



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: January 4, 2016
Board Meeting Date: February 9, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise Rogers, Chief, Health System
Stephen Kaplan, Director, Behavioral Health & Recovery Services
Calvin Remington, Interim Director, Correctional Health Services

Subject: Amendment to the agreement with Laboratory Corporation of America for clinical laboratory services

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 June 30, 2017, increasing the amount by \$275,000 to an amount not to exceed \$1,055,762.

BACKGROUND:

In 2009 the Health System released a Request for Proposals (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.

On December 9, 2014, you Board approved a second amendment to the agreement extending the term of the agreement through December 31, 2015, and decreasing the contract maximum by \$531,738, to a new maximum of \$780,762.

DISCUSSION:

LabCorp provides clinical laboratory services, specimen transport, and phlebotomy services for the clients of BHRS and CHS. Last year, in preparing for the new RFP, BHRS determined that it will be more efficient and cost-effective to utilize an internal resource for the same services. This internal resource is the San Mateo Medical Center (SMMC). Thus, a three-year waiver was requested and the agreement with LabCorp was extended to allow for continuity of service during the transition to SMMC.

The anticipated transition to SMMC is still in progress. This delay is due to the prioritization of projects such as the establishment of an Enterprise Master Patient Index (EMPI). The EMPI is an essential link to the client identifier in the BHRS and SMMC Electronic Record System and must be completed by Health IT, prior to the transition. BHRS is requesting to further extend the agreement with LabCorp to fully complete the transition to SMMC’s electronic lab service system.

The agreement and resolution have been reviewed and approved by County Counsel as to form. This agreement is late due to a delay by the contractor in returning the signed agreement.

Approval of this amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing clinical laboratory services for clients of BHRS and CHS. As part of this agreement, the contractor is required to submit to BHRS billing files for cost reimbursement from the State. The timely provision of the files helps ensure maximum reimbursement. It is anticipated that 92% of the monthly electronic billing files will be delivered to BHRS within ninety days of the end of the month.

PERFORMANCE MEASURE(S):

Measure	FY 2014-15 Actual*	FY 2015-16 Projected
BHRS: Monthly electronic billing files delivered within ninety days of the end of month	100% 12 files	92% 11 files

* The FY 2014-15 actual result exceeded the target of 92%.

FISCAL IMPACT:

The term of the agreement is July 1, 2010 through June 30, 2017. The amount of the agreement is not to exceed \$1,055,762.

The do-not-exceed amount for BHRS is being increased by \$150,000 to a new maximum of \$328,762. Of the increase, \$50,000 is included in the BHRS FY 2015-16 Adopted Budget and \$100,000 will be included in the BHRS FY 2016-17 Recommended Budget. Funding will be 100% provided through 1991 Realignment, with non net county cost.

The do-not-exceed amount for CHS is being increased by \$125,000 to a new maximum of \$727,000. Of the increase, \$41,250 is included in the CHS FY 2015-16 Adopted

Budget and \$83,750 will be included in the CHS FY 2016-17 Recommended Budget.
The increase is 100% net county cost.