

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

627



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
July 27, 2011

SUBJECT: Amendment to the Per Diem Hospital Agreement between the County of Riverside and Inland Empire Health Plan

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Ratify the Amendment to the Riverside County Regional Medical Center (RCRMC) hospital agreement with the Inland Empire Health Plan (IEHP) effective April 11, 2011;
- 2) Authorize the Chairperson to sign three (3) copies of the Amendment;
- 3) Retain one (1) copy and return two (2) copy of the executed Amendment to Riverside County Regional Medical Center (RCRMC) for distribution.

BACKGROUND:

On June 19, 1996, Agenda Item No. 3.24, the Board of Supervisors approved the hospital per diem agreement between RCRMC and IEHP to provide Hospital services. The Agreement was first amended effective September 1, 2008, to permit RCRMC to participate in a supplemental Managed Care payment program which provides additional funding to Designated Public Hospitals.

(cont. on page 2)

Douglas D. Bagley

Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost FY:	\$ 0	For Fiscal Year:	11/12

SOURCE OF FUNDS: Federal Medicaid Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Debra Courmoyer*
Debra Courmoyer

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: NEAL R. KIPNIS DATE: *7/27/11*
Departmental Concurrence

Consent Policy
 Consent Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 11/25/08, 3.35;
9/01/09, 3.93; 11/24/09, 3.92

District: 5

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.72

SUBJECT: Amendment to the Per Diem Hospital Agreement between the County of Riverside and Inland Empire Health Plan

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BACKGROUND:

This Amendment provides for additional supplemental payments for the period October 1, 2009 through September 30, 2010. The program will continue in subsequent fiscal years. The County share of the increased rate will be funded through an Intergovernmental Transfer. The net benefit to RCRMC from this program will be approximately \$8.5 million.

The hospital has completed a similar amendment with Molina Healthcare of California ("Molina").

This Amendment has been approved as to form by County Counsel.

DB:DR:cg

RECEIVED

JUL 01 2011

HEALTH PLAN/PROVIDER AGREEMENT

CONTRACTS COORDINATOR

AMENDMENT

This Agreement is made this 11th day of April, 2011 by and between Inland Empire Health Plan ("IEHP"), public entity, hereinafter referred to as "PLAN" and Riverside County Regional Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective the April 1, 2007.

WHEREAS, Section 10.11 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a public entity that is organized and licensed as a health care service plan under the laws of the State of California, and thereby operates a Health Maintenance Organization (HMO) that arranges for quality preventive, medical and hospital services to be provided to persons who are enrolled as Members in the Plan in a manner consistent with the laws of the United States and the State of California.;

WHEREAS, PROVIDER, is a hospital who is licensed and regulated by the Department of Health Care Services and maintains the ability to provide the facilities, equipment and personnel necessary to deliver health care services to PLAN Members.

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for supplemental payments to PLAN as a result of intergovernmental transfers from the County of Riverside to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Exhibit C2 of the Agreement is amended to read as follows:

MANAGED CARE SUPPLEMENTAL PAYMENT

1. Supplemental Payments to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the County of Riverside specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds ("Intergovernmental Agreement") effective for the

period October 1, 2009 through September 30, 2010 (*i.e.*, Special Medi-Cal Managed Care Rate Increases) ("SMCRI"), PLAN shall pay to PROVIDER the amount of the SMCRI received from State DHCS, in accordance with paragraph below (*i.e.*, Local Medi-Cal Managed Care Supplemental Payments) ("LMSP"). LMSPs paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

1) Managed Care Organizations (MCO) Tax

The PLAN shall be responsible for any managed care organization ("MCO") tax due pursuant to the Revenue and Taxation Code Section 12201 relating to any SMCRI. If the PLAN receives any capitation rate increases based on the MCO tax attributable to the SMCRI, PLAN may retain an amount equal to the amount of such MCO tax that PLAN is required to pay to the State, and shall pay, as part of the LMSP, the remaining amount of the capitation rate increase to PROVIDER.

2) PLAN will not retain any other portion of the SMCRI received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Supplemental Payments

As a condition for receiving LMSPs, PROVIDER shall, as of the date the particular supplemental payment is due:

- 1) Remain a participating PROVIDER in the PLAN and not issue a notice of termination of this Agreement;
- 2) Maintain its current emergency room licensure status and not close its emergency room;
- 3) Maintain its current inpatient surgery suite and not close these facilities.

D. Form and Timing of Payments

PLAN agrees to pay LMSPs to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay to PROVIDER LMSPs using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g. electronic transfer).

(2) Plan will pay to PROVIDER the LMSPs no later than thirty (30) calendar days after receipt of the SMCRI from State DHCS.

E. Consideration

(1) As consideration for the LMSPs, PROVIDER shall use the LMSPs for the following purposes and shall treat the LMSPs in the following manner:

(a) The LMSPs shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER and shall represent compensation for Medi-Cal services to Medi-Cal PLAN members during the State fiscal year to which the LMSP applies.

(b) To the extent that total payments received by PROVIDER in any State fiscal year under this Agreement exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMSP amounts shall be retained by PROVIDER to be expended for health care services. Retained LMSP amounts may be used by the PROVIDER in either the State fiscal year received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) above, if the LMSPs are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMSPs funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMSPs received, but not used. These retained PROVIDER funds may be commingled with other County funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either County or federal matching funds, will be recycled back to the County general fund, the State, or any other intermediary organization.

F. PLANS's Oversight Responsibilities

PLAN oversight responsibilities regarding PROVIDER's use of the LMSPs shall be limited as described in this Paragraph. PLAN shall request, within thirty (30) calendar days after each State fiscal year in which LMSPs were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph E above. In each instance PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

G. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMSPs, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMSPs to the full extent possible on behalf of the safety net in Riverside County.

H. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal year in which LMSPs were made to PROVIDER, PLAN shall perform a reconciliation of the LMSPs transmitted to the PROVIDER during the preceding year to ensure that the supporting amount of SMCRI were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMSPs made to PROVIDER within thirty (30) calendar days after receipt from PLAN [or Health Plan] of a written notice of the overpayment, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 6.5 of this Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth below. PLAN agrees to transmit to the PROVIDER any underpayment of LMSPs within thirty (30) calendar days of PLAN's identification of such underpayment.

I. Indemnification

Without limiting the respective indemnification obligations of the parties as set forth in Section 7 of the Agreement, PROVIDER shall indemnify and hold harmless PLAN, its officers, directors, agents, and employees, from an against any and all loss, damage, liability, or expense (including, without limitation, reasonable attorney's fees), of any kind arising from or that may occur as a result of (i) any miscalculation by the State DHCS in computing the amount of the SMCRI relative to the intergovernmental transfers made by the County of Riverside; and/or (ii) any obligation to refund the State DHCS for any portion of the SMCRI for any reason, including, without limitation, failure to qualify for federal financial participation with respect to the SMCRI.

2. Term

The term of this Amendment shall commence on October 1, 2009 and shall terminate on January 28, 2013.

All other terms and provisions of said Agreement shall remain in force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

PROVIDER:

Riverside County Regional Medical Center

PLAN:

INLAND EMPIRE HEALTH PLAN

By: *D. Bagley*
Douglas D. Bagley

By: *Tracey P. ...*

Title: Hospital Director/CEO

Title: Chief Executive Officer

Date: 7/11/11

By: _____
Chairperson, Board of Supervisors

Date: _____

Attest: _____
Clerk of the Board

Date: _____

SIGNATURE ON BEHALF OF
IEHP GOVERNING BOARD
APPROVED IN
RESOLUTION 11-204

Y8

FORM APPROVED COUNTY COUNSEL
BY: *Neal R. Kipnis* DATE _____