

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	May 24, 2011	AGENDA NO.:	24
SUBJECT:	a. Approve the Amended and Restated Agreement for Acute Rehabilitation Services ("Agreement") between the County of Monterey ("County"), on behalf of Natividad Medical Center ("NMC"), and RehabCare Group Management Services, Inc to provide management and rehabilitation services for the NMC Acute Rehabilitation Unit (ARU), for a total amount not to exceed \$4,088,525 for the term July 1, 2010 through June 30, 2012.		
	b. Authorize the NMC Purchasing Manager to execute the Agreement for a total amount not to exceed \$4,088,525 for the term July 1, 2010 through June 30, 2012		
DEPARTMENT:	Natividad Medical Center		

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the Amended and Restated Agreement for Acute Rehabilitation Services ("Agreement") between the County of Monterey ("County"), on behalf of Natividad Medical Center ("NMC"), and RehabCare Group Management Services, Inc to provide management and rehabilitation services for the NMC Acute Rehabilitation Unit (ARU), for a total amount not to exceed \$4,088,525 for the term July 1, 2010 through June 30, 2012.
- b. Authorize the NMC Purchasing Manager to execute the Agreement for a total amount not to exceed \$4,088,525 for the term July 1, 2010 through June 30, 2012

SUMMARY:

The County of Monterey, on behalf of NMC, has an agreement with RehabCare Group Management Services, Inc, a leading national provider of post-acute services, managing rehabilitation programs in partnership with over 1,270 hospitals and skilled nursing facilities in 42 states. For the last eight years, pursuant to the parties' agreement, RehabCare has operated NMC's Acute Rehabilitation Unit ("ARU"), a specialized clinical unit that serves patients with a multitude of diagnoses including stroke, orthopedic conditions, arthritis and traumatic brain injuries. The parties' existing agreement, which has been amended five times, expires June 30, 2012. The parties seek to amend the agreement for a sixth time to, among other things, change the scope of the arrangement but keep the same termination date. Given the nature of the negotiated amendments and the extent and number of prior amendments, the parties determined that their agreement needed to be clarified and restated, not merely amended. The Restated Agreement and Amendment is a product of many months of negotiation.

DISCUSSION:

Pursuant to the parties' existing agreement, RehabCare has managed NMC's ARU under the direction of a Medical Director and has performed outpatient (non-ARU) rehabilitation services for NMC patients. In June 2010, NMC initiated discussions with RehabCare regarding discontinuing the vendor's management of outpatient rehabilitation services at NMC and having NMC staff perform these services directly. In July 2010, the Medical Director of the ARU became a contracted

employee of the County, no longer requiring NMC to pay RehabCare for his services under the existing agreement. NMC and RehabCare agreed after much negotiation that the outpatient services by RehabCare would conclude September 30, 2010.

The outcome of the parties' negotiations and related events required changes to the parties' existing multi-part, multi-page agreement. Accordingly, NMC and RehabCare negotiated a Restated and Amended Agreement to memorialize the parties' negotiated changes to their arrangement and to reduce ambiguity and confusion in the agreement introduced by prior amendments. The negotiations were protracted, requiring many months of negotiation, careful drafting by outside healthcare law counsel, and several layers of internal review at the County and at the vendor.

As a result of the restated and emended agreement, the maximum liability under the parties' agreement has been reduced.

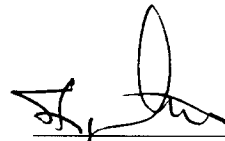
OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

FINANCING:

The Restated Agreement and Amendment shall be financed by NMC. This action will not require any additional General Fund subsidy

Prepared by:
Andrea Rosenberg, Administrator 755-6285
April 5, 2011



Harry Weis
Chief Executive Officer

Attachments: Amended and Restated Agreement, Board Order