

March 19, 2019

Board of Supervisors
800 South Victoria Avenue
Ventura, California 93009

SUBJECT:

Approval of, and Authorization for the Health Care Agency (HCA) Director or Designee to Sign, on Behalf of the Ventura County Health Care Plan (VCHCP), Amendment Three to the Health Services Agreement with Children's Hospital Los Angeles, Adding a New Fee Schedule, Effective April 1, 2019; Approval of, and Authorization for the HCA Director or Designee to Sign, on behalf of VCHCP, the Second Amendment to the Hospital Services Agreement with Simi Valley Hospital & Health Care Services, Extending the Agreement and, Effective April 1, 2019, Adding New Schedule of Reimbursement and Locations Exhibits; Ratification of the County's Continued Performance Under the Agreement; Approval of, and Authorization for the HCA Director or Designee to Sign, on behalf of VCHCP, the Ancillary Care Services Agreement with Aspen Surgery Venture LLC dba Aspen Surgery Center, Effective April 1, 2019; Ratification of the HCA Director's Execution, on behalf of VCHCP, of Amendment Number Seven to the Pharmacy Benefit Management Agreement with Express Scripts, Inc., for the Provision of Certain Prescription Drug Benefit Management Services, Adding the Advanced Opioid Management Program, Effective April 30, 2019.

RECOMMENDATION:

1. That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, on behalf of the Ventura County Health Care Plan (VCHCP), Amendment Three to Health Services Agreement with Children's Hospital Los Angeles (CHLA), which adds a new fee schedule, effective April 1, 2019.
2. That your Board approve, and authorize the HCA Director or designee to sign, on behalf of VCHCP, the Second Amendment to the Hospital Services Agreement with Simi Valley Hospital & Health Care Services (Simi Valley), which extends the agreement through December 31, 2019 and, effective April 1, 2019, adds new schedule of reimbursement and locations exhibits.
3. That your Board ratify the County's continued performance under the agreement with Simi Valley from January 1, 2019 through March 19, 2019.

4. That your Board approve, and authorize the HCA Director or designee to sign, on behalf of VCHCP, the Ancillary Care Services Agreement with Aspen Surgery Venture LLC dba Aspen Surgery Center, effective April 1, 2019.
5. That your Board ratify the HCA Director's execution, on behalf of VCHCP, of Amendment Number Seven to the Pharmacy Benefit Management Agreement with Express Scripts, Inc., which adds the Advanced Opioid Management Program, effective April 30, 2019.

REASON FOR RATIFICATION:

The Simi Valley agreement expired December 31, 2018; negotiations to renew this agreement have been ongoing, and in the meantime VCHCP has sent patients to Simi Valley for treatment.

The Advanced Opioid Management Program with Express Scripts, Inc., is a critical program which requires a 60-day lead time to implement. The signature for the amendment was needed as soon as possible to begin the implementation of the program to be effective April 30, 2019.

FISCAL/MANDATES IMPACT:

Mandatory:	No
Authority:	VCHCP Operational Performance
Funding Match Required:	None
Impact on other Departments:	None

Summary of Annual Revenues and Costs under these Agreements:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
REVENUE	\$0	\$0
DIRECT COSTS:	\$0	\$0
INDIRECT COSTS:	None	None
Net revenue <cost>	\$0	\$0

The appropriations and revenue needed for these agreements are already included in the adopted budget for VCHCP for Fiscal Year 2018-2019.

CURRENT FISCAL YEAR BUDGET TABLE

Current FY 2018-19 Adopted Budget for Ventura County Health Care Plan Fund E-510 Dept. 3390				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/Deficit
Expenditures	\$ 80,367,832	\$ 80,538,697	\$ 79,206,719	\$ 1,331,978
Revenue	\$ 83,218,732	\$ 83,218,732	\$ 81,886,754	\$ 1,331,978
Operational Income/(Loss)	\$ 2,850,900	\$ 2,680,035	\$ 2,680,035	\$ 0

BACKGROUND:

Amendment three to the agreement with CHLA adds a new fee schedule, effective April 1, 2019. The new schedule provides that, in the event neither party terminates the agreement, on each anniversary date, the per diem, stop loss thresholds and other rates not based on a percentage of billed charges will increase by 5%. This same provision existed in prior agreements, but only allowed for an automatic annual increase up until 2018. The agreement with CHLA for tertiary specialized care services is highly necessary for our network coverage. The allowance for this reasonable automatic annual increase for these fees will help to ensure member access to care and is beneficial for both parties.

The second amendment to the agreement with Simi Valley extends the agreement through December 31, 2019 and provides for one additional one-year extension. Effective April 1, 2019, the amendment also adds new schedule of reimbursement and locations exhibits. The reimbursement rates will increase by 6.67% for year 1 and 3.3% for year 2 on case rate, per diem, stop loss thresholds and other rates not based on a percentage of billed charges. The locations exhibit was replaced with an updated version to reflect the current sites of the affiliated service locations. The services provided by Aspen Surgery Center, were previously covered as ancillary services under the Simi Valley agreement. However, it was recently determined that, because a joint venture relationship exists between Aspen Surgery Center and Simi Valley, a direct agreement with Aspen Surgery Center was preferred.

Amendment Number Seven to the agreement with Express Scripts, Inc. adds the Advanced Opioid Management Program, effective April 30, 2019. This program provides several options to educate prescribers and members on the importance of managing opioids more closely. Execution of the amendment was necessary since the program requires a 60-day lead time to implement. Your Board is asked to ratify the HCA Director's execution of Amendment Number Seven.

At this time, there is no request for an increase in any contract amount, since there is no additional fiscal impact for the current fiscal year.

The rate information for the agreements is exempt from disclosure under the Public Records Act (Gov. Code, Section 6254.22) and is redacted in the attached exhibits. An unredacted copy is available to Board members by accessing the SIRE system.

This letter has been reviewed by the County Executive Office, County Counsel, and Auditor-Controller's Office. If you have any questions regarding these recommendations, please contact Dee Pupa at (805) 981-5006.



Dee Pupa
Health Care Agency Deputy Director
Health Care Plan Administrator



Karla Valle
HCA Chief Financial Officer



William T. Foley
Health Care Agency Director

Attachments:

Exhibit 1 – Amendment Three to Health Services Agreement with Children's Hospital Los Angeles.

Exhibit 2 – Second Amendment to Hospital Services Agreement with Simi Valley Hospital & Health Care Services.

Exhibit 3 – Ancillary Care Services Agreement with Aspen Surgery Venture LLC dba Aspen Surgery Center.

Exhibit 4 – Amendment Number Seven to Pharmacy Benefit Management Agreement with Express Scripts, Inc.