

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

September 26, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Master Subscription Agreement with Aidoc, Inc. for an Artificial Intelligence Operating System in Medical Imaging

RECOMMENDATION(S)

Approve Master Subscription **Agreement No. 23-1061**, including non-standard terms, with Aidoc, Inc. for an artificial intelligence operating system in the Arrowhead Regional Medical Center Medical Imaging Department, in the total contract amount of \$439,875, for the term of September 26, 2023 through September 25, 2026.
(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

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) as the cost of \$439,875 will be 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 the Arrowhead Regional Medical Center (ARMC) 2023-24 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The agreement with Aidoc, Inc. (Aidoc) will allow ARMC to obtain an artificial intelligence solution for use in the hospital's Medical Imaging Department to enhance physician workflows and the coordination of care for patients. The artificial intelligence solution provides software modules that analyze medical images directly after the patient is scanned and notifies the attending physicians of suspected critical findings to assist with prioritization of cases. The computer vision used with this software detects all of the anatomy contained in a scan, which enables the detection of incidental and subtle findings that may be undetectable by the human eye. Aidoc offers the broadest artificial intelligence solutions for workflow prioritization for multidisciplinary medical teams, such as stroke, acute aorta and pulmonary embolism response teams, to ensure effective patient care management. The solutions are proposed to enhance, not replace, current patient care processes.

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The agreement is Aidoc'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 standard, Aidoc would not agree to all County standard terms. The non-standard and missing terms include the following:

1. The agreement does not include certain standard County insurance requirements, including severability of interests, failure to provide coverage, and insurance review.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and County Policy 11-07SP.
 - Potential Impact: The lack of these standard County insurance terms could result in expenses that exceed the total agreement amount.
2. The County may not terminate the agreement for convenience. In addition, the County agrees to a non-cancelable payment obligation and non-refundable fees.
 - 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 can only terminate the agreement during the term for an uncured breach by Aidoc. Any attempted termination by the County without cause would result in payment liability for the full agreement amount, which could result in payment liability where no funds are available due to lack of allocation or loss of funding.
3. Aidoc's liability to the County for costs associate to breach and indemnification for Health Insurance Portability and Accountability Act violations, under the Business Associate Agreement is limited to three times the fees paid under the commercial agreement between the parties with respect to the 12 months preceding the event giving rise to the liability.
 - The County standard contract does not include a limitation of liability.
 - Potential Impact: Claims could exceed the liability cap and the agreement amount leaving the County financially liable for the excess.

ARMC recommends approval of the agreement, including the non-standard terms, to support the County goal of providing for the safety and health of county residents through enhanced medical imaging services to identify and prioritize time-sensitive, and potentially life-threatening medical cases.

PROCUREMENT

Purchasing supports the non-competitive procurement of the Aidoc software based on the sole source nature of the software as the company is the only platform that uses computer vision through artificial intelligence to augment a medical imaging operating system. The software has become industry standard and is utilized in Medical Imaging service lines by other hospitals in this region.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on July 25, 2023; Purchasing (Ariel Gill, Buyer III, 777-0722) on July 28,

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2023; Risk Management (Victor Tordesillas, Director, 386-8623) on July 20, 2023; Innovation and Technology Department (Jake Cordova, Assistant Chief Information Officer, 388-5501) on September 15, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on September 1, 2023; Finance (Jenny Yang, Administrative Analyst, 387-4884) on September 6, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 11, 2023.

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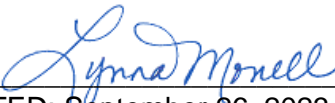
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: September 26, 2023



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

CCM 10/5/2023