



County of Monterey

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

Board Report

File #: A 13-048, **Version:** 1

- a. Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Professional Services Agreement with Monterey Bay Oncology Associates dba Pacific Cancer Care to provide hematology oncology and business consulting services at NMC in an amount not to exceed \$300,000 for the period May 1, 2013 to June 30, 2014.
- b. Authorize the Purchasing Manager for NMC to execute the Holdover Acknowledgment with Monterey Bay Oncology Associates dba Pacific Cancer Care to ensure continuation of services and payment for services during the holdover period of February 1, 2013 to April 30, 2013.
- c. Authorize the Purchasing Manager for NMC to execute to sign up to three (3) amendments to this agreement where the total amendments do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Professional Services Agreement with Monterey Bay Oncology Associates dba Pacific Cancer Care to provide hematology oncology and business consulting services at NMC in an amount not to exceed \$300,000 for the period May 1, 2013 to June 30, 2014.
- b) Authorize the Purchasing Manager for NMC to execute the Holdover Acknowledgment with Monterey Bay Oncology Associates dba Pacific Cancer Care to ensure continuation of services and payment for services during the holdover period of February 1, 2013 to April 30, 2013.
- c) Authorize the Purchasing Manager for NMC to execute to sign up to three (3) amendments to this agreement where the total amendments do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

SUMMARY/DISCUSSION:

On February 1, 2012, NMC entered into an agreement with Monterey Bay Oncology Associates to provide outpatient specialty clinic services (including non-chemotherapy infusion services), call coverage, inpatient rounding, medical consultation, medical director (including resident education) services and business consulting services for the period February 1, 2012 to January 31, 2013. Despite compliance systems being in place, these systems failed to ensure that a written amendment with Monterey Bay Oncology Associates was in place as of February 1, 2013, to extend the agreement for an additional year. Following the expiration of the Agreement, the parties continued to perform under the same terms and conditions of the expired contract and otherwise met the requirements of the personal services exception under the federal physician self-referral law and regulations (collectively, the "Stark Law"). A personal service arrangement that continues in effect beyond its stated term (i.e., holdover) remains compliant with the personal services exception for a period of up to six months following the expiration of the agreement, provided that the immediately preceding agreement expired after a term of at least one year and the holdover arrangement is on the same terms and conditions as the original agreement. Accordingly, the time between February 1, 2013 and April 1, 2013 during which the parties

did not have a written agreement in place, met the holdover requirements under the Stark Law's personal services exception at 42 C.F.R. Section 411.357(d)(1)(vii).

The term of the total expenditure of the original agreement for the period February 1, 2012 to January 31, 2013 was \$127,050.

The amount of the agreement for the period May 1, 2013 to June 30, 2014 is \$300,000 which is equal to the rate of pay for the maximum number of projected outpatient clinic sessions, call coverage days, inpatient rounding hours, medical consultations, medical director services hours, business consulting services hours that will all be provided during the one year period, and the maximum allowable incentive compensation for patient satisfaction. The quantity of services may increase due to patient care and need for coverage, but will not increase the rate of pay or exceed the maximum liability of this agreement. NMC has obtained an independent opinion of fair market value supporting the payment terms of this Agreement.

By adding oncology/hematology services, NMC estimates an average increase of one inpatient per day to provide for those patients that might otherwise be transferred. The agreement is for outpatient specialty clinic services (including non-chemotherapy infusion services), call coverage, inpatient rounding, medical consultation, medical director (including resident education) services and business consulting services. NMC will amend the agreement when it desires to add chemotherapy infusion services.

OTHER AGENCY INVOLVEMENT:

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

FINANCING:

The total cost for this Agreement is \$300,000. \$50,000 is included in the Fiscal Year 2012/2013 Adopted Budget and the remaining \$250,000 is included in the Fiscal Year 2013/14 Recommended Budget. There is no impact to the General Fund.

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

Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments: Agreement

Originals on file at the Clerk of the Board