



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



ITEM: 15.2  
MT: (ID # 10815)

MEETING DATE:

Tuesday, October 22, 2019

FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM-MEDICAL CENTER: Ratify and Approve the Eighth Amendment to the Professional Services Agreement with DVA Renal Healthcare, Inc. for Hemodialysis Treatment Services in the Hospital for one year; All Districts. [Total Cost \$4,700,000 - 100% Hospital Enterprise Fund]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve the Eighth Amendment to the Professional Services Agreement with DVA Renal Healthcare, Inc. for Hemodialysis Treatment Services to extend the term for one additional year effective October 30, 2019 through October 29, 2020, update the Fee Schedule, and increase the aggregate maximum compensation amount by \$4,700,000, from \$12,500,000 to \$17,200,000; authorize the Chairman of the Board to sign the amendment on behalf of the County.

ACTION: Policy

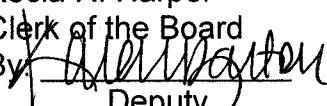
  
Jennifer Cruikshank, Chief Executive Officer - Health System 10/8/2019

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MINUTES OF THE GOVERNING BOARD

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: October 22, 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>	\$3,133,328	\$1,566,672	\$4,700,000	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: 40050 – 100% Hospital Enterprise Fund</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	19/20 – 20/21

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

**BACKGROUND:**

**Summary**

DVA Renal Healthcare, Inc. (DVA) has provided hemodialysis services to Riverside University Health System (RUHS) hospital patients for over 10 years. Their active participation in renal care oversight aids in building strategies to assist the hospital in striving for better outcomes. DVA's continued partnership is a benefit to RUHS Hospital.

RUHS requests the Board approve a twelve-month extension and add four million seven hundred thousand dollars (\$4,700,000) to the aggregate maximum compensation amount which would allow DVA Renal to continue servicing RUHS hospital patients in need of acute renal care while DVA and RUHS negotiate a new agreement. This extension will allow the additional time that is needed for continued contract negotiations.

On October 23, 2018 (Agenda Item 17.1), the Board of Supervisors approved the Seventh Amendment to this agreement extending the agreement for one year, October 30, 2018 through October 29, 2019, in an amount not to exceed 1.5 million dollars for fiscal year 18/19. Due to an unexpected rise in inpatient care over the past year to RUHS Hospital, RUHS Hospital is requesting that the Board ratify and approve an additional nine hundred sixty-four thousand dollars (\$964,000) to cover funds for services rendered and cover funds for future invoices through the end of October 2019. Of the nine hundred sixty-four thousand dollars (\$964,000) dollars; three hundred twenty-four thousand dollars (\$324,000) covers invoices for the months of May and June 2019. The estimated remaining amount that will be needed for services rendered from July through October is six hundred forty thousand dollars (\$640,000). The breakdown is as follows:

Amount required to cover invoices paid for months <b>May and June of 2019</b>	\$324,000.00
Amount required to cover Services from <b>July to October 2019</b>	\$640,000.00
<b>Total Ratification Amount</b>	<b>\$964,000.00</b>

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Funds required to cover fiscal years 19/20 – 20/21 from October 30, 2019 through October 29, 2020	\$3,736,000.00
<b>Total Amendment Amount</b>	<b>\$4,700,000.00</b>

The residual three million seven hundred thirty-six thousand dollars (\$3,736,000) will be directed to renal services rendered to RUHS hospital patients from October 30, 2019 through October 29, 2020. DVA's reimbursement rates have remained consistent for two years with no increase. However, due to a rise in cost care, DVA will increase their rates effective October 29, 2019. The three million seven hundred thirty-six thousand dollar (\$3,736,000) increase will allow RUHS Hospital the appropriate funds needed to pay future invoices and any unforeseen costs, i.e., increase in patient care.

The convenience of having DVA on-site staff allows DVA to be a constant presence at RUHS hospital. The ability to respond to same day and emergent issues is an invaluable asset to patient care.

**Impact on Residents and Businesses**

A lapse in contract would affect the hospital and patient care adversely. Patients would have to continue their renal care in a different facility.

**Additional Fiscal Information**

<b>FINANCIAL DATA</b>	<b>FY 10/11</b>	<b>FY 11/12</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>
<b>AGREEMENT/ AMENDMENT COST</b>	\$1,200,000	\$1,200,000	\$1,400,000	\$1,400,000	\$1,400,000

<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19 (to Oct. 2019)</b>	<b>FY 19/20 (to Oct. 2020)</b>
\$1,400,000	\$1,500,000	\$1,500,000	\$2,464,000	\$3,736,000

**Contract History and Price Reasonableness**

On August 10, 2010, Agenda Item 3.53, the Board approved the Professional Services Agreement with Renal Treatment Centers California, Inc. and Patient Pathways, LLC, effective for three years, in an amount not to exceed \$1,200,000 annually. On February 9, 2011 the Procurement Contract Specialist approved the First Amendment to the agreement with Renal Treatment Centers California, Inc. and Patient Pathways, LLC to correct a drafting error in

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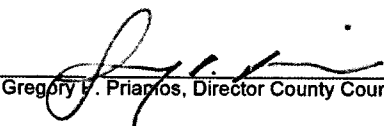
Exhibit B, Compensation. On July 31, 2012, Agenda Item 3.52, the Board approved the Second Amendment to the agreement with Renal Treatment Centers – California Inc. and Patient Pathways, LLC to increase the maximum compensation amount to \$1,400,000 annually. On August 20, 2013, Agenda Item 3.75, the Board approved the Third Amendment to the agreement with Renal Treatment Centers – California Inc. and Patient Pathways, LLC to extend the period of performance for five additional years. The Fourth Amendment executed on July 24, 2014 by a County Procurement Specialist, amended the language in section 3.1 TERM. On July 26, 2016, Agenda Item 3.42, the Board approved the Fifth Amendment to increase funds by \$100,000 from \$1,400,000 to \$1,500,000 annually effective July 26, 2016 through June 30, 2018. In addition, Patient Pathways, LLC, was removed as a party to the agreement and subsequently the agreement was assigned to DVA Renal Healthcare, Inc. On July 31, 2018, The Board approved Agenda Item 3.39, the Sixth Amendment to extend the contract term for ninety (90) days, August 1, 2018 through October 29, 2018. On October 23, 2018 Agenda Item 17.1, the Board approved the Seventh Amendment with DVA Renal Healthcare, Inc. to extend the period of performance for one year, October 30, 2018 through October 29, 2019.

DVA provides diverse acute renal care services nationally and internationally ranging from nutrition in education to peritoneal dialysis. DVA currently has the market on renal care. DVA has serviced well over 200,000 dialysis patients with the assistance of their robust and well-trained staff of 55,000 employees. At current, DVA is able to provide acute renal care on the scale that RUHS Hospital needs.

**ATTACHMENTS: EIGHTH AMENDMENT TO THE PROFESSIONAL SERVICES  
AGREEMENT WITH DVA RENAL HEALTHCARE, INC. FOR  
HEMODIALYSIS TREATMENT SERVICES**

  
\_\_\_\_\_  
Teresa Summers, Director of Purchasing 10/9/2019

  
\_\_\_\_\_  
Brianna Lontajo, Management Analyst 10/16/2019

  
\_\_\_\_\_  
Gregory L. Priarios, Director County Counsel 10/10/2019

**EIGHTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT  
WITH  
DVA RENAL HEALTHCARE, INC.  
(Hemodialysis Treatment Services)**

**THIS EIGHTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT** ("Eighth Amendment") is made and entered into by and between the County of Riverside, a political subdivision of the State of California, through its Medical Center, Riverside University Health System-Medical Center ("Hospital") (collectively "**COUNTY**") and DVA Renal Healthcare, Inc., a subsidiary of DaVita, Inc. ("**CONTRACTOR**"). This Eighth Amendment shall be effective as of the date of final signature below.

**WHEREAS**, the parties hereto entered into that certain Professional Services Agreement ("Agreement"), approved August 10, 2010, Agenda Item 3.53, as amended by that certain first amendment executed February 9, 2011, second amendment approved July 31, 2012, Agenda Item 3.52, third amendment approved August 20, 2013, Agenda Item 3.75, fourth amendment executed July 24, 2014, fifth amendment approved July 26, 2016, Agenda Item 3.42, sixth amendment approved July 31, 2018, Agenda Item 3.39, and seventh amendment approved October 23, 2018, Agenda Item 17.1, pursuant to which COUNTY agreed to engage the services of CONTRACTOR to provide acute dialysis services at the Hospital; and,

**WHEREAS**, the parties wish to amend and modify certain provisions of the Agreement, to extend the term of the agreement, increase the maximum compensation amount, and revise the fee schedule, as specifically provided for below;

**NOW THEREFORE**, in consideration of the mutual promises, covenants and conditions hereinafter contained, the parties hereto mutually agree as follows:

1. **Term.** Subsection 3.1, TERM, of Section 3.0 **TERM AND TERMINATION**, is hereby amended to extend the term for one year commencing on October 30, 2019 and continuing through October 29, 2020, as follows:

"This Agreement will begin on the Effective Date and will continue in effect through October 29, 2020, unless terminated as otherwise provided herein. Should the parties enter into a new agreement before the termination of the term provided herein, the new agreement shall supersede this Agreement."

2. **Compensation.** The first paragraph of Section 4.0, **COMPENSATION**, is hereby amended to increase the maximum compensation amount by four million seven hundred thousand dollars (\$4,700,000.00), from twelve million five hundred thousand dollars (\$12,500,000.00) to seventeen million two hundred thousand dollars (\$17,200,000.00), as follows:

"The COUNTY shall pay the CONTRACTOR for Services performed and expenses incurred in accordance with the terms of **Exhibit B**, Fee Schedule. Maximum payments by COUNTY to CONTRACTOR shall not exceed seventeen million two hundred thousand dollars (\$17,200,000.00), including all expenses in accordance with the terms of **Exhibit B**. In the event the COUNTY's obligation is likely to exceed such amount, COUNTY shall notify CONTRACTOR and if the COUNTY fails to increase funding for any Services ordered, CONTRACTOR may terminate the Agreement, effective upon thirty (30) days prior written notice. CONTRACTOR

shall not be obligated to provide any Services which would result in COUNTY owing an amount in excess of the above referenced amount.”

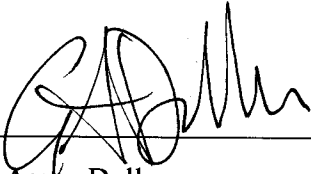
3. **Exhibit B.** Exhibit B, **FEE SCHEDULE**, is hereby amended with the new Exhibit B, **FEE SCHEDULE**, attached hereto and incorporated herein by this reference.
4. **Hospital.** All references to “Riverside County Regional Medical Center” shall be deleted and replaced with “Riverside University Health System-Medical Center.”
5. **Definition.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.
4. **Conflict.** In the event the terms of this Eighth Amendment conflict with the terms of the Agreement, the terms of the Agreement shall hold.
5. **Miscellaneous.** In all other respects, the parties do hereby ratify and reaffirm the provisions of the Agreement, which shall continue in full force and effect, except as amended hereby.
6. **Execution of Amendment.** This Eighth Amendment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Eighth Amendment.

**CONTRACTOR**  
**DVA Renal Healthcare, Inc.**


**COUNTY**  
**The County of Riverside, a political**  
subdivision of the state of California, through its  
medical center **Riverside University Health**  
**System-Medical Center**

By:   
Aaron Dolle  
Division Vice President

By:   
Kevin Jeffries  
Chairman, Board of Supervisors

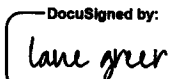
Date: 9/30/19


Date: OCT 22 2019

ATTEST:  
KECIA R. HARPER, Clerk  
By:   
DEPUTY

APPROVED TO FORM ONLY:  
DaVita Inc.

APPROVED AS TO FORM:  
Gregory P. Priamos  
County Counsel

By:   
Lane Greer  
Senior Corporate Counsel

By:   
Danielle Maland  
Deputy County Counsel

Date: September 30, 2019

Date: 10/3/19

**EXHIBIT B  
FEE SCHEDULE**

**DVA RENAL HEALTHCARE, INC.**  
(Hemodialysis Treatment Services)

**NOTE:** The fees listed in the schedule set forth below include services provided to admitted and non-admitted persons for whom such persons' treatments are being billed by COUNTY to any third party payors (or otherwise paid for by COUNTY).

Procedure	Rates
Hemodialysis 1:1 up to 4 hours	\$600.00 per treatment
Hemodialysis 2:1 up to 4 hours (1)	\$480.00 per treatment
Hemodialysis: additional charge per ½ hour for treatments ordered longer than 4 hours	\$52.00 per ½ hour
Hemodialysis Pre-Set Up Cancellation (Labor)	\$150.00 per cancellation
Hemodialysis Post Set Up Cancellation (Labor And Supplies, if costs incurred)	\$300.00 per cancellation
CCPD (per treatment visit)	\$365.00 per visit
CAPD (per treatment visit)	\$365.00 per visit
PD Pre Set Up Cancellation (Labor)	\$150.00 per cancellation
PD Post Set up Cancellation (Labor And Supplies, if costs incurred)	\$300.00 per cancellation
Continuous Renal Replacement Therapy (CRRT) (per visit)	\$500.00 per visit
CRRT Cartridge Change	\$300.00 per cartridge change
CRRT Full Service: Pre Set Up Cancellation (Labor)	\$150.00 per cancellation
CRRT Full Service: Post Set Up Cancellation (Labor And Supplies, if costs incurred)	\$300.00 per cancellation
Differential: Same Day Service (2)	\$250.00 per treatment/visit
STAT Surcharge (3)	\$250.00 per treatment/visit
Differential: Sundays and Holidays (4)	\$150.00 per treatment/visit
RN Consultation (5)	\$52.00 per ½ hour
Waiting Time (after first 15 minutes billable beginning the 16 <sup>th</sup> minute)	\$52.00 per ½ hour
Medical Director Fee	Fee for Medical Director services is included in the per treatment rate indicated above

**\*\*\*The fee schedule set forth in this Exhibit shall be increased:**

- i) At 2% effective October 30, 2020.**
- ii) At 3% effective October 30, 2021 and annually thereafter through the term of the Agreement.**



**Footnoted Descriptions and Definitions:**

- (1) Definition of 2:1: A ratio of 2 patients to 1 nurse, where the treatment is performed in a designated dialysis suite and the longer of the 2 patient treatments must overlap the other treatment by at least 50%.
- (2) The differential is charged for all Orders that require "same day service" for orders received at or after 5pm and before 6am on the day that treatment is to be performed. In no event shall both a Same Day Service differential and a STAT surcharge be charged for the same patient on the same day.
- (3) STAT Surcharge is charged for orders received that require a two (2) hour response time. In no event shall both a Same Day Service differential and a STAT surcharge be charged for the same patient on the same day.
- (4) Observed Holidays: New Year's Eve, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Eve and Christmas Day.
- (5) Definition of RN Consultation: Any nursing service outside the scope of dialysis related services set forth in this Agreement. This includes, but is not limited to the following: Initiation/Discontinuation of IV infusion via dialysis access (not in conjunction with a dialysis treatment); dressing changes; non-dialysis related medication delivery; etc.