

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

February 9, 2021

**FROM**

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

**SUBJECT**

Hospital Services Agreement for Medi-Cal Services with Blue Shield of CA Promise Health Plan

**RECOMMENDATION(S)**

Approve Hospital Services Agreement **Contract No. 21-108** with Blue Shield of CA Promise Health Plan, retroactively effective January 1, 2021 through December 31, 2026, to reimburse Arrowhead Regional Medical Center for medical services provided to certain members of the plan, and direct the Clerk of the Board to maintain confidentiality of the agreement pursuant to California 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 the recommended Hospital Services Agreement with Blue Shield of CA Promise Health Plan will not result in the use of Discretionary General Funding (Net County Cost) as the Agreement will result in revenue for Arrowhead Regional Medical Center (ARMC). Sufficient appropriation and revenue have been included in the ARMC 2020-21 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Blue Shield of California Promise Health Plan is a managed care organization, wholly owned by Blue Shield of California, offering Medi-Cal, Cal MediConnect, Medicare Advantage HMO, and Dual Eligible Special Needs Plans. It is led by healthcare professionals with a “members-first” philosophy and is committed to building a quality network of providers and partnering with community organizations for its members.

Approval of the Blue Shield of CA Promise Health Plan (BSC) Hospital Services Agreement will allow ARMC to be part of the Blue Shield of California Promise network and be reimbursed at negotiated, predetermined rates. This Agreement provides for the safety, health and social service needs of San Bernardino County residents, as well as supporting fiscally-responsible and business-like operations by allowing residents to receive services while benefiting from the negotiated rates.

The Agreement is based on BSC’s standard commercial agreement, negotiated by the parties with the following non-standard County terms:

**Termination for Convenience**

Either party may terminate the Agreement without cause with at least 120 days advance written notice.

- The County's standard contract provides that either party may terminate the contract with 30 days prior written notice.
- Potential Impact: ARMC must be mindful of this longer notice period when initiating termination of the Agreement without cause as ARMC must give at least 120 days prior written notice.

**Indemnification**

Each party agrees to indemnify the other for claims which result from a breach of the indemnifying party's duties and obligations under the Agreement.

- The County's standard contract does not contractually obligate the County to indemnify the vendor under any circumstance.
- Potential Impact: By agreeing to indemnify BSC, 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 BSC without such limitations and the County would be responsible to defend and reimburse BSC for costs, expenses, and damages, which could exceed the total contract amount. It should be noted that BSC is similarly obligated to defend, indemnify, and hold harmless the County.

**Arbitration**

The Agreement requires that any dispute that exceed the jurisdiction of Small Claims Court be submitted to binding arbitration.

- The standard County contract does not require arbitration, and instead permits the parties to file a lawsuit in court over disputes that may arise.
- Potential Impact: The County waives its right to proceed with a lawsuit against BSC in claims where damages exceed \$10,000, and agrees to submit such disputes to binding arbitration if informal meet and confer discussions are unable to resolve the dispute. Arbitration decisions are generally not appealable.

**Insurance**

The Agreement does not include any of the standard County insurance requirements, including the waiver of subrogation and naming the County as an additional insured, and requires the County to maintain general liability, professional liability, and workers' compensation liability insurance.

- 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 include County standard insurance requirements. This means that the County has no assurance of an insurance company that BSC will be financially responsible for claims that may arise from the Agreement, which could result in expenses to the County that exceed the total contract amount. No waiver of subrogation may allow BSC's insurers to bring suit against the County. Not being added as an insured to BSC's insurance policies means that the County cannot directly turn to BSC's insurers in pursuing a claim.

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Pursuant to Health and Safety Code section 1457(c)(1) specific terms related to the rates of payment for health care services are not immediately subject to laws related to public records; therefore, the Clerk of the Board is directed to maintain confidentiality of this agreement.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on January 14, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on January 19, 2021 and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on January 24, 2021.

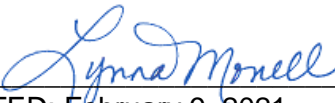
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Record of Action of the Board of Supervisors  
County of San Bernardino

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: February 9, 2021



cc: ARMC - Gilbert w/agree  
Contractor - C/O ARMC w/agree  
File - w/agree (BAI Only)  
File – Confidential Files w/agree  
CCM 02/12/2021