

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *ML*

BOARD AGENDA # *B-19

Urgent Routine

AGENDA DATE June 30, 2009

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Authorization for the Health Services Agency to Submit the Annual Federally Qualified Health Center Look-Alike (FQHC-LA) Recertification Application to the Health Resources and Services Administration (HRSA)

STAFF RECOMMENDATIONS:

1. Authorize the Managing Director of the Health Services Agency or her designee to submit the Federally Qualified Health Center Look-Alike Recertification Application.
2. Authorize the Chief Executive Officer or his designee to sign the Third Amended Affiliation Agreement between Stanislaus County and the Stanislaus County Community Health Center Board.
3. Authorize the Chief Executive Officer or his designee to sign required documents as part of the Federally Qualified Health Center Look-Alike Recertification Application.

FISCAL IMPACT:

The proposed Clinic and Ancillary budget submitted to the Board of Supervisors for consideration on June 9, 2009 is \$49,633,469. Contained within this budget is the annual net impact of the Federally Qualified Health Center Look-Alike (FQHC-LA) designation of over \$7 million in enhanced revenue and prescription drug discounts. This increase in revenue is based on the cost based methodology of reimbursement provided to FQHC designated clinics for services provided to Medi-Cal and Medicare beneficiaries,

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2009-447

On motion of Supervisor O'Brien, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

compared with the standard fee schedule applied to non-FQHC designated providers. The designation was effective on September 20, 2007. The base rate setting year under the FQHC system is the first full fiscal year following receipt of the designation. As a result, the services rendered since September 20, 2007 to Medi-Cal beneficiaries have been paid to the Health Services Agency based on an interim rate which is lower than the projected actual rate. Several months following the close of the fiscal year, the State of California will review a cost report to be provided by the Health Services Agency for the Fiscal Year 2008-2009, and will establish the base rate for Medi-Cal. For Medicare patients there is a ceiling on the per visit rate, which is lower than our projected cost. The Health Services Agency has been accruing the expected reconciled amount for all Medi-Cal visits and would anticipate receipt of that adjustment toward the end of the calendar year 2009 or early 2010.

DISCUSSION:

The Federally Qualified Health Center Look-Alike (FQHC-LA) designation was awarded to the Stanislaus County Community Health Centers effective September 20, 2007. On an annualized basis, it is projected that the designation will contribute over \$7 million dollars to the Stanislaus County Community Health Centers (Health Services Agency primary care clinics). This increase in revenue is based on the cost based methodology of reimbursement provided to FQHC designated clinics for services provided to Medi-Cal and Medicare beneficiaries, compared with the standard fee schedule applied to non FQHC designated providers.

The base rate setting year under the FQHC system is the first full fiscal year following receipt of the designation. As a result, the services rendered since September 20, 2007 to Medi-Cal beneficiaries have been paid to the Health Services Agency based on an interim rate which is lower than the projected actual rate. Several months following the close of the fiscal year, the State of California will review a cost report to be provided by the Health Services Agency for the Fiscal Year 2008-2009, and will establish the base rate for Medi-Cal. For Medicare patients there is a ceiling on the per visit rate, which is higher than the standard provider fee schedule but lower than our projected cost. The Health Services Agency has been accruing the expected reconciled amount for all Medi-Cal visits and have anticipated receipt of that adjustment toward the end of the calendar year 2009 or early 2010.

Annually, at least 60 days prior to the anniversary of the FQHC designation, it is required that a recertification application be submitted to the federal Health Resources and Services Administration (HRSA).

The next annual recertification application is due to HRSA by July 20, 2009. Staff is working to compile the required experience data which includes the most recent twelve

Authorize the Submission of the Annual Federally Qualified Health Center Look-Alike
Recertification Application by the Health Services Agency

Page 3

months of completed information and includes both patient demographic data as well as financial (collections) data. Due to the lag time on collecting from insurance entities, the twelve month period to be reported each year will be April 1, 2008 – March 31, 2009.

The required “health plan” information will reflect the current scope of services and quality initiatives, and will highlight the expansion of the Integrated Behavioral Health program, which was approved by the Board of Supervisors on May 5, 2009, while the financial business plan information will reflect the priorities and budget approved by the Community Health Center Board on May 6, 2009 and June 3, 2009 and by the Board of Supervisors on June 9, 2009 for Fiscal Year 2009-2010. These combined authorities are consistent with the HRSA requirements for public model FQHC Look-Alike organizations.

The Application Checklist is attached as Attachment A. In some cases, information is required only if there has been a change since the award of the designation. One of the contracts included in the original application, which should be revised, and then included in the recertification application is the Applicant (Stanislaus County) - CoApplicant (Community Health Center Board) Affiliation Agreement. Changes are being recommended for clarification purposes and to reflect the current FQHC-LA designation.

The Stanislaus County Community Health Center Board approved the Amended Affiliation Agreement at their June 3, 2009 meeting. According to the HRSA rules, the Community Health Center Board must approve the Recertification Application. That approval will be sought at their meeting of July 1, 2009.

As part of the 2008 recertification process, HRSA conducted a site visit of the Community Health Centers. The written summary report of the visit has been received only recently. While an in-depth review by staff is underway, the findings indicate a change in composition to the Community Health Center Board may be required. Staff will return to the Board with a full report prior to responding to HRSA on the site visit findings.

POLICY ISSUE:

This recommendation supports the Board of Supervisor’s priorities of *A healthy community, Effective partnerships* and *Efficient delivery of public services*, as the FQHC-LA designation is an essential financial component of the Agency’s ability to sustain the County’s clinic system services for our community, and supports the Community Health Center Board’s activities.

STAFFING IMPACT:

There is no direct staffing impact as a result of this recommendation.

**THIRD AMENDED AFFILIATION AGREEMENT
BETWEEN STANISLAUS COUNTY AND THE
STANISLAUS COUNTY COMMUNITY HEALTH CENTER BOARD**

This Third Amended Affiliation Agreement is intended to and does replace the Second Amended Affiliation Agreement.

Whereas, Stanislaus County (Applicant) and the Stanislaus County Community Health Center Board (Co-Applicant) jointly operate Federally Qualified Health Center Look-Alike (FQHC-LA) clinics; and

Whereas, Applicant operates a comprehensive and integrated ambulatory care system; and

Whereas, annually Applicant and Co-Applicant expect to meet the healthcare needs of approximately 60,000 to 80,000 medically underserved and uninsured persons; and

Whereas, Applicant has the infrastructure and services necessary for the efficient and effective functioning of primary care services at FQHC-LA designated clinics; and

Whereas, the mission of the Applicant and Co-Applicant in creating this Affiliation is to provide access to and the provision of quality healthcare to persons and families who are underserved by private healthcare providers because they lack healthcare insurance, are underinsured, or who qualify for federal, state or local government sponsored healthcare programs; and

Whereas, the Stanislaus County Community Health Center Board (SCCHC-Board) desires to arrange for needed infrastructure and services from the Applicant in furtherance of its mission stated herein above;

Now, therefore, the parties execute an Affiliation Agreement stipulating both parties' delegation of authorities, responsibilities, and relationship.

I. Delegation of Authority.

- A. Shared Responsibility and Authority. The Applicant and Co-Applicant shall together be responsible for ensuring the provision of services to the medically underserved and uninsured who reside in the Health Center's service area.

In meeting this objective, the shared responsibilities and authorities shall include the following:

1. To cooperate in communicating and/or resolving issues arising in the provision of healthcare services at health centers;
2. To maintain complete and accurate records concerning financial, program, and property management acquisition, maintenance and disposition in accordance with Federal laws and regulations concerning access to such records and to provide to the SCCHC-Board access to inspect and copy all such records;

3. To enforce all confidentiality laws and regulations, including compliance with all HIPAA requirements; and
4. To allow the Applicant and the Co-Applicant every opportunity possible to fulfill their roles as described below.

B. Responsibility and Authority of Applicant.

1. The Applicant shall provide the services of an Executive Director in accordance with Section I.C.2., Chief Financial Officer, Chief Medical Officer and other Management staff as reasonably necessary to support the responsibilities of the Co-Applicant SCCHC-Board
2. The Applicant, as a public entity, shall provide non-provider support staff and physician and mid-level clinical provider staff to the FQHC-LA clinics. Applicant shall assure that staffing is appropriate for the cultural and linguistic needs of the Health Centers. Physician staffing may include resident physicians (physicians-in-training) in accordance with industry standard teaching oversight. Physician and other staffing shall be achieved through both employment arrangements and contract arrangements. Employed staff provided under this arrangement shall be under the purview of the Applicant for all personnel matters such as: personnel policies and procedures, selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal employment opportunity practices;
3. The Applicant shall develop management and control systems that are in accordance with sound financial management procedures, including the provision for an annual financial audit of FQHC-LA operations, establishment of systems for eligibility determinations, billing and collection policies and procedure, including partial payment schedules;
4. The Applicant shall retain authority to establish general, fiscal and personnel policies for the Health Centers; and
5. The Applicant shall retain authority over the facilities at which the FQHC-LA services are provided. Applicant will work with Co-Applicant to ensure Co-Applicant's physical locations objectives are properly achieved.
6. The Applicant shall provide Errors and Omissions coverage for the SCCHC-Board.

C. Responsibility and Authority of Co-Applicant.

1. Governance. The SCCHC-Board shall have the responsibilities established by county ordinance as set forth in the by-laws adopted by the SCCHC-Board;
2. Operations. The SCCHC-Board shall approve the selection and dismissal of the FQHC-LA Executive Director who shall be an employee of Stanislaus County and shall serve at the pleasure of the SCCHC-Board. The FQHC-LA Executive Director may, in addition, have responsibilities for non-FQHC-LA operations under the sole direction of Applicant; and
3. The SCCHC-Board, through the FQHC-LA Executive Director, shall establish and maintain collaborative relationships with other healthcare providers in the service area.

II. Support Services Provided by Applicant.

Support services provided to FQHC-LA.

In addition to the administrative and clinical staffing set forth in Section I.B., the Applicant will provide the support and infrastructure services including, Accounting, Auditing and Billing, Central Scheduling, Housekeeping, Volunteer services, Purchasing, Information Technology, Security, Payroll and Human Resources, Building Maintenance, Medical Records and Transcription, Legal, Credentialing and Risk Management, Courier Services and Administrative services. The Applicant will provide the Executive Director subject to the approval and dismissal authority of Co-Applicant. For budget and accounting purposes, shared services will be subject to Applicant's policies regarding cost allocation methodology, and will be reported monthly to Co-Applicant.

III. Clinical Services Available to Co-Applicant.

Due to the integrated nature of the County's health care delivery system, many of the clinical health care services available either directly or under contract to the FQHC-LA can be provided through an affiliation agreement between the FQHC-LA and the Applicant.

A. The Applicant will make available the following services to clients of the FQHC-LA upon proper referral:

1. Specialty Medical Care will include multiple specialties which generally include Orthopedics, Urology, ENT, Podiatry, Neurology, Neurosurgery, General Surgery, OB Endocrinology, Dermatology, HIV, Oncology, and Gastroenterology.
2. Ancillary services to include physical therapy, occupational therapy, audiology, wound care, Women Infants and Children program, health education, and outpatient pharmacy.
3. Mental health services to include mental health treatment/counseling and substance abuse treatment/counseling, and/or consultation.
4. Miscellaneous services shall include, but not be limited to directly observed TB therapy and translation services.

B. In making the above services available to Co-Applicant clients, the Applicant provides the following assurances.

1. Credentialing. Providers or services made available to clients of the FQHC-LA shall be properly credentialed and approved by the customary payors for these services, i.e., Medi-Cal, Medicare, and Medi-Cal Managed Care health plans.
2. Referral. Applicant agrees to accept referred FQHC-LA patients for evaluation and/or treatment in accordance with community and professional standards using mutually agreeable referral protocols.
3. Compensation. Applicant agrees to accept referred patients consistent with County policies and to accept payment from the patient's guarantor.
4. Services, staff, and independent contractors of affiliate shall maintain current, unrestricted state licensure to practice, where required, and shall not be or have been excluded from participation in the Medicare and/or Medicaid program.

IV. Term.

The term of this Affiliation Agreement shall be continuous until terminated by either party without cause by giving the other party 60 days prior written notice of the intent to terminate. This Agreement may also be amended upon mutual consent of both parties.

This Affiliation Agreement states the mutual understanding, delegation of authority, services provided directly to and expensed to the FQHC-LA by Applicant, and the terms and conditions relative to referral of FQHC-LA patients for additional services provided by Applicant.


Dated this 30 day of June, 2009.

Approved:



Richard W. Robinson
Chief Executive Officer
Stanislaus County

Approved:



Patricia Khanasa, Chairperson
Stanislaus County Community Health
Center Board

Approved as to Form:

John Doering, County Counsel

By Dean Wright

Dean Wright, Deputy County Counsel