



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28 June 11, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

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June 11, 2019

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

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Dear Supervisors:

**APPROVAL TO AMEND THE AFFILIATION AGREEMENT WITH THE
UNIVERSITY OF SOUTHERN CALIFORNIA
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)**

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 288-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*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.*

SUBJECT

Approval of an amendment to the Affiliation Agreement with the University of Southern California for the provision of medical care and training of future physicians and other healthcare professionals at LAC+USC Medical Center.

IT IS RECOMMENDED THAT THE BOARD:

1. Make a finding pursuant to Los Angeles County Code Section 2.121.420 that contracting for physician and non-physician services, as described herein, can be performed more feasibly and economically, respectively, by the private sector.
2. Approve and instruct the Chair of the Board to execute Amendment No. 18 to the Affiliation Agreement No. 75853 (Agreement) with the University of Southern California (University) to add purchased services and staffing at LAC+USC Medical Center (LAC+USC MC), and increase the contract maximum amount accordingly from \$136,963,512 to \$137,698,069 effective July 1, 2018 through June 30, 2019.



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

Since 1885, the County of Los Angeles (County) and the University have successfully collaborated to meet the health care needs of the community through the provision of high quality medical care and training of future physicians and other healthcare professionals. The Board approved the initial affiliation agreement with University in 1981, and subsequently approved amendments and successor agreements, to adjust staffing, service, and funding levels to meet the needs of the patients and community at large, and ensure compliance with the accreditation standards set forth for the various medical training programs at LAC+USC MC.

Recommendations

Approval of the first recommendation is necessary to comply with Los Angeles County Section 2.121.420, as amended on November 21, 2006, whereby contracting for services is allowed upon a Board determination that the use of independent contractors is more feasible than the use of County employees for physician services, and is more economical for non-physician services. The Department of Health Services (Department) has evaluated the Agreement's physician services, and recommends the Board's findings thereof. The Department has also evaluated the addition of a psychologist (non-physician) due to attrition of a County employed psychologist, determined that such services are more cost-effective than the use of a County employee, and recommends the Board's findings thereof.

Approval of the second recommendation will authorize the Chair of the Board to execute Amendment No. 18 (Exhibit I) to add purchased services and staffing commencing July 1, 2018, and increase the contract maximum amount, as described below:

Attrition. The Agreement provides that upon the attrition (i.e. departure) of a County-employed physician, the Director of Health Services, or her authorized designee, may either hire a replacement or direct the University, for the remainder of the contract year, to provide the services previously provided by such County employee through a University-employed physician. The Agreement further requires the County to reimburse the University for replacing a County-employed physician in addition to the contract maximum amount, and amend the Agreement.

During Fiscal Year (FY) 2018-19, LAC+USC MC directed the University to replace the following vacated County physicians:

Department of Emergency Medicine. Internist (1.0 Full Time Equivalent or FTE) for the Urgent Care Center of the Department of Emergency Medicine at a prorated cost of \$253,208 beginning September 19, 2018.

Department of Emergency Medicine. Emergency medicine specialist (1.0 FTE) for the Department of Emergency Medicine at a prorated cost of \$172,241 beginning January 1, 2019.

Department of Anesthesiology. Anesthesiologist (1.0 FTE) as a Professor for the Department of Anesthesiology at a prorated cost of \$165,668 beginning March 30, 2019.

Department of Radiology. Radiologist (1.0 FTE) as an Assistant Professor for the Department of Radiology at a prorated cost of \$105,014 beginning April 1, 2019.

Department of Psychiatry. Clinical Psychologist (1.0 FTE) for the Department of Psychology at a prorated cost of \$38,426 beginning March 28, 2019. While a psychologist is a non-physician, LAC +USC MC directed the University to replace the County-employed psychologist to ensure uninterrupted mental health care to County patients.

Implementation of Strategic Plan Goals

The recommended actions support Strategy 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

The County’s annual maximum obligation under the Agreement will be increased by \$734,557 from \$136,963,512 to \$137,698,069 for FY 2018-19. Funding is included in DHS’ FY 2018-19 Final Budget, and will be requested in future fiscal years as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the Agreement is for a five-year rolling term unless either party serves notice of non-renewal to the other party, in which case the Agreement would expire in four years.

County Counsel has advised that the portion of the Agreement related to academic services are not subject to the provisions of Los Angeles County Code section by Los Angeles County Code section 2.121.420.

County Counsel has reviewed and approved Exhibit I as to form.

CONTRACTING PROCESS

Given the nature and scope of the services provided by the University under the Agreement, as well as the historic and longstanding relationship between the County and University with respect to establishing accredited medical and dental training programs, and specialty medical services at LAC +USC MC, the Department determined that it was not feasible to competitively solicit for the services therein. However, since the current Agreement was executed in 2006, the Department successfully negotiated a replacement agreement with the University, and will be requesting Board approval thereof prior to its effective date of July 1, 2019.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable the continued provision of physician medical education and patient care services at LAC+USC MC.

The Honorable Board of Supervisors

6/11/2019

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christina R. Ghaly".

Christina R. Ghaly, M.D.

Director

CRG:ck

Enclosures

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

AFFILIATION AGREEMENT

Amendment No. 18

THIS AMENDMENT is made and entered into this 11th day
of June, 2019,

By and between

COUNTY OF LOS ANGELES
(hereafter "County")

And

THE UNIVERSITY OF
SOUTHERN CALIFORNIA
(hereafter "University").

Business Address

University of Southern California
Health Sciences Campus
KAM 514
Los Angeles, California 90089-9034

WHEREAS, reference is made to that certain document entitled "AFFILIATION AGREEMENT", dated August 29, 2006, as further identified as Agreement No. 75853, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the desire of the parties hereto to amend Agreement to adjust Purchased Services for Contract Year (CY) 2019, and adjust the contract maximum amount accordingly from \$136,963,512 to \$137,698,069 for CY 2019; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 12.20, Merger and Integration Provision, may be made in the form of an Amendment, which is formally approved and executed by both parties; and

WHEREAS, University warrants that it continues to possess 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 HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.

75853
Supplement No. 12

2. Amendment No. 17, Addendum A-11, Section A.2.4, Volume of Purchased Services, "FTE Count" chart, is deleted in its entirety and replaced with the following:

	Physician and Dentist FTEs*	Non-Physician FTEs	Total FTEs
Base Contract as of Contract Year ending June 30, 2018*	632.54	92.15	724.69
FTE Adjustment for Contract Year ending June 30, 2019	4.00	1.00	5.00
Total	636.54	93.15	729.69

3. Amendment No. 17, Addendum A-11, Paragraph A.3, Payment for Purchased Services, is revised to add the following:

"A.3 Payment for Purchased Services. County shall compensate University as set forth below.

ADJUSTMENTS TO CONTRACT YEAR ENDING JUNE 30, 2019

Contract Maximum Amount (CY ending June 30, 2019) \$136,963,512

A. Additional Purchased Services due to Attrition

<u>Description</u>	<u>No. of FTEs</u>	<u>Annual Amount</u>	<u>Pro-Rated Amount*</u>
1. Physician (Internist) Dept. of Emergency Medicine Urgent Care Center (effective 9/19/2018)	1.00	\$323,544	\$253,208
2. Physician (Emergency Medicine) Dept. of Emergency Medicine (effective 1/1/2019)	1.00	344,481	172,241
3. Physician (Anesthesiologist) Professor of Clinical Anesthesiology Dept. of Anesthesiology (effective 3/30/2019)	1.00	648,267	165,668
4. Physician (Radiologist) Associate Professor Dept. of Radiology (effective 4/1/2019)	1.00	420,056	105,014
5. Clinical Psychologist, Ph.D. Dept. of Psychiatry (effective 3/28/2019)	1.00	147,163	38,426

*CY 2019 payment will be prorated based on effective date.

Subtotal: 5.00 \$1,883,511 \$734,557

B. TOTALS:	<u>No. of FTEs</u>	<u>Annual Amount</u>	<u>Pro-Rated Amount</u>
	5.00	\$1,883,511	\$734,557

Adjusted Contract Maximum Amount (CY ending June 30, 2019) \$137,698,069

5. Except for the changes set forth herein, the remaining terms and conditions of the Agreement shall remain in full effect.

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IN WITNESS WHEREOF, Contractor has executed this Amendment, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

THE UNIVERSITY OF SOUTHERN CALIFORNIA

James Staten

Signature

By James Staten
Senior Vice President
Finance & CFO

Title



COUNTY OF LOS ANGELES

By *Kathryn Berger*

CHAIR, PRO TEM, BOARD OF SUPERVISORS

ATTEST:
Celia Zavala
Executive Officer
Clerk of the Board of Supervisors

By *Maria Gloria*

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

CELIA ZAVALA
Executive Officer
Clerk of the Board of Supervisors

By *Maria Gloria*
Deputy

APPROVED AS TO FORM:
MARY C. WICKHAM
County Counsel

By *Ed A. Morrissey*
Edward A. Morrissey
Principal Deputy County Counsel

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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28

JUN 11 2019

Celia Zavala
CELIA ZAVALA
EXECUTIVE OFFICER

75853
Supplement No. 12