

MONTEREY COUNTY BOARD OF SUPERVISORS

<b>MEETING:</b>	April 5, 2011	<b>AGENDA NO.:</b>
<b>SUBJECT:</b>	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #3 to the Agreement with JLG Medical Inc. for Medical Dictation and Transcription Services at NMC in an amount not to exceed \$3,999,126.40 (an increase of \$2,000,000) for the period April 1, 2011 to March 31, 2014.	
<b>DEPARTMENT:</b>	Natividad Medical Center	

**RECOMMENDATION:**

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #3 to the Agreement with JLG Medical Inc. for Medical Dictation and Transcription Services at NMC in an amount not to exceed \$3,999,126.40 (an increase of \$2,000,000) for the period April 1, 2011 to March 31, 2014.

**SUMMARY/DISCUSSION:**

JLG Medical Transcription Services provides remote transcription of Medical Records, Radiology and Pathology and medical record reports for the NMC and the Health Department Clinics. Patient-specific data and information are contained in the medical record to facilitate patient care, Treatment, and services; serve as a financial and legal record; aid in research; support decision analysis; and guide professional and clinic performance improvement.

Documentation must reflect the care rendered to the patient and the patient's response. The health record is considered a legal document and a business record as it records events at or about the time they happen. Moreover, timeliness and legibility are two of the main areas of focus for payer, accreditation and licensure bodies. There are federal, state and accrediting agency requirements for when patient information is available to caregivers. Additionally, insurance companies may require copies of the reports before payment of the patient's stay. Delays in the turnaround time can result in delayed and/or reduced payments.

This Amendment #3 increases the cost per black character to \$.00284, and totals an estimated increase of \$34,036 over the three year agreement term. Amendment #3 also adds speech recognition editing services at a cost of \$2.03 for each report. The cost of Radiology transcription is expected to decrease, but the amount cannot be determined since it depends on how many Radiologists use the speech recognition software when implemented.


**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' Finance Committee.

**FINANCING:**

The cost for this Amendment is \$322,873.60 and is included in the Fiscal Year 2010/11 Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:  
Sandy Losik: 755-6399  
Medical Records Director  
February 24, 2011

  
\_\_\_\_\_  
Harry Weis  
Chief Executive Officer

Attachments: Original Agreement, Amendments #3, 2 and 1, Board Order

Before the Board of Supervisors in and for the  
County of Monterey, State of California

**Agreement No. A – 11123**

Authorize the Purchasing Manager for )  
Natividad Medical Center (NMC) to execute )  
Amendment #3 to the Agreement with JLG )  
Medical Inc. for Medical Dictation and )  
Transcription Services at NMC in an amount )  
not to exceed \$3,999,126.40 (an increase of )  
\$2,000,000) for the period April 1, 2011 to )  
March 31, 2014..... )

Upon motion of Supervisor Potter, seconded by Supervisor Armenta, and carried by those members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #3 to the Agreement with JLG Medical Inc. for Medical Dictation and Transcription Services at NMC in an amount not to exceed \$3,999,126.40 (an increase of \$2,000,000) for the period April 1, 2011 to March 31, 2014.

PASSED AND ADOPTED on this 12<sup>th</sup> day of April, 2011, by the following vote, to wit:

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

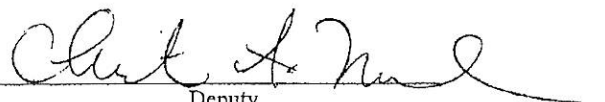
NOES: None

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 75 for the meeting on April 12, 2011.

Dated: April 18, 2011

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

By   
Deputy

AMENDMENT NO. 3  
FOR PROFESSIONAL SERVICE AGREEMENT  
BETWEEN JLG Medical Inc. AND  
THE NATIVIDAD MEDICAL CENTER  
FOR  
Medical Dictation and Transcription Services

The parties to Professional Service Agreement, dated June 1, 2008 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and JLG Medical Inc. (Contractor), hereby agree to amend their Agreement No. (A-1123) on the following terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-1123). Additionally services will include those described on Attachment A, attached to this Amendment #1.
2. This Amendment shall become effective on April 1, 2011 and shall continue in full force until March 31, 2014.
3. The total amount payable by County to Contractor under Agreement No. (A-1123) shall not exceed the total sum of \$3,999,126.40 for the full term of the Agreement and \$900,000 for fiscal year 2010-2011.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-1123).

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

CONTRACTOR

Signature *P. W. Williams* Dated 3-3-2011  
 Printed Name PHILIP W. WILLIAMS Title PRESIDENT

NATIVIDAD MEDICAL CENTER

Signature *Jim Laro* *Tom Jim Tatum* Dated 5-2-11  
 Purchasing Manager  
 Signature *[Signature]* Dated 3/1/11  
 NMC - CEO

Approved as to Legal Form:

Charles J. McKee, County Counsel

By *Stacy Saetta*  
 Stacy Saetta, Deputy  
 Attorneys for County and NMC

Dated: 3/11, 2011

Reviewed as to fiscal provisions  
*[Signature]*  
 Auditor-Controller  
 County of Monterey 3-14-11

**ADDENDUM #3**  
**To**  
**Agreement for Professional Services**  
**By and between**  
**County of Monterey and Natividad Medical Center**  
**And JLG Medical Transcription Services**

This Addendum #3 (the "Addendum"), is entered into by and between Natividad Medical Center ("NMC"), a general acute care teaching hospital wholly owned and operated by the County of Monterey ("County"), a political subdivision of the State of California and JLG Medical Transcription Services, a Florida Corporation (hereinafter "Contractor").

**BACKGROUND**

WHEREAS, NMC and Contractor have entered into an Agreement for Professional Services with an Effective Date of March 24, 2008 (the "Agreement") pursuant to which NMC engages Contractor to perform certain medical transcription and related health information management services as outlined in the Agreement ("Services"); and

WHEREAS, NMC desires to extend the Term of the Agreement which commenced on July 22, 2008 and terminates on March 31, 2011 for three (3) additional years; and

WHEREAS, NMC is entitled to request additional services from Contractor subject to the terms and conditions as set forth in the Agreement and additional services as set forth in this Addendum #3; and

WHEREAS, NMC desires to utilize speech recognition capabilities of their PACS system to produce a draft report and utilize the Contractor to review the associated voice files and edit these draft reports as necessary resulting in a final draft available for dictator review and signature ("Speech Recognition Editing"); and

WHEREAS, Contractor is willing to extend the Term of this Agreement and provide Speech Recognition Editing Services for NMC as set forth in this Addendum #3.

NOW THEREFORE, in consideration of the mutual agreements and covenants contained therein and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, it is mutually agreed and covenanted by and between the parties to the Agreement and this Addendum, as follows:

1. Capitalized terms not otherwise defined in this Addendum #3 shall have the meanings given to them in the Agreement.
2. The Term of the Agreement which expires on July 21, 2011 is hereby extended for three (3) years commencing on July 22, 2011 and expiring on July 22, 2014 ("Renewal Term").
3. NMC shall pay Contractor a payment of \$0.00284 for each unit of pricing as set for in Exhibit A, Paragraph 1.1.1 of the Agreement for the first 18 months of the Renewal Term. The payment shall be increased two and one-half percent (2.5%) after eighteen months of the Renewal Term.

4. NMC hereby engages Contractor to provide, and Contractor hereby agrees to provide Speech Recognition Editing Services for work dictated on NMC's PACs system and a corresponding draft report produced by NMC's PACS system. Contractor will access NMC's platform to provide Speech Recognition Editing. NMC will provide any necessary software licenses, system connectivity and system training required for Contractor to provide Speech Recognition Editing Services on NMC's PACS system.
5. NMC shall pay the Contractor a payment of \$2.03 for each report that Contractor provides Speech Recognition Editing Services in accordance with the payment provisions set forth in Exhibit A of the Agreement, subject to the limitations set forth in the Agreement for the first eighteen months of the Renewal Term. The payment shall be increased two and one-half percent (2.5%) after eighteen months of the Renewal Term.
6. Contractor cannot guarantee turnaround times for Speech Recognition Editing Services, since control of report processing is controlled by the NMC system and beyond the control of Contractor. Contractor will make commercially reasonable efforts to edit all reports within the current turnaround time standards, based on time of receipt.
7. Except as modified by this Addendum #3, the Agreement and all previously fully executed Addendum(s) shall remain in full force and effect unmodified. To the extent that the terms of the Agreement and/or previously fully executed Addendum(s) are inconsistent with the terms of this Addendum, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the parties have executed this Addendum #3, which will become effective on the date on which this Addendum #3 is fully executed by the parties.

**NATIVIDAD MEDICAL CENTER**

By: [Signature]  
 Name: Harvey Weiss  
 Title: CEO  
 Date: 2/22/11

**JLG MEDICAL TRANSCRIPTION SERVICES**

By: [Signature]  
 Name: PHILIP W. WILLIAMS  
 Title: PRESIDENT  
 Date: 2-17-2011