

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

308



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
December 18, 2012

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

RECOMMENDED MOTION:

- 1) Ratify the amendment to the Riverside County Regional Medical Center (RCRMC) hospital agreement with Inland Empire Health Plan (IEHP) effective April 24, 2012;
- 2) Authorize the Chairperson to sign three (3) copies of the amendment;
- 3) Retain one (1) copy and return two (2) copies of the executed amendments to 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 inpatient and outpatient hospital services. The IEHP Agreement was amended effective September 1, 2008 to permit RCRMC to participate in a supplemental Managed Care payment program to provide additional funding for public hospitals. This amendment provides for an additional supplemental payment for the period of October 1, 2010 through September 30, 2011.

(continued on Page 2)

DB:cg

Douglas D. Bagley

Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	12/13

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
Debra Cournoyer
BY: _____
Debra Cournoyer

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: NEAL R. KIPNIS DATE: 11/17/12
Departmental Concurrence

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

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

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BACKGROUND (Continued):

The net benefit to RCRMC will be approximately \$13 million this fiscal year. The hospital has negotiated a similar amendment with Molina Healthcare of California ("Molina").

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

HEALTH PLAN-PROVIDER AGREEMENT

INLAND EMPIRE HEALTH PLAN

SIXTH AMENDMENT

This Amendment is made this 24th day of April 2012 {month/year}, by and between Inland Empire Health Plan, a public entity hereinafter referred to as "PLAN", and the County of Riverside, California a political subdivision of the State of California, through its Medical Center, Riverside County Regional Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective 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 ("State DHCS") and maintains the ability to provide the facilities, equipment and personnel necessary to deliver health care services to PLAN Members; and

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from County of Riverside, California to "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 C.2 of the Agreement is amended to read as follows:

IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases 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, California specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds ("Intergovernmental Agreement") effective for the period October 1, 2010 through September 30, 2011 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments 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 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 IGT MMCRRIs. If the PLAN receives any capitation rate increases for MCO taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MCO tax that PLAN is required to pay to the State DHCS, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

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

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR Payment is due:

(1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(2) maintain its current emergency room licensure status and not close its emergency room;

- facilities.
- 1200 eq. seq.
- (3) maintain its current inpatient surgery suites and not close these
 - (4) maintain licensure under California Health and Safety Section

D. Schedule and Notice of Transfer of Non-Federal Funds

PROVIDER shall provide PLAN with written notice at least ten (10) business days after transferring County funds to State DHCS for use as the non-federal share of any IGT MMCRRIs.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

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

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than thirty (30) calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

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

(a) The LMMCRR IGT Payments 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 LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER in any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR Payment 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 LMMCRR IGT Payments 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 LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments 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 from the County of Riverside or federal matching funds will be recycled back to the County general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this paragraph. PLAN shall request, within thirty (30) calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1. Above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within thirty (30) calendar days of PLAN's request.

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRI were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN [or Health Plan] of a written notice of the overpayment error, 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 8.01 of the 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 LMMCRR IGT Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. 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 and 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 State DHCS in computing the amount of the IGT MMCRRIs 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 IGT MMCRRIs for any reason, including, without limitation, failure to qualify for federal financial participation with respect to the IGT MMCRRIs.

2. Term

The term of this Amendment shall commence on October 1, 2010 and shall terminate on January 28, 2013.

All other terms and provisions of said Agreement shall remain in full 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.

SIGNATURES

PROVIDER

RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

By: *D. Bayley*

Name: *Douglas Bayley*

Title: Chief Executive Officer

Date: *4/30/12*

By: _____
Chairperson, Board of Supervisors

Date: _____

Attest: _____
Clerk of the Board

Date: _____

FORM APPROVED COUNTY COUNSEL
BY: *Neal R. Kipnis* *4/10*
NEAL R. KIPNIS DATE

[Document Continued on Next Page]

INLAND EMPIRE HEALTH PLAN

By: Bradley P. Gilbert
Bradley P. Gilbert, M.D.
Chief Executive Officer

Date: 4/24/12

By: Bob Foster
Chairperson
Inland Empire Health Plan
Governing Board

Date: 10-17-12

Attest: Dulcie Hargrove
Secretary
Inland Empire Health Plan

Date: 10-17-12

Approved as to Form and Content

By: Jenny R. Yang
Jenny R. Yang
Staff Counsel for Inland Empire Health Plan

Date: 10/24/12