

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 April 3, 2018



CELIA ZAVALA
ACTING EXECUTIVE OFFICER



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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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April 03, 2018

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 AMENDMENTS TO MASTER AGREEMENTS FOR
REFERENCE MEDICAL LABORATORY SERVICES WITH NINE
CONTRACTORS FOR THE DEPARTMENTS OF HEALTH SERVICES,
PUBLIC HEALTH, AND MEDICAL EXAMINER-CORONER
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request delegated authority to extend Master Agreements for the ongoing provision of Reference Medical Laboratory Services for overflow and specialty laboratory testing services with nine existing contractors for the Department of Health Services, Department of Public Health, and Department of Medical Examiner-Coroner for the three year period of May 1, 2018 through April 30, 2021, and provide for additional delegation of authority to administer the Master Agreements.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Acting Director of Health Services (Director), or her designee, to execute Amendments to Master Agreements with the nine contractors listed on Attachment A, effective upon execution, to extend the term for the period of May 1, 2018 through April 30, 2021 for the provision of Reference Medical Laboratory Services for overflow and specialty laboratory testing on behalf of the Department of Health Services (DHS), Department of Public Health (DPH), and Department of Medical Examiner-Coroner (Medical Examiner-Coroner), at an estimated net County cost of \$16,684,000 for the first year of the three year extension period.

2. Delegate authority to the Director, or her designee, to execute Master Agreements with new qualified vendors who have been identified and selected through a qualification process during the entire term of the Master Agreements.

3. Delegate authority to the Director, or her designee, to: a) amend the Master Agreements to: (i) make changes to the Statement of Work to accommodate operational changes in work flow, reporting requirements, and other similar changes, (ii) incorporate administrative changes to the Master Agreements, including but not limited to the addition, modification, or removal of any relevant terms and conditions, clarifying terms and conditions, complying changes with applicable law, and (iii) add or delete services at DHS facilities and other County facilities subject to prior review and approval by County Counsel; and b) terminate the Master Agreements in accordance with the termination provisions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

DHS and DPH have in-house laboratories to perform medical tests. However, due to workload fluctuations, these two departments rely on Master Agreement contractors to provide overflow and specialty laboratory testing on an as-needed basis. The Medical-Examiner Coroner has periodic need for specialty laboratory tests and also accesses these Master Agreements. The current Master Agreements expire on April 30, 2018.

These contract medical laboratories will continue to provide as-needed testing for people receiving services at DHS and DPH facilities. Additionally, some of these laboratories perform specialty laboratory testing that the County facilities do not perform such as genetic testing to identify and manage treatment for specific genetic markers and mutations such as leukemia, lymphoma, colon and breast cancer or to tailor and thus customize treatment specific to the patient.

Some of the benefits of the specialty laboratory test component of the Reference Laboratory Medical Services Master Agreements include, but are not limited to, genetic testing, and new born screening. Genetic testing results can provide a sense of relief from uncertainty and help patients to make informed decisions about managing their health care. For example, a negative result can eliminate the need for unnecessary check-ups and screening tests in some cases. A positive result can direct a person toward available prevention, monitoring, and treatment options. Some test results can also help patients make decisions about having children. Newborn screening can identify genetic disorders early in life so treatment can be started as early as possible.

Recommendations

The recommended extension of the Master Agreements will enable DHS to complete an enterprise-wide examination and analysis of the existing laboratory operations and provide recommendations for the future state of laboratory operations at DHS facilities. DHS has engaged consultants to: (i) assess the configuration and operational structure of DHS' clinical laboratory system; (ii) provide a vision of an optimized future state in terms of organization (e.g., number of laboratories and their location, and the services provided at the laboratory locations), and function (e.g., workflow); and (iii) recommend a path to move from the current laboratory state to an optimized future state. Additionally, laboratory operations optimization efforts are underway which include: (i) standardization of tests throughout DHS facilities; (ii) consolidation of specific tests at one or more

DHS laboratories where appropriate; (iii) consolidation of tests from multiple third-party reference laboratories to one reference laboratory; and (iv) bringing tests in-house from third-party reference laboratories, when it is found to be operationally and economically feasible.

Approval of the first recommendation will allow the Director to execute Amendments, substantially similar to Exhibit I, to the Master Agreements with the contractors listed in Attachment A to extend their current agreements.

Approval of the second recommendation will allow the Director to add new qualified contractors who will be identified and selected through a qualification process until the end of the Master Agreements' term of April 30, 2021. This will enable these departments to contract for specialty tests that are not performed in-house.

Approval of the third recommendation will allow the Director to make changes to the Statement of Work, incorporate administrative changes to the Master Agreements which may include additions, modification or removal relevant terms and conditions, add or delete services, and terminate the Master Agreements in accordance with the termination provisions.

Implementation of Strategic Plan Goals

The recommended actions support Strategies II.2, "Support the Wellness of Our Communities" and III.3, "Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability" of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Expenditures under the Master Agreements vary depending on the volume of services provided. Based on historical volume, annual estimated costs for DHS, DPH, and the Medical Examiner-Coroner are \$16,684,000.

DHS

The estimated annual cost for DHS is \$16,172,000. Funding is included in DHS' Fiscal Year 2017-18 Final Budget and will be requested in future fiscal years as continuing appropriations are needed.

DPH

The estimated annual cost for DPH is \$312,000. Funding is included in DPH's Fiscal Year 2017-18 Final Budget and will be requested in future fiscal years as continuing appropriations are needed.

Medical Examiner-Coroner

The estimated annual cost for Medical Examiner-Coroner is \$200,000. Funding is included in Medical Examiner-Coroner's Fiscal Year 2017-18 Final Budget and will be requested in future fiscal years as continuing appropriations are needed.

If other County departments are added to this Master Agreements, each department will ensure that its budget can support and reflect their access to the Master Agreements.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 5, 2010, the Board approved the Request for Statement of Qualifications (RFSQ) process to initiate Master Agreements from November 1, 2010 through October 31, 2015, with provisions to extend the Agreement term through April 30, 2018.

The Master Agreements may be terminated for convenience by either party upon 10 days' prior written notice.

The Master Agreements includes all Board of Supervisors' required provisions, including the most recent provisions – Time off for Voting and Compliance with County's Zero Tolerance Policy on Human Trafficking.

County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

DHS released an RFSQ for as-needed medical laboratory services in April 2010, posting it on the DHS Contracts and Grants website and the County's "Doing Business with Us" website. The current contractors were selected through the RFSQ process. The RFSQ is open continuously for responses and SOQs will continue to be accepted and reviewed in accordance with the process. If qualified, additional firms will be offered the Master Agreements. Approval of Master Agreements do not guarantee a contractor any minimum amount of work.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure continued vital overflow and specialty medical laboratory services on an as-needed basis to meet critical patient needs in the affected departments.

Respectfully submitted,



Christina R. Ghaly, M.D.

Acting Director

CRG:rf

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**MASTER AGREEMENTS FOR
REFERENCE MEDICAL LABORATORY SERVICES**

1. Cedars-Sinai Medical Center
2. Focus Diagnostics, Incorporated
3. Latara Enterprise Inc. DBA Foundation Laboratory
4. Myriad Genetic Laboratories, Incorporated
5. NMS Labs
6. Oxford Immunotec, Inc. DBA Oxford Diagnostic Laboratories
7. Pasteur, Inc. DBA Sinai Medical Laboratories
8. Quest Diagnostics, Incorporated
9. The Regents of the University of California

Agreement No. H-XXXXXXX

**DEPARTMENT OF HEALTH SERVICES MASTER AGREEMENT
FOR REFERENCE MEDICAL LABORATORY SERVICES**

AMENDMENT NO. X

THIS AMENDMENT is made and entered into this ____ day of _____, 2018,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

(hereafter "Contractor").

Business Address:

WHEREAS, reference is made to that certain document entitled, "DEPARTMENT OF HEALTH SERVICES MASTER AGREEMENT FOR REFERENCE MEDICAL LABORATORY SERVICES", dated XXXXXXXX, and further identified as County Master Agreement No. H-XXXXXX, and any other amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, on April 3, 2018, the Board of Supervisors delegated authority to the Acting Director of Health Services to extend the term of the Agreement for the three year period of May 1, 2018 through April 30, 2021; and

WHEREAS, Agreement provides that changes in accordance with Paragraph 8.1, Amendments may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend its term and provide for the other changes as set forth herein; and

WHEREAS, Contractor warrants that it possesses the competence, expertise, and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective upon execution.
2. Agreement, Paragraph 4, Term of Agreement, is deleted in its entirety and replaced to read as follows:

“4.0 TERM OF MASTER AGREEMENT

- 4.1 This Master Agreement is effective November 1, 2010 as authorized by the Board of Supervisors. This Master Agreement shall expire on April 30, 2021 unless sooner extended or terminated, in whole or in part, as provided herein.
 - 4.2 The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise an Agreement term extension option.
 - 4.3 The Contractor shall notify DHS when this Master Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address herein provided in Exhibit A – County’s Administration.”
3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Acting Director of Health Services, or her designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Acting Director of Health Services

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
MARY C. WICKHAM
County Counsel

By _____
Emily D. Issa
Deputy County Counsel