



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 18-450

Board Meeting Date: 6/5/2018

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

**To:** Honorable Board of Supervisors

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

**Subject:** Agreement with Sutter Bay Medical Foundation dba Palo Alto Medical Foundation for Healthcare, Research and Education for General Surgery Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Sutter Bay Medical Foundation dba Palo Alto Medical Foundation for Healthcare, Research and Education for general surgery services for the term of July 1, 2018 through June 30, 2020, to an amount not to exceed \$2,050,000.

**BACKGROUND:**

San Mateo County is responsible for providing necessary medical care to its medically indigent population. This care includes general surgery, as well as the management and supervision of this service. The Sutter Bay Medical Foundation dba Palo Alto Medical Foundation for Healthcare, Research and Education (PAMF) surgery group has provided surgery services at San Mateo Medical Center (SMMC) for the past twelve years.

**DISCUSSION:**

On July 1, 2017, the PAMF general surgery, thoracic and vascular surgery group split into two groups: general surgery and vascular surgery. PAMF general surgeons will continue to provide the same array of services as in previous agreements, as well as the management and supervision of those services. The County has entered into a separate agreement with PAMF for vascular surgery services, which will be brought to your Board on the same agenda.

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

The agreement and resolution have been reviewed and approved by County Counsel 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).

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

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2017-18 Estimated</b>	<b>FY 2018-19 Projected</b>
Percentage of surgical site infection rates for general surgery	<2.5%	<2.5%

**FISCAL IMPACT:**

The term of the agreement is July 1, 2018 through June 30, 2020. The amount of the agreement is not to exceed \$2,050,000 for the two year term. Funds in the amount of \$1,100,000 will be included in the SMMC FY 2018-19 Recommended Budget. Similar arrangement will be made in future years.

Payment provisions for this agreement represent a 71% increase compared to the previous agreement. This increase is due to an increase in on call and regular hour rates established by the Medical Group Management Association (MGMA), which SMMC uses to benchmark its provider contracts. MGMA rates for on call and regular hour rates have increased by 60% and 11%, respectively; all coverage for general surgery is 365 nights per year. The last compensation increase for this provider was in SMMC FY 2014-15.

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.