



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



**Date:** June 4, 2015  
**Board Meeting Date:** September 22, 2015  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louis Rogers, Chief, Health System  
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

**Subject:** Agreement with Palo Alto Medical Foundation for Healthcare, Research and Education for General, Thoracic and Vascular Surgery Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Palo Alto Medical Foundation for Healthcare, Research and Education to provide general, thoracic and vascular surgery services, for the term of July 1, 2015 through June 30, 2017, in an amount not to exceed \$2,350,000.

**BACKGROUND:**

San Mateo County is responsible for providing necessary medical care to its medically indigent population. This care includes general, thoracic and vascular surgery, and the management and supervision of those services. Peninsula Surgical Specialists Medical Group (PSS) has provided surgery services at San Mateo Medical Center (SMMC) for the past ten years. PSS became affiliated with Palo Alto Medical Foundation for Healthcare, Research and Education (PAMF) in 2011.

**DISCUSSION:**

PSS will continue to provide the same array of services as in previous agreements through its affiliation with PAMF. Those services include providing general, thoracic and vascular surgery as well as the management and supervision of those services. This agreement was not submitted in a timely manner due to prolonged and difficult contract negotiations.

County Administrative Memorandum B-1 provides that contracts for physicians are exempt from the Request for Proposals process.

The resolution contains the County's standard provisions allowing amendment of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

The agreement and resolution have been reviewed and approved by County Counsel as to form.

The agreement contributes to the Shared Vision 2025 outcome of a Health Community by providing access to general, thoracic and vascular surgical services to County residents. It is anticipated that surgical site infection rates for general, thoracic and vascular surgery will be less than 2.5% throughout the term of this agreement.

**PERFORMANCE MEASURE(S):**

Measure	FY 2014-15 Actual	FY 2015-16 Projected
Percentage of surgical site infection rates for general, thoracic and vascular surgical services	<2.5%	<2.5%

**FISCAL IMPACT:**

The term of the agreement is July 1, 2015 through June 30, 2017. The amount of the agreement is not to exceed \$2,350,000 for the two year term. Funds in the amount of \$1,175,000 are included in the SMMC FY 2015-16 Recommended Budget. Funds in the amount of \$1,175,000 will be included in the SMMC FY2016-17 Recommended Budget.

The payment provisions of the contract are different from the prior contract due to an 8.8% increase in Medical Group Management Association (MGMA) relative value unit for general surgery. The last compensation increase for this provider was in FY 2013-14.

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.