



Board Report

File #: A 15-200, **Version:** 1

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute Amendment No. 5 to the Agreement (A-11791/MYA505) with Latham & Watkins LLP for legal services at NMC, extending the Agreement an additional three (3) year period for a revised term of May 1, 2009 through June 30, 2018 for a revised total Agreement amount not to exceed \$1,500,000.
- b. Authorize the Deputy Purchasing Agent for NMC to execute up to three (3) future Amendments to the Agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) of the original Agreement amount, subject to approve of County Counsel.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute Amendment No. 5 to the Agreement (A-11791/MYA505) with Latham & Watkins LLP for legal services at NMC, extending the Agreement an additional three (3) year period for a revised term of May 1, 2009 through June 30, 2018 for a revised total Agreement amount not to exceed \$1,500,000.
- b. Authorize the Deputy Purchasing Agent for NMC to execute up to three (3) future Amendments to the Agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) of the original Agreement amount, subject to approve of County Counsel.

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. 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 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. Renewal and Amendment No. 4 extended the Agreement an additional two years to June 30, 2015, increasing the maximum liability by \$250,000 per year for a total not to exceed amount of \$1,500,000. This Amendment No. 5 extends the Agreement an additional two years to June 30, 2017, without increasing the maximum liability under the Agreement.

During Fiscal Year 2014-2015, 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. Because the requested services pertained to multiple healthcare professional agreements and, due to the severity of potential sanctions for noncompliance, required the skilled competence of healthcare law experts, the law firm's advice and counsel were both necessary and extensive. The law firm's services continued to be needed in the Fiscal Year 2014-2015 in the area of healthcare professional agreements compliance and as NMC readied for changes initiated by healthcare reform. Amendment No. 5 continues to permit Latham to review NMC's physician 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 Amendment No. 5 as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved this Amendment No. 5 as to payment provisions. Amendment No.5 has also been reviewed and approved by NMC's Finance Committee on 4/23/15 and its Board of Trustees on 5/1/15.

FINANCING:

There is no additional cost associated with Amendment No. 5. There is no impact to the General Fund.

Prepared by: Daniel Leon, Chief Financial Officer, 783-2561

Approved by: Gary R. Gray, DO, Interim Chief Executive Officer, 783-2504

Attachments:

Amendment No. 5,

Amendments No. 1 through 4,

Latham & Watkins Original Agreement

Attachments on file with the Clerk of the Board