



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: October 23, 2015
Board Meeting Date: December 8, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Amendment to the agreement with Quest Diagnostics Nichols Institute for diagnostic laboratory testing

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Quest Diagnostic Nichols Institute for diagnostic laboratory testing, adding services, extending the term through October 31, 2017, and increasing the amount by \$1,600,000 to an amount not to exceed \$4,300,000.

BACKGROUND:

In October 2012, your Board approved an agreement with Quest Diagnostic Nichols Institute (Quest) for diagnostic laboratory testing at San Mateo Medical Center (SMMC). Quest was chosen as the result of a Request for Proposal conducted in March 2012 and has been performing laboratory-testing services at SMMC since 2003.

DISCUSSION:

SMMC continues to have a critical need for diagnostic laboratory testing. SMMC recently reviewed projects for strategic alignment and resource requirements as part of its two-year budget development for Fiscal Year (FY) higher priority needs. As part of that review, implementation of a new contract for a diagnostic laboratory testing vendor is scheduled for FY 2017-18. In order to continue these important services through the planned date for a new agreement, SMMC is requesting that your Board approve an extension of the existing Quest agreement by two years through October 31, 2017, with an associated increase of up to \$1,600,000, and some change in services to allow time for SMMC to develop a project plan. The new scope of services permits Quest, when appropriate, to bill third-party payors directly for certain laboratory services provided under the agreement.

The County's Contract Compliance Committee has approved a waiver request to extend the agreement by an additional two years beyond the current term.

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

This amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing SMMC with laboratory reference testing results. It is anticipated that laboratory reference testing results will be returned to the lab for analysis within 48 hours from time of pick-up 100% of the time.

PERFORMANCE MEASURE:

Measure	FY 2014-15 Actual	FY 2015-16 Projected
Laboratory reference testing results will be returned to the lab for analysis within 48 hours from time of pick-up 100% of the time	100%	100%

FISCAL IMPACT:

The term of the amended agreement is November 1, 2012, through October 31, 2017. The revised amount of the agreement is not to exceed \$4,300,000. Funds in the amount of \$573,333 are included in the SMMC FY 2015-16 Adopted Budget. Similar arrangements will be made for future budget years.

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