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

October 21, 2025

FROM

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

SUBJECT

Non-Financial Interface Facilitation Agreement with Laboratory Corporation of America for Interface Connection Installation to Transmit and Retrieve Lab Orders

RECOMMENDATION(S)

Approve non-financial Interface Facilitation **Agreement No. 25-830** with Laboratory Corporation of America, including non-standard terms, for the installation of interface connection(s) for the transmission and retrieval of laboratory orders and results, for a contract period beginning October 21, 2025 and automatically renewing 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 the Interface Facilitation Agreement (Agreement) with Laboratory Corporation of America (LabCorp) will not result in the use of Discretionary General Funding (Net County Cost) as the Agreement is non-financial in nature.

BACKGROUND INFORMATION

The Agreement with LabCorp will allow Arrowhead Regional Medical Center (ARMC) to provide the Family Health Centers and Specialty Clinics access to patient test results performed at LabCorp for clinical and health maintenance evaluation and documentation.

Certain patients seen at ARMC, particularly those insured through a Medi-Cal managed care provider, are required to have laboratory work performed at LabCorp instead of the ARMC Lab. This Agreement will enable the FHC and Specialty Clinics to access patient test results performed at LabCorp for clinical and Health Maintenance evaluation and documentation. This will allow ARMC providers to directly transmit orders for this patient population to LabCorp and receive results in ARMC's Epic electronic health record, along with historical results previously performed by LabCorp. This functionality will improve provider efficiency and support compliance with Value-Based Program (VBP) patient metric requirements by providing direct access to test results using this system.

On July 12, 2022 (Item No. 5), the Board of Supervisors approved Agreement No. 22-661 with LabCorp to provide Pathology and Histology Support Services to ARMC, in an amount not to exceed $700,000, for a five-year period of July 16, 2022 through July 15, 2027. As part of its

standard service offering, LabCorp has agreed to assist ARMC in arranging the installation of one or more interface connections between LabCorp and ARMC's Epic system to support the transmission and retrieval of laboratory orders and results.

The Agreement is LabCorp's standard commercial contract, which includes terms that differ from the standard County contract and omits certain County standard contract terms. While the parties negotiated certain contract terms to County standards, LabCorp would not agree to all County standard terms. The non-standard and missing terms include the following:

1. The Agreement is silent on governing law
   - The County standard contract requires California governing law.
   - Potential Impact: Having no specified governing law in the Agreement may result in uncertainty over which state's laws will govern the interpretation of the Agreement and lead to ambiguity in the interpretation of the Agreement terms. LabCorp is a global corporation headquartered in North Carolina. The Agreement could be interpreted under any state law depending on where the claim is brought, including North Carolina or California. Any questions, issues or claims arising under this Agreement could require the County to hire outside counsel competent to advise on the applicable state law, which may result in fees that exceed the total Agreement amount.

2. LabCorp may assign the Agreement without notice to the County and without the County's approval.
   - The County standard contract requires that the County must approve any assignment of the contract.
   - Potential Impact: LabCorp 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.

3. There is no provision in the Agreement addressing each party's responsibility for paying attorneys' fees.
   - The County standard contract requires each party to bear its own costs and attorney fees, regardless of who is the prevailing party.
   - Potential Impact: County Counsel cannot advise on whether and to what extent the law in any state other than California may affect a party's requirement to pay the prevailing party's attorneys' fees and costs in a legal action where no specific provision is provided in the Agreement.

4. The Agreement does not require LabCorp to indemnify the County, as required by County Policies 11-05 and 11-07, including for intellectual property infringement claims.
   - The County standard contract 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. The standard contract provision for intellectual property indemnity is: Contractor will indemnify, defend, and hold harmless County and its officers, employees, agents and volunteers, from any and all third-party claims, costs (including without limitation reasonable attorneys' fees),

and losses for infringement of any United States patent, copyright, trademark or trade secret (Intellectual Property Rights) by any goods or services.

- Potential Impact: LabCorp is not required to defend, indemnify or hold the County harmless from any claims, including indemnification for claims arising from LabCorp's negligent or intentional acts and intellectual property infringement. If the County is sued for any claim, including intellectual property infringement based on its use of LabCorp's software or services, the County may be solely liable for the costs of defense and damages, which could exceed the total Agreement amount. County Counsel cannot advise on whether and to what extent the law is any state other than California may allow the County to require LabCorp to defend or indemnify it absent an express provision in the Agreement.

5. The Agreement does not require LabCorp to meet the County's insurance standards as required pursuant to County Policies 11-05, 11-07 and 11-07SP.
   - 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 LabCorp will be financially responsible for claims that may arise under the Agreement, which could result in expenses to the County that exceed the total Agreement amount.

6. There is no stated venue in the Agreement.
   - County Policy 11-05 requires venue for disputes in Superior Court of California, County of San Bernardino, San Bernardino District.
   - Potential Impact: LabCorp's headquarters are located in. Having no express venue in the Agreement means that venue could be applied to disputes arising under this Agreement, which may result in additional expenses that exceed the amount of the Agreement.

ARMC recommends approval of this agreement with LabCorp to support the safety, health and social services needs of County residents by providing for the installation of one or more interface connections between LabCorp and ARMC's Epic electronic health record system, creating operational efficiencies for the transmission and retrieval of laboratory orders and results.

PROCUREMENT
Not applicable.

REVIEW BY OTHERS
This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on August 22, 2025; Risk Management (Stephanie Pacheco, Staff Analyst II, 386-9039) on August 22, 2025; Innovation and Technology Department, (Lynn Fyhrlund, Chief Information Officer, 388-5501) on August 27, 2025; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on August 29, 2025; and County Finance and Administration (Jenny Yang, Administrative Analyst, 387-4884) on September 4, 2025.

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 Lynna Monell
DATED: October 21, 2025

cc: ARMC - Goldfrach w/agree
Contractor - c/o ARMC w/agree
File - w/agree

MBA 10/22/2025