



**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 No.: 041
For Agenda Of: July 8, 2014
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, Interim Deputy Director, Primary Care and Family
Health Division (805-681-5173)
SUBJECT: **Second Amendment to Agreement with CenCal Health Systems for Indigent Care
Program Inpatient Claims Adjudication.**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form:

Recommended Actions:

That the Board of Supervisors consider recommendations as follows:

- A) Approve and Authorize the Chair to execute a Second Amendment to the Agreement for Inpatient Claims Adjudication for the Indigent Care Program (ICP) with CenCal Health for the period of July 1, 2014 to June 30, 2016, to provide reimbursement for inpatient claims adjudication for healthcare services rendered to ICP patients at local hospitals not to exceed \$1,000,000 for the term of the Agreement.
- B) Determine that these activities are exempt from California Environmental Quality Act (CEQA) review per CEQA Guideline Section 15378(b)(5), as organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is on the Agenda to implement the Second Amendment to the Agreement with CenCal Health (CenCal) to adjudicate inpatient claims for Indigent Care Program (ICP) patients. This Agreement and First Amendment for the Agreement with CenCal were approved by the Board in 2012 for inpatient claims adjudication for the Medically Indigent Adult (MIA) Services Program. With the recent termination of the MIA Program and inception of the Indigent Care Program, an agreement amendment is necessary.

Background:

The Public Health Department (PHD) provides direct adult outpatient medical care for ICP 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 including providing this service for PHD for the past two years through the MIA program. Therefore, with Board approval for Recommendation A, PHD will execute a Second Amendment with CenCal which will continue inpatient claims adjudication services under the new Indigent Care Program.

CenCal will invoice PHD monthly for repayment of the eligible ICP claims adjudicated and their administrative fees as described below. With the inception of the Affordable Care Act, those eligible for health care coverage such as Medi-Cal and Covered California has significantly reduced the need and number of County residents eligible for ICP. Based upon the projections of ICP patients, inpatient claims and administrative fees for this Agreement will not exceed \$500,000 annually and \$1,000,000 for the two year Agreement term.

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 this Agreement and similar claims adjudication services. As this Agreement is a “pass-through” of State funding to provide payment to providers and hospitals for Indigent Care Program inpatient services, if the funding were to be withdrawn, neither the Public Health Department nor CenCal Health would have any obligation to continue this agreement.

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 ICP patients. The cost for the service is estimated at approximately \$500,000 annually for reimbursement and administrative charges. This amount has been included as part of the PHD’s Fiscal Year 2014-2015 Adopted Budget.

Staffing Impacts:

There are no staffing impacts from this action.

Special Instructions:

Please execute two (2) original Agreements and return one (1) original Agreement and one (1) Minute Order to Kelly Lazarus. Please email phdcu@sbcphd.org when available for pickup.

Attachments:

Second Amendment to Agreement for Claims Adjudication for the Indigent Adult Program (ICP) with CenCal Health

Agreement with CenCal Health for ICP Inpatient Claims Adjudication

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Authored by:

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