



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 20-337, **Version:** 1

Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute amendment No. 3 to the agreement with Pinnacle Healthcare Consulting, LLC for physician fair market value analysis and consulting services, extending the agreement an additional one (1) year period (January 1, 2021 through December 31, 2021) for a revised full agreement term of January 1, 2016 through December 31, 2021, and adding \$100,000 for a revised total agreement amount not to exceed \$200,000.

RECOMMENDATION:

It is recommended the Board of Supervisors:

Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute amendment No. 3 to the agreement with Pinnacle Healthcare Consulting, LLC for physician fair market value analysis and consulting services, extending the agreement an additional one (1) year period (January 1, 2021 through December 31, 2021) for a revised full agreement term of January 1, 2016 through December 31, 2021, and adding \$100,000 for a revised total agreement amount not to exceed \$200,000.

SUMMARY/DISCUSSION:

For compliance with state and federal guidelines, compensation paid to employed and independent contractor physicians must be within fair market value (FMV). Pinnacle Healthcare Consulting is a national valuation firm specializing in physician compensation. Pinnacle provides comprehensive support and analysis as well as focused consulting services to ensure fair market value for physician and advanced practice clinician compensation arrangements at Natividad.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed and approved this amendment No. 3 as to form, and the Auditor-Controller has reviewed and approved as to payment provisions. The amendment No. 3 has also been reviewed and approved by NMC's Finance Committee on August 14, 2020 and by its Board of Trustees on August 14, 2020.

FINANCING:

The cost for this amendment No. 3 is \$100,000, which is included in the Fiscal Year 2020-21 Adopted Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Contracting with an independent third party valuation firm, such as Pinnacle Healthcare Consulting, LLC for physician compensation analysis will ensure compliance with the state and federal guidelines required for hospital physician compensation arrangements.

- Economic Development
- Administration
- Health and Human Services
- Infrastructure
- Public Safety

Prepared by: Jeanne-Ann Balza, Director of Physician Services, 783-2506

Approved by: Gary R. Gray, DO, Chief Executive Officer, 783-2553

Attachments:

Pinnacle Healthcare Consulting, LLC Amendment 3

Pinnacle Healthcare Consulting, LLC Amendment 2

Pinnacle Healthcare Consulting, LLC Amendment 1

Pinnacle Healthcare Consulting, LLC Agreement

Attachments on file with the Clerk of the Board