

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

May 23, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Physician Services Agreement with Valley Obstetrics and Gynecology Medical Group, Inc. for Obstetrics and Gynecology Services

RECOMMENDATION(S)

Approve **Physician Services Agreement No. 23-436**, including non-standard terms, with Valley Obstetrics and Gynecology Medical Group, Inc. to provide obstetrics and gynecology educational and medical services at Arrowhead Regional Medical Center, affiliated Family Health Clinics and various San Bernardino County Sheriff Department locations, in the amount of \$11,428,920, \$3,809,640 annually, plus variable amounts, for the period of July 1, 2023 through June 30, 2026.

(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.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The annual cost of \$3,809,640 for services are funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. The agreement includes fixed and variable costs. Variable costs are based on patient volume and are related to direct patient care. 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 will be included in the Arrowhead Regional Medical Center (ARMC) 2023-24 recommended budget and in future recommended budgets.

BACKGROUND INFORMATION

This Physician Services Agreement (Agreement) will allow Valley Obstetrics and Gynecology Medical Group, Inc. (Valley Obstetrics) to continue to provide highly and technically skilled, licensed physicians, nurse practitioners and allied health staff. This staff will provide health care services to ARMC patients, including County inmates and juveniles. Valley Obstetrics has provided obstetric and gynecological services at ARMC for over 20 years and has established relationships with ARMC patients.

On June 23, 2020 (Item No. 14), the Board of Supervisors (Board) approved Agreement No. 20-481 with Valley Obstetrics, to provide obstetrics and gynecology and educational services at ARMC, its Family Health Clinics and Specialty clinics, and various Sheriff locations, in the

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amount of \$6,065,460 plus variable charges, for the period of July 1, 2020, through June 30, 2023.

ARMC provides medical care and education programs for the hospital and the Family Health Clinics (FHCs) through physician service agreements with various medical corporations. All physicians provided by the corporations 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. This is also 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 corporations must complete an annual Statement of Economic Interests, 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 with Valley Obstetrics has been negotiated by the parties with the following non-standard contract terms:

1. The County is required to defend and indemnify Valley Obstetrics and its providers for medical malpractice and professional negligence.
 - The County's standard contract does not contractually require the County to indemnify its contractor under any circumstance.
 - Potential Impact: By agreeing to indemnify Valley Obstetrics, 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 Valley Obstetrics without such limitations and County would be responsible to defend and reimburse Valley Obstetrics for costs, expenses, and damages, which could exceed the total Agreement amount.
2. The Agreement does not include many of the standard County insurance requirements, including the waiver of subrogation and naming the County as an additional insured.
 - 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 Valley Obstetrics to carry any of the standard County required insurances. This means that the County has no insurance company assurances that Valley Obstetrics will be financially responsible for general liability claims that may arise from the Agreement, which could result in expenses to the County that exceed the total Agreement amount. Having no waiver of subrogation may allow Valley Obstetrics' insurers, if any, to bring suit against the County. Not being added as an insured to Valley Obstetrics' insurance policies means that the County cannot directly turn to Valley Obstetrics' insurers in pursuing a claim.
3. Either party may terminate the Agreement with 90 days written notice.

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- 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 this Agreement, including the non-standard terms, to provide for the safety, health and social service needs of county residents.

PROCUREMENT

Although the Government Code does not make an explicit exception to competitive bidding for professional physician services, Section 31000 provides the Board with the authority to contract with and employ any persons for the furnishing of "special services". Section 31000 authorizes a county to contract for medical services without the necessity of advertising for bids. It is the best interest of ARMC patients to allow them to continue with the existing physicians for continuity of care.

The Purchasing Department recognizes the specialized credentials and supports the non-competitive procurement for these services, allowing for continuity of care for patients in this specialty area.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5445) on April 20, 2023; Purchasing (Ariel Gill, Buyer, 777-0722) on May 1, 2023; Risk Management (Victor Tordesillas, Director, 386-3165) on May 3, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on May 1, 2023; Finance (Jenny Yang, Administrative Analyst, 387-4884) on May 3, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 4, 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: Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Col. Paul Cook (Ret.)

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 23, 2023



cc: ARMC - Gilbert w/agree
Contractor - C/O ARMC w/agree
File - w/agree
CCM 05/25/2023