

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

August 20, 2024

**FROM**

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

**SUBJECT**

Professional Service Agreement with Cal Med Physicians and Surgeons, Inc for the Provision of Cardiothoracic Services

**RECOMMENDATION(S)**

1. Approve Professional Services **Agreement No. 24-765**, including non-standard terms, with Cal Med Physicians and Surgeons, Inc. for the provision of Cardiothoracic Services in the amount of \$14,103,760, plus variable costs, for the term of September 10, 2024 through December 31, 2027.
2. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the Professional Services 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.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$14,103,760, plus variable costs is funded by the 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) 2024-25 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

The Professional Services Agreement (Agreement) will allow ARMC to contract with Cal Med Physicians and Surgeons, Inc. (Cal Med) to provide cardiothoracic services at ARMC. The provision of these services will allow ARMC to continue to meet teaching needs and accommodate cardiothoracic care needs for ARMC's Level-1 Trauma Center patients as well as inpatient units, outpatient clinics, diagnostic services, cardiac catheter lab, and the Emergency Department.

The Agreement will ensure that cardiothoracic surgeons, thoracic surgeons, perfusionists, and related healthcare practitioners will be available to provide inpatient and outpatient cardiothoracic services at the hospital and clinic and will be available on-call 24 hours a day, seven days a week, 365 days a year to provide medical advice and coverage relating the

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August 20, 2024**

specialty. This Agreement also includes variable costs based on patient volume from the Sheriff and/or Probation Department and Patton State Hospital.

ARMC provides medical care and education programs for the hospital and the Family Health Centers through professional services agreements with various medical groups. These medical groups provide highly and technically skilled, licensed physicians, surgeons, nurse practitioners and advanced practice professionals to provide health care services to ARMC patients. All physicians provided by the medical groups are granted clinical privileges, which allow the physician to practice medicine at ARMC and are approved to serve in administrative roles in the same manner. Clinical department appointments are made in accordance with the bylaws of the medical staff and with the approval of the Board of Supervisors, as applicable. This is in accordance with Title 22 of the State of California, ARMC's accrediting bodies and the academic affiliation agreements established between ARMC and various medical schools.

All active and provisional physicians provided by Cal Med must complete an annual Statement of Economic Interests form, as required by the County. The individuals are required to disclose any ownership, investment or financial interest that may present any conflict with performance of duties under the Agreement.

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

1. The County is required to defend and indemnify Cal Med and its practitioners for medical malpractice and in the event ARMC provides Cal Med improper billing information.
  - The County's standard contract does not contractually require the County to indemnify its contractor under any circumstance.
  - Potential Impact: By agreeing to indemnify Cal Med and its practitioners, 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 Cal Med and its practitioners without such limitations and the County would be responsible to defend and reimburse them for costs, expenses, and damages, which could exceed the total contract amount.
2. The Agreement does not include all of the standard County insurance requirements.
  - The County's standard contract requires contractors to carry certain insurance coverage as determined by the County's Department of Risk Management, and for contractors to add the County as an insured in their policies and to waive the right to subrogation.
  - Potential Impact: The Agreement does not require Cal Med to carry all of the standard County required insurance policies and do not include any of the standard County insurance provisions. This means that the County has no assurance that Cal MedE will be financially responsible for claims that may arise from the Agreement, which could result in expenses to the County that exceed the total contract amount.
3. Payment terms are Net 15 days.
  - The standard County contract payment term is Net 60 days.
  - Potential Impact: The County is required to make payment Net 15 days after receipt of invoice. In the event the County fails to make payments on-time, Cal Med could declare the County in material breach and may seek to terminate the Agreement and seek other relief available under applicable laws.

**Professional Service Agreement with Cal Med Physicians and Surgeons, Inc for the Provision of Cardiothoracic Services  
August 20, 2024**

4. The County may terminate the Agreement with 120 days written notice.
  - The County’s standard contract provides that either party may terminate the contract with 30 days written notice.
  - Potential Impact: ARMC will need to be mindful of the additional notice period required to terminate the Agreement.

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 the availability of cardiothoracic care for ARMC patients.

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 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.

**PROCUREMENT**

On May 1, 2024, Request for Proposal (RFP) No. ARMC124-ARMC-5406 for Cardiothoracic Services was released through the County’s Electronic Procurement Network (ePro). Two proposals were received in response to the RFP. Evaluation of the proposals was completed by a committee comprised of representatives from ARMC Administration, Nursing Administration, Cardiac Services, Ambulatory Services, Operative Services and the Medical Intensive Care Unit. All proposals were evaluated based on the criteria of qualification, experience, financial, technical, cost, references and presentation of system. The evaluation committee determined that Cal Med best met ARMC’s needs and recommend them for a contract.

The company names and locations of all proposers who submitted a proposal in response to the RFP are provided below:

<b>Vendor</b>	<b>Location</b>
Cal Med Physicians and Surgeons, Inc.	Redlands, CA
Faculty Physicians and Surgeons of LLUSM, Inc.	Loma Linda, CA

On July 8, 2024, a tentative award letter was sent to Cal Med and on the same day the unsuccessful proposer was notified in writing that it may protest the qualification review by submitting a formal protest letter to the Purchasing Department within 10 calendar days of the non-selection letter. No protests were received.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on July 26, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on July 26, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst II, 386-9008) on July 30, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on July 29, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on July 31, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on August 5, 2024.

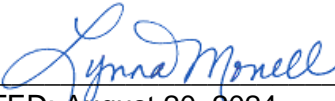
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Record of Action of the Board of Supervisors  
San Bernardino County

**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: August 20, 2024



cc: ARMC - Goldfrach w/agree  
Contractor - c/o ARMC w/agree  
File - w/agree (BAI only)  
File - Confidential files w/agree  
CCM 08/21/2024