



County of Monterey

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

Board Report

File #: A 13-197, **Version:** 1

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment No. 4 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2015 for a total Agreement amount not to exceed \$1,500,000 (a \$500,000 increase over two years) in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment No. 4 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2015 for a total Agreement amount not to exceed \$1,500,000 (a \$500,000 increase over two years) in the aggregate.

SUMMARY/DISCUSSION:

Latham & Watkins LLP is one of the pre-eminent law firms representing healthcare systems and local community hospitals throughout the United States. Their healthcare attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to fraud and abuse, Medicare/Medicaid reimbursement, healthcare regulatory requirements, financing regulation, and licensing.

On July 27, 2010 the Board of Supervisors approved the original Agreement with Latham & Watkins for Legal Services at NMC in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011 ("Agreement"). On January 11, 2011, the parties entered into an Amendment No. 1 to the Agreement, increasing the maximum liability by \$300,000 and extending the Agreement to June 30, 2011. During Fiscal Year 2010-2011, Latham & Watkins provided significant legal services to the County of Monterey, to ensure that the County's agreements complied with state and federal healthcare and Medicare compliance laws. The potential sanctions for noncompliance with these laws are severe and include civil and criminal liability, as well as debarment or exclusion from participation in Medicare.

The parties' Agreement expired on June 30, 2011. Services nevertheless continued since June 30, 2011 without interruption. On November 15, 2011 the Board approved Renewal and Amendment No. 2 to the Agreement. The law firm's services continued to be needed in the area of healthcare professional agreements compliance and as NMC readied for changes initiated by healthcare reform. The Agreement was extended to June 30, 2012. The Renewal and Amendment No. 2 increased the maximum liability by \$600,000, for a total not to exceed Agreement amount of \$1,000,000 in the aggregate, and allowed continuation of services and payment for services on the same terms and conditions as the expired Agreement without interruption for the period July 1, 2011 to June 30, 2012.

Amendment No. 3 extended the Agreement to June 30, 2013 without increasing the maximum liability under the Agreement. This Renewal and Amendment No. 4 extends the Agreement an additional two years to June 30, 2015, increasing the maximum liability by \$250,000 per year for a total increase of \$500,000. This will permit Latham to continue to review NMC's agreements for regulatory compliance and to provide legal advice and consultation regarding the impact of healthcare reform on these agreements.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Renewal and Amendment No. 4 as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Renewal and Amendment No. 4 as to fiscal provisions. The Renewal and Amendment No. 4 has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

The cost for this Renewal and Amendment No. 4 is \$500,000 over two years. \$250,000 is included in the Fiscal Year 2013/2014 Adopted 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: Daniel Leon, Chief Financial Officer, 783-2561
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Renewal and Amendment No. 4, Original Agreement, Amendment 1, Renewal and Amendment No. 2 and Amendment 3
Attachments on file with the Clerk to the Board's Office