

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

December 19, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Professional Services Agreements for Specialty Services

RECOMMENDATION(S)

1. Approve Professional Services **Agreement No. 23-1325**, including non-standard terms, with CEP America-California for emergency medical services at Arrowhead Regional Medical Center and affiliated Family Health Centers, Sheriff/Coroner/Public Administrator Detention Facilities, Probation Department, Department of Behavioral Health, and San Bernardino County Fire Protection District, in the annual amount of \$22,181,304, for a total amount of \$66,543,912, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
2. Approve Professional Services **Agreement No. 23-1327**, including non-standard terms, with Jeffrey N. Roberts, M.D., Inc., for otolaryngology services at Arrowhead Regional Medical Center, in the annual amount of \$635,000, for a total amount of \$1,905,000, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
3. Approve Professional Services **Agreement No. 23-1329**, including non-standard terms, with Quantum Healthcare Medical Associates, Inc., for internal medicine services at Arrowhead Regional Medical Center, in the annual amount of \$6,900,000, for a total amount of \$20,700,000, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
4. Approve Professional Services **Agreement No. 23-1330**, including non-standard terms, with Kris J. Storkersen, M.D., Inc. for ophthalmology services at Arrowhead Regional Medical Center, in the annual amount of \$520,000, for a total amount of \$1,560,000, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
5. Approve Professional Services **Agreement No. 23-1332**, including non-standard terms, with San Bernardino Medical Orthopaedic Group, Inc. DBA Arrowhead Orthopaedics, for orthopedic medical services at Arrowhead Regional Medical Center, in the annual amount of \$5,110,804, for a total amount of \$15,332,412, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
6. Approve Professional Services **Agreement No. 23-1334**, including non-standard terms, with Cal Med Physicians and Surgeons, Inc., for surgical services at Arrowhead Regional Medical Center, in the annual amount of \$10,454,050, for a total amount of \$31,362,150, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.
7. Approve Professional Services **Agreement No. 23-1321**, including non-standard terms, with Arrowhead Neurosurgical Medical Group for neurology critical care services at Arrowhead Regional Medical Center, in the annual amount of \$4,737,376, for a total amount of \$14,212,128, plus variable amounts, for the period of January 1, 2024 through December 31, 2026.

(Presenter: William L. Gilbert, Director, 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 may result in a future request for additional Discretionary General Funding (Net County Cost). The cost of the professional medical services agreements for Arrowhead Regional Medical Center (ARMC) are funded by 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 ARMC's 2023-24 budget and will be included in future recommended budgets. The Sheriff/Coroner/Public Administrator is not requesting Discretionary General Funding at this time; however, a request for additional Public Safety Realignment Revenue (Assembly Bill 109) or Discretionary General Funding (Net County Cost) will be included as part of the Year-End Budget Report, if necessary.

BACKGROUND INFORMATION

The Professional Services Agreements (Agreements) will allow the medical corporations to provide medical care at ARMC in their areas of specialty. The practitioners provided under the Agreements will provide health care services to ARMC patients, including County inmates and juveniles, and training to resident physicians. The Agreements with the medical corporations in the Recommendations will also provide practitioners to serve in various administrative capacities in the hospital and train medical residents and/or medical students that participate in rotations at ARMC.

ARMC provides medical care and education programs for the hospital and the Family Health Centers through professional services agreements with various medical corporations. The medical corporations provide highly and technically skilled, licensed physicians, nurse practitioners and allied health staff to provide health care services to ARMC patients. Some of these Agreements will also provide medical services and operational-related services to the Sheriff/Coroner/Public Administrator, Probation Department, Department of Behavioral Health, and the San Bernardino County Fire Protection District.

The medical corporations also provide practitioners to serve in certain administrative department roles. Clinical department appointments are made in accordance with the bylaws of the medical staff. This is also 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 the corporations 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 Agreements.

The Agreements have fixed and variable costs. The variable costs are dependent on patient and/or student training volume.

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

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1. The County is required to defend and indemnify the medical corporations and their respective practitioners (collectively, “Providers”) for medical malpractice and professional negligence. Additionally, the County must defend and indemnify CEP, Quantum, Dr. Storkersen, and Cal Med for any inaccurate and/or improper billing information furnished by the County and relied on by these corporations relating to the professional services rendered by these corporations to ARMC patients.
 - 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 amount in the Agreements.

2. The Agreements do not include any of the standard County insurance requirements.
 - The County’s standard contract requires contractors to carry certain insurance coverage as determined by the County’s Department of Risk Management, and for contractors to add the County as an insured in their policies and to waive the right to subrogation.
 - Potential Impact: The Agreements do not require the medical corporations to carry any of the standard County required insurance policies and do not include any of the standard County insurance provisions. This means that the County has no assurance that the medical corporations will be financially responsible for claims that may arise from the Agreements, which could result in expenses to the County that exceed the total amount in the Agreements.

3. Payment terms for Cal Med are Net 15 days, and payment terms for the other medical corporations are Net 30 days.
 - The standard County contract payment term is Net 60 days.
 - Potential Impact: The County is required to make payment Net 15 for Cal Med or Net 30 days for the other medical corporations, after receipt of invoice. In the event the County fails to make payments on-time, the medical corporations could declare the County in material breach and may seek to terminate the Agreements and seek other relief.

4. The termination without cause provisions in the Agreements require more than 30 days advanced written notice.
 - The County’s standard contract provides that either party may terminate the contract with 30 days’ written notice.
 - Potential Impact: ARMC will need to be mindful of the additional notice period required to terminate the Agreements.

ARMC recommends approval of the Agreements, including the non-standard terms, for the safety, health and social services needs of County residents by allowing ARMC to continue to provide patient care at ARMC and associated clinics.

PROCUREMENT

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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, allowing for continuity of care for patients in this specialty area.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on December 5, 2023; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on November 28, 2023; Risk Management (Gregory Ustaszewski, Staff Analyst II, 386-9008) on November 30, 2023; Sheriff/Coroner/Public Administrator (Kelly Welty, Chief Deputy Director, 387-3649) on December 4, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on November 30, 2023; Finance (Jenny Yang, Erika Rodarte, Christopher Lange, Iliana Rodriguez, and Tom Forster, Administrative Analysts, 387-4884) on December 5, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on December 5, 2023.

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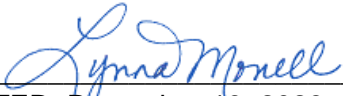
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Col. Paul Cook (Ret.)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: December 19, 2023



cc: ARMC - Gilbert w/agrees
Contractor c/o ARMC w/agree
File - w/agree
MA 12/22/2023