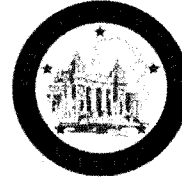


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.26
(ID # 6037)

MEETING DATE:

Tuesday, January 23, 2018

FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM-MEDICAL CENTER: Ratification of the Second Amendment to the Professional Services Agreement with The Regents of the University of California, University of California, Riverside School of Medicine for Graduate Medical Education Training; 2 years; Districts- All; [\$2,805,312]; Hospital Enterprise Funds.

RECOMMENDED MOTION: That the Board of Supervisors:

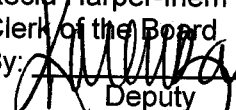
1. Ratify and execute the Second Amendment with The Regents of the University of California, University of California, Riverside School of Medicine for Graduate Medical Education Training in the amount of \$1,307,024 effective July 1, 2016 through June 30, 2017 and for the amount of \$1,498,288 effective July 1, 2017 through June 30, 2018.
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 and as approved by County Counsel to: (a) sign amendments that do not change the substantive terms of the agreement, (b) sign amendments to renew or extend the term period consistent with the terms in Section 2 of the Agreement, and (c) sign amendments to the compensation provisions that do not exceed ten percent (10%) annually.

ACTION: Policy

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: January 23, 2018
xc: RUHS-Medical Center, Purchasing

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|--|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 2,805,312 | \$ 0 | \$ 2,805,312 | \$ 0 |
| 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

BACKGROUND:

Summary

Continuing its more than 100 year history as a teaching hospital, as of July 1, 2013, Riverside University Health System-Medical Center (RUHS-MC) became a primary training site for resident physician training programs to be sponsored by the then newly opened University of California, Riverside School of Medicine (UCR).

The initial arrangements between RUHS-MC and UCR were memorialized in a Master Affiliation Agreement which delineated the responsibilities of both parties as they relate to the continued administration and sponsorship of the programs as well as the financial responsibility of each party. The Master Affiliation Agreement was ratified and approved on May 12, 2015 (Agenda Item 3-30), to be effective July 1, 2014 through June 30, 2015 with four annual renewals and a total budgeted amount for the five years of \$24,580,858. Under the initial arrangements UCR resident physicians in Internal Medicine, Family Medicine and General Surgery rotated for educational and clinical experiences at RUHS-MC's Moreno Valley and Arlington Campuses as well as in the County's Federally Qualified Health Centers. UCR remained the employer of these physicians and also provided faculty who supervised the residents during their rotations in the County's facilities. The County reimbursed UCR for the Resident Physicians' salaries and benefits. Both parties also covered other salary and non-salary expense items. In addition, residents from a new UCR residency in Psychiatry were also rotated through the County's facilities without any payment by RUHS-MC for salary, benefits or overhead since these costs were covered under a grant from the Office of Statewide Health Planning and Development (OSHPD).

A first Amendment to the Agreement, effective July 1, 2015 through June 31, 2016 was executed by the RUHS-MC CEO on August 24, 2015 under authority delegated by this Board.

During the following fiscal years 2016/2017 – 2017/2018 the structure of the relationship underwent several changes. First, responsibility for the Family Medicine and General Surgery residencies returned from UCR to RUHS-MC as the Medical Center began pursuing Osteopathic Accreditation for these programs under the Accreditation Council for Graduate Medical Education. Only the Internal Medicine residency program remained under the sponsorship of UCR. The Psychiatry residency program did not receive continued funding from OSHPD and UCR subsequently requested that RUHS-MC pay the salaries and benefits for

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

residents in that program. Total annual compensation and expenses paid under the Agreement declined from a maximum of \$4,980,208 in 2015/2016 to a maximum of \$1,498,288 in 2017/2018.


The proposed Amendment modifies the Master Affiliation Agreement as to both rates and the residency programs covered by the Agreement during fiscal years 2016-2017 and 2017-2018.

Impact on Residents and Businesses

The hospital and its clinics serve residents of all five Riverside County supervisorial districts, providing more than 450,000 patient encounters each year. For the past four years, RUHS-MC and its patients have benefited from services provided by the resident physicians under the terms of the Agreement. The County and its citizens can also benefit from training new physicians who may decide to practice in this area upon the completion of their training.

Contract History and Price Reasonableness

The total annual cost – salaries and benefits - per resident physician has increased only six percent from the rates approved in 2014-2015 to those proposed for 2017-2018. Over the same period the reimbursement for other expenses has declined from a high of \$630,537.00 to \$26,161.08 as administrative expenses related to the Family Medicine and General Surgery residencies moved back to the RUHS-MC annual GME budget.



Teresa Summers, Director of Purchasing 12/26/2017

**SECOND AMENDMENT
TO THE
MASTER AFFILIATION AGREEMENT
BETWEEN
THE COUNTY OF RIVERSIDE
AND
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
FOR GRADUATE MEDICAL EDUCATION TRAINING**

That certain Agreement between County of Riverside (COUNTY), a political subdivision of the State of California and The Regents of the University of California, on behalf of the University of California, Riverside, School of Medicine (SCHOOL), collectively referred to as "the Parties," entered into on May 12, 2015 as Agenda item 3-30 effective as of July 1, 2014, as amended July 1, 2015, is hereby amended effective July 1, 2016, as follows:

1. Delete all references to "Riverside County Regional Medical Center" or "RCRMC" and replace with "Riverside University Hospital Medical Center" or "RUHS-MC".
2. Delete Paragraph 2.7 in its entirety.
3. Add a Section 3.5 as follows "**Reimbursement**"

3.5.1 SCHOOL will provide COUNTY a monthly invoice and a monthly RESIDENT rotation report which will contain the following minimum information: Full legal name of RESIDENT, program year level, start and end dates of rotation, and, name of service on which RESIDENT was rotating.

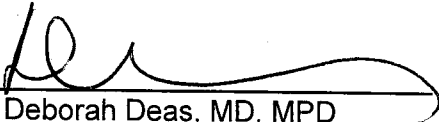
3.5.2 COUNTY agrees to pay ninety percent (90%) of the monthly payment due within thirty (30) days after receipt of a monthly invoice and resident rotation report. The parties will reconcile SCHOOL's monthly RESIDENT rotation report against COUNTY's rotation records and pay any balances due or offset over payments quarterly against the third invoice in that quarter."

4. Delete Exhibit A-1 in its entirety and replace with Exhibit A-2 "Reimbursement for Resident Physician Salaries and Benefits, Resident Assignment and Direct Expenses" attached hereto.
5. Delete Exhibit B-1 in its entirety.

All other terms and conditions of this Agreement are to remain unchanged.

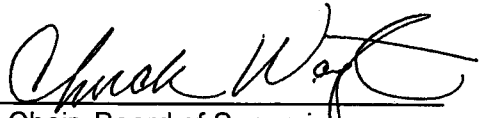
The Parties have executed this Amendment as set forth below:

**THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA**

By: 
Deborah Deas, MD, MPD
Dean, School of Medicine
UC Riverside

Date: 12/11/2017

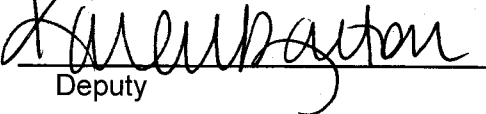
COUNTY OF RIVERSIDE

By: 
Chair, Board of Supervisors
Chuck Washington

Date: JAN 23 2018

ATTEST:

Kecia Harper-Ihem, Clerk

By: 
Deputy

APPROVED AS TO FORM:

Gregory Priamos
County Counsel


By: 
MARTHA A. KNUTSON
Deputy County Counsel

EXHIBIT A-2

**Reimbursement for Resident Physician Salaries and Benefits,
Resident Assignments And Direct Expenses**

COUNTY has agreed to reimburse SCHOOL for the salary and benefits of RESIDENTS rotating at Riverside University Health System - Medical Center or other County clinical facilities as set forth below.

2016-2017

Reimbursement Rates:

Reimbursement for RESIDENTS will be made for rotations that occur at COUNTY's facilities at the following rates from July 1, 2016 through June 30, 2017.

BASE SALARY

| | PGY-1 | PGY-2 | PGY-3 |
|--|--------------|--------------|--------------|
| | \$53,947.00 | \$55,736.00 | \$57,925.00 |

| BENEFITS | | | |
|------------------------|-------------|-------------|-------------|
| FICA | \$4,126.95 | \$4,263.80 | \$4,431.26 |
| Medicare Tax | \$782.23 | \$808.17 | \$839.91 |
| Unemployment | \$53.95 | \$55.74 | \$57.93 |
| Workers Comp | \$469.34 | \$484.90 | \$503.95 |
| Employee Practice | \$290.29 | \$299.92 | \$311.69 |
| General Liability | \$240.17 | \$248.14 | \$257.88 |
| CIF-Network Liability | \$770.00 | \$770.00 | \$770.00 |
| Life, AD&D, Disability | \$119.00 | \$119.00 | \$119.00 |
| Medical | \$5,477.64 | \$5,477.64 | \$5,477.64 |
| Dental | \$1,277.00 | \$1,277.00 | \$1,277.00 |
| Vision | \$207.00 | \$207.00 | \$207.00 |
| Total Benefits | \$13,813.57 | \$14,011.31 | \$14,253.26 |

| | | | |
|------------------------------------|-------------|-------------|-------------|
| Salary & Benefits Total | \$67,760.57 | \$69,747.31 | \$72,178.26 |
|------------------------------------|-------------|-------------|-------------|

| RATES | | | |
|----------------|--------------|--------------|--------------|
| | PGY-1 | PGY-2 | PGY-3 |
| Yearly | \$67,760.57 | \$69,747.31 | \$72,178.26 |
| Monthly | \$5,646.71 | \$5,812.28 | \$6,014.86 |
| Daily | \$185.65 | \$191.09 | \$197.75 |

Reimbursed Resident Assignments

COUNTY's reimbursement for SCHOOL'S RESIDENTS' salary and benefits will not exceed the maximum annual FTE (full-time equivalent) counts listed below for each Program from July 1, 2016 through June 30, 2017.

| Resident Program | Program Year | Maximum Annual FTE count | Total Cost |
|---|--------------|--------------------------|-----------------------|
| Family Medicine | 3 | .8 | \$57,742.61 |
| Internal Medicine | 1 | 4 | \$271,042.28 |
| Internal Medicine | 2 | 4 | \$278,989.24 |
| Internal Medicine | 3 | 4 | \$288,713.04 |
| Psychiatry | 1 | 4 | \$271,042.48 |
| Psychiatry | 2 | 2 | \$139,494.61 |
| Psychiatry | 3 | 0 | \$0.00 |
| ANNUAL SALARIES/ BENEFITS COMPENSATION NOT TO EXCEED | | | \$1,307,024.02 |

Both parties agree that SCHOOL may, upon approval of COUNTY, send additional RESIDENTS other than those listed above to COUNTY's facilities. However, reimbursement for salary and benefits will not exceed the annual amounts listed in this Exhibit.

Direct Expenses – 2016-2017

| SALARY EXPENSES | FTE | Salaries & Benefits |
|---|------------|--------------------------------|
| Administrative and Support Staff | | |
| GME Coordinator - - Internal Medicine | 0.3 | \$25,082.92 |
| TOTAL FOR DIRECT EXPENSES | | \$25,082.92 |

SCHOOL will invoice COUNTY for one-twelfth of the total direct expenses on a monthly basis. Compensation will be provided by COUNTY to SCHOOL within 30 days of receipt of an accurate invoice.

2017-2018

Reimbursement Rates:

Reimbursement for RESIDENTS will be made for rotations that actually occur at COUNTY's facilities at the following rates from July 1, 2017 through June 30, 2018:

| BASE SALARY | | | | |
|-------------|-------------|-------------|-------------|-------------|
| | PGY-1 | PGY-2 | PGY-3 | PGY-4 |
| | \$55,566.00 | \$57,408.00 | \$59,663.00 | \$62,018.00 |

| BENEFITS | | | | |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| FICA | \$4,250.80 | \$4,391.71 | \$4,564.22 | \$4,744.38 |
| Unemployment | \$55.57 | \$57.41 | \$59.66 | \$62.02 |
| Workers Comp | \$683.46 | \$706.12 | \$733.85 | \$762.82 |
| Employee Practice | \$604.72 | \$314.83 | \$327.19 | \$340.11 |
| General Liability | \$260.10 | \$268.73 | \$279.28 | \$290.31 |
| Life, AD&D, Disability | \$122.57 | \$122.57 | \$122.57 | \$122.57 |
| Medical | \$5,935.02 | \$5,935.02 | \$5,935.02 | \$5,935.02 |
| Dental | \$1,315.31 | \$1,315.31 | \$1,315.31 | \$1,315.31 |
| Vision | \$213.21 | \$213.21 | \$213.21 | \$213.21 |
| Total Benefits | \$13,440.76 | \$13,324.91 | \$13,550.31 | \$13,785.75 |

| | | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salary & Benefits Total | \$69,006.76 | \$70,732.91 | \$73,213.31 | \$75,807.75 |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|

| RATES | | | | |
|----------------|--------------------|--------------------|--------------------|--------------------|
| | PGY-1 | PGY-2 | PGY-3 | PGY-4 |
| Yearly | \$69,006.76 | \$70,732.91 | \$73,213.31 | \$75,807.75 |
| Monthly | \$5,750.56 | \$5,894.41 | \$6,101.11 | \$6,317.31 |
| Daily | \$189.58 | \$194.32 | \$201.14 | \$208.26 |

Reimbursed Resident Assignments

COUNTY's reimbursement for SCHOOL'S RESIDENTS' salary and benefits will not exceed the maximum annual FTE (full-time equivalent) counts listed below for each Program from July 1, 2017 through June 30, 2018.

| Resident Program | Program Year | PGY | Maximum Annual FTE count | Total Cost |
|--|--------------|-----|--------------------------|-----------------------|
| Internal Medicine | 1 | 1 | 4 | \$276,027.04 |
| Internal Medicine | 2 | 2 | 4 | \$282,931.64 |
| Internal Medicine | 3 | 3 | 4 | \$292,853.24 |
| Psychiatry | 1 | 1 | 6 | \$414,040.56 |
| Psychiatry | 2 | 2 | 2 | \$141,465.82 |
| Psychiatry / Fellows | 1 | 4 | 1.2 | \$90,969.30 |
| ANNUAL SALARIES / BENEFITS COMPENSATION NOT TO EXCEED | | | | \$1,498,287.60 |

Both parties agree that SCHOOL may, upon approval of COUNTY, send additional RESIDENTS other than those listed above to COUNTY's facilities. However, reimbursement for salary and benefits will not exceed the annual amounts listed in this Exhibit.

Direct Expenses – 2017-2018

| SALARY EXPENSES | FTE | Salaries & Benefits |
|---|------------|--------------------------------|
| Administrative and Support Staff | | |
| GME Coordinator - - Internal Medicine | 0.3 | \$26,161.08 |
| TOTAL FOR DIRECT EXPENSES | | \$26,161.08 |

SCHOOL will invoice COUNTY for one-twelfth of the total direct expenses on a monthly basis. Compensation will be provided by COUNTY to SCHOOL within 30 days of receipt of an invoice.