



# San Bernardino County

## Legislation Text

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**File #: 4261, Agenda Item #: 17**

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

**June 8, 2021**

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

**SUBJECT**

Medi-Cal Graduate Medical Education Payment Program Provider Participation Agreement

**RECOMMENDATION(S)**

Approve the Medi-Cal Graduate Medical Education Payment Program Provider Participation Agreement with the California Department of Health Care Services, for the provision of reimbursements at an estimated revenue of \$42,000,000, for direct and indirect costs associated with the operations of the Graduate Medical Education Program at Arrowhead Regional Medical Center, with the agreement term of July 1, 2021 through June 30, 2024.

(Presenter: William L. Gilbert, Director, 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 the Agreement with the California Department of Health Care Services (DHCS) will not result in the use of Discretionary General Funding (Net County Cost). The total estimated revenue is \$42,000,000. Expenditures for Arrowhead Regional Medical Center's (ARMC) Graduate Medical Education (GME) Programs shall be fully funded through Medi-Cal, in the following amounts:

<b>Fiscal Year (FY)</b>	<b>Amount</b>
FY 2021-22	\$12,000,000
FY 2022-23	\$14,000,000
FY 2023-24	\$16,000,000

A total of \$21,000,000 in intergovernmental transfers will be advanced from the County's Health Administration Budget Unit fund. This is used to guarantee the availability of the non-federal match funds for expenditures related to ARMC's GME program. Once the non-federal share portion is received from DHCS, ARMC will remit the funds to the Health Administration Budget Unit. Sufficient appropriation and revenue has been included in the Arrowhead Regional Medical Center (ARMC) 2021-22 Recommended Budget and will be included in future recommended budgets.

### **BACKGROUND INFORMATION**

Approval of this item will allow ARMC to receive reimbursements from the DHCS in order to recover the Medi-Cal Managed Care Program Share of direct and indirect costs for the GME Programs. GME Programs are medical education programs that are hospital-based training pursued after receipt of Doctor of Medicine (MD) or Doctor of Osteopathic Medicine (DO) degrees. Individuals in GME programs enter specific residency programs to gain further education and experience in specified fields of medicine, like internal medicine, emergency medicine, and general surgery. Completion of residency programs lead to state licensure and board certification.

Effective January 1, 2017, graduate medical education (GME) payments shall be made to designated public hospitals (DPHs) using the methodologies determined by DHCS, in recognition of the Medi-Cal Managed Care share of direct and indirect GME costs. Payments are intended to help cover costs incurred by a DPH for medical residents and teaching faculty. As a DPH, ARMC will receive payments from DHCS under two categories: 1) direct GME costs, which are the direct costs of operating a residency program, such as resident stipends and administrative costs and 2) indirect GME costs, which are associated with residency programs and the higher costs that the presence of training programs may generate.

The agreement with the DHCS is its standard Payment Program Provider Participation Agreement that it enters into with all participating providers, which lack the following County standard terms or contain the following non-standard terms:

#### **Insurance**

The agreement does not require the DHCS to meet the County insurance standards.

- The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County Risk Management Department.
- Potential Impact: The agreement does not include County standard insurance requirements. This means that the County has no assurance of an insurance company that the DHCS will be financially responsible for claims that may arise from the agreement, which may result in expenses to the County.

#### **Indemnification**

The DHCS is not contractually obligated to defend, indemnify, or hold the County harmless for any claims.

- The County standard contract contains a general indemnity clause that requires the other party to defend and indemnify the County from third party claims arising out of the acts, errors or omissions of any person.
- Potential Impact: The DHCS is not required to defend, indemnify, or hold the County harmless from any claims, including indemnification for claims arising out of the DHCS' negligent or intentional acts. If the County is sued for any claim, the County may be solely liable for the costs of defense and damages.

#### **Venue**

The venue of any action arising under the agreement is the County where the California Attorney General's office maintains an office.

- The County standard contract requires venue to be in San Bernardino County Superior Court.
- Potential Impact: The California Attorney General does not maintain an office in San Bernardino County. As such, the venue for any lawsuit brought under the agreement will not be in San Bernardino. Venue outside of San Bernardino County may result in expenses incurred by the County that might not otherwise be incurred if the venue was in San Bernardino.

### **PROCUREMENT**

Not Applicable.

### **REVIEW BY OTHERS**

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This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5465) on April 20, 2021; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on April 21, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on May 17, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on May 23, 2021.