

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

June 10, 2025

FROM

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

SUBJECT

Professional Services Agreement for the Appeal of Cost Report Adjustments and Cost Report Reopening of the Cost Report for Fiscal Year 2013

RECOMMENDATION(S)

Approve Professional Services **Agreement No. 25-363** with Healthcare Reimbursement Services, Inc., for the appeal of cost report adjustments and cost report reopening of the cost report for fiscal year 2013, effective upon execution until all relevant appeals and cost report reopening are resolved, on a contingency fee basis of 18%.

(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 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). Healthcare Reimbursement Services, Inc. (HRS) will be paid on a contingency fee basis of 18% of any payment reduction in liability that it achieves for Arrowhead Regional Medical Center (ARMC) in its appeal or cost report reopening to the Provider Reimbursement Review Board (PRRB) for ARMC's cost report for fiscal year 2013. Adequate appropriation and revenue have been included in ARMC's 2024-25 budget and will be included in any future recommended budgets.

BACKGROUND INFORMATION

On an annual basis, healthcare providers that receive reimbursement from Medicare are required to submit a Medicare cost report. The cost report is a comprehensive financial document that details the provider's costs of delivering care, information about the provider's services and clinical training programs, revenues, and the proportion of services provided to Medicare beneficiaries and indigent individuals. The primary purpose of the report is to ensure accurate reimbursement for services rendered under the Medicare program by determining whether the provider was overpaid or underpaid during the reporting period. The report includes detailed information on expenses, utilization, patient statistics, and allocation of costs to Medicare-covered services, and plays a critical role in Medicare payment adjustments, auditing, and policy development.

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Every cost report filed by a healthcare provider is audited by the Medicare Administrative Contractors (MAC)—private entities that are contracted with Medicare to handle the day-to-day operations of the program. Once the audit is complete, the MAC submits a Notice of Program Reimbursement (NPR) to the provider, which informs the provider the MAC's determination of how much Medicare owes the provider or how much the provider owes Medicare. A provider has 180 days after receipt of the NPR to appeal to the PRRB the MAC's determination and adjustments on the cost report.

On December 31, 2024, the MAC issued an NPR to ARMC for fiscal year 2013 indicating a net amount due of about \$2.3 million to Medicare.

The Professional Services Agreement (Agreement) with HRS will enable HRS to submit an appeal of the cost report adjustments made by HRS to the PRRB and request a cost report reopening of the 2013 cost report relating to Medicare Disproportionate Share Hospital (DSH) identification, verification and review of Medicaid eligible days for ARMC. Specifically, HRS will provide professional services as it relates to the preparation and timely filing of an appeal with the PRRB pertaining to Medicare DSH to reduce the MAC's estimated payment liability of ARMC.

ARMC recommends approval of the Agreement with HRS to assist ARMC in appealing the MAC's adjustments to the cost report and reduce ARMC's payment liability to Medicare for fiscal year 2013.

PROCUREMENT

The Purchasing Department supports this non-competitive procurement based on the specialized credentials and expertise of HRS. HRS has the unique expertise and access to the Fiscal Year 2013 data needed to prepare the appeal on behalf of ARMC. ARMC previously contracted HRS for consulting services to review and assist in the treatment of Medicare Part C days and Supplemental Security Income ratio calculation from March 22, 2016 through March 21, 2023.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387- 5455) on May 6, 2025; Purchasing (Veronica Pedace, Buyer III, 387-2464) on May 8, 2025; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on May 16, 2025; Finance (Jenny Yang, Administrative Analyst, 387-4884) on May 20, 2025; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387- 5423) on May 20, 2025.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 10, 2025



cc: ARMC - Goldfrach w/agree
Contractor - c/o ARMC w/agree
File - w/agree
MBA 06/17/2025