



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 22-377

Board Meeting Date: 5/17/2022

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 Peninsula Pathologists Medical Group, Inc. to Provide Pathology Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Peninsula Pathologists Medical Group, Inc. to provide pathology services for the term of June 1, 2022 through May 31, 2025, in an amount not to exceed \$2,600,000.

BACKGROUND:

San Mateo County is responsible for providing necessary medical care to its medically indigent population. Since 2005, Peninsula Pathologists Medical Group, Inc. (PPMG) has provided pathology services for San Mateo Medical Center (SMMC). Pathology is the specialty of the causes and effects of disease, especially through laboratory examination of samples of body tissues for diagnostic and forensic purposes.

DISCUSSION:

Under this agreement, PPMG has agreed to meet all of SMMC's pathology needs (excluding autopsies), including: anatomic slide preparation and histology/cytology services; inpatient and outpatient pathology; supervision of anatomic and surgical pathology, including non-gynecology; specimen processing; blood transfusions. PPMG personnel will also serve as medical director for pathology, and be on-call and available 365 days a year, 24 hours a day.

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 Attorney's Office 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 100% of all laboratory and pathology services provided will comply with standards as defined by the Joint Commission and Title XXII of the State of California Code of Regulations.

PERFORMANCE MEASURE:

Measure	FY 2022-23 Estimated	FY 2023-24 Projected
Percentage of laboratory and pathology services provided that comply with standards as defined by the Joint Commission and Title XXII of the State of California Code of Regulations	100%	100%

FISCAL IMPACT:

The term of the agreement is June 1, 2022 through May 31, 2025. The amount of the agreement is not to exceed \$2,600,000 for the three-year term. Funds in the amount of \$505,228 are included in the SMMC FY 2022-23 Recommended Budget.

The payment provisions in this contract differ from that of the previous contract, due to an increase in compensation listed in the 2020 data (released in 2021) for Pathology from Medical Group Management Association, which SMMC uses to benchmark its contracted provider compensation and productivity. The total value of the new contract represents a 6% increase compared to that of the previous agreement entered into 2019.

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 is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.