



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Public Health
Department
Department No.: 041
For Agenda Of: June 26, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Takashi Wada, MD, MPH, Director & Health Officer
Director(s) Public Health Department
Contact Info: Dan Reid, MPA, Assistant Deputy Director, Public Health
Department
SUBJECT: CenCal Health Systems MIA Inpatient Claims Adjudication Agreement

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors consider recommendations as follows:

- a) Approve and authorize the Chair to execute the Agreement for Claims Adjudication for the Medically Indigent Adult (MIA) Program with CenCal Health for the period of July 1, 2012 to June 30, 2014 for reimbursement for healthcare inpatient claims adjudication for services rendered to MIA patients at local hospitals for a maximum of \$3,200,000 for the term of the Agreement.
- b) Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline Section 15061(b) (3), since it can be seen with certainty that there is no possibility that the activities may have a significant effect on the environment.

Summary Text:

This item is on the agenda to authorize the Chair to execute a new Agreement with CenCal Health (CenCal) to assume responsibility for hospital inpatient claims adjudication for the MIA program. The Public Health Department (PHD) provides direct adult outpatient medical care for MIA patients in Santa Barbara County and referrals for inpatient services to the five local hospitals. CenCal, as the local County Organized Health System (COHS) and as the local Medi-Cal fiscal intermediary for Santa Barbara and San Luis Obispo counties, has established claims adjudication processes for all local hospitals and has proven expertise in the inpatient claims adjudication process. Therefore, with Board approval for Recommendation A, PHD will execute an Agreement with CenCal which will transfer

Auditor-Controller Concurrence

As to form: Yes

administration of the MIA Hospital inpatient claims adjudication process from the PHD Utilization Review Program to CenCal.

CenCal will invoice PHD monthly for repayment of the eligible MIA claims adjudicated and their administrative fees as described below. Analysis of historic inpatient claims adjudication indicates that these inpatient claims and administrative fees will not exceed \$1,600,000 annually or \$3,200,000 for the two year Agreement term.

Background:

The PHD Utilization Review (UR) and MIA programs have provided hospital inpatient claims adjudication for local hospitals for more than 20 years. Over the last few years, UR and MIA staff has increased the number of MIA patients qualifying for other third party payers such as Medi-Cal while concurrently reducing the overall number of inpatient days, and therefore inpatient claims, for MIA patients. In order to address ever-changing legislation and third party payer requirements, PHD determined that an update of its existing MIA database software would be necessary to continue to effectively manage MIA inpatient claims adjudication. As part of this analysis, PHD explored other options to this software upgrade. This analysis demonstrated that transfer of this claims adjudication process from PHD UR to CenCal would be more cost-effective and more efficient than the current operations. In addition, the transfer of these administrative duties would free up time for UR and MIA staff to more timely process MIA patient applications and potentially increase the acquisition of eligibility for third party payers (e.g. Medi-Cal) for more MIA patients. Initial feedback from local hospital administrators and chief financial officers concerning this Agreement has been very positive as the local hospitals have established efficient relationships with CenCal for hospital inpatient claims adjudication for CenCal members.

The proposed Agreement outlines the CenCal MIA inpatient claims adjudication process. PHD has negotiated a rate of \$0.31 per MIA patient member per month (PMPM) for payment for these services. Based upon MIA hospital inpatient claims processed in the last two fiscal years by PHD UR, the administrative costs for these services is estimated to be approximately \$7,000 annually. CenCal has agreed to waive the administrative fees for the first twelve (12) months of this agreement. Other costs outlined in the Agreement are for the repayment of the MIA inpatient claims paid by CenCal on behalf of PHD MIA to the local hospitals for inpatient services.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

This action will provide for the contractual authority for CenCal to act as the third party administrator for PHD for the adjudication and payment of hospital inpatient claims for eligible services provided to MIA patients. The cost for the service is estimated at approximately \$7,000 annually and will not start until July of Fiscal Year 2013-14. This amount has been included as part of the PHD's Fiscal Year 2013-14 proposed budget.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

Please return one (1) fully executed Agreement and one Minute Order to PHD Contracts Unit, 300 North San Antonio Road, Bldg 8, Santa Barbara, CA 93110, Attn: Rose Davis.

Attachments:

Agreement for Claims Adjudication for the Medically Indigent Adult (MIA) Program with CenCal Health

Authored by:

Dan Reid, Assistant Deputy Director, Primary Care and Family Health Division, 681-5173