

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Health Agency/ Public Health		(2) MEETING DATE July 18, 2006		(3) CONTACT/PHONE Kimberly Miramon (805) 781-4929	
(4) SUBJECT Renewal of Three-Year Contracts (Clerk's File) with Catholic Healthcare West, doing business as, Arroyo Grande Community Hospital and French Hospital Medical Center for the County Medical Services Program and Jail Inmates					
(5) SUMMARY OF REQUEST The Board is being asked to approve renewal contracts (Clerk's File) with Arroyo Grande Community Hospital and French Hospital Medical Center for medical services to medically indigent adults and jail inmates. The County has an obligation, as stipulated by the Welfare and Institutions Code 17000 to pay for medically necessary healthcare for County residents who cannot afford to pay for the care. This mandate is met through the County Medical Services Program (CMSP). Except for removal of language about General Hospital, a 120-day termination period and 3-year term, all other terms and conditions of the contracts remain unchanged. Upon approval by the Board, these contracts will remain in effect through June 30, 2009.					
(6) RECOMMENDED ACTION It is recommended that the Board approve and sign the renewal of the three-year contracts (Clerk's File) with Arroyo Grande Community Hospital and French Hospital Medical Center for the continued provision of medial care services to medically indigent adults through the County Medical Services Program (CMSP) and jail inmates through Law Enforcement Medical Care for the period July 1, 2006 through June 30, 2009.					
(7) FUNDING SOURCE(S) Realignment Revenue		(8) CURRENT YEAR COST \$ 350,000		(9) ANNUAL COST \$350,000	
(10) BUDGETED? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): County Counsel has reviewed and approved the contracts as to form and legal effect. The Health Agency worked with Catholic Healthcare West executives to renew these contracts.					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		(15) Maddy Act Appointments Signed-off by Clerk of the Board
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input checked="" type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(19) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____			(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		(22) Agenda Item History <input type="checkbox"/> N/A Date _____
(23) ADMINISTRATIVE OFFICE REVIEW <p align="center"><i>OK Dan Busheli</i></p> <p align="right">7-18-06 B-26</p>					



SAN LUIS OBISPO COUNTY HEALTH AGENCY

PUBLIC HEALTH DEPARTMENT

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Jeff Hamm
Health Agency Director

Gregory W. Thomas, M.D., M.P.H.
County Health Officer
Public Health Administrator

TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director *Hamm*
Greg Thomas, M.D., M.P.H., Health Officer/Public Health Administrator *Greg Thomas*

DATE: July 18, 2006

SUBJECT: Renewal of Three-Year Contracts (Clerk's File) with Catholic Healthcare West, doing business as, Arroyo Grande Community Hospital and French Hospital Medical Center for the County Medical Services Program and Jail Inmates

Recommendation

It is recommended that your Board approve and sign the renewal of the three-year contracts (Clerk's File) with Arroyo Grande Community Hospital and French Hospital Medical Center for the continued provision of medical care services to medically indigent adults through the County Medical Services Program (CMSP) and jail inmates through Law Enforcement Medical Care for the period July 1, 2006 through June 30, 2009.

Discussion

The County has an obligation, as stipulated by the Welfare and Institutions Code 17000, to pay for medically necessary healthcare for County residents who cannot afford to pay for the care. This mandate is met through the County Medical Services Program (CMSP). The County has maintained contracts for emergency, ancillary and in-patient services with the four hospitals located in our County since 1983. Maintaining hospital contracts ensures patient's access to medical care for the indigent adult population and ensures that those hospitals are compensated when CMSP patients are admitted through their emergency rooms. Without contracts with the hospitals, the County would be unable to entirely fulfill its W&I Code Section 17000 obligation to arrange for non-emergent necessary medical care. The contracts facilitate providing health care services to eligible CMSP patients as well as non-CMSP jail patients who qualify for medical care under Law Enforcement Medical Care.

On July 10, 2001, your Board executed the present contracts with Arroyo Grande Community Hospital and French Hospital Medical Center at the per diem rate of the lowest public payor with whom contractor has a provider agreement (Medi-Cal rates) effective through June 30, 2006. Except for removal of language about General Hospital, a 120-day termination period and 3-year term, all other terms and conditions of the contracts remain unchanged. The Medi-Cal payment

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rates will change throughout the contract term. The hospitals notify CMSP of their Medi-Cal approved rates on an annual basis, typically in November. In the last two years, the rates have increased 12% and 9%, respectively. Upon approval by your Board, these contracts will remain in effect through June 30, 2009.

The contracts with Sierra Vista Hospital and Twin Cities Community Hospital are not due to expire until June 30, 2007, and the contract with Marian Medical Center is not due to expire until June 30, 2008.

Other Agency Involvement/Impact

County Counsel has reviewed and approved the contracts as to form and legal effect. The Health Agency worked with Catholic Healthcare West executives to renew these contracts.

Financial Considerations

CMSP is funded with State Realignment revenue, which is a percentage of sales tax revenue and motor vehicle license fees. CMSP payments to all hospitals, including out-of-county hospitals, totaled \$1,866,000 in FY 04-05. The estimate for FY 05-06 is \$1,600,000. Of the \$1,600,000, it is estimated that payments to Catholic Healthcare West hospitals for services rendered to CMSP patients will approximate \$350,000. The out-of-county hospital payments for FY 04-05 totaled \$553,086 and are estimated to be \$400,000 in FY 05-06.

Results

Paying the private hospitals at Medi-Cal rates will limit County costs and ensure patient access to medical care for CMSP patients and Law Enforcement Medical Care (LEMC) patients (jail inmates). FY 2005/06 estimated Arroyo Grande Community Hospital and French Hospital Medical Center combined utilization for CMSP patients are: 360 inpatient days, 50 day surgeries, 80 outpatient services, and 350 emergency room visits for CMSP patients. For the out-of-county hospitals, it is estimated there will be 70 inpatients days, 5 day surgeries, and 10 outpatient services in FY 05-06.

The private hospital contracts are important components of the system in place to ensure that the County meets its obligations for the provision of medical services to indigent adults. This goal is consistent with the Health Systems Office's goal of "improving health and reducing suffering by efficiently determining program eligibility and arranging for services to promptly diagnose and treat medical conditions," which contributes to the desired countywide result of a "Healthy Community".

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