

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

234



FROM: Riverside University Health System – Medical Center

SUBMITTAL DATE:
July 12, 2016

SUBJECT: Approve the Fifth Amendment to the Agreement for Hemodialysis Treatment Services with DVA Renal Healthcare, Inc. for two years; District 5; [\$3,000,000]; Hospital Enterprise Fund

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and execute the Fifth Amendment for Hemodialysis Treatment Services with DVA Renal Healthcare, Inc. to increase the Agreement amount by \$100,000 from \$1,400,000 to \$1,500,000 effective July 26, 2016 through June 30, 2018; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to sign amendments that do not change the substantive terms of the Agreement, and sign amendments to the compensation provisions that do not exceed ten (10) percent annually.

BACKGROUND:

Summary

This action of the Board will approve an amended scope of services in the Agreement with DVA Renal Healthcare, Inc. to better meet the needs of patients of Riverside University Health System (RUHS). It also will increase the hemodialysis treatment rate to keep it consistent with fair market rates.

[Signature]
Zareh H. Sarrafian,
CEO – Health System

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* MARSHA L. VICTOR 7/14/16 DATE
Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Hospital Enterprise Fund 40050				Budget Adjustment: No	
				For Fiscal Year: 16/17-17/18	

C.E.O. RECOMMENDATION: APPROVE
BY: *[Signature]*
Christopher M. Hans

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

[Signature]
Teresa Summers
Assistant Director
Purchasing and Fleet Services

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: see page 2

District: ALL

Agenda Number:

3-42

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approve the Fifth Amendment to the Agreement for Hemodialysis Treatment Services with DVA Renal Healthcare, Inc. for two year; District 5; [\$3,000,000]; Hospital Enterprise Fund

DATE: July 12, 2016

PAGE: Page 2 of 2

Previous Agenda Reference:

08/10/10; 3.53, 07/31/12; 3.52, 08/20/13; 3-75

BACKGROUND:

Summary (continued)

DVA Renal Healthcare, Inc. provides trained staff and equipment for chronic and acute inpatient and outpatient dialysis treatments as required by Riverside University Health System (RUHS) – Medical Center, providing specially trained staff within an agreed to response time in response to the needs of patients at RUHS – Medical Center. Additionally, included in Agreement, DVA provides discharge planning services; a post-hospital plan of action when a patient or resident leaves the facility. Hospital management has determined that this discharge planning service is no longer needed, so RUHS does not plan on continuing this component of their service. In contrast, hemodialysis has been the most frequently used procedure and RUHS anticipates demand for these services will continue to escalate.

Impact on Citizens and Businesses

The work of DVA Renal Healthcare impacts the patients throughout Riverside County receiving care from Riverside University Health System – Medical Center and their friends and families.

Contract History and Price Reasonableness

On August 10, 2010, Agenda Item Number 3.53, the Board approved a multi-year agreement with DaVita, Inc. now known as DVA Renal Healthcare, Inc. to provide dialysis services for patients of RUHS – Medical Center. Then, on August 20, 2013, Agenda Item Number 3-75, the Board approved the Third Amendment which extended the Agreement with DVA Renal Healthcare for an additional five years through August 31, 2018 and increased the hemodialysis treatment rates to correspond with fair market value.

The amendment before the Board today will require the Board's approval because there is a substantive change to the scope of services. For example, the contract will eliminate the discharge planning services, increase the hemodialysis treatment rate by an overall thirty five (35) percent as miscellaneous fees such as waiting time and cancellations have been removed from the agreement, and the contract now offers a shorter out clause. DaVita has also agreed, for the first time, to put part of its service fee at risk if it fails to provide staff and services within the agreed to response time – 365 days a year.

ZHS:ns

FIFTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT

WITH

DVA RENAL HEALTHCARE, INC. (Hemodialysis Treatment Services)

That certain Acute Services and Discharge Planning Services Agreement (the “**Agreement**”) between Riverside County Regional Medical Center (“**COUNTY**”) and DVA Renal Healthcare, Inc. and Patient Pathways, LLC (individually and collectively, the “**CONTRACTOR**”), each a subsidiary of DaVita HealthCare Partners Inc. (“**DaVita**”), executed August 10, 2010; first amendment executed February 9, 2011, second amendment executed July 31, 2012; third amendment executed August 20, 2013; and fourth amendment executed July 24, 2014, is hereby amended and effective as of the date of last signature (the “**Fifth Amendment Effective Date**”).

1. The termination letter issued by CONTRACTOR dated November 30, 2015 has been rescinded and revoked. The Agreement continues in full force and effect as herein modified.
2. As of the Fifth Amendment Effective Date, all references in the Agreement to the discharge planning services provided by Patient Pathways, LLC (“**Pathways**”) shall be deleted in their entirety and Pathways shall hereby be removed as a party to the Agreement. Pathways is hereby released of any and all obligations under this Agreement.
3. Section 1.0(a), Performance Improvement, of the Agreement is hereby deleted in its entirety and replaced with the following new Section 1.1:

“1.1 Quality Improvement.

(a) Quality Improvement (“**QI**”). CONTRACTOR agrees, at COUNTY’s request, to participate in COUNTY’s QI Program, in order to comply with applicable standards of The Joint Commission, and any federally funded health care program. CONTRACTOR will monitor mutually agreed upon quality aspects of patient care and safety and provide regular reports to a designated person or department as directed, in compliance with federal, state, and other regulatory agencies. CONTRACTOR may provide survey forms to patients regarding the Services.

(b) Performance Indicators (“**PI**”). To insure that the Services are provided in a safe, timely, effective, efficient, and patient centered manner, COUNTY and CONTRACTOR agree to establish mutually agreed upon PI on an annual basis. CONTRACTOR agrees to collect and report to COUNTY data of importance to the quality of care and utilization of dialysis and renal replacement therapies. COUNTY will also utilize this data for its own operational and clinical purposes.”

4. Section 2.1, Joint Dialysis Oversight Committee, of the Agreement is hereby deleted in its entirety and replaced with the following:

“2.1 Joint Dialysis Oversight Committee. COUNTY and CONTRACTOR shall establish a Joint Dialysis Oversight Committee (“**JDOC**”) which shall be responsible for the operational, clinical quality, and performance improvement components of this Agreement. The chairperson of the JDOC shall be a Hospital nursing executive, and the JDOC should meet at least quarterly. JDOC participants shall consist of appropriate Hospital leadership, the Medical Director, CONTRACTOR’s director of operations, and CONTRACTOR’s Administrator. In conjunction with the JDOC meetings or through separate meetings that occur at least on a quarterly basis, participants will complete an acute Quality Improvement Facility Monitoring Meeting (QIFMM) form to record metrics, that will include, but are not limited to quality metrics and scores.”

5. Section 3.2, Termination, of the Agreement is hereby deleted in its entirety and replaced with the following:

“3.2 **TERMINATION**. Either party may terminate this Agreement with cause as outlined in Sections 3.5, 3.6 and 3.7 below, or without cause by providing ninety (90) days prior written notice, served upon the other party stating the effective date of the termination.”

6. The first paragraph, but not the sub-sections of such paragraph which shall remain in effect, of Section 4.0 Compensation is hereby deleted in its entirety and replaced with the following:

7. “The COUNTY shall pay the CONTRACTOR for services performed and expenses incurred in accordance with the established terms of Exhibit B, Fee Schedule.”The following new Section 23.5 is hereby added to the Agreement and incorporated by this reference:

“23.5 Corporate Integrity Agreement Requirements.

(a) Code of Conduct. CONTRACTOR shall provide to COUNTY access to a copy of DaVita’s Code of Conduct and relevant policies and procedures in either hard copy or electronic form, which are designed to ensure compliance with relevant Federal health care program requirements.

(b) Anti-Kickback Statute Compliance. The parties certify that: (1) neither party shall violate the Anti-Kickback Statute with respect to the performance of this Agreement; (2) the compensation provided under this Agreement has been determined in arm’s-length bargaining and reflects fair market value in arm’s-length transactions; (3) the compensation is not and has not been determined in a manner that takes into account the volume or value of any referrals or business otherwise generated for or with respect to or between the parties for which payment may be made in whole or in part under

Medicare, Medicaid, or any Federal or State health care program or under any other third party payor program.

(c) Screening Requirements. COUNTY represents and warrants to CONTRACTOR that neither it nor any of its employees, contractors, subcontractors related to this Agreement: (1) are currently excluded from participation in an federal health care program, as defined under 42 U.S.C. § 1320a – 7(b); (2) are currently excluded, debarred, suspended, or otherwise ineligible to participate in Federal procurement or nonprocurement programs; or (3) have been convicted of a criminal offense that falls within the scope of 42 U.S.C. § 1320a – 7(a), but have not yet been excluded, debarred, suspended, or otherwise declared ineligible. COUNTY agrees to notify CONTRACTOR within two (2) business days of learning of any such exclusion described above.

(d) Removal Requirement. In the event of learning of such an exclusion, as described in Section 23.5 (c) above, CONTRACTOR shall have the right to terminate this Agreement without further liability.”

8. Section 30.0, Notices, of the Agreement is hereby amended to update CONTRACTOR’s addresses as follows:

“CONTRACTOR

DaVita HealthCare Partners Inc.
5200 Virginia Way
Brentwood, TN 37027
Attention: Hospital Services Group Paralegal

With a copy to:

DaVita HealthCare Partners Inc.
15271 Laguna Canyon Road
Irvine, CA 92618
Attention: Division Vice President”

9. Exhibit A, Section 3.0, Orders, of the Agreement is hereby deleted in its entirety and replaced with the following:

“3.0. ORDERS

CONTRACTOR shall provide Services only upon receipt of an order (“Order”) of a nephrologist or physician who has been authorized by COUNTY to make such requests and subject to patients having the appropriate functioning vascular or peritoneal access. COUNTY will promptly contact CONTRACTOR with Physician Orders. If contact is made

by telephone, COUNTY will call the dedicated phone number CONTRACTOR will give to COUNTY for placing an Order. The COUNTY's call to CONTRACTOR with Orders for Services is the COUNTY's authorization for CONTRACTOR to provide such Services on the COUNTY's behalf. CONTRACTOR agrees that it is not authorized or required to proceed until it receives a call from the unit secretary of the unit where the patient resides or from the nurse taking care of the patient. CONTRACTOR agrees to provide staff onsite ready to provide Services within six (6) hours following the receipt of an Order from the COUNTY for treatment, unless a different time frame is set out in the Physician Order. A single failure by CONTRACTOR's to meet the six (6) hour response time shall not be considered a breach of this Agreement, however, mutual waiting time penalties¹ may apply and repeated failure to meet this response time may be cause for termination. CONTRACTOR agrees to provide to COUNTY a report identifying instances where CONTRACTOR did not meet the six (6) hour response time. If necessary, CONTRACTOR and/or COUNTY may request that the parties meet to address process improvement during the term of this Agreement. CONTRACTOR agrees to respond onsite at COUNTY within two (2) hours of receipt of an Order for urgent or emergency provision of Services ("STAT Order"). However, factors beyond CONTRACTOR's control, including without limitation, weather, proximity of CONTRACTOR's available Staff to COUNTY at the time the STAT Order is received, and other facts and circumstances beyond CONTRACTOR's control may make such response time impractical or impossible in a given instance. Accordingly, a single failure to meet the two (2) hour response time requirement shall not be considered a breach of this Agreement but repeated failures to meet this response time may be cause for termination. COUNTY shall ensure that necessary, appropriate and proper written informed consent specific to the Services has been obtained. COUNTY shall make such documentation of such informed consent available to CONTRACTOR Staff prior to the performance of the Services. COUNTY and CONTRACTOR agree that the Physician(s) shall be responsible for discussing the risks and benefits of treatments involving any of the Services in conjunction with obtaining the written informed consent. Notwithstanding the above, CONTRACTOR may delay the performance of the Services until it has the written informed consent specific to the Services for the patient. CONTRACTOR Staff will be responsible for provision of the ordered Services, including: (a) set-up and safety check of machine and water treatment system; (b) initiating treatment, monitoring of treatment, and termination of treatment; (c) documentation of treatment on COUNTY approved forms or within the County's Electronic Medical Record (EMR); and (d) clean-up of dialysis equipment and proper storage of machines and supplies. Pursuant to California Code of Regulations, title 22, Section 70713, use of outside services, COUNTY and the patient's Physician shall retain ultimate authority over and responsibility for each patient's care and

¹ Please see attached Exhibit B for mutual waiting time penalties.

treatment. COUNTY retains professional and administrative responsibility for the services rendered.

10. Exhibit A, Section 7.0, Equipment, subsection 7.4 is hereby deleted and replaced with the following:

Withdrawal of County Approval. County may withdraw its approval for any individual Contractor Staff member to provide services, due to the County's reasonable dissatisfaction arrived at in good faith and continuing after (a) giving written notice to the Staff Member of the reason for dissatisfaction and (b) having a meeting between the County's representative, the Contractor and the subject Contractor Staff member. As an alternative to withdrawing its approval of the Contractor Staff member to serve under this Agreement, the County may condition its continuing approval on any reasonable terms. Such removal shall not violate any federal, state, or local law or regulation. Upon notice of the County's final decision to withdraw its approval for the Contractor Staff member, Contractor shall (a) remove that Contractor Staff member from County premises and ensure that such Contractor Staff Member provides no further Services; (b) use good faith efforts to supply a replacement Contractor Staff member reasonable acceptable to the County. The parties acknowledge that Service at such Hospital may be negatively affected until Contractor can find a suitable replacement for such Contractor Staff member.

11. Exhibit A, Section 8.0, Records and Reports is hereby deleted in its entirety and replaced with the following:

"8.0 RECORDS AND REPORTS. CONTRACTOR shall create a record of the treatment rendered within COUNTY's Electronic Medical Record (EMR) CONTRACTOR shall also submit a charge sheet to the Nursing House Supervisor or the Nurse Staffing Office upon completion of each Service performed which shall then be signed and dated by the applicable COUNTY officer, with a copy provided back to the CONTRACTOR for their records. Such signature does not indicate acceptance of the accuracy of the charges listed on such sheet."

12. Exhibit A, Section 11.10, is hereby deleted in its entirety and replaced with the following:

"All personnel/equipment necessary and appropriate to protect the safety of the patient, COUNTY and CONTRACTOR's Staff and other patients."

13. Exhibit A, Sections 11.16 is hereby deleted in its entirety.

14. Exhibit A, Section 11.19 is hereby deleted in its entirety and replaced with the following:

"11.19 All necessary access to the County's electronic medical record (EMR) system."

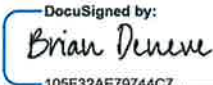
15. Exhibit B, Fee Schedule, is hereby deleted in its entirety and replaced with the attached new Exhibit B Fee Schedule. The fees on the new Exhibit B Fee Schedule shall go into effect on July 1, 2016 or the Fifth Amendment Effective Date.
16. Exhibits C and D are hereby deleted in their entirety.
17. All other terms and conditions of this Agreement are to remain unchanged, in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment.

CONTRACTOR
DVA Renal Healthcare, Inc.

COUNTY

By:  _____
105F32AE79744C7...

By: _____

Brian De Neve
Division Vice President
July 13, 2016

Type or Print Name
Chairman

Date: _____

Date: _____

Patient Pathways, LLC

Approved as to form:

By:  _____

By:  _____

Andrew Kin
Vice President, Operations

Martha Ann Knutson
Deputy County Counsel

Date: 07/13/2016 _____

APPROVED TO FORM ONLY
DaVita HealthCare Partners Inc.

By: _____

David Wolff
Group General Counsel

EXHIBIT B
FEE SCHEDULE

DVA Renal Healthcare, Inc.

NOTE: The fees listed in the schedule set forth below include services provided to non-admitted persons who are kept at COUNTY for observational purposes for a period of less than twenty-four (24) hours without being admitted.

PROCEDURE	RATES <i>(Effective 07/26/2016)</i>
<u>Hemodialysis</u>	
Hemodialysis-Adult: 2:1 patient to staff ratio, up to 4 hours ¹	\$425.72 per treatment
Hemodialysis-Adult: 1:1 patient to staff ratio, up to 4 hours	\$555.00 per treatment
Hemodialysis: additional charge per half hour for treatments ordered longer than 4 hours	\$51.00 per ½ hour
<u>Peritoneal Dialysis (PD: CAPD, CCPD)</u>	
CCPD-Adult (per treatment visit) ²	\$350.00 per treatment visit
CAPD-Adult (per treatment visit) ²	\$350.00 per treatment visit
<u>Continuous Renal Replacement Therapy (CRRT: SCUF, CVVH, CVVHD, CVVHDF)</u>	
CRRT Adult (per treatment visit) ³	\$450.00 per treatment visit
CRRT cartridge (each cartridge separately billable)	\$204.00 each cartridge
<u>Nursing Services</u>	
RN Consultation ⁴	\$51.00 per ½ hour
Dec clotting Central Venous Catheters (TPA)	\$51.00 per ½ hour
<u>Miscellaneous</u>	
Differential: Same Day Service <u>called in after 5pm</u>	No additional charge, however Contractor will track incidences and County agrees to implement processes to minimize incidences.
Differential: Sundays and Holidays ⁵	No additional charge, however Contractor will track incidences and County agrees to

	implement processes to minimize incidences.
Cancellation ⁶	\$306.00 per cancellation
Mutual Waiting time ⁷ (after first 15 minutes)	\$51.00 per ½ hour
Acute Medical Director Fee	Fee for acute Medical Director services is included in the per treatment rate indicated above.

¹ This rate is charged for each treatment whenever any hemodialysis treatments are able to be performed concurrently on at least two (2) patients at the same time in the COUNTY's dedicated dialysis space. All treatments in the COUNTY's dedicated dialysis space that must for medical reasons be performed on only one (1) patient at a time will be billed at the hemodialysis 1:1 rate.

² This rate includes PD equipment, dialysate, supplies and labor. Each PD visit is separately billable.

³ This rate includes CRRT equipment and dialysate utilization. Pre-dilution replacement solution is dispensed from the COUNTY's pharmacy and is not included in this rate. Each CRRT visit is separately billable and each CRRT cartridge is charged separately.

⁴ Clinical Services such as PD Cycler, Catheter assessment, Central Venous Catheter (CVC) evaluation, dressing change, provide vascular access and evaluation, or any other clinical services authorized by the COUNTY that both parties have mutually agreed to in the Agreement, but that is not otherwise described in this section or this Exhibit B.

⁵ Differential for "Sundays and holidays" will be assessed for all treatments performed at any time for Sundays and on any of the following annual holidays: New Year's Eve, New Year's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Christmas Eve and Christmas Day.

⁶ DaVita Nurse arrives at Medical Center, treatment cancelled.

⁷ Contractor ready to provide services but delay is caused by County or County calls in order, without alternate time frame specified in the order, and services are provided after more than six (6) hours from the time Contractor received the order.