
Setting the Standard in Health Care Excellence

January 24, 2023

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

Subject:

Approval of, and Authorization for the Health Care Agency Director or Designee to Sign, the Second Amendment to the Management Services Agreement with Anacapa Surgical Group, Inc. for Operation of the Anacapa Clinic adding a 4% Cost of Living Adjustment for an Expected Increase of \$150,472 in FY22-23, \$150,472 in FY23-24 and a Not to Exceed Amount of \$7,824,540, and Ratification of the Health Care Agency's Authorization for Services to be Provided at the Increased Rate, Effective January 1, 2023, in Anticipation of Board Approval.

Recommendation:

That your Board approve, and authorize for the Health Care Agency Director or Designee to Sign, the Second Amendment to the Management Services Agreement with Anacapa Surgical Group, Inc. for Operation of the Anacapa Clinic adding a 4% Cost of Living Adjustment for an expected increase of \$150,472 in FY22-23, \$150,472 in FY23-24 and a not to exceed amount of \$7,824,540, and ratify the Health Care Agency's (HCA) authorization for services to be provided at the increased rate, effective January 1, 2023, in anticipation of your Board's approval.

Reasons for Ratification:

HCA is requesting ratification to allow the rate increase to be effective January 1, 2023. Ratification is necessary because there was insufficient time to present to the Board prior to the effective date due to the extended negotiations around the increase.

Fiscal Impact:

Mandatory: No
Source of Funding: VCMC Operating Revenues/Collections
Funding Match: No
Required: **N/A**
Impact on Other
Departments: No

Summary of Annual Revenues and Costs Under this Agreement:

	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Revenue:	\$150,472	\$6,926,400
Direct Cost:	\$150,472	\$6,926,400
Indirect Cost:	Minor	Minor
Net County Cost	\$0	\$0

Current Fiscal Year Budget Projections:

Current FY 2022-23 Budget Projections for Ventura County Medical Center Hospital #3301				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$527,161,445	\$527,161,445	\$527,161,445	\$0
Revenue	\$545,623,292	\$545,623,292	\$545,623,292	\$0
Operational Income/(Loss)	\$18,461,847	\$18,461,847	\$18,461,847	\$0

Adopted Budget includes sufficient Revenues and Expenditures. The operational income includes "Operating Transfers In" that is primarily attributed to County contributions.

Discussion:

The item presented to your Board is the Second Amendment to the Management Services Agreement for operation of the Anacapa Clinic by Anacapa Surgical Group, Inc. The proposed amendment would provide a four percent Cost of Living Adjustment.

The estimated direct cost for of the master services agreement is calculated by annualizing the new monthly rate of \$577,200 for a total of 6,926,400. For FY 2022-23 the direct cost and revenue is the net difference between the original rate and the new rate set in the amendment. Ambulatory Care expects revenues to increase with direct costs if visit volumes merit an increase during the quarterly adjustments.

This letter has been reviewed by the County Executive Office, County Counsel, and Auditor-Controller's Office. If you have any questions regarding this item, please call Theresa Cho, MD, Chief Executive Officer and Medical Director, Ambulatory Care, at 805- 339-1192.



Theresa Cho, M.D.
Chief Executive Officer and Medical Director, Ambulatory Care



Barry L. Zimmerman
Health Care Agency Director

Attachments:
Exhibit 1 – Anacapa Surgical Amendment 2