Health Services
LOS ANGELES COUNTY

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December 12, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF AMENDMENT NO. 6 TO AGREEMENT NO. H-212817 WITH BLUE CROSS OF CALIFORNIA
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to execute Amendment No. 6 to Agreement No. H-212817, substantially similar to Exhibit I, with Blue Cross of California to extend the term of the Blue Cross Medi-Cal Managed Care and Healthy Families Program Participating Hospital Agreement on a month-to-month basis, effective January 1, 2007 through June 30, 2007.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is approving the continued provision of specialty, inpatient, and emergency care provided by Department of Health Services' (DHS or Department) facilities at fee-for service rates for Medi-Cal Managed Care and Healthy Families Program members enrolled with Blue Cross of California (Blue Cross).

Implementation of Strategic Plan Goals

The action meets the County's Strategic Plan Goals of Fiscal Responsibility and Organizational Effectiveness by increasing the utilization of DHS facilities and thereby increasing revenue to DHS.

FISCAL IMPACT/FINANCING:

There is no impact on net County cost for this action. Blue Cross patients will continue to receive services at DHS facilities and Blue Cross will continue to

reimburse the Department at fee-for-services rates. It is unknown how many Blue Cross patients will receive services at DHS facilities. Blue Cross has paid the Department more than $13 million in fee-for-service revenue for services rendered during the last five years of the Agreement. The reimbursement rates are on file with DHS and are kept confidential in accordance with Health and Safety Code Section 1457.

It is difficult to estimate the amount of revenue because it depends on the number of Blue Cross patients served by DHS facilities. The amount of revenue that DHS received during the Agreement's first five years exceeds $13 million dollars.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Agreement allows Blue Cross to refer its Medi-Cal Managed Care and Healthy Families Program members to DHS for specialty, inpatient, and emergency care. Such care is provided subject to County Code Section 2.76.130, Priority of Admissions.

On July 17, 2001, the Board approved the Agreement, and subsequently approved Amendment Nos. 1 and 2 which extended the term through June 30, 2005.

Most recently on May 2, 2006, the Board approved Amendment No. 5 which extended the term on a month-to-month basis through December 31, 2006.

DHS and Blue Cross are continuing to negotiate terms for a new agreement. Due to protracted negotiations between Blue Cross and DHS, the Department is requesting an extension to provide additional time to complete the negotiations and request Board approval of a new agreement.

Attachment A provides additional information.

CONTRACTING PROCESS:

Because DHS facilities are the service providers under this Agreement, it is not appropriate to advertise this Amendment on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES OR PROJECTS):

Approval of the Amendment will allow Blue Cross' Medi-Cal Managed Care and Healthy Families Program members to continue to utilize DHS facilities and provide revenue to the Department.

When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:dm
Blue Cross.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

ATTACHMENT A

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Agreement allows Blue Cross of California to refer its Medi-Cal Managed Care and Healthy Families Program Members to Department of Health Services' facilities for the provision of specialty, inpatient, and emergency care at fee-for-service rates.

2. AGENCY NAME AND CONTACT PERSON:

Blue Cross of California
21555 Oxnard Street, Suite 12D
Los Angeles, California 90013
Attention: Dennis McKaig, Contracts Manager
Telephone: (818) 234-3291
Facsimile (FAX): (818) 383-1705

3. TERM:

The term of this Amendment is extended on a month-to-month basis, effective January 1, 2007 through June 30, 2007.

4. FINANCIAL INFORMATION:

There is no impact on net County cost for this action. Blue Cross patients will continue to receive services at DHS facilities and Blue Cross will continue to reimburse the Department at fee-for-services rates. It is unknown how many Blue Cross patients will receive services at DHS facilities. Blue Cross has paid the Department more than $13 million in fee-for-service revenue for services rendered during the last five years of the Agreement. The reimbursement rates are on file with DHS and are kept confidential in accordance with Health and Safety Code Section 1457.

5. GEOGRAPHIC AREAS SERVED:

All Districts.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

DHS Facility Administrators.

7. APPROVALS:

Office of Managed Care:	Dave Beck, Acting Director
Contracts and Grants:	Cara O'Neill, Chief
County Counsel:	Robert E. Ragland, Senior Deputy County Counsel

Contract No. H-212817-6

BLUE CROSS MEDI-CAL MANAGED CARE AND HEALTHY FAMILIES PROGRAM PARTICIPAING HOSPITAL AGREEMENT

AMENDMENT NO.6

THIS AMENDMENT is made and entered into this day of _____, 2006

by and between COUNTY OF LOS ANGELES (hereafter "County"),

and BLUE CROSS OF CALIFORNIA (hereafter "Blue Cross").

WHEREAS, reference is made to that certain document entitled "BLUE CROSS MEDI-CAL MANAGED CARE PARTICIPATING HOSPITAL AGREEMENT WITH COUNTY OF LOS ANGELES DEPARTMENT OF HEALTH SERVICES", dated July 17, 2001, and further identified as County Agreement No. H-212817 and all amendments thereto (all hereafter "Agreement");

WHEREAS, the parties wish to extend the Agreement, and

WHEREAS, the Agreement provides that changes to its terms may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective January 1, 2007 and shall continue on a month-to-month basis, not to exceed six

months, through June 30, 2007, unless terminated earlier pursuant to the provisions of this Agreement.

2. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BLUE CROSS OF CALIFORNIA
Contractor

By_____
Signature

_____
Printed Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM BY THE
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By: _____
Cara O'Neill, Chief
Contracts and Grants Division