




COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office / Health System

DATE: January 12, 2009
BOARD MEETING DATE: January 27, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Four-fifths

TO: Honorable Board of Supervisors

FROM: David Boesch, County Manager 
Charlene A. Silva, Interim Chief, Health System *CASL*

SUBJECT: Appropriation Transfer Request transferring \$36,000,000, from Other Financing Uses to Services and Supplies within the Contributions Budget Unit as well as reclassify revenue in the amount of \$36,000,000 to be received by San Mateo Medical Center from Other Financing Sources to Charges for Services.

RECOMMENDATION:

Approve an Appropriation Transfer Request (ATR) transferring \$36,000,000 from Other Financing Uses to Services and Supplies within the Contributions Budget Unit (5850B) and reclassifying revenue in the amount of \$36,000,000 to be received by the San Mateo Medical Center (6600B) from Other Financing Uses to Charges for Services.

VISION ALIGNMENT:

Commitment: Leaders work together across boundaries to preserve and enhance our quality of life.

Goal 23: Leaders throughout the County provide the impetus for broader regional solutions in land use, housing, childcare, education, health and transportation.

The ATR contributes to this commitment and goal by allowing for payment to the Health Plan of San Mateo (HPSM) for administration of the Consolidated Access and Care for Everyone Program, including payment of indigent medical services.

BACKGROUND:

On November 6, 2007, your Board approved an Agreement with the HPSM for administration of the Access and Care for Everyone (ACE) Program, a pilot project funded by the California Department of Health Care Services that has allowed expanded adult coverage. On March 25, 2008, your Board approved the first-year implementation plan for the Health System Redesign Initiative, which included a focus on streamlined administration of public healthcare coverage programs. On May 20,

2008, your Board accepted the Blue Ribbon Task Force on Adult Health Care Coverage Expansion Final Planning Phase Recommendations. These recommendations called for the HPSM to serve as the single third-party administrator (TPA) to provide unified administration of the adult coverage programs in San Mateo County and stronger alignment with the HPSM's Medi-Cal and Medicare programs. That alignment will allow for greater access to care, improved utilization management, and more effective partnerships with participants in the provider network.

On December 9, 2008, your Board approved an agreement with the HPSM to incorporate the WELL Program into the existing ACE TPA service functions and to serve as the funding conduit for care to the medically indigent. The separation of coverage administration from healthcare delivery services provided by SMMC will strengthen the base of information that the County has regarding the cost of indigent health care over the long term and will provide a nexus for coordinating partnerships with other delivery system organizations that align with the roles that the organizations play in serving other publicly covered clients. The structure of the Agreement relies on the HPSM's expertise in achieving administrative efficiency, promoting preventive healthcare, and improving healthcare quality while managing healthcare costs, as demonstrated most recently with the implementation of the HPSM's Medicare program.

The Contributions Budget (5850B) currently contains the payment for indigent medical services as well as support to the Medical Center for operational costs. A portion of the annual budget is transferred monthly to the Medical Center Enterprise Fund. These funds are received by the Medical Center in Other Financing Sources.

DISCUSSION:

As a result of the contract, the HPSM will invoice the County for TPA services and for indigent medical care. Costs for the TPA services will come from operational savings and be paid from the Medical Center's existing FY 2008-09 Adopted Budget.

Reimbursement for the indigent medical services will come from the Contributions Budget (5850B). These funds were previously allocated to the Medical Center in an Other Financing Uses account. The ATR is needed to move funds to a Services and Supplies account for correct accounting of the expense as well as reclassify the revenue received by the Medical Center from Other Financing Sources to Charges for Services.

FISCAL IMPACT:

The ATR transfers funds in the amount of \$36,000,000 from Other Financing Uses to Services and Supplies to allow for reimbursement of indigent medical services for the period of January 1, 2009 through June 30, 2009 as well as reclassifies the revenue to be received by the Medical Center from Other Financing Sources to Charges for Services. Costs for indigent medical services are estimated at \$300 per member per month for an estimated monthly maximum of \$4,500,000 for 15,000 members, or \$27,000,000 for 6 months. The HPSM Agreement provides that two months of estimated costs (\$9,000,000) be placed in a reserve account. The total maximum amount transferred to the HPSM from the Contributions Budget Unit for this contract during FY 2008-09 will not exceed \$36,000,000. There is no increase in net County cost as a result of this action.