



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Health System

DATE: August 27, 2009
BOARD MEETING DATE: September 22, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: Jean S. Fraser, Chief, Health System
SUBJECT: Continuation of Contracts

RECOMMENDATION:

Adopt a resolution authorizing the Controller to continue payments for services rendered from July 1, 2009 through December 31, 2009, under specified Health System agreements.

BACKGROUND:

The Health System has a number of contracts for services that expired on June 30, 2009.

On June 9, 2009, your Board approved Resolution 070172 that allowed continuation of payments through September 30, 2009. At the time that resolution was brought before your Board, the Health System anticipated notification of funding by the State within weeks. It was anticipated that negotiation of the contracts would have been completed before September 30, 2009.

On July 28, 2009, the Governor signed the State budget which included many reductions in funding for health care programs administered by the County. To date many Health System divisions have not received allocation letters indicating the level of funding for FY 2009-10. As a result, many contracts remain outstanding as Health System divisions cannot negotiate new contracts without the confirmation of funding levels. These contracts, listed in the resolution, will be completed by the end of December.

DISCUSSION:

To ensure continued provision of services during this period, it is necessary to authorize the Controller to continue to make payments to these contractors at the existing rates through December 31, 2009. There is some risk to the General Fund if the state funding for contracts is reduced. Were that to occur, staff would evaluate the situation and make recommendations in relation to the thirty-day cancellation provisions of the contracts. The Health System is just now receiving allocation letters and completing negotiations with service providers. This resolution allows contractors to provide necessary services in a timely fashion and will allow the Health System the time needed to complete negotiations. This resolution requires that all terms and conditions of the existing agreements are met.

County Counsel has reviewed and approved the Resolution as to form.

FISCAL IMPACT:

Funds for the annual costs of these contracts have been included in the Health System tentatively Adopted FY 2009-10 Budget.