



County of Monterey

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

Board Report

File #: A 12-141, **Version:** 1

- a. Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the First Amendment to the Professional Services Agreement (A-12095) with Monterey Bay GI Consultants to provide gastroenterology services at NMC, extending the Agreement to August 31, 2013 and adding \$50,000 for a revised total Agreement amount not to exceed \$300,000 in the aggregate.
- b. Authorize the Purchasing Manager for NMC to execute, within 120 days of the First Amendment, a Second Amendment to this Agreement, in substantially the same form as that which has been presented to the Board, without material change to its content, adding professional services in the Clinic and Outpatient Surgery to the scope of services; increasing the aggregate amount of the agreement by \$150,000 to include the Clinic and Outpatient Surgery Services; and extending the term of the Agreement an additional 12 months from the effective date of the Second Amendment for a revised total Agreement amount not to exceed \$450,000 in the aggregate.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the First Amendment to the Professional Services Agreement (A-12095) with Monterey Bay GI Consultants to provide gastroenterology services at NMC, extending the Agreement to August 31, 2013 and adding \$50,000 for a revised total Agreement amount not to exceed \$300,000 in the aggregate.
- b) Authorize the Purchasing Manager for NMC to execute, within 120 days of the First Amendment, a Second Amendment to this Agreement, in substantially the same form as that which has been presented to the Board, without material change to its content, adding professional services in the Clinic and Outpatient Surgery to the scope of services; increasing the aggregate amount of the agreement by \$150,000 to include the Clinic and Outpatient Surgery Services; and extending the term of the Agreement an additional 12 months from the effective date of the Second Amendment for a revised total Agreement amount not to exceed \$450,000 in the aggregate.

SUMMARY/DISCUSSION:

In order to provide 24 hours, 7 days a week gastroenterology call coverage in the Emergency Department (ED), it is necessary to contract with multiple physician groups to cover the service. NMC currently has an agreement with Monterey Bay GI Consultants to provide ED Call Coverage, Clinic and Outpatient Surgery Services. NMC wishes to amend the agreement with Monterey Bay GI Consultants to extend the term to August 31, 2013 in order to continue to provide emergency gastroenterology services to patients without interruption and remove Clinic and Outpatient Surgery Services, which were not put into place during the original term of the agreement.

The amount of the agreement for the period September 1, 2011 to August 31, 2012 was \$250,000, however, since the services in the Clinic and Outpatient Surgery were not implemented during that period, the budgeted amount

was not fully disbursed. The remaining \$100,000 and additional \$50,000 is equal to the compensation times the projected number call coverage that will be provided during the additional twelve months of this Agreement. NMC has obtained an independent opinion of fair market value supporting the payment terms of this Agreement.

The Clinic and Outpatient Surgery services are not included in the First Amendment because the details regarding the additional services are not yet settled between the parties. Federal Stark Law prohibits physician self-referral, the practice of a physician referring a patient to a medical facility in which he has a financial interest, be it ownership, investment, or a structured compensation arrangement. To be in compliance with Federal Stark Law, NMC must ensure that a written agreement with Monterey Bay GI Consultants is in place whenever medical services are rendered. Accordingly, NMC is going to the Board of Supervisors with the First Amendment without the Clinic and Outpatient Surgery detail at this time in order to ensure continuation of services in NMC's emergency department, all in accordance with Federal Stark Law. Once the Clinic and Outpatient Surgery detail has been agreed upon and after receiving Board approval, the parties shall enter into a Second Amendment, in substantially the same form as that which has been presented to the Board, without material change to its content, to include Clinic and Outpatient Surgery in the scope of services and to add \$150,000 to the total liability under the Agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment/Agreement as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment/Agreement as to fiscal provisions. The Amendment/Agreement has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

- a) The total cost of the Agreement and First Amendment is \$300,000, an increase of \$50,000 for the two year period. \$125,000 in Fiscal Year 2011/12, \$150,000 is included in the Fiscal Year 2012/2013 Recommended Budget and \$25,000 will be included in the Fiscal Year 2013/14 Recommended Budget. There is no impact to the General Fund.
- b) The total cost of the Agreement, First Amendment and Second Amendment is \$450,000, an increase of \$150,000. \$125,000 in Fiscal Year 2011/12, \$250,000 is included in the Fiscal Year 2012/2013 Recommended Budget and \$75,000 will be included in the Fiscal Year 2013/14 Recommended Budget.

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

Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments:

First Amendment, Second Amendment; Agreement