

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

September 26, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Revenue Provider Services Agreement with Physician Health Network for Ancillary Services

RECOMMENDATION(S)

1. Approve Revenue Provider Services **Agreement No. 23-1060**, including non-standard terms, with Physician Health Network for provision of outpatient health care services to designated Medi-Cal Managed Care members, retroactively effective January 1, 2022 through December 31, 2024.
2. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the Provider Services 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

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). This revenue agreement will be utilized to ensure reimbursement to Arrowhead Regional Medical Center (ARMC) from Physician Health Network (PHN) for providing outpatient care to certain Medi-Cal managed care plan members who are assigned to PHN. Adequate appropriation and revenue have been included in the ARMC 2023-24 budget and will be included in the 2024-25 recommended budget.

BACKGROUND INFORMATION

Health plans contract with Independent Practice Associations (IPA), such as PHN, for the provision of care for their Medi-Cal managed care members. The recommended revenue agreement will provide reimbursement from PHN to ARMC for outpatient care services provided by ARMC to Medi-Cal managed care plan members who are assigned to PHN. The agreement is retroactive to January 1, 2022, as Inland Empire Health Plan, one of the health plans contracted with PHN and ARMC, changed its Division of Financial Responsibility designation for hospital outpatient care from the health plan to IPAs effective as of this date. ARMC was made aware of this change and began negotiations with PHN in January 2023. The recommended agreement will also make ARMC eligible for supplemental reimbursement through the Hospital Direct Payment Programs based on the outpatient care services provided to Medi-Cal managed care plan members assigned to PHN.

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An IPA is an association of independent physicians that contract with health plans to provide services to the health plan's members. Generally, under the contracts between the health plans and the IPAs, including PHN, the health plans pay the IPAs a capitated rate, per member per month, and in exchange, the IPAs are required to directly provide healthcare services to their assigned members, or pay for the services when otherwise not available through the IPA. In cases where PHN is unable to provide the healthcare services to the assigned member, PHN must contract and pay other healthcare providers to provide such care to the member.

The agreement with PHN was negotiated by the parties that include the following non-standard contract terms and omits the following standard County contract terms:

1. PHN limits its indemnity obligation to claims that are proximately caused by the negligent or intentional acts or omissions of PHN, its officers, employees, and agents.
 - The County standard contract general 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: PHN's indemnity obligation is more limited in the agreement compared to the standard County general indemnity obligation. In the event a claim arises that falls outside the scope of PHN's limited indemnity obligation, the County may be solely liable for the costs of defense and damages.
2. The County is required to indemnify PHN for claims that are proximately caused by the negligent acts or omissions of the County, its officers, employees, and agents.
 - The County standard contract does not include any indemnification or defense by the County of a contractor.
 - Potential Impact: By agreeing to indemnify PHN, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against PHN without such limitations and the County would be responsible to defend and reimburse PHN for costs, expenses, and damages.
3. The agreement does not contain all of the standard County insurance provisions, including adding the County as an additional insured and the waiver of subrogation.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: The agreement does not include all of the County standard insurance requirements. This means that the County has no assurance that PHN will be financially responsible for claims that may arise, which could result in expenses to the County.

ARMC recommends approval of the agreement, including the non-standard terms, as it will ensure reimbursement to the County for outpatient services provided at ARMC to Medi-Cal members assigned to PHN, and allow ARMC to operate in a fiscally-responsible and business-like manner.

PROCUREMENT

Not applicable.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on August 1, 2023; Risk Management (Victor Tordesillas, Director, 386-3165) on August 9, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on September 1, 2023; Finance (Jenny Yang, Administrative Analyst, 387-5423) on September 6, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 11, 2023.

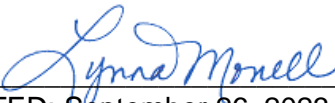
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: September 26, 2023



cc: ARMC - Gilbert w/agree
Contractor - c/o ARMC w/agree
File - w/agree (BAI only)
File - Confidential files w/agree
CCM 10/5/2023