notice to the HPSM for termination effective July 1, 2004.

This resolution was adopted based on SMMC's inability to receive SB 1255 and AB 915 federal supplemental funding. Under current program structures, these funding sources are unavailable to SMMC as long as it participates in the Medi-Cal managed care model operated by the HPSM (known as a County Organized Health System or COHS). If SMMC withdrew from participation as a service provider with the HPSM, it would receive an estimated \$7 to \$9 million in additional funding from these sources. Unless additional funding could be made available to the SMMC either from the HPSM or the State, your Board agreed that the County could not continue to replace this funding with additional County subsidy.

**Discussion**

In February 2004, the HPSM created a special planning task force to develop recommendations for providing additional financial assistance to SMMC while ensuring the continued existence and proper functioning of the HPSM. In late April, the HPSM Health Commission approved the Task Force's recommendations to provide an additional \$1.4 million in revenue to SMMC during FY 2004-05.

The Governor's May Revise, released on May 10<sup>th</sup>, proposed a 3% rate increase for the State's five COHS plans, including the HPSM. On May 20<sup>th</sup>, the HPSM Health Commission voted to provide SMMC with an additional \$2 million in revenues, based on the anticipated rate increase from the State. This brings the total additional revenue to be provided by the HPSM to SMMC to \$3.4 million for 2004-05.

It is recommended that your Board and the Health Commission continue to work with the State and federal governments to ensure SMMC gains full access to the funding provided by the SB 1255 and AB 915 programs. However, since the HPSM and the State have now provided a partial remedy for the SMMC funding shortfall and demonstrated a good faith effort to continue working to resolve this issue, it is recommended that the termination notice be withdrawn, on the condition that the Board delegate to the County Manager the discretion to rescind the withdrawal at any time during three consecutive 90-day periods beginning on July 1, 2004.

### **Vision Alignment**

This resolution keeps the commitment to Ensure Basic Health and Safety for All and goal number 5: Provide residents access to healthcare and preventive care. It also helps meet goal number 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

### **Fiscal Impact**

There is no General Fund fiscal impact associated with this action. SMMC will continue to participate in the HSPM as a provider. Any budget shortfalls resulting from participation have been assumed in SMMC's recommended budget for 2004-05. County representatives will continue to work with HPSM, State, and federal officials to obtain additional funding for SMMC that is equal to that provided under SB 1255 and AB 915

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John Maltbie, County Manager