



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 23-335

Board Meeting Date: 5/23/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

Subject: Agreement with Galen Inpatient Physicians, PC dba Vituity for Hospitalist Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Galen Inpatient Physicians, PC dba Vituity to provide hospitalist and medical director services for the term of June 1, 2023, through May 31, 2026, in an amount not to exceed \$12,492,529.

BACKGROUND:

San Mateo Medical Center (SMMC) continues to need contracted medical staff to provide hospitalist and associated medical director services. "Hospitalists" are physicians who provide professional medical services to patients admitted to the hospital day and night until the patient is discharged.

Although Administrative Memorandum B-1 exempts physician and urgent medical services from competitive procurement requirements, in 2014, a request for proposal (RFP) was conducted to evaluate the market's ability to provide a dedicated group of full-time hospitalist physicians to improve provider consistency and quality of care. That RFP resulted in the successful selection of a large national group to provide hospital services.

In 2017, SMMC conducted an informal solicitation for provider groups to take over the contract when the previously selected contractor and SMMC could not successfully resolve contractual and service issues. The informal solicitation consisted of reaching out to several of the vendors that responded to the 2014 RFP. Of those vendors, Galen Inpatient Physicians, PC dba Vituity (Vituity) demonstrated an ability to take over the service within a short window (three months). Vituity already had established a track record for quality care by being SMMC's contracted services provider for the Emergency Department coverage under the group's California Emergency Physicians, Inc. arm. As a result of the switch from the prior vendor to Vituity, SMMC was able to terminate its contract with the prior vendor two months early, effecting a smooth transition of hospitalist services during the last quarter of 2017. Since then, Galen Inpatient Physicians, PC dba Vituity (Vituity), has provided outstanding inpatient service, including addressing frequently changing needs during the COVID-19

pandemic.

DISCUSSION:

Vituity will provide hospitalist physicians and medical director leadership to SMMC’s inpatient units: 2AB, ICU, 3AB, and 1A. Coverage will be provided by Board Certified / Board Eligible Internal Medicine hospitalist physicians, with at least one such hospitalist always present onsite.

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

In order to determine Fair Market Value (FMV) for its provider contracts, SMMC utilizes VMG Health, a nationally recognized medical services valuation firm that relies upon multiple industry-standard provider compensation surveys and aggregates that data. Utilizing this data, SMMC feels it has negotiated an agreement to bring high-value care to its patients.

County Attorney has reviewed and approved the resolution and agreement as to form and has reviewed satisfactory evidence that the agreement is within fair market value.

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

It is anticipated that over the term of the agreement, Vituity’s Hospital Consumer Assessment of Healthcare Providers and Systems (HCAPHS) score for “Communication with Doctors” from National Research Corporation (NRC) Health patient survey results will reach a score of 82.6%. If the NRC Health score is below this goal, Vituity will nevertheless be deemed to have satisfied this metric if they show at least a 1.5% improvement over the prior quarterly score. Additionally, it is anticipated that by the end of the fourth quarter of the term of the agreement, discharge notes will be dictated no later than 24 hours after the time of patient discharge for at least 90% of discharged patients. The current rate of compliance is 76% of patients. For the first quarter of the term, rates will improve to 80% compliance. By the end of the third quarter of the term, rates will be 85% compliant.

PERFORMANCE MEASURE:

Measure	FY 2023-24 Projected	FY 2024-25 Projected
HCAPHS score for "Communication with Doctors" from NRC Health over the term of the agreement	82.6%	82.6%
Percentage of discharge notes dictated no later than 24 hours after patient discharge time	80%	85% to ≥90%

FISCAL IMPACT:

The term of the agreement is June 1, 2023, through May 31, 2026. The amount of the agreement is not to exceed \$12,492,529 for the three-year term. Funds in the amount of \$347,015 are included in the SMMC FY 2022-23 Adopted Budget. Funds in the amount of \$4,164,176 are included in the SMMC FY 2023-24 Recommended Budget.

The payment provisions differ from that of the previous contract. The total “not to exceed” amount is comprised of an 8% increase in annual contract expense during the first contract year in the amount of \$ 4,042,742, which is budgeted across FY 2022-23 and 2023-24. In the second contract year, the annual contract expense will increase by 3% to \$ 4,162,974, which is anticipated to be budgeted across FY 2023-24 and FY 2024-25. In the third and final contract year, the annual contract expense will increase by another 3% to \$ 4,286,813, which is anticipated to be budgeted across FY 2024-25 and FY 2025-26.

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 those covered by programs that do not meet the full costs of care is covered by the County’s General Fund contribution to SMMC and is within the existing annual appropriation.