



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: October 27, 2014
Board Meeting Date: December 9, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
Stephen Kaplan, Director, Behavioral Health & Recovery Services
Susan Kole, Director, Correctional Health Services

Subject: Amendment to the agreement with Laboratory Corporation of America

RECOMMENDATION:

Adopt a Resolution authorizing an amendment to the agreement with Laboratory Corporation of America for clinical laboratory services, extending the term of the agreement through December 31, 2015, decreasing the amount by \$531,738 to an amount not to exceed \$780,762.

BACKGROUND:

In 2009 the Health System released a Request for Proposal (RFP) for clinical laboratory services for Behavioral Health and Recovery Services (BHRS) and Correctional Health Services (CHS). Laboratory Corporation of America (LabCorp) was selected to provide clinical laboratory services for clients of BHRS and CHS.

On September 28, 2010, your Board approved an agreement with LabCorp for the term July 1, 2010 through June 30, 2013, for a maximum obligation of \$915,000 to provide clinical laboratory services, specimen transport services, and phlebotomy services for clients of BHRS and CHS.

On December 10, 2013, your Board approved a first amendment to the agreement extending the term of the agreement through December 31, 2014, increasing the maximum obligation by \$397,500 to a new maximum of \$1,312,500.

DISCUSSION:

BHRS is currently transitioning from paper-based lab ordering to electronic lab ordering; this amendment to extend the agreement term is necessary to ensure a smooth transition to the new electronic system. In addition, for the original agreement, BHRS

overestimated the maximum obligation amount. This amendment corrects this overestimation.

BHRS recommends a waiver of the RFP process for the provision of clinical laboratory services by extending the term of the agreement through December 31, 2015, and decreasing the contract maximum by \$531,738. This amendment is late due to a delay by the contractor in returning the signed amendment.

The agreement and Resolution have been reviewed and approved by County Counsel as to form. This agreement is on the Continuing Resolution.

This amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing clinical laboratory services for clients of BHRS and CHS. The timely provision of billing files for BHRS enables maximum reimbursement from the State.

PERFORMANCE MEASURE(S):

Measure	FY 2013-14 Actual	FY 2014-15 Projected
BHRS: Monthly electronic tape billing files delivered within ninety days of the end of month.	100%	92%

FISCAL IMPACT:

The term of the agreement is July 1, 2010 through December 31, 2015, cumulatively decreasing the maximum obligation of the agreement by \$531,738 to a new maximum of \$780,762.

The maximum for BHRS is being decreased by \$653,738 to a new maximum of \$178,762. Of this amount, \$39,000 is included in the BHRS FY 2014-15 Adopted Budget and \$22,000 will be included in the BHRS FY 2015-16 Recommended Budget. Funding will be provided through 1991 Realignment. There is no Net County Cost.

The maximum for CHS is being increased by \$122,000 to a new maximum of \$602,000. Of the increase, 100% is Net County Cost. A total of \$122,000 is included in the CHS FY 2014-15 Adopted Budget and \$122,000 will be included in the CHS FY 2015-16 Recommended Budget.