



**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: January 24, 2017
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Carrie Topliffe, Interim Director
Director(s) Public Health Department
Contact Info: John Eaglesham, Emergency Medical Services Director
SUBJECT: CenCal Health Systems Maddy Program Claims Adjudication Agreement

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors consider recommendations as follows:

- a) Approve, ratify, and authorize the Chair to execute the attached First Amendment to the Agreement for Claims Adjudication for the Maddy Program with CenCal Health (Attachment A) for the period of January 1, 2017 to December 31, 2018, with four (4) automatic two (2) year term extensions through December 31, 2026, for reimbursement for claims adjudication services rendered for the Maddy Program eligible patients at local physician offices for a maximum of up to \$1,000,000 for the term of the Agreement.
- b) Find that the proposed actions do not constitute a "Project" within the meaning of California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines, because they consist of the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Summary Text:

This item is on the agenda to authorize the Chair to execute the First Amendment to the 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 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 with 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 Amendment to the Agreement with CenCal to continue the claims adjudication process of the Maddy Program. 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 eight (8) percent of the administrative funding available for their role in claims adjudication. The remaining available two (2) 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 \$500,000 annually or \$1,000,000 for the two year 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, 2027 without further legislation action. (Health and Safety Code sections 1797.98a *et seq.*)

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 as established under Health and Safety Code sections 1797.98a and 1797.98b, and County Resolution 04-307. Locally the Maddy Program is governed by the Board of Supervisors and administered since 2004 through the PHD 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.

CenCal Health has the staffing, experience and existing relationships with the local and physician groups to provide Maddy Program claims adjudication. The proposed Agreement outlines the CenCal/PHD joint Maddy Program claims adjudication process. PHD has negotiated a rate of eight (8) 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 \$40,000 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 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. Additionally, Maddy Fund legislation has been approved through January 1, 2027.

Performance Measure:

CenCal will provide quarterly and ad hoc reports in order to analyze the effectiveness of the Maddy Program, which will include:

- Receive electronic claim form 837 for services from Physician providers for payments from Maddy funds.

- Hold claims to be adjudicated quarterly according to schedule in Exhibit A of Agreement.
- Adjudicate such claims quarterly as defined in Exhibit A of Agreement.
- Provide an annual summary report including quarterly claims paid subtotals and annual claims paid totals for the value of submitted claims and the actual payments for each provider within each allocation pool with details including: Name of provider, location (city), and number of claims.

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	\$ 250,000.00	\$ 500,000.00	
Total	\$ 250,000.00	\$ 500,000.00	\$ -

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 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 \$500,000 annually, for a maximum of up to \$1,000,000 for the term of the Agreement, for reimbursement and administrative charges. This amount has been included as part of the PHD's Fiscal Year 2016-17 budget.

Staffing Impacts:

There are no staffing impacts from this action.

Special Instructions:

Please execute two (2) original First Amendments to the Agreement with CenCal Health and retain one (1) original Amendment and one (1) Minute Order for pick-up by the department. Please email phdcu@sbcphd.org when available for pickup.

Attachments:

- A. First Amendment to the CenCal Health Maddy Claims Adjudication Agreement
- B. CenCal Health Maddy Claims Adjudication Agreement

Authored by:

John Eaglesham, EMS Agency Director, Public Health Department, 681-5394