

"Setting the standard in health care excellence"

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December 11, 2012

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

SUBJECT: Approval of and Authorization for the Health Care Agency Director, or Designee, to Sign the Fifth Amendment to the Contract with Community Memorial Hospital for Fiscal Year 2012-13 for Certain Cardiovascular and Lithotripsy Services

RECOMMENDATION:

That your Board approve and authorize the Health Care Agency Director, or designee, to sign the Fifth Amendment to the contract with Community Memorial Hospital for fiscal year 2012-13 for certain cardiovascular and lithotripsy services.

VCMC FISCAL IMPACT:

Mandatory:	No
Source of Funding:	VCMC Operating Revenues/Collections/General Fund
Funding Match Required:	None
Impact on Other Departments:	NA

Summary of Annual Revenues and Costs under this Agreement. The revenue and appropriations for this item are included in the VCMC Budget for FY 2012-2013.

	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUE:	\$1,000,000	\$1,000,000
DIRECT COSTS:	\$1,000,000	\$1,000,000
INDIRECT COSTS:	Minor	Minor
Net revenue <cost>	\$ 0	\$ 0

Current FY 2012-13 Budget Projections for Ventura County Medical Center #5210				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated (Savings/Deficit)
Expenditures	\$317,905,424	\$317,905,424	\$317,905,424	\$0
Revenue	\$335,875,160	\$335,875,160	\$335,875,160	\$0
Operational Income/(Loss)	\$17,969,736	\$17,969,736	\$17,969,736	\$0

The operational income includes "Operating Transfers In" that is primarily attributed to County contributions. Operating Income also includes EHR incentive of \$5,901,563.

DISCUSSION:

Ventura County Medical Center (VCMC) initiated a Medical Services Agreement with Community Memorial Hospital (CMH) in 1989 for specific cardiovascular services not offered at VCMC. The agreement converted to a Hospital Services Agreement in June 2005 and added lithotripsy services. This Fifth Amendment is a renewal with CMH for cardiovascular and lithotripsy services, effective January 1, 2013 for a one year period.

Our medical system is capable of providing the majority of medical services for our communities; however, we continue to be dependent on other hospitals or health care facilities for a small number of specialty services. While the most effective means for controlling costs of clinical services is to provide these services within our health system, in some cases we must do our best to negotiate favorable rates from local providers. In this situation, we were able to negotiate final rates at a seven percent increase which represents forty-four percent of CMS's initial requested amount.

Cardiovascular services include open heart surgery, cardiac catheterization and electrophysiology studies. The new reimbursement rates are effective January 1, 2013. Reimbursement paid to CMH is only for patients for whom VCMC is the guarantor of record. CMH bills third party payers directly for patients whose healthcare services are covered by private insurance or government programs. The not-to-exceed amount is not increasing from the prior amendment. At CMH's request, the amendment includes new language that permits CMH to stop accepting patients if the aggregate cost of treatment rendered under the agreement, in the judgment of CMH, may exceed the \$1 million annual not-to-exceed amount. In such event, the Health Care Agency will return to your Board as necessary to request an appropriate increase in the not-to-exceed amount. All other original terms and conditions remain the same.

The portions of this agreement concerning compensation paid by The County of Ventura are exempt from disclosure under the Public Records Act (Health and Safety Code Section 1457 (c)(1)). If the Board would like further information regarding the rates, the original agreement is retained by Narcisa Reyes-Egan, HCA Chief Financial Officer.

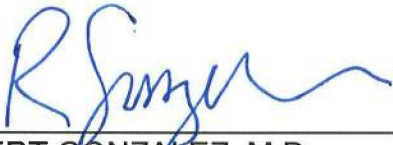
This letter has been reviewed by County Counsel, the Auditor-Controller's Office, and the County Executive Office. If you have any questions regarding this item, please call Narcisa Reyes-Egan at 677-5140.



NARCISA REYES-EGAN
HCA Chief Financial Officer



CYNDIE COLE
VCMC/SPH Hospital Administrator



ROBERT GONZALEZ, M.D.
Health Care Agency Director

Attachment:

Exhibit 1 – Fifth Amendment to Contract with Community Memorial Hospital.