



Board Report

File #: A 14-131, **Version:** 1

- a. Authorize and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Tenth Amendment to the Professional Services Agreement (A-11427) with Medical Doctor Associates (MDA) to provide locum tenens services at NMC extending the term to June 30, 2015 and adding \$500,000, for a revised total Agreement amount not to exceed \$2,800,000 in the aggregate (for the period February 1, 2009 to June 30, 2015); and
- b. Authorize the Purchasing Manager for NMC to sign up to three (3) amendments to this Agreement where the total amendments do not exceed 10% of the original contract amount and do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Authorize and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Tenth Amendment to the Professional Services Agreement (A-11427) with Medical Doctor Associates (MDA) to provide locum tenens services at NMC extending the term to June 30, 2015 and adding \$500,000, for a revised total Agreement amount not to exceed \$2,800,000 in the aggregate (for the period February 1, 2009 to June 30, 2015); and
- b) Authorize the Purchasing Manager for NMC to sign up to three (3) amendments to this Agreement where the total amendments do not exceed 10% of the original contract amount and do not significantly change the scope of work.

SUMMARY/DISCUSSION:

NMC entered into an agreement with MDA on February 1, 2009; as amended March 1, 2010; July 1, 2010; March 1, 2011; July 1, 2011; December 1, 2011; July 1, 2012; May 1, 2013; July 1, 2013; and December 1, 2013 to provide locum tenens services. Locum tenens (temporary) physicians are utilized during periods when its employed/contracted physicians are not available (e.g., vacation; illness; continuing medical education; etc.) to provide health care services vital to NMC's continued operation.

In order to find highly qualified temporary physicians that match the position we are trying to fill/cover and are available on sometimes a very short notice, it is necessary that NMC contract with multiple locum tenens companies with a combined annual maximum liability of \$1,000,000. The actual cost of each contract is contingent upon the need to cover services, which is unpredictable by nature. NMC is reviewing its use of locum tenens companies to determine if it is appropriate to solicit proposals from qualified organizations for locum tenens referral services through an RFP/RFQ process in Fiscal Year 2015/2016.

Medical Doctor Associates has a history of providing reliable physicians to fill NMC's coverage needs. In Fiscal Year 2013/2014, NMC utilized such physicians who already had privileges to practice medicine at NMC, to provide patient care in units where physicians were on a leave of absence and to provide extra staffing during the hospital's implementation of Computerized Physician Order Entry (CPOE).

NMC wishes to amend the Agreement with MDA to extend the term an additional twelve months and to increase the maximum liability of the Agreement in order to continue utilize locum tenens physicians as

needed. The annual rate sheet is also replaced in this Amendment, some of the rates have increased, no more than 3%, most of the rates remain the same. NMC has negotiated rates which are by specialty and are all-inclusive of travel, lodging and associated expenses.

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 CAO-Budget and Analysis Division has advised to inform the BOS the spending authority (appropriations) associated with NMC's FY 2014 Adopted Budget has been exceeded and approval and authorization for modification of NMC's appropriation budget should be presented to the BOS. Since NMC is an Enterprise Fund, this does not present continued expenditure, but it is considered good public policy, transparency and fiscal management. The Amendment has also been reviewed and approved by Natividad Medical Center's Finance Committee on May 22, 2014 and Board of Trustees on June 6, 2014.

FINANCING:

The cost of this Amendment is \$500,000. The maximum not to exceed amount of this Agreement is \$2,800,000 for the period February 1, 2009 to June 30, 2015. The cost of this Amendment is \$500,000 the actual cost is dependent on the need for services and the frequency of use; however the cost for this service will not exceed \$1,000,000 annually, which is included in the Fiscal Year 2014/2015 Recommended Budget. \$530,706.93 was disbursed in Fiscal Year 2009/2010; \$300,224.50 was disbursed in Fiscal Year 2010/2011; \$284,325.75 was disbursed in Fiscal Year 2011/2012 and \$384,742.82 was disbursed in Fiscal Year 2012/2013. \$800,000 is included in the Fiscal Year 2013/2014 Adopted Budget of which \$602,087 has been disbursed year to date. NMC is confirming its appropriations position and if its spending authority has been exceeded will return to the Board. There is no impact to the General Fund.

Prepared by: Jeanne-Ann Balza, Management Analyst, 783.2506

Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments:

First-Tenth Amendment, Agreement

Attachments on file at the Clerk of the Board