

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	June 14, 2011	AGENDA NO.:	30
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #4 to the Agreement with Toyon Associates Inc. for Medicare Appeal Services at NMC in an amount not to exceed \$1,900,000 in the aggregate and \$500,000 for the period July 1, 2011 to June 30, 2012.		
DEPARTMENT:	Natividad Medical Center		

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #4 to the Agreement with Toyon Associates Inc. for Medicare Appeal Services at NMC in an amount not to exceed \$1,900,000 in the aggregate and \$500,000 for the period July 1, 2011 to June 30, 2012.

SUMMARY/DISCUSSION:

The Medicare/Medi-Cal Programs have established procedures which providers of healthcare services must follow to pursue appeals of cost report audit adjustments. Toyon Associates, Inc. has the expertise to pursue cost report appeals and/or reopenings on behalf of the hospital. Typical issues in dispute are Disproportionate Share Hospital (DSH) eligible days, Social Security Ratio, DSH General Assistant days for interns and residents, labor and delivery room charges and bad debts. These issues, especially DSH eligible days, represent significant reimbursement. These are comprehensive reports that include the financial information of the hospital and require special training and experience to complete. Toyon Associates has provided these services over the past ten years for NMC and successfully recovered over \$3.6M during Fiscal Years 2007 through 2010.

Toyon Associates, Inc will review and file an appeal within 180 calendar days of the final report date to contest certain issues in dispute. This agreement covers cost reporting for Fiscal Years June 30, 1994 through June 30, 2010. Toyon will evaluate and provide data to the intermediaries to support NMC's position of the disputed issues. The services provided meet all procedural requirements and legal guidelines. Estimated annual reimbursement impact of the intermediary's adjustment is from \$50K to \$1M. Payment for services is based on a contingency of 25% of the additional reimbursement realized by NMC.

The recommended is that the Board of Supervisors authorize the Purchasing Manager for NMC to execute amendment #4 with Toyon Associates Inc. for services rendered per the existing Agreement for Medicare Appeal Services.

OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$500,000 and is included in the 2011/2012 Fiscal Year Recommended Budget. This action will not require any additional General Fund subsidy.

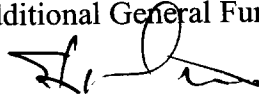
Prepared by:

Juan Polanco, Chief Hospital Accountant 755-4236

April 4, 2011

Attachments: Amendments #1, 2, 3, 4, Original Agreement, Board Order

Attachments on file with the Clerk of the Board



Harry Weis
Chief Executive Officer