

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

December 17, 2019

**FROM**

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

**SUBJECT**

Physician Service Agreement with Inland Medical Rehabilitation, Inc.

**RECOMMENDATION(S)**

Approve Physician Service **Agreement No. 19-838** with Inland Medical Rehabilitation, Inc. to provide medical services in the amount of \$80,000 per annum plus variable costs, for the period of January 1, 2020 through December 31, 2024.

(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 the recommendation will not result in the use of Discretionary General Funding (Net County Cost), as the total annual cost of \$80,000 plus variable charges are funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. This amendment includes variable costs that are dependent on patient volume. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Sufficient appropriation and revenue is included in the Arrowhead Regional Medical Center (ARMC) 2019-20 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

ARMC provides medical care and education programs for the hospital and the Family Health Clinics (FHCs) through physician service agreements with various medical corporations. These medical corporations provide highly and technically skilled, licensed physicians, nurse practitioners and allied health staff to provide health care services to ARMC patients. This physician service agreement provides for the safety, health and social service needs of county residents by ensuring the continued availability of appropriate and necessary health care for county residents.

An agreement with ECG Management Consultants, Inc. (ECG) was approved by the Board of Supervisors (Board) on July 11, 2019 (Item No. 12) to evaluate and provide recommendations on revising ARMC's current physician corporation agreements. This process included creating compensation terms of each agreement based on independent third party evaluation of fair market values.

ARMC is presenting this new physician service agreement with an existing physician group, which has been evaluated by ECG, for approval by the Board effective January 1, 2020. The previous agreement terminates on December 31, 2019. The agreement includes both fixed and

variable costs. Variable costs are based on patient volume and are related to direct patient care, thus the total amount for this physician agreement may vary based on the variable cost component.

This agreement includes a provision allowing termination by the Director of ARMC and may be terminated by either party for any reason with 120 day prior written notice.

#### **PROCUREMENT**

Although the Government Code (GC) does not make exception to competitive bidding for professional physician services, GC section 31000 provides the legislative body of any municipal corporation with the authority to contract with and employ any persons for the furnishing of "special services." Section 31000 has been interpreted by the courts as recognition by the Legislature of a municipal corporation's authority to employ a person who is highly and technically skilled in his science or profession without competitive bidding. The courts have viewed this section as removing all question of the necessity of advertising for bids for special services by a person specially trained and experienced and competent to perform the special services required.

County Purchasing recognizes the specialized credentials and supports the non-competitive procurement for these services.

#### **REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Scott Runyan, Deputy County Counsel, 387-5455) on November 20, 2019; Purchasing Department (Michelle Churchill, Supervising Buyer, 387-2070) on November 21, 2019; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773) on December 2, 2019; and County Finance and Administration (Katrina Turturro, Deputy Executive Officer, 387-5423) on December 2, 2019.

**Physician Service Agreement with Inland Medical Rehabilitation, Inc.  
December 17, 2019**

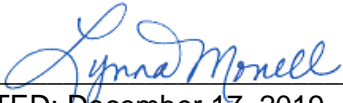
Record of Action of the Board of Supervisors  
County of San Bernardino

**APPROVED (CONSENT CALENDAR)**

Moved: Robert A. Lovingood Seconded: Josie Gonzales

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: December 17, 2019



cc: ARMC- Gilbert w/agree  
Contractor C/O ARMC w/agree  
File- w/agree  
la 12/19/2019