



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



ITEM: 15.2
(ID # 11331)

MEETING DATE:

Tuesday, January 7, 2020

FROM: RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM-MEDICAL CENTER: Ratification and Approval of the First Amendment to the Professional Service Agreement with Faculty Physicians and Surgeons of Loma Linda University School of Medicine dba Loma Linda University Faculty Medical Group to Provide Otolaryngology/ENT Physician Services Effective July 1, 2019 through June 30, 2023; All Districts. [Total Cost Reduction \$769,016; Annual Cost Reduction \$192,254 – 100% Hospital Enterprise Fund 40050]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve the First Amendment to the Professional Service Agreement with Faculty Physicians and Surgeons of Loma Linda University School of Medicine (LLUSM) dba Loma Linda University Faculty Medical Group to provide Otolaryngology/ENT Physician Services and decrease the annual contract by \$192,254 from \$1,171,050 to \$978,796 effective July 1, 2019 through June 30, 2023, 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 exercise the options of the agreement, to sign amendments that do not change the substantive terms of the agreement and to sign amendments to the compensation provisions that do not increase by more than ten percent (10%) the annual amount of the Agreement.

ACTION:Policy


Jennifer Cruikshank, Director, Administrative Services, Health System 12/26/2019

MINUTES OF THE GOVERNING BOARD

On motion of Supervisor Jeffries, 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: January 7, 2020
xc: RUHS

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	(\$192,254)	(\$192,254)	(\$769,016)	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Hospital Enterprise fund - 40050			Budget Adjustment: No	
			For Fiscal Year: 19/20-22/23	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Faculty Physicians and Surgeons of Loma Linda University School of Medicine (LLUSM) has historically provided the professional component of Otolaryngology/ENT services at the Riverside University Health System – Medical Center (RUHS-MC) since 2007. Otolaryngology is the area of medicine that deals with disorders of the ear, nose and throat regions. A new contract was negotiated and entered into effective July 1, 2018. The requested Board action will make the following changes to the 2018 Agreement:

- Effective July 1, 2019, this Amendment will increase the rate of compensation for the Audiologist services provided because the compensation provided in the original agreement did not cover the cost of the salary and benefits for the individual providing those services – so the CONTRACTOR was providing the service as a loss. RUHS has benchmarked the proposed increased amount and found that it still meets fair market standards for these types of services. A similar adjustment will also be made, effective July 1, 2019, to the per day amount for the “on-call” services provided by the group for both Otolaryngology/ENT and facial trauma.
- Effective April 1, 2020, an additional .4 FTE in Otolaryngology/ENT Surgeon services will be provided to meet the continuing high demand for these services at the Medical Center.
- LLUSM will collect directly from third party sources such as insurance providers and/or patients, instead of collecting from RUHS. Therefore, while LLUSM will be providing additional services, the total maximum payable annually to LLUSM under the Agreement is decreased by the anticipated professional billing collections.

Also new with this Amendment of the 2018 Agreement is the measurement of the services provided according to the “work relative value units” or RVUs expected for the various amounts of services contracted for. This allows both RUHS and LLUSM to have a more accurate view of the productivity expected and produced by those providing services under the Agreement.

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Below are some of the improvements in efficiency and productivity which RUHS-MC has achieved in Otolaryngology/ENT since the 2018 Agreement began:

- The time between referral of patients for specialty care and the average waiting time for their first appointment has been improved from over 100 days to less than 40 days.
- At the same time, the department has increased the number of patients seen during 2019 by an average of 26 more per month for a total year over year increase of 8.5% growth.

The amendments proposed in this Agreement are designed to maintain these substantial improvements in service to RUHS patients.

Impact on Citizens and Businesses

This Amendment provides for further development of the Otolaryngology/ENT services provided at the Medical Center.

Additional Fiscal Information

This First Amendment modifies the initial annual amount previously approved by the Board. It also grants LLUSM the right to retain the amount it receives for its professional services from which LLUSM will collect directly from third party sources such as insurance providers and/or patients – while continuing to comply with the RUHS patient financial assistance policies. Therefore, while LLUSM will be providing additional services, the total maximum payable annually to LLUSM under the Agreement is reduced by the anticipated professional billing collections in which RUHS is no longer obligated to reimburse for those fees. The table below illustrates the changes to the maximum annual compensation amount of the Agreement.

	FY2018/2019	FY2019/2020	FY2020/2021	FY2021/2022	FY2022/2023	TOTAL
<i>Board Approved Amount</i>	\$1,171,050	\$1,171,050	\$1,171,050	\$1,171,050	\$1,171,050	\$5,855,250
<i>Reduced Amount</i>	N/A	(\$192,254)	(\$192,254)	(\$192,254)	(\$192,254)	(\$769,016)
Maximum Yearly Compensation	\$1,171,050	\$978,796	\$978,796	\$978,796	\$978,796	\$5,086,234

Contract History and Price Reasonableness

On October 16, 2018, Agenda Item Number 17.3, the Board approved a Professional Services Agreement with Faculty Physicians and Surgeons of LLUSM effective July 1, 2018 with options to renew for four additional fiscal years in one-year increments for an annual amount of \$1,171,050.

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This First Amendment has two phases. The first phase begins July 1, 2019 while the second phase begins April 1, 2020. All amounts have been benchmarked against independent sources for the fair market value of the services provided. The maximum compensation is also offset based on the amounts billed and collected from third party sources for the professional services provided.

ATTACHMENTS:

Attachment A: FIRST AMENDMENT TO THE PROFESSIONAL SERVICE AGREEMENT WITH FACULTY PHYSICIANS AND SURGEONS OF LLUSM DBA LOMA LINDA UNIVERSITY FACULTY MEDICAL GROUP (OTARLYNOLOGY/ENT PHYSICIAN SERVICES)


Teresa Summers, Director of Purchasing 12/26/2019


Brianna Lantajo, Management Analyst 12/31/2019


Gregory V. Priamos, Director County Counsel 12/26/2019

**FIRST AMENDMENT TO THE
AGREEMENT FOR
PROFESSIONAL MEDICAL SERVICES
(Otolaryngology / ENT Physician Services)**

This First Amendment to the Agreement for Professional Medical Services (Otolaryngology/ENT Physician Services) (First 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 Medical Center (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 (Otolaryngology/ENT Physician Services), approved October 16, 2018, Agenda Item Number 17.3, and effective July 1, 2018 (Agreement), whereby CONTRACTOR agreed to provide COUNTY with professional medical services in the specialty practice of Otolaryngology/ENT Physician (SPECIALTY); and,

WHEREAS, COUNTY and CONTRACTOR desire to amend the Agreement to extend the Term by exercising the renewal options set forth in the Agreement;

NOW THEREFORE, the Parties agree as follows:

1. Term. **Section 5.1 Term** is hereby amended to read as follows;

"The Term of this Agreement shall be effective July 1, 2018 through June 30, 2020, with the option to renew for three (3) additional one-year renewals (Renewal Term) through June 30, 2023. Such renewals shall be by execution of a written amendment extending the term."

2. Exhibit A. **Section 1.0 Contractor Staffing**, subsection A of Exhibit A, is hereby amended to read as follows:

"1.0 CONTRACTOR STAFFING

- A. Provide adequate staffing to assume medical care responsibilities for SPECIALTY services under the direction of the Chief of the DEPARTMENT and the HOSPITAL Medical Director. It is contemplated there shall be the following positions staffed:

Position	Effective July 1, 2019		Effective April 1, 2020	
	Total FTE	Annual RVUs	Total FTE	Annual RVUS
Otolaryngology (ENT) Surgeon	1.2	7,507	1.6	10,010
Oral Maxillofacial / Dental Surgery (1 day per month)	0.06	233	0.06	233
Otology (3 days per month)	0.17		0.17	
Audiology	0.6	480	0.6	480
Administrative time (Department Chairperson)	0.1		0.1	
On call response - For SPECIALTY	24 hours per day, 7 days per week, 365 days per year			
On call response - For facial trauma	24 hours per day, 7 days per week, two weeks out of three			

A full time equivalent (FTE) is agreed to be coverage at the hospital for forty-two (42) weeks per year, consisting of two operating room focused days averaging eight to ten (8-10) hours per day and three clinic focused days averaging eight (8) hours per day. It is agreed that a staffing level of one point two (1.2) FTEs CONTRACTOR is responsible for staffing the HOSPITAL's operating room and clinics for SPECIALTY services fifty-two (52) weeks per year. For days when CONTRACTOR is covering facial trauma calls two (2) physicians (one for SPECIALITY and one for facial trauma) will be designated and available to respond when called.

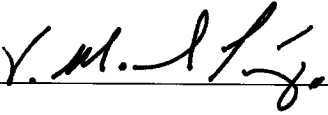
3. Exhibit C. Exhibit C. PAYMENT PROVISION is hereby deleted in its entirety and replaced with Exhibit C.1 PAYMENT PROVISION as attached hereto and incorporated herein.
4. Miscellaneous. All other terms and conditions of this Agreement are to remain unchanged.
5. Effective Date. This First Amendment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


[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this First 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: Manuel Perez

Name: Ricardo Peverini, M.D.

Title: Chairman, Board of Supervisors

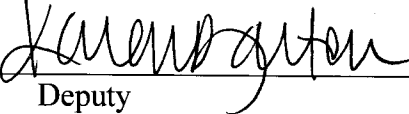
Title: President

Date: JAN 07 2020

Date: 12/18/2019

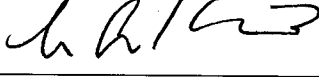
ATTEST:

Kecia R. Harper
Clerk of the Board

By: 
Deputy

APPROVED TO FORM:

Gregory P. Priamos
County Counsel

By: 

Name: Martha Ann Knutson

Title: Deputy County Counsel

Date: 12/24/19

EXHIBIT C.1

PAYMENT PROVISION

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 as follows:

- 1) Effective July 1, 2019, an amount not to exceed eight hundred thirteen thousand six hundred four dollars (\$813,604), payable in monthly increments in the amount of sixty-seven thousand eight hundred dollars (\$67,800) per month;
- 2) Effective April 1, 2020, an amount not to exceed nine hundred seventy-eight thousand seven hundred ninety-six dollars (\$978,796), payable in monthly increments in the amount of eight-one thousand five hundred sixty-six dollars (\$81,566) 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:

EXHIBIT C.1

PAYMENT PROVISION

Position	Effective July 1, 2019		Effective April 1, 2020	
	Total FTE	Yearly RVUs	Total FTE	Yearly RVUs
Otolaryngology (ENT) Surgeon	1.2	7,507	1.6	10,010
Oral Maxillofacial / Dental Surgery (1 day per month)	0.06	233	0.06	233
Otology (3 days per month)	0.17	N/A	0.17	N/A
Audiology	0.6	480	0.6	480
Administrative time	0.1	N/A	0.1	N/A
Call coverage (SPECIALTY 14/7/365 and facial trauma two weeks out of three)	365 days	N/A	365 days	N/A

RVUs will be reported by CONTRACTOR to HOSPITAL monthly for each category of services outlined above and if less than the targeted number of work RVUs are provided HOSPITAL may withhold from monthly payment an amount equal the percentage of RVUs not billed after discussion with CONTRACTOR. 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.

2.0 Professional Fees

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.

3.0 Billing Cycle

No later than the fourteenth (14th) 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.

EXHIBIT C.1

PAYMENT PROVISION

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**

The maximum compensation for each phase of the contract set forth above shall be as follows:

- a) Effective July 1, 2019 the maximum compensation per County fiscal year shall not exceed eight hundred thirteen thousand six hundred four dollars (\$813,604).
- b) Effective April 1, 2020 the maximum compensation per County fiscal year shall not exceed nine hundred seventy-eight thousand seven hundred ninety-six dollars (\$978,796).