

County of Santa Clara  
Santa Clara Valley Health & Hospital System  
Santa Clara Valley Medical Center



90383

**DATE:** March 20, 2018  
**TO:** Board of Supervisors  
**FROM:** Paul E. Lorenz, Chief Executive Officer, SCVMC  
**SUBJECT:** Second and Third Amendment to Agreement with Stanford - Vascular Surgery Physician Services

**RECOMMENDED ACTION**

Consider recommendations relating to Agreement with the Board of Trustees of the Leland Stanford Junior University relating to providing vascular surgery physician services.

Possible action:

- a. Ratify Second Amendment to Agreement with Stanford relating to providing vascular surgery physician services decreasing the maximum contract amount by \$175,605 from \$3,883,750 to \$3,708,145 and extending the agreement for a 20-day period through March 20, 2018, that has been reviewed and approved by County Counsel as to form and legality.
- b. Approve Third Amendment with Stanford relating to providing vascular surgery physician services increasing the maximum contract amount by \$3,760,931 from \$3,708,145 to \$7,469,076 and extending the agreement for a 24-month period through February 29, 2020, that has been reviewed and approved by County Counsel as to form and legality.

**FISCAL IMPLICATIONS**

Approval of the recommended action would not require modification to the current Board-approved budget for Santa Clara Valley Medical Center (SCVMC). Funds to support the recommended contract with Stanford are included in the FY 2017-18 current modified budget, and in the FY2018-19 Proposed budget for SCVMC.

**CONTRACT HISTORY**

On September 12, 2014, the Deputy County Executive pursuant to delegated authority approved the original Agreement with Stanford in an amount not to exceed \$1,250,000 annually for the period March 1, 2015 through February 28, 2018, for a maximum contract

amount of \$3,750,000, that was reviewed and approved by County Counsel as to form and legality.

On June 20, 2017, the Board of Supervisors approved the First Amendment with Stanford relating to providing vascular surgery physician services increasing the maximum contract amount by \$133,750 from \$3,750,000 to \$3,883,750 with no change to the term and deleting the automatic renewals.

On March 1, 2018, the Chief Operating Officer pursuant to the delegated authority under Board Policy 5.3.5.1 approved the Second Amendment with Stanford decreasing the maximum contract amount by \$175,604.84 from \$3,883,750 to \$3,708,145.16 and extending the term from March 1, 2018 through March 20, 2018.

### **REASONS FOR RECOMMENDATION**

SCVMC provides comprehensive medical care to patients in Santa Clara County, including comprehensive care in adult peripheral arterial and peripheral venous disease. SCVMC also has a significant population of renal failure patients who require hemodialysis, and who must have access to vascular surgeons who perform procedures that provide vascular access for hemodialysis. SCVMC is designated as a Level 1 Trauma Center by the American College of Surgeons, and must provide 24/7/365 coverage for vascular injuries. As such, the availability of on-site adult peripheral vascular surgery capability, including consultative services, adult vascular surgery clinic coverage, ongoing daily inpatient coverage and the availability of vascular surgery procedures, elective, urgent and emergent, is a necessary component of that comprehensive care.

Volume has increased and warrants the addition of a third surgeon to the contract, effective July of 2018. This additional provider will help reduce case backlog, help support the limb salvage program, and provide more scheduling flexibility. This added capacity will also allow dialysis graft procedures to be performed at SCVMC, providing more timely access to care and reduce referrals to outside providers. Revenue generated from these services is expected to exceed the cost of these providers.

Vascular surgery performed by fellowship-trained vascular surgeons is vital to the institution, to assure high quality and ongoing consistent coverage for patients as well as cost-effective and efficient utilization of scarce resources. SCVMC faces significant challenges in recruiting fellowship-trained, experienced vascular surgeons, assuring medical quality, availability, capacity and efficient deployment of resources. Stanford is the only provider in the region that meets SCVMC's needs in terms of medical quality, availability, capacity and cost, and that has an interest in providing this service to patients at SCVMC.

Contract negotiations for the Second Amendment were still being finalized and required emergency approval by the Chief Operating Officer pursuant to the delegated authority under Board Policy 5.3.5.1, and therefore is being submitted for ratification by the Board.

Administration requests approval of the Third Amendment, adding a third vascular surgeon and extending the agreement through February 2020.

The financial breakdown is as follows:

The Original Agreement as modified by the First Amendment and the Second Amendment

set a maximum financial obligation of \$3,708,145.16. The maximum financial obligation was reduced pursuant to the Second Amendment to reflect the fact that subscription fees, development fees and excess call coverage costs had not been incurred in the amounts originally anticipated. The Third Amendment, now presented to the Board for a longer term arrangement, would add \$3,760,931 for the period March 21, 2018 through February 29, 2020. This amount factors in that Stanford anticipates providing 2 vascular surgeons through June 30, 2018 and 3 vascular surgeons thereafter and includes an amount of \$125,000 in case subscription fees, development fees and excess call coverage costs are incurred during the period of March 21, 2018 through February 29, 2020 as permitted by the agreement.

### **CHILD IMPACT**

The recommended action will have no/neutral impact on children and youth.

### **SENIOR IMPACT**

The recommended action will have significant impact on seniors, as peripheral arterial disease and the need for hemodialysis access affects mostly older patients.

### **SUSTAINABILITY IMPLICATIONS**

The recommended action will have no/neutral sustainability implications.

### **BACKGROUND**

As an acute care and safety net hospital, SCVMC has provided adult peripheral vascular surgery services to its patients for decades, for elective, urgent, emergent surgery and for traumatic injuries to peripheral vessels. A fellowship-trained vascular surgeon is essential for the patients needing vascular surgical operations in terms of quality, safety, and cost-effective deployment of resources is essential. Stanford has provided superior medical quality required by SCVMC based on the superior training and experience and ongoing oversight of the clinical quality of care provided by fellowship-trained vascular surgeons who can provide this specialized care. Stanford has provided the availability, the type of service, medical quality, availability and capacity at a desirable cost to SCVMC.

### **CONSEQUENCES OF NEGATIVE ACTION**

Patients who require vascular surgery would necessarily be referred to other institutions able to provide these services, and VMC would risk losing the Level 1 Trauma Center designation.

### **STEPS FOLLOWING APPROVAL**

Upon approval, the Clerk of the Board will send one signed copy of the third amendment to SCVHHS – Contract Solutions Department, 2325 Enborg Lane, Suite 320, San Jose, CA 95128, Attn: Veronica Vargas Soliz.

### **LINKS:**

- Linked To: 86845 : 86845

## **ATTACHMENTS:**

- Amend 2-Stanford Vascular Surgery (PDF)
- Amend 1-Stanford Vascular Surgery (PDF)
- Agreement-Stanford Vascular Surgery (PDF)
- Third Amendment - Stanford Vascular Surgery (PDF)