

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

May 20, 2025

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Professional Services Agreement with Arrowhead Pathology Medical Group, Inc. for Education, Laboratory, and Pathology Services

RECOMMENDATION(S)

1. Approve Professional Service **Agreement No. 25-340**, including non-standard terms, with Arrowhead Pathology Medical Group, Inc. to provide education, laboratory and pathology services at Arrowhead Regional Medical Center, for total amount of \$5,580,000, plus variable costs, for the period of July 1, 2025, through June 30, 2028.
2. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the Professional Services Agreement, pursuant to Health and Safety Code Section 1457(c)(1). (Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$5,580,000, plus variable costs is funded by the State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2025-26 recommended budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The Professional Services Agreement (Agreement) will allow ARMC to contract with Arrowhead Pathology Medical Group, Inc. (APMG) to provide education, laboratory, and pathology services. APMG will provide a wide range of diagnostic services that are essential for patient care. Primary duties include but are not limited to the following: analyzing samples of body tissues, fluids, and organs to diagnose disease. This Agreement also includes variable costs based on the number of medical students that participate in rotations for which APMG will provide instruction and the number of autopsies APMG performs.

ARMC provides medical care and education programs for the hospital and Family Health Centers through professional services agreements with various medical corporations. These medical groups provide highly and technically skilled, licensed physicians, surgeons, nurse

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practitioners and advanced practice professionals to provide health care services to ARMC patients. All physicians provided by the medical groups are granted clinical privileges, which allow the physician to practice medicine at ARMC and are approved to serve in administrative roles in the same manner. Clinical department appointments are made in accordance with the bylaws of the medical staff and with the approval of the Board of Supervisors, as applicable. This is in accordance with Title 22 of the State of California, ARMC's accrediting bodies and the academic affiliation agreements established between ARMC and various medical schools.

All active and provisional physicians provided by APMG must complete an annual Statement of Economic Interests form, as required by the County. The individuals are required to disclose any ownership, investment or financial interest that may present any conflict with performance of duties under the Agreement.

The Agreement was negotiated by the parties and contain non-standard contract terms or omit certain County standard contract terms as follows:

1. The County is required to defend and indemnify APMG and its physicians (collectively, "Providers") for medical malpractice and professional negligence.
 - The County's standard contract does not contractually require the County to indemnify its contractor under any circumstance.
 - Potential Impact: By agreeing to indemnify the Providers, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against the Providers without such limitations and the County would be responsible to defend and reimburse the Providers for costs, expenses, and damages, which could exceed the total contract amount.
2. The Agreement does not require APMG to meet the County insurance standards.
 - The County's standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by County's Risk Management Department.
 - Potential Impact: The Agreement does not include all of the County standard insurance requirements. This means that the County has no assurance that APMG will be financially responsible for claims that may arise from the Agreement, which could result in expenses to the County that exceed the total contract amount.
3. The Agreement does not require APMG to indemnify the County, as required by County Policies 11-05 and 11-07.
 - The County standard contract indemnity provision requires the contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person.
 - Potential Impact: ARMC is not required to defend, indemnify or hold the County harmless from any claims, including indemnification for claims arising from APMG's negligent or intentional acts. If the County is sued for any claim that arises due to ARMC's negligence or intentional acts, the County may be solely liable for the costs of defense and damages.
4. The termination without cause provision in the Agreement requires 120 days advanced written notice.
 - The County's standard contract provides that either party may terminate the contract with 30 days' written notice.

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- Potential Impact: ARMC will need to be mindful of the additional notice period required to terminate the Agreement.

Pursuant to Health & Safety Code section 1457(c)(1), the records of a hospital or any other county medical facility which reveal the rates of payment for health care services purchased by the hospital or other medical facility are not considered public records subject to disclosure under the California Public Records Act or any other law requiring the disclosure of records for a period of three years following execution of a related contract establishing rates of payment.

ARMC recommends approval of the Agreement, including the non-standard terms, to provide for the safety, health and social service needs of County residents by ensuring the availability of laboratory and pathology services at ARMC.

PROCUREMENT

Government Code Section 31000 provides the Board with the authority to contract with and employ persons for the furnishing of special services, which include professional medical services.

The Purchasing Department recognizes the specialized credentials and supports the non-competitive procurement for these services.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on April 22, 2025; Risk Management (Gregory Ustaszewski, Staff Analyst, 386-9008) on April 28, 2025; Purchasing (Veronica Pedace, Buyer III, 387-2464) on April 22, 2025; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 29, 2025; Finance (Jenny Yang, Administrative Analyst, 387-4884) on May 1, 2025; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 1, 2025.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 20, 2025



cc: ARMC - Goldfrach w/agree
Contractor - c/o ARMC w/agree
File - w/agree (BAI only)
File - Confidential files w/agree

CCM 05/23/2025