



# San Bernardino County

## Legislation Text

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**File #: 2429, Agenda Item #: 14**

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### **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**

Physician Service Agreements for Neonatology, Obstetrics and Gynecology, Pediatrics, and Radiology

#### **RECOMMENDATION(S)**

1. Approve Physician Service Agreement with Arrowhead Pediatric Medical Group, Inc. to provide pediatric educational and medical services at Arrowhead Regional Medical Center, in the amount of \$2,649,972 plus variable charges, for the period of July 1, 2020, through June 30, 2023.
2. Approve Physician Service Agreement with Arrowhead Radiology Medical Group, Inc. to provide educational and radiological services at Arrowhead Regional Medical Center, affiliated Family Health Clinics, and various Sheriff locations, in the amount of \$4,200,000 plus variable charges, for the period of July 1, 2020, through June 30, 2022.
3. Approve Physician Service Agreement 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 Sheriff locations, in the amount of \$6,065,460 plus variable charges, for the period of July 1, 2020, through June 30, 2023.
4. Approve Physician Service Agreement with Arrowhead Pediatric Medical Group, Inc. to provide neonatology educational and medical services at Arrowhead Regional Medical Center, in the amount of \$1,194,282, for the period of July 1, 2020, through June 30, 2023.

(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 recommended agreements will result in the use of additional Discretionary General Funding (Net County Cost) in the amount of \$100,000 annually, for radiology services rendered at Sheriff's locations. The remainder of costs 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) and 2020-21 budget and will be included in future recommended budgets. Sufficient appropriation for the additional increase of \$100,000 will be included in a future quarterly budget adjustment for the Sheriff's Department.

### **BACKGROUND INFORMATION**

Approval of the recommended agreements will provide for the safety, health and social services needs of County residents by allowing ARMC to continue to provide patient care at ARMC and associated Family Health and Specialty clinics through the provision of neonatology, obstetrics and gynecology, pediatrics, and radiology services.

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, including county inmates and juveniles.

Physicians at ARMC provide special services in the medical profession that are not available from other public sources or any public agency.

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 of Supervisors (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.

The physician service agreements will allow for the continued provision of patient care at ARMC and associated FHCs through the provision of neonatology, obstetrics and gynecology, pediatrics, and radiology services.

An agreement with ECG Management Consultants, Inc. (ECG) was approved by the Board on June 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.

The County's existing physician services agreements with the physician groups identified below are due to expire on June 30, 2020. ARMC is presenting the following new physician services agreements, which have been evaluated by ECG, for approval by the Board effective July 1, 2020.

Physician Group	Services Provided	Expiration Date	Total Estimated Annual Cost
Arrowhead Pediatric Medical Group, Inc.*	Pediatric services	June 30, 2023	\$883,324
Arrowhead Radiology Medical Group, Inc.*	Radiology services	June 30, 2022	\$2,100,000
Valley Obstetrics and Gynecology Medical Group, Inc.*	Obstetrics and Gynecology services	June 30, 2023	\$2,021,820
Arrowhead Pediatric Medical Group, Inc.	Neonatal services	June 30, 2023	\$398,094

Some of the total estimated annual costs listed above include estimated variable costs. The agreements with physician groups indicated with an asterisk (\*) contain fixed and variable costs. Variable costs are based on patient volume and are related to direct patient care, thus the total amount for each of these physician agreements may vary based on the variable cost component.

New agreements are recommended at this time in order to update language and provisions to clarify terms, ensure compliance with State Medi-Cal and Federal Medicare, and to address recommendations received from The Joint Commission.

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 interest which may present any conflict with performance of duties under the agreement.

The physician services agreements include the same indemnity and insurance provisions that were included in the agreements that are expiring on June 30, 2020. These provisions require the County to indemnify and insure the physician groups for the physician groups' negligence. ARMC is recommending approval of the agreements with these non-standard terms as the special services are critical to ARMC. Prior to the expiration of these contracts, ARMC intends to complete a competitive procurement for these services which will include the County's standard indemnity and insurance provisions.

### **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."

The recommended physician services agreements were the result of a non-competitive procurement. 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, County Counsel, 387-5445) on May 29, 2020; Purchasing Department (Jacqueline Ambrose, Lead Buyer, 777-0722) on June 1, 2020; ARMC Finance (Chen Wu, Budget and Finance Officer, 909-580-3165) on June 2, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on June 11, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 11, 2020.