



Health Services
LOS ANGELES COUNTY

December 19, 2006

Los Angeles County
Board of Supervisors

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First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF REQUEST FOR THE DIRECTOR OF HEALTH SERVICES TO OFFER AND THE CHAIR OF THE BOARD TO EXECUTE PHYSICIAN SPECIALTY MEDICAL SERVICES AGREEMENTS AND FOR THE DIRECTOR TO OFFER AND EXECUTE PODIATRIC SPECIALTY CARE AGREEMENTS AS REQUIRED FOR THE IMPLEMENTATION OF THE METROCARE PLAN

(All District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Make a finding as required by Los Angeles County Code section 2.121.420 that certain specialty medical services, as described in the third recommendation below, can be performed more feasibly by contracting with the private sector; and that it is not feasible to conduct a formal bidding or competitive negotiation process for these critically needed services.
2. Make a finding pursuant to Los Angeles County Code section 2.180.010 that special circumstances exist which justify Metrocare Physician Specialty Medical Services Agreements with physicians who have been County employees within the immediately preceding 12 months.
3. Approve and instruct the Director of Health Services, or his designee, to offer and the Chair of the Board to sign, new agreements for physician specialty medical services, substantially similar to Exhibit I, as the need arises for such agreements either with private sector physicians or physicians formerly employed with the County, to support the implementation of Metrocare, at Board-approved rates of payment currently on file at the Department, effective upon Board approval, or later through November 30, 2007.
4. Delegate authority to the Director of Health Services, or his designee, to offer and enter into new temporary agreements for Metrocare Podiatric Medicine Services, as the need arises for such agreements with private sector podiatrists or podiatrists formerly employed with the County, to support the implementation of Metrocare, at Board approved rates of payment currently on file at the Department, effective upon Board approval, or later through November 30, 2007, upon approval by County Counsel and the Chief Administrative Office.

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PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

As a direct result of the loss of resident physician services at Martin Luther King-Harbor Hospital ("MLK-Harbor") effective December 1, 2006, the Department has an urgent need to contract for physician specialty medical and podiatric medicine services to allow for the continued provision of these services during the implementation of Metrocare.

Approval of the recommended actions will allow the County to expeditiously enter into agreements for physician and podiatric medicine services to ensure the continued availability of needed services for the implementation of Metrocare. The Department anticipates that not all services will be required on a full-time basis. However, it intends to offer the attached Agreement to all physician providers as an administrative convenience.

FISCAL IMPACT/FINANCING:

The current estimated expenditure for new agreements is approximately \$1.8 million. These costs will be funded out of the Department's existing resources. We will return to the Board at a future date to realign the budget allocations, if necessary, which may include the use of DHS Designation Funds.

The hourly rates and maximum contract obligations for the agreements are on file with the Department and are kept confidential in accordance with section 1457 of the California Health and Safety Code.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

For a number of years, the Board has approved the use of physician specialty medical and podiatric medicine services agreements at County health facilities, on either a part-time or full-time basis, when such services are required to maintain adequate patient services. The maximum Board-approved hourly rates established for these agreements are confidential and on file with the Department.

Effective December 1, 2006, residents from the Charles R. Drew University of Medicine and Science are no longer available to serve patients at MLK-Harbor. As a direct result of the loss of resident physician services, the Department has an urgent need to contract for physician specialty medical and podiatric medicine services to allow for the continued provision of these services during the implementation of Metrocare. Additionally, DHS anticipates that a number of physicians and podiatrists currently employed by the County will be leaving County service in the coming months, and that many will be seeking individual contracts in lieu of County employment.

Similar to the recently approved agreements for the provision of emergency department physician services and hospitalist/intensivist physician services, approval of these additional actions will ensure that any unanticipated individual physician and podiatric medicine service needs that arise during the implementation of Metrocare and the restructuring of MLK-Harbor can be met expeditiously in order to maintain continuity of service.

The Department is asking that your Board make findings, pursuant to County Code section 2.180.010, that special circumstances exist which support contracting with physicians and podiatrists who have been County employees within the immediately preceding 12 months, and pursuant to County Code section 2.121.240, that physician services agreements can more feasibly be performed by independent contractors.

As to the first finding related to former County employees, the Department has been notified that a number of County physician specialists and podiatrists intend to leave County service in the coming months. It is critical that the Department maintain the availability of the services provided by these County physician and podiatrists. Los Angeles County Code section 2.180.010 prohibits the County from

contracting with persons employed by the County within the immediately preceding 12 months. The Department is asking that the Board make an anticipatory finding that special circumstances exist that justify contracts with physicians and podiatrists who have been County employees within the immediately preceding 12 months.

As to the feasibility finding, on November 21, 2006, your Board approved an amendment to the Proposition A ordinance that permits contracting for physician services upon a determination that the use of independent contracts is more feasible than the use of County employees. The provision of contracted physician services is integral to the success of Metrocare, and most importantly, to the provision of patient care at MLK-Harbor, especially given the difficulty in recruiting and retaining physicians. Without contract physicians, the continuation of care will not be possible.

As such, the Department requests that your Board find that special circumstances exist to justify contracting with former County employees, should that circumstance arise, and that the use of physician contractors is more feasible.

The Department will provide medical malpractice defense and indemnification for direct patient care provided to County patients under these agreements as part of its contract consideration.

Under the termination provisions of the agreements, either party may terminate the agreement with a 30 day advance written notice to the other party. The County's right to terminate is delegated to the Director of Health Services under the contract's expressed terms. The Director also has delegated authority to terminate immediately if a contractor demonstrates a consistent failure to adhere to a Medical Facility's policies and procedures or the contractual requirements.

Finally, if during the term of these agreements, the Department determines a continuing service need, it will return to your Board with recommendations for addressing the future provision of these services.

CONTRACTING PROCESS:

The time constraints inherent in implementing Metrocare and in finding replacement services for those physician residents and County employees leaving service do not permit, and make it infeasible for the Department to issue a solicitation for these services or to engage in competitive negotiations. Conducting a formal competitive process to select individual physician specialists and podiatrists would cause an adverse impact on the continuity of patient care at the Department of Health Services facilities and will not guarantee the generation of a comprehensive list of available and qualified physicians and other medical practitioners in the particular specialty needed at any given time to cover all of the critical staffing needs that may arise as a result of the implementation of Metrocare.

To identify specialty medical and podiatric medicine service providers, the Department will canvas the Los Angeles County Medical Association and other local or regional physician and podiatric medicine associations for potential qualified contractors and will advertise in local medical publications. The Department will also interview those County employees who intend to leave County service in the coming months to determine their interest in these contract opportunities.

Once identified, potential physician specialists and podiatrists will be required to complete a certification questionnaire, which has been reviewed and approved by County Counsel and is on file with the Department, to determine medical or podiatric medicine practice history, including the occurrence of any disciplinary action by the State Medical Board. Additionally, the Department will query the National Data Bank and the State Medical Board (or other appropriate State regulatory agency) to determine whether the candidate has any disciplinary or malpractice history over the prior three years. Those with an adverse history will be disqualified from participation in this contract opportunity.

FACT SHEET (Cont'd)

TERM OF RATE INCREASE:

Effective upon Board approval through November 30, 2007.

AUTOMATIC RENEWAL:

No.

FIRST BOARD APPROVED CONTRACTS:

December 23, 1996.

CONTRACT PROGRAM EXPIRATION:

November 30, 2007.

RETROACTIVE AGREEMENT:

Not applicable.

REQUEST FOR PROPOSALS PROCESS:

Not applicable.

SOLE SOURCE:

Not applicable.

LOS ANGELES COUNTY ONLINE WEB SITE:

Not applicable.

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Board Agenda: December 19, 2006

FACT SHEET

RE: APPROVAL OF REQUEST FOR THE DIRECTOR OF HEALTH SERVICES TO OFFER AND THE CHAIR OF THE BOARD TO EXECUTE PHYSICIAN SPECIALTY MEDICAL SERVICES AGREEMENTS AND FOR THE DIRECTOR TO OFFER AND EXECUTE PODIATRIC SPECIALTY CARE AGREEMENTS AS REQUIRED FOR THE IMPLEMENTATION OF THE METROCARE PLAN

All Districts

CONTACT PERSON:

John R. Cochran, III, Chief Deputy
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e-mail: jcochran@ladhs.org

SUBJECT:

Board approval of recommended actions to allow the County to expeditiously enter into agreements for physician and podiatric medicine services to ensure the continued availability of needed services for the implementation of Metrocare.

REQUESTED ACTION:

You are being asked to 1) authorize the Director of Health Services, or his designee, to offer and the Chair of the Board to execute, Metrocare Physician Specialty Medical Services Agreements needed for the implementation of the Metrocare Plan; 2) delegate authority to the Director of Health Services to offer and execute temporary Metrocare Podiatric Medicine Services Agreements needed for the implementation of Metrocare upon approval by County Counsel and the Chief Administrative Office; 3) make a finding that physician services can more feasibly be performed by independent contractors; and 4) make a finding that special circumstances exist which justify physician services agreements with physicians and podiatrists who have been County employees within the immediately preceding 12 months.

PROGRAM:

For a number of years, the Board has approved the use of physician specialty medical and podiatric medicine services agreements at County health facilities, on either a part-time or full-time basis, when such services are required to maintain adequate patient services.

CONTRACT PROGRAM AMOUNT:

The current estimated expenditure for new agreements is approximately \$1.8 million. These costs will be funded out of the Department's existing resources. We will return to the Board at a future date to realign the budget allocations, if necessary, which may include the use of DHS Designation Funds.

TERMINATION PROVISIONS:

Under the termination provisions of the agreements, either party may terminate the agreement with a 30 day advance written notice to the other party. The County's right to terminate is delegated to the Director of Health Services under the contract's expressed terms. The Director also has delegated authority to terminate immediately if a contractor demonstrates a consistent failure to adhere to a Medical Facility's policies and procedures or the contractual requirements.