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*Setting the Standard in Health Care Excellence*

September 26, 2023

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT:**

**Approval of, and Authorization for the Health Care Agency Director or Designee to Sign, the Second Amendment Effective October 1, 2023 to the Hospital Services Agreement (Agreement) Between Heritage Provider Network, Inc. (HPN), a California Corporation, and the County of Ventura.**

**RECOMMENDATION:**

That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, the attached Amendment 2 effective October 1, 2023, to the agreement by and between Heritage Provider Network, Inc. (HPN), a California corporation, and the County of Ventura.

**FISCAL IMPACT:**

Mandatory:	No
Source of Funding:	Heritage Provider Network, Inc.
Funding Match Required:	None
Impact on Other Departments:	NA

Summary of Annual Revenues and Costs under this agreement:

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
REVENUE:	\$465,000	\$638,600
DIRECT COSTS:	\$465,000	\$638,600
INDIRECT COSTS:	Minor	Minor
Net Revenue <cost>	\$0	\$0

**Current Year Fiscal Budget**

<b>Current FY 2023-24 Budget Projections for Ventura County Medical Center #3300</b>				
	<b>Adopted Budget</b>	<b>Adjusted Budget</b>	<b>Projected Actual</b>	<b>Estimated Savings/(Deficit)</b>
Expenditures	\$673,790,899	\$673,790,899	\$673,790,899	\$0
Revenue	\$665,452,626	\$665,452,626	\$665,452,626	\$0
Operational Income/(Loss)	(\$8,338,273)	(\$8,338,273)	(\$8,338,273)	\$0

Sufficient revenue and appropriations are included in the FY 23-24 adopted budget. The operational income includes "Operating Transfers In" that are primarily attributed to County contribution.

**DISCUSSION:**

The current agreement was entered into on August 1, 2006 by and between HPN and the County of Ventura. HPN, a limited Knox-Keene licensed organization, operates a prepaid health service plan which arranges for medical and hospital services to be provided to persons who are enrolled in those health care service plans which contract with HPN. HPN seeks to provide a quality prepaid health delivery system which maximizes methods to promote the efficient, economical delivery of health care, and to develop and implement programs of health education and health maintenance for its members.

The proposed Amendment 2 would extend the current agreement to September 2026. It would also provide an increase in reimbursement for hospital in-patient and outpatient services which will be a multiple of the Medicare rates in effect at this time for inpatient services at Medicare Diagnosis Related Groups (MS-DRG) and Medicare Outpatient Rates for outpatient services. For commercial health plan members the rate increase is 20.2% and for Medicare members the rate increase is 3.5% over current reimbursement.

The portions of the agreement concerning compensation paid to HCA are exempt from disclosure under the Public Records Act (Health and Safety Code Section 1457 (c) (1)) before and for three years following execution of the agreement. If your Board would like further information regarding the rates, the original agreements are retained by Mike Taylor, HCA Chief Financial Officer.

This letter has been reviewed by the County Executive Office, County Counsel, and Auditor-Controller's Office. If you have any questions regarding this item, please call Paul Jaconette, MPH, Director of Strategy and Business Development at 805-677-5105.

  
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Barry L. Zimmerman  
Health Care Agency Director

Exhibit 1: Amendment Two (2) To Hospital Services Agreement Between Heritage Provider Network, Inc. And The County of Ventura