



# San Bernardino County

## Legislation Text

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**File #: 3222, Agenda Item #: 20**

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

**November 17, 2020**

#### **FROM**

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

#### **SUBJECT**

Transfer Agreement with Loma Linda University Children's Hospital, for Pediatric Patients in Need of Specialized Hospital Services

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

Approve Transfer Agreement with Loma Linda University Children's Hospital, for the transfer of pediatric patients in need of specialized hospital services, effective December 1, 2020, through November 30, 2025.  
(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 Agreement with Loma Linda University Children's Hospital (LLUCH) will not result in the use of Discretionary General Funding (Net County Cost) as all potential costs associated with the transfer of patients to LLUCH are funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Sufficient appropriation and revenue are included in the Arrowhead Regional Medical Center (ARMC) 2020-21 budget and will be included in future recommended budgets.

#### **BACKGROUND INFORMATION**

The agreement with LLUCH allows for continued transfer of pediatric patients from ARMC to LLUCH. The agreement allows ARMC to transfer patients to LLUCH who require specialized hospital services or a higher level of care that cannot be provided at ARMC. The transfer agreement provides for the safety, health and social service needs of County residents by ensuring patients receive specialized or higher level of care.

State and Federal mandates require that when a specialized healthcare facility with the ability to provide a patient with a higher level of care is contacted by an admitting hospital that is unable to provide optimal care for a patient, the specialized healthcare facility must accept the transfer of the critically ill patient. LLUCH will be reimbursed directly from the patient, third-party payer, or other sources normally billed for services rendered at LLUCH, but the County will be responsible for any difference between the patient's third-party payor payment and the applicable Medicare Diagnosis-Related Group (DRG) and/or Ambulatory Payment Classifications (APC) rates plus thirty-percent. Additionally, if LLUCH is unable to obtain reimbursement from any third-party payors, this Agreement requires the County to reimburse LLUCH for the cost of care at the applicable Medicare DRG and/or APC rate plus 30%.

The Transfer Agreement was negotiated by the parties and include the following non-standard County terms:

**Indemnification**

The County must indemnify LLUCH against all claims resulting from the negligent acts or failures to acct of the County.

- The County's standard contract does not provide for the indemnification of the contractor for any reason.
- Potential Impact: By agreeing to indemnify LLUCH, 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 LLUCH without such limitations and the County would be responsible to defend and reimburse LLUCH for costs, expenses, and damages, which could exceed the total contract amount.

**Insurance**

The Transfer Agreement does not include any 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 include County standard insurance requirements. This means that the County has no assurance that LLUCH will maintain the insurance coverages typically required of County vendors, and that to the extent LLUCH does not maintain sufficient coverages, the County may be financially liable, which could result in expenses to the County that exceed the total contract amount. No waiver of subrogation may allow LLUCH's insurers, if any, to bring suit against the County. Not being added as an insured to LLUCH's insurance policies means that the County cannot directly turn to LLUCH's insurers in pursuing a claim.

ARMC recommends approval of the Transfer Agreement, including the non-standard terms, to ensure that it continues to have the ability to transfer patients to LLUCH where medically appropriate.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on October 23, 2020; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on Month 23, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on October 29, 2020; and County Finance (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 31, 2020.