



**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: February 11, 2014
Placement: Administrative
Estimated Time:
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 Maddy Program 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 attached Agreement for Claims Adjudication for the Maddy Program with CenCal Health for the period of April 1, 2014 to December 31, 2016 for reimbursement for claims adjudication services rendered for the Maddy Program eligible patients at local hospitals and physician offices for a maximum of \$1,675,000 for the term of the Agreement.
- b) Determine that these activities are exempt from California Environmental Quality Act review under CEQA Guideline Section 15378(b), since this action is a government fiscal activity and not a project.

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 claims adjudication for the Maddy Program. The Public Health Department (PHD) administers the Maddy Program for eligible patients in Santa Barbara County. All five hospitals, emergency physician groups, and private physicians certified to accept Maddy Program patients are currently providing Maddy Program eligible services. 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 the vast majority of private physician groups. CenCal Health has proven expertise in the claims adjudication process. Therefore, with Board approval for Recommendation A, the County will execute an

Agreement with CenCal which will transfer the claims adjudication process of the Maddy Program from the PHD Utilization Review Program to CenCal. PHD will retain oversight administration of this State program.

CenCal will invoice PHD quarterly for repayment of the eligible Maddy Program claims adjudicated and will receive six (6) percent of the administrative funding available for their role in claims adjudication. The remaining available four (4) percent of administrative funding will be retained by PHD to support its program administrative activities. Analysis of historic claims adjudication indicates that these claims and administrative fees will not exceed \$600,000 annually or \$1,675,000 for the two year and three quarters Agreement term. PHD and CenCal Health chose this Agreement term based upon the underlying legislation for the Maddy Program which is scheduled to sunset on January 1, 2017 without further legislation action.

Background:

The Maddy Program provides State funding to County governments to provide health care access for residents that cannot afford care and who meet Program eligibility and authorization for care criteria. Locally the Maddy Program is governed by the Board of Supervisors and administered since 2004 through the PHD Utilization Review (UR) and Emergency Medical Services (EMS) programs. The five (5) hospitals in Santa Barbara County and multiple physicians and physician groups participate in treating Maddy eligible patients and are reimbursed by PHD for these patient services upon claims submissions.

With the onset of Health Care Reform PHD is projecting the need for more services to address the growing needs for services for Medi-Cal eligible patients while a concurrent reduction in indigent care service needs. This is requiring PHD to retrain and repurpose its staff. CenCal Health has the staffing, experience and existing relationships with the local hospitals and physician groups to provide Maddy Program claims adjudication. Initial feedback from local hospital administrators and chief financial officers concerning a similar Agreement for Medically Indigent Adult (MIA) Services Program inpatient claims adjudication has been very positive and similar reactions regarding this Agreement are anticipated.

The proposed Agreement outlines the CenCal/ PHD joint Maddy Program claims adjudication process. PHD has negotiated a rate of six (6) percent of the available Maddy Program administration funding for CenCal Health for their element of the claims adjudication process. This is a relatively small dollar amount (about \$20,000 annually) and the vast majority of the funding for this Agreement is a pass through to reimburse CenCal Health for payment of eligible Maddy Program claims.

Contract Risk Assessment

The high risk elements of this agreement are associated with the extended term of the agreement, a State funding source and the lack of other providers for this service. These risks are mitigated by the fact that CenCal Health has been in existence for over 35 years, is financially stable and has significant experience with the Public Health Department for similar claims adjudication services. As this agreement is a “pass-through” of State funding to provide payment to providers and hospitals for Maddy Program eligible patient services, if the funding were to be withdrawn, neither the Public Health Department nor CenCal Health would have any obligation to continue this agreement.

Performance Measure:

The Agreement includes quarterly and ad hoc reporting requirements in order to analyze the effectiveness of the Maddy Program.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State	\$ -	\$ -	
Federal	\$ -	\$ -	
Fees	\$ -	\$ -	
Other: Maddy EMS Fund	\$ 175,000.00	\$ 600,000.00	
Total	\$ 175,000.00	\$ 600,000.00	\$ -

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 claims for eligible services provided by hospitals and physicians to patients under the tenets of the Maddy Program, funded by fees and fines deposited to the Maddy EMS fund. The cost for the service is estimated at approximately \$600,000 annually for reimbursement and administrative charges. This amount has been included as part of the PHD's Fiscal Year 2013-14 proposed budget.

Staffing Impacts:

There are no staffing impacts from this action.

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 Maddy Program with CenCal Health

Authored by:

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