Health Services
LOS ANGELES COUNTY

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October 14, 2008

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:

APPROVE AMENDMENT NO. 4 TO AGREEMENT WITH RAD-IMAGE MEDICAL GROUP, INC. FOR TELERADIOLOGY SERVICES (SUPERVISORIAL DISTRICTS 2, 4, AND 5) (3 VOTES)

SUBJECT

Request approval of an Amendment to the current Agreement with Rad-Image Medical Group, Inc., to extend the contract term for the continued provision of teleradiology services, and to remove Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC) as a service location.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Interim Director of Health Services, or his designee, to execute and sign Amendment No. 4 to Agreement No. H-701025 with Rad-Image Medical Group, Inc. (Rad-Image), to extend the contract term effective November 17, 2008 through December 31, 2008, for the continued provision of teleradiology services at a total maximum obligation of $72,500 for the extended term of the Agreement, and to remove MLK-MACC as a service site.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

Approval of the Amendment, substantially similar to Exhibit I, will terminate the provision of services to MLK-MACC, but provide uninterrupted, critical teleradiology services to Olive View-UCLA Medical Center (OV-UCLA), Harbor-UCLA Medical Center (H-UCLA), and Rancho Los Amigos National Rehabilitation Center (RLANRC). The extension is necessary to allow the Department of Health Services (DHS or Department) the additional time necessary to complete an already initiated solicitation process for new contracts.

The teleradiology services provided through this Agreement act as an essential supplement to services by County radiologists to assure the timely provision of diagnostic information.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Service Excellence of the County's Strategic Plan by providing the ongoing availability of additional teleradiology services to augment the existing County staff.

FISCAL IMPACT/FINANCING

The total maximum obligation for the Amendment with Rad-Image, for the period effective November 17, 2008 through December 31, 2008 is $72,500, consisting of $21,250 for H-UCLA, $6,250 for RLANRC, and $45,000 for OV-UCLA. Funding is included in the Department's Fiscal Year (FY) 2008-09 Adopted Budget.

Payments to the Contractor are based on a per-image read basis, with an additional flat rate fee per shift, a shift being the time period from 7:00 p.m. to 7:00 a.m. No changes to existing rates are being made.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Department continues to experience difficulty with the recruitment and retention of qualified physician radiologists for all of the facilities. This shortage of qualified radiologists results in the need to utilize contract services to ensure adequate coverage to meet the needs of the patients served by DHS facilities.

On March 4, 2005, the Department processed an emergency purchase order to acquire the services of Rad-Image, Inc. temporarily to provide teleradiology services during evening and nighttime hours. However, the maximum funding allowed under the purchase order limited the services through March 31, 2005.

On May 17, 2005, your Board approved a sole source agreement with Rad-Image temporarily to provide teleradiology services and coverage between the hours of 11:00 p.m. to 7:00 a.m, referred to as Nighthawk services.

On April 4, 2006 and May 8, 2007, respectively, your Board approved Amendments No. 1 and 2, which expanded the provision of services to include H-UCLA and OV-UCLA, extended the contract term through November 16, 2008 and requested delegated authority to the Department to add additional facilities, subject to review and approval by the Chief Executive Office and County Counsel.

Under the authority delegated to the Director of Health Services, Amendment No. 3 was executed on October 22, 2007 which expanded the provision of services to include RLANRC.

As a result of the organizational restructuring of MLK-MACC, the contract services for MLK-MACC will terminate effective November 16, 2008 because Nighthawk services are no longer necessary.

The recommended approval of this Amendment will extend the contract term effective November 17, 2008 through December 31, 2008 for RLANRC, H-UCLA and OV-UCLA, and is necessary to allow the Department the additional time necessary to complete a solicitation for new contracts, while also ensuring the continued provision of critical teleradiology services. The solicitation was issued on September 3, 2008 and is presently in the response/evaluation process.

The Agreement includes all of the standard provisions mandated by your Board. In addition, the Agreement includes mutual indemnity provisions and coverage of malpractice liability by the County for off-site teleradiology services.

The Department has determined that the services are professional in nature County employees and County re-employment list personnel are not available to provide them.

Under the termination provisions of this Agreement, either party may terminate the Agreement with a 30-day advance written notice to the other party.

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

CONTRACTING PROCESS

On May 17, 2005, your Board approved a sole source agreement with Rad-Image for the temporary provision of teleradiology services for Martin Luther King, Jr./Drew Medical Center. Through subsequent amendments, your Board authorized DHS to extend the contract term of this Agreement pending the completion of a solicitation process for new contracts for these services.

The solicitation process took longer than DHS anticipated and additional delays were associated with staffing shortages within the DHS Contracts and Grants Division.

The Department completed and released a Request for Statements of Qualifications (RFSQ) on September 3, 2008. A Notice of the availability of the RFSQ was posted on the County website, advertised in local newspapers and mailed to firms on the DHS vendors list.

After the review of the statements of qualifications is completed, a list of the recommended service providers will be finalized and the Department will present the resultant Agreements for your Board's approval in December 2008.

IMPACT ON CURRENT SERVICES (OR PROJECT)

Board approval of the recommended Amendment will ensure the continued provision of critical teleradiology services to the patients served by certain DHS facilities.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,

John F. Schunhoff, Ph.D.
Interim Director

JFS:ks

Attachments

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

Rad-Image Medical Group BL
09/21\2/08

Contract No. H-701025

SPECIALTY AND TEMPORARY TELERADIOLOGY SERVICES AGREEMENT

Amendment No. 4

THIS AMENDMENT is made and entered into this_____ day of _____, 2008,

by and between COUNTY OF LOS ANGELES (hereafter "County")

and RAD-IMAGE MEDICAL GROUP, INC. (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled "SPECIALTY AND TEMPORARY TELERADIOLOGY SERVICES AGREEMENT" dated May 17, 2005 and further identified as County Agreement Number H-701025, and any Amendments thereto (all hereafter referred to as "Agreement");

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

WHEREAS, said Agreement provides that changes may be made in the form of a written Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall become effective on November 17, 2008.

2. Paragraph 1, TERM AND TERMINATION of the body of this Agreement shall be amended to read as follows:

"1. TERM AND TERMINATION: The term of this Agreement shall commence upon date of Board approval, and shall continue in full force and effect to and including December 31, 2008, unless terminated sooner pursuant to the terms of this Agreement. All provisions of the Agreement in effect on the date the extension period commences shall remain in effect for the duration of the extension.

Except as otherwise set forth below, this Agreement may be terminated at any time by the County, with or without cause, upon the giving of at least thirty (30) calendar days' advance written notice thereof to the Contractor.

County may terminate this Agreement immediately if Contractor, or any of its officers, employees, or agents, including any one or more of its physician affiliates, fail to comply with the terms of this Agreement, or fail to carry out within a reasonable time any directions, by or on behalf of County issued pursuant to this Agreement.

County may also terminate this Agreement immediately if County has a reasonable belief that Contractor, its physician affiliates or its principals, may be engaging in a course of conduct which poses an imminent danger to the life or health of County patients.

In cases of immediate termination, County shall provide a written "Notice of Immediate Termination" which shall be

effective upon Contractor's receipt of it, or upon the date specified in the Notice, whichever is later.

County's failure to exercise its rights of termination shall not constitute waiver of such rights, and the same may be exercised at any subsequent time.

This Agreement may be terminated at any time by the Contractor, with or without cause, upon the giving of at least thirty (30) calendar days' advance written notice thereof to the County."

3. Paragraph 3, DESCRIPTION OF SERVICES, of the body of the Agreement shall be amended to read as follows:

"3. DESCRIPTION OF SERVICES:

A. Contractor shall, upon the written request of Director or Administrator, arrange for the provision of the specialty medical services described in Exhibits C-1, E, and G, attached hereto and incorporated herein by reference.

B. Maximum Obligation of County

1. During the period effective date of Board approval through May 17, 2007, the maximum obligation of County for all services provided hereunder shall not exceed One Million, Three Hundred Twenty Five Thousand Dollars ($1,325,000).

2. During the period effective May 17, 2007 through May 16, 2008, the maximum obligation of County for all services provided hereunder shall not exceed Six Hundred Twenty Thousand, One Hundred Forty Dollars ($620,140).

3. During the month-to-month period effective May 17, 2008 through November 16, 2008, the maximum obligation of County for services provided hereunder shall not exceed Three Hundred Ten Thousand, Seventy Dollars ($310,070).

4. During the month-to-month period effective November 17, 2008 through December 31, 2008, the maximum obligation of County for services provided hereunder shall not exceed Seventy Two Thousand, Five Hundred Dollars ($72,500)."

4. Exhibit A-2, DESCRIPTION OF SERVICES SPECIALTY AND TEMPORARY TELERADIOLOGY SERVICES MARTIN LUTHER KING, JR. MULTI-SERVICE AMBULATORY CARE CENTER, to this Agreement shall be deleted in its entirety and shall not be replaced.

5. Exhibit B-2, BILLING, PAYMENT, AND SCHEDULE OF RATES, MARTIN LUTHER KING, JR. MULTI-SERVICE AMBULATORY CARE CENTER to this Agreement shall be deleted in its entirety and shall not be replaced.

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By_____
John F. Schunhoff, Ph.D
Interim Director of Health Services

RAD-IMAGE MEDICAL GROUP, INC.
Contractor

By_____
Signature

_____
Printed Name

Title_____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE
COUNTY COUNSEL

_____
Principal Deputy County
Counsel

AMEND4RadImage.KS:09/08/08