



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 23-871

Board Meeting Date: 10/17/2023

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 Fred Lui, MD to Provide Nephrology Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Fred Lui, MD to provide nephrology services through his practice group for the term of November 1, 2023, through October 31, 2026, in an amount not to exceed \$1,050,750.

BACKGROUND:

Nephrology is the specialty of internal medicine that focuses on the diagnosis and treatment of kidney diseases. Because the kidney performs many critical functions, nephrologists maintain expertise in primary kidney disorders but also the management of the systemic consequences of kidney dysfunction. Dr. Fred Lui and his group of nephrologists have provided specialty care to San Mateo Medical Center (SMMC) patients since 2005.

DISCUSSION:

The County's need for nephrology services increases with the aging of the population. SMMC will continue to meet community needs for nephrology services through the agreement with Dr. Lui and his medical group. Dr. Lui and his group will provide two 4-hour nephrology clinics per week, 24/7/365 on-call coverage, up to an additional eight hours of supplemental clinical services per week as clinical needs require, and 10 hours of medical director services per month.

County Administrative Memorandum B-1 provides that contracts for physician services are exempt from the County's competitive procurement requirements. However, the County Attorney has reviewed the proposed agreement and believes the agreement to be commercially reasonable, meets the County's need for services community need and is within fair market value for the value of nephrology services.

The County Attorney has reviewed and approved the resolution and agreement as to form.

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 85% of patients who complete the Patient Satisfaction Survey would recommend Dr. Lui and his medical group as a provider.

PERFORMANCE MEASURE:

Measure	FY 2023-24 Estimated	FY 2024-25 Projected
Percentage of patients who complete the Patient Satisfaction Survey that recommend Dr. Lui and his medical group as a provider	85%	85%

FISCAL IMPACT:

The term of the agreement is November 1, 2023, through October 31, 2026. The amount of the agreement is not to exceed \$1,050,750 for the three-year term. Funds in the amount of \$233,500 are included in the SMMC FY 2023-24 Adopted Budget. Funds in the amount of \$350,250 are included in the SMMC FY 2024-2025 Recommended Budget. Similar arrangements will be made for future years.

The total value of the new contract represents a 34% increase compared to the prior agreement. The increase is attributable to bringing Dr. Lui's medical group's compensation up to par with the industry. The increased rates in the new contract are within fair market value according to VMG Health, a nationally recognized medical services valuation firm that relies upon multiple industry-standard provider compensation surveys and aggregates that data.

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.