

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

July 9, 2024

**FROM**

**TOM BUNTON, County Counsel**

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

**SUBJECT**

Agreement with Law Offices of Stephenson Acquisto & Colman for Specialized Legal Services

**RECOMMENDATION(S)**

Approve **Agreement No. 24-638**, including non-standard terms, with the Law Offices of Stephenson Acquisto & Colman to provide specialized legal services to assist Arrowhead Regional Medical Center in obtaining reimbursements from non-contracted health plans for healthcare services rendered to non-contracted health plan members, on a contingency fee basis ranging between 20% to 25% based on the amount of reimbursements recovered, effective July 9, 2024 until terminated by either party (Four votes required).

(Presenter: Tom Bunton, County Counsel, 387-5455)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The Law Offices of Stephenson Acquisto & Colman (SAC Firm) will be paid on a contingency fee basis (ranging between 20-25%) based on the amount of reimbursements it is able to recover on behalf of Arrowhead Regional Medical Center (ARMC) from non-contracted health plans plus any costs incurred in the representation. Sufficient appropriation and revenue are included in ARMC's 2024-25 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of this item will allow ARMC and County Counsel to retain the SAC Firm to provide specialized legal services to assist ARMC in obtaining reimbursements from non-contracted health plans for the healthcare services rendered by ARMC to members of those health plans.

The Agreement with the SAC Firm was negotiated by the parties that contain the following non-standard contract terms that differ from the standard County contract terms:

1. The Agreement remains in effect until terminated.
  - County Policies 11-05 and 11-06SP1 do not permit indefinite terms except for end user license agreements, software/hardware licenses and subscriptions, and master services agreements or unless approved by the Board of Supervisors.

**Agreement with Law Offices of Stephenson Acquisto & Colman for  
Specialized Legal Services  
July 9, 2024**

- Potential Impact: There is no end term to the Agreement and the County is indefinitely bound to the terms and conditions of the Agreement until the County gives notice of termination.
2. In the event that the County cancels an account that is assigned by ARMC to the SAC Firm, the SAC Firm is entitled to fees on claims not resolved as of the effective date of cancellation, based on any amounts ultimately recovered by the County,
    - The County standard contract imposes no obligations on the County upon termination other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
    - Potential Impact: In the event that the County cancels an account for reasons other than the SAC Firm's breach of the Agreement, the SAC Firm will be entitled to a percentage of any amounts ultimately recovered on those accounts.
  3. Any disputes relating to professional fees, costs, and expenses must be resolved through arbitration.
    - The County standard contract does not require arbitration.
    - Potential Impact: The Agreement requires binding arbitration for all disputes between the parties relating to professional fees, costs, and expenses. Disputes that might otherwise be settled in small claims court would incur arbitration costs that would exceed the costs of a small claims action. The arbitrator's decision will be final and binding on the County with no ability for any court to review or overturn the award.
  4. The SAC Firm limits its indemnity obligations to any claims that arise out of their own acts or omissions or of any person employed or retained by the law firm, except for claims that arise out of the County's negligence or willful misconduct.
    - The County standard contract general 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: The SAC Firm's indemnity obligation is more limited compared to the standard County general indemnity obligation. In the event a claim arises that falls outside the scope of the indemnity obligation, the County could be solely responsible for any cost of defense and any resulting settlement/judgment.

County Counsel and ARMC recommend approval of the Agreement, including the non-standard terms, so that the SAC Firm may assist ARMC in obtaining additional reimbursements to the County for healthcare services rendered to members of non-contracted health plans. Four votes are required per Government Code section 25203.

**PROCUREMENT**

Pursuant to Title 1, Division 2, Chapter 19, Section 12.1908 of the County Code, County Counsel is authorized to select and retain legal counsel engaged in the representation of the County without a competitive process. Notwithstanding the foregoing, on January 26, 2024, the SAC Firm participated in an informal competitive procurement process completed by County Counsel for specialized legal services to assist ARMC in seeking reimbursements from non-contracted health plans. Thirteen law firms were invited to participate in this process, six law firms submitted a proposal, and four were interviewed by an evaluation committee consisting of representatives from County Counsel and ARMC. The SAC Firm was one of two law firms selected to provide the services due to their availability and experience with similar legal

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July 9, 2024**

matters. The Agreement with the SAC is being presented to the Board of Supervisors for approval given the contingency fee nature of the agreement and non-standard terms.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on June 4, 2024; Purchasing (Jessica Barajas, Supervising Buyer, 387-2065) on June 11, 2024; Risk Management (Greg Ustaszewski, Staff Analyst II, 386-9008) on June 10, 2024; Finance (Carl Lofton, Administrative Analyst, 387-5404) on June 20, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on June 21, 2024

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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.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: July 9, 2024



cc: County Counsel - Bunton w/ agree  
Contractor c/o County Counsel w/ agree  
File w/ agree  
JLL 07/18/2024