



HEALTH SERVICES AGENCY
ADMINISTRATION

COUNTY OF SANTA CRUZ 297

HEALTH SERVICES AGENCY

P.O. BOX 962, 1080 EMELINE AVENUE
SANTA CRUZ, CA 95061
(408) 454-4066 FAX: (408) 454-4770
TDD: (408) 454-4123

September 3, 1999

AGENDA: September 21, 1999

BOARD OF SUPERVISORS

Santa Cruz County
701 Ocean Street
Santa Cruz, CA 95080

RE: APPLICATION FOR CALIFORNIA HEALTHCARE FOR INDIGENTS
PROGRAM (CHIP) FUNDING FOR **FY** 1999-00

Dear Board Members:

The California Healthcare for Indigents Program (CHIP) which is funded by Proposition 99 Tobacco Tax revenues was reauthorized by the State for fiscal year 1999-00. Consequently, CHIP funds are available to help finance the delivery of health care services to low-income individuals not otherwise eligible for State or federally sponsored assistance. As in the past, to obtain these funds the County must apply to the State Department of Health Services. A copy of the application is attached to this letter.

The Application for CHIP Funding requires that the County provide the State various assurances regarding County compliance with the provisions of law applicable to the receipt and use of Tobacco Tax funds. These are the same assurances the County made in last years CHIP Standard Agreement and create no new obligations. The application is an administrative process used by DHS to determine participation in CHIP and the allocation of funds. Its execution is required before the State will allow CHIP funds to be released.

Following receipt of the Application, a Standard Agreement requiring Board approval is issued by DHS. It is the Standard Agreement that governs the County's use of CHIP funds. It is possible that the Standard Agreement may contain revisions to the assurances and requirements specified in the Application for Funding. HSA is requesting authorization to sign this Agreement provided any such revisions are minor and result in no additional County obligations. HSA will return for approval if the Agreement does not meet these conditions.

While CHIP funding is established in the enabling legislation, it is subject to change. The Department of Finance may initiate reductions if Tobacco Tax revenue falls below projected levels. The legislature may also reallocate funds among the various programs supported by the tobacco tax or redirect funds to support State programs, as it elected to do this budget cycle. Consequently, the CHIP allocation recently received from the State indicates that overall CHIP funding has been reduced by forty-nine percent compared to FY 98-99. Your Board has already been advised of the anticipated reduction in CHIP funding during the budget process.

The adopted Indigent Care budget reflects anticipated reduction in CHIP revenues and corresponding appropriations.

The CHIP allocation tables recently received, however, differ from the proposed allocations used by the State and HSA's indigent care program in developing their respective budgets. As a result, it is necessary to make adjustment to the Indigent Care budget to realign revenue and expenditures in accordance with actual allocations now available. For all accounts combined, the CHIP allocation for FY 99-00 is \$25,176 below the budgeted level. This overall reduction is the result of the Hospital Account allocation being \$73,064 below budget and the Physician Account and Other Services Accounts being above budget (\$17,769 and \$30,119 respectively).

Additionally, a portion of interest accruing to the CHIP Physician account needs to be re-budgeted for FY 98-99. This is necessary because of increased expenses associated with the Child Health and Disability Program-Limited Treatment Reimbursement (CHDP-LTR) program. Last fiscal year some CHDP-LTR expenses were paid using funds from the EMSF portion of the Physician Account. As a result, there are insufficient FY 98-99 funds accrued to pay all CHIP Emergency Medical Services Fund claims. The \$18,777 shortfall in this account can be covered by interest that has accrued to the Physician portion of the trust fund. Re-budgeting these funds has no impact on net County costs. As your Board is aware, the obligation to treat conditions newly discovered during the course of a CHDP exam is created when the County agrees to accept CHIP funds.

Based on the State allocations and the re-budgeting of accrued interest, the revenue and appropriations for the CHIP-related accounts need to be adjusted accordingly. The attached will make the necessary adjustment to the CHIP Hospital, Physician, and Other Services accounts. The net effect of these adjustments is a \$6,399 reduction in CHIP revenue and expenditures for this fiscal year.

The precipitous decline in CHIP funding, both this year and over the past four years, when considered in relation to CHDP treatment obligation, requires a continuing review of the County's participation in CHIP. The historical financial benefit to the indigent care program has essentially been eliminated. However, the benefits to Dominican and Watsonville hospital and the patients they serve cannot be ignored. If the County declined CHIP funding, hospitals would be the major victims. CHIP funds do soften the impact of diminishing safety net programs when the roles of the uninsured continued to grow. A decision not to secure available CHIP funds for the hospitals could result in greater demands for Medi-Cruz to broaden its coverage or improve payment levels.

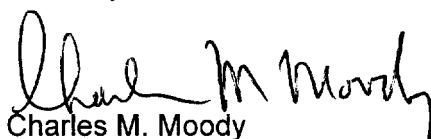
HSA is disappointed with the State's failure to address the pressing financial issues associated with the provision of indigent medical services. HSA staff will be meeting with local legislators to voice the County's concerns regarding funds diverted from CHIP. Funding of indigent care will continue to be a focus of legislative advocacy by various professional organizations participated in by HSA.

It is, therefore, RECOMMENDED that your Board:

1. Approve the attached Application for California Healthcare for Indigents Program (CHIP) Funding for Fiscal Year 1999-00 and authorize the Health Services Agency Administrator to sign the application; and

2. Authorize the Health Services Agency Administrator to sign the State Standard Agreement for the CHIP funding when received provided that any revisions to the assurances or requirements contained in the funding Application are minor and there are no new County obligations.
3. Adopt the attached resolution revising projected revenues and expenditures within the Medi-Cruz program budget as described above.

Sincerely,

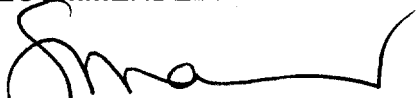


Charles M. Moody
Health Services Agency Administrator

CM:RV:js

Attachment

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

cc: County Administrative Officer
Auditor-Controller
County Counsel
HSA Administration
Medi-Cruz Administrator

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

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Resolution No. _____

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted:

RESOLUTION TO ACCEPT AND CANCEL ESTIMATED REVENUES AND TO CREATE
AND CANCEL APPROPRIATIONS WITHIN THE HEALTH SERVICES AGENCY

WHEREAS, the Board of Supervisors of the County of Santa Cruz adopted by resolution certain estimated revenues and appropriations for the final budget; and

WHEREAS, there is a need to make certain budgetary changes to reflect revised estimated revenues and outside funding allocations; and

WHEREAS, pursuant to Government Code Section 29126 and 29130, the Board of Supervisors may accept and cancel estimated revenues and create and cancel appropriations by four-fifths vote of the Board of Supervisors;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller accept or cancel estimated revenues and create or cancel appropriations in accordance with the attached schedule.

DEPARTMENT HEAD: I hereby certify that the fiscal provisions have been researched and that the revenue(s) (has been) (will be) received within the current fiscal year.

By: Charles M. Moody
Department Head

Date: 9/7/99

COUNTY ADMINISTRATIVE OFFICER

/_____/ Recommended to the Board
/_____/ Not Recommended to the Board

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this _____ day of _____, by the following vote:

AYES: Supervisors

NOES: Supervisors

ABSENT: Supervisors

Chair of said Board

ATTEST: _____
Clerk of the Board

APPROVED AS TO ACCOUNTING DETAIL:

Ronald J. Selm 9/7/99
Auditor-Controller

APPROVED AS TO FORM:

Assistant County Counsel

Distribution:

County Administrative Office

Auditor-Controller

County Counsel

HSA Administration

HEALTH SERVICES AGENCY
AUD-60 ATTACHMENT

FISCAL YEAR 1999100

ESTIMATED REVENUES:

T/C	index Number	Revenue Subobject Number	Account Name	Amount
002	365001	0672	ST-CHIP HOSPITAL SERVICES	\$ (73,064)
001	365001	0676	ST-CHIP PHYSICIAN SERVICES	36,546
001	365001	0674	ST-CHIP OTHER SERVICES	30,119
Total				\$ (6,399)

APPROPRIATIONS:

T/C	Index Number	Expenditure Subobject Number	PRJ/UCD	Account Name	Amount
022	365001	4334	---	CHIP HOSPITAL SERVICES-CURRENT	\$ (63,758)
021	365001	4337	- -	CHIP PHYSICIAN SERVICES-CURRENT	15,992
021	365001	4338	---	CHIP PHYSICIAN SERVICES-PRIOR YEAR	18,777
021	365001	4340	---	CHIP OTHER SERVICES-CURRENT	27,107
022	365001	4346	---	OUTSIDE EXPENSE MEDICAL CARE	(4,517)
Total					\$ (6,399)

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APPLICATION
FOR
CALIFORNIA HEALTHCARE FOR INDIGENTS PROGRAM FUNDING
FOR
FISCAL YEAR 1999-00

The County of Santa Cruz (hereinafter called the County), hereby applies to the California Department of Health Services (hereinafter called the Department), for its allocation of fiscal year (FY) 1999-00 California Healthcare for Indigents Program (CHIP) funds (hereinafter called CHIP funds), determined according to Chapter 5 of Part 4.7 of Division 9 of the Welfare and Institutions (W&I) Code, commencing with Section 16940.

This Application contains the assurances which the County must make in order to receive its CHIP funds. In submitting this Application, the County hereby assures the Department that it will comply with all statutory provisions applicable to the receipt and use of these funds. In the event of subsequent statutory amendment or Budget Act language to W&I Code Section 16900 et seq., the amended statute shall be controlling.

(W&I Code Section 16980 (a))

As a condition of receiving CHIP funds, the County assures that:

GENERAL REQUIREMENTS

1. (a) CHIP funds will be expended to supplement existing levels of services provided and will not be used to fund existing levels of services.
(Section 23 of Chapter 199, Statutes of 1996 - Assembly Bill [AB] 3487)

(b) CHIP funds will not be used to support health services provided to persons detained in a county or city jail or other correctional facility.

(W&I Code Section 16995)

(c) All providers receiving any CHIP funds will not require a fee or charge before they render medically necessary services to persons entitled to services supported by CHIP funds.

(W&I Code Sections 16942(a) and 16804.1)

(d) Accepting CHIP funds does not relieve the County of its obligation to provide indigent health care as required by W&I Code Section 17000.

(W&I Code Section 16995.1)

(e) Facilities receiving CHIP funds will be required to provide individual notice at the time treatment is sought as to the availability of reduced cost health care and conspicuously post notices of the procedures for applying for reduced cost health care in all emergency rooms and patient waiting rooms for services supported by CHIP funds.

(W&I Code Sections 16942(a) and 16818)

2. (a) As a condition of receiving CHIP funds, it will provide, or arrange and pay for, medically necessary followup treatment, including prescription drugs and necessary followup dental treatment at least equal in scope and frequency to dental services available to Medi-Cal eligible children of the same age, for any condition detected as part of a Child Health and Disability Prevention (CHDP) screen for any child eligible for services under Section 104395 of the Health and Safety Code, if the child was screened by the County, or upon referral by a Child Health and Disability Prevention Program provider, unless the child is eligible to receive care with no share of cost under the Medi-Cal program, or is covered under another publicly funded program, or the services are payable under private insurance coverage.

(W&I Code Sections 16970(a) and (c))

(b) Noncounty hospitals which receive a formula allocation pursuant to paragraph 10, and physicians who receive payment from the Physician Services (PS) Account of the Emergency Medical Services (EMS) fund, established pursuant to paragraph 25, will not be required to participate in complying with the CHDP treatment provisions of paragraph 2(a) as a condition of receiving those allocations or payments.

(W&I Code Section 16970(b) (1))

(c) Only providers that contract with the County and receive payments of Noncounty Hospital Discretionary, Physician **New** Contract, and Other Health Services funds specified in paragraphs 12, 30, and 31, may be required to participate in complying with the CHDP treatment provisions of paragraph 2(a), as a condition of receiving those payments.

(W&I Code Section 16970(b) (2))

(d) The CHDP treatment provisions of paragraph 2(a) will be implemented in consultation and coordination with the County's CHDP Programs.

(W&I Code Section 16970(d))

ADMINISTRATION OF FUNDS

3. Prior to transferring or expending any CHIP funds received, the County will:

(a) Deposit the CHIP funds received in a special revenue fund or trust fund (hereinafter called the Fund) established solely for the purposes of the provisions of Part 4.7 of Division 9 of the W&I Code.

(W&I Code Sections 16909(a) and (b))

(b) Establish a Hospital Services Account in the Fund and deposit all hospital funds received pursuant to paragraph 9, in that account. The County further assures that it will establish a Noncounty Hospitals Subaccount in the Hospital Services Account and deposit all noncounty hospital formula and discretionary funds received pursuant to paragraphs 10 and 12, in that subaccount. If the County owns and operates a county hospital, the County further assures that it will establish a county hospital subaccount in the Hospital Services Account and deposit all county hospital discretionary funds received pursuant to paragraph 15, in that subaccount.

(W&I Code Sections 16909(a) and (b))

(c) Establish a PS Account in the Fund and deposit all PS funds received-pursuant to paragraph 24, in that account. The County further assures that it will establish an EMS Subaccount in the PS Account and deposit all PS funds proposed for expenditure pursuant to paragraph 25, in that subaccount prior to transferring the funds to any other account. If the County chooses to expend Physician New Contract funds pursuant to paragraph 30, the County assures that it will establish a Physician New Contract Subaccount in the PS Account and deposit all Physician New Contract funds proposed for expenditure pursuant to paragraph 30, in that subaccount.

(W&I Code Sections 16909(a) and (b))

(d) Establish an Other Health Services Account in the Fund and deposit all Other Health Services funds received pursuant to paragraph 31, in that subaccount.

(W&I Code Sections 16909(a) and (b))

INTEREST EARNINGS ON THE FUND

4. (a) All interest earned on the Fund and on each account or subaccount will be accrued to the benefit of the Fund, account, or subaccount, respectively, and all accrued interest will be expended for the same purposes as the other funds in the Fund, accounts, or subaccounts, respectively.

(W&I Code Section 16909(c) (1))

(b) All interest or other increments earned on the Noncounty Hospitals Subaccount will be expended on noncounty hospitals pursuant to the provisions of paragraphs 10 and 12.

(W&I Code Section 16909(c) (2))

ADMINISTRATIVE COSTS

5. County administrative costs associated with the administration of the Fund and each account or subaccount will be reimbursed from the Fund, account, or subaccount, respectively. The County further assures that it will not reduce or utilize Noncounty Hospital Formula funds received pursuant to paragraph 10, to offset the costs of administering the Noncounty Hospital Services Subaccount.

(W&I Code Sections 16909.1 and 16946(b) (1) (E))

REPORTING

6. (a) Information on programs and services which will receive CHIP funds will be included in the County's Description of Proposed Expenditure of CHIP Funds and will be subject to review and approval by the Department for compliance with Part 4.7 (commencing with Section 16900) of Division 9 of the W&I Code.

(W&I Code Section 16980(b) (1))

(b) Indigent health care program demographic, expenditure, and utilization data will be reported as specified by the Department pursuant to the provisions of W&I Code Section 16915 and the procedures specified by the Department.
(W&I Code Section 16915)

(c) Services, associated costs, and socio-demographic characteristics of persons served under W&I Code Section 17000 and persons supported in whole or in part by CHIP funds will be incorporated into the reports required pursuant to W&I Code Section 16915.
(W&I Code Section 16942(c))

(d) The County will include an estimate of, and the costs and funding arrangement for, dental services in its Description of Proposed Expenditure of CHIP Funds.
(W&I Code Section 16980(b) (2))

(e) The County will submit reports which display cost and utilization data for each account in the Fund as specified in the W&I Code Section 16909 to the Department on a preliminary annual and a final annual form prescribed by the Department.
(W&I Code Section 16909(d)) - (Chapter 294, Statutes of 1997 - Senate Bill [SB] 391)

(f) The County will provide the Department with information the Department deems necessary to determine compliance with the provisions of Part 4.7 (commencing with Section 16900) of Division 9 of the W&I Code. The information will be provided according to the procedures and due dates established by the Department. -
(W&I Code Section 16981(a))

FISCAL ASSURANCES

7. (a) CHIP funds will be accounted for as revenue in the Description of Proposed Expenditure of CHIP Funds and in other information required by the Department.
(W&I Code Sections 16990(c) and 16981)

(b) CHIP funds will not be used as county matching funds for any other program requiring a county match.
(W&I Code Section 16990(c))

FY 1999-00 CHIP Application - County of Santa Cruz

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(c) The County will, at a minimum, maintain a level of financial support of county funds for health services as specified in W&I Code Section 16990. This amount will not include any county funds expended pursuant to W&I Code Section 16809.3 (Chapter 699, Statutes of 1997 - SB 921). Net disproportionate share hospital revenues shall be included in computing county financial maintenance of effort only as specified in the W&I Code Section 16990.5.

(W&I Code Sections 16990 and 16990.5) - (Chapter 294, Statutes of 1997 - SB 391)

(d) In accordance with procedures established by the Department, the County may, upon notifying the Department of the transfers authorized pursuant to Section 17600.20, reduce the level of financial maintenance of effort specified in subparagraph (c) by the amount of funds transferred from the Health Account of the Local Revenue Fund pursuant to W&I Code Section 17600.20 for FY 1999-00.

(W&I Code Section 16990(a) (2))

(e) If the County desires to use any of its CHIP allocation for programs and costs not associated with county health services as defined in W&I Code Section 16801 the County, as a condition of using its allocation for these purposes, will maintain an amount of county funding for those programs and costs at least equal to 1988-89 fiscal year levels.

(W&I Code Section 16990(b))

RECOUPMENT/WITHHOLD

8. (a) In the event financial support of county funds for health services is less than the amount specified in paragraph 7(c), the Department will recover the amount of the difference from the CHIP funds provided to the County proportionately from the Hospital Services Account, the PS Account, and the Other Health Services Account.

(W&I Code Sections 16981(b) and 16990(d))

(b) In the event financial support of county funds for programs and costs not associated with county health services as defined in W&I Code Section 16801 is less than the FY 1988-89 levels for those services, the Department will recover the amount of the difference from the CHIP funds provided to the County.

(W&I Code Sections 16981(b) and 16990(b))

(c) CHIP funds will be returned to the Department if they are not encumbered or expended within the fiscal year according to this Application, and the requirements of Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the W&I Code.

(W&I Code Section 16981(b))

(d) The Department will withhold payment of any funds specified in this Application and W&I Code Section 16900 et seq., if any of the reports specified in this Application and W&I Code Section 16900 et seq., have not been received from the County by the dates specified therein, unless an extension for submission of such reports is formally granted by the Department. Any funds withheld from the County pursuant to this Article will be released upon receipt of the required reports by the Department.

(W&I Code Sections 16916 and 16942)

(e) The Department will conduct fiscal and program reviews to ensure county compliance with the provisions of this Application. The Department may withhold funds, up to the total amount of funds allocated under this Application, if the county fails to correct deficiencies in the program after receiving written notice of noncompliance from the Department.

(W&I Code Section 16981(a))

HOSPITAL SERVICES

9. The County will expend the Hospital Services funds received pursuant to W&I Code Section 16943 to support uncompensated services provided during FY 1999-00 by county and noncounty hospitals.

(W&I Code Sections 16941, 16943 (b) (c) (e) and (f))

NONCOUNTY HOSPITAL FORMULA FUNDS

10. The County will allocate the Noncounty Hospital Formula funds received pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946, to noncounty hospitals within the County in amounts determined pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946 for support of services provided by noncounty hospitals to any eligible patient treated at any time during the FY 1999-00.

(W&I Code Sections 16945, 16946(a) (1) (b) and (b) (1) (A)) - (Chapter 294, Statutes of 1997 - SB 391)

11. (a) Each noncounty hospital's share of Noncounty Hospital Formula funds specified in paragraph 10 will be distributed to each noncounty hospital within ten (10) working days of receipt of monthly CHIP payments.
(W&I Code Section 16948(a))
- (b) Each noncounty hospital will provide posted and individual notices pursuant to Section 16818 for the duration of any quarter during which funds allocated pursuant to paragraph (1) of subdivision (b) of W&I Code Section 16946 are used.
(W&I Code Section 16946(b) (1) (D))
- (c) Each noncounty hospital will account for the funds on a quarterly basis.
(W&I Code Section 16946(b) (1) (B))

NONCOUNTY HOSPITAL DISCRETIONARY FUNDS

12. The County will distribute the Noncounty Hospital Discretionary funds received pursuant to paragraph (2) of subdivision (b) of W&I Code Section 16946 to noncounty hospitals to maintain access to emergency care and to purchase other necessary hospital services provided during FY 1999-00.
(W&I Code Sections 16945 and 16946(b) (2)(A)(i)) - (Chapter 294, Statutes of 1997 - SB 391)
13. The funds specified in paragraph 12 will be distributed only after consulting with those hospitals and considering the following:
- (a) The historic and projected patterns of care provided by hospitals, by geographic catchment areas within both urban and nonurban areas;
(W&I Code Section 16946(b) (2) (B) (i))
- (b) The unique costs associated with treating disproportionate numbers of severely ill, indigent patients;
(W&I Code Section 16946(b) (2) (B) (i))
- (c) The disproportionate losses sustained by hospitals in the provision of care; and
(W&I Code Section 16946(b) (2) (B) (i))

(d) The patterns of care of its residents provided by Level I trauma care hospitals in contiguous counties and the County, may make proportionate allocations to those trauma centers.
(W&I Code Section 16946(b) (2)(B) (ii))

(e) The use of those funds to meet emergency room patient needs and followup treatment, including the need for special hospital services.
(W&I Code Section 16949(c))

14. When contracting with hospitals in neighboring counties for emergency care, the County will not impose conditions to accept transfers that it does not impose on hospitals within its own boundaries.
(W&I Code Section 16946(b) (2) (A) (ii))

COUNTY HOSPITAL FUNDS

15. The County will expend the County Hospital funds received pursuant to subdivision (c) of W&I Code Section 16946 for payment or support of services provided in county or noncounty hospitals as determined by the County during FY 1999-00.
(W&I Code Sections 16945, 16946(a) (2) and (c)) - (Chapter 294, Statutes of 1997 - SB 391)

REQUIREMENTS

16. As a condition of receiving the Hospital funds specified under paragraph 9, each county and noncounty hospital will be required to do all of the following:
- (a) Maintain the same number and classification of emergency room permits and trauma facility designations as existed on January 1, 1990. This condition will be deemed to be met for any hospital that maintained two special permits for basic emergency service on July 1, 1989, if each of the emergency rooms was located on separate campuses of the hospital and was located not more than two miles from the other emergency room. This condition will also be deemed to be met even if one of the emergency room permits is surrendered after July 1, 1989.
(W&I Code Sections 16946(d) (1) (A) and (B) (i) (ii))
- (b) In a county that comprises not more than one-half of one percent (1%) of the total state population and in which there

is a county hospital and a noncounty hospital with emergency room permits located within two miles of each other, the county hospital may surrender its emergency room permit without penalty for violation of paragraph (a) above provided all requirements of W&I Code Section 16946(h) are met. If the Department determines that the County is not in compliance with the requirements of subdivision (h) of W&I Code Section 16946 it will require the County to recover funds and deny further payments pursuant to subdivision (e) of W&I Code Section 16946, until compliance is resumed.

(W&I Code Section 16946(h))

(c) Provide data and reports on the use and expenditure of all funds received in a form and according to procedures specified by the County and the Department.

(W&I Code Section 16946(d) (2))

(d) Assure that Noncounty Hospital Discretionary and County Hospital Discretionary funds received pursuant to paragraphs 12 and 15 are used only for services for persons who cannot afford to pay for those services, and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government.

(W&I Code Section 16946(d) (3))

(e) Assure that Noncounty Hospital Formula funds allocated pursuant to paragraph 10, are used only for patients who cannot afford to pay or who meet the Office of Statewide Health Planning and Development's definition of charity care as prescribed under subdivision (o) of Section 128740 of the Health and Safety Code and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government.

(W&I Code Sections 16946(d) (3) and 16908.5)

(f) Cease all current and waive all future collection efforts, by itself and by its agents, to obtain any payment from the patient with respect to whom the services funded with funds specified in paragraph 9 were rendered within ninety (90) days of the receipt of those funds.

(W&I Code Section 16947(a))

(g) Notify the County if the hospital receives payment from a patient or responsible third-party payer and reimburse the County in an amount equal to the amount collected from the patient or third-party payer, but not more than the amount of the payment received from the County for the patient's care.
(W&I Code Section 16947(c))

17. **As** a condition of receiving the hospital funds specified under paragraph 9, each noncounty hospital will be required to report to the County within thirty (30) days after the receipt of Noncounty Hospital Formula funds distributed pursuant to paragraph 10, information on patients for whom the distributions will be used, pursuant to the requirements of W&I Code Section 16909 (Chapter 294, Statutes of 1997 - SB 391).
(W&I Code Section 16948(b))

18. Hospitals receiving Noncounty Hospital Discretionary funds under paragraph 12 will be required to report to the County and the Office of Statewide Health Planning and Development on any reduction in hospital emergency room specialist capabilities below the level which was provided at that facility on October 2, 1989.
(W&I Code Section 16949(d))

RECOVERY, WITHHOLD, AND SUSPENSION OF PAYMENTS TO HOSPITALS

19. The County will recover from any county or noncounty hospital:
- (a) That portion of funds received which equal the ratio of the number of months the hospital violates the provisions of paragraph 16(a) to twelve (12) months;
(W&I Code Section 16946(e) (1) (A))
- (b) All funds received if the hospital violates the provisions of paragraph 16(c) ; and
(W&I Code Section 16946(e) (1) (B))
- (c) The difference between the amount received and the amount which the hospital can document that the funds were used according to the provisions of paragraphs 16(d) and 16(e) on a monthly basis.
(W&I Code Section 16946(e) (1) (C))

20. Further payment of funds may be denied to a hospital which has violated the provisions of paragraphs 16 through 18 until the hospital demonstrates compliance.
(W&I Code Section 16946(e) (2))
21. Payments to any noncounty hospital will be suspended if the hospital fails to provide the information required in paragraph 17.
(W&I Code Section 16948(d))

REALLOCATION AND REDISTRIBUTION

22. Funds withheld or recovered pursuant to paragraph 19 may be reallocated and distributed according to the noncounty hospital discretionary provisions contained in paragraphs 12 and 13.
(W&I Code Section 16946(f))
23. Noncounty Hospital Formula and Discretionary funds available for allocation or distribution pursuant to paragraphs 10 and 12, which are not expended because a hospital does not participate will be redistributed pursuant to the noncounty hospital discretionary provisions contained in paragraph 12. If no noncounty hospitals remain to participate, the County may distribute the unexpended funds pursuant to the county hospital discretionary provisions contained in paragraph 15.
(W&I Code Section 16946(g))

PHYSICIAN SERVICES

24. The County will expend the PS funds received pursuant to subdivision (a) of W&I Code Section 16950, for the support of or payment for uncompensated services provided during FY 1999-00 by a licensed physician.
(W&I Code Sections 16908, 16941, and 16950(a))

EMERGENCY MEDICAL SERVICES FUND - PHYSICIAN SERVICES ACCOUNT

25. As a condition of receiving CHIP funds, the County will:
- (a) Establish an EMS fund as authorized by subdivision (a) of Health and Safety Code Section 1797.98. This shall not be interpreted to require the County to impose the assessment authorized by Section 1465 of the Penal Code.
(W&I Code Section 16951)

(b) Establish a PS Account within the EMS fund, and deposit in the PS Account at least fifty percent (50%) of the PS amount specified in paragraph 24 and any other funds appropriated by the Legislature for the purposes of the PS Account of the EMS fund.

(W&I Code Sections 16950 (c) and 16952 (a) (1))

(c) Funds deposited in the PS Account in the EMS fund are exempt from the percentage allocations set forth in subdivision (a) of Section **1797.98** of the Health and Safety Code.

(W&I Code Section 16952(b))

EMS PHYSICIAN SERVICES ACCOUNT PURPOSE AND USE OF FUNDS

26. The PS Account in the EMS fund will be used to reimburse physicians for losses incurred for services provided during FY 1999-00 and the County will:

(W&I Code Section 16952(f))

(a) Limit reimbursement to emergency services, as defined in W&I Code Section 16953, obstetric services as defined in W&I Code Section 16905.5, and pediatric services, as defined in W&I Code Section 16907.5.

(W&I Code Section 16952(g) (1))

(b) Reimburse each physician for no more than **fifty** percent (50%) of the losses submitted.

(W&I Code Section 16952(h))

(c) Not reimburse for physicians services provided by physicians employed by county hospitals.

(W&I Code Section 16952(b))

(d) Not reimburse any physician who provides physician services in a primary care clinic which receives funds pursuant to Part 6.9 of Division 1 of the Health and Safety Code commencing with Section 1189.101.

(W&I Code Section 16952(b))

(e) Limit reimbursement for losses incurred by any physician to services provided to patients who cannot afford to pay for those services, and for whom payment will not be made through any private coverage or by any program funded in whole or in

part by the federal government, and where all of the following conditions have been met:

(W&I Code Sections 16952(f) and (g))

(i) The physician has inquired if there is a responsible third-party, source of payment.

(W&I Code Section 16955(a))

(ii) The physician has billed for payment of services.

(W&I Code Section 16955(b))

(iii) A period of not less than three months has passed from the date the physician billed the patient or responsible third-party, during which time the physician has made reasonable efforts to obtain reimbursement and has not received reimbursement for any portion of the amount billed, or the physician has received actual notification from the patient or responsible third party that no payment will be made for the services rendered by the physician.

(W&I Code Section 16955(c))

(iv) The physician has stopped any current, and waives any future, collection efforts to obtain reimbursement from the patient, upon receipt of funds from the county PS Account in the county EMS fund.

(W&I Code Section 16955(d))

EMS PHYSICIAN SERVICES ACCOUNT ADMINISTRATIVE COSTS

27. The County will expend no more than ten percent (10%) of the amount deposited in the PS Account of the EMS fund pursuant to paragraph 25 for costs of administering the PS Account.

(W&I Code Section 16952(d))

EMS PHYSICIAN SERVICES ACCOUNT EXPENDITURES

28. The County will provide a reasonable basis for its estimate of PS Account funds in the EMS fund which are encumbered to reimburse physicians losses incurred during the fiscal year for which bills will not be received until after the fiscal year and agrees to expend or disencumber these funds prior to

the submission of the Report of Actual Expenditures required by W&I Code Section 16980.
(W&I Code Section 16952(a) (2) (B))

EMS PHYSICIAN SERVICES ACCOUNT PROCEDURES

29. The County will:

(a) Establish procedures and time schedules for submission and processing of reimbursement claims submitted by physicians;
(W&I Code Section 16956(a))

(b) Establish schedules for payment which will provide for disbursement of the funds available in the PS Account of the **EMS** fund periodically and at least annually to all physicians who have submitted claims containing accurate and complete data for payment by the dates established by the County;
(W&I Code Section 16956(b))

(c) Deny, at its discretion, claims which are not supported by records and recover any reimbursement paid to any physician for claims which lack supporting records; and
(W&I Code Section 16956(c))

(d) Require a listing of patient names to accompany a physician's claim, and give full confidentiality protection to those names.
(W&I Code Section 16956(e))

(e) Require physicians to notify the administering agency if, after receiving payment from the PS Account of the EMS fund, the physicians are reimbursed by patients or responsible third-parties. In these instances the County assures that it will reduce the physician's future payment of claims from the account or, in the event there is not a subsequent submission of a claim for reimbursement within one year, require the physicians to reimburse the PS Account of the EMS fund in an amount equal to the amount collected from the patient or third-party payer but not greater than the amount of reimbursement received from the PS Account of the EMS fund for the patient's care.
(W&I Code Section 16958)

(f) Require physicians who submit claims for funding from the PS Account of the EMS fund to keep and maintain records of the services rendered, the person to whom services were rendered, and any additional information the administering agency may require, for a period of three years after the services were provided.

(W&I Code Section 16957)

NEW CONTRACTS

30. (a) The difference between the physician services amount received in paragraph 24 and the amount transferred to the PS Account of the EMS fund pursuant to paragraph 25, will be expended by the County to pay for new contracts during FY 1999-00 with private physicians for provision of emergency, obstetric, and pediatric services in facilities which are not owned or operated by a county, and where access to those services has been severely restricted.

(W&I Code Section 16950 (b))

(b) The County will require physicians who receive funds specified in paragraph 30 to stop any current, and waive any future, collection efforts to obtain reimbursement from the patient, upon receipt of funds from the County. The contracts may provide for partial or full reimbursement for physician services provided to patients who cannot afford to pay for those services, and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government.

(W&I Code Section 16950(b))

OTHER HEALTH SERVICES FUNDS - PURPOSE

31. The County will expend the Other Health Services funds received pursuant to W&I Code Section 16960 to maintain and enhance health care services which are:

(a) Provided during FY 1999-00.

(b) Specified in W&I Code Sections 14021 and 14132, and in former Division 1 (commencing with Section 100) and the Communicable Disease Prevention and Control Act as set forth in Subdivision (a) of Section 27, of the Health and Safety Code.

(c) Provided to patients who cannot afford to pay for those services, and for whom payment will not be made through private coverage or by any program funded in whole or in part by the federal government.

(W&I Code Sections 16941, 16960(a), and 16961)

OTHER HEALTH SERVICES FUNDS - CONSIDERATIONS AND LIMITATIONS

32. No more than five percent (5%) of the Other Health Services funds specified in paragraph 31 or fifty thousand dollars (\$50,000), whichever is greater, will be expended for costs related to the purchase of equipment and fixed assets and that no single expenditure will exceed ten thousand dollars (\$10,000).

(W&I Code Section 16960(b))

33. Consideration will be given to city public health departments within the County in the use of Other Health Services funds specified in paragraph 31.

(W&I Code Section 16960(a))

CONTRACTUAL CONSIDERATIONS AND LIMITATIONS

34. The Department or County may terminate this Application. Should this Application be terminated by either party, the terminating party shall give thirty (30) days written notice to the other party. Notification shall state the effective date of termination.

35. Nothing in this Application will be interpreted to require additional expenditures of County funds for health services beyond those required herein. Also, nothing in this Application will be interpreted to relieve the County of its other obligations to provide health care services to its residents.

36. The Application may be amended to conform to any applicable changes in the statutes governing the funds and programs covered in this Application.

37. Section 86 of SB 391 (Chapter 294, Statutes of 1997) is hereby incorporated by reference into this Application. Reductions in appropriations for CHIP pursuant to Section 86 shall be

prorated among the Counties in CHIP and the allocations under paragraphs 9, 10, 12, 15, 24, and 31, shall be reduced accordingly upon notification by the Department.

APPEAL PROCESS

38. The County may appeal a decision involving the CHIP by writing to the Department within twenty-one (21) working days of receipt of written notification. The County's appeal will be directed to the Department's Chief of the Medically Indigent Services Section. The appeal must clearly describe the issue(s) in question, the fiscal year applicable, and include all supporting documentation. The Department will issue a written decision to the County. The County may, within twenty-one (21) working days of receipt of this decision, pursue a second level appeal. The County must direct the second level appeal to the Department's Chief of the Office of County Health Services. The second level appeal must clearly describe the issue(s) in question, the fiscal year applicable, and include all supporting documentation. The Department will issue a written decision to the County. There is no other level of appeal within the Department.

THIS APPLICATION FOR FUNDING HAS BEEN SIGNED BY THE COUNTY'S GOVERNING BODY AND IS HEREBY EXECUTED.

STATE OF CALIFORNIA

COUNTY OF _____

Signature: _____

Signature: _____

Name: Georse B. (Peter) Abbott, M.D.

Name : _____

Title: Chief, Office of County

Title: _____

Health Services

Date: _____

Date: _____