

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

February 27, 2024

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Agreement with Blue Cross of California doing business as Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company for Reimbursement of Hospital and Healthcare Services

RECOMMENDATION(S)

1. Approve **Agreement No. 24-157**, including non-standard terms, with Blue Cross of California doing business as Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company for reimbursement to Arrowhead Regional Medical Center for the provision of hospital and healthcare services, for the period of three years beginning April 1, 2024 through March 31, 2027, and then automatically renewing until terminated by either party.
2. Direct the Clerk of the Board of Supervisors to maintain confidentiality of the Agreement pursuant to Health and Safety Code Section 1457(c)(1)
(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as this Agreement with Blue Cross of California doing business as Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company (Anthem) will result in reimbursement by Anthem to Arrowhead Regional Medical Center (ARMC) for medical services ARMC provides to Anthem members.

BACKGROUND INFORMATION

This Agreement with Anthem is for the reimbursement of hospital and healthcare services rendered by ARMC to members of Anthem beginning April 1, 2024 through March 31, 2027, and then automatically renewing for consecutive one (1) year terms until terminated by either party.

Anthem is a full-service health care service plan licensed under the California Knox-Keene Health Care Service Plan Act of 1975 and also administers several employer-sponsored health plans. This Agreement establishes payment rates along with terms and conditions for payment to ARMC for providing emergency and authorized post-stabilization services and other healthcare services to Anthem members.

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The Agreement is a result of a settlement between Anthem and the County stemming from a lawsuit filed by the County against Anthem on November 29, 2017 alleging that Anthem had been underpaying ARMC for emergency and post-stabilization medical care services rendered to Anthem members. A condition of the settlement was for Anthem and the County to enter into an Agreement for Anthem's reimbursement of ARMC on a going-forward basis for emergency and post-stabilization services and other healthcare services provided to Anthem members. The Agreement was negotiated by the parties and include non-standard contract terms or omit the following standard County terms:

1. The initial term of the Agreement is three years. After the three years, the Agreement automatically renews for consecutive one-year terms until terminated by either party.
 - County Policies 11-05 and 11-06SP1 do not permit indefinite term or automatically renewing contracts except for end user license agreements, software/hardware licenses and subscriptions, and master service agreements or unless approved by the Board.
 - Potential Impact: There is no end term to the Agreement and the County is indefinitely bound to the terms and conditions of the Agreement until either party terminates the Agreement.
2. All disputes between Anthem and the County arising under the Agreement must be resolved through binding arbitration. Additionally, for any disputes that exceed \$1 million or more, the parties must mediate the dispute prior to engaging in arbitration unless the parties agree in writing to waive the mediation requirement.
 - The County standard contract does not require mediation or arbitration.
 - Potential Impact: Binding arbitration decisions are not appealable. In addition, disputes that might otherwise be settled in small claims court would incur arbitration costs that could exceed the costs of a small claims action, and the Agreement amount.
3. The Agreement does not require Anthem to indemnify the County, as required by County Policies 11-05 and 11-07 for any reason.
 - The County standard contract indemnity provision requires the contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person.
 - Potential Impact: Anthem is not required to defend, indemnify or hold the County harmless from any claims, including indemnification for claims arising from Anthem's negligent or intentional acts. If the County is sued for any claim, including for claims arising out of Anthem's negligence or intentional acts, the County may be solely liable for the costs of defense and damages.
4. Anthem is not required to meet the County's standard insurance requirements.
 - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
 - Potential Impact: The County has no assurance that Anthem will be financially responsible for claims that may arise under the Agreement, which could result in expenses to the County.

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5. Neither party may terminate the Agreement without cause during the first three years of the Agreement. However, after the first three years, either party may terminate the Agreement without cause by giving at least 180 days written notice prior to the end of the one-year renewal term.
 - The County standard contract gives the County the right to terminate the contract, for any reason, with a 30-day written notice of termination.
 - Potential Impact: The County will be unable to terminate the Agreement for convenience during the first three years of the Agreement.
6. County is required to notify Anthem prior to any legally required disclosure.
 - The County standard contract does not require notice.
 - Potential Impact: The County will need to be aware of its obligation to notify Anthem prior to any disclosure, including in response to a Public Records Act request.

ARMC recommends the approval of this Agreement, including the non-standard terms, with Anthem for the reimbursement of hospital and healthcare services rendered to Anthem members as it provides for the safety, health, and social service needs of county residents and ensures that ARMC operates in a fiscally sustainable condition.

Pursuant to Health and Safety Code section 1457(c)(1), specific terms relating to rates of payment for health care services are not immediately subject to laws related to public records; therefore, the Clerk of the Board is directed to maintain confidentiality of this Agreement.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on February 2, 2024; Risk Management (Victor Tordesillas, Deputy Executive Officer, 386-8623) on February 14, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on February 5, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on February 7, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387- 5423) on February 8, 2024.

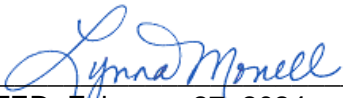
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 27, 2024



cc: ARMC - Gilbert w/agree
 Contractor - c/o ARMC w/agree
 File - w/agree (BAI only)
 File – Confidential files w/agree
CCM 02/29/2024