June 18, 2013

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

PROPOSED INDEPENDENT PHYSICIAN & PROVIDER AGREEMENT WITH CIGNA HEALTHCARE OF CALIFORNIA, INCORPORATED AND CONNECTICUT GENERAL LIFE INSURANCE COMPANY “COLLECTIVELY” CIGNA FOR REIMBURSEMENT OF COVERED SERVICES CONTAINING NON-STANDARD TERMS
(Fiscal Impact: Unknown)

The purpose of this letter is to request your Board’s approval of proposed Independent Physician & Provider Agreement with Cigna Healthcare of California, Incorporated and Connecticut General Life Insurance Company, collectively Cigna, for reimbursement of covered services provided to Cigna members.

The Department provides mandated public health services to the community. These services are eligible for reimbursement as described within the California Department of Health Care Services Medi-Cal rates. When recipients of these services are covered under private insurance carrier health plans, the carrier is required to contract with a provider in order to reimburse for services rendered. The purpose of this Agreement is to enable the Department to bill Cigna for services rendered through the Public Health Services Department’s Health Officer’s Clinic and Laboratory. The ability to bill a licensed health care plan will result in increased revenues.

This Agreement has been reviewed by County Counsel and has been determined to contain non-standard terms which must be presented to your Board for approval. Counsel has advised to place this item on the consent agenda and identify the non-standard term in accordance with the guidelines recently approved by this Board.

Cigna is licensed as a health care services plan under the California Knox-Keene Health Care Service Act. The Knox-Keene Act requires health plans to include certain non-negotiable language within the agreements between the health plans and their providers. The wording in question is standard language across all insurance companies, cannot be modified and is included in paragraph 9 of the Agreement. In this section, the Agreement requires the Department to cooperate with Cigna’s medical management programs, with Cigna’s dispute resolution and appeals process, and with any subrogation activities. The Department has nevertheless attempted to negotiate with Cigna to modify the provisions within the proposed agreement that the Office of County Counsel has identified as being objectionable. The Department’s efforts in this regard have been unsuccessful due to Cigna’s requirement to comply with the terms of the California Knox-Keene Health Care Services Act. It is the opinion of staff and Counsel that because this Agreement is one in which the Department is providing the services, and that the services proposed are relatively non-invasive, that the risk to the County is minimal. Therefore, the potential of going to arbitration is slight, at best.
Failure to approve this request will eliminate the Department's ability to access an available and reliable revenue resource. Given the importance of the program and the opinions of staff and Counsel, the provisions described above do not pose an unreasonable risk to the County; it is the Department's request that your Board approve the Agreement as presented.

Therefore, IT IS RECOMMENDED your Board approve and authorize the Chairman to sign the proposed Agreement containing non-standard terms in substantially the form submitted, subject to approval as to final form by County Counsel, for reimbursement of covered services provided to members of the Cigna Healthcare of California, Incorporated health plan.

Respectfully submitted,

Matthew Constantine
Director of Public Health Services

MC:bnm:dw
Attachments
C: Each Supervisor
   County Administrative Office