



**SUBMITTAL TO THE RIVERSIDE UNIVERSITY HEALTH  
SYSTEM MEDICAL CENTER GOVERNING BOARD  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**Riverside  
University  
HEALTH SYSTI  
Medical Cent** ITEM  
15.6  
(ID # 10752)

**MEETING DATE:**

Tuesday, September 10, 2019

**FROM:** RUHS-MEDICAL CENTER:

**SUBJECT:** RIVERSIDE UNIVERSITY HEALTH SYSTEM-MEDICAL CENTER: Ratification and Approval of a Third Amendment to the Professional Service Agreement for Obstetrics/Gynecology Physician Services Between County of Riverside and Faculty Physicians and Surgeons of Loma Linda University School of Medicine (FPS LLUSM) effective July 1, 2019; All Districts. [Annual Cost \$4,585,861; up to \$458,586 in additional compensation – 100% Hospital Enterprise Fund]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Ratify and approve a Third Amendment to the Professional Service Agreement for Obstetrics/Gynecology Physician Services between County of Riverside and Faculty Physicians and Surgeons of Loma Linda University School of Medicine (FPS LLUSM), for modification to the scope of work, effective July 1, 2019 for an annual amount of \$4,585,861 and authorize the Chairman of the Board to sign the amendment on behalf of the County; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 and based on the availability of funding and as approved by County Counsel to sign amendments that do not change the substantive terms of the agreement and to sign amendments to the compensation provisions that do not exceed the sum total of ten percent (10%) annually.

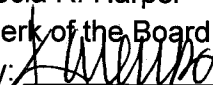
**ACTION:Policy**

  
Jennifer Cruikshank, Chief Executive Officer - Health System 9/9/2019

**MINUTES OF THE GOVERNING BOARD**

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

Ayes: Jeffries, Spiegel, Perez and Hewitt  
Nays: None  
Absent: Washington  
Date: September 10, 2019  
xc: RUHS

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE RIVERSIDE UNIVERSITY HEALTH  
SYSTEM MEDICAL CENTER GOVERNING BOARD OF DIRECTORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$4,585,861	\$4,585,861	\$21,084,077	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: 100% - Hospital Enterprise Fund 40050</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: 19/20-20/21</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The requested Board action will approve a Third Amendment which modifies the scope of work for obstetrics/gynecology (OB/GYN) physician services. Additionally, the amount of effort expected under the contract will be measured by expected relative value units (RVUs) associated with the professional services delivered by contractor physicians. In addition to the change in the total contract price, the revised agreement allows the contractor to bill, collect and retain professional fees for its professional services while honoring and applying the Medical Center's financial assistance policies in such collection efforts.

Since reorganization of the OB/GYN department in January 2017, there has been a rapid expansion of services in the hospital and hospital-based Women's Health Center clinic. The two (2) year cumulative historical data show:

- Clinic visit volume increases from 700 visits per month to 1,500 per month (111% increase);
- Surgical volume increases from 257 procedures per year to 595 per year (131% increase);
- Delivery volume increase from 1,413 per year to 1,638 per year (15% increase);
- Maternal Fetal Medicine clinic visit volume increase of 44% with a single practitioner also performing 1,500 comprehensive fetal ultrasounds each year;
- Gynecologic oncology with an increased clinic visit volume of 17% and surgical volume increase of 74%;
- Female Pelvic Medicine and Reconstructive Surgery (FPMRS) increase in clinic visit volume of 1,400% and surgical volume increase of 633%; and
- As a result of expanded services, there has also been an increase in NICU admissions of 25%.

**Impact on Citizens and Businesses**

This Agreement continues to improve patient care by providing qualified providers and making additional types of services readily available at the Medical Center.

**SUBMITTAL TO THE RIVERSIDE UNIVERSITY HEALTH  
SYSTEM MEDICAL CENTER GOVERNING BOARD OF DIRECTORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**SUPPLEMENTAL:**

**Additional Fiscal Information**

The table below illustrates the budget amount per fiscal year since commencement of the Contract. Although the annual amount is decreased, the same quality services will continue to be provided.

FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	TOTAL
\$2,382,471	\$4,764,942	\$4,764,942	\$4,585,861	\$4,585,861	\$21,084,077

**Contract History and Price Reasonableness**

On December 13, 2016, Agenda Item 3.54, the Board approved the Professional Services Agreement with Faculty Physicians and Surgeons of Loma Linda University School of Medicine to provide professional physician services for obstetrics and gynecological physician services not to exceed \$4,764,942 annually. The Agreement was first amended on September 4, 2018 to renew the term and include quality performance metrics and on July 15, 2019 a Second Amendment was developed to exercise the renewal option of the Agreement. Both amendments were executed under the Purchasing Agent's authority.

This Third Amendment to the Professional Services Agreement modifies the scope of work specific to the full-time equivalent (FTE) positions. In addition, the contract contains expected relative value units (RVUs) associated with the professional services billed by contractor physicians and allows the contractor to retain and collect professional fees for its professional services. While the annual amount is decreased, the same quality services will continue to be provided.

**ATTACHMENTS:**

**Attachment A: THIRD AMENDMENT TO THE PROFESSIONAL SERVICE AGREEMENT WITH FACULTY PHYSICIANS AND SURGEONS OF LOMA LINDA UNIVERSITY SCHOOL OF MEDICINE (OBSTETRICS/GYNECOLOGY PHYSICIAN SERVICES)**

  
Teresa Summers, Director of Purchasing 9/3/2019

  
Gregory V. Priamos, Director County Counsel 9/3/2019

**THIRD AMENDMENT TO THE  
AGREEMENT FOR  
PROFESSIONAL MEDICAL SERVICES  
(Obstetrics/Gynecology Services)**

This Third Amendment to the Agreement for Professional Medical Services (Obstetrics/Gynecology Services) (Second Amendment), is entered into by and between the **County of Riverside** (COUNTY), a political subdivision of the State of California, on behalf of the Riverside University Health System (HOSPITAL) and **Faculty Physicians and Surgeons of LLUSM**, a California non-profit corporation, **dba Loma Linda University Faculty Medical Group** (CONTRACTOR), sometimes collectively referred to as the "Parties" or individually referred to as a "Party."

WHEREAS, COUNTY and CONTRACTOR have entered into that certain Agreement for Professional Medical Services (Obstetrics/Gynecology Services), approved December 13, 2016, Agenda Item 3-54, and effective January 16, 2017 (Agreement), whereby CONTRACTOR agreed to provide COUNTY with professional medical services in the specialty practice of Obstetrics/Gynecology services (SPECIALTY); and,

WHEREAS, COUNTY and CONTRACTOR desire to amend the Agreement:

NOW THEREFORE, the Parties agree as follows:

1. Exhibit A. The table illustrating Exhibit A, Paragraph 1.0 CONTRACTOR STAFFING, is hereby amended as follows:

POSITION	FULL-TIME EQUIVALENT (FTE)
Department Chair	1.0
Gynecology Oncology	1.0
Gynecology Obstetrics	8.0
Maternal-Fetal Medicine (MFM)	2.0
Female Pelvic Medicine and Reconstructive Surgery (FPMRS)	1.0

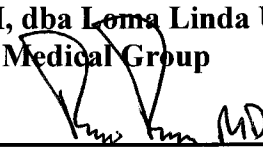
2. Exhibit C. Exhibit C is deleted in its entirety and replaced with Exhibit C.1 as attached hereto and incorporated herein.
3. Miscellaneous. All other terms and conditions of this Agreement are to remain unchanged.
4. Effective Date. This Third Amendment to the Agreement shall become effective upon signature of both Parties, or July 1, 2019, whichever should come first.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to executed this Third Amendment.

COUNTY OF RIVERSIDE, a political  
Subdivision of the State of California

Faculty Physicians and Surgeons of  
LLUSM, dba Loma Linda University  
Faculty Medical Group

By: 

By:  MD

Name: Kevin Jeffries

Name: Ricardo Peverini, MD

Title: Chairperson, Board of Supervisors

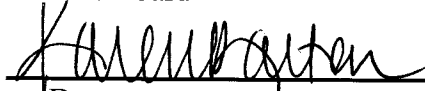
Title: President

Date: SEP 10 2019

Date: 08/21/2019


**ATTEST:**

Kecia R. Harper  
Clerk of the Board

By:   
Deputy

**APPROVED AS TO FORM:**

Gregory P. Priamos  
County Counsel

By: 

Name: Martha Ann Knutson

Title: Deputy County Counsel

Date: 8/26/19

EXHIBIT C.1

**PAYMENT PROVISIONS**

In consideration of services provided by CONTRACTOR pursuant to this Agreement, CONTRACTOR shall be entitled to receive payment by HOSPITAL in accordance with HOSPITAL policy and procedures as follows:

**1.0 Compensation**

A. Subject to the conditions set forth below, as payment for CONTRACTOR's provision of SPECIALTY outpatient/clinical services, administrative duties, supervisory duties, teaching services, inpatient care, development of treatment protocols, on-call coverage, supervision of SPECIALTY services provided at HOSPITAL, and all other services contemplated by this Agreement, HOSPITAL shall pay CONTRACTOR an annual amount not to exceed four million five hundred eighty-five thousand eight hundred sixty-one dollars (\$4,585,861) per year, payable in monthly increments in the amount of three hundred eight-two thousand one hundred fifty-five dollars (\$382,155) per month.

B. The Parties acknowledge that all amounts paid under this Agreement have been determined to be fair market value and commercially reasonable and an essential part of that determination is the minimum amount of effort that will be made by CONTRACTOR Physicians under this Agreement. The parties have agreed that such effort shall be measured by relative value units (RVUs) associated with the professional services billed by CONTRACTOR physicians. CONTRACTOR physicians will provide and bill for services representing at least work RVUs per year broken down as follows:

Specialty	FTE	Monthly RVUs	Yearly RVUs
Department Chair	1.0	441	5291
Gynecology Oncology	1.0	517	6202
Gynecology Obstetrics	8.0	4409	52912
Maternal-Fetal Medicine (MFM)	2.0	1146	13756
Female Pelvic Medicine and Reconstructive Surgery (FPMRS)	1.0	535	6420
<b>Total</b>			<b>84,581</b>

RVUs will be reported by CONTRACTOR to HOSPITAL monthly and if less than work RVUs are provided within a sixth-month period HOSPITAL will withhold from the sixth monthly payment an amount equal the percentage of RVUs not billed as follows:

RVUs actually billed for 6 months

$$42,291 \text{ work RVUs} \quad \times \quad \$ 2,169,974.50 = \text{amount withheld}$$

C. Payments to CONTRACTOR shall be made on a monthly basis during the term of this Agreement. HOSPITAL shall pay CONTRACTOR payments by the invoice method specified below.

D. The parties agree and acknowledge that these compensation provisions cannot be amended prior to July 1, 2020.

**2.0 Billing Cycle**

No later than the fourteenth (14<sup>th</sup>) working day of each month during the term hereof, CONTRACTOR shall submit to HOSPITAL a monthly billing, in arrears of completion of each month/unit of service and a monthly Physicians Schedule. The Physicians Schedule shall include but not limited to: physician’s name, date and hours worked. Any bill not timely submitted shall be deemed submitted with the next billing cycle for payment by HOSPITAL. While CONTRACTOR is billing for PROFESSIONAL SERVICES such invoices will separately reflect the quarterly reconciliation amounts, distributed equally over each three-month period, and the total for that month’s payment.

**3.0 Professional Billing**

The Parties agree that CONTRACTOR shall continue to bill and collect professional fees for its Professional Services under CONTRACTOR’s tax identification number and provider numbers. CONTRACTOR agrees to extend to HOSPITAL’S patients the same financial assistance policies as HOSPITAL. HOSPITAL will share with CONTRACTOR its determinations relating to the qualification of individuals for financial assistance and underlying submissions relating thereto.

#### **4.0 Right to audit**

COUNTY shall have the right to audit CONTRACTOR's professional billings and collections during normal business hours upon reasonable notice.

#### **5.0 Maximum Annual Compensation**

Maximum annual compensation payable under this Agreement shall not exceed the amount of four million three hundred thirty-nine thousand nine hundred forty-nine dollars (\$4,585,861).