

October 11, 2022

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, an Agreement for Medical Specialty Care Services with Oceanview Medical Specialists, a California Medical Corporation, Effective November 1, 2022, in a Contract Maximum Amount of \$18,858,530 for the period of November 1, 2022 through December 31, 2023, \$16,983,694 for the Period of January 1, 2024 Through December 31, 2024, and \$17,408,286 for the Period of January 1, 2025 Through December 31, 2025.

Recommendation:

That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, an agreement for medical specialty care services with Oceanview Medical Specialists, a California Medical Corporation (Oceanview), effective November 1, 2022, in a contract maximum amount of \$18,858,530 for the period of November 1, 2022 through December 31, 2023, \$16,983,694 for the period of January 1, 2024 through December 31, 2024, and \$17,408,286 for the period of January 1, 2025 through December 31, 2025.

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:	\$5,299,683	\$16,983,694
DIRECT COSTS:	\$5,299,683	\$16,983,694
INDIRECT COSTS:	Minor	Minor
Net revenue <cost>	\$0	\$0

Current FY 2022-23 Budget for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated (Savings/Deficit)
Expenditures	\$597,277,305	\$597,277,305	\$597,277,305	\$0
Revenue	\$597,588,755	\$597,588,755	\$597,588,755	\$0
Operational Income/(Loss)	\$311,450	\$311,450	\$311,450	\$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 22-23 Inc/<Decr>	FY 23-24 Inc/<Decr>
Oceanview Medical Specialists	11/01/2022	\$13,558,847	\$18,858,530*	\$5,299,683	\$0
Oceanview Medical Specialists	01/01/2024	\$16,569,457**	\$16,983,694		414,237
Total				\$5,299,683	\$414,237

*\$18,858,530 represents the \$16,569,457 annual amount pro-rated for a 14-month period.

**\$16,569,457 is the actual annual amount for a 12-month period for the 1st contract year.

Discussion:

The proposed agreement before your Board is for Oceanview Medical Specialists (Oceanview), a California Medical Corporation created and managed by Dr. Scott Underwood to provide physician specialty services to the Ventura County Medical Center medical system. The agreement modifies Oceanview's current agreement by providing two separate thresholds for Work Relative Value Units compensation. Tier 1 establishes a baseline to compensate specialty physicians and advance practice providers (APPs) who meet minimum productivity thresholds. Tier 2 provides an opportunity for physicians and APPs to increase their compensation based on increased productivity. In addition, the new agreement updates quality metrics, defines leadership positions within each specialty, identifies specialties requiring call coverage outside regular hours, and separates administrative costs that were previously included in base compensation. The agreement also provides allowances for productivity related to new patients seen in Federally Qualified Health Clinics (FQHCs) to provide reasonable compensation for physicians seeing new patients. The initial term of the agreement is for a period of fourteen months, reflecting an overall increase of \$5,299,683 for these modifications, and up to two additional one-year renewals thereafter with increases of \$414,237 and \$424,592, in each year respectively. The cost of this contract is included in the Fiscal Year 2022-23 budget and will be further offset based on the billings associated with the services of these specialists.

The agreement with Oceanview, subject to all necessary budgetary approvals by your Board, shall remain in effect through December 31, 2023. 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 Theresa Cho, M.D., Chief Executive Officer, Ambulatory Care, at 805-677-5290 or John Fankhauser, M.D., Chief Executive Officer, County Hospitals, at 805-652-6058.



THERESA CHO, M.D.
Chief Executive Officer, Ambulatory Care



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



BARRY ZIMMERMAN
Health Care Agency Director

Attachment:

Exhibit 1 –Agreement for Medical Specialty Care Services with Oceanview Medical Specialists, a California Medical Corporation.