

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

**June 23, 2020**

**FROM**

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

**SUBJECT**

Amendment to Physician Service Agreement with Arrowhead Pathology Medical Group, Inc.

**RECOMMENDATION(S)**

Approve **Amendment No. 2** to Physician Service **Agreement No. 17-340** with Arrowhead Pathology Medical Group, Inc. to add language regarding key performance indicators, effective July 1, 2020, and extend the term of the contract by two years, from July 1, 2020, through June 30, 2022, with no change to the annual amount of \$1,466,714 plus variable amounts.  
(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 above recommended amendment will not result in the use of Discretionary General Funding (Net County Cost). Actual costs for services are funded by 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. Sufficient appropriation and revenue are included in Arrowhead Regional Medical Center's (ARMC) 2020-21 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of the recommended amendment will provide for the safety, health and social services needs of County residents by allowing ARMC to continue to provide patient care by amending the County's physician services agreement with Arrowhead Pathology Medical Group, Inc. (APMG) for APMG to provide educational, laboratory, and pathology services to the County for an additional two years.

On May 23, 2017 (Item No.11), the Board of Supervisors (Board) approved Physician Service Agreement No.17-340 with APMG to provide educational, laboratory, and pathology services at ARMC for the period of July 1, 2017, through June 30, 2020. On September 10, 2019 (Item No. 20), the Board approved Amendment No. 1 in order to add language to the Compensation Table to allow for variable compensation for teaching medical students, effective September 10, 2019, with no change to the annual amount of \$1,466,714 plus variable amounts or to the termination date of June 30, 2020.

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June 23, 2020**

ARMC provides medical care and education programs 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. The physician service agreements provide 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.

All physicians provided by the medical 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. Clinical privileges are granted 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 other terms of the Physician Service Agreement No.17-340 will remain the same, including non-standard indemnity and insurance provisions where the County indemnifies and insures APMG. ARMC recommends that these non-standard contract terms remain in place during the term of Amendment No. 2 so that there is no loss in services while ARMC prepares, issues, and completes a competitive procurement process for these services.

**PROCUREMENT**

California Government Code 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." Physician Service Agreement No. 17-340 is a contract for special services. This Amendment No. 2 to Physician Service Agreement No. 17-340 is a non-competitive procurement of special services. County Purchasing recognizes the specialized credentials and supports the non-competitive procurement for these services. ARMC intends to prepare, issue, and complete a competitive procurement for these services.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Scott Runyan, County Counsel, 387-5445) on May 19, 2020; Purchasing Department (Jacqueline Ambrose, Lead Buyer, 777-0722) on May 27, 2020; ARMC Finance (Chen Wu, Budget and Finance Officer, 909-580-3165) on May 28, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on June 5, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 7, 2020.

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

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: June 23, 2020



cc: ARMC- Gilbert w/agree  
Contractor- C/O ARMC w/agree  
File- w/agree  
la 06/25/2020