



County of Monterey

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

Board Report

File #: A 14-073, **Version:** 1

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 8 to the Agreement (A-10493/MYA589) with Quest Diagnostics Inc. for Reference Laboratory Testing Services at NMC, extending the Agreement to June 30, 2015 (no change to the previously approved amount) for a total Agreement amount not to exceed \$4,390,000 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 8 to the Agreement (A-10493/MYA589) with Quest Diagnostics Inc. for Reference Laboratory Testing Services at NMC, extending the Agreement to June 30, 2015 (no change to the previously approved amount) for a total Agreement amount not to exceed \$4,390,000 in the aggregate.

SUMMARY/DISCUSSION:

This agreement is necessary to pay for reference laboratory testing provided for our patient population. Physicians at NMC 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. Quest Diagnostics, a multibillion dollar company, is NMC Laboratory's primary reference laboratory. Quest Diagnostics is the leading provider of diagnostic testing in the nation, and serves approximately 140 million patients each year. As laboratory technology improves, more and more esoteric tests are available but the NMC laboratory cannot justify bringing in instruments or additional staff for the low volume of each individual test. These esoteric tests are used for the diagnosis of disease or monitoring of disease processes and are critical for patient care. The laboratory monitors test utilization to look for opportunities to in source any test that has high volume and methodology that can be incorporated into the Natividad Laboratory.

The laboratory has an interface with Quest diagnostics which allows results to be transferred directly from the testing laboratory to the patient medical record at Natividad Medical Center. A Natividad clinical laboratory scientist verifies the validity of the results before they are finalized in the medical record.

Commercial General Liability Exception

Commercial General Liability Insurance Additional Insured Endorsement requirements are waived for this vendor under this Agreement.

The Vendor is Self Insured for Commercial General Liability Insurance.

Business Automobile Insurance Exemption

Business Automobile Liability Insurance Additional Insured Endorsement requirements are waived for this vendor under this Agreement. There is no risk or exposure regarding vehicles.

Contractor does not travel onto County property with vehicles.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment No. 8 as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment No. 8 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 prevent continued expenditures and is not a legal requirement, 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 4.24.14 and Board of Trustees 5.2.14.

FINANCING:

There is no cost for this Amendment No. 8. As a result of Amendment No. 6, the Board of Supervisors approved a \$565,000 increase for Fiscal Year 2012-2013 in the maximum liability for the Agreement (for a total Agreement amount not to exceed \$4,390,000 in the aggregate). 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: Heidi Riggenbach, Clinical Lab Manager, 772-7660
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Amendment No. 8, Renewal and Amendment No. 7, Original Agreement, Renewal Amendment Nos. 5, 4, 3, 2, and 1, Spend Sheet.

Attachments on file with the Clerk to the Boards Office