



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



**DATE:** November 7, 2013  
**BOARD MEETING DATE:** December 10, 2013  
**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 to provide clinical laboratory services, extending the term through December 31, 2014, increasing the amount by \$397,500 to an amount not to exceed \$1,312,500.

**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.

The agreement with LabCorp is for the provision of clinical laboratory services for clients of BHRS and CHS. LabCorp shall also provide specimen transport services and phlebotomy services for both BHRS and CHS.

**DISCUSSION:**

BHRS is currently in transition from paper-based lab ordering to electronic lab ordering. BHRS recommends a waiver of the RFP process for the provision of clinical laboratory services until the transition is complete and we have time to issue a new RFP. Therefore, we recommend extending the term of the existing agreement through December 31, 2014 to give BHRS time to complete the transition and ensure a smooth transition to the new electronic system.

This first amendment to the agreement with LabCorp will increase the maximum

obligation by \$397,500 for a new maximum obligation of \$1,312,500, and extend the term of the agreement through December 31, 2014 by which time BHRS will be able to complete the transition, issue a new RFP, and complete the selection process.

This amendment is late due to a delay by contractor in returning the signed amendment.

The agreement and Resolution have been reviewed and approved by County Counsel as to form. The contractor meets insurance certification requirements.

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 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. The timely provision of test results for CHS contributes to improved client health outcomes. It is anticipated that 92% of monthly electronic tape billing files will be delivered within 90 days of the month end.

**Performance Measure:**

Measure	FY 2012-13 Estimate	FY 2013-14 Projected
BHRS: Monthly electronic tape billing files delivered within ninety (90) days of the end of month.	100% *	92%
CHS: Results of routine tests provided within 24 hours.	97%*	95%

\* BHRS FY 2012-13 data demonstrates exceptional performance beyond the program target. CHS data reflects change in procedures that resulted in a quicker turn-around time for test results.

**FISCAL IMPACT:**

The term of this amended agreement is July 1, 2010 through December 31, 2014, increasing the maximum obligation of the agreement by \$397,500 to a new maximum of \$1,312,500. The maximum obligation has been included in the Health System's Adopted FY 2013-14 Budget and Recommended FY 2014-15 Budget for each division. .

The maximum for BHRS is being increased by \$277,500 to a new maximum of \$832,500. For FY 2013-14, the increase will be \$185,000. The increase will be 100% funded by 1991 Realignment. There is no Net County Cost. These revenues and appropriations are included in the BHRS FY 2013-14 Adopted Budget.

The maximum for Correctional Health Services is being increased by \$120,000 to a new maximum of \$480,000. Of the increase, 100% is Net County Cost. CHS has averaged about \$106,000 during FY 2010-11 through FY 2012-13, rather than the \$120,000 planned amount in the original contract. Due to those savings, only \$120,000 is

necessary to cover the additional 18 months of the amendment. A total of \$106,000 is included in the CHS FY 2013-14 Adopted Budget and \$53,000 is included in the CHS FY 2014-15 Recommended Budget.