



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: December 7, 2021

Subject: Settlement Agreement with Sutter Health

RECOMMENDATION(S):

1. APPROVE and AUTHORIZE the Health Services Director or designee to execute a proposed settlement agreement between Contra Costa County, on behalf of the Contra Costa Health Plan (CCHP), and Sutter Health to settle a matter relating to medical claims for which Sutter Health did not receive reimbursement.

2. AUTHORIZE the Contra Costa County Auditor-Controller to make payment in the amount of one million eight-hundred thousand dollars (\$1,800,000) to Sutter Health, pursuant to the terms of the settlement agreement.

FISCAL IMPACT:

Contra Costa County payment to Sutter Health will be offset by a “charitable contribution in the form of a credit” from Epic, Inc. in the amount of one million eight-hundred thousand dollars (\$1,800,000) which credit will be reflected in Epic’s invoicing for the year 2022. There is no net cost to the County.

BACKGROUND:

The California Department

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **12/07/2021** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: December 7, 2021

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Patrick Godley,
925-957-5405

BACKGROUND: (CONT'D)

of Health Care Services (DHCS) sponsors the Private Hospital Directed Payment Program (PHDP Program). The PHDP Program directs managed care plans, including CCHP, to reimburse private hospitals based on actual utilization of contracted services. Payment is contingent upon hospitals providing adequate access to service, including primary, specialty, and inpatient care.

In March 2021, Sutter Health discovered that claims for services that its affiliated hospitals had provided to CCHP members had not qualified for reimbursement through the PHDP Program. The services were provided from July 1, 2019, through December 31, 2019, at Alta Bates Summit Medical Center and Sutter Delta Medical Center.

DHCS explained that it denied the claims and determined that Sutter did not qualify for the PHDP payments because the National Provider Identification (NPI) on the non-reimbursed claims did not match the NPIs for Sutter. A claims system issue, which arose when CCHP submitted the NPI data to DHCS through Epic's software system, caused DHCS to be unable to properly read the NPI data.

The claims system issue prohibits Sutter from receiving payment for the claims for services provided to CCHP members from July 1, 2019, through December 31, 2019, at Alta Bates Summit Medical Center and Sutter Delta Medical Center. Sutter and CCHP agree that it is in their mutual best interests to settle and resolve the PHDP Program payment deficit to avoid potential service disruption and the expense of litigation.

CONSEQUENCE OF NEGATIVE ACTION:

Failure to authorize execution of the settlement agreement and to authorize payment may result in litigation and potential disruption to services.