

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

June 9, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment Nos. 3 and 4 to Fee for Service Hospital Agreement with California Physicians' Service DBA Blue Shield of California for Inpatient and Outpatient Services

RECOMMENDATION(S)

1. Approve **Amendment No. 3** to the Fee for Service Hospital **Agreement No. 17-144** with California Physicians' Service DBA Blue Shield of California for inpatient and outpatient services to extend the expiration of the agreement from June 30, 2020, through July 31, 2020.
2. Approve **Amendment No. 4** to the Fee for Service Hospital **Agreement No. 17-144** with California Physicians' Service DBA Blue Shield of California for inpatient and outpatient services that adjusts the rates for services and extends the expiration of the agreement from July 31, 2020, through July 31, 2022, with three additional one-year extensions.
3. Direct the Clerk of the Board to maintain confidentiality of Amendment Nos. 3 and 4 pursuant to Health and Safety Code § 1457(c)(1).
(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 are included in the ARMC 2020-21 recommended budget and will be included in future recommended budgets.

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

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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. Amendment No. 2 extended the agreement's expiration date to June 30, 2020, and was executed by the County CEO pursuant to Agenda Item No. 67 of the Board of Supervisors' meeting on March 24, 2020. The County CEO was given authorization until May 31, 2020, to execute certain agreements/amendments, subject to ratification by the Board. The CEO's signature was ratified by the Board of Supervisors on April 7, 2020.

ARMC initiated negotiations for a new agreement and new rates with Blue Shield, and those negotiations are now complete. However, Blue Shield requires no less than 30-days to update rates in their database. Therefore, Amendment No. 3 will continue the existing rates for another 30 days, and will be followed by Amendment No. 4. This amendment includes the new negotiated rates and a two-year term from August 1, 2020, through July 31, 2022 ("Renewal Term"), with three additional one-year extensions. ARMC recommends approval of Amendment No. 3 and No. 4 to ensure continued insurance coverage for in-network members who receive patient care services at the hospital.

In addition to the non-standard contract terms previously agreed upon by the parties, Amendment No. 4 provides that neither party may terminate the Agreement without cause during the Renewal Term. Thereafter, the parties must provide 180 days prior written notice to terminate the Agreement without cause.

Pursuant to *Health and Safety Code* § 1457(c)(1), specific terms related to the rates of payment for health care services are not immediately subject to laws related to public records; therefore, the Clerk of the Board is directed to maintain confidentiality of both amendments.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on May 22, 2020; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on May 26, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on May 26, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on May 26, 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: June 9, 2020



cc: ARMC- Gilbert w/agree
 Contractor- C/O ARMC w/agree
 File- BAI only
 File- Confidential w/agree
la 06/11/2020