

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

June 25, 2024

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Amendment to Contract with Xtend Healthcare, LLC, for Performance Audits

RECOMMENDATION(S)

Approve **Amendment No. 1 to Contract No. 24-560** (4400017400) with Xtend Healthcare, LLC, expanding the scope of the current contract to include coding audits of inpatient and outpatient encounters to determine coding and documentation accuracy, increasing the annual not-to-exceed contract amount by \$50,000, from \$200,000 to \$250,000 with a total not-to-exceed contract amount of \$750,000, with no change to the contract term of June 4, 2021 through June 30, 2026.

(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 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). The total cost of \$750,000 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. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2023-24 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The amendment will allow ARMC to provide data related to inpatient and outpatient encounters per calendar quarter to Xtend Healthcare, LLC (Xtend) for the assessment of the documentation and the accuracy of coding assignments, claim submissions, and payments determinations, using coding guidelines set by Centers of Medicare and Medicaid Services (CMS); American Medical Association; American Hospital Association; Medicare National Coverage Determinations (NCDs) and Local Coverage Determinations (LCDs); California Healthcare-associated infections; and ARMC's coding guidelines. Comprehensive Medical Record Review (CMRR) audits shall also be performed twice a year.

The audits will assess CMRR and coding audit risk, detecting challenges, strengths, weaknesses and/or deficiencies, opportunities, and threats, and validation of medical record and coding accuracy. Audit services will offer visibility into department operations and processes that reflect the true state of hospital clinical documentation, medical necessity,

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coding, query compliance, security, and visibility into department operations and coding processes. ARMC relies on the audits and recommendations to develop operational improvements and team building, including identifying educational opportunities, and setting performance goals.

On June 4, 2021, the Purchasing Agent approved Contract No. 4400017400 after a competitive procurement, in the amount not-to-exceed 750,000 for the term of June 4, 2021 through June 3, 2026. Because the increase to the contract amount exceeds the annual \$200,000 discretionary authority for approval by Purchasing, this amendment is being submitted to the Board of Supervisors for approval.

The original contract was for the vendor to audit 90 accounts per quarter for both inpatient and outpatient accounts. The low sample size is not sufficient to identify documentation issues, capture a better coding accuracy rate, determine education needs, and develop strategies for improvement. The new sample size has been increased to 240 inpatient accounts and 420 outpatient accounts per quarter, which will be distributed between the coders. Non-Continuing Education Units have been added to the contract to provide educational focus on areas of improvement that are not related to professional development. Finally, a timeline has been established to ensure auditing turnaround times are clear and actionable. Through the amendment, Xtend will increase sample sizes, establish turnaround times, and add flexibility to the education component of the contract.

ARMC recommends approval of the amendment to continue to provide for the health and safety of county residents with the ongoing audits and reports provided for the advancement of healthcare for patients in the county.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on May 28, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on May 31, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on May 31, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on June 4, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on June 5, 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: June 25, 2024



cc: ARMC - Goldfrach w/agree
Contractor - c/o ARMC w/agree
File - w/agree
CCM 07/5/2024