

May 13, 2025

County of Ventura Board of Supervisors

Subject: Approval of, and Authorization for the Health Care Agency (HCA) Director, or Designee to Sign, Management Services Agreement with Anacapa Surgical Group, Inc., with a Maximum Amount Payable of \$8,300,000, for the Operation of the Anacapa Clinic, Effective July 1, 2025 Through June 30, 2026, With the Option to Extend for One Additional Year. Levine Act Item

Recommendation:

That your board approve, and authorize the Health Care Agency (HCA) Director, or designee to sign, the Management Services Agreement (MSA) with Anacapa Surgical Group, Inc., with a maximum amount payable of \$8,300,000, for the operation of the Anacapa Clinic, effective July 1, 2025 through June 30, 2026, with the option to extend for one additional year.

VCMC FISCAL IMPACT:

	<u>FY 2025-26</u>
Revenues	\$7,400,000
Costs	\$7,400,000
Net County Cost	\$0
Funding Source:	VCMC Operating Revenues/Collections
Match Requirement:	None

Sufficient appropriations are included in the preliminary FY2025-26 budget.

HCA requests your Board approve up to \$8.3 Million for each year of this contract to provide HCA leadership and Anacapa Surgical Inc. the ability to promptly take advantage of revenue-generating areas of growth as mutually agreed upon during the term of the agreement for reimbursable direct costs only. This will not affect the administrative fees payable to Anacapa Surgical Inc. of \$140,000 or the performance incentives of \$110,000 for each year of the agreement.

Discussion:

Anacapa Surgical Group, Inc., has been contracted as operator of the Anacapa Clinic since June 2013 and has built a multi-disciplinary surgical team meeting the goals and needs of the County. The Anacapa Clinic is the only affiliated clinic that was not included as part of the Ambulatory Care Clinic Integration Project as it is a specialty care clinic with a different business model than the Federally Qualified Health Centers that were transitioned to County of Ventura operation on July 1, 2021. The County recoups costs for the operation of the clinic through collection of revenues from clinical and surgical services supported by the operation of the clinic.

This new MSA has a different, and improved structure than the current or previous MSAs. The new MSA reflects an open book model for full service of the Anacapa Clinic. This new agreement significantly enhances transparency and aligns incentive payments to better support the operation of the whole clinic to the benefit of patients, surgical sub-specialty providers, and HCA.

Under the terms of the agreement, HCA will reimburse Anacapa Surgical Inc. for pre-approved, eligible expenses for salaries and benefits, approved contractors, and other agreed-upon expenses not already funded by HCA subject to the financial limitations of an annual budget. Compensation for Anacapa Surgical Inc. will consist of an administrative fee for their management services of clinic staffing and day-to-day operations. This administrative fee includes both guaranteed base pay of \$140,000 per year, and incentive payment structure based on specific pay for performance metrics of \$110,000 per year for a total maximum compensation of \$250,000 per year. These performance metrics include vaccine administration rates; days to first, second, and third next available appointment; referral turnaround time; and achieving adequate results from a sub-specialty surgeon satisfaction survey. The intent is to have performance metrics focused on patient care and adequate administrative support of the different service lines provided by the clinic.

The previous agreement provided advanced payments for services rendered. HCA recognizes that moving to a reimbursement-based agreement represents potential cash flow challenges for the contractor. Included within the agreement is the ability for Anacapa Surgical, Inc. to borrow up to \$1.5 Million from HCA to cover cash flow should they need it. This loan will be interest bearing at the County pool rate, anticipated interest to be approximately \$70,000 per year based on the current interest environment to ensure no interest losses to the County should they exercise this option. Moreover, Anacapa Surgical Inc. are required to insure via a third-party bond/other instrument, to the satisfaction of the County, to cover the principal and any interest that these funds will be repaid by the termination date of the agreement.

Strategic Plan Priority:

Healthy, Safe, and Resilient Communities; and Fiscal Responsibility and Economic Vitality

This letter has been reviewed by the County Counsel, the Auditor-Controller's Office, the General Services Agency, and the County Executive Office. If you have any questions regarding this item, please call Martin Hahn 805-339-1113.



Theresa Cho, MD, MHA
Health Care Agency Director

Exhibits:

Exhibit 1- Master Services Agreement with Anacapa Surgical, Inc.