



Board Report

File #: A 14-019, **Version:** 1

- a. Approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Second Amendment to the Professional Services Agreement (A-11514) between The Regents of the University of California, a California Constitution corporation, on behalf of the University of California, San Francisco, School of Medicine, Department of Pediatrics (“UCSF”), and Natividad Medical Center (“NMC”) to provide Neonatology Services at NMC, extending the term of the Agreement from March 1, 2014 to February 28, 2015 and adding \$550,000 for a revised amount not to exceed \$1,600,000 in the aggregate (for the period November 1, 2008 to February 28, 2015); and
- b. 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. (REVISED REPORT SUBMITTED VIA SUPPLEMENTAL)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Second Amendment to the Professional Services Agreement (A-11514) between The Regents of the University of California, a California Constitution corporation, on behalf of the University of California, San Francisco, School of Medicine, Department of Pediatrics (“UCSF”), and Natividad Medical Center (“NMC”) to provide Neonatology Services at NMC, extending the term of the Agreement from March 1, 2014 to February 28, 2015 and adding \$550,000 for a revised amount not to exceed \$1,600,000 in the aggregate (for the period November 1, 2008 to February 28, 2015); and
- b. 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:

Natividad Medical Center’s Neonatal Intensive Care Unit (“NICU”) provides stabilization of the initially ill newborn and intermediate intensive care as well as continuing care for growing newborns. NMC has an agreement with UCSF School of Medicine Department of Pediatrics effective November 1, 2008; amended on November 1, 2012; and extended by Letter Agreement on November 1, 2013 to provide two highly trained neonatologists / pediatricians for physician coverage of infants admitted to the NICU as well as oversight and medical direction of the unit.

NMC wishes to amend the Agreement with UCSF to extend the term so that UCSF providers can continue to provide the same scope of services without interruption to the critical care unit at NMC. This Second Amendment does not change the rate of pay or the scope of services already being provided under the current Agreement. UCSF is paid according to the terms of the Agreement. The additional \$550,000 includes \$300,000 for the professional services provided during the additional twelve months of the Agreement and \$250,000 which is the estimate cost of recruiting a new physician to replace a departing physician and the cost of locum tenens (temporary) physicians to cover service while UCSF is searching for the replacement physician. This cost NMC has obtained an independent opinion of fair market value supporting the payment terms of this Agreement.

The parties have agreed to the terms of the Second Amendment at the time of the Board Report, however, the Amendment has not been signed. The Second Amendment will be signed by both parties by February 28, 2014.

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:

The total cost for this Amendment/Agreement is \$1,600,000 for the period November 1, 2008 to February 28, 2015. \$18,102 was disbursed in Fiscal Year 2008/09; \$300,994 was disbursed in Fiscal Year 2009/10; \$110,407 in Fiscal Year 2010/11; \$90,477 in Fiscal Year 2011/12 and \$350,698 in Fiscal Year 2012/13. \$350,000 is included in the Fiscal Year 2013/14 Adopted Budget. \$179,322 is part of the current Agreement, of which \$1,237 was disbursed (8 months) and \$170,678 is part of this Amendment. The remaining \$200,000 will be budgeted in Fiscal Year 2014/15. NMC's FY2013-2014 appropriation obligations exceeded its budget for the period July 2013 through December 2013 (six months). NMC has received additional Disproportionate Share funding from the State and is forecasted to be back on 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:

Second Amendment; Letter of Agreement; First Amendment; Agreement

Attachments on file at the Clerk of the Board