



County of Monterey

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

Board Report

File #: A 12-159, **Version:** 1

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment No. 1 to the Agreement (BSC1851) with Salinas Valley Memorial Hospital for Laboratory Testing Services at NMC, extending the Agreement to June 30, 2014 and adding \$260,000 for a revised total Agreement amount not to exceed \$360,000 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment No. 1 to the Agreement (BSC1851) with Salinas Valley Memorial Hospital for Laboratory Testing Services at NMC, extending the Agreement to June 30, 2014 and adding \$260,000 for a revised total Agreement amount not to exceed \$360,000 in the aggregate.

SUMMARY/DISCUSSION:

Salinas Valley Memorial Hospital has provided reference laboratory testing services for NMC over the past two years. This agreement is necessary to pay for reference laboratory testing provided for NMC's patient population. 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 within a close proximate to Natividad Medical Center. There are times when testing requires to be completed within an exact time frame which mandates a facility that is close.

Salinas Valley Memorial Hospital 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 Renewal and Amendment No. 1 is effective from November 1, 2012 through June 30, 2014. The cost of this agreement was based on a forecast of surgical cases that would require this specialized histology processing. NMC experienced an increase in test volume during the contract term (compared to the original forecast), and therefore, had insufficient funds to pay SVMH. The reason for the delay in bringing the renewal agreement forward to the Board was there was a discrepancy between NMC's accounting of the outstanding balance owed and SVMH's accounting of its accounts receivable. This reconciliation took several months to rectify, and as a result of the in depth review of the contract, SVMH credited the discrepancy to NMC. NMC has continued this required service with SVMH while discussions to rectify the discrepancy occurred. Therefore, NMC is requesting \$95,429.36 to pay outstanding invoices from May 2012 through February 2013 and \$165,570.64 for March 2013 through June 30, 2014. The total amount requested is \$260,000.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Renewal and Amendment No. 1 as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Renewal and Amendment No. 1 as to fiscal provisions. The Renewal and Amendment No. 1 has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

The cost for this Renewal and Amendment No. 1 is \$260,000. \$130,000 is included in the Fiscal Year 2012/2013 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 Riggerbach, Lab Director, 772-7660

Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Agreement, Renewal and Amendment No. 1