



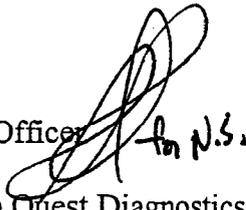
COUNTY OF SAN MATEO
Inter-Departmental Correspondence

San Mateo Medical Center

DATE: October 9, 2002

BOARD MEETING DATE: October 29, 2002

TO: Honorable Board of Supervisors

FROM: Nancy J. Steiger, Chief Executive Officer 

SUBJECT: Amendment to the Agreement with Quest Diagnostics Laboratories, Inc.

Recommendation

Adopt a resolution approving an Amendment to the Agreement with Quest Diagnostics Laboratories, Inc.

Background

On December 18, 2001, your Board approved an agreement with Quest Diagnostics Laboratories, Inc. for laboratory services for the Department of Hospital and Clinics (North County Health Center, Daly City Youth Health Center, and South San Francisco Clinic), Correctional Health Services, Public Health Mobile Clinic, and the AIDS Clinic. The agreement also provided for lab services for indigent clients and San Mateo County Medi-Cal clients served through Mental Health Services. The term of this agreement was July 1, 2001 to June 30, 2002, with a maximum amount of \$551,000.

This is one of two agreements with Quest Diagnostics. The other agreement, which was heard on September 10, 2002, is for specialized reference tests for the Hospital Laboratory. The term of the agreement for specialized reference tests is March 1, 2000 to February 28, 2003, with a maximum amount of \$944,000.

Discussion

Quest Diagnostic Clinical Laboratories, Inc. provides specimen collection materials, specimen transport services, laboratory analysis of specimens, electronic transfer of laboratory results, customer service, and consultation services.

During the term of this agreement patient activity increased at the North County Health Center, Daly City Youth Health Center, and South San Francisco Clinic necessitating an increase in the maximum amount for the Medical Center Hospital and Clinics. Monthly contract cost for these clinics was estimated at \$10,000 per month, however due to the volume of laboratory testing caused by the increase in patient activity, actual contract cost for these clinics averaged approximately \$22,000 per month.

This past year, a study was conducted to determine the cost effectiveness of bringing lab services in-house versus continuing to contract with Quest. The study was completed and approved in March, 2002 for lab services for all San Mateo Medical Center clinics effective July 1, 2002. The Services are now being performed in-house at a savings of \$86,000 annually.

Vision Alignment

This agreement keeps the commitment to Ensure Basic Health and Safety for All and goal number 5: Provide residents access to healthcare and preventive care. The Agreement contributes to this commitment and goal by continuing to provide laboratory services to county patients.

Term and Fiscal Impact

This amendment increases only the funding for San Mateo Medical Center by \$165,000, from \$121,000 to \$286,000, thereby increasing the maximum amount of the agreement by \$165,000 from \$551,000 to \$716,000. This amendment also extends the term of the contract three months from June 30 through September 30, 2002. This amendment is needed to cover the costs of outstanding invoices.