



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 16-315

Board Meeting Date: 6/27/2017

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

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

**Subject:** Agreement with Galen Inpatient Physicians, Inc. for Hospitalist Services

### **RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Galen Inpatient Physicians, Inc. to provide hospitalist services for the term of October 1, 2017, through September 30, 2019, to an amount not to exceed \$5,700,000.

### **BACKGROUND:**

San Mateo Medical Center (SMMC) is committed to providing its patients with the best possible care experience, and hospitalists fulfill a critical role in communicating to patients about their condition and their continuum of care. For a period of nearly 30 years, San Mateo Multispecialty Physicians provided subcontracted (moonlighter) physicians to meet the needs of SMMC for hospitalist (inpatient) services on a 24 hours a day, 7 days a week, 365 days per year basis. In 2014, a request for proposal (RFP) was conducted in order to recruit a group of dedicated full time hospitalist physicians to improve provider consistency and quality of care, and the current provider, Sound Physicians, was chosen to provide these services.

### **DISCUSSION:**

SMMC appreciates the work the current provider has done to improve quality metrics and patient flow throughout SMMC's acute inpatient services. However, the finances of the contract have been a constant challenge from the perspective of both the current provider and SMMC, and these challenges have limited the provider's ability to offer care through a consistent core group of physicians and other professionals.

The current contract will not have sufficient funds to reach the end of its term on November 30, 2017, and rather than amend the agreement to add funds, SMMC conducted an informal solicitation for providers that could take over the hospitalist services. Specifically, SMMC reached out to several of the vendors that responded to the initial RFP in 2014 to request updated proposals. One of the organizations that responded, CEP America-California (CEP), the parent company of Galen Inpatient Physicians, Inc., showed an ability to take over the service within approximately three months and

already has a relationship at SMMC in providing services at the SMMC Emergency Department. CEP has provided excellent Emergency Department services to SMMC and has references from other California County Hospitals for this type of hospitalist service. Given the service value being offered by CEP, SMMC opted to pursue a new agreement with them.

Nearly every patient in the acute inpatient service is admitted from the SMMC Emergency Department, which is operated by the CEP team, and SMMC's patients would benefit from putting both of those services under the same vendor management, allowing for improved communication, coordination of patient care, and problem resolution. Based on this plan, SMMC will be terminating the current agreement two months early (September 30, 2017) to allow for a smooth transition of this service prior to the holiday season in November and December, when it is typically difficult to fill provider shifts.

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

Although provider services at SMMC are not subject to the RFP process, SMMC is nevertheless asking that the Board waive the RFP process given that it conducted an informal solicitation process in relation to the proposed contract.

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

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing hospitalists services to inpatients at SMMC. It is anticipated that over 85% of inpatients will report that they were "always satisfied" with the communication they received from their physician.

**PERFORMANCE MEASURE:**

Measure	FY 2017-18 Estimated	FY 2018-19 Projected
Percentage of inpatients who will report "always" being satisfied with communication they received from their physician	n/a*	85%

New Measure \*

**FISCAL IMPACT:**

The term of the agreement is October 1, 2017 through September 30, 2019. The amount of the agreement is not to exceed \$5,700,000 for the two-year term. Funds in the amount of \$2,137,500 are included in the SMMC FY 2017-18 Recommended Budget. Funds in the amount of \$2,850,000 will be included in the SMMC FY 2018-19 Recommended Budget. The payment provisions of this contract represent a 1.7% increase over those of the previous Sound contract.

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.