



San Bernardino County

Legislation Text

File #: 7925, Agenda Item #: 10

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

May 9, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Agreement with Optum360 LLC for Chargemaster Solution Software Products

RECOMMENDATION(S)

Approve Agreement with Optum360 LLC, including non-standard terms, for licenses, support, and maintenance for software that manages revenue cycle issues associated with medical billing coding and compliance, in the amount of \$139,200 for a five-year period retroactively effective May 1, 2023 through April 30, 2028.

(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 this item will not result in the use of Discretionary General Funding (Net County Cost) as the cost of \$139,200 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2022-23 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

This agreement with Optum360, LLC (Optum) will provide ARMC with ongoing services for Chargemaster maintenance and billing compliance. Approval of this agreement will be retroactive to May 1, 2023, due to a delay in negotiations of the new five-year agreement. The vendor did not accept the County standard insurance provisions, which resulted in non-standard terms and additional internal review of the agreement by County Risk Management. This agreement includes various software products that prevent revenue cycle issues associated with coding, compliance, and Chargemaster maintenance. The Chargemaster Solution software provides ARMC with a comprehensive, cost-effective solution that will maximize revenue and reimbursement while reducing costs and improving billing compliance. The software has been used by ARMC since 2018.

Optum360 ChargemasterExpert.com, is a web-based solution providing the visibility needed to proactively optimize and efficiently manage a complete, up-to-date chargemaster to improve financial performance, as

well as Centers for Medicare & Medicaid Services (CMS) billing compliance. The tools offer analysis features which efficiently automate many of the chargemaster processes, pricing information to share competitor data, and workflow and reporting features to increase productivity. RevenueCyclePro.com (RCP), is a single source reference tool to access data and medical code sets, and assists with coding, billing, coverage, and reimbursement.

The Optum License Agreement (Agreement) is Optum's standard commercial contract, which includes terms that differ from the standard County contract and omits certain County standard contract terms. While the parties negotiated certain contract terms, Optum would not agree to all County standard terms. The non-standard and missing terms include the following:

1. The County is required under the Agreement to indemnify third party, American Dental Association, against claims resulting from the County's use of the current dental terminology, in breach of any of the terms of the Agreement, or County's use of any data or documentation received from the American Dental Association, regardless of the form of action.
 - The County standard contract does not include any indemnification or defense by the County of a contractor.
 - Potential Impact: By agreeing to indemnify third party, American Dental Association, 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 the American Dental Association without such limitations and the County would be responsible to defend and reimburse the American Dental Association for costs, expenses, and damages, which could exceed the total Agreement amount.
2. Optum's maximum liability to the County is limited to the amount paid or owed by the County under the Agreement in the year in which the claim arose without exclusion.
 - The County standard contract does not include a limitation of liability.
 - Potential Impact: Claims could exceed the liability cap and the Agreement amount leaving the County financially liable for the excess.
3. There is no termination for convenience without payment of early termination fees, which amount to all unpaid fees for the entire Agreement period.
 - 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: The County cannot terminate the Agreement without cause unless it first pays all fees due through the end of the Agreement terms, which could result in payment liability where no funds are available due to lack of allocation or loss of funding.
4. There is no stated venue in the Agreement.
 - The County standard contract requires the venue for disputes be the Superior Court of California, County of San Bernardino, San Bernardino District.
 - Potential Impact: Optum operates from multiple locations in the United States and internationally. It is headquartered in Eden Prairie, Hennepin County, Minnesota. Having no express venue in the contract means that Hennepin County, Minnesota could be the venue applied to this Agreement, which may result in additional expenses that exceed the amount of the Agreement.

ARMC recommends approval of the Agreement with Optum, including the non-standard terms, as it will enable ARMC to continue to operate in a fiscally-responsible manner. Optum's software will provide access to tools

that will proactively optimize and efficiently manage a complete, up-to-date hospital chargemaster, CMS billing, and compliance. This product does not require the use of any Protected Health Information.

On May 5, 2018, an agreement between Optum and ARMC was executed by the vendor and the Purchasing Department, within Purchasing authority, in the amount of \$95,595 for a five-year period from May 1, 2018 through April 30, 2023.

PROCUREMENT

The Purchasing Department continues to support this non-competitive procurement based on functional specifications, including a platform that has Medi-Cal specific payment and billing guidelines, as Optum offers unique software capable of providing the expanded range of services required for ARMC's Patient Accounts Department. This software is also proprietary to Optum. This platform has been utilized by ARMC since 2018, and a new software platform would require extensive staff time and training at a substantial cost.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on April 11, 2023; Purchasing (Ariel Gill, Buyer III, 777-0722) on April 11, 2023; Risk Management (Victor Tordesillas, Director, 386-8623) on March 9, 2023; (ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on April 17, 2023; Finance (Jenny Yang, Administrative Analyst, 387-4884) on April 20, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on April 20, 2023.