

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Agenda Number:**  
**Prepared on:** 1/24/05  
**Department Name:** Public Health Department  
**Department No.:** 041  
**Agenda Date:** 2/7/06  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Elliot Schulman, MD, MPH, Director and Health Officer  
Public Health Department

**STAFF CONTACT:** Jane Overbaugh, Deputy Director  
Primary Care and Family Health Division  
Public Health Department 681-5173

**SUBJECT:** Santa Barbara Regional Health Authority  
Federally Qualified Health Center Agreement

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## **Recommendation(s):**

That the Board of Supervisors:

Approve and authorize the Chair to execute the "Medi-Cal Physician Services Provider Agreement, Federally Qualified Health Center or Rural Health Clinic," with the Santa Barbara Regional Health Authority for the period of January 1, 2006 to December 31, 2008 for payment of established fees for healthcare services rendered to Medi-Cal members that are the responsibility of the SBRHA.

## **Alignment with Board Strategic Plan:**

The recommendations are primarily aligned with Goal No. 2. Provide a Safe and Healthy Community in Which to Live, Work, and Visit and Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children.

## **Executive Summary and Discussion:**

This agreement authorizes the local Medi-Cal fiscal intermediary, the Santa Barbara Regional Health Authority (SBRHA), to reimburse the Public Health Department (PHD) for the provision of medical services to eligible Medi-Cal plan members. Through its network of seven ambulatory care clinics countywide, the Public Health Department is SBRHA's largest primary care provider, with approximately 12,000 assigned members. In addition, the clinics provide a range of specialty services that are not readily available in the private medical community.

As designated Federally Qualified Health Centers (FQHC's), Public Health Department clinics receive additional per visit payments from the state originally intended to approximate the actual cost of providing care to Medi-Cal eligible patients. Under previous agreements with SBRHA, the PHD and all FQHC's were

reimbursed on a fee for service model that precluded participation in the Primary Care Provider (PCP) incentive pool. SBRHA paid PHD at the negotiated per visit rate of \$30.55 and the State provided a “wrap around” payment to augment reimbursement up to the FQHC rate in effect at the time.

This agreement, which was the result of extensive negotiations, changes the reimbursement model to a per member per month capitation and provides for inclusion in the PCP incentive pool. With the continuation of the State payment, reimbursement on a per visit basis will remain the same as under the previous model. However, since incentive payments are considered compensation that is not included in the FQHC rate, this new agreement provides PHD with the opportunity to receive additional compensation. Based on the criteria for the existing PCP incentive plan, the quality of care provided in PHD clinics and the access we afford to SBRHA members will likely result in increased revenues for the PHD in Fiscal Year 2006/07. This added revenue will help offset the escalating costs of providing medical care to indigent residents of Santa Barbara County.

**Mandates and Service Levels:**

This is a mandated service under section 17000 of the State of California Welfare and Institution Code. There is no change in program or service level.

**Fiscal and Facilities Impacts:**

This action will provide for the contractual authority for SBRHA to pay the County for clinical services it provides to SBRHA members. In addition, under the new contractual arrangement, the PHD will be paid under the same terms and conditions and at the same level and amount as other providers providing a similar scope of service. Because of its FQHC status, the PHD will continue to be paid at its FQHC rate, but will now be a participant in the SBRHA’s provider incentive program. Therefore, any new revenues resulting from this new arrangement and agreement will be generated as a result of the incentive plan payments. Because the incentive plan payments are paid a year in arrears, there is no estimated increase in reimbursement beyond that budgeted in the Adopted Fiscal Year 2005-06 budget. The amount of increased revenue from the incentive plan for Fiscal Year 2006-07 is estimated at \$370,000 and will be included in the PHD’s Recommended Fiscal Year 2006-07 budget submission. The increased revenues will be used to fund strategic position reclasses and new positions to support the medical services infrastructure. These position change requests are estimated to cost approximately \$370,000 and will be included in the PHD’s Recommended Fiscal Year 2006-07 budget submission.

This action will not result in a need for any additional facilities.

**Special Instructions:**

Please return two originals of the executed Agreement along with a copy of the minute order to PHD Contracts Unit, 300 North San Antonio Road, Building 8, Santa Barbara, CA 93110 **Attention: Margaret A. Granger (805) 681 5367.**

**Concurrence:**

None Required.