

COUNTY OF SAN MATEO
Departmental Correspondence

DATE: November 21, 2001
HEARING DATE: December 4, 2001

TO: Honorable Board of Supervisors
FROM: Margaret Taylor, Interim CEO, Hospital & Clinics Division *MT*
SUBJECT: Third Amendment to the Agreement with The Electric Company

RECOMMENDATION

Adopt a resolution authorizing the President of the Board to execute an amendment to the agreement with The Electric Company.

Background

Transcription of interpretation of all diagnostic procedures is required by the State Department of Health Services Title XXII and the Joint Commission on the Accreditation of Healthcare Organizations and is mandated by the medical staff of the hospital. Also, reimbursement to the hospital can be delayed if transcribed reports are not provided in the medical record on a timely basis. Patient care is also adversely affected if procedure reports are not charted rapidly and made available for primary physicians.

On April 20, 1999, your Board waived the Request for Proposals (RFP) process and approved a three-year agreement with The Electric Company for medical transcription services for the Radiology and Diagnostic Imaging Department at San Mateo County Health Center (SMCHC). The term of the agreement was three years, from December 1, 1998 through November 30, 2001. The agreement maximum was \$234,000 based on 46,000 typed lines per month. Services include transcribing results of diagnostic radiography, nuclear medicine, CT scans, ultrasound and vascular procedures at a rate of \$0.14 per typed line.

On November 1, 1999, your Board approved an amendment to the original agreement which increased the rate of payment from \$0.14 to \$0.18 per typed line and increased the total maximum contract amount from \$234,000 to \$290,000. This was the first rate increase since 1995.

On June 20, 2000, your Board approved a second amendment to increase the rate from \$0.18 to \$0.21 per line and increased the maximum contract amount from \$290,000 to \$320,000 for the contract term. This was a result of significant time increase to provide transcription using the SMS radiology computer system.

Discussion

Due to the increased volume of procedures and the complexity of the exams and radiologists interpretation, the monthly usage of transcription services has increased by 20% since 1999. Based on current procedure levels, the average monthly line count is 58,000 lines per month or \$12,200 per month.

A waiver of the Request for Proposals (RFP) Process and an extension of the term of the agreement with the Electric Company is necessary for continuity of transcription services for the Radiology Department. Due to limitations in the current version of SMS software utilized for radiology transcription services, SMCHC applied for grant funding from the Komen Foundation to purchase a newer version that would provide more efficient and user-friendly transcription processes. The build of the new version and its interface with the Hospital's CORE System has been delayed a year due to the complexity of the program. A formal RFP process is not possible until ISD and SMCHC clearly understand the function of the software and the services and equipment of a contractor to provide transcription through the new software.

The SMCHC recently conducted an informal request for quotes from two vendors to be sure that the Electric Company's rates are competitive for the service they currently provide. MedQuist, the current contractor for hospital transcription, is not interested at this time in providing transcription services for radiology procedures due to the complexity of radiologic terminology used in the transcription. X-Press Transcriptions, Inc. was contacted in October 2000 and quoted a competitive price per line of transcription, but would require SMCHC to purchase the necessary dictation equipment, and to pay for long-distance phone rates for dictation; the Electric Company provides transcription results through electronic transmission, which eliminates the need for local courier service, long distance phone charges, and acquiring dictation equipment. For these reasons, it is necessary to continue to contract with the Electric Company until the new version of SMS transcription software is built, a true understanding of our needs is determined, and a formal RFP can be conducted.

Current language regarding non-discrimination and equal benefits has been incorporated into this amendment. County Counsel has reviewed and approved this amendment. Risk Management reviewed and approved the insurance arrangements under the original agreement.

Term and Fiscal Impact

Based on an average usage of 58,000 lines per month at \$0.21 per line, the current volume increases the monthly average cost from \$10,290 to \$12,200 per month. The Electric Company has increased their rate to \$.23 per line, effective December 1, 2001. Projected monthly usage of 61,000 lines will result in a future monthly average of \$14,030. This amendment extends the term of the contract one year, making the new term of the agreement, December 1, 1998 through November 30, 2002. The amendment also increases the maximum amount by \$198,360, from \$320,000 to \$518,360. \$30,000 is needed to pay for services through November 30, 2001 and \$168,360 for the additional year. Funds to cover this cost have been included in the Hospital and Clinics FY2001-02 approved budget and will be requested in FY2002-03 recommended budget.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING EXECUTION OF THIRD
AMENDMENT TO THE AGREEMENT WITH
THE ELECTRIC COMPANY

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that;

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance an Amendment to the Agreement, reference to which is hereby made for further particulars, whereby The Electric Company shall continue to provide medical transcription services; and

WHEREAS, this Board has been presented with a form of the Amendment and has examined and approved it as to both form and content and desires to enter into the Amendment to the Agreement:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Amendment to the Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

THIRD AMENDMENT TO THE AGREEMENT
WITH
THE ELECTRIC COMPANY

THIS AGREEMENT, entered into this _____ day of _____, 2001, by and between the COUNTY OF SAN MATEO (hereinafter called "County") and THE ELECTRIC COMPANY, a Sole Proprietorship, (hereinafter called "Contractor"),

W I T N E S S E T H:

WHEREAS, on April 20, 1999, the parties hereto entered into an agreement (hereinafter referred to as the "Original Agreement") for the furnishing of certain services by Contractor to County as set forth in that Original Agreement; and

WHEREAS, it is now the mutual desire and intent of the parties hereto to amend and clarify that Original Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED between the parties that the Original Agreement is amended as follows:

1. Section 2, Payments, Paragraph A, Maximum Amount, of the Original Agreement is hereby amended to read as follows:

“2. Payments

A. Maximum Amount. In full consideration of Contractor's performance of the services described in Schedule A, the amount that County shall be obligated to pay for services rendered under this Agreement shall not exceed FIVE HUNDRED EIGHTEEN THOUSAND THREE HUNDRED SIXTY DOLLARS (\$518,360) for the contract term.”

2. Section 6, Non-Discrimination, is hereby amended to read as follows:

“6. Non-Discrimination

Contractor shall comply with the non-discrimination requirements described in Schedule C, which is attached hereto, and incorporated herein.

Contractor shall comply with County admission and treatment policies which shall provide that patients are accepted for care without discrimination on the basis of race, color, religion, sex, sexual orientation, national origin, age, handicap, or political affiliation.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Contractor to penalties, to be determined by the County Manager, including, but not limited to:

- i. termination of this Agreement;
- ii. disqualification of Contractor from bidding on or being awarded a County contract for a period of up to three (3) years;
- iii. liquidated damages of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) per violation;
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- i. examine Contractor's employment records with respect to compliance with this paragraph;

ii. set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other contractor between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within thirty (30) days of such filing, provided that within such thirty (30) days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of its response to the complaint when filed.

With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.”

3. Section 12, Term of the Agreement, of the Original Agreement is hereby amended to read as follows:

“12. Term of the Agreement

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement shall be from December 1, 1998 through November 30, 2002. This Agreement may be terminated by Contractor, Director of Health Services or her designee at any time upon thirty (30) days' written notice to the other party.”

4. Schedule B, Payments, is hereby amended to read as follows:

"SCHEDULE B

Payments

In consideration of the services described in Schedule A, Contractor shall be reimbursed as follows:

- A. Effective December 1, 2001, payment shall be made at the rate of TWENTY THREE CENTS (\$0.23) per typed line for the formats described below.
- B. Formats
 - 1. Radiology: 5" to 5-1/2" length, 12 pitch font.
 - 2. Miscellaneous reports/correspondence: 6-1/2" to 7" length, 12 pitch font.
 - 3. The signature line and pertinent date information of closure shall be counted as one line only.
 - 4. Typed lines only included in line count.
- C. Transcription errors by Contractor shall be retyped at no charge to County.
- D. Contractor shall submit monthly invoices for transcription services for the Radiology and Diagnostic Imaging Department to the Radiology Department Manager for services rendered. County's Radiology Manager shall review and approve invoices prior to processing for payment."

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that:

- 1. These amendments are hereby incorporated and made a part of the Original Agreement and subject to all provisions therein.
- 2. All provisions of the Original Agreement, including all references to audit and fiscal management requirements unless otherwise amended hereinabove, shall be binding on all the parties hereto.
- 3. All provisions of the Original Agreement, including all monitoring and evaluation

requirements, shall be applicable to all amendments herein.

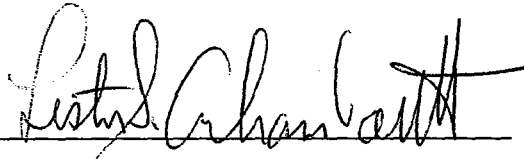
NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that the Agreement of April 20, 1999, be amended accordingly.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hand on the day and year first above written.

COUNTY OF SAN MATEO

THE ELECTRIC COMPANY

By: _____
Michael D. Nevin
President, Board of Supervisors

By:  _____

Date: _____

Date: 11/14/2001 _____

ATTEST:

By: _____
Clerk of Said Board

Date: _____

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: THE ELECTRIC COMPANY
Contact Person: MARCY ARCHAMBAULT
Address: 705 SOMERSET LN. FOSTER CITY, CA 94404
Phone Number: 650-341-4486 Fax Number: 650-341-1814

II Employees

Does the Contractor have any employees? Yes No
Does the Contractor provide benefits to spouses of employees? Yes No

If the answer to one or both of the above is no, please skip to Section IV.

III Equal Benefits Compliance (Check one)

- Yes, the Contractor complies by offering equal benefits...
Yes, the Contractor complies by offering a cash equivalent payment...
No, the Contractor does not comply.
The Contractor is under a collective bargaining agreement...

IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 26 day of OCT., 2001 at Foster City, CA

Lester S. Archambault
Signature

Lester S. ARCHAMBAULT
Name (Please Print)

OWNER
Title

94-2523442
Contractor Tax Identification Number

COUNTY OF SAN MATEO

HEALTH SERVICES ADMINISTRATION

MEMORANDUM

DATE: March 27, 2000

TO: Priscilla Harris, Risk Management/Insurance Division
PONY# EPS163 Fax: 363-4864

FROM: Tere Larcina, Hospital & Clinics
PONY # HOS316MM Fax: 573-2267

SUBJECT: Contract Insurance Approval

CONTRACTOR: The Electric Company

DO THEY TRAVEL: No

PERCENT OF THE TIME:

NUMBER OF EMPLOYEES:

DUTIES (SPECIFIC) : Contractor will provide transcription services to the Radiology Department. Services will include transcribing results of diagnostic radiography, nuclear medicine, CT scans, ultrasounds and vascular procedures.

COVERAGE:

Comprehensive General Liability:	\$ _____
Motor Vehicle Liability:	\$ _____
Professional Liability:	\$ _____
Worker's Compensation:	\$ <u>statutory</u>

APPROVE _____

WAIVE _____

MODIFY _____

REMARKS/COMMENTS:


SIGNATURE

THE ELECTRIC COMPANY
705 Somerset Lane
Foster City, Ca. 94404
650-341-4486
Fax 650-341-1819
E-mail: marcha@home.com

March 30, 2000

San Mateo County General Hospital
Attn: Tere Larcina
Hospital & Clinics
222 W. 39th Avenue
San Mateo, CA 94403

Dear Ms. Larcina:

Per our conversation earlier today, this is to inform you and the County of San Mateo that The Electric Company has no employees and therefore is exempt from Workers' Compensation requirements.

Sincerely,



Marcy Archambault

MA/me