



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Health System

DATE: June 22, 2009

BOARD MEETING DATE: August 4, 2009

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Interim Chief Executive Officer
San Mateo Medical Center

SUBJECT: Agreement with Seton Medical Center

RECOMMENDATION:

Adopt a Resolution:

1. Authorizing the President of the Board to execute an Agreement with Seton Medical Center to provide diagnostic and therapeutic services not available at San Mateo Medical Center for the term January 1, 2009 through December 31, 2009, in an amount not to exceed \$1,000,000; and
2. Authorizing the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

BACKGROUND:

San Mateo County is responsible for providing medical care to its medically indigent adult (MIA) population. San Mateo Medical Center (SMMC) is a general acute care hospital and does not provide certain highly specialized services. A contract with Seton Medical Center (Seton) ensures that specialty services are readily available. Services provided under this Agreement are required medical services that are not presently provided at SMMC. A significant percentage of patient referrals to Seton are for outpatient vascular services for North San Mateo County MIA residents.



DISCUSSION:

All patients referred to Seton undergo utilization review to minimize hospital stays and maintain control over costs. Health Plan of San Mateo (HPSM) rates (for all services except cardiology and Brachytherapy, (which will be charged at Medicare rates) have been negotiated in order to reduce the costs of services for tertiary care contracts, which account for outpatient services and inpatient transitions through each level of care, including intensive (ICU), telemetry (step down), stabilized (med/surg), observation, and eventual discharge. This contract was delayed due to turnover at Seton in the Chief Financial Officer position and a longer than expected negotiation for cardiology diagnostic related groups (DRGs).

The Health System Redesign Initiative Team, County Counsel, and Risk Management have reviewed and approved this Agreement. Contractor has assured compliance with the County’s Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing patients with access to necessary specialty services not offered at SMMC at a rate favorable to the County. It is expected that most services to patients are provided in-house and about 3.5% of patients will receive some specialty care from other community providers.

Performance Measure:

Measure	FY 2008-09 Actual	FY 2009-10 Projected
Percentage of patient referrals	3.5%	3.5%

FISCAL IMPACT:

The term of this Agreement is January 1, 2009 through December 31, 2009. The maximum amount the County shall be obligated to pay Contractor is \$1,000,000. Funds in the amount of \$500,000 are included in the SMMC FY 2008-09 Adopted Budget and \$500,000 are included in the tentatively Adopted FY 2009-10 Budget. 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 are covered by the County’s General Fund contribution to SMMC.

Subsequent to the final adoption of the State budget it may be necessary to make changes to this contract in order to reflect legislative action. This contract is recommended to your Board at this time in order to provide a continuity of services to the community until final funding levels can be determined. The contract provides that the County may reduce the scope of the contract to reflect any shortfall in funding from State or Federal budget allocations.

