



County of Monterey

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

Board Report

File #: A 22-350, **Version:** 1

- a. Approve and authorize the Chief Executive Officer (“CEO”) for Natividad Medical Center (“NMC”) or his designee to execute an Asset Purchase Agreement with Family Care Medical Group, Inc. (“Family Care”), to purchase the assets of the Family Care medical practice located at 17615 Moro Road, Salinas, California, 93907 for a purchase price of \$300,000;
- b. Approve and authorize the CEO for NMC or his designee to execute a Medical Office Lease with Drs. Steven and Catherine Petronijevic, on substantially the same terms as presented, for 5,381 square feet of medical office space for the operation by County of Monterey of a family medical practice within a medical office building owned by the Petronijevics and located at 17615 Moro Road, Salinas, California, 93907, for the period September 20, 2022 through September 19, 2027 at the monthly rate of: (a) for years one through three of the lease, \$23.00 per square foot for a total of \$10,313.58 per month; and (b) for years four through five of the lease, \$23.69 per square foot for a total of \$10,622.99 per month;
- c. Authorize the CEO for NMC or his designee to execute the one-year Professional Services Agreement with Family Care (“Group-PSA”), to provide family medicine services at the family medical practice, which shall become effective on the date the agreement is signed by all parties with services commencing on a go-live date of September 20, 2022 for an amount not to exceed \$500,000;
- d. Authorize the CEO for NMC or his designee to execute the one-year Professional Services Agreement with Adelheid Ebenhoech, M.D. (“Individual-PSA”) to provide family medicine services at the County’s family medical practice, which shall become effective on the date the agreement is signed by all parties with services commencing on a go-live date of September 20, 2022 for an amount not to exceed \$300,000;
- e. Authorize the CEO for NMC to execute up to two future amendments to each of the Group-PSA and the Individual-PSA, provided that the amendments do not significantly change the scope of work, and, as to each PSA, the amendments in total do not exceed ten percent (10%);
- f. Authorize the CEO for NMC to execute an Assignment and Assumption Agreement, on substantially the same terms as presented, pursuant to which all rights, title, and interest in an athenahealth Master Services Agreement dated November 26, 2014 and related data from tablespace 10227 contained in the athenaNet System shall be transferred from Family Care to the County of Monterey, with an Assignment Effective Date of September 20, 2022; and
- g. Authorize a total contract liability of \$300,000 for the period September 20, 2022 through November 25, 2024 for the athenahealth Master Services Agreement, which by its terms is automatically renewable by additional consecutive one-year terms and terminable based on 90 days’ notice.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Chief Executive Officer (“CEO”) for Natividad Medical Center (“NMC”) or his designee to execute an Asset Purchase Agreement with Family Care Medical Group, Inc. (“Family Care”), to purchase the assets of the Family Care medical practice located at 17615 Moro Road, Salinas, California, 93907 for a purchase price of \$300,000;
- b. Approve and authorize the CEO for NMC or his designee to execute a Medical Office Lease with Drs. Steven and Catherine Petronijevic, on substantially the same terms as presented, for 5,381 square feet of medical office space for the operation by County of Monterey of a family medical practice within a medical office building owned by the Petronijevics and located at 17615 Moro Road, Salinas, California, 93907, for the

- period September 20, 2022 through September 19, 2027 at the monthly rate of: (a) for years one through three of the lease, \$23.00 per square foot for a total of \$10,313.58 per month; and (b) for years four through five of the lease, \$23.69 per square foot for a total of \$10,622.99 per month;
- c. Authorize the CEO for NMC or his designee to execute the one-year Professional Services Agreement with Family Care (“Group-PSA”), to provide family medicine services at the County’s family medical practice, which shall become effective on the date the agreement is signed by all parties with services commencing on a go-live date of September 20, 2022 for an amount not to exceed \$500,000;
- d. Authorize the CEO for NMC or his designee to execute the one-year Professional Services Agreement with Adelheid Ebenhoech, M.D. (“Individual-PSA”) to provide family medicine services at the family medical practice, which shall become effective on the date the agreement is signed by all parties with services commencing on a go-live date of September 20, 2022 for an amount not to exceed \$300,000;
- e. Authorize the CEO for NMC to execute up to two future amendments to each of the Group-PSA and the Individual-PSA, provided that the amendments do not significantly change the scope of work, and, as to each PSA, the amendments in total do not exceed ten percent (10%);
- f. Authorize the CEO for NMC to execute an Assignment and Assumption Agreement, on substantially the same terms as presented, pursuant to which all rights, title, and interest in an athenahealth Master Services Agreement with athenahealth, Inc., dated November 26, 2014 and in related data from tablespace 10227 contained in the athenaNet System shall be transferred from Family Care to the County of Monterey, with an Assignment Effective Date of September 20, 2022; and
- g. Authorize a total contract liability of \$300,000 for the period September 20, 2022 through November 25, 2024 for the athenahealth Master Services Agreement, which by its terms is automatically renewable by additional consecutive one-year terms and terminable based on 90 days’ notice.

SUMMARY/DISCUSSION:

The proposed Asset Purchase Agreement is between Family Care and the County of Monterey on behalf of Natividad Medical Center. Family Care will sell all of its right, title, and interest in the assets of the Family Care medical practice to Natividad. Natividad, on behalf of the County, intends to assume the care of the Family Care patients and operate a family medical practice at the Family Care location. The Family Care practice is being sold to the County for \$300,000.00. The assets of the Family Care practice that are being sold to the County do not include a medical office lease for the clinic space, or any employment agreements with the physician owners of the Family Care practice. After the assets are purchased by the County, the County will enter into the Medical Office Lease for the family care clinic space, and the owners of the Family Care practice shall continue to staff the clinic pursuant to a professional services agreement with the County.

The proposed Medical Office Lease is between Drs. Steven and Catherine Petronijevic and the County of Monterey on behalf of Natividad Medical Center. Natividad proposes to lease 5,381 square feet of medical office space for the operation of a family medical practice within a medical office building located at 17615 Moro Road, Salinas, California, 93907, for the period September 20, 2022 through September 19, 2027. The parties have specified that the rent for the office space will be: (a) for years one through three of the lease, \$23.00 per square foot for a total of \$10,313.58 per month; and (b) for years four through five of the lease, \$23.69 per square foot for a total of \$10,622.99 per month. Natividad, on behalf of the County, intends to operate a family medical practice at the medical office location.

Natividad wishes to enter into Professional Services Agreements with Family Care Medical Group Inc., for which Drs. Steven and Catherine Petronijevic will provide the services, and with Dr. Adelheid Ebenhoech, for care and treatment of patients at the medical practice. The term of these Agreements is for twelve months with the option to extend for two (2) additional one (1) year periods. Natividad has received an independent opinion of fair market value supporting the payment terms of these Agreements.

Natividad further wishes to have the Petronijevics' agreement with its billing company athenahealth, Inc. transferred to the County, along with billing data of the practice. Assignment and assumption of the billing company agreement will allow Natividad to begin billing immediately upon opening of the practice. The assignment and assumption agreement is in its final stages of negotiation, and it will be approved in substantially the form seen in the attachment to this report.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved these Agreements as to legal form. The Auditor-Controller has reviewed and approved this Agreement as to fiscal provisions. This Agreement has not been reviewed by the Natividad Finance Committee or the Natividad Board of Trustees.

FINANCING:

The cost for this agreement is approximately \$1,100,000 and the source of funding will be from the clinic visits.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Agreement permits Natividad to purchase the assets of the Family Care clinic and establish a County-operated family care practice at the clinic location. The Family Care clinic is in an area of the County that is underserved by medical providers. The County will be able to continue caring for the family care needs of patients in this area of the County.

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

Prepared by: Daniel Leon, CFO, 783.2561

Approved by: Charles R. Harris, M.D., CEO, 783.2553

Attachments: Asset Purchase Agreement, Medical Office Lease, Two Professional Services Agreements, Assignment and Assumption Agreement, and athenahealth Master Services Agreement.

Attachments on file at the Clerk of the Board