

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

July 28, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment to Agreement with Toyon Associates, Inc. for the provision of Medicare Cost Report Preparation and Consulting Services

RECOMMENDATION(S)

Approve **Amendment No. 2 to Agreement No. 18-158** with Toyon Associates, Inc. to increase the total not to exceed amount by \$918,750, from \$2,346,294 to \$3,265,044, and extend the contract term for an additional two years for a total contract period of April 20, 2018 through April 19, 2023, for Medicare cost report preparation and consulting services.
(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). The additional cost of \$918,750 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Sufficient appropriation and revenue are included in Arrowhead Regional Medical Center (ARMC) 2020-21 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of this recommendation with Toyon Associates, Inc. (Toyon) will allow for the continuation of Medicare and Medi-Cal cost report preparation, Paragraph14 (P14) Workbook preparation, and reimbursement of consulting services performed for ARMC. These are time sensitive statistical reports regarding Medicare and Medi-Cal patients seen at ARMC. The P14 Workbook determines the amount of Federal and State reimbursements received by ARMC. Preparation and review of these statistical reports by Toyon will ensure proper report completion, resulting in maximized reimbursement potential. Accurate and timely reporting that results in maximum reimbursement allows ARMC to operate in a fiscally-responsible and business-like manner, and provide for the safety, health and social service needs of county residents by ensuring continued necessary hospital funding and operations.

These annual cost reports have increased in complexity over the years and for Designated Public Hospitals (DPHs) like ARMC, the actual amount of reimbursement affected by the cost report has increased. Proper completion of cost reports is important for future reimbursement

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increases and to maintain compliance with Federal and State reporting rules. In addition, the Medi-Cal cost report is used as the basis for filing the P14 Workbook, as well as the AB85 Realignment redirection and cost reimbursement calculations. Toyon will also be providing ARMC with general reimbursement consulting services, update of financial forecast model, data requests from the State, audit support and other report filing, as needed.

PROCUREMENT

On April 3, 2018 (Item No. 10), the Board approved an agreement with Toyon for Medicare cost report preparation and consulting services, in the not to exceed amount of \$1,121,175 for the period of April 20, 2018 through April 19, 2021.

On May 21, 2019 (Item No. 12), the Board approved Amendment No. 1 to Agreement No. 18-158 with Toyon, increasing the not to exceed amount by \$1,225,119, from \$1,121,175 to \$2,346,294, with no changes to the contract period of April 20, 2018 through April 19, 2021, for Medicare and Medi-Cal cost report preparation including consulting services.

Toyon has specialized credentials and expertise in preparation and consultation of specific cost reports, with experience in preparation of hundreds of cost reports for all types and sizes of facilities including DPHs, and preparation and review of many P14 Workbooks. County Purchasing concurred with the reasoning for a non-competitive procurement, based on the justification stated above.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on June 22, 2020; Purchasing Department (Michelle Churchill, Supervising Buyer, 387-2070) on July 10, 2020; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on June 8, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on July 10, 2020; and County Finance (Matthew Erickson, County Chief Financial Officer, 387-5423) on July 13, 2020.

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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 28, 2020



cc: ARMC- Gilbert w/agree
 Contractor- C/O ARMC w/agree
 File- w/agree
la 07/29/2020