



Monterey County

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Board Report

Legistar File Number: A 18-250

June 12, 2018

Introduced: 6/4/2018

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

Authorize the Purchasing Manager for Natividad Medical Center (“NMC”) to execute the Agreement for Public Hospitals Providing Outpatient Services (“Agreement”) with the California Department of Health Care Services (“State DHCS”), permitting the State DHCS to receive reimbursement from the County of Monterey for the administrative costs of operating the Public Hospital Outpatient Services Supplemental Reimbursement Program, on the same or substantially similar contract terms and conditions, for the period July 1, 2017, through and including, June 30, 2018, subject to review and approval of County Counsel and County Auditor-Controller.

RECOMMENDATION:

It is recommended that the Board of Supervisors;

Authorize the Purchasing Manager for Natividad Medical Center (“NMC”) to execute the Agreement for Public Hospitals Providing Outpatient Services (“Agreement”) with the California Department of Health Care Services (“State DHCS”), permitting the State DHCS to receive reimbursement from the County of Monterey for the administrative costs of operating the Public Hospital Outpatient Services Supplemental Reimbursement Program, on the same or substantially similar contract terms and conditions, for the period July 1, 2017, through and including, June 30, 2018, subject to review and approval of County Counsel and County Auditor-Controller.

SUMMARY/DISCUSSION:

On September 21, 2002, the Governor signed AB 915 (Frommer), which among other programs established the Medi-Cal Outpatient Certified Public Expenditure Program, codified at Welfare & Institutions Code Section 14105.96. This AB 915 Program allows for federal supplemental payments for otherwise unreimbursed Medi-Cal outpatient hospital fee-for-service (“FFS”) expenses based on certified public expenditures (“CPE”) incurred at public hospitals. The supplemental payments are claimed and paid out yearly to the participating providers. The County has received a total of \$25.5 million on otherwise unreimbursed outpatient hospital services provided by Natividad Medical Center (“NMC”) through Fiscal Year 2015-2016.

As a condition for receiving supplemental payments under the AB 915 Program, participating public providers must agree to reimburse the California Department of Health Care Services (“State DHCS”) for its administrative costs of operating the program. Since the inception of the Program, this administrative cost reimbursement obligation has been agreed to annually by a single participating public entity on a rotating basis, and a template agreement has been utilized for that purpose. This will

be the first year for which NMC will be assuming the reimbursement of DHCS' administration costs, for the period starting July 1, 2017, through and including, June 30, 2018.

The execution of the new agreement must be completed on or before June 30, 2018 to be able to participate in the SFY17-18 program. Although both parties, the County and the State DHCS, have been negotiating language since October 26, 2017, negotiations will not be completed for several days due to number of approval layers at the State. Prior agreements for the same purpose have limited the reimbursement of DHCS' costs to \$100,000.

The Agreement will permit the County to participate in SFY17-18 program with an estimated supplemental payment of \$3.2M.

The Board could choose not to participate, in which case NMC and the County would be precluded from participating in the program for the period of July 1, 2017 to June 30, 2018.

OTHER AGENCY INVOLVMENT:

County Counsel has been involved in contract negotiations with the State DHCS. State approval and circulation for County approvals will not be completed before the deadline for placing this Agreement in Legistar. The Auditor Controller has been notified of the particulars. This request has been reviewed and approved by NMC Finance Committee on May 24, 2018 and by NMC's Board of Trustees on June 1, 2018.

FINANCING:

The expected Administrative Fees will be financed by NMC.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

By completing the condition of reimbursing State DHCS the administrative cost set in the AB915 legislation, the County has the opportunity to receive Medi-Cal Supplemental payments for Public Hospital Outpatient Services allowing to preserve and strengthen the safety net services in Monterey County.

- ☐ Economic Development
- ☐ Administration
- ☒ Health and Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Juan Polanco, Chief Hospital Accountant 783-2372

Approved by: Gary R. Gray, DO Chief Executive Officer, 783-2504

Attachments:

AB915 DHCS Admin Services Agreement