Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No.: A-14083, Third Amendment
Upon motion of Supervisor Adams, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

Authorized the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute amendment no. 3 to the agreement (A-14083) with Health Management Associates, Inc. for consulting services on patient alignment and Monterey County ambulatory clinics for Natividad, extending the agreement an additional one (1) year period (January 2, 2019 through January 1, 2020) for a revised full agreement term of January 2, 2017 through January 1, 2020, and adding $230,000 for a revised total agreement amount not to exceed $380,000.

PASSED AND ADOPTED on this 11th day of December 2018, by the following vote, to wit:

AYES: Supervisors Alejo, Salinas, Phillips, Parker and Adams
NOES: None
ABSENT: None

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 81 for the meeting December 11, 2018.

Dated: December 12, 2018
File ID: A 18-475

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

Joel G. Pablo, *Deputy*

AMENDMENT NO. 3
TO SERVICES AGREEMENT
BETWEEN HEALTH MANAGEMENT ASSOCIATES, INC. AND
NATIVIDAD MEDICAL CENTER
FOR
CONSULTING SERVICES ON PATIENT ALIGNMENT AND MONTEREY COUNTY AMBULATORY CLINICS

This Amendment No. 3 to the Services Agreement ("Agreement") which was effective on January 2, 2017 is entered into by and between the County of Monterey (hereinafter "COUNTY"), on behalf of Natividad Medical Center (hereinafter "NMC"), and **Health Management Associates, Inc.** (hereinafter "CONTRACTOR"). Collectively, COUNTY, NMC and CONTRACTOR are referred to as the "Parties", with respect to the following:

RECITALS

WHEREAS, the County of Monterey on behalf of Natividad Medical Center and Health Management Associates, Inc. entered into an Agreement for consulting services on patient alignment and Monterey County ambulatory clinics with a term January 2, 2017 through January 1, 2018 and a total Agreement amount not to exceed $45,000; and

WHEREAS, the Parties amended the Agreement on January 31, 2018 via Amendment No. 1 to extend the term for an additional one year period through January 1, 2019 to allow for services to continue with revisions to the original Scope of Services attached to Amendment No. 1 as "Exhibit A-1 per Amendment No. 1" and with a $55,000 increase, thereby increasing the total Agreement amount to $100,000; and

WHEREAS, the Parties amended the Agreement on August 28, 2018 via Amendment No. 2 to add additional services as per the revised Scope of Services attached to Amendment No. 2 as "Exhibit A-2 per Amendment No. 2" and with an increase of $50,000 with no extension to the term, thereby increasing the total Agreement amount to $150,000; and

WHEREAS, the Parties currently wish to amend the Agreement to extend the term for an additional one (1) year period through January 1, 2020 for a revised full Agreement term of January 2, 2017 through January 1, 2020 with additional services added to the Scope of Services attached hereto as "Exhibit A-3 per Amendment No. 3" and to add an additional $230,000 for a revised total Agreement amount not to exceed $380,000.

AGREEMENT

NOW, THEREFORE, the Parties agree to amend the Agreement as follows:

The Agreement is hereby renewed on the terms and conditions as set forth in the original Agreement and in Amendment No 1 and Amendment No. 2 incorporated herein by this reference, except as specifically set forth below.

1. ***Paragraph titled, "PAYMENTS BY NMC" shall be amended by removing:***
   "NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in Exhibit A-2 as per Amendment No. 2 attached hereto this Amendment No. 2, subject to the limitations set forth in this Agreement. The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of $150,000."

and replacing it with:

"NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in Exhibit A-3 as per Amendment No. 3 attached hereto this Amendment No. 3, subject to the limitations set forth in this Agreement. The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of $380,000."

2. ***Paragraph titled, "SCOPE OF SERVICES AND ADDITIONAL PROVISIONS/EXHIBITS" shall be amended by removing the following:***

   "the following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

   Exhibit A-2: Revised Scope of Services/Payment Provisions as per Amendment No. 2
   Exhibit B: Business Associate Agreement"

   and replacing it with:

   "the following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

   Exhibit A-3: Revised Scope of Services/Payment Provisions as per Amendment No. 3
   Exhibit B: Business Associate Agreement"

3. Except as provided herein, all remaining terms, conditions and provisions of the original Agreement are unchanged and unaffected by this Amendment No. 3 and shall continue in full force and effect as set forth in the original Agreement and in Amendment No. 1 and Amendment No. 2.

4. A copy of this Amendment No. 3 shall be attached to the original Agreement.

5. This Amendment No. 3 shall be effective when signed by both parties.

~ Signature page to follow ~

IN WITNESS WHEREOF, the Parties hereto are in agreement with this Amendment No. 3 on the hasis set forth in this document and have executed this Amendment No. 3 on the day and year set forth herein.

NATIVIDAD MEDICAL CENTER

By: _____
for Gary R. Gray, DO, CEO

Date: 12-11-18

APPROVED AS TO LEGAL PROVISIONS

By: _____
Monterey County Deputy County Counsel

A Brereton
Name

Date: 11-26-18

APPROVED AS TO FISCAL PROVISIONS

By: _____
Monterey County Deputy Auditor-Controller

Gary K. Gibney
Name

Date: 11-27-18

CONTRACTOR

Health Management Associates, Inc.
CONTRACTOR's Business Name
Signature instructions below

By: _____
(Signature of: Chair, President, or Vice-President)

Kelly Johnson, Vice President
Name and Title

Date: 11/12/2018

By: _____
(Signature of: Secretary, Asst. Secretary, CFO, Treasurer, or Asst. Treasurer)

Bruce Gould, VP/CFO/Secretary
Name and Title

Date: 11/13/2018

Signature Instructions:

If CONTRACTOR is a corporation; including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers (2 signatures required).

If CONTRACTOR is a partnership; the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership (2 signatures required).

If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement (1 signature required).

To Agreement by and between
NATIVIDAD MEDICAL CENTER
and
HEALTH MANAGEMENT ASSOCIATES, INC.
("CONTRACTOR")

EXHIBIT A-3 Revised Scope of Services/Payment Provisions

Health Management Associates, Inc. is a consulting firm experienced in feasibility studies and program development with a deep knowledge of county hospital system operations, network development and health plan member access, commercial product benefits designs, and the California health plan regulatory structure across all domains of publicly funded health care.

I. Description of Services to be Rendered by CONTRACTOR *(January 2, 2017 – June 30, 2017)*:

- CONTRACTOR shall explore various approaches to providing healthcare benefits that would encourage the use of the medical center by county employees.
- CONTRACTOR shall review programs that other counties, both within California and nationally, have in place with regard to benefits and network designs to lower costs and to direct care into specific provider systems.
- CONTRACTOR shall contact Ventura County and Santa Clara County administrators to gain greater insight into those county-run health plans.
- CONTRACTOR shall also explore other California counties for benefit design opportunities.
- CONTRACTOR shall use its national consulting network to review programs in other states for applicability to Monterey County.
- CONTRACTOR shall summarize these findings in a report for Natividad Medical Center leadership.
- CONTRACTOR shall work with the actuarial firm engaged by the County to evaluate current benefits, reviewing insurance carrier eligibility, cost, and utilization reports for:
  - Cost and utilization trends
  - Network utilization trends
- CONTRACTOR shall evaluate the provider network within the current benefit offering to identify network design opportunities to redirect care into the medical center.
- CONTRACTOR shall identify barriers (geographic, reputational, etc.) to county employee use of County medical center facilities.

- CONTRACTOR shall develop cost-efficient benefit and network design proposals designed to incorporate, to the greatest extent possible, direct care into the medical center.
- Staffing arrangements for this project is as follows:
  - Michael Engelhard (***Managing Principal***) will serve as the HMA project manager
  - Primary staff: Jonathan Freedman (***Managing Principal***), Tom Murar (***Principal***), Joanne Kauffman (***Research Assistant***)
  - Additional HMA staff will provide services as appropriate.

II. Description of Services to be Rendered by CONTRACTOR ***(January 1, 2018 – January 1, 2019)*****:**

- CONTRACTOR shall provide assistance in improving the financial and operational alignment between Natividad, other parts of the Monterey County health portfolio, private providers, and the Central California Alliance for Health, Medi-Cal managed care, plan/provider issues, payment reform, and quality issues.
- CONTRACTOR shall provide assistance on how Natividad and Monterey County can mitigate the negative impact of changes to the ACA and Medicaid financing linked to the managed care rule (i.e. supplemental payments, hospital financing), and anticipated Congressional action.
- CONTRACTOR shall provide assistance in improving alignment of the Drug Medi-Cal Organized Delivery System, Whole Person Care, Health Homes, and other initiatives focused on high-need clients in the County.
- Most of the contracted work will take place through meetings and conference calls with Natividad and may also include drafting or editing written products for designated audiences on the topics mentioned above.
- Staffing arrangements for this project is as follows:
  - Jonathan Freedman (***Managing Principal***) will serve as the HMA project manager and will be the primary staff.
  - Additional HMA staff will provide services as appropriate.

III. Description of Services to be Rendered by CONTRACTOR ***(February 1, 2018 – January 1, 2019)*****:**

- CONTRACTOR shall provide financial analysis of Natividad and Monterey County ambulatory clinics.
- Most of the contracted work will take place through meetings and conference calls with Natividad and may also include drafting or editing written products for designated audiences on the topics mentioned above.
- Staffing arrangements for this project is as follows:
  - Jonathan Freedman (***Managing Principal***) will serve as the HMA project manager and will be the primary staff.

- Additional HMA staff will provide services as appropriate.

IV. Description of Services to be Rendered by CONTRACTOR *(January 2, 2019 – January 1, 2020)*:

- CONTRACTOR shall provide management support which consists of development of work plans, meeting facilitation, and problem-solving on activities to improve patient care alignment between Natividad and Monterey County ambulatory clinics.
- Most of the contracted work will take place through presence of an HMA consultant on-site at Natividad and Monterey County ambulatory clinics.
  - On-site support is estimated to be two (2) days per week over the first five (5) months, and over remaining months as mutually determined.
- Staffing arrangements for this project will be determined by HMA, subject to Natividad approval.

V. Payment Provisions:

- CONTRACTOR's compensation for services rendered shall be based on the pricing/fee schedule in section IV attached hereto.
- CONTRACTOR warrants that the cost charged for services under the terms of this contract are not in excess of those charged any other client for the same services performed by the same individuals.
- CONTRACTOR shall provide services described above on a time-and-materials basis.
- CONTRACTOR shall submit invoices monthly for services provided in the previous month.
- Payment may be based upon satisfactory acceptance of each deliverable, payment after completion of each major part of the Agreement, payment at conclusion of the Agreement, etc.
- County may, in its sole discretion, terminate the contract or withhold payments claimed by CONTRACTOR for services rendered if CONTRACTOR fails to satisfactorily comply with any term or condition of this Agreement.
- No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by County.
- County and CONTRACTOR agree that CONTRACTOR shall be reimbursed for travel expenses during this Agreement. CONTRACTOR shall receive compensation for travel expenses as per the ***Monterey County Travel and Business Expense Reimbursement Policy***. A copy of the policy is available online at www.co.monterey.ca.us/auditor/policies.htm. To receive reimbursement, CONTRACTOR must provide a detailed breakdown of authorized expenses, identifying what was expended and the date expended; receipt for all travel expenses, excluding meals, shall be provided.

VI. Pricing/Fees:

- *Estimated costs for this Agreement shall not exceed $380,000.*
- Should additional work be required that would cause additional fees to be incurred, CONTRACTOR will provide a written SOW and cost estimate for this additional work to Natividad for its approval ensuring that project fees will not be incurred beyond this amount without Natividad's prior approval.

HMA Project Estimate	
Description	**Amount**
Employee health benefits analysis	$12,000
Health reform discussion (Ad Hoc Committee presentation)	$3,000
Patient Alignment Project: scoping sessions, market assessment, and site visit (Clinical and Non-clinical)	$341,000
Financial analysis (FQHCs)	$24,000
TOTAL	**$380,000**

HMA Hourly Rates		
Title	**Professional Hourly Rate**	**Travel Time Rate**
Physician Principal	$485	$247
Managing Principal	$415	$217
Principal	$390	$205
Senior Consultant	$335	$175
Consultant	$225	$117
Research Assistant	$185	$92
Clerical and Other Staff Support	$95	N/A