

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

April 7, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment No. 2 to Revenue Agreement with California Physicians' Service dba Blue Shield of California for Inpatient and Outpatient Services

RECOMMENDATION(S)

Ratify the Chief Executive Officer's approval of **Amendment No. 2** to the Fee for Service Hospital Agreement (**Agreement No. 17-144**) with California Physicians' Service dba Blue Shield of California for inpatient and outpatient services, that extends the term of the agreement by three months, for a new total contract period of April 1, 2017 to June 30, 2020.
(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 recommendation will not result in the use of Discretionary General Funding (Net County Cost). Expenditures for medical services provided under this contract by Arrowhead Regional Medical Center (ARMC) are reimbursed by California Physicians' Service dba Blue Shield of California (Blue Shield) based on the agreed upon rates. Sufficient appropriation and revenue is included in the ARMC 2019-20 budget.

BACKGROUND INFORMATION

Approval of the recommendation will provide for the safety, health and social service needs of County residents by ensuring the provision of patient care services to Blue Shield members at agreed upon reimbursement rates. ARMC has been a designated hospital provider within Blue Shield's network since 2012. ARMC submits claims to Blue Shield for payment and the hospital is reimbursed on a per diem basis for inpatient and outpatient charges.

Since 2012, the County and Blue Shield have executed various agreements and amendments for the provision of health insurance coverage for in-network members receiving treatment at ARMC, including San Bernardino County employees. The current Fee for Service Hospital Agreement with Blue Shield (Agreement No. 17-144) was approved by the Board of Supervisors (Board) on March 28, 2017 (Item No. 8). Amendment No. 1 was issued by Blue Shield with no change to the contract expiration date, pursuant to Section 5.6 of the Agreement that permits Blue Shield to decrease all percentage of reimbursements in response to the hospital increasing rates beyond the rate modification allowance. Amendment No. 1 did not require Board approval. The Agreement and subsequent Amendment No. 1 expired on March 31, 2020. ARMC initiated negotiations for a new agreement in advance of the expiration date. However, due to staff

**Amendment No. 2 to Revenue Agreement with California Physicians'
Service dba Blue Shield of California for Inpatient and Outpatient
Services
April 7, 2020**

turnovers at Blue Shield and other extenuating circumstances, negotiations were not completed by March 31st.

To ensure there was no gap in coverage for Blue Shield members, ARMC submitted a request to the County Administrative Office for the Chief Executive Officer (CEO) to execute Amendment No. 2 by March 31, 2020. The CEO provided his approval pursuant to Agenda Item No. 67 of the Board of Supervisors' meeting on March 24, 2020 that gave the CEO authorization to execute agreements/amendments related to COVID-19 subject to ratification by the Board.

This amendment extends the Agreement by three months to give sufficient time for rate negotiations to conclude. ARMC recommends the ratification of the CEO's approval of Amendment No. 2 to ensure there is no gap in insurance coverage for in-network members, particularly in light of the current public health emergency, COVID-19. ARMC will conclude negotiations with Blue Shield by June 30, 2020. Prior to this date, ARMC anticipates that it will present a long-term agreement to the Board for approval.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Scott Runyan, Deputy County Counsel, 387-5455) on March 26, 2020; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773) on March 27, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on March 30, 2020.

**Amendment No. 2 to Revenue Agreement with California Physicians'
Service dba Blue Shield of California for Inpatient and Outpatient
Services
April 7, 2020**

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

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: April 7, 2020



cc: ARMC- Gilbert w/agree
Contractor- C/O ARMC w/agree
File- w/agree w/attach
la 04/9/2020