

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

May 9, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Revenue Provider Services Agreement with Inland Faculty Medical Group, Inc. for Ancillary Services

RECOMMENDATION(S)

1. Approve Revenue Provider Services **Agreement No. 23-331**, including non-standard terms, with Inland Faculty Medical Group, Inc. to reimburse Arrowhead Regional Medical Center for providing outpatient health care services to designated Medi-Cal Managed Care members, retroactively effective January 1, 2022 through December 31, 2026.
 2. Direct the Clerk of the Board of Supervisors to maintain the confidentiality of the Provider Services Agreement pursuant to Health and Safety Code Section 1457(c)(1).
- (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). This revenue agreement will be utilized to ensure reimbursement to Arrowhead Regional Medical Center (ARMC) from Inland Faculty Medical Group, Inc. (Inland Faculty) for providing outpatient care to certain Medi-Cal managed care plan members who are assigned to Inland Faculty.

BACKGROUND INFORMATION

Health plans contract with Independent Practice Associations (IPA), such as Inland Faculty, for the provision of care for their Medi-Cal managed care members. The recommended revenue agreement will provide reimbursement from Inland Faculty to ARMC for outpatient care services to Medi-Cal managed care plan members who are assigned to Inland Faculty. The agreement is retroactive to January 1, 2022, as that is the date Inland Empire Health Plan (IEHP), the primary Medi-Cal managed care plan in the County, changed its Division of Financial Responsibility designation for hospital outpatient care from the health plan to IPAs. This agreement will also make ARMC eligible for supplemental reimbursement through the Hospital Direct Payment Programs based on the services provided to those health plan members.

An IPA is an association of independent physicians that contract with health plans to provide services to the health plan's members. Generally, under the contracts between the health plans and the IPAs, including Inland Faculty, the health plans pay the IPAs a capitated rate per

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member per month, and in exchange, the IPAs are required to directly provide healthcare services to their assigned members, or pay for the services when otherwise not available through the IPA. In cases where Inland Faculty is unable to provide the healthcare services to the assigned member, Inland Faculty must contract and pay other healthcare providers to provide such care to the members.

The agreement with Inland Faculty is its standard commercial provider services agreement, negotiated by the parties, which includes terms that differ from the standard County contract and omits certain County standard contract terms as follows:

1. The agreement does not contain any of the standard County insurance provisions.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: The agreement does not include any of the County standard insurance requirements. This means that the County has no assurance that Inland Faculty will be financially responsible for claims that may arise, which could result in expenses to the County.
2. The agreement requires that the County maintain insurance policies or a program of self-insurance for professional liability of at least \$1,000,000 per claim and \$3,000,000 annual aggregate, general liability in coverage amounts normally maintained by similar providers in the industry. It also requires that the County notify Inland Faculty within three days of any cancellation, modification, or non-renewal of the insurance coverages.
 - The County standard contract does not impose any insurance requirements on the County.
 - Potential Impact: The County must be mindful of the insurance requirements under the agreement, and ensure that it maintains the necessary insurance coverage for the term of the agreement.
3. Each party must defend and indemnify the other party for their own acts, errors, or omissions in violation of the agreement.
 - The standard County contract does not impose an indemnification obligation on the County, and requires the contractor to defend and indemnify the County from third party claims arising out of the acts, errors, or omission of any person.
 - Potential Impact: If a claim arises that falls outside the scope of Inland Faculty's narrow scope of indemnification obligations, the County would be solely liable for the cost of defense and damages. By agreeing to indemnify Inland Faculty, 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 Inland Faculty without such limitations and the County would be responsible to defend and reimburse Inland Faculty for costs, expenses, and damages, which could exceed the total agreement amount.
4. Either party may terminate the agreement for any reason with 90 days written notice.
 - The standard County contract permits the County to terminate the contract with 30 days notice.
 - Potential Impact: ARMC will need to be mindful of the extended notice period when attempting to terminate the agreement for convenience.

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5. Either party may submit a dispute arising under the agreement for resolution exclusively through binding arbitration.
 - The County standard contract does not require arbitration.
 - Potential Impact: Inland Faculty requires the County to undergo binding arbitration for any disputes between the parties. Disputes that might otherwise be settled in small claims court would incur arbitration costs that would exceed the costs of a small claims action. Arbitration decisions are not appealable.
6. The agreement is silent on Inland Faculty's ability to assign the agreement.
 - In the County standard contract the County must approve any assignment of the contract.
 - Potential Impact: Without an express provision prohibiting Inland Faculty from assigning the agreement, Inland Faculty may assign the agreement to a third party without notice to the County and without the County's approval. This could allow the agreement to be assigned to a business with which the County is legally prohibited from doing business with due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge.

ARMC recommends approval of the agreement, including the non-standard terms, as it will ensure reimbursement to the County for outpatient services provided at ARMC to Medi-Cal members assigned to Inland Faculty, and allow ARMC to operate in a fiscally-responsible and business-like manner.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on March 23, 2023; Risk Management (Victor Tordesillas, Director, 386-3165) on March 30, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 17, 2023; Finance (Jenny Yang, Administrative Analyst, 387-5423) on April 20, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on April 24, 2023.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 9, 2023



cc: ARMC - Gilbert w/agree
Contractor - C/O ARMC w/agree
File - w/agree (BAI only)
File - Confidential files w/agree
CCM 05/11/2023