



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



DATE: June 14, 2011
BOARD MEETING DATE: July 12, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

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

SUBJECT: Amendment No.1 to Agreement with Toyon Associates, Inc.

RECOMMENDATION:

Adopt a Resolution authorizing the:

- A) President of the Board to execute Amendment No.1 to the Agreement with Toyon Associates Inc., expanding the scope of the third-party reimbursement consulting services required for regulatory compliance and increasing the amount by \$180,000, for a new maximum obligation of \$888,940, with no change in term of March 1, 2009 through June 30, 2012; and
- B) 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:

On March 31, 2009, your Board by Resolution 070006 approved an agreement with Toyon Associates, Inc. (Toyon) to provide third-party reimbursement consultant assistance in the highly specialized area of regulatory compliance requirements.

DISCUSSION:

The scope of the Agreement and estimated funding did not include additional services required for the focused effort of closing prior outstanding reporting periods. The scope of the Agreement must be amended to include Federally Qualified Health Center (FQHC) audit support, appeals representation and audit support for State Controls Office (STO) related to the 2005, 2006, and 2007 fiscal years. In addition, Toyon will assist in building a comprehensive model to prepare FQHC reconciliation claims and prepare the refiling of the California Disproportionate Share Hospital Waiver Program (P14). Exhibits A and B are replaced in their entirety to reflect the

changes in scope and to increase the maximum amount of the Agreement necessary in order to pay for the additional services required.

San Mateo Medical Center (SMMC) is in the process of issuing a Request for Proposals (RFP) for reimbursement services to include these additional and previously stated services. Until the RFP is complete and a new contract is negotiated, the Agreement with Toyon requires additional funding to continue to meet compliance and reporting requirements.

The Amendment and Resolution have been reviewed and approved by County Counsel as to form.

The 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.

This Amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing SMMC with accurate preparation and submission of regulatory compliance reports. It is anticipated that SMMC's level of accuracy for preparation and submission of regulatory reports will be 98%.

Performance Measure:

Measure	FY 2009-10 Actual	FY 2010-11 Projected
Accuracy of preparation and submission of regulatory reports	98%	98%

FISCAL IMPACT:

The term of this Agreement is March 1, 2009 through June 30, 2012. The Amendment increases the amount by \$180,000, to a new maximum obligation of \$888,940. Funds in the amount of \$15,000 are included in the SMMC FY 2010-11 Recommended Budget, and \$165,000 are included in the SMMC tentatively Adopted FY 2011-12 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.

RESOLUTION NO. _____

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

* * * * *

RESOLUTION AUTHORIZING THE: A) PRESIDENT OF THE BOARD TO EXECUTE AMENDMENT NO.1 TO THE AGREEMENT WITH TOYON ASSOCIATES INC., EXPANDING THE SCOPE OF THE THIRD-PARTY REIMBURSEMENT CONSULTING SERVICES REQUIRED FOR REGULATORY COMPLIANCE AND INCREASING THE AMOUNT BY \$180,000, FOR A NEW MAXIMUM OBLIGATION OF \$888,940, WITH NO CHANGE IN TERM OF MARCH 1, 2009 THROUGH JUNE 30, 2012; AND B) 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

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

WHEREAS, on March 31, 2009, this Board by Resolution 070006 approved the Agreement with Toyon Associates, Inc. (Toyon) to provide third-party reimbursement consultant assistance to San Mateo Medical Center in the highly specialized area of regulatory compliance requirements; and

WHEREAS, the scope of the Agreement and estimated funding did not include additional services required due to the focused effort of closing prior outstanding reporting periods; and

WHEREAS, Exhibits A and B are replaced in their entirety to reflect the changes in scope and to increase the maximum amount of the Agreement by \$180,000, to a new total fiscal obligation of \$888,940, in order to pay for the additional services required;

and

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance Amendment No. 1 to the Agreement with Toyon; and

WHEREAS, this Board has approved and examined Amendment No.1 to the Agreement and approved it as to both form and content.

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 Amendment No. 1 for and on behalf of the County of San Mateo, and the Clerk of the Board shall attest the President's signature thereto.

BE IT FURTHER RESOLVED that the Chief of the Health System or designee is authorized 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.

* * * * *

**AMENDMENT No. 1 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
TOYON ASSOCIATES, INC.**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 20_____, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Toyon Associates, Inc., hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

WHEREAS, the parties entered into an Agreement to provide third-party reimbursement services on March 31, 2009; and

WHEREAS, the parties wish to amend the Agreement to increase the amount of the Agreement by \$180,000, for a new maximum amount of \$888,940.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Section 3, Payments, of the Agreement is amended to read as follows:

In consideration of the services provided by Contractor in accordance with all terms, conditions and specifications set forth herein and in Exhibit "A," County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall the County's total fiscal obligation under this Agreement exceed EIGHT HUNDRED EIGHTY-EIGHT THOUSAND NINE HUNDRED FORTY DOLLARS (\$888,940).

2. Exhibits A and B, respectively, are replaced in their entirety with the revised Exhibit A (Rev. 5/11/2011) and Exhibit B (Rev. 5/11/2011), which are attached to this Amendment.

3. All other terms and conditions of the agreement dated March 31, 2009, between the County and Contractor shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: _____
President, Board of Supervisors, San Mateo
County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

Toyon Associates, Inc.

Contractor's Signature

Date: _____

Exhibit A (rev. 5/11/2011)

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

1. Review the monthly contractual allowance reserve computations, which will include the review of the reconciliation of the cash clearing account, general ledger interface issues, and settlement liability accruals.
2. Provide assistance as needed during the course of Medicare and Medi-Cal cost report audits. This includes providing documents and/or explanations regarding entries in the cost reports, reviewing proposed audit adjustments, and attending entrance and exit conferences.
3. Prepare the Medi-Cal Federally Qualified Health Center (FQHC) Change of Service Requests. These requests, once approved, permit increased payments for FQHC services.
4. Prepare Medicaid eligibility day documentation for Fiscal Year End (FYE) 6/30/08 in support of Medicare disproportionate share claim in the cost report.
5. Assist with the preparation and review of the annual FYE 6/30/09 Medicare and Medi-Cal cost reports, including the CMS-339 and Medi-Cal Supplementals.
6. Review the annual FYE 6/30/09 Office of Statewide Health Planning and Development Disclosure Report.
7. Review AB 915, SB 1732 and Skilled Nursing Facility (SNF) Supplemental reports for FYE 6/30/09 prior to their submission.
8. Prepare the FQHC unit reconciliation for 6/30/09 for the eleven (11) clinics.
9. Prepare the Waiver P14 workbook. Assist with Coverage Initiative cost claiming including administrative costs through 2010 and Amend the Fiscal Year (FY) 2005 through 2009 workbooks.
10. Prepare the Psychiatric Tax Equity and Fiscal Responsibility Act of 1982 Exceptions for FYEs 6/30/03 and 6/30/04.
11. Conduct interim and year end contractual analysis.
12. Prepare budgeted contractual allowance.
13. Provide the following services for the Health Services Agency:
 - A. Feasibility Studies
 - B. CI Cognizant Rate

- C. Indirect Cost Rate Proposals
- D. FQHC Change in Scope - Edison

14. Provide Audit and Appeal support for FQHC reconciliations for FY 2005 through 2009.
15. Assist with the preparation and review for the annual FYE 2010- 2011 office of state-wide Health Planning and Development Disclosure Report.
16. Prepare FQHC base year and current review

Exhibit B (rev. 5/11/2011)

- A. In consideration of the services provided by Contractor in Exhibit A, County will pay Contractor based on the following fee schedule:

POSITIONS	TERMS AND HOURLY RATES		
	3/1/09 – 6/30/10	7/1/10 – 6/30/11	7/1/11 – 6/30/12
Vice President	\$235.00	\$245.00	\$255.00
Director	\$175.00	\$180.00	\$185.00
Senior Consultant	\$125.00	\$130.00	\$135.00
Staff	\$95.00	\$100.00	\$105.00

- B. Professional fees will be based on the actual time spent on the engagement times the hourly rates for the staff involved. Expenses incurred such as travel, copies, telephone, etc. will be billed in addition to the professional fees.
- C. The actual scope of the services to be provided and the tasks to be performed will be based on the approval from the Chief Financial Officer or designee in advance of the delivery of the services.

The term of this Agreement is March 1, 2009, through June 30, 2012. Total payments for services performed under this Agreement will not exceed \$888,940. Invoices will be approved by the Chief Financial Officer and paid within 30 days of receipt of invoice.