



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** June 10, 2013  
**Board Meeting Date:** July 9, 2013  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Jean S. Fraser, Chief, Health System  
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

**Subject:** Agreement with Rona Consulting Group

**RECOMMENDATION:**

Adopt a Resolution waiving the Request for Proposals process and authorizing an agreement with Rona Consulting Group to provide a Lean enterprise executive and management education and training program for the term of July 1, 2013 through June 30, 2016, in an amount not to exceed \$1,790,000.

**BACKGROUND:**

San Mateo Medical Center (SMMC) has utilized Rona Consulting Group (Rona) over the last three years to improve health care and financial processes at SMMC. Rona has taught SMMC leadership and staff how to use the Toyota Management System "Lean" practices to reduce defects, improve quality and reduce costs. This work has led SMMC to increase the number of new patients seen in Primary Care by 47%, reduce the cancellation rate in the Operating Room by 17%, and reduce non-acute days in Acute Psychiatry by 10%, all important steps in moving SMMC toward its goal of being a high quality, low cost healthcare enterprise for the low income residents of San Mateo.

**DISCUSSION:**

This agreement will enable SMMC to continue its consultation with Rona to strengthen its Lean practices so that the improvements that have been made will be retained and new improvements generated. In addition, this agreement will enable the Health System to spread Lean principles and practices to a minimum of two other divisions – Aging & Adult Services and Behavioral Health and Recovery Services. Based on information from highly effective Lean organizations around the country, making a Lean culture change takes at least a decade, with a reduction in the rate of expert consultant usage as the organization becomes increasingly self-sustaining in Lean practices from both a cultural and technical standpoint.

Lean is a complex and sophisticated practice that requires mentorship and methodical follow-through to train staff, execute improvement events with maximum effectiveness, and change the work of organization leaders to focus relentlessly on reducing waste and increasing value. As the County prepares for the coverage expansion provided by the federal Affordable Care Act, we believe that success of the Health System requires us to improve the experience of our clients, patients and staff members while at the same time reducing our costs and ensuring that SMMC and other areas of the Health System collect the appropriate revenue.

SMMC is requesting a waiver of the Request for Proposals process with Rona for consistency in methodology and training as we continue to expand Lean into other areas of focus.

County Counsel has reviewed and approved the agreement and Resolution as to form. Contractor meets insurance certification requirements.

SMMC also requests that your Board authorize Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

The Contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing consistency to the patient experience for services provided to SMMC patients. It is anticipated that approximately 42% of all SMMC staff will be trained in Lean practices.

**PERFORMANCE MEASURE:**

Measure	FY 2012-13 Actual	FY 2013-14 Projected
SMMC staff trained in Lean practices	32%	42%

**FISCAL IMPACT:**

The term of the agreement is July 1, 2013 through June 30, 2016, in an amount not to exceed \$1,790,000, which includes a contingency of \$32,600 for minor changes in the scope of services. Funds in the amount of \$970,085 are included in the SMMC FY 2013-14 Recommended Budget; funds in the amount of \$435,835 will be included in the SMMC FY 2014-15 Recommended Budget; and funds in the amount of \$351,480 will be included in the SMMC FY 2015-16 Recommended Budget. Approximately \$660,000 will

be reimbursed to SMMC by other divisions of the Health System for Lean Enterprise Transformation within their divisions.

The payment terms of this agreement are different from the previous agreement because this agreement is for a three-year term; the previous agreement was for two years. In addition, Rona is expanding the Lean program to other divisions in the Health System. Rona continues to grant SMMC, as a safety-net provider, a 25% discount off its standard rates.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.