

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

July 9, 2024

FROM

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

SUBJECT

Revenue Provider Services Agreement with Inland Faculty Medical Group, Inc., a California professional corporation, dba Optum Care Network – Inland Faculty MG for Primary Care Physician Services

RECOMMENDATION(S)

1. Approve Revenue Provider Services **Agreement No. 24-645**, including non-standard terms, with Inland Faculty Medical Group, Inc., a California professional corporation, dba Optum Care Network – Inland Faculty MG for reimbursement for providing primary care physician services for their members, effective retroactively May 1, 2024 through April 30, 2027, with the option to extend the term for two successive one year periods.
2. Authorize the ARMC Chief Executive Officer to exercise the option to extend the term of the Agreement and execute such amendments, subject to review by County Counsel.
3. Direct the ARMC Chief Executive Officer to transmit any executed amendments referenced in Recommendation No. 2 to the Clerk of the Board of Supervisors within 30 days of execution.
4. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the Provider Services Agreement and any subsequent amendments 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

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

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). Expenditures for the services under the revenue agreement are funded through reimbursements by Inland Faculty Medical Group, Inc., a California professional corporation, dba Optum Care Network – Inland Faculty MG (Inland Faculty) on a capitated basis based on the number of Inland Faculty patients assigned to Arrowhead Regional Medical Center (ARMC) for primary care physician services per month. Adequate appropriation and revenue have been included in the ARMC 2023-24 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

San Bernardino County (County), on behalf of ARMC, has contracted with Inland Faculty since 2023 for the provision of specialty healthcare services to eligible members assigned to Inland

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Faculty. The recommended revenue agreement will allow ARMC to provide primary care physician services to Inland Faculty members and to be reimbursed on a capitated basis based on the number of Inland Faculty patients assigned to ARMC's primary care clinics per month.

Negotiations for the revenue agreement were completed in May 2023 and this item is being presented to the Board of Supervisors (Board) at the earliest opportunity, following completion of all operational, financial, and legal reviews.

The agreement with Inland Faculty is its standard commercial provider services agreement negotiated by the parties, which includes terms that differ from the standard County contract and omits certain County standard contract terms as follows:

1. During the initial three-year term, the County may terminate the agreement for convenience with at least 120 days written notice. If the County exercises its right to extend the term of the agreement, the County will not have the right to terminate the agreement for convenience during the extended period.
 - The County standard contract gives the County the right to terminate the contract, for any reason, with a 30-day written notice of termination without any obligation other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
 - Potential Impact: ARMC will need to be mindful of the extended notice period for terminations for convenience during the first three years of the term of the agreement. In the event that ARMC exercises the option to extend the agreement, ARMC will not be able to terminate the agreement during the extended period.
2. The agreement does not require Inland Faculty to meet the County's standard insurance requirements.
 - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
 - Potential Impact: The County has no assurance that Inland Faculty will be financially responsible for claims that may arise under the agreement, which could result in expenses to the County.
3. The agreement is silent on Inland Faculty's right to assign the agreement.
 - In the County standard contract the County must approve any assignment of the contract.
 - Potential Impact: Inland Faculty could assign the agreement to a third party or business with which the County is legally prohibited from doing business due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge. Should this occur, the County could be out of compliance with the law until it becomes aware of the assignment and terminates the agreement.
4. Inland Faculty's indemnity obligation is limited to claims that result from its breach of the representations made in the debarment and suspension provision of the

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agreement and claims that result from a breach of the attached Business Associate Agreement.

- 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: Inland Faculty's indemnity obligations are more limited compared to the standard County general indemnity obligation. In the event a claim arises that falls outside the scope of Inland Faculty's limited indemnity obligation, the County could be financially responsible for the defense of the claim and any resulting judgment/settlement.
5. The County must indemnify Inland Faculty for the County's breach of the representations made in the debarment and suspension provision of the agreement.
- The County standard contract does not include any indemnification or defense by the County of a contractor.
 - Potential Impact: By agreeing to indemnify Inland Faculty, 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 Inland Faculty without such limitations and the County could be responsible to defend and reimburse Inland Faculty for costs, expenses, and damages.

The agreement is presented to the Board at the earliest opportunity, following completion of all negotiations and review. ARMC recommends approval of the agreement, including non-standard terms, as it will ensure reimbursement to the County for primary physician care services provided at ARMC to Inland Faculty members, and will allow ARMC to operate in a fiscally-responsible and business-like manner.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on May 8, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst II, 386-9008) on May 9, 2024; Finance (Chen Wu, Finance Budget Officer, 580-3165) on May 17, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on May 21, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive, 387-5423) on May 22, 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: ARMC - Goldfrach w/ agree
Contractor c/o ARMC w/ agree
File w/ agree (BAI only)
File - Confidential Files w/ agree

JLL 07/19/2024