



## Board Report

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**File #: A 15-342, Version: 1**

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- a. Ratify and authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute an Agreement with Salinas Valley Memorial Hospital (SVMH), retroactive to July 1, 2015, for Laboratory Testing Services for NMC in an amount not to exceed \$432,000 and with an Agreement term of July 1, 2015 through October 31, 2018.
- b. Authorize the Deputy Purchasing Agent for NMC to execute up to two (2) future Amendments to the Agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) of the original cost of the Agreement per each amendment.

### **RECOMMENDATION:**

#### **It is recommended the Board of Supervisors:**

- a. Ratify and authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute an Agreement with Salinas Valley Memorial Hospital (SVMH), retroactive to July 1, 2015, for Laboratory Testing Services for NMC in an amount not to exceed \$432,000 and with an Agreement term of July 1, 2015 through October 31, 2018.
- b. Authorize the Deputy Purchasing Agent for NMC to execute up to two (2) future Amendments to the Agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) of the original cost of the Agreement per each amendment.

### **SUMMARY/DISCUSSION:**

Salinas Valley Memorial Hospital has provided reference laboratory testing services for NMC since 2011. Physicians at Natividad Medical Center or clinics that send laboratory work to NMC may order tests that the NMC Laboratory cannot perform on-site. Therefore, these specific tests must be sent to a reference laboratory. Salinas Valley Memorial Hospital provides a reference laboratory testing facility that is located geographically close to Natividad Medical Center. There are times when testing is required to be completed within a prompt and exact time frame which mandates using another facility that is as geographically as close as possible. Salinas Valley Memorial Hospital is the closest facility which can provide these services promptly. This agreement is necessary for these situations in order to serve physician and patient needs.

Salinas Valley Memorial Hospital also provides histology processing, a special type of laboratory testing for Natividad Medical Center which is a modality in laboratory that Natividad Medical Center is currently unable to provide. Histology services for anatomical pathology are required for all tissues samples prior to a pathologist completing the final examination on the tissue. Histology requires certified employees and special testing equipment that Natividad currently cannot provide.

This new agreement is being established for three years initially and the cost of the total Agreement amount is based on a forecast of surgical cases that would require this specialized histology processing going forward combined with an analysis of historic histology specimens. This new Agreement replaces the previous outdated Agreement which was effective from November 1, 2011 through June 30, 2015. During preparation of the new Agreement Salinas Valley Memorial Hospital wanted to review their pricing structure before they would agree

to enter into a new three year Agreement which delayed the new Agreement somewhat. There were some late changes proposed by Salinas Valley Memorial Hospital to some of the terms and conditions in the new Agreement also so both parties only recently came to agree upon a final Agreement for reference lab services. NMC has been utilizing services since July 1, 2015 and therefore is requesting a retroactive start date for this new Agreement to July 1, 2015.

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this Agreement as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved as to payment provisions. The Agreement has also been reviewed and approved by NMC's Finance Committee on 4/23/15 and by the NMC Board of Trustees on 5/1/15.

**FINANCING:**

The total cost for this Agreement is \$432,000 of which \$144,000 is included in the Fiscal Year 2015-16 Adopted 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: Heidi Riegenbach, Lab Director, 772-7660

Approved by: Gary R. Gray, DO, Chief Executive Officer, 783-2504

Attachments:

Salinas Valley Memorial Hospital Agreement

Attachment on file with the Clerk of the Board