



COUNTY OF SAN MATEO
Intergovernmental Correspondence
County Manager's Office



Date: November 26, 2014
Board Meeting Date: December 9, 2014
Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Amendment to the Agreement with Seton Medical Center

RECOMMENDATION:

Adopt a Resolution:

A) Authorizing an amendment to the agreement with Seton Medical Center and the Health Plan of San Mateo, extending the term through February 28, 2015, and increasing the maximum amount payable by \$2,400,000 to \$21,100,000; and

B) Authorizing an Appropriation Transfer Request in the amount of \$2,400,000 from Measure A funds to the Non-Departmental Services budget.

BACKGROUND:

In considering the adoption of the Measure A sales tax and the use of proceeds from the tax, the Board of Supervisors identified as County priorities ensuring that hospitals and emergency rooms remain open and that long term care beds remain available for low income patients. On July 23, 2013, the Board adopted Resolution No. 072695, which authorized an agreement with Seton Medical Center and the Health Plan of San Mateo whereunder Seton agreed, among other things, to continue providing safety net services to county residents for the term of October 1, 2013 through June 30, 2014, in exchange for up to \$11,500,000 in financial support from the County.

In January of this year, the Daughters of Charity announced its intent to sell its health care system, including Seton Medical Center and Seton Coastside in San Mateo County. On June 17, 2014, the Board adopted Resolution No. 073228, which authorized an amendment to the agreement to extend the term for another six months through December 31, 2014 and increasing the amount by \$7,200,000 for a total of \$18,700,000, for Seton to continue to provide safety net services for HPSM and ACE members at current levels until a sale occurs and a new provider is identified.

DISCUSSION:

On October 10, 2014, the Daughters of Charity announced the sale of its health system to Prime Healthcare. The next step is for the California Attorney General to review the terms of the sale. The Attorney General has statutory authority to place conditional requirements on the sale, or deny or approve it outright. It is anticipated that a decision will be made in February 2015.

In order to assist Seton to continue to deliver safety net health care services at the current levels, staff recommends that your Board amend the agreement with Seton and HPSM to extend the term through February 28, 2015 and to increase the maximum amount payable under the agreement by \$2,400,000, from \$18,700,000 to \$21,100,000. In exchange, Seton agrees that it will continue to provide safety net services for HPSM and ACE members at current levels.

County Counsel has reviewed and approved the Resolution and Agreement as to form.

PERFORMANCE MEASURE(S):

Measure	FY 2013-14 Actuals	FY 2014-15 Projected
Seton admissions as a % of total hospital admissions for County patients*	21.6%	≥22.0%
Seton outpatient clinic visits as a % of total outpatient clinic visits for County patients*	10.7%	≥10.7%

* CareAdvantage, Medi-Cal, HealthWorks, Access and Care for Everyone (ACE), Healthy Families, Healthy Kids

FISCAL IMPACT:

The term of this agreement, as amended, is October 1, 2013 through February 28, 2015 and the maximum fiscal obligation is \$21,100,000. The Appropriation Transfer Request (ATR) will provide \$2,400,000 in the Non-Departmental Services budget from Measure A funds to cover this two-month extension.