

"Setting the standard in health care excellence"

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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: Approval of and Authorization for the Health Care Agency
Director or Designee to Sign an Amendment to the Fee For
Service Hospital Agreement with Blue Shield of California, for
Hospital Services, Effective January 1, 2014**

Recommendations:

That your Board approve and authorize the Health Care Agency Director or designee to sign an amendment to the Fee For Service Hospital Agreement with Blue Shield of California, for hospital services, effective January 1, 2014.

Fiscal Impact:

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

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

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUE:	\$50,000	\$50,000
DIRECT COSTS:	\$50,000	\$50,000
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 Blue Shield of California have maintained a contractual relationship since May 2004. The amendment before your Board is an opportunity for the VCHCA to participate in a new Preferred Provider Organization (PPO) network that will become available January 1, 2014 to Blue Shield of California individual and family health plan members. Participation in this network requires an amendment to our base Fee For Service Hospital Agreement. This new network is the result of upcoming changes to the California healthcare market in 2014 as a result from the Affordable Care Act (ACA). Beginning January 1, 2014, individuals with income levels from 133% to 400% of the established federal poverty level will be eligible to receive subsidies they can use only to purchase commercial health coverage through the California Healthcare Exchange (CHE). Blue Shield of California is requesting your approval of this amendment much sooner than the effective date in order to meet timely application and filing guidelines of the CHE.

Our base agreement with Blue Shield of California has an initial three year term beginning December 24, 2010 and expiring December 23, 2013. This third amendment will be a component of a new base agreement effective December 24, 2013, which will most likely carry an initial three year term as well. After the initial term, the Agreements currently renew automatically, without review by your Board, for successive one year terms. This is standard health plan contract language. Blue Shield has requested that the contract be subject to automatic renewals in order to avoid interruptions in service to their 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 – Fee For Service Hospital Agreement – Third Amendment