

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

September 24, 2024

FROM

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

SUBJECT

Amendment to Agreement with American Medical Association to Utilize the Current Procedural Terminology Code Sets

RECOMMENDATION(S)

Approve **Amendment No. 5 to Internal Use License Agreement No. 20-602** with the American Medical Association, effective as of September 24, 2024, for license access to Current Procedural Terminology code sets, increasing the agreement amount by \$36,935, from \$175,793 to a new total agreement amount of \$212,728, with no change to the agreement period beginning July 28, 2020, and continuing indefinitely until terminated by either party. (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 the American Medical Association's (AMA) royalty rates for the Current Procedural Terminology (CPT) code sets are updated annually, which changes the total agreement amount with each amendment. Amendment No. 5 (Amendment) to Internal Use License Agreement No. 20-602 (Agreement) will increase the total amount of the Agreement by \$36,935, from \$175,793 to \$212,728. The cost of the Amendment is funded by State Medi-Cal, Federal Medicare, private insurance, 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) 2024-25 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of this Amendment will allow ARMC to access AMA's most up-to-date edition of the Current Procedural Terminology (CPT) code sets, which provide uniform language for coding medical services and procedures. Access to CPT code sets offer doctors and health care workers the ability to streamline reporting and increase accuracy in the delivery of health care services.

AMA provides CPT royalty rates each January on an annual basis. Rates are determined each year by bed and billing provider formulas. As such, this Agreement requires an annual

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amendment reflecting updated licensing costs that correlate with the number of hospital end-users. Although this Agreement is indefinite, future amendments are anticipated and will reflect royalty fees in alignment with the bed and billing formula associated with that calendar year. Approval of the Amendment will allow ARMC to access the 2025 CPT code sets, starting January 1, 2025, for use with the Epic Corporation Electronic Healthcare System.

On July 28, 2020 (Item No. 7), as the result of a non-competitive procurement, the Board of Supervisors (Board) approved the Agreement with AMA, in the amount of \$33,947, for the period of July 28, 2020, and continuing indefinitely for license access to CPT code sets.

On February 9, 2021 (Item No. 13), the Board approved Amendment No.1 to the Agreement with the AMA, increasing the amount by \$37,000, increasing the total amount from \$33,947 to \$70,947 to cover the cost of the new CPT code sets, for the period of February 9, 2021, and continuing indefinitely for license access to CPT code sets.

On January 25, 2022 (Item No. 10), the Board approved Amendment No. 2 to the Agreement with the AMA, retroactively effective on December 7, 2021, for license access to the new CPT code sets, increasing the annual amount by \$33,964, increasing the total amount from \$70,947 to \$104,911, with no change to the period beginning July 28, 2020, continuing indefinitely until terminated by either party.

On November 15, 2022 (Item No. 7), the Board approved Amendment No. 3 to the Agreement with the AMA, effective on December 7, 2022, for license access to current procedural terminology code sets, increasing the annual amount by \$34,943, from \$104,911 to \$139,854, with no change to the period beginning July 28, 2020, continuing indefinitely until terminated by either party.

On November 14, 2023 (Item No. 10), the Board approved Amendment No. 4 to the Agreement with the AMA, effective on December 7, 2023, for license access to current procedural terminology code sets, in the annual amount of \$35,939, for a new total of \$175,793 through 2024, with no change to the period beginning July 28, 2020, continuing indefinitely until terminated by either party.

ARMC recommends approval of the Amendment, to provide for the safety, health and social service needs of County residents and allow continued patient care.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on August 21, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on August 21, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on August 29, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on September 4, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 9, 2024.

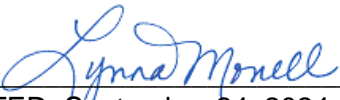
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: September 24, 2024



cc: ARMC - Goldfrach w/agree
 Contractor - c/o ARMC w/agree
 File - w/agree
CCM 09/26/2024