

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

**June 14, 2022**

**FROM**

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

**SUBJECT**

Revenue Agreement with Department of State Hospitals – Patton for the Provision of Medical Services

**RECOMMENDATION(S)**

1. Approve Revenue **Agreement No. 22-407**, including non-standard terms, with the State of California Department of State Hospitals – Patton (State Agreement No. 22-30223-000), for the provision of inpatient and outpatient medical services to Patton State Hospital patients for the period of July 1, 2022, or upon full execution, whichever is later, through June 30, 2025, in an amount not to exceed \$15,000,000.
2. Direct the Clerk of the Board of Supervisors to maintain confidentiality of State Agreement No. 22-30223-000 pursuant to Health and Safety Code Section 1457(c)(1).  
(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). The costs related to the care of State of California Department of State Hospitals – Patton (Patton) patients will be reimbursed by this Revenue Agreement (Agreement) with Patton. Sufficient appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2022-23 recommended budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of the Agreement will allow ARMC to bill and receive reimbursement, in an amount not to exceed \$15,000,000, for the provision of medical services provided to Patton patients for the period of July 1, 2022, or upon full execution, whichever is later, through June 30, 2025.

The recommended Agreement with Patton will allow ARMC to continue to provide inpatient and outpatient services to Patton patients, providing for the safety, health, and social service needs of these County residents. ARMC has provided inpatient and outpatient services to Patton patients through contractual agreements since July 1, 2007, 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.

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Contracting with Patton allows ARMC to continue the longstanding relationship of providing medical services to those individuals assigned to Patton, thus allowing the pursuit of the county goal and objective of working with other agencies.

The Agreement with Patton is its standard state agreement with non-standard terms that differ from the standard County contract as follows:

1. The Agreement does not permit the County to terminate the Agreement during the approved term.
  - The County's standard contract permits either party to terminate the contract for any reason with 30 days written notice.
  - Potential Impact: The Agreement does not contain any provisions that would allow the County to terminate the Agreement. Accordingly, any conduct to terminate the Agreement by the County may be considered a breach of the Agreement, which would allow Patton to pursue any remedies available to it against the County.
2. The Agreement is silent on venue.
  - The County standard contract requires venue for disputes to be in the Superior Court of California, County of San Bernardino, San Bernardino District.
  - Potential Impact: Having no express venue in the Agreement means that Sacramento County venue could be applied to this Agreement, which may result in additional expenses to the County that could exceed the contract amount.
3. The County agrees to indemnify Patton for any costs, losses, or claims resulting from (1) the County's subcontractors, (2) County's failure to pay salary or benefits to its employees or failure to comply with federal or state law, and (3) any injury or damages caused by the County.
  - The County standard contract does not contractually require the County to indemnify the other party under any circumstance.
  - Potential Impact: If a claim is filed against Patton by a third party that falls within the scope of this indemnification provision, the County would be contractually obligated and financially responsible for defending Patton for such claims and paying any resulting settlement or judgment.
4. The County agrees to allow Patton to inspect its facilities and systems, and make available for review its books and records to enable Patton to monitor compliance with the terms of the Agreement and to audit invoices submitted to Patton.
  - The County standard contract does not permit the other party to audit the County's compliance.
  - Potential Impact: If an audit determines that the County failed to comply with the terms of the Agreement, Patton may demand compliance or take other actions and seek other remedies as permitted by California law.
5. The County is required to maintain commercial general liability insurance with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability combined, professional liability insurance with limits of not less than \$1,000,000 per claim and \$2,000,000 aggregate, and workers' compensation and employer's liability insurance with limits of not less than \$1,000,000 per claim. The Agreement does not include any of the standard County insurance requirements.

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- The County standard contract does not impose any insurance requirements on the County, and instead requires the other party to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
- Potential Impact: The County will need to ensure that it maintains the required insurance coverages for the term of the Agreement. Because the Agreement lacks the standard County insurance provisions, the County has no assurance that Patton will be financially responsible for claims that may arise where Patton is responsible for such claims.

ARMC recommends approval of this Agreement, including the non-standard terms, as it will provide for the safety, health, and social service needs of County residents by increasing access to healthcare in our County.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on May 19, 2022; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on May 24, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on May 25, 2022.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Dawn Rowe Seconded: Joe Baca, Jr.

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: June 14, 2022



cc: ARMC- Gilbert w/agree for sign  
Contractor- C/O ARMC w/agree  
File- w/agree (BAI Only)  
File- Confidential

LA 06/17/2022