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File #:	A 12-063	Version: 1	Name:	RehabCare Amendment #1
Type:	BoS Agreement		Status:	Consent Agenda
File created:	5/6/2012		In control:	Board of Supervisors
On agenda:	6/12/2006		Final action:	

**Title:** Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

**Attachments:** [RehabCare Legistar, Completed Board Order](#)

[History \(0\)](#)   
 [Text](#)

**Title**

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

**Body**

**RECOMMENDATION:**

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

**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. Prior to the agreement with RehabCare, NMC operated a Long Term Care facility. The service line was not profitable and therefore NMC pursued the implementation of an Acute Rehabilitation Unit in its place. At that time, Natividad went through a rigorous process of establishing criteria for a Request for Proposals (RFP) based on the County, State and Federal guidelines for providing this level of service. RehabCare was selected as a result of RFP #9678 in February of 2003. For the last nine 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 had been amended for the fifth time, was amended and restated in 2011 and expires June 30, 2012. NMC seeks to execute Amendment No. 1 to the Amended and Restated Agreement to provide for an annual rate change to the monthly service fees payable by the County to RehabCare.

**DISCUSSION:**

RehabCare manages NMC's Acute Rehab Unit under the direction of the NMC Medical Director providing rehabilitation services for NMC patients. This Amendment No. 1 to the 2011 Amended and Restated Agreement extends the term for an additional two years and provides for an annual rate change to the monthly service fees payable by the County to the

Contractor based on the Consumer Price Index (CPI). The new rate provided by Amendment No. 1 is based upon the Medical Care expenditure category of the CPI for All Urban Consumers, U.S. City Average, published by the U.S. Bureau for Labor Statistics. This compares the CPI for the fourth month preceding the applicable anniversary date, with the CPI for the same month of the prior year. This Amendment No. 1 changes the fees payable under the agreement by the same percentage that the CPI has changed between respective months. The CPI Med is 3.605%. Subsequently, the monthly service fees payable by the County increases as well as the monthly Therapy Fees that are directly related to the Average Daily Census as noted on the Monthly Therapy Staffing Fee Schedule.

This Amendment No. 1 increases the maximum liability over the next two fiscal years to \$7,946,735 for the full term of the Agreement and \$1,929,105 for fiscal year 2012/13.

The following is the annual spend per fiscal year beginning in fiscal year 2008/2009, and the total spent to date (as of 5-24-12) for fiscal year 2011/2012:

FY 08-09:	\$2,120,835
FY 09-10:	\$2,599,549
FY 10-11:	\$2,047,833
FY 11-12:	\$1,000,426.80 under an encumbered Purchase Order of \$2,040,691.83

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this Amendment as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment as to fiscal provisions. The Amendment has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

**FINANCING:**

The cost for this Amendment is \$3,858,210 over two Fiscal Years, (2012/13 and 2013/14). \$1,929,105 is included in the Fiscal Year 2012/2013 Recommended Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Carol Jordan, Chief Nursing Officer, 783-2560  
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Amended and Restated Agreement, Amendment #1.



## Monterey County

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

### Board Order

**Agreement No.: A-09333**

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board of Supervisors hereby:

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

PASSED AND ADOPTED on this 12th day of June 2012, by the following vote, to-wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, 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 76 for the meeting on June 12, 2012.

Dated: June 25, 2012  
File Number: A 12-063

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By *Danielle Hancock*  
Deputy

**AMENDMENT NO. 1 to the Amended and Restated Agreement  
FOR PROFESSIONAL SERVICES AGREEMENT  
BETWEEN RehabCare Group Management Services Inc. AND  
THE NATIVIDAD MEDICAL CENTER  
FOR  
Management and Rehabilitation Services**

The parties to Amended and Restated Agreement for Professional Services, dated July 1, 2010 between the County of Monterey, on behalf of Natividad Medical Center (“NMC”), and RehabCare Group Management Services (“Contractor”), hereby agree to amend their Amended and Restated Agreement (No. A-09333) on the following terms and conditions:

**WHEREAS**, the County and Contractor wish to amend the Amended and Restated Agreement to extend the term end date to allow for existing services to continue for two additional fiscal years.

**WHEREAS**, the County and Contractor wish to amend the Amended and Restated Agreement to increase the monthly service fees payable to Contractor by County and to increase the amount refunded by Contractor to County per unsuccessfully appealed claim.

**WHEREAS**, the County and Contractor wish to amend the Amended and Restated Agreement to provide for an annual rate change to the monthly service fees payable by County to Contractor, based upon the Consumer Price Index.

**WHEREAS**, the County and Contractor wish to amend the Amended and Restated Agreement to increase the total contract amount to \$7,946,735 for the full term of the entire agreement (an increase of \$3,858,210), due to the term extension and increase in monthly service fees.

1. **Section 5.1.** Section 5.1 to the Agreement is hereby amended to read in its entirety as follows:

**“5.1. Compensation for Services.** Compensation for any unbilled or unpaid Inpatient Rehabilitation Services provided before the Effective Date shall be calculated, billed and due and payable in accordance with the terms and provisions set forth in the Original Agreement. Beginning on the Effective Date, for all of the Inpatient Rehabilitation Services, except Temporary Therapy Services, County shall pay RehabCare Group, Inc., as agent for Contractor, a service fee each month for Services provided by Contractor pursuant to this Agreement (the “Service Fee”). Such Service Fee shall be \$54,538.71 per month, which Service Fee shall cover all Services provided by Contractor (excluding Temporary Therapy Services) plus a Therapy Staffing Fee based on the table below:

MONTHLY THERAPY STAFFING FEE

IRF ADC	Therapy Staffing Fee	Therapy Staffing FTE Range
0.00 – 5.99	\$36,567.39	1.25 – 4.25 FTE
6.00 - 7.99	\$50,498.12	3.00 – 5.50 FTE
8.00 - 9.99	\$64,428.85	4.00 – 6.75 FTE
10.00 - 11.99	\$78,358.54	5.00 – 8.00 FTE

12.00 - 13.99	\$92,289.27	5.75 – 9.25 FTE
14.00 - 15.99	\$106,220.00	6.75 – 10.25 FTE
16.00 - 17.99	\$120,149.70	7.75 – 11.50 FTE
18.00 - 20.00	\$134,080.43	8.75 – 13.00 FTE”

2. **Section 5.5.** Section 5.5 is hereby amended to read in its entirety as follows:

**“5.5 Appeals of Denied Claims.** As soon as practicable following Contractor’s receipt of a Denial Notice from County, Contractor shall, at its cost, appeal the Denied Claim in accordance with applicable Medicare regulations through the Administrative law Judge level of appeal. County shall cooperate fully with Contractor, including providing timely access to necessary medical records and personnel, as well as timely completion of all appeal forms, and by notifying Contractor within 10 days of any communication received by County related to the Denied Claim or the appeal process. If such Denied Claims are reserved through the aforementioned appeals processes, Contractor shall keep all service fees paid as set forth above. If, however, Contractor does not prevail in the appeals processes, through the Administrative Law Judge level of appeal (“unsuccessfully appealed claim”), Contractor will refund to County \$4,817.52 per unsuccessfully appealed claim. If County experiences a significant increase in unsuccessfully appealed Denied Claims, the parties agree to readdress appeals processes and reimbursement arrangement for Denied Claims.”

3. **New Section 5.6.** Section 5.6 is hereby added to the Agreement to read in its entirety as follows:

**“5.6 Annual Rate Change to Service Fee.** The service fee payable under Section 5.1 will be adjusted annually on the anniversary of the Operational Date to provide for an annual rate change. The rate change is based upon the Medical Care expenditure category of the Consumer Price Index for All Urban Consumers, U.S. City Average, published by the U.S. Bureau for Labor Statistics (“CPI”), comparing the CPI for the fourth (4<sup>th</sup>) month preceding the then occurring anniversary date with the CPI for the same month of the prior year and changing the fees payable under this Agreement in the same percentage that such index has changed between such respective months.”

4. **New Section 5.7.** Section 5.7 is hereby added to the Amended and Restated Agreement to read in its entirety as follows:

**“ 5.7 Maximum Liability.** The total amount payable by County to Contractor under Agreement (No. A-09333) shall not exceed the total sum of \$7,946,735 for the full term of the Agreement and \$2,263,429.71 for fiscal year 2012-2013.”

5. **Section 6.1.** Section 6.1 is hereby amended to read in its entirety as follows:

**“6.1 Term.** This term of this Agreement commenced on February 25, 2003, and shall continue until June 30, 2014 (the “Term”) unless sooner terminated in accordance with the provisions of this ARTICLE VI.”

6. The effective date of this Amendment is July 1, 2012.

7. Except as provided herein, all remaining terms, conditions and provisions of the Amended and Restated Agreement are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Amended and Restated Agreement.

8. A copy of this Amendment shall be attached to the Amended and Restated Agreement (No. A-09333).

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

**CONTRACTOR**

Signature 1 MP Well Dated 4/18/12  
Printed Name MARY PAT WELL Title SR. VP  
Signature 2 \_\_\_\_\_ Dated \_\_\_\_\_  
Printed Name \_\_\_\_\_ Title \_\_\_\_\_

\*\*\*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. 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 Amendment on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Amendment.

**NATIVIDAD MEDICAL CENTER**

Signature [Signature] Dated 6-13-12  
Purchasing Manager  
Signature [Signature] Dated 4/23/12  
NMC - CEO

**Approved as to Legality and Legal Form:**

Charles J. McKee, County Counsel  
County of Monterey

By [Signature] Dated: 4/27, 2012  
Stacy Sacca, Deputy

Reviewed as to fiscal provisions  
[Signature]  
Auditor/Controller  
County of Monterey  
4/30/12

**AMENDMENT NO. 1 to the Amended and Restated Agreement  
FOR PROFESSIONAL SERVICES AGREEMENT  
BETWEEN RehabCare Group Management Services Inc. AND  
THE NATIVIDAD MEDICAL CENTER  
FOR  
Management and Rehabilitation Services**

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6. The effective date of this Amendment is July 1, 2012.

7. Except as provided herein, all remaining terms, conditions and provisions of the Amended and Restated Agreement are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Amended and Restated Agreement.

8. A copy of this Amendment shall be attached to the Amended and Restated Agreement (No. A-09333).



IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

**CONTRACTOR**

Signature 1 MP WELC Dated 4/18/12  
Printed Name MARY PAT WELC Title SR. VP  
Signature 2 \_\_\_\_\_ Dated \_\_\_\_\_  
Printed Name \_\_\_\_\_ Title \_\_\_\_\_

\*\*\*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. 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 Amendment on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Amendment.

**NATIVIDAD MEDICAL CENTER**

Signature [Signature] Dated 6-13-12  
Purchasing Manager  
Signature [Signature] Dated 4/23/12  
NMC - CEO

**Approved as to Legality and Legal Form:**

Charles J. McKee, County Counsel  
County of Monterey

By [Signature]  
Stacy Saeita, Deputy

Dated: 4/27, 2012

Reviewed as to legal provisions  
[Signature]  
Auditor-Controller  
County of Monterey  
4-30-12