



San Bernardino County

Legislation Text

File #: 5091, Agenda Item #: 13

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

November 16, 2021

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Reimbursement Agreement with MultiPlan, Inc. to Establish Out-of-Network Standing Rates

RECOMMENDATION(S)

Approve Reimbursement Agreement with MultiPlan, Inc., to establish out-of-network reimbursement rates for emergency and inpatient services for patients, for the period of November 16, 2021 through September 30, 2026.

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of the Agreement with MultiPlan, Inc. will not result in the use of Discretionary General Funding (Net County Cost). This agreement provides Arrowhead Regional Medical Center (ARMC) a solution to maximize reimbursements for providing emergency services for those with out-of-network health plans. Adequate appropriation and revenue have been included in the ARMC 2021-22 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

This agreement with MultiPlan Inc. (MultiPlan) will provide standing reimbursement rates for emergency and inpatient services for patients with certain out-of-network health plans. The agreement with Multiplan facilitates prompt payment by offering a predetermined discounted rate. When a patient has an insurance carrier that is out-of-network and not contracted with ARMC, the payer must typically reimburse based on out-of-network rates. In this instance, Multiplan would represent a group of these payers using the predetermined discounted rate, which expedites reimbursement and improves patient satisfaction by removing the patient from the dispute process. Claims are submitted directly to Multiplan for pricing.

Currently, ARMC's process for receiving patient reimbursement, specifically for those with out-of-network health plans who enter through the emergency room, whether for trauma, inpatient or outpatient services, requires that ARMC review the proposed payment and accept the proposed rate within two days. After the second day, if ARMC has not responded to the payment offer, the offer reverts to the insurance provider to self-determine if they want to pay what is reasonable, customary or nothing at all. This places ARMC in the position of appealing the insurance provider's decision, which is neither cost effective or efficient for account

resolution.

MultiPlan has been providing healthcare payor solutions since 1980. Their business uses technology and data analytics to offer a comprehensive portfolio of cost management solutions. They negotiate with providers on claim pricing and payment accuracy to help their healthcare payors manage their cost of care.

The agreement with MultiPlan is its standard commercial agreement, negotiated by the parties, that include the following non-standard terms:

1. The agreement may be terminated at any time by either party with 90 days written notice.
 - The County standard contract gives the County the right to terminate the contract, for any reason, with a 30 day written notice of termination without any obligation other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
 - Potential Impact: ARMC must be mindful of this additional notice period when deciding to terminate the agreement without cause.
2. The agreement does not include certain standard County insurance requirements, including the waiver of subrogation.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: The agreement does not include County standard insurance requirements. This means that the County has no assurance that MultiPlan will be financially responsible for claims that may arise under the agreement, which could result in expenses to the County that exceed the total contract amount. No waiver of subrogation may allow MultiPlan's insurer to bring suit against the County, which could also result in expenses that exceed the total contract amount.
3. Neither party shall be liable for consequential, exemplary, or punitive damages.
 - The County's standard contract contains no limitations on the contractor's liability for damages.
 - Potential Impact: The County is waiving any right to recover any damages for consequential, exemplary, or punitive damages. If the County sustains any consequential damages as a result of MultiPlan's breach of the agreement, the County would be unable to recover such damages from MultiPlan.
4. Each party waives the right to bring a class action claim, or participate as a member in any class action litigation or arbitration.
 - The County's standard contract does not require the County to waive the right to participate in any class actions against a contractor.
 - Potential Impact: The County is barred from bringing any class action claims or participate in any class actions against MultiPlan, meaning that any claims that the County may have must be brought individually, which may result in expenses that may not had to be incurred if the County participated in a class action.
5. Each party agrees to indemnify and hold harmless the other party from claims which have been proven to arise from the negligent or willful acts or omissions of the indemnifying party regarding the duties and obligations of the indemnifying party under the Agreement.
 - The County standard contract does not include any indemnification or defense by the County of a contractor. Additionally, the County standard contract general indemnity provision requires the contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person.
 - Potential Impact: By agreeing to indemnify MultiPlan, the County could be contractually waiving

the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against MultiPlan without such limitations and the County would be responsible to defend and reimburse MultiPlan for costs, expenses, and damages, which could exceed the total contract amount. Additionally, MultiPlan's indemnification obligation in the agreement is significantly more limited than under the standard County contract.

ARMC recommends approval of the agreement with MultiPlan, Inc., including the non-standard terms, to maximize reimbursements and operate in a fiscally responsible and business-like manner.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on September 30, 2021; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on October 1, 2021; Risk Management (Victor Tordesillas, Director, 386-8631) on November 3, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on October 27, 2021; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on October 28, 2021.