

**MEMORANDUM**  
**PLACER COUNTY HEALTH AND HUMAN SERVICES**  
**Community Health and Clinics**

**TO:** Honorable Board of Supervisors

**FROM:** Richard J. Burton, M.D., M.P.H.  
Placer County Health Officer and Director of Health & Human Services  
Mark Starr, D.V.M., M.P.V.M., Director of Community Health and Clinics

**DATE:** November 25, 2008

**SUBJECT:** Contract with Sutter Hospitals for provision of hospital services as authorized for Placer County Medi-Cal Care Services patients

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**ACTION REQUESTED:**

That your Board cancel Hospital Services Agreement Number CN011195 with Sutter Roseville Medi-Cal Center and Sutter Auburn Faith Hospital effective June 30, 2008, approve a new contract with these same two organizations for hospital services for the period from July 1, 2008 through June 30, 2018, and authorize the Director of Health and Human Services to sign subsequent amendments. The County General Fund contribution for this contract is projected at \$1,242,300 for fiscal year 2008/09. These costs are reflected in the Department's 2008/09 Final Budget.

**BACKGROUND:**

Counties have the responsibility to provide indigent health care as detailed in the California Welfare and Institutions Code Section 17000. These services are provided through our Medical Care Services Program (MCSP) to approximately 900 Placer County residents monthly, and nearly 20 of these patients require hospitalization each month. This contract with Sutter Roseville Medi-Cal Center and Sutter Auburn Faith Hospital assures the provision of inpatient healthcare services to approximately 200 County MCSP patients in western Placer County each year. There is a similar agreement with Tahoe Forest Hospital for patients in the eastern region of the County. The average length of stay for Placer County MCSP patients is 4.1 days which reflects appropriate utilization for these patients, many of whom have multiple diagnoses which are often complicated by social issues.

This contract will replace the existing agreement with the Sutter hospitals, which has been in place since 2000. Within the terms of that contract, the daily inpatient rate increased an average of over 9% per year during the 2000-2006 period; there has not been any additional rate increase in the last two years. Earlier this year, both hospital administrators requested that this contract be re-negotiated. The proposed contract reflects an increase from the 2006 rate from \$1,400 per day to \$1,515 per day, or 4% per year. This contract will also provide for future annual rate increases based on the medical Consumer Price Index (CPI), which has increased an average 4.2% per year over the last 5 years. The approval of this contract will assure that services and reimbursements flow in an uninterrupted manner.

**FISCAL IMPACT:**

Indigent health services are funded through the County General Fund. The County General Fund contribution for this contract is projected at \$1,242,300 for fiscal year 2008/09, based on recent hospital utilization. These costs are reflected in the Department's 2008/09 Final Budget.

This contract is on file with the Clerk of the Board for your review.

