

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

January 14, 2025

**FROM**

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

**SUBJECT**

Revenue Agreement with Correctional Health Partners, LLC for Adjudication and Claims Processing for Department of State Hospitals – Patton

**RECOMMENDATION(S)**

1. Approve **Revenue Agreement No. 25-24**, including non-standard terms, with Correctional Health Partners, LLC, for the adjudication and claim processing of payments to Arrowhead Regional Medical Center for services provided to Department of State Hospitals – Patton patients, for the term effective February 1, 2025 through January 31, 2028.
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 Officer, 580-6150)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Provide for the Safety, Health and Social Service Needs of County Residents.  
Operate in a Fiscally-Responsible and Business-Like Manner.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The costs related to the care of Department of State Hospitals – Patton patients will be reimbursed by this Revenue Agreement (Agreement) with Correctional Health Partners, LLC (CHP). 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**

ARMC currently contracts with Department of State Hospitals – Patton (Patton) to provide inpatient and outpatient services to Patton patients as Patton does not have the capacity to provide such services. Specific services include inpatient diagnostic and therapeutic services, outpatient diagnostic and ancillary services, and emergency medical services. Under the current contract, which expires June 30, 2025, ARMC bills Patton directly for services rendered.

Patton is now contracting with CHP to assist with providing certain billing and payment functions related to services provided to Patton patients. As Patton is no longer processing or adjudicating claims, a new agreement with CHP is necessary. The Agreement with CHP will allow ARMC to continue to receive reimbursement for inpatient and outpatient services provided to Patton patients through CHP.

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CHP functions within the guidelines and direction defined by Patton. ARMC is required to submit claim forms for covered patients to CHP within 120 calendar days of the rendered service. As of the effective date of the Agreement, ARMC will start submitting claims for reimbursement to CHP.

The Agreement with CHP is its standard commercial agreement with terms negotiated by the parties that deviate from the standard County contract terms as follows:

1. The Agreement does not require CHP 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 CHP will be financially responsible for claims that may arise under the Agreement, which could result in expenses to the County.
2. The Agreement imposes insurance obligations on the County, including requiring the County to maintain professional liability insurance with a policy limit of \$1 million per occurrence and \$3 million in the aggregate per year, and notifying CHP at least 30 days prior to any proposed termination, cancellation, or material changes to the policy.
  - The standard County contract does not impose any insurance obligations on the County.
  - Potential Impact: The County must be mindful of the insurance requirements and ensure that it complies with those requirements so as to not be in breach of the Agreement.
3. The County may terminate the Agreement without cause upon 120 days written notice.
  - The standard County contract allows the County to terminate the contract with 30 days written notice.
  - Potential Impact: The County must be mindful of the extended notice period in the event it seeks to terminate the Agreement without cause.
4. The County is required to indemnify CHP for claims arising out of the negligent acts or omissions of the County, its employees, and its agents while in the performance of the Agreement.
  - The County standard contract does not impose a contractual indemnity obligation on the County.
  - Potential Impact: By agreeing to indemnify CHP, 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 CHP without such limitations and the County could be responsible to defend and reimburse CHP for costs, expenses, and damages.
5. CHP limits its indemnity obligation to claims arising out of the negligent acts or omissions of CHP, its employees, and its agents while in the performance of the Agreement.

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- 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: CHP'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 CHP's limited indemnity obligation, the County could be financially responsible for the defense of the claim and any resulting judgment/settlement.

ARMC recommends approval of the Agreement, including the non-standard terms, as it will provide for the safety, health and social service needs of county residents by providing access to healthcare and allow ARMC to operate in a fiscally responsible manner by obtaining reimbursement for services rendered to Patton patients.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on November 21, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst, 386-9008) on November 19, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on October 25, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on December 19, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387- 5423) on December 19, 2024.

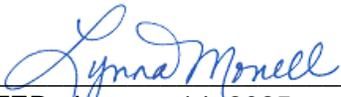
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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: January 14, 2025



cc:    ARMC - Goldfrach w/agree  
      Contractor - c/o ARMC w/agree  
      File - w/agree (BAI only)  
      File - Confidential files w/agree  
CCM   01/21/2025