

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

**June 28, 2022**

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

**SUBJECT**

Inter-Institutional Agreement for Residency Rotation with Southern California Permanente Medical Group and Kaiser Foundation Hospitals

**RECOMMENDATION(S)**

Approve an inter-institutional resident affiliation **Agreement No. 22-573** with Southern California Permanente Medical Group and Kaiser Foundation Hospitals for resident physicians to obtain clinical experience at Arrowhead Regional Medical Center and Kaiser facilities in Ontario and Fontana, for an estimated yearly cost of \$30,000 and revenue to the Arrowhead Regional Medical Center of \$3,150,600 for a five year period, effective upon execution.

(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.**

**Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as costs for the residency programs are funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. The total cost of this agreement is dependent upon the number of resident physicians assigned to each facility. Arrowhead Regional Medical Center (ARMC) will reimburse Southern California Permanente Medical Group and Kaiser Foundation Hospitals (Kaiser) for services provided by Kaiser resident physicians at ARMC, and Kaiser will reimburse ARMC for services received under this agreement. It is estimated for the five-year period, ARMC will reimburse Kaiser approximately \$150,000 and ARMC will receive approximately \$3,150,600 from Kaiser based on historical averages. Sufficient appropriation and revenue will be included in the ARMC 2022-23 recommended budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

This agreement will allow ARMC and Kaiser resident physicians to obtain clinical experience at the respective facilities in order to meet requirements for graduation and specialty board eligibility in general surgery and sports medicine. ARMC and Kaiser will reimburse one another for services provided by resident physicians at each of the facilities. The reimbursement amount varies dependent upon the number and level of resident physicians assigned to each of the facilities from the other. The resident affiliation agreement with Kaiser will provide for the health and social services needs of County residents by ensuring that ARMC residents receive

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specialty clinical training and experience, resulting in the delivery of specialized medical care to ARMC patients.

Clinical experience is a requirement of residents enrolled in ARMC's residency programs. This resident affiliation agreement allows ARMC to provide a well-rounded educational program for its resident physicians and allows ARMC to work in a collaborative manner with Kaiser. The volume and patient mix at Kaiser will provide an appropriate educational opportunity to ARMC resident physicians.

The residency programs at ARMC are accredited by the Accreditation Council of Graduate Medical Education (ACGME). These residency programs have specific requirements as to the numbers and types of patients to whom a resident physician must provide care. In order to meet these requirements, with respect to volume and types of patients, it is necessary to provide educational opportunities at other facilities to supplement those available at ARMC. These medical facilities offer the opportunity for resident physicians to gain experience caring for patients and performing procedures in specialties that ARMC may not offer, or have too few patients to provide sufficient experience. The volume and patient mix at Kaiser will provide a suitable educational opportunity to the ARMC resident physicians.

The affiliation agreement was negotiated by the parties and includes the following non-standard contract terms:

1. Either party may terminate the agreement with at least 60 days notice, but any resident rotating at a facility on the date of termination will be permitted to continue the rotation until the end of that academic year.
  - The County's standard contract permits either party to terminate the contract with at least 30 days written notice without any further obligation.
  - Potential Impact: ARMC must be mindful of this extended notice period and of its obligations as to residents that may be rotating at the time of termination.
2. County agrees to indemnify Kaiser from any claims for injury or damage that may result from the County's performance or failure to perform obligations under the Agreement, and residents who are assigned to and rotate through Kaiser's facilities.
  - The County's standard contract does not require the County to indemnify the contractor under any circumstance.
  - Potential Impact: By agreeing to indemnify Kaiser, 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 Kaiser without such limitations and the County would be responsible to defend and reimburse Kaiser for costs, expenses, and damages, which could exceed the total contract amount. It should be noted that Kaiser is similarly obligated to defend, indemnify, and hold harmless the County.
3. Kaiser's indemnification obligation is limited to claims for injury or damage that may result from Kaiser's performance or failure to perform obligations under the Agreement, and residents who are assigned to and rotate through ARMC.
  - The County standard contract general indemnity provision requires the Contractor to indemnify, defend, and hold the County harmless from third party claims arising out of the acts, errors, or omissions of any person.

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- Potential Impact: Kaiser's indemnification obligation under the Agreement is more limited when compared to the County standard indemnification obligation, meaning that if a claim arises that falls outside the scope of Kaiser's limited indemnification obligation, the County could be financially and solely liable for the defense of that claim and the payment of any resulting settlement/judgment.
4. The Agreement does not include certain standard County insurance requirements, including the provisions relating to additional insured, insurance review, waiver of subrogation, and policies being primary and non-contributory.
- The County standard contract requires contractors to carry appropriate insurance under conditions determined by the County's Risk Management Department.
  - Potential Impact: Without all of the standard provisions addressed above, the County has no reinsurance that Kaiser will maintain adequate and sufficient insurance to provide coverage to the County in the event of a claim. Insufficient coverage could result in expenses that exceed the total contract amount, leaving the County financially liable for the claims.

ARMC recommends the approval of this agreement, including the non-standard terms, as it will ensure ARMC residents receive specialty clinical training and experience, resulting in the delivery of specialized medical care to ARMC patients, enhancing the health and social services needs of County residents.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on June 1, 2022; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on June 7, 2022; Finance (Jenny Yang, Administrative Analyst, 387-4884) on June 9, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on June 10, 2022.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY

  
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DATED: June 28, 2022



cc: ARMC - Gilbert w/agree  
Contractor - C/O ARMC w/agree  
File - w/agree  
CCM 07/18/2022