

June 6, 2023

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

Subject: Approval of, and Authorization for the Health Care Agency (HCA) Director or Designee to Sign, an Agreement for Neonatal Intensive Care Unit Services with Pediatrix Medical Group of California, a Professional Corporation, Effective September 1, 2023, for a Maximum Contract Amount of \$1,733,334 for the Period of September 1, 2023, through June 30, 2025, and \$760,000 per Fiscal Year for up to Two Additional Fiscal Years Thereafter.

Recommendation:

That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, an agreement for Neonatal Intensive Care Unit (NICU) services with Pediatrix Medical Group of California, a Professional Corporation, effective September 1, 2023, for a maximum contract amount of \$1,733,334 for the period of September 1, 2023 through June 30, 2025, and \$760,000 per fiscal year for up to two additional fiscal years thereafter.

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 agreement.

	<u>FY 2022-23</u>	<u>FY 2023-24</u>
REVENUE:	\$1,133,580	\$1,105,597
DIRECT COSTS:	\$1,133,580	\$1,105,597
INDIRECT COSTS:	Minor	Minor
Net revenue <cost>	\$0	\$0

Current FY 2022-23 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$597,277,305	\$651,189,238	\$628,517,835	\$22,671,403
Revenue	\$597,588,755	\$604,063,467	\$620,070,394	\$16,006,927
Operational Income/(Loss)	\$311,450	(\$47,125,771)	(\$8,447,441)	\$38,678,330

*The operational income includes "Operating Transfers In" that is primarily attributed to County contributions.

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

Provider	Eff. Date	Current Contract Annual Maximum	Proposed Contract Annual Maximum	FY 22-23 Inc/<Decr>	FY 23-24 Inc/<Decr>
Gold Coast Neonatal	09/1/2023	\$1,133,580	\$0	\$0	(\$944,650)
Pediatrix Medical Group of California, APC	09/1/2023	\$0	\$1,100,000	\$0	\$916,667
Total				\$ 0	(\$27,983)

Discussion:

The proposed agreement before your Board is for Pediatrix Medical Group of California, a Professional Corporation (Pediatrix). Pediatrix will be replacing the neonatal services provided by Dr. Siamak Safar under his corporation Gold Coast Neonatal Services. Dr. Safar has been providing neonatal services at Ventura County Medical Center since 2001. He will be retiring and ending his current agreement on August 31, 2023. Pediatrix will coordinate to oversee the transition of services from Dr. Safar and provide neonatal intensive care unit coverage effective September 1, 2023.

Pediatrix has been providing pediatric intensive care unit provider services for the Health Care Agency since 2018. With your Board's approval, Pediatrix will also be staffing the Neonatal Intensive Care Unit (NICU) with neonatal and perinatal medicine physicians. The existing agreement with Gold Coast Neonatal Services is valued at \$1,133,580. The new agreement with Pediatrix is valued at \$1,100,000 for the first contract year, pro-rated to \$916,667 for the remainder of Fiscal Year 2023-24, \$816,667 for fiscal year 2024-2025 and \$760,000 for the third and fourth fiscal years. This modification represents savings of \$27,983 in the first year, and \$316,913 for the second year and \$373,580 per fiscal year thereafter. Pediatrix, similarly to Gold Coast Neonatal Services, will bill for all professional services. The Health Care Agency will retain the billing for technical and facility services

under this arrangement. The cost of this contract is included in the proposed budget for Fiscal Year 2023-24.

With your Board's approval, the agreement with Pediatrix Medical Group of California, a Professional Corporation, subject to all necessary budgetary approvals by your Board, shall remain in effect through June 30, 2025. Then, unless a party gives notice of its intent not to renew at least 90 days prior to the renewal date, and subject to the receipt of all necessary budgetary approvals by your Board, the agreement shall then be extended for up to two additional periods of one year each.

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

Attachment:

Exhibit 1 –Agreement for Neonatal Intensive Care Unit Services with Pediatrix Medical Group of California, a Professional Corporation.