

"Setting the standard in health care excellence"

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Deputy Director
VCMC Ambulatory Care Administrator

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Deputy Director
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Maria Teran
Health Care Agency
Human Resources Director

December 11, 2012

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

**Subject: Ratification, Approval of and Authorization for the
Health Care Agency Director or Designee to Sign an
Amendment to the Hospital Services Agreement with Aetna Health of
California, Inc. for Hospital Services, Effective December 1, 2012**

Recommendations:

That your Board ratify, approve and authorize the Health Care Agency Director or designee to sign an amendment to the Hospital Services Agreement with Aetna Health of California, Inc. for hospital services, effective December 1, 2012.

Reason for Ratification: Final reimbursement rates were still under negotiation.

Fiscal Impact:

Mandatory: No
Source of Funding: Aetna Health of California, Inc.
Funding Match Required: None
Impact on Other Departments: N/A

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:	\$69,000	\$69,000
DIRECT COSTS:	\$69,000	\$69,000
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:

The Ventura County Health Care Agency (VCHCA) and Aetna Health of California, Inc. have maintained a contractual relationship since May 1988. Currently VCHCA and Aetna are operating under a base agreement effective June 1, 2003. The amendment before your Board is a change to the reimbursement methodology for its senior enrollees only and covers all Aetna senior health care products. We are currently reimbursed a percentage of our billed charges and the new reimbursement is based on the Medicare Fee Schedule. All other terms and conditions of our base agreement remain the same. Aetna has approximately 500 senior enrollees in Ventura County.

Our base agreement with Aetna Health of California had an initial three year term effective June 1, 2003 through May 31, 2006, with automatic renewals for additional one year terms unless terminated in accordance with the termination provisions within the agreement. This is standard health plan contract language. Aetna has requested that the contract be subject to automatic renewals in order to avoid interruptions in service to its members due to protracted renewal negotiations.

The portions of the agreement concerning compensation paid to VCHCA 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, VCHCA Chief Financial Officer (CFO).

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, CFO at 805-677-5140.



NARCISA REYES-EGAN
Chief Financial Officer



CYNDIE COLE
VCMC/SPH Hospital Administrator



ROBERT GONZALEZ, M.D.
Health Care Agency Director

Attachments:

Exhibit 1 – Hospital Services Agreement – Second Amendment