



County of Monterey

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

Board Report

File #: A 14-041, **Version:** 1

Approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Second Letter Agreement to extend the Professional Services Agreement (A-12154) with Precision Orthopedics to provide orthopedic services at NMC extending the term an additional sixty (60) days to June 30, 2014.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Second Letter Agreement to extend the Professional Services Agreement (A-12154) with Precision Orthopedics to provide orthopedic services at NMC extending the term an additional sixty (60) days to June 30, 2014.

SUMMARY/DISCUSSION:

NMC entered into an agreement with Precision Orthopedics to provide professional services in the Specialty Clinic; inpatient/outpatient surgery and orthopedic call coverage in the emergency department on January 1, 2012; the Agreement was amended January 1, 2013 and extended with the First Letter Agreement on January 1, 2014. The terms of the Second Amendment with Precision Orthopedics to extend the Agreement past the expiration date of December 31, 2013 are not yet settled. NMC must ensure that a written agreement or extension letter is in place whenever medical services are rendered according the Federal Stark Law. The 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 structured compensation.

NMC wishes to execute the Second Letter Agreement with Precision Orthopedics to extend the term of the Agreement an additional 60 days in order to continue to provide orthopedic services at NMC without interruption. This Letter Agreement does not add funds or change the scope of services to the Agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Second Letter Agreement as to legal form and risk provisions. The Auditor-Controller has reviewed and approved this Second Letter Agreement as to fiscal provisions. The CAO-Budget and Analysis Division has advised to inform the BOS the spending authority (appropriations) associated with NMC's FY 2014 Adopted Budget has been exceeded and approval and authorization for modification of NMC's appropriation budget should be presented to the BOS. Since NMC is an Enterprise Fund, this does not prevent continued expenditures and is not a legal requirement, but it is considered good public policy, transparency and fiscal management.

FINANCING:

This Second Letter Extension does not add funds to the Agreement. The total cost for this Agreement \$2,020,000. \$407,446 was disbursed in Fiscal Year 2011/2012 (6 months); \$755,789 was disbursed in Fiscal Year 2012/2013; \$820,000 is included in Fiscal Year 2013/2014 of which \$501,521 has been disbursed. NMC is confirming its appropriations position and if its spending authority has been exceeded will return to the Board. There is no impact to the General Fund.

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Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments on file at the Clerk of the Board