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November 25, 2008

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

Dear Supervisors:

AMENDMENT TO THE MEDICAL SCHOOL AFFILIATION AGREEMENT BETWEEN THE COUNTY OF LOS ANGELES AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA (SECOND AND FIFTH SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request approval of an amendment to revise the purchased services and increase the maximum amount of the Agreement.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair of the Board of Supervisors to sign attached Amendment No. 1 to Agreement No. H-702099 with the Regents of the University of California for the continued provision of physician medical education and certain patient care services at Harbor-UCLA Medical Center (Harbor) and Olive View-UCLA Medical Center (Olive View), effective July 1, 2008 to adjust the maximum annual County obligation from $25,329,500 to $26,353,000 (pro-rated) for the period July 1, 2008 to June 30, 2009 and to $24,622,000 for the period July 1, 2009 through June 30, 2010.

2. Make a finding as required by Los Angeles County Code section 2.121.420 that continuing to contract for the provision of physician interns and residents services at Olive View, as described herein, can be performed more feasibly by contracting with the private sector.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

Approval of the recommended action will amend the current Affiliation Agreement with the Regents of the University of California for the provision of physician medical education and certain patient care services at Harbor and Olive View for the contract years ending June 30, 2009 and June 30, 2010. The attached Amendment will revise the nature and volume of purchased services to reflect changes in the Accreditation Council for Graduate Medical Education (ACGME) training program requirements, transition to the County's Physician Pay Plan, increase the number of housestaff and provide 3.5% cost of living increase for Fiscal Year (FY) 2008-09 as approved by the Regents of the University of California. The Amendment also increases the cost for an estimated cost-of-living-increase (COLA) of 3% for FY 2009-10.

Under the existing Affiliation Agreement, the County can annually renegotiate the financing provisions to reflect changes in the nature or volume of services purchased. Negotiations were delayed due to changes in Department of Health Services (DHS) management that impacted the negotiation team. As a result this Amendment was not completed in enough time to be approved prior to the start of the contract year and therefore a July 1, 2008 effective date is requested.

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 contractors is more feasible than the use of County employees.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Goal 1, Service Excellence, and Goal 7, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The maximum annual County obligation for Harbor and Olive View under the amended Agreement in FY 2008-09 will be $26,353,000 (pro-rated) and $24,622,000 in FY 2009-10. The pro-rated amount is based a January 1, 2009 anticipated implementation date for the amended Agreement with the exception of additional housestaff and Radiologists. Funding for this Amendment is included in the Department of Health Services' (DHS or Department) FY 2008-09 Final Budget. This action does not increase net County costs. Additional information is set forth in Attachment 1.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

DHS entered into the current Agreement with the Regents of the University of California with an initial term of July 1, 2006 through June 30, 2007 with a one-year automatic

extension at the end of each contract year in which case the Agreement would expire five years hence on June 30, 2011, unless either party serves notice of non-renewal.

The recommended Amendment includes the changes in full time equivalents (FTEs) for County and University (UCLA) training programs; the specific volume and cost of academic purchased services. A summary of the changes is shown on Attachments II, III, and IV.

County Counsel has advised that portion of the Agreement related to academic services is not subject to the provisions of County Code Chapter 2.121, Contracting With Private Business (Proposition A). However, it has been determined that the provision of the clinical services by the residents at Olive View under the Agreement is subject to Proposition A guidelines which include the Living Wage Program set forth in County Code Chapter 2.201. The University continues to be exempt from the Living Wage Program due to their non-profit status although their employees are paid under the Agreement at no less than the minimum wages set forth in the County Code.

Addendum A – Purchased Services

County and University Training Programs

Pursuant to the Agreement, there are a range of County and University training programs in place at Harbor and Olive View. Attachment II identifies the programs and the respective FTE residents and has been updated to reflect changes in the accredited training programs based at each of these facilities. The most significant change for Harbor includes the addition of 2.0 full-time equivalent residents and transfer of the Martin Luther King (MLK) – Harbor Hospital Dental and Oral/Maxillofacial program sponsorship to Harbor of 12.0 full-time equivalents. The most significant change for Olive View included the addition of 20.5 full-time equivalent residents in FY 2008-09. Attachment IV provides additional information on thee changes.

Academic Purchased Services

The University is required to provide academic purchased services under the Agreement. The Amendment includes changes necessary to implement the County's new Physician Pay Plan that resulted in decreased funding requirements for academic services purchased under this Agreement, which are partially offset by increased funding required to address Accreditation for Graduate Medical Education (ACGME) requirements and to address the on-going academic program support, purchased clinical and ancillary services, and housestaff cost-of-living adjustments. Attachment IV identifies the specific changes by facility.

Addendum B - Performance and Productivity

Academic services provided under the Agreement are measurable and can be monitored with contract reporting requirements. The University submits regular reports that track residency program size and ACGME accreditation status, the ability of all programs to retain ACGME accreditation, and the corresponding corrective action plans. The Amendment revises the Agreement to clarify that required reports are for County-based programs.

CONTRACTING PROCESS

This is an Amendment to the existing Agreement No. H-702099. Amendments are not advertised on the County's website.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Agreement will continue the provision of clinical and academic services at Harbor-UCLA Medical Center and Olive View-UCLA Medical Center.

CONCLUSION

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

Respectfully submitted,

John F. Schunhoff, Ph.D.
Interim Director

JFS:jn

Attachments (5)

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

Agreement Cost Summarized by Facility

Fiscal Year 2008-09

The pro-rated maximum County obligation under the amended Agreement in FY 2008-09 will be $26,353,250 (pro-rated) for Harbor/UCLA and Olive View/UCLA.

Facility	Current Agreement	Amended Agreement (Pro-rated 1/1/09*)	Variance (Current vs Pro-rated)
Harbor/UCLA	$10,679,000	$10,158,500	($520,500)
Olive View/UCLA	$14,650,500	$16,194,750	$1,544,250
Total UCLA	**$25,329,500**	**$26,353,250**	**$1,023,750**

Fiscal Year 2009-10

The maximum annual County obligation under the amended Agreement in FY 2009-10 will be $24,622,000 for Harbor/UCLA and Olive View/UCLA.

Facility	Current Agreement	Amended Agreement (Annualized)	Variance (Current vs Pro-rated)
Harbor/UCLA	$10,679,000	$9,104,000	($1,575,000)
Olive View/UCLA	$14,650,500	$15,518,000	$867,500
Total UCLA	**$25,329,500**	**$24,622,000**	**($707,500)**

* Reflects the six months estimate of the current agreement and six months of the FY 2008-09 Amended Agreement, with the exception of the University housestaff and Radiologists lines.

County and University Training Programs:

Agreement Exhibits I and II list the County and University training programs in place at Harbor and Olive View. Significant changes to the training programs are as follows:

Harbor

DESCRIPTION	FY 08-09 FTE	FY 09-10 FTE
Surgery Ophthalmology Resident	1.0	1.0
Pediatrics - Child Abuse	1.0	1.0
Surgery - Dental	4.0	4.0
Surgery - Oral and Maxillofacial Surgery	8.0	8.0
Total	**14.0**	**14.0**

Olive View

DESCRIPTION	FY 08-09 FTE	FY 09-10 FTE
Medicine - General	6.0	6.0
Medicine - Hematology/Oncology	1.0	1.0
Medicine - Nephrology	1.0	1.0
Emergency Med OV/UC	6.0	6.0
Family Medicine - Mid Valley	1.5	1.5
Medicine - Card	1.0	1.0
Medicine - Dermatology	1.0	1.0
Medicine - Gastroenterology	(3.0)	(3.0)
Ob/Gyn - Maternal Fetal Medicine	1.0	1.0
Pediatrics	2.0	2.0
Psychiatry	1.0	1.0
Surgery - General	1.0	1.0
Surgery - Plastic	1.0	1.0
Total	**20.5**	**20.5**

PURCHASED SERVICES CHANGES

Harbor

Harbor's Purchased Services includes net decreases in Fiscal Year 2008-09 of $520,500 (pro-rated) and $1,575,000 in Fiscal Year 2009-10. This is comprised of decreases totaling $2,588,750 (pro-rated) and $5,190,000 for FY 2008-09 and FY 2009-10, respectively. These decreases are offset by the increases listed below.

DESCRIPTION	FY 08-09 (Pro-rated 1/1/09*)	FY 09-10
Program Directors	$637,750	$1,483,500
Clinical Services (Trauma Surgery, Anesthesia & Pediatrics)	500,000	1,000,000
Radiologists	678,000	678,000
Housestaff ** (1 FTE + COLA of 3.5% FY 08-09 & 3.0% FY 09-10)	77,500	103,500
Academic Infrastructure	125,000	250,000
Verinform/AmIOn scheduling system	50,000	100,000
Total	$2,068,250	$3,615,000

Olive View

Olive View's Purchased Services includes an overall increase in Fiscal Year 2008-09 of $1,544,250 (pro-rated) and $867,500 in Fiscal Year 2009-10. This is comprised of decreases totaling $1,163,750 (pro-rated) and $2,319,000 for FY 2008-09 and FY 2009-10, respectively. These decreases are offset by the increases described below.

DESCRIPTION	FY 08-09 (Pro-rated 1/1/09*)	FY 09-10
Housestaff ** (20.5 FTEs + COLA of 3.5% FY 08-09 & 3.0% FY 09-10)	$2,548,000	$2,848,000
Hospitalists	142,500	285,000
Academic Infrastructure	0	18,500
Verinform/AmIOn scheduling system	17,500	35,000
Total	$2,708,000	$3,186,500

* Reflects the six months estimate of the current agreement and six months of the FY 2008-09 Amended Agreement, with the exception of the University housestaff and Radiologists lines.
** Includes funding for actual housestaff salaries and benefits paid by University for FY 2007-08, COLA of 3.5 % for FY 08-09, COLA of 3% for FY 09-10, and additional housestaff to meet ACGME requirements.

SUMMARY OF CHANGES TO THE MEDICAL SCHOOL AFFILIATION AGREEMENT BETWEEN THE COUNTY OF LOS ANGLES AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Academic Purchased Services - Harbor

The Amendment will result in a net overall decrease of Harbor's Purchased Services by $520,500 (pro-rated) in Fiscal Year (FY) 2008-09 and $1,575,000 in FY 2009-10. This is comprised of decreases totaling $2,588,750 (pro-rated) and $5,190,000 for FY 2008-08 and FY 2009-10, respectively. These decreases are partially offset by increased funding of $2,068,250 and $3,615,000 for FY 2008-09 and FY 2009-10, respectively, that is required to address ACGME requirements and to address the on-going academic program support, purchased clinical and ancillary services, and housestaff cost-of-living adjustments.

Program Directors

Effective July 1, 2007, the ACGME required sponsoring institutions to ensure protected administrative time for all residency training program directors and adequate funding support for these program directors and their program services. Additional funding of $637,750 (pro-rated) was added in FY 2008-09 to support the 12.7 FTE residency training program directors and $1,483,500 in FY 2009-10 to support 14.0 FTE residency training program directors. Funding is required for physicians and nurse practitioners to address issues identified by ACGME regarding resident duty hours, including patient transports and coverage in critical care areas.

Clinical Services

A Clinical Services funding increase of $500,000 is needed for FY 2008-09 and $1,000,000 is needed for FY 2009-10. This will provide 24-hour pediatric physician and nurse practitioner provider coverage to address ACGME requirements concerning resident duty hours, including patient transports and coverage in critical care areas based upon an hourly per diem rate. The remainder of this funding represents a realignment of anesthesiology provider funding for 24 hour trauma coverage within the existing budget.

Radiologists

Funding of $678,000 (pro-rated) for each FY 2008-09 and FY 2009-10 is included for professional services provided by County radiologists for County referred patients seen in the Magnetic Resonance Imaging Center that is no longer included in the Insight service contract.

SUMMARY OF CHANGES TO THE MEDICAL SCHOOL AFFILIATION AGREEMENT BETWEEN THE COUNTY OF LOS ANGLES AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Housestaff Increase and COLA

Funding of $48,000 for FY 2008-09 and FY 2009-10 is included for the addition of one University compensated surgery ophthalmology resident to the University housestaff budget to comply with ACGME workload restrictions. A total of 12 Dental and Oral/Maxillofacial program residents resulting from the transfer of program sponsorship from MLK Jr. Harbor Hospital to Harbor-UCLA and one child abuse program resident are covered in the training programs. However, no funding is required for these 13 housestaff since they are County compensated. The amendment includes provisions for a 3.5% COLA increase for FY 2008-09 in the amount of $29,500 and 3% COLA increase for FY 2009-10 in the amount of $103,500.

Faculty Members

The continued need for faculty member funding is tied to the Agreement's Addendum B that describes the services purchased from the University by the County that is accomplished primarily through academic faculty. Although the County's new physician pay plan reduces the need for salary supplements, the University still must hire and pay physicians to perform the academic duties described in the Agreement's Addendum B. The Amendment includes funding for at-risk academic salaries for the University to comply with the tasks outlined in Addendum B. Physician compensation is not guaranteed and depends on performance and specialty

Academic Infrastructure

The academic infrastructure budget includes support staff for the dean's office at Harbor, Graduate Medical Education and program coordinators, and services/supplies. Funding increased by $125,000 (pro-rated) in FY 2008-09 and $250,000 in FY 2009-10 to account for the ACGME fees required to support the academic programs. Funding for the UCLA-based GME Dean, University Representative, and University Administrative Personnel remain unchanged, totaling $177,500 per Fiscal Year.

Verinform/AmiOn Scheduling System

Funding of $50,000 (pro-rated) is included for FY 2008-09 and $100,000 for FY 2009-10 for the Verinform and the AmIOn scheduling system. Verinform is a web-based electronic evaluation system used across the nation by all training programs. The electronic tracking software tracks housestaff and faculty evaluations, procedures performed, and other documentation necessary for residency review committees and Medicare reporting and requires on-site software management.

SUMMARY OF CHANGES TO THE MEDICAL SCHOOL AFFILIATION AGREEMENT BETWEEN THE COUNTY OF LOS ANGLES AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Academic Purchased Services – Olive View

The Amendment will result in a net overall increase of Olive View's Purchased Services by $1,544,250 (pro-rated) in FY 2008-09 and $867,500 in FY 2009-10. This is comprised of decreases totaling $1,163,750 (pro-rated) and $2,319,000 for FY 2008-09 and FY 2009-10, respectively. These decreases offset the increased funding of $2,708,000 (pro-rated) and $3,186,500 for FY 2008-09 and FY 2009-10, respectively, that is required to address ACGME requirements and to address the on-going academic program support, after hours supervision of medicine housestaff, and University housestaff cost-of-living adjustments.

Housestaff Increase and COLA

Total funding of $2,548,000 in Fiscal Year 2008-09 and $2,848,000 in FY 2009-10 is needed to cover the housestaff increase and COLAs for both years. Housestaff increases for FY 2008-09 are in 12 programs with a total increase of 20.5 housestaff. These increases are necessitated by one or more of the following: 1) to comply with ACGME duty hour restrictions, 2) to comply with ACGME workload restrictions, 3) to adjust to restructuring of affiliated programs; 4) to respond to ACGME or other regulatory findings or requirements; 5) to maintain services despite loss of external subsidy or recruitment difficulties. The amendment includes provisions for a 3.5% COLA increase for FY 2008-09 and an estimated 3% COLA increase for FY 2009-10. This Amendment also incorporates the Board's December 18, 2007 approval to delegated authority to the DHS Director, or his designee, to approve future annual salary adjustments up to 5% per year that the University may grant their housestaff, which may increase the maximum obligation of this Agreement.

Faculty Members

The Agreement's Addendum B describes the services being purchased from the University by the County. These services are described further below. Most of these services are accomplished through academic faculty. Although the County's new Physician Pay Plan reduces the need for salary supplements (stipends), the University still must hire and pay physicians to perform the academic duties described in the Agreement's Addendum B. The Amendment includes funding for at-risk academic salary in the amount of $589,680. The amount paid to any one physician is not guaranteed and depends on performance and specialty.

Hospitalists

Funding of $142,500 (pro-rated) is included for FY 2008-09 and $285,000 for FY 2009-10 to support hospitalist coverage. It has increasingly become standard for medicine teaching programs to have an attending physician in-house 24 hours per day, 7 days

per week. This improves the quality of housestaff supervision and teaching, improves the quality of care, and improves patient flow and appropriate utilization of inpatient beds.

Academic Infrastructure

Academic infrastructure includes support staff for the dean's office at Olive View, Graduate Medical Education and program coordinators, librarian, and services and supplies. This amount increases in Fiscal Year 2009-10 by $18,500, reflecting increased program support needs in Family Medicine, Medicine, and Emergency Medicine. Funding for the UCLA-based GME Dean, University Representative, and Administrative Personnel remain unchanged, totaling $174,500 per year.

Verinform/AmiOn Scheduling System

Funding of $17,500 (pro-rated) is included for FY 2008-09 and $35,000 for FY 2009-10 for Verinform and the AmIOn scheduling system.

Contract No. H-702099

AFFILIATION AGREEMENT

Amendment No. 1

THIS AMENDMENT is made and entered into this 25TH day of NOVEMBER, 2008,

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

and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, ON BEHALF OF ITS LOS ANGELES CAMPUS AND SCHOOL OF MEDICINE (hereafter "University").

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WHEREAS, reference is made to that certain document entitled "AFFILIATION AGREEMENT", dated July 1, 2006, and further identified as County Agreement No. H-702099 (hereafter "Agreement");

WHEREAS, it is the desire of the parties hereto to amend the Agreement to make changes to Exhibit 1, Exhibit 2, Addendum A, and Addendum B as described hereafter;

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

WHEREAS, the Agreement allows for the annual amendment of Addendum A; and

28 NOV 25, 2008

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective July 1, 2008.

2. Exhibit 1-I.a, Exhibit 1-II.a, Exhibit 2-I.a, and Exhibit 2-II.a shall be added to the Agreement, attached hereto and incorporated by reference.

3. Addendum A-I.a, Addendum A-II.a, Addendum A-III.a, Addendum A-IV.a, and Addendum B-I shall be added to the Agreement, attached hereto and incorporated by reference.

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

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and seal of said Board to be hereto affixed, and attested

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by the Executive Officer thereof, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Chair, Board of Supervisors

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, ON BEHALF OF ITS LOS ANGELES CAMPUS AND SCHOOL OF MEDICINE
Contractor

By _____
Signature

Title Associate Vice-Chancellor
(AFFIX CORPORATE SEAL HERE)

SACHI A. HAMAI,
Executive Officer Board of Supervisors of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM
RAYMOND G. FORTNER, JR.
County Counsel

By Edward A. Morrissey by SM
Deputy

APPROVED AS TO CONTRACT ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES
CONTRACTS AND GRANTS DIVISION

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

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By _____
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28 NOV 25 2008

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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28 NOV 25, 2008

EXHIBIT 1-I.a

County and University Training Programs - Coastal Cluster

1-I.1 ACGME-Accredited University Training Programs. University Training Programs shall include the following ACGME-accredited training programs which are based at UCLA Medical Center, pursuant to this Agreement:

	2008 FTEs	2009 FTEs
Internal Medicine - Gastroenterology	3.00	3.00
Internal Medicine - Rheumatology	1.00	1.00
Surgery - Neurosurgery	2.00	2.00
Surgery - Opthalmology	6.00	6.00
Surgery - Otolaryngology (Head and Neck)	5.00	5.00
Surgery - Plastic	1.00	1.00
Surgery - Urology	2.00	2.00

1-I.2 ACGME-Accredited County Training Programs. County Training Programs shall include the following ACGME-accredited training programs which are based at Los Angeles County Harbor-UCLA Medical Center, pursuant to this Agreement. All programs listed are small programs (10 or fewer) unless otherwise noted (* = medium program consisting of between 10-30; ** = large program consisting of over 30):

	2008 FTEs	2009 FTEs
Anesthesiology *	14.00	14.00
Emergency Medicine **	45.00	45.00
Emergency Medicine - Ultrasound	1.00	1.00
Family Practice**	36.00	36.00
Family Medicine - Faculty Development	2.00	2.00
Family Medicine- Sports Medicine	2.00	2.00
Internal Medicine **	56.00	56.00
Internal Medicine - Cardiology *	15.00	15.00
Internal Medicine - Cardiology Interventional	3.00	3.00
Internal Medicine - Dermatology	4.00	4.00
Internal Medicine - Electrophysiology	2.00	2.00
Internal Medicine - Endocrinology	10.00	10.00
Internal Medicine – Advanced Interventional and Endosonography	2.00	2.00
Internal Medicine - Hematology/Oncology *	11.00	11.00
Internal Medicine - Infectious Diseases	4.00	4.00
Internal Medicine - Nephrology	6.00	6.00
Internal Medicine – Pulmonary	6.00	6.00
Neurology	9.00	9.00
Neurology - Child	3.00	3.00
Neurology - Neurophysiology/EEG	1.00	1.00
Obstetrics and Gynecology *	20.00	20.00

	2008 FTEs	2009 FTEs
Orthopedic Surgery *	20.00	20.00
Pathology *	16.00	16.00
Pediatrics **	31.00	31.00
Pediatrics - Critical Care	6.00	6.00
Pediatrics - Endocrinology	3.00	3.00
Pediatrics - Gastroenterology	1.00	1.00
Pediatrics - Emergency Medicine	3.00	3.00
Pediatrics - Infectious Diseases	6.00	6.00
Pediatrics - Medical Genetics	2.00	2.00
Pediatrics - Neonatal	6.00	6.00
Psychiatry **	32.00	32.00
Psychiatry - Child	8.00	8.00
Radiology *	20.00	20.00
Radiology - Body Imaging	2.00	2.00
Radiology - Breast Imaging	1.00	1.00
Radiology - Interventional	1.00	1.00
Radiology - Neuroradiology	1.00	1.00
Radiology - Nuclear	1.00	1.00
Surgery **	45.00	45.00
Surgery - General Practice -Dental	4.00	4.00
Surgery - Oral and Maxillofacial Surgery	8.00	8.00
Surgery - Vascular	2.00	2.00
Transitional Year *	24.00	24.00
Subtotal	515.00	515.00

1-I.3 Non-ACGME-Accredited County Training Programs. County Training Programs shall include the following non-ACGME-accredited training programs which are based at Los Angeles County Harbor-UCLA Medical Center, pursuant to this Agreement:

	2008 FTEs	2009 FTEs
Internal Medicine – General	1.00	1.00
Obstetrics/Gynecology - Maternal Fetal Medicine	4.00	4.00
Obstetrics/Gynecology - Female Pelvis & Reconstructive Surgery	3.00	3.00
Obstetrics/Gynecology - Women's Health	1.00	1.00
Orthopedic Surgery - Foot and Ankle	1.00	1.00

	2008 FTEs	2009 FTEs
Subtotal	10.00	10.00
Grand Total	525.00	525.00

EXHIBIT 1-II.a

County and University Training Programs - Valley Care Cluster

1-II.1 ACGME-Accredited University Training Programs. University Training Programs shall include the following ACGME-accredited training programs which are based at UCLA Medical Center, pursuant to this Agreement. All programs listed are small programs (10 or fewer) unless otherwise noted (* = medium program consisting of between 10-30** = large program consisting of over 30):

:

	2008 FTEs	2009 FTEs
Anesthesiology	2.00	2.00
Emergency Medicine OV/UC *	24.00	24.00
Family Medicine	5.00	5.00
Family Medicine - Mid Valley	2.75	2.75
Internal Medicine - Cardiology	4.00	5.00
Internal Medicine – Dermatology	1.00	1.00
Internal Medicine – Gastroenterology	1.00	1.00
Internal Medicine - Infectious Disease	2.00	2.00
Internal Medicine – Pulmonary	2.00	2.00
Neurology	3.00	3.00
Obstetrics-Gynecology *	13.00	13.00
Obstetrics-Maternal, Fetal	1.00	1.00
Ophthalmology	4.00	4.00
Pathology	1.00	1.00
Pediatrics *	12.00	11.00
Psychiatry *	12.00	12.00
Radiology	7.00	7.00
Surgery – General	8.00	8.00
Surgery - Head & Neck	3.00	3.00
Surgery – Plastic	2.00	2.00
Urology	2.00	2.00
Subtotal	111.75	111.75

1-II.2 ACGME-Accredited County Training Programs. County Training Programs shall include the following ACGME-accredited training programs which are based at Los Angeles County - Olive View-UCLA Medical Center, pursuant to this Agreement:

	2008 FTEs	2009 FTEs
Emergency Medicine/Internal Medicine	5.00	5.00
Internal Medicine – General **	70.75	70.75
Internal Medicine - Hematology/Oncology	8.00	8.00
Internal Medicine – Nephrology	4.00	4.00
Internal Medicine – Rheumatology	2.00	2.00
Subtotal	89.75	89.75
Grand Total	201.50	201.50

EXHIBIT 2-I.a

Coastal Cluster

The following shall constitute the Coastal Cluster:

Los Angeles County/Harbor-UCLA Medical Center

Harbor-UCLA Family Health Center

Long Beach Comprehensive Health Center

Bellflower Health Center

Wilmington Health Center

The Primary County Facilities shall include those facilities within the Coastal Cluster which are so identified in Addendum A-I.a.

EXHIBIT 2-II.a

Valley Care Cluster

The following shall constitute the Valley Care Cluster:

Los Angeles County – Olive View/UCLA Medical Center

Mid-Valley Comprehensive Health Center

Glendale Health Center

North Hollywood Health Center

San Fernando Health Center

The Primary County Facilities shall include those facilities within the Valley Care Cluster which are so identified in Addendum A-II.a.

ADDENDUM A-I.a

Purchased Services - Coastal Cluster (including Harbor)

Contract Years Ending June 30, 2008 and 2009 (Contract Years 2008 and 2009)

A-I.1. General. Payment for Purchased Services will be calculated based on a combination of fixed and variable payments, as set forth in § A-I.4. **In no event shall the fixed and variable rates or the payment methodology under this Addendum A be revised more frequently than every twelve (12) months.**

A-I.2. Fixed and Variable Costs. The Parties agree that payment for Purchased Services should reflect:

The following variable costs: (a) program directors, (b) faculty members, (c) faculty trauma surgery, anesthesia and pediatrics augmentation, (d) faculty recruitment/retention augmentation, (e) informatics and (f) radiologists Pursuant to § 2.5.2.2., County shall also reimburse University for its cost for any University Housestaff assigned to Primary County Facilities.

The following UCLA and County fixed costs (including salary and benefits where applicable), which will not vary within a given range of programs and Housestaff: (a) overall academic infrastructure, including graduate medical education fees, (b) Verinform/AmIOn, (c) University Representative, (d) University Graduate Medical Education Dean, and (e) University's administrative personnel.

A-I.3. Volume of Purchased Services. For Contract Years 2008 and 2009, University shall provide Purchased Services as needed within the ranges or maximum set forth in this Addendum. In the event that County's needs fall outside of such ranges or maximum, the Parties may negotiate a different volume of services for specific line items; but as provided in § A-I.1, the fixed and per-unit rates set forth in § A-I.4 shall not vary during the course of the Contract Year.

A-I.4 Fixed, Unit and Total Payments. During Contract Years 2008 and 2009, County shall compensate University as follows (prices are rounded to the nearest $500).

Variable Costs	2008 Total Price	2009 Total Price
Program Directors	$ 2,032,000	$2,240,000
Faculty Members	$ 800,000	$ 800,000
University Housestaff Salaries	$ 869,500	$ 895,500

Variable Costs	2008 Total Price	2009 Total Price
Radiologists	$ 678,000	$ 678,000
Faculty Trauma Surgery, Anesthesia & Pediatrics Augmentation	$ 1,784,000	$1,784,000
Faculty Recruitment/Retention Augmentation (See Addendum A-I.6)	$ 1,000,000	$1,000,000
Informatics Program	$ 359,000	$359,000
Total Variable Costs	**$ 7,522,500**	**$ 7,756,500**

Fixed Costs	2008 Total Price	2009 Total Price
Academic Infrastructure	$ 1,070,000	$ 1,070,000
Verinform/AmIOn Administrator	$ 100,000	$ 100,000
University Representative	$ 34,000	$ 34,000
GME Dean	$ 41,000	$ 41,000
Administrative Personnel	$ 102,500	$ 102,500
Total Fixed Costs	**$ 1,347,500**	**$ 1,347,500**
Total Coastal Payment for Contract Years 2008 and 2009	**$ 8,870,000**	**$ 9,104,000**

A-I.5 Proration of Contract Year 2008 Payments and Retroactive Payments for Contract Year 2008

During Contract Year 2008 only, County shall compensate University the appropriate prorated amount of the contract year budget effective upon the date this contract amendment is approved by the Board. The effective month that such proration becomes effective shall be the 1st day of the following month that this contract amendment is approved and any adjustments to the invoice shall be adjusted on the next quarterly invoice to be paid to University.

For University housestaff only, a one-time retroactive payment shall be made to the University to ensure University is fully compensated for the housestaff costs from July 1, 2008 through the 1st day of the following month that this contract amendment is approved.

A-I.6 Faculty Recruitment & Retention Augmentation-Addendum A includes a faculty recruitment and retention fund in the amount of $1,000,000 for Contract Years 2008 and 2009 to assist in the recruiting of new faculty, sign- on bonuses, and academic advancement bonuses, and search firms, advertising and travel. To ensure accountability, the Facility Joint Planning Operations Committee will make all determinations regarding the use of this fund.

A-I.7 Primary County Facilities. The following facilities shall constitute the Primary County Facilities within County's Coastal Cluster:

Los Angeles County/Harbor-UCLA Medical Center

Harbor-UCLA Family Health Center

Long Beach Comprehensive Health Center

Bellflower Health Center

Wilmington Health Center

A-1.8 COUNTY'S PHYSICIAN PAY PLAN. The parties acknowledge that the County has recently approved a new physician pay plan, and will be approving a new rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County's physicians' collective bargaining group.

1. The parties acknowledge the University has provided compensation to County employees with funds derived from this Agreement. Effective for the period beginning January 1, 2009, the University shall cease paying County physicians any funds derived from this Agreement, except that certain County physicians may be eligible to receive funds from the following allocations as set forth under section A-I.4:
    a. Program Directors
    b. Faculty Members
    c. Radiologists
    d. Faculty Trauma Surgery, Anesthesia & Pediatrics Augmentation
    e. Informatics Program

2. Effective for the period beginning January 1, 2009, the County physicians providing services under this Agreement shall receive funding under the County's new physician pay plan.

ADDENDUM A-II.a

Purchased Services - Valley Care Cluster (including Olive View)

Contract Years Ending June 30, 2008 and 2009 (Contract Years 2008 and 2009)

A-II.1. General. Payment for Purchased Services will be calculated based on a combination of fixed and variable payments, as set forth in § A-I.4. **In no event shall the fixed and variable rates or the payment methodology under this Addendum A be revised more frequently than every twelve (12) months.**

A-II.2. Fixed and Variable Costs. The Parties agree that payment for Purchased Services should reflect:

The following variable costs: (a) program directors, (b) faculty members, and (c) hospitalists and (d) faculty recruitment/retention augmentation. Pursuant to § 2.5.2.2., County shall also reimburse University for its cost for any University Housestaff assigned to Primary County Facilities.

The following UCLA and County fixed costs (including salary and benefits where applicable), which will not vary within a given range of programs and Housestaff: (a) overall academic infrastructure, including graduate medical education fees, (b) Verinform/AmIOn; (c) University Representative; (d) University Graduate Medical Education Dean; and (e) University's administrative personnel.

A-II.3. Volume of Purchased Services. For Contract Years 2008 and 2009, University shall provide Purchased Services as needed within the ranges or maximum set forth in this Addendum. In the event that County's needs fall outside of such ranges or maximum, the Parties may negotiate a different volume of services for specific line items.

A.II.4 Fixed, Unit and Total Payments. During Contract Years 2008 and 2009, County shall compensate University as follows (all prices are rounded to the nearest $500):

Variable Costs	2008 Total Price	2009 Total Price
Program Directors	$ 658,000	$ 658,000
Faculty Members	$ 589,500	$ 589,500
University Housestaff Salaries	$11,300,000	$11,600,000
Hospitalists	$ 285,000	$ 285,000

Variable Costs	2008 Total Price	2009 Total Price
Faculty Recruitment/Retention	$ 512,500	$ 512,500
Augmentation Fund (See Addendum A-II.6)		
Total Variable Costs	**$13,345,000**	**$13,645,000**

Fixed Costs	2008 Total Price	2009 Total Price
Academic Infrastructure	$ 1,624,000	$ 1,663,500
Verinform/AmIOn Administrator	$ 35,000	$ 35,000
University Representative	$ 31,000	$ 31,000
GME Dean	$ 41,000	$ 41,000
Administrative Personnel	$ 102,500	$ 102,500
Total Fixed Costs	**$ 1,833,000**	**$1,873,000**
Valley Care Payment for Contract Year	**$15,178,500**	**$15,518,000**

A-II.5 Proration of Contract Year 2008 Payments and Retroactive Payments for Contract Year 2008

During Contract Year 2008 only, County shall compensate University the appropriate prorated amount of the contract year budget effective upon the date this contract amendment is approved by the Board. The effective month that such proration becomes effective shall be the 1st day of the following month that this contract amendment is approved and any adjustments to the invoice shall be adjusted on the next quarterly invoice to be paid to the University.

For University housestaff only, a one-time retroactive payment shall be made to the University to ensure University is fully compensated for the housestaff costs from July 1, 2007 through the 1st day of the following month that this contract amendment is approved.

A-II.6 Faculty Recruitment & Retention Augmentation. Addendum A includes a faculty recruitment and retention fund in the amount of $512,500 for Contract Years 2008 and 2009 to assist in the recruiting of new faculty, sign-on bonuses, and search firms, advertising and travel. To ensure accountability, the Facility Joint Planning Operations Committee will make all determinations regarding the use of this fund.

A-II.7 Primary County Facilities. The following facilities shall constitute the Primary County Facilities within County's Valley Care Cluster:

Olive View-UCLA Medical Center
Mid-Valley Comprehensive Health Center

A-II.8 COUNTY'S PHYSICIAN PAY PLAN. The parties acknowledge that the County has recently approved a new physician pay plan, and will be approving a new rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County's physicians' collective bargaining group.

1. The parties acknowledge the University has provided compensation to County employees with funds derived from this Agreement. Effective for the period beginning January 1, 2009, the University shall cease paying County physicians any funds derived from this Agreement, except that certain County physicians may be eligible to receive funds from the following allocations as set forth under section A-II.4:
    a. Program Directors
    b. Faculty Members
    c. Hospitalists

2. Effective for the period beginning January 1, 2009, the County physicians providing services under this Agreement shall receive funding under the County's new physician pay plan.

ADDENDUM A-III.a

Faculty Teaching Incentive Fund

Contract Year Ending June 30, 2008 (Contract Year 2008)

A.III.1 General Provisions. Facility JPO Committee will establish annual awards for excellence in teaching to be awarded to Faculty in FY 2008-09. Faculty recipients and the amount of each award will be determined by the Facility JPO based on written criteria to be jointly developed and agreed upon by University and County. In developing written criteria, University and County shall include resident and medical student participation as necessary criteria.

A.III.2 Payments. University and County agree to equally finance the Incentive Fund contributions for FY 2008-09, with University and County contributing $25,000 each. The County's $25,000 contribution shall be equally split. The Coastal Cluster and Valley Care Cluster will contribute $12,500 each. County shall remit to University payment of the $25,000 incentive fund contribution with the first calendar quarter payment. Effective FY 2009-10, this Incentive Fund will cease to exist.

ADDENDUM A-IV.a

Total Payments

Contract Years Ending June 30, 2008 and 2009 (Contract Year 2008 and 2009)

	Contract Year 2008	Contract Year 2009
Coastal Purchased Services	$ 8,870,000	$ 9,104,000
Valley Care Purchased Services	$15,178,500	$15,518,000
Coastal Incentive Fund	$ 12,500	$ 0
Valley Care Incentive Fund	$ 12,500	$ 0
Total Payment	**$ 24,073,500**	**$ 24,622,000**

UCLA - ADDENDUM B-1
PERFORMANCE AND PRODUCTIVITY

B.1. OVERVIEW

University shall participate with County to monitor and evaluate University's performance and productivity under this Agreement. In the spirit of cooperation and partnership, University and County will continue to pursue their joint goal of achieving and maintaining a high level of academic excellence among faculty and residents. To accomplish this goal, University and County representatives will communicate their ideas and recommendations at the appropriate committees and meetings where education and/or patient care are discussed. The parties agree that achievement of the stated goals is an evolving process and both parties will work together to continuously refine performance measures and the process for ensuring accountability.

B.2. EDUCATION

B.2.1. System Joint Planning and Operations Committee

To assure timely communication between University and County regarding academic matters, the parties agree to address key academic issues during regular meetings of the system Joint Planning and Operations Committee as outlined in Section 8.3 "System JPO Committee Responsibilities."

B.2.2. Educational Performance Indicators

Resident academic performance shall be monitored in accordance with guidelines and standards set by the Accreditation Council for Graduate Medical Education (ACGME) and specialty and subspecialty certification boards. Faculty performance shall be monitored in accordance with the guidelines set by the applicable accrediting bodies and the terms and conditions of this Agreement. County may impose liquidated damages where required information and performance reports for County residency programs are not submitted by the University representative to the County as further described in Section B.2.3 below, or if the ACGME withdraws program or institutional accreditation status.

To meet residency program education performance monitoring requirements under this Agreement with regard to all programs listed in Addendums A-I and A-II , the University representative shall submit the following reports to the Medical Executive Committee for review and approval prior to submission to the County Governing Body.

1. Quarterly ACGME Accreditation Status for all County residency programs, including dates of last site visit and next scheduled site visit.

2. Quarterly ACGME Accreditation Cycle Length for all County residency programs.

3. Semi-Annual report to identify the ACGME status of County residency programs ("Semi-Annual Status Report"). The information to be included in this Semi-Annual Status Report will include the information described in Table B.2. below and is intended to identify any ACGME accredited programs that have received formal accreditation letters with citations, concerns, or comments including, but not limited to, those related to institutional support.

4. Status report of Corrective Action Plan (CAP) for programs identified in Semi-annual Status Report as having received accreditation letters with citations, concerns, or comments.

5. Annual Report of the GMEC for County facilities. The Annual Report of the GMEC for County faculties shall include information regarding the following: resident supervision; resident evaluation; resident responsibilities; resident compliance with duty hour standards; and summary results of the most recent National Residents Matching Program("NRMP") match. It shall also include total County Housestaff numbers by specialty and subspecialty including the number of County Housestaff approved by the accrediting body, and an accurate and complete listing of non-County facilities that accommodate resident rotations and the annualized number of residents that rotated. The University must submit the report no later than October 15, of the contract year.

6. The University representative shall notify County within five (5) business days of when the University representative receives notice that any program has a final accreditation status from the ACGME of Probationary Accreditation or Accreditation Withdrawn.

7. The University representative shall promptly notify County in the event that any County program receives a commendation from the ACGME. University and County agree to recognize this commendation in writing to the Program Director and to the Department Chairperson, and to jointly provide any other incentives agreed upon by the parties.

TABLE B-2

REPORTING REQUIREMENTS	SPECIALTY/SUBSPECIALTY
Is the following issue cited or commented on in any ACGME accreditation letter?	**List specialties or subspecialties referenced in letters from ACGME**
1. Inadequate Institutional support for program or oversight issues	
2. Inadequate financial support for program	
3. Lack of faculty, number or qualifications (educational resources)	
4. Heavy service component or service-oriented citations	
5. Inadequate patient contact, procedures, etc.	
6. Inadequate scholarly activity (either faculty or residents)	
7. Resident supervision citations or concerns	
8. Resident duty hour or on-call citations or concerns	
9. ACGME six general competencies	
10. Resident, faculty, program evaluation citations	
11. Internal review citations	
12. Resident eligibility, selection citations	
13. Food services or on-call room citations	
14. Resident agreement or contract issues	
15. Patient support services, IVs, labs, personnel, etc.	.
16. Medical records, retrieval problems	
17. Security problems in any location in institution or grounds	
18. Board certification passing rate	
19. Resident in-service exam scores	
20.. Program Director protected time for educational and administrative responsibilities to the program	

B.2.3. Performance Guarantees.

The University agrees that County requires the reports listed in this section B.2. to monitor the ongoing performance and quality of residency program education. To cooperate with County, University agrees to compensate County according to the following schedule for each failure of University to provide certain required reports provided that, in each instance, the County has exhausted all reasonable efforts to obtain the required data through County sources and has so informed the University:

1. University shall compensate County $2,000.00 for each of the following reports not submitted to County within sixty (60) calendar days of the end of each Contract Year quarter: (i) Quarterly ACGME Accreditation Status for all County residency programs; and (ii) Quarterly ACGME Accreditation Cycle Length for all County residency programs. University shall compensate County $2,000.00 for each of the following reports not submitted to County within sixty (60) calendar days of the end of each two consecutive Contract Year quarters: (iii) Semi-Annual Status Report.

2. University shall compensate County $5,000.00 for each Annual Report of the GMEC (see B.2.2. Number 6) not submitted to County by September 30 following the end of a Contract Year.

3. University shall compensate County $5,000.00 for each required Physician Compensation Report not submitted by August 15 of a Contract Year.

B.3. SCOPE OF ACADEMIC SERVICES

B.3.1 University will provide oversight services for:

1. Academic administration of residency training programs, as listed in Addendum A.
2. Regular graduate medical education as delivered through Grand Rounds, Journal Club, Noon Conferences, Morbidity and Mortality Conferences and the Tumor Board.
3. Academic direction of the Graduate Medical Education Committee (GMEC)
4. Academic direction for the selection of qualified physician candidates applying for admission into County residency programs.
5. Monitoring housestaff duty hours for compliance with ACGME accreditation requirements.
6. Programs that enhance the skills and knowledge of Housestaff in the following areas:
    a. Biomedical and clinical sciences
    b. Interpersonal and communication skills
    c. Professionalism
    d. Health care systems
    e. Continuous quality improvement
    f. Compassionate and cost-effective medicine
7. Evaluation of Housestaff by Faculty.
8. Evaluation of Faculty by Housestaff.
9. Evaluation of Faculty, through the University process for appointments and promotions.
10. Evaluation and counseling of impaired Housestaff.

B.3.2 The University will provide a minimum of 17,760 hours of scheduled academic activities per academic year (10,200 hours Coastal, 7,560 hours Valley Care).

B.3.3. Accounting For Physician Staffing Levels, Compensation and Use of Agreement Funds

County and University shall maintain sufficient records to evaluate whether University is being compensated in accordance with the terms of this Agreement.

University shall provide information and reports to be utilized by the County for monitoring actual clinical and academic service staffing and determining University's compliance with the Agreement. University and Hospital procedures established to track Faculty and County Housestaff staffing levels and Faculty compensation include but are not limited to the following:

1. By October 15 following the close of the Contract Year, University shall provide accurate written annual reports at Facility JPO Committee meetings on the number of total County Housestaff numbers by specialty and subspecialty including the number of County Housestaff approved by the ACGME and shall also provide a list identifying, by specific program, all current County Housestaff and all medical facilities through which County Housestaff rotate.

2. Annually, County shall provide University with total County compensation for County physicians who are dually employed by County and University.

3. By no later than October 15 following the end of each Contract Year, University shall provide accurate written annual reports depicting the physician compensation paid through this Agreement, with individual physician names redacted ("Physician Compensation Report"). University shall compensate County $5,000.00 for each required Physician Compensation Report not submitted by October 15 of a Contract Year.

B.4. COMMUNICATION AND INFORMATION SHARING

University shall participate with County in the periodic review of facilities where Purchased Services are provided. University and County will jointly develop plans of correction in accordance with ACGME guidelines and standards. Areas of concern and/or deficiency will be reported and addressed through the local and system governing structures as required by ACGME and County policies. These governing structures include the Facility Graduate Medical Education Committee (GMEC), the Facility and System JPO Committee, and the Hospital Governing Body. Minutes of Hospital Governing Body meetings will reflect reports regarding the resolution of issues.

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