

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

261A



FROM: Human Resources Department

SUBMITTAL DATE:
May 17, 2012

SUBJECT: Exclusive Care - EPO Third Amendment to the Hospital Agreement with John F. Kennedy Memorial Hospital (Tenet facility).

RECOMMENDED MOTION: 1) Ratify and approve the attached Third Amendment to the Hospital Agreement from January 1, 2012 until December 31, 2012, with John F. Kennedy Memorial Hospital (Tenet facility) located in Indio; 2) authorize the Chairperson to sign three (3) copies of the attached Agreement and; 3) retain one (1) copy of the signed Agreement and return two (2) copies to Human Resources for distribution.

BACKGROUND: In 1999, the Board of Supervisors established the County's self-funded Exclusive Provider Option (EPO) health plan, Exclusive Care, to provide a value health plan option to the employees of Riverside County and their families. To provide services to its enrolled members, Exclusive Care has contracted with a variety of healthcare providers.

Barbara A. Olivier

Barbara A. Olivier
Asst. County Executive Officer/Human Resources Dir.

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|-----------------------|-------------------------------|-------------------------------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 0 | In Current Year Budget: | No |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | No |
| | Annual Net County Cost: | \$ to be determined by claims | For Fiscal Year: | 2011/12 |

| | | |
|--|---|--------------------------|
| SOURCE OF FUNDS: Premiums paid by members | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: APPROVE

BY: *Elizabeth J. Olson*
Elizabeth J. Olson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone and Ashley
Nays: None
Absent: Benoit
Date: June 19, 2012
xc: HR

Kecia Harper-Ihem
Clerk of the Board
By: *Deirdre E. Ihem*
Deputy

Prev. Agn. Ref.: 04/29/08; 3.10 | **District:** ALL | **Agenda Number:**

ATTACHMENTS FILED

WITH THE CLERK OF THE BOARD

3.33

FORM APPROVED BY COUNTY COUNSEL BY: NEAL R. KIPNIS DATE: 5/17/12 Departmental Concurrence

Policy Policy
Consent Consent

Dept's Recomm.:
Per Exec. Ofc.:

BACKGROUND continued:

This Provider has completed the Exclusive Care credentialing process which includes all appropriate medical licensure, a current review of the Medical Board of California for actions relating to licenses or practices of physicians, public records, consumer complaints, business license, and lien verifications. The legal contracting entity has been verified with the W9 and/or the California Business Portal or Business License. This agreement continues participation in the Exclusive Care Provider Network under terms similar to other comparable providers under contract.

ORIGINAL

**THIRD AMENDMENT TO THE
RIVERSIDE COUNTY – EXCLUSIVE CARE
EXCLUSIVE PROVIDER ORGANIZATION
MEDICAL CONTRACTOR AGREEMENT**

By and Between

The County of Riverside, State of California

And

John F. Kennedy Memorial Hospital

This Third Amendment (“Amendment”) to the Medical Contractor Agreement (“Agreement”) between the County of Riverside, State of California (“County”) and John F. Kennedy Memorial Hospital (“Contractor”) for inpatient and ancillary services is made and becomes effective January 1, 2012 for Exclusive Care enrollees.

Whereas, County has developed an Exclusive Provider Organization (“EPO”) to provide health care services to the employees of Riverside County; and

Whereas, Contractor is a health care provider capable of providing services for the EPO; and,

Whereas, County and Contractor entered into an Agreement dated January 1, 1999 whereby County contracted with Contractor to provider services for the EPO and have previously amended the Agreement and now wish to further amend the Agreement.

Now, Therefore in consideration of their mutual promises and covenants, the parties agree as follows:

- A. The provisions of section 8.0 – **8.1 Term** are deleted in its entirety and replaced with the following language:

“The term of this Agreement is extended for twelve (12) additional months, beginning January 1, 2012 and ending December 31, 2012. In no event shall this Agreement remain in effect past December 31, 2012 without requiring formal action by the governing bodies of both parties.”

- B. The provisions of the exhibit entitled “Compensation” is deleted in its entirety and replaced as Attachment 1 hereto.

- C. All other provisions of the Agreement, as previously amended shall remain in full force and effect.



Contractor certifies that the individual signing below has authority to execute this Third Amendment on behalf of Contractor, and may legally bind Contractor to the terms of conditions of this Third Amendment.

IN WITNESS WHEREOF, the parties hereto have cause their duly appointed representatives to execute this Third Amendment to the Medical Contractor Agreement for EPO Services for Riverside County.

ATTEST:

Clerk to the Board
Kecia Harper-Ihem

By *Merrain Cour*
Deputy

Date 6/19/12

COUNTY OF RIVERSIDE

By *[Signature]*
Chairman, Board of Supervisors
Date JOHN TAVAGLIONE
6-19-12

Approved as to form and content:

Pamela J. Walls
County Counsel

By: *[Signature]*
Deputy County Counsel

CONTRACTOR: John F. Kennedy Memorial Hospital

By: *Dan Bauer*

Printed Name: DAN BAUER

Title: CEO

Date: 7/17/12



**Attachment 1
Compensation**

Effective January 1, 2012 – December 31, 2012

Reimbursement for authorized covered services for the Exclusive Provider Organization (EPO), called Exclusive Care, established by the County of Riverside shall be payable by County (or an appropriate third party administrator on behalf of the County) in accordance with the following rates:

Inpatient Services

| Services | MS-DRG Codes | Final |
|---------------------------------------|---|----------------------|
| Medical/Surgical/Pediatric | Rev Codes 110-114, 116-119, 121-124, 126-134, 136-144, 146-154, 156-160, 164 or any other accommodation Rev Code not listed on rate sheet | \$1,816.00 Per Diem |
| ICU/CCU/PICU | Rev Codes 200-204, 208-213 or 219 | \$2,180.00 Per Diem |
| NICU | Rev Codes 172, 173, 174 | \$2,180.00 Per Diem |
| DOU Telemetry | Rev Codes 206 or 214 | \$1,816.00 Per Diem |
| OB Vaginal Delivery (2 Days) | DRGs 774, 775, 767, and 768 | \$2,795.00 Case Rate |
| OB C-Section (3 Days) | DRGs 765 and 766 | \$4,471.00 Case Rate |
| OB Additional Days | | LOC |
| Boarder Baby | Rev Codes 170, 171 or 179 | \$475.00 Per Diem |
| Multiple Births | Rev Codes 170, 171 or 179 with V31.00-31.11, V33.00-33.11, V34.00-43.11, V36.00-36.11, V37.00-37.11 | \$475.00 Per Diem |
| Lithotripsy (1 Day) | ICD-9 Codes 98.51 – 98.59 | \$2,683.00 Case Rate |
| Lithotripsy Additional Days | | LOC |
| Heart Catheterization (1 Day) | DRGs 286, 287 | \$3,353.00 Case Rate |
| Heart Catheterization Additional Days | | LOC |



| | | |
|-----------------------------|------------------------------|----------------------|
| Angioplasty (1 Day) | DRGs 246 -251 | \$3,689.00 Case Rate |
| Angioplasty Additional Days | | LOC |
| Pacemaker | DRGs 242 – 244, 258 - 262 | \$3,353.00 Per Diem |

Outpatient Services

| Service Category | Payment Priority Ranking | Definition Codes | Reimbursement |
|----------------------------------|--------------------------|--|---|
| Angioplasty (Per Case) | 1 | CPT Codes 92982, 92984, 92995, 92996, 92997, 92998 | \$3,912.00 |
| Pacemaker (Per Case) | 2 | CPT Codes 33202 – 33238 | \$3,353.00 |
| Heart Catheterization (Per Case) | 3 | CPT Codes 0256T - 0259T, 33621, 93451 - 93568, 93571, 93572 | \$3,353.00 |
| Lithotripsy (Per Case) | 4 | CPT Codes 50590 Or Rev Code 790 | \$2,683.00 |
| Ambulatory Surgery | 5 | Rev Codes 360, 361, 369, 490,499 750, 759 and CPT Codes 10021-69990, G0105, G0121 or G0260 | 50% of Charges, \$2,806 Maximum Per Case (Excluding Charges Paid Under Exclusion Provision) |
| Emergency Room | 6 | Rev Codes 450-452, 456, 459 | 42% of Total Charges (Excluding Charges Paid Under Exclusion Provision) |
| All Other Outpatient Services | 7 | All other OP Rev Codes not listed. | 42% of Total Charges (Excluding Charges Paid Under Exclusion Provision) |

- Outpatient Service claims will be paid based on the Payment Priority Ranking assigned for each Service Category. If a claim contains Definition Codes in multiple Service Categories, reimbursement for that claim will be calculated using the highest (lowest numerical) Priority Ranking. Example 1: Claims containing both Ambulatory Surgery (Priority Ranking #5) and Emergency Room (Priority Ranking #6) Revenue/CPT Codes will be paid in accordance with the Ambulatory Surgery rate for the entire claim, no additional reimbursement will be paid for Emergency Room services. Example 2: Claims containing both Angioplasty (Priority Ranking #1) and Ambulatory Surgery (Priority Ranking #5) Revenue/CPT Codes will be paid in accordance with the Angioplasty rate for the entire claim, no additional reimbursement will be paid for Ambulatory Surgery services.

Exclusions

| | | |
|------------|------------------------------|--------------------------------------|
| Exclusions | Rev Codes 274, 275, 276, 278 | 45% of Charges for Defined Rev Codes |
|------------|------------------------------|--------------------------------------|



Sedona Surgery Center

| | | |
|---|--|---|
| Sedona Surgery Center | | 168% of the Medicare ASC Outpatient Surgery Fee Schedule in Effect at the Time of Service |
| Sedona Surgery Center Unlisted Procedures | | 65% of Charges |
| Sedona Exclusions* | | Cost + 5% |

*Prosthetics, Orthotics, Pacemakers, AICDs, Implants, Stents, Intraocular Lenses, Pain Pumps and Programmers, and Disposable Items > \$100 in Sedona's Cost

Stop Loss

For any Non-Cardiac inpatient admission that meets or exceeds the threshold of \$70,000 in billed charges, Hospital will be reimbursed: a) the applicable case rate and/or per diem up to and including the day billed charges exceed \$70,000, plus b) 56% of billed charges for the amount exceeding the threshold. Charges for Exclusions will not be included in the calculation of the Stop Loss Threshold, and Exclusions will be paid separately in accordance with the Exclusion provision. Trauma Services will not be subject to Stop Loss Reimbursement.

Compensation Provisions

- Reimbursement in accordance with Exclusions will be paid in addition to the contracted reimbursement for Inpatient and Outpatient Services. Reimbursement for Exclusions will not be included in the calculation of any Not to Exceed/Maximum limits.
- Reimbursement in association with Inpatient Case Rates shall be calculated by utilizing the day of admission as "Day One". Any days of service incurred subsequent to the last day defined in the Case Rate shall be reimbursed according to the rates specified.
- Reimbursement for Inpatient Service Case Rates will be paid in accordance with the highest paying service category, when two or more procedures with qualifying Case Rates are performed during the same admission.
- The DRG/CPT/ICD-9/Revenue Code definitions are subject to change to comply with industry mandated updates in order to maintain the intent of both parties to define service categories. Therefore, reimbursement associated with updated DRG/CPT/ICD-9/Revenue Codes will be consistent with the reimbursement defined for the DRG/CPT/ICD-9/Revenue Codes being changed.

