



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Albert Balagso

SUBJECT: AGREEMENT WITH CLIFTON
GUNDERSON FOR MHSP AUDIT

DATE: January 3, 2007

Approved

Deanna Sakra

Date

1/10/09

COUNCIL DISTRICT: City-wide
SNI AREA:

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with Clifton Gunderson LLP for auditing services (2005-06) for the City of San Jose's Municipal Health Services Program (MHSP) for a term of January 23, 2007 to June 30, 2007 in an amount not to exceed \$107,126.

OUTCOME

Approval of the resolution authorizing the City Manager to execute the agreement with Clifton Gunderson will maintain the fiscal integrity of the City of San Jose's Municipal Health Services Program and ensure compliance with federal legislation and regulations of the Centers for Medicare and Medicaid Services.

BACKGROUND

The Municipal Health Services Program (MHSP) is a Medicare Waiver Demonstration Project that started in 1979 through an agreement between the City of San Jose and the Health Care Financing Administration (HCFA), now called the Centers for Medicare and Medicaid Services (CMS). The primary purpose of the "Waiver" was to determine whether increased access to community-based services would reduce overall health care expenses for Medicare recipients.

ANALYSIS

Under the agreement with CMS, the City of San Jose supervises the progress and performance of the San Jose MHSP project, which has served San Jose since 1979. CMS has notified the four cities (San Jose, Baltimore, Milwaukee and Cincinnati) that administer the MHSP Project, however, that the program's termination was scheduled for December 31, 2006.

The City's role in the project is administrative and includes overseeing cost-reporting requirements and recording CMS payments to the four clinics that serve San Jose. The City also contracts with an independent firm to conduct annual fiscal audits of the health clinics as required by CMS. The cost of the agreement will be fully reimbursed by CMS. This memorandum requests authorization for the City Manager to execute the agreement with Clifton Gunderson to conduct an audit of the 2005-06 fiscal year for a total cost not to exceed \$107,126.

There is a small chance that CMS will extend the program beyond December 31, 2006. CMS has announced termination dates several times in the past only to extend the program at the last minute. In either case, San Jose participants will have health coverage. During the last five months, City staff has been counseling participants on health insurance options, next steps and things to do before the program ends.

PUBLIC OUTREACH/INTEREST

Criterion 1: Requires Council Action on the use of public funds equal to \$1 million or greater **(Required: Website Posting);**

Criterion 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City **(Required: E-mail and Website Posting);**

Criterion 3: Consideration of proposed changes to service delivery, programs, staffing, that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet any of the criteria above.

COORDINATION

This memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, the City Attorney's Office, and the Budget Office.

COST IMPLICATIONS

CMS will reimburse the City 100% for all audit costs for an amount not to exceed **\$107,126** for auditing of MHSP and clinic transactions for the fiscal year ending June 30, 2006.

The request has no cost implication to the City General Fund. MSHP is a federally funded project and funds will be charged to the MHSP account (132-64-000020-4052, non City General Fund).

BUDGET REFERENCE

Fund #	Appn #	Appn Name	Total Appn	Amt for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
132	0103	Certified Cost Reports	\$116,000	\$107,126	XI-65	N/A

CEQA

Not a project.



ALBERT BALAGSO
Director, Department of Parks, Recreation
and Neighborhood Services

For questions, please contact Marie Alberry-Hawkins, Recreation Superintendent, (408) 979-7915.