

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

September 23, 2025

**FROM**

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

**SUBJECT**

Revenue Agreement with California Physician's Service, Inc. dba Blue Shield of California, for the Provision of Healthcare Services to the Department of Veterans Affairs Beneficiaries

**RECOMMENDATION(S)**

1. Approve **Revenue Agreement No. 25-754** with California Physician's Service, Inc., dba Blue Shield of California, including non-standard terms, for the provision of healthcare services to the Department of Veterans Affairs beneficiaries for the initial contract period of September 23, 2025 through September 22, 2027, then automatically renewing for one-year periods until terminated by either party.
2. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the revenue Agreement, pursuant to Health and Safety Code Section 1457(c)(1).  
(Presenter: Andrew Goldfrach, ARMC Chief Executive, 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). Expenditures for healthcare services provided to Department of Veterans Affairs (VA) beneficiaries under this contract by Arrowhead Regional Medical Center (ARMC) are reimbursed based on the rates set forth in the Agreement with California Physician's Service, Inc., dba Blue Shield of California (Blue Shield). Adequate appropriation and revenue have been included in the ARMC 2025-26 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of this Agreement will allow ARMC to deliver a wide scope of services, including inpatient, outpatient, urgent, emergency, home health, hospice, and infusion therapies to VA beneficiaries under the VA Community Care Network (CCN). Blue Shield is contracted by TriWest Healthcare Alliance to administer the CCN program, with responsibility for building and managing provider networks, overseeing utilization management, and processing claims on behalf of the VA.

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

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1. The initial term of the Agreement is two years, and the term will then be automatically renewed in one-year intervals until it is terminated by either party.
  - County Policies 11-05 and 11-06SP1 do not permit indefinite term or automatically renewing contracts except for end-user license agreements, software/hardware licenses and subscriptions, and master service agreements or unless approved by the Board.
  - 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 terminated by either party.
2. Either party may terminate the Agreement without cause with at least 90 days written notice.
  - 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: The County will need to be mindful of the extended notice period in the event it seeks to terminate the Agreement without cause.
3. Blue Shield is not required to comply with the standard County contract insurance terms.
  - 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 Blue Shield will be financially responsible for claims that may arise under the Agreement, which could result in expenses to the County in the event that Blue Shield does not have sufficient insurance coverage.
4. The County agrees to indemnify Blue Shield from claims that arise out of the County's wrongful or negligent conduct in the performance of the Agreement, including the provision of healthcare services.
  - The County standard contract does not include any indemnification or defense by the County of a contractor.
  - Potential Impact: By agreeing to indemnify Blue Shield, 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 Blue Shield without such limitations and the County could be responsible to defend and reimburse Blue Shield for costs, expenses, and damages.
5. Blue Shield limits its indemnity obligation to claims arising out of its wrongful or negligent conduct in the performance of the 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: Blue Shield'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 Blue Shield's limited indemnity obligation, the

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County could be financially responsible for the defense of the claim and any resulting judgment/settlement.

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 rendered by or 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 continued access to healthcare services for VA beneficiaries.

**PROCUREMENT**

Not Applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on August 26, 2025; Risk Management (Greg Ustaszewski, Staff Analyst II, 386-9044) on August 28, 2025; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on August 29, 2025; and County Finance and Administration (Jenny Yang, Administrative Analyst, 387-4884) on September 8, 2025.

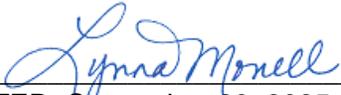
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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: September 23, 2025



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

CCM 09/25/2025