



# Monterey County Board of Supervisors

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

## Board Order

### Agreement No.: A-13348

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

Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 1 to the Agreement with Chancellor Consulting Group, Inc. for Healthcare Management Consulting Services, extending the Agreement an additional three (3) year period (November 18, 2016 through November 16, 2019) for a revised full term of November 17, 2014 through November 16, 2019, and adding \$150,000 for a revised total Agreement amount not to exceed \$250,000.

PASSED AND ADOPTED on this 8th day of November 2016, by the following vote, to wit:

AYES: Supervisors Phillips, Salinas and Parker


NOES: None

ABSENT: Supervisors Armenta and Potter

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 79 for the meeting on November 8, 2016.

Dated: November 9, 2016  
File ID: A 16-328

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

By   
Deputy

**AMENDMENT NO. 1  
TO SERVICES AGREEMENT  
BETWEEN CHANCELLOR CONSULTING GROUP, INC. AND  
NATIVIDAD MEDICAL CENTER  
FOR  
HEALTHCARE MANAGEMENT CONSULTING SERVICES**

This Amendment No. 1 to the Services Agreement (“Agreement”), which was effective on November 17, 2014, is entered into by and between the County of Monterey, on behalf of Natividad Medical Center (hereinafter “NMC”), and Chancellor Consulting Group, Inc. (hereinafter “CONTRACTOR”); (collectively, the County, NMC and CONTRACTOR are referred to as the “Parties”), with respect to the following:

**RECITALS**

**WHEREAS**, the Agreement was executed for healthcare management consulting services with a term of November 17, 2014 through November 16, 2016 and a total Agreement amount not to exceed \$100,000; and

**WHEREAS**, NMC and CONTRACTOR currently wish to amend the Agreement to extend it for an additional three (3) year period through November 16, 2019 to allow for services to continue at an additional cost of \$150,000 and with no additions to the original scope of work, for a revised total Agreement amount of \$250,000.

**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 incorporated herein by this reference, except as specifically set forth below.

1. Section 2 / Paragraph titled, “PAYMENTS BY NMC” shall be amended to the following:  
***“NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in EXHIBIT A, 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 \$250,000.”***
2. The first sentence of Section 3 /Paragraph titled, “TERM OF AGREEMENT” shall be amended to the following:  
***“The term of this Agreement is from November 17, 2014 through November 16, 2019 unless sooner terminated pursuant to the terms of this Agreement.”***
3. Except as provided herein, all remaining terms, conditions and provisions of the Original Agreement are unchanged and unaffected by this Amendment No. 1 and shall continue in full force and effect as set forth in the Agreement and in Amendment No. 1.
4. A copy of this Amendment No. 1 shall be attached to the Original Agreement.
5. This Amendment No. 1 shall be effective when signed by both NMC and CONTRACTOR.

IN WITNESS WHEREOF, the Parties hereto are in agreement with this Amendment No. 1 on the basis set forth in this document and have executed this Amendment No. 1 on the day and year set forth herein.

**NATIVIDAD MEDICAL CENTER**

By: \_\_\_\_\_  
Gary R. Gray, DO, CEO

Date: 11/23/16

**APPROVED AS TO LEGAL PROVISIONS**

By: \_\_\_\_\_  
Monterey County Deputy County Counsel

Date: 9/23/2016

**APPROVED AS TO FISCAL PROVISIONS**

By: \_\_\_\_\_  
Monterey County Deputy Auditor/Controller

Date: 9-23-16

**CONTRACTOR**

Chancellor Consulting Group, Inc.

**CONTRACTOR's Business Name**

\*\*\*See instructions below\*\*\*

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

Kelly N. Positow, President  
Name and Title

Date: 9/9/16

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

Secretary  
Name and Title

Date: 9/9/16

**\*\*\*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 (two 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 (two 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 (one signature required).

EXHIBIT A-1 as per Amendment No. 1  
SCOPE OF SERVICES

Natividad Medical Center is a 172-bed acute care hospital owned by Monterey County. The hospital has added a trauma unit and expects to have Level II Trauma designation by January 1, 2015.

Natividad has approximately 15 agreements that need to be renegotiated to add a trauma carve out rate to the contracts. Natividad has asked Chancellor to assist with these negotiations and obtain amendments for the key payers prior to January 1, 2015 so that when the hospital receives the trauma designation it can receive appropriate payment for this costly service. Project work tasks include:

- Review the rate matrix and contract ticklers to prioritize the contracts for negotiation. We will also review the new service language in the agreements and provide notice letters as needed.
- Approach the payers to negotiate a trauma carve out rate. Review trauma pricing in our contract database to assist in setting the rate proposals for Natividad. We will work with you to establish rates that are competitive and represent a sufficient cost coverage rate for this new service.
- We will work with you to prepare counter offers and trauma contract language that protects the hospital and allows for appropriate reimbursement.
- Expedite negotiations in order to obtain amendments that will be effective by January 1, 2015.
- Finalize amendments and work with you to implement the new rates.

Chancellor will also negotiate for non-trauma contracts which would include tasks similar to those listed above.

***ABOUT CHANCELLOR CONSULTING GROUP, INC.***

Chancellor Consulting Group, Inc. (CCG), a health care management consulting firm specializing in managed care contracting and pricing, was formed in 1991 to assist health plans and health systems by providing direct onsite consulting assistance through the extensive experience of our key operating personnel. Chancellor Consulting Group, Inc. is owned, managed and staffed by hospital, medical group and health plan management professionals who share a common commitment to quality and have the experience needed to provide its clients with the action-oriented solutions to complex business issues related to:

- Hospital, Medical Group and Health Plan Contracting Negotiations
- Managed Care Pricing Analysis including proprietary pricing models
- Managed Care Market Strategic Planning
- Managed Care Department Infrastructure Development
- Professional and Institutional Financial Business Planning
- Managed Care/HMO Operations Analysis and Implementation

### ***STAFFING***

Chancellor Consulting Group brings a broad experience to our projects. Kelly Drosihn, Ellen Gallagher Parsons, Debby Schaan and Kavita Ratan will be the staff assigned to this project.

Their experience includes:

**Kelly A. Drosihn, M.B.A., President, Chancellor Consulting Group**, has over 30 years' experience in health care strategic planning, contract negotiations and finance. Prior to establishing the Chancellor Consulting Group, Inc. in 1991, she was a Senior Manager for seven years in the health care consulting practices of Coopers & Lybrand and Ernst & Young. She has conducted payer contract negotiations, developed sophisticated contract pricing models, developed contract rate databases, completed marketing and financial planning projects using CCG's proprietary financial projection and managed care pricing models, and operations implementations for several healthcare organizations. She has acted as lead negotiator for many clients in contract renewals as well as new business agreements which have resulted in hundreds of millions of incremental new revenue to her clients.

**Ellen Gallagher Parsons, M.P.H., Principal** has over 33 years of experience in the healthcare industry. She has extensive experience in payer relations, hospital and physician contract negotiations, managed care operations management, marketing, strategic planning and medical group formation. Recent contract negotiations include: United HealthCare, Blue Shield, United Healthcare and all major payers. She assists in: language review, pricing analysis and strategy development. Prior to joining the Chancellor Consulting Group, she was the Director of Health Plan Services for Stanford Health Services, where she had overall responsibility for providing the strategic direction for Stanford and Lucile Packard Children's Hospitals and the Stanford Faculty Practice Plan.

**Debby Schaan, Senior Consultant, Chancellor Consulting Group**, has over 20 years of experience in direct managed care and claims/contracting operations. She has extensive analytical experience and has developed numerous pricing models and negotiated contracts for all major payers. She has extensive Medicaid and Medicare managed care claims experience. She has managed fully capitated Medicaid managed care programs and has significant claims experience for both commercial and government type insurance products. Debby is actively involved in developing our pricing models and has assisted clients in achieving significant rate increases as a result of the pricing models. Previous positions include: Contract Administrator, Denver Health Medical Center; Managed Care Operations Director, University Physician, Inc.,

Tucson, Arizona; and Contract Manager, Foundation Health (Health Net).

**Kavita Ratan, M.H.A. Senior Consultant, Chancellor Consulting Group**, has more than 18 years of experience in the Health Care industry. Her experience includes independent physician associations (IPAs), management services organizations (MSOs) and hospital management, with an expertise in managed care contracting and implementation, setting up internal systems, claims management, credentialing, ensuring contract compliance for payers and providers and identifying revenue improvement opportunities. Her prior experience includes roles as the Manager in the Managed Care at Methodist Hospital, Executive Director of Network Management at Arcadian Management Services, and Director of Operations at Employee Health Systems. Ms. Ratan has managed IPAs in North Carolina, and in Northern and Southern California from an operational and network management perspective.

Our staff has worked together on hundreds of managed care projects throughout the United States, including: contract negotiations, pricing analyses, contract reviews, managed care education and managed care strategy development over the last twenty years. As a result, they have developed the necessary skills and tools required to complete your project.

#### ***TIMING AND PROFESSIONAL FEES***

We are prepared to begin the project immediately upon receiving notification to proceed. We will bill professional fees on a time and materials basis at our hourly rates. Our hourly fees are as follows:

Description	Hourly Rate
Principal	\$495
Senior Consultant	\$415
Consultants	\$330

NMC will also reimburse CCG for all reasonable travel and Project expenses including:

- A ten percent (10%) administrative fee that covers administrative/clerical staff support, production of interim reports, long distance and cellular telephone expenses, standard mail and facsimile transmissions;
- Data acquisition costs (if applicable);
- Actual cost of all direct, out-of-pocket expenses related to the project not identified above including refundable coach travel airfare, parking, travel agent service charge, hotel, car rental, and automobile mileage at \$0.56 per mile or at the then current IRS allowable rates for mileage reimbursement (whichever is most current shall be applicable) when personal vehicle is used. All travel reimbursement activity shall adhere to the County of Monterey Travel Policy.