

September 10, 2019

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

Subject: Approval of the Second Amendment to the Agreement with Covington Menz Lyche & Lin Medical Group DBA Island View Gastroenterology Associates for Medical Director and Associate Medical Directors, Gastroenterology Services, Modifying the Agreement to Include Only On-Call and Selective Gastroenterology Services, Effective September 1, 2019, and Extending the Contract Term through June 30, 2020, Increasing the Maximum to \$362,232 for the period of July 1, 2019 through June 30, 2020 and \$301,650 per Fiscal Year for Up to Two Fiscal Years Thereafter.

Recommendation:

That your Board approves, and authorizes the Health Care Agency (HCA) Director or designee to sign, the second amendment to the agreement with Covington Menz Lyche & Lin Medical Group DBA Island View Gastroenterology Associates for Medical Director and Associate Medical Directors, Gastroenterology Services, modifying the agreement to include only on-call and selective gastroenterology services, effective September 1, 2019, and extending the contract term through June 30, 2020, increasing the maximum to \$362,232 for the period of July 1, 2019 through June 30, 2020, and \$301,650 per fiscal year for up to two fiscal years thereafter.

Fiscal Impact:

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

Summary of Annual Revenues and Costs under this Agreement. The revenue and appropriations for this item are included in the VCMC budget for Fiscal Year 2019-2020.

	<u>FY 2019-20</u>	<u>FY 2020-21</u>
REVENUE:	\$118,943	(\$60,582)
DIRECT COSTS:	\$118,943	(\$60,582)
DIRECT COSTS:	Minor	Minor
Net revenue <cost>	\$0	\$0

Current Fiscal Year Budget Projections:

Current FY 2019-20 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$504,040,129	504,040,129	\$504,040,129	\$0
Revenue	\$501,052,444	501,052,444	\$501,052,444	\$0
Operational Income/(Loss)	(\$2,987,685)	(\$2,987,685)	(\$2,987,685)	\$0

*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 19-20 Inc/<Decr>	FY 20-21 Inc/<Decr>
Island View Gastroenterology Associates	09/01/19	\$243,289	\$362,232	\$118,943	\$0
Island View Gastroenterology Associates	07/01/20	\$362,232	\$301,650	\$0	(\$60,582)
Total		\$243,289	\$362,232	\$118,943	(\$60,582)

Discussion:


The amendment before your Board is for the County's agreement with Covington Menz Lyche & Lin Medical Group DBA Island View Gastroenterology Associates (Island View), a general partnership comprised of Stephen D. Covington, M.D., Kip D. Lyche, M.D., Charles L. Menz, M.D., Tesu Lin, M.D., Benito A. Pedraza, M.D., Chetan Gondha, M.D., Joel A. Alpern, M.D., and Laya Nasrollah, M.D., acting through their medical corporations.

Island View has been providing coverage for gastroenterology services throughout HCA, including 24-hour emergency call coverage for both Ventura County Medical Center (VCMC) and Santa Paula Hospital (SPH), elective gastroenterology procedures at VCMC and SPH and outpatient clinic services in Ventura, Oxnard and Santa Paula.

With the recruitment of a new full-time gastroenterology physician, Dipti Sagar, M.D., under the Oceanview Medical Specialists agreement, the amendment before your Board will decrease the coverage responsibilities under the Island View agreement to physician call services 365/24/7 and selective gastroenterology procedures payable on a fee-for-service case rate schedule. The agreement was going to expire on November 16, 2019. However, under this new arrangement, the agreement is being extended through June 30, 2020 plus up to two (2) additional periods of one year each.

The original agreement with Island View is valued at \$644,000 per fiscal year, prorated in the budget to \$243,289 for the period of July 1, 2019 through November 16, 2019. Effective September 1, 2019, the agreement will be decreased to \$301,650 per fiscal year, prorated for the remainder of the fiscal year, September 1, 2019 through June 30, 2020, to \$254,898. The difference between the existing maximum and the proposed new maximum is \$342,350 per fiscal year, which was utilized in the Oceanview agreement approved by your Board on July 23, 2019 to hire a new full-time GI physician. However, due to extending the term of the agreement from November 17, 2019 through June 30, 2020, there will be a resulting increase in the current encumbrance in the amount of \$118,943. The cost of this contract, with the proposed increase, is included in the VCMC budget for Fiscal Year 2019-20.

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


KARLA VALLE
HCA Chief Financial Officer


WILLIAM T. FOLEY
Health Care Agency Director

Attachment:

Exhibit 1 – Second Amendment to Agreement for Medical Director and Associate Medical Directors, Gastroenterology Services, with Covington Menz Lyche & Lin Medical Group DBA Island View Gastroenterology Associates