



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



DATE: November 1, 2011
BOARD MEETING DATE: December 13, 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 Dixon Hughes Goodman, LLP

RECOMMENDATION:

Adopt a Resolution authorizing:

- A) The President of the Board to execute an Amendment No. 1 to the Agreement with Dixon Hughes Goodman, LLP (formerly known as Dixon Hughes, PLLC) to provide Independent Review Organization services, increasing the amount by \$130,000 to a maximum obligation of \$230,000 and extending the term by three years for a new term of May 1, 2010 through April 30, 2015; and
- B) 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:

In 2010 San Mateo Medical Center (SMMC) entered a Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG) of the United States Department of Health and Human Services. Pursuant to the CIA, Dixon-Hughes Goodman, LLP, formerly known as Dixon Hughes, PLLC (Dixon Hughes) serves as SMMC's Independent Review Organization (IRO) and in that role, has reviewed the SMMC's annual cost reports. This Amendment is to secure funding for the IRO services through 2015.

The Purchasing Agent approved an Agreement with Dixon Hughes on May 18, 2010, to meet the IRO requirements for reporting periods 1 and 2 as specified in the CIA. The Agreement is for \$100,000 with a term of May 1, 2010 through April 30, 2012.

DISCUSSION:

The first two annual reporting periods have been completed and Dixon Hughes will now perform the IRO requirements for the next three years as specified in the CIA. Dixon Hughes will evaluate the cost reports prepared by SMMC to determine their compliance with Medicare requirements. In addition, the IRO will test certain categories of claimed expenses.

The County Manager has approved a waiver extending the term of the Agreement by three years to April 30, 2015.

At the time this Agreement was executed, a waiver of the Request for Proposals (RFP) was approved because the vendor was a part of the Amerinet Group Purchasing Organization. Amerinet uses a formal RFP process and will provide a Bid Matrix for a specific contract upon request. The contracts between Amerinet and these vendors cannot be changed to require observance to San Mateo County ordinances such as equal benefits, non-discrimination and employee jury service. These will be requested but not required of Amerinet vendors. The County Manager has approved a waiver for Equal Benefits, Non-discrimination and Employee Jury Service.

The Amendment and Resolution have been reviewed and approved by County Counsel. Contractor's insurance has been reviewed and approved by Risk Management.

This Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by improving SMMC's cost report preparation process to ensure that accurate information is being recorded on submissions to the Medicare Program. It is anticipated that SMMC's cost per patient day will increase from \$900 to \$920.

Performance Measure:

Measure	FY 2010-11 Actual	FY 2011-12 Projected
SMMC cost per adjusted patient day	\$900	\$920*

*Due to increase in operating costs

FISCAL IMPACT:

The new term of the Agreement is May 1, 2010 through April 30, 2015. The Amendment increases the funding by \$130,000 for maximum fiscal obligation of \$230,000. Funds in the amount of \$22,195 are included in the SMMC Adopted FY 2011-12 Budget and \$38,049 is included in the SMMC FY 2012-13 Recommended Budget. Similar arrangements will be made for future years.

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

* * * * *

THE PRESIDENT OF THE BOARD TO EXECUTE AN AMENDMENT NO. 1 TO THE AGREEMENT WITH DIXON HUGHES GOODMAN, LLP (FORMERLY KNOWN AS DIXON HUGHES, PLLC) TO PROVIDE INDEPENDENT REVIEW ORGANIZATION SERVICES, INCREASING THE AMOUNT BY \$130,000 TO A MAXIMUM OBLIGATION OF \$230,000 AND EXTENDING THE TERM BY THREE YEARS FOR A NEW TERM OF MAY 1, 2010 THROUGH APRIL 30, 2015; 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, in 2010 the Purchasing Agent approved an Agreement whereby Dixon Hughes Goodman, LLP (Dixon Hughes) provides independent review organization (IRO) services required in order to comply with the terms of a corporate integrity agreement between the County and the United States Department of Health and Human Services; and

WHEREAS, this Agreement was for an amount not to exceed \$100,000 and for the term of May 1, 2010 through April 30, 2012; and

WHEREAS, the County has a continuing need for IRO services and Dixon Hughes is willing to continue providing them; and

WHEREAS, the parties now wish to amend the Agreement to increase the

maximum amount payable thereunder by \$130,000 to \$230,000 and to extend the term of the Agreement by three years to April 30, 2015; and

WHEREAS, this Board has been presented with the Amendment to the Agreement and has examined and approved it as to both form and content and desires to enter into it.

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 said Amendment to the Agreement 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 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
DIXON HUGHES GOODMAN, LLP**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 2011, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and DIXON HUGHES GOODMAN, LLP, 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 on May 18, 2010 for the purpose of evaluation and analysis of San Mateo Medical Center's submission of cost reports to the Medicare Program (Cost Report Review); and

WHEREAS, the parties wish to amend the Agreement to increase the maximum amount of the Agreement by \$130,000 to \$230,000 and to extend the term of the Agreement by three years through April 30, 2015, to continue performing the Independent Review Organization requirements for reporting periods three, four, and five as specified in the Corporate Integrity Agreement.

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

1. Paragraph 2, Contract Term is amended to read as follow:

Contract Term The term of this Agreement shall be from May 1, 2010 to April 30, 2015, unless terminated earlier by the County.

2. Paragraph 3, **Payments**

Payments In consideration of the services rendered in accordance with all terms, conditions and specifications set forth herein and any Exhibit(s) or attachment(s) attached hereto, County shall make payment to Contractor in the manner specified herein and in Exhibit "A". In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the County at the time of contract termination. 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 total payment for services under this Agreement exceed TWO HUNDRED THIRTY THOUSAND DOLLARS, (\$230,000)

3. Original Exhibit A is replaced with Revised Exhibit A (rev. October 25, 2011).
4. **All other terms and conditions of the agreement dated May 18, 2010, 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

DIXON HUGHES GOODMAN, LLP

Contractor's Signature

Date: _____

COUNTY OF SAN MATEO
AGREEMENT WITH INDEPENDENT CONTRACTOR

Exhibit "A" Revised (10-25-11)
Agreement No. _____

Agreement between the County of San Mateo and Dixon Hughes LLP

I. Description of Services to be Performed by the Contractor

- A. Objective: The objective of this engagement is for Contractor to perform the IRO requirements specified in the Corporate Integrity Agreement. Dixon Hughes LLC (Dixon Hughes) will conduct two separate engagements. The first engagement will evaluate and analyze San Mateo Medical Center's submission of cost reports to the Medicare Program (Cost Reporting Engagement). The second will analyze whether San Mateo Medical Center (SMMC) sought payment for certain unallowable costs (Unallowable Cost Review). Dixon Hughes shall perform all components of each annual Cost Reporting engagement as set forth in Paragraph III.D of the Corporate Integrity Agreement.
- B. In consideration of the payments described in paragraph II, Contractor will provide the following:
1. Dixon Hughes will conduct the Cost Report System Review for the first reporting period as described in Paragraph III.D of the Corporate Integrity Agreement. Dixon Hughes will, through observation and inquiry, gain an understanding and document the cost report preparation process being used by SMMC. The Contractor will compare SMMC's practices with best practices in the industry and present findings and recommendations aimed at improving the cost report preparation process. If applicable, the Contractor will recommend improvements designed to ensure that accurate information is being recorded on submissions to the Medicare Program and that controls are designed to ensure the only allowable costs and amounts are submitted for reimbursement.
 2. Dixon Hughes will perform the Cost Report Review for the five one year reporting periods as described in Paragraph III.D of the Corporate Integrity Agreement. The Contractor will evaluate the cost report prepared by SMMC to determine their compliance with Medicare requirements. The Contractor will test all expenses for payments to physicians, interns and residents, bad debts, disproportional share, medical education, payments to related parties, and administrative and general expenses.
 3. Dixon Hughes performed the Unallowable Cost Review in the first year as described in Paragraph III.D of the Corporate Integrity Agreement to determine whether SMMC complied with its obligations not to charge to or otherwise seek payment from federal or state payors for unallowable costs as defined in the Settlement Agreement. The contractor may need to review cost reports and/or financial statements for the year in which the Settlement Agreement was executed, as well as from previous years.
 4. Dixon Hughes will prepare the required reports in accordance with the procedures detailed in Paragraphs III.D.2.b, III.D.2.c and III.D.4 of the Corporate Integrity Agreement.

II. Amount and Method of Payment

- A. In consideration of the services described in paragraph I, County will pay Contractor based on the following fee schedule:
- | | |
|---|----------|
| 1. Reporting Period 1 (Cost Report Systems Engagement, Cost Report Review, and Unallowable Cost Review) | \$65,000 |
| 2. Reporting Period 2 (Cost Report Review) | \$34,999 |
| 3. Reporting Period 3 (Cost Report Review) | \$35,000 |
| 4. Reporting Period 4 (Cost Report Review) | \$36,000 |
| 5. Reporting Period 5 (Cost Report Review) | \$37,000 |

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- B. The above capped fees for Reporting Periods 1 and 2 include out-of-pocket expenses (e.g., airfare, lodging, meals, rental car, parking, etc.).
- C. Out of pocket expenses, including but not limited to, airfare, lodging, meals, rental car, parking, and FedEx expenses will not exceed \$19,500 for Reporting Periods 3, 4, and 5.
 - 1. Reporting Period 3 (Cost Report Review) \$6,000
 - 2. Reporting Period 4 (Cost Report Review) \$6,500
 - 3. Reporting Period 5 (Cost Report Review) \$7,000
- C. The term of this agreement is May 1, 2010 through April 30, 2015. Total payment for services under this agreement shall not exceed TWO HUNDRED THIRTY THOUSAND DOLLARS (\$230,000). The maximum amount payable under the Agreement includes \$2,500 in contingency funds. Invoices will be approved by the Compliance Officer and paid within 30 days of receipt of invoice.
- D. Dixon Hughes will invoice SMMC monthly for professional fees. Invoices are payable within 30 days, after which finance charges will apply at a rate of 1.5 % per month. Bills will be rendered as the work progresses with payment to be made upon presentation. These fees are based upon Dixon Hughes receiving reasonable assistance from SMMC's staff and receipt of items necessary for the timely completion of the project.
- E. A retainer of \$6,500 is due upon acceptance of the engagement, with said retainer being counted towards the first \$6,500 in services billed.
- F. Don McCall of Dixon Hughes will serve as the Member in charge of this project, ensuring that the consulting services provided by Dixon Hughes are well coordinated and meet your objectives. Ronnie Cook of Dixon Hughes will serve as the senior manager on this engagement and oversee all day-to-day aspects of this project. Dixon Hughes's reimbursement staff will perform the engagement deliveries. Professional qualifications are included in Attachment A to this Exhibit.

III. Additional Conditions and Limitations on Services Provided

- A. SMMC will provide Dixon Hughes with all the information required, and SMMC is responsible for the accuracy and completeness of this information. If SMMC is unable to provide this necessary information, the parties may discuss any increase in the scope of the engagement to assist SMMC in collecting the information.
- B. No information has come to the attention of Dixon Hughes that would cause Dixon Hughes to doubt the integrity of SMMC. It is understood and agreed that Dixon Hughes's fees are not contingent upon their findings. To the extent consistent with other terms of this engagement, Dixon Hughes will be paid for services rendered whether arising from SMMC's request or otherwise necessary as a result of Dixon Hughes's efforts in the project.
- C. The parties acknowledge that they will execute a Business Associate Agreement (Attachment H to the Agreement) to comply with the Federal Privacy rules under the Health Insurance Portability and Accountability Act and that protected health insurance information will be handled in accordance therewith.
- D. Any services required by SMMC, not specifically identified above, will be billed in addition to the amounts listed above. However, written approval must be obtained in advance from SMMC in order to proceed with a service not covered by this Agreement, and regardless no payments shall be made in excess of the not-to-exceed amount listed in II.B, above.
- E. The engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all errors or irregularities that may exist. However, Dixon Hughes will inform SMMC of any such matters that come to their attention, unless they are clearly inconsequential.
- F. Federal law requires that a contract, if its cost or value over a 12 month period is \$10,000 or more, between a provider and a contractor for service, must contain a clause allowing the HHS Secretary and the U.S. Controller General (or their representatives) to have access to the contractor's books, documents, and records which are necessary to verify the nature and extent of the cost of services furnished under the contract.

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Furthermore, the contract must allow access to contracts of a similar nature between the contractor and related organizations of the contractor. Accordingly, the parties will allow the HHS Secretary and the U.S. Controller General (or their representatives) to have access to all books, documents, and records relating to this engagement.

- G. SMMC is responsible for management decisions and for performing all management functions, and for designating an individual with suitable skill, knowledge, and/or experience to oversee the services Dixon Hughes will provide. SMMC is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.
- H. No action, regardless of form, arising out of the services under this agreement may be brought by the parties more than three years after the date of the last services provided under this agreement.
- I. Dixon Hughes represents and warrants to SMMC that (1) neither Dixon Hughes nor its subcontractor (if applicable) for this project are excluded from participation under any federal health care program, as defined under 42 U.S.C. sec 1320a-7b(f), for the provision of items or services for which payment may be made under a federal health care program; (2) Dixon Hughes has not arranged or contracted (by employment or otherwise) with any employee, contractor or agent that Dixon Hughes knows or should know are excluded from participation in any federal health care program; and (3) no final adverse action, as such term is defined under 42 U.S.C. sec 1320(a)-7(e)g has occurred or is pending or threatened against Dixon Hughes or its subcontractor (if applicable) for this project or to their knowledge against any employee, contractor or agent engaged to provide items or services under this Agreement (collectively "Exclusions/Adverse Actions"). Dixon Hughes, during the term of this Agreement, shall notify SMMC of any Exclusions/Adverse Actions within thirty (30) days of learning of any such Exclusions/Adverse Actions and provide San Mateo with the basis of the Exclusions/Adverse Actions.
- J. Contractor agrees that the requirements of this Agreement pertaining to the protection of proprietary rights and confidentiality shall survive termination of this Agreement.