

Setting the Standard in Health Care Excellence

June 4, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

Subject: Approval of, and Authorization for the Health Care Agency Director or Designee to Sign, the First Amendment to the Agreement with Institute for Head & Neck Surgery Medical Group, Inc., for Medical Director and Attending Physicians, Otolaryngology Services, Removing the Not-to-Exceed Amount from the Contract, Making Other Minor Revisions, and Increasing the Purchase Document Not-to-Exceed Amount by \$80,000 from \$2,318,069 to \$2,398,069 for Fiscal Year 2023-24, and Increasing by \$80,000 from \$1,390,241 to \$1,470,241 for Fiscal Year 2024-25 and any Fiscal Year Thereafter, Effective June 4, 2024.

Recommendation:

That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, the first amendment to the agreement with Institute for Head & Neck Surgery Medical Group, Inc., for medical director and attending physicians, otolaryngology services, removing the not-to-exceed amount from the contract, making other minor revisions, and increasing the purchase document not-to-exceed amount by \$80,000 from \$2,318,069 to \$2,398,069 for fiscal year 2023-24, and increasing by \$80,000 from \$1,390,241 to \$1,470,241 for fiscal year 2024-25 and any fiscal year thereafter, effective June 4, 2024.

Fiscal Impact:

Mandatory:	No
Source of Funding:	VCMC Operating Revenues/Collections
Funding Match Required:	None
Impact on Other Departments:	N/A

Summary of Annual Revenues and Costs Under this Amendment:

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
REVENUE:	\$80,000	\$80,000
DIRECT COSTS:	\$80,000	\$80,000
INDIRECT COSTS:	Minor	Minor
Net revenue <cost>	\$0	\$0

Current Fiscal Year Budget:

Current FY 2023-24 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$673,790,899	\$721,214,436	\$676,277,276	\$44,937,160
Revenue	\$665,452,626	\$682,772,959	\$672,052,975	(\$10,719,984)
Operational Income/(Loss)	(\$8,338,273)	(\$38,441,477)	(\$4,224,301)	\$34,217,176

Sufficient revenue and appropriations are included in the FY 23-24 adopted budget. The operational income includes "Operating Transfers In" that are primarily attributed to County contribution.

Table 1 below summarizes the net financial impacts of the VCMC contract:

Provider	Eff. Date	Current Contract Annual Maximum	Proposed Contract Annual Maximum	FY 23-24 Inc/<Decr>	FY 24-25 Inc/<Decr>
Institute for Head & Neck Surgery Medical Group, Inc.	6/4/2024	\$2,318,069	\$2,398,069	\$80,000	\$0
Institute for Head & Neck Surgery Medical Group, Inc.	7/1/2024	\$1,390,241	\$1,470,241	\$0	\$80,000
Total				\$80,000	\$80,000

Strategic Plan Priority:

The item presented in this Board letter supports the Healthy, Safe, and Resilient Communities strategic priority of the County Strategic Plan as it is designed to meet the goal of providing access to quality healthcare required for our community to thrive.

Discussion:

The proposed amendment is for Institute for Head & Neck Surgery Medical Group, Inc., a professional medical corporation managed by Dr. Chau Nguyen. This group has

provided otolaryngology (ear, nose, and throat) services to HCA since 2016. Due to a significant increase in patient volume, the group is projected to exceed the maximum compensation for quarterly productivity related to Work Relative Value Units (WRVUs) stipulated in the contract for FY2023-24. To permit payment to the contractor for the increased WRVU productivity, the proposed amendment removes the compensation limit and increases the purchase document not-to-exceed amount by \$80,000 for FY2023-24 and any fiscal year thereafter.

Among other minor changes, the proposed amendment would change the monthly base fee for medical director services to an hourly rate.

The portions of the agreement concerning compensation paid by HCA are exempt from disclosure under the Public Records Act (Health and Safety Code Section 1457 (c) (1)). If the Board would like further information regarding the rates, the original agreement is retained by Mike Taylor, HCA's Chief Financial Officer.

This letter has been reviewed by County Counsel, the Auditor-Controller's Office, and the County Executive Office. If you have any questions regarding this item, please call John Fankhauser, M.D., Chief Executive Officer, County Hospitals, at 805-652-6058.



JOHN FANKHAUSER, M.D.
Chief Executive Officer, County Hospitals



BARRY ZIMMERMAN
Health Care Agency Director

Exhibit:

Exhibit 1 – First Amendment to Agreement for Medical Director and Attending Physician, Otolaryngology Services with Institute for Head & Neck Surgery Medical Group, Inc.