

March 28, 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, the Second Amendment to the Agreement for Emergency Department Medical Director and Attending Physicians with Seaside Emergency Associates, Increasing Attending Physicians Coverage Hours, Modifying the Net Collections Profit-Sharing Threshold, and Extending the Term of the Agreement Through June 30, 2025; Ratification of HCA's Authorization for the Contractor to Provide Services Under the Terms of the Amendment Commencing March 1, 2023.

Recommendations:

1. That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, the second amendment to the agreement for Emergency Department medical director and attending physicians with Seaside Emergency Associates, increasing attending physicians coverage hours, modifying the net collections profit-sharing threshold, and extending the term of the agreement through June 30, 2025.
2. That your Board ratify HCA's authorization for the contractor to provide services under the terms of the amendment commencing March 1, 2023.

Reason for Ratification: We were delayed in bringing this amendment to your Board due to additional time required to complete negotiations.

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:	\$0	\$0
DIRECT COSTS:	\$0	\$0
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	\$627,489,238	\$620,091,297	\$7,397,941
Revenue	\$597,588,755	\$604,063,467	\$612,518,590	\$8,455,123
Operational Income/(Loss)	\$311,450	(\$23,425,771)	(\$7,572,707)	\$15,853,064

*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>
Seaside Emergency Associates	07/01/22	\$1,400,000	\$0	\$0	\$0
Seaside Emergency Associates	07/01/23	\$1,400,000	\$0	\$0	\$0
Total				\$0	\$0

Discussion:

The second amendment presented to your Board is for Seaside Emergency Associates (Seaside). Seaside is a general partnership comprised of Robinson M.D. Enterprises, Inc., Martin Ehrlich, M.D., A Professional Corporation, Scott Speier, M.D., Inc., Richard Rutherford, M.D. Inc., Theodore Mandryk, M.D., Inc. and RJC M.D., Inc.


The amendment before your Board increases the attending physician and advance practice providers (APPs) coverage from 84 to 96 hours per day for Ventura County Medical Center and Santa Paula Hospital.

In addition, the net collection profit-sharing threshold is increased from \$6,500,000 to \$6,850,000 to account for decreases in provider reimbursements for patients with private health insurance. Insurance companies are paying emergency room charges based on set qualified payment amounts for certain CPT codes that have significantly reduced

emergency physicians' revenues. Despite numerous appeals and documentation provided by Seaside, insurance companies refuse to pay physician's fees greater than the qualified payment amounts. Consequently, the net collection profit-sharing threshold has been modified in an effort to alleviate this dramatic decrease in payments to Seaside and continue to provide quality emergency services to our patients. Lastly, HCA's share of the revenue collected in excess of the \$6,850,000 threshold is increase from 50% to 65%, with Seaside retaining 35%. HCA will continue to retain 100% of the facility billing revenue.

With your Board's approval, the agreement with Seaside Emergency Associates, subject to all necessary budgetary approvals by your Board, shall remain in effect through June 30, 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 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

Attachments:

Exhibit 1 – Second Amendment to Agreement for Emergency Department Medical Director and Attending Physicians, with Seaside Emergency Associates