



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System

DATE: August 24, 2009
BOARD MEETING DATE: September 29, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Jean S. Fraser, Chief, Health System
Louise Rogers, Director, Behavioral Health & Recovery Services
Nomalee Tilman, Director, Correctional Health Services

SUBJECT: Amendment to Agreement with Laboratory Corporation of America

RECOMMENDATION:

Adopt a Resolution authorizing the President of the Board to execute an Amendment to the Agreement with Laboratory Corporation of America for the provision of clinical laboratory services, extending the term through January 31, 2010, and increasing the maximum obligation by \$122,500 to a new maximum of \$332,500.

BACKGROUND:

In the fall of 2005 Laboratory Corporation of America (LabCorp) was selected through a Request for Proposals (RFP) process to provide clinical laboratory services for Mental Health Services and Correctional Health Services of the Health System. LabCorp has contracted for the provision of these services since January 1, 2006. In January of 2009 the Health System released a RFP for clinical laboratory services for BHRS and Correctional Health. LabCorp was not selected for the provision of these services, but has agreed to continue to provide these services until an agreement with our new provider is in place. On July 8, 2008, under Resolution 69555, your Board approved an Agreement with LabCorp for clinical laboratory services for the term of July 1, 2008 through June 30, 2009, for a maximum obligation of \$210,000.

DISCUSSION:

We are recommending an Amendment to the Agreement with LabCorp to extend the term through January 31, 2010, and to increase the maximum payment obligation. This amendment will allow for the continuity of services while an agreement with the new provider is being negotiated. LabCorp will continue to provide the same scope of clinical laboratory services, as well as specimen transport services and phlebotomy services for

clients of BHRS and Correctional Health Services. It is expected that an agreement with our new provider will be presented to your Board for approval near the beginning of 2010. Should the timing of negotiations and approval of that agreement allow for a start date prior to February 1, 2009, then this amended Agreement with LabCorp would be terminated earlier.

The Amendment to the Agreement has been reviewed and approved by Risk Management and the Amendment to the Agreement and the Resolution have been reviewed and approved by County Counsel. The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits. The Agreement with LabCorp is on the Continuing Resolution.

Approval of this amended Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing clinical laboratory services for clients of BHRS and Correctional Health Services. The timely provision of billing files for BHRS enables achieving maximum reimbursement from the State. The timely provision of test results for Correctional Health contributes to improved client health outcomes.

Performance Measure:

Measure	FY 2008-09 Actual	FY 2009-10 Projected
BHRS: Monthly electronic tape billing files delivered within ninety (90) days of the end of month.	100%*	92%
Correctional Health: Results of routine tests with a 24-hour turn-around result time provided within 24 hours of receipt of specimen.	90%	95%

* Data for FY 2008-09 demonstrates exceptional performance beyond the program target.

FISCAL IMPACT:

The term of the amended Agreement is July 1, 2008 through January 31, 2010. The maximum obligation for this Agreement is being increased by \$122,500 to a new maximum of \$332,500. Of the increase, the amount for BHRS is \$52,500 and the amount for Correctional Health Services is \$70,000. These funds are included in the Health System's tentatively Adopted FY 2009-10 Budget. For BHRS 85% or \$44,625 will be funded by State and Federal Medi-Cal, and \$7,875 is Net County Cost. Funding for Correctional Health is 100% Net County Cost. The total Net County Cost is \$77,875.