



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



ITEM: 15.3
(ID # 20563)

MEETING DATE:

Tuesday, November 29, 2022

FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM – MEDICAL CENTER: Ratification and Approval of the Second Amendment to the Agreement for Professional Medical Services with De Anza Orthopedic Medical Group, Inc. to provide Orthopedic Physician Services Effective November 1, 2022 through June 30, 2026, All Districts. [Total Amendment Cost \$1,833,336; up to \$345,144 in Additional Compensation] 100% - Hospital Enterprise Fund

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve the Second Amendment to the Agreement for Professional Medical Services with De Anza Orthopedic Medical Group, Inc. to provide Orthopedic Physician Services effective November 1, 2022 through June 30, 2026 and increase the annual contract amount by \$500,000 from \$2,951,448 to \$3,451,448 annually and authorize the Chairperson of the Board to sign the Amendment on behalf of the County; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based upon the availability of funding and as approved by County Counsel, to sign amendments that make modifications to the scope of services that stay within the intent of the agreement and to sign amendments to the compensation provisions that do not exceed the sum total of ten percent (10%) of the total annual cost of the agreement.

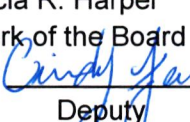
ACTION:Policy


 Jennifer Cruikshank, Chief Executive Officer – Health System 11/10/2022

MINUTES OF THE GOVERNING BOARD

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

Ayes: Jeffries, Spiegel, Washington, Hewitt, and Perez
Nays: None
Absent: None
Date: November 29, 2022
xc: RUHS-MC

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	\$333,336	\$500,000	\$1,833,336	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Hospital Enterprise Fund 40050			Budget Adjustment: No	
			For Fiscal Year: 22/23 – 25/26	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The requested Board action will approve a Second Amendment to the Agreement for Professional Medical Services with De Anza Orthopedic Medical Group to provide increased orthopedic surgeon services. This Amendment will ensure that the Medical Center’s orthopedic clinic and surgery department are appropriately staffed to resolve the existing workflow challenges, associated with a recent increase in orthopedic surgery cases.

The current Agreement for Professional Medical Services provides for 7.5 Full Time Equivalent (FTE) amount of orthopedic surgeon services. Since the start of 2022, the volume of patients seen in the orthopedic clinic has increased, thereby resulting in an increase in orthopedic surgery cases. This increase has resulted in the orthopedic team having to continuously increase their productivity to a level consistent with that of 8.5 FTE number of orthopedic surgeons.

Along with this increase demand of services, the orthopedic department continues to support the following:

- A Center of Excellence for Total Joint Replacement
- A Center of Excellence for Hip fractures
- Active involvement with the RUHS sports medicine fellowship and providing orthopedic treatment to members of local sports organizations.
- Developing a nationally accredited PA fellowship program

In an effort to meet this increased demand for patient care and help efficiently provide the services needed, this Second Amendment will add one (1) FTE of orthopedic surgeon services to the orthopedic clinic and related surgeries.

Impact on Residents and Businesses

These services are a component of RUHS’s system of care aimed at improving the health and safety of its patients and the community.

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Additional Fiscal Information

There are sufficient funds in the Department's budget for FY 22/23 and no additional County funds are required.

Contract History and Price Reasonableness

On June 8, 2021, Agenda item #15.1, the Board executed an Agreement for Professional Medical Services with De Anza Orthopedic Medical Group, Inc. for orthopedic services effective July 1, 2021, through June 30, 2026, with an annual maximum compensation not to exceed \$2,587,448 per year.

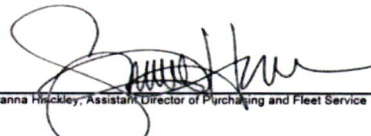
On May 10, 2022, Agenda item #15.6, the Board approved a First Amendment to expand the scope of services and increase the annual maximum compensation by \$364,000 over the prior annual amount of \$2,587,448 to \$2,951,448 per year.

As a result of an increase in FTE orthopedic surgeon services, this new Amendment will increase the annual maximum amount of the Agreement by \$500,000 over the prior annual amount of \$2,951,448 to \$3,451,448 per year. This Agreement is effective through June 30, 2026 thereby resulting in a total aggregate Amendment cost of \$1,833,336.

The Amendment requires Board approval as the compensation provided for in the Agreement exceeds the Purchasing Agent's delegated authority for contracting with a single vendor for physician services per Resolution 2021-116.

ATTACHMENTS:

Attachment A: THE SECOND AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL MEDICAL SERVICES WITH DE ANZA ORTHOPEDIC MEDICAL GROUP, INC. (ORTHOPEDIC SERVICES)


Suzanna Hinckley, Assistant Director of Purchasing and Fleet Service

11/14/2022


Jacqueline Ruiz, Sr. Management Analyst

11/21/2022


Gregg Gu, Chief Deputy County Counsel

11/15/2022

**SECOND AMENDMENT TO THE
AGREEMENT FOR
PROFESSIONAL MEDICAL SERVICES
(Orthopedic Services)**

This Second Amendment to the Agreement for Professional Medical Services (Orthopedic 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 Medical Center (HOSPITAL) and **De Anza Orthopedic Medical Group, Inc.** (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 (Orthopedic Services), approved June 8, 2021, Agenda Item Number 15.1, and effective July 1, 2021 (Agreement), whereby CONTRACTOR agreed to provide COUNTY with professional medical services in the specialty practice of Orthopedic and,

WHEREAS, COUNTY and CONTRACTOR entered into that certain First Amendment to the Agreement, approved May 10, 2022; Agenda Item Number 15.6, to expand the Scope of Services and increase the maximum compensation permitted to be paid under the Agreement;

WHEREAS, COUNTY and CONTRACTOR desire to amend the Agreement to expand the Scope of Services and increase the maximum compensation permitted to be paid under the Agreement;

NOW THEREFORE, the Parties agree as follows:

1. Staffing. **Exhibit A. Scope of Service, Section 1.0, Subsection A**, is hereby amended to read as follows:

"A. Provide 8.5 full-time equivalent of orthopedic surgeon services covering all the orthopedic subspecialties (including general, trauma, hip and joint, hand and pediatrics)."

2. Compensation. **Exhibit C. Payment Provisions, Section 1.0** is hereby deleted in its entirety and replaced with the following:

A. **Orthopedic Surgeon Services:** Subject to the conditions set forth in the Agreement, HOSPITAL shall pay CONTRACTOR three million five thousand and twenty-eight dollars (\$3,005,028) per year for orthopedic surgeon services, payable in monthly increments of two hundred fifty thousand four hundred nineteen dollars (\$250,419).

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 70,000 work

RVUs per year RVUs will be reported by CONTRACTOR to HOSPITAL monthly and if less than 70,000 work RVUs are provided within a twelve-month period HOSPITAL will withhold from the twelfth, twenty-fourth and third-sixth monthly payments an amount equal the percentage of RVUs not billed as follows:

$$\frac{\text{RVUs actually billed for 12 months}}{70,000 \text{ work RVUs}} \times \$3,005,028 = \text{amount withheld}$$

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. **Hospital Based Clinic Services:** CONTRACTOR ACP will provide and bill under this Agreement for Hospital Based Clinic Services representing at least the following expected work effort:

Hospital Based Clinic Services Expected Work Effort				
Specialty	FTE	Half Days Per Week	Expected Patient Visits Per Half Day	Expected Patient Visits Per Week
Advanced Care Provider	2.0	20	10	200

CONTRACTOR will not bill patients or third party payors for hospital based clinic services provided by the ACPs. CONTRACTOR will bill and the hospital will pay CONTRACTOR monthly, in arrears, for the half days worked in the prior month by each ACP at the rate of \$429.25 for each half day of services provided.

3. **Maximum Annual Compensation.** Exhibit C. Payment Provisions, Section 4.0 is hereby amended to read as follows:

“Maximum compensation per County fiscal year payable under this Agreement to CONTRACTOR by COUNTY shall not exceed the amount of three million four hundred fifty-one thousand four hundred forty-eight dollars (\$3,451,448).”

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

5. **Effective Date.** This Second Amendment to the Agreement shall become effective upon November 1, 2022.

[Signature Page Follows]

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

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

DE ANZA ORTHOPEDICS MEDICAL GROUP, INC.

By: Jeff Hewitt

By: Wade Faerber

Name: Jeff Hewitt

Name: Wade Faerber DO

Title: Chair, Board of Supervisors

Title: Chair

Date: 11/29/22

Date: 10/19/22

ATTEST:

Kecia R. Harper
Clerk of the Board

By: Brunna Smith
Deputy

APPROVED TO FORM:

County Counsel

By: Martha Ann Knutson
Martha Ann Knutson (Oct 25, 2022 11:14 PDT)

Name: Martha Ann Knutson

Title: Deputy County Counsel

Date: Oct 25, 2022