

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	November 15, 2011	AGENDA NO.: 22.1
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment #2 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in a total contract amount not to exceed \$1,000,000 in the aggregate, of which \$600,000 is for the period July 1, 2011 to June 30, 2012.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment #2 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in a total contract amount not to exceed \$1,000,000 in the aggregate, of which \$600,000 is for the period July 1, 2011 to June 30, 2012.

SUMMARY/DISCUSSION:

Latham & Watkins LLP is one of the pre-eminent law firms representing healthcare systems and local community hospitals throughout the United States. Their healthcare attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to fraud and abuse. Medicare/Medicaid reimbursement, healthcare regulatory requirements, financing regulation, and licensing.

On July 27, 2010, the Board of Supervisors approved the original Agreement with Latham & Watkins for Legal Services at Natividad Medical Center (“NMC”) in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011 (“Agreement”). On January 11, 2011, the parties entered into an Amendment No. 1 to the Agreement, increasing the maximum liability by \$300,000 and extending the Agreement to June 30, 2011. An Amendment No. 2 was drafted and reviewed by the parties but never sent to the Board for approval by the expiration of the Agreement. Services nevertheless continued since June 30, 2011, without interruption. This Renewal and Amendment No. 2 increases the maximum liability by \$600,000 and allows continuation of services and payment for services on the same terms and conditions as the expired Agreement without interruption for the period July 1, 2011 to June 30, 2012.

During Fiscal Year 10-11, Latham & Watkins provided significant legal services to the County of Monterey, to ensure that the County’s agreements complied with state and federal healthcare and Medicare compliance laws. The potential sanctions for noncompliance with these laws are severe and include civil and criminal liability, as well as debarment or exclusion from participation in Medicare. Because the requested services pertained to multiple healthcare professional agreements and, due to the severity of potential sanctions for noncompliance, required the skilled competence of healthcare law experts, the law firm’s advice and counsel were both necessary and extensive. The law firm’s services will continue to be needed in the Fiscal Year 11-12 in the area of healthcare professional agreements compliance and as NMC readies itself for changes initiated by healthcare reform. Accordingly the maximum liability

under the Agreement has been increased by \$600,000 for FY 11-12 and the Agreement has been extended to June 30, 2012.

OTHER AGENCY INVOLVEMENT:

The Renewal and Amendment No. 2 has been reviewed and approved by County Counsel and the Auditor/Controller's office. It has not been reviewed by the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$600,000 and is included in the FY 11-12 Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:
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November 9, 2011

Harry Weis
Chief Executive Officer

Attachments: Renewal and Amendment #2, Agreement, as amended, Board Order
Board Order, Attachments on File with the Clerk of the Board