



County of Monterey

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

Board Report

File #: A 22-463, **Version:** 1

Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute renewal & amendment No. 3 to the agreement (A-12966) with Salinas Valley Memorial Healthcare Systems (SVMHS) for laboratory testing services, extending the agreement for an additional four (4) year period (retroactively from November 1, 2021), for a revised full agreement term of July 1, 2015 through October 31, 2025, and adding \$782,000 for a revised total agreement amount not to exceed \$1,899,000.

RECOMMENDATION:

It is recommended the Board of Supervisors:

Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute renewal & amendment No. 3 to the agreement (A-12966) with Salinas Valley Memorial Healthcare Systems (SVMHS) for laboratory testing services, extending the agreement for an additional four (4) year period (retroactively from November 1, 2021), for a revised full agreement term of July 1, 2015 through October 31, 2025, and adding \$782,000 for a revised total agreement amount not to exceed \$1,899,000.

SUMMARY/DISCUSSION:

Salinas Valley Memorial Hospital has provided laboratory services for NMC since 2010. This agreement has been in place for Histology processing services for Anatomic Pathology. Physicians send tissue and cellular material to the NMC Anatomic Pathology Laboratory for disease diagnosis. First, extensive Histology processing requires licensed employees and special equipment to transform the tissue samples into fixed paraffin blocks, then stained representations on microscope slides. SVMH acts as a NMC partner to process the samples daily, with final samples returned to NMC's Pathologists for interpretation and reporting within 24 hours.

An analysis of recent 'block' volume increases reflects a change in Pathology leadership following retirement. Current Pathology physicians have updated their practice to follow industry standards for high quality patient care. This best practice recommends an increase in sampling for various types of tissue and cellular material for diagnosis of disease states.

The delay in renewing and amending this agreement with SVMH was due to an internal review of the increased costs for SVMH's services resulting from an increase to the unit fees charged by SVMH. While a renewal and amendment for services from SVMH is requested at this time, NMC has also entered into an agreement with another vendor for the same services who offers more competitive fees for services and is now contracted for the majority of the pathology testing moving forward.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed and approved this renewal & amendment No. 3 as to form, and the Auditor-Controller has reviewed and approved as to payment provisions. The renewal & amendment No. 3 has also been reviewed and approved by NMC's Finance Committee and Board of Trustees on August 12, 2022.

FINANCING:

The cost for this renewal & amendment No. 3 is \$782,000, of which \$110,000 is included in the Fiscal Year 2022-23 Adopted Budget. Future costs will be included in those budgets as appropriate.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The laboratory support services provided by SVMHS helps in supporting the health and human services strategic initiative. The histology processing provided by Salinas Valley Memorial Healthcare Systems has helped provide the necessary support that NMC otherwise could not provide, allowing NMC to provide Anatomic Pathology service to patients.

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

Prepared by: Susan Weaver, Laboratory Manager, 831-772-7660

Approved by: Charles Harris, Chief Executive Officer, 831-783-2553

Attachments:

- Salinas Valley Memorial Healthcare Systems Renewal & Amendment 3
- Salinas Valley Memorial Healthcare Systems Amendment 2
- Salinas Valley Memorial Healthcare Systems Amendment 1
- Salinas Valley Memorial Healthcare Systems Agreement

Attachments on file with the Clerk of the Board