



County of Monterey

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

Board Report

File #: A 12-063, **Version:** 1

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Amended and Restated Agreement (A-09333) with RehabCare Group Management Services Inc. for Management and Rehabilitation Services at NMC, extending the Agreement to June 30, 2014 and adding \$3,858,210 for a revised total Agreement amount not to exceed \$7,946,735 in the aggregate.

SUMMARY:

The County of Monterey, on behalf of NMC, has an agreement with RehabCare Group Management Services, Inc, a leading national provider of post-acute services, managing rehabilitation programs in partnership with over 1,270 hospitals and skilled nursing facilities in 42 states. Prior to the agreement with RehabCare, NMC operated a Long Term Care facility. The service line was not profitable and therefore NMC pursued the implementation of an Acute Rehabilitation Unit in its place. At that time, Natividad went through a rigorous process of establishing criteria for a Request for Proposals (RFP) based on the County, State and Federal guidelines for providing this level of service. RehabCare was selected as a result of RFP #9678 in February of 2003. For the last nine years, pursuant to the parties' agreement, RehabCare has operated NMC's Acute Rehabilitation Unit ("ARU"), a specialized clinical unit that serves patients with a multitude of diagnoses including stroke, orthopedic conditions, arthritis and traumatic brain injuries. The parties' existing agreement, which had been amended for the fifth time, was amended and restated in 2011 and expires June 30, 2012. NMC seeks to execute Amendment No. 1 to the Amended and Restated Agreement to provide for an annual rate change to the monthly service fees payable by the County to RehabCare.

DISCUSSION:

RehabCare manages NMC's Acute Rehab Unit under the direction of the NMC Medical Director providing rehabilitation services for NMC patients. This Amendment No. 1 to the 2011 Amended and Restated Agreement extends the term for an additional two years and provides for an annual rate change to the monthly service fees payable by the County to the Contractor based on the Consumer Price Index (CPI). The new rate provided by Amendment No. 1 is based upon the Medical Care expenditure category of the CPI for All Urban Consumers, U.S. City Average, published by the U.S. Bureau for Labor Statistics. This compares the CPI for the fourth month preceding the applicable anniversary date, with the CPI for the same month of the prior year. This Amendment No. 1 changes the fees payable under the agreement by the same percentage that the CPI has changed between respective months. The CPI Med is 3.605%. Subsequently, the monthly service fees payable by the County increases as well as the monthly Therapy Fees that are directly related to the Average Daily

Census as noted on the Monthly Therapy Staffing Fee Schedule.

This Amendment No. 1 increases the maximum liability over the next two fiscal years to \$7,946,735 for the full term of the Agreement and \$1,929,105 for fiscal year 2012/13.

The following is the annual spend per fiscal year beginning in fiscal year 2008/2009, and the total spent to date (as of 5-24-12) for fiscal year 2011/2012:

FY 08-09: \$2,120,835
FY 09-10: \$2,599,549
FY 10-11: \$2,047,833
FY 11-12: \$1,000,426.80 under an encumbered Purchase Order of \$2,040,691.83

OTHER AGENCY INVOLVEMENT:

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

FINANCING:

The cost for this Amendment is \$3,858,210 over two Fiscal Years, (2012/13 and 2013/14). \$1,929,105 is included in the Fiscal Year 2012/2013 Recommended 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: Carol Jordan, Chief Nursing Officer, 783-2560
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Amended and Restated Agreement, Amendment #1.