



SUMMARY REPORT

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**Agenda Date:** 7/9/2024

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**To:** Board of Supervisors of the County of Sonoma, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, and Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

**Department or Agency Name(s):** Human Resources Department

**Staff Name and Phone Number:** Christine Williams, 707-565-2549

**Vote Requirement:** Majority

**Supervisorial District(s):** All

**Title:**

Contracts for Occupational Health Services

**Recommended Action:**

Authorize the Director of Human Resources to execute agreements to provide occupational health services totaling \$720,000, for a term of July 1, 2024, through June 30, 2027, with an option to renew for up to an additional two-year term at the discretion of the Director of Human Resources as follows:

1. The Permanente Medical Group Inc., in an amount not to exceed \$480,000
2. Preferred Alliance, in an amount not to exceed \$120,000
3. Urgent Care Plus Telehealth, in an amount not to exceed \$120,000

**Executive Summary:**

In October 2023, Human Resources conducted a Request for Proposals for Occupational Health Services that support the County's pre-employment hiring process including medical exams and drug testing, annual screening and vaccination requirements, reasonable suspicion testing, and our self-insured workers' compensation program. These services are necessary to comply with regulatory requirements for pre-hire medical screening and to provide support to injured employees by providing initial treatment through our Workers' Compensation program. After protracted contract negotiations, Human Resources is awarding three contracts to cover required occupational health services. The proposed vendors are: The Permanente Medical Group (Kaiser), Preferred Alliance, Inc., and Urgent Care Plus Telehealth.

The proposed agreements with Preferred Alliance and Urgent Care Plus Telehealth are each for three-year terms, July 1, 2024, through June 30, 2027, with extensions of up to two years at the discretion of the Director of Human Resources. The proposed agreement with The Permanente Medical Group is for a three-year term, July 1, 2024, through June 30, 2027, and we are seeking authority to execute two, one-year contract extensions via amendments, at the discretion of the Director of Human Resources

**Discussion:**

Human Resources' Disability Management (DM) Unit, working closely with all County departments and agencies, coordinates pre- and post-hire occupational health services including pre-employment medical exams, drug testing, vision, hearing, TB screening, vaccination screening, and other services depending on the position and linked to the job's requirements. This includes Peace Officer Standards Training (POST) hiring requirements for public safety positions. The DM Unit also makes available occupational health services for

department's annual medical screening requirements, vaccinations, titers, respirator clearances, workplace injuries/treatment, and reasonable suspicion drug testing. The contracts presented provide a comprehensive suite of services that meet the needs of County departments and supports the County's established pre- and post-employment occupational health service requirements.

All services covered under these contracts are currently contained under a single contract with The Permanente Group, Inc. (Kaiser On-The-Job). To date, Kaiser has collected drug testing specimens and outsourced the lab work to Preferred Alliance. Kaiser also provided "medical review officer" (MRO) services. When there is a positive drug test result, the MRO reviews and validates the findings, including consideration of any legally prescribed medications that might impact the results. The County pays a flat fee to Kaiser for each drug test conducted and the cost includes collection, lab work, and MRO services.

Effective July 1, 2024, Kaiser will no longer provide lab or MRO services for the County and will charge only a collection fee. The County will hold a separate vendor contract with Preferred Alliance for lab and MRO services. This practice is consistent with the service model Kaiser provides to all other clients. Kaiser will also no longer provide physical fitness-for-duty medical evaluation services. The need for physical fitness-for-duty medical exams is rare, and staff are actively engaging with local providers to identify a new vendor for these services. Psychological fitness-for-duty needs continue to be met through a separate vendor.

In alignment with the County's processes for awarding contracts, a Request for Proposals (RFP) was conducted in October 2023. The RFP was publicly advertised on the County's Supplier Portal and was sent directly to nine local/regional providers of the requested services. The RFP allowed vendors to bid on occupational health and drug testing services separately. Five proposals were received. The proposals were evaluated by staff in Human Resources' Disability Management Unit (responsible for the oversight of the contracts), and department staff involved in hiring processes in the Sheriff's Office, Human Services Department, and Sonoma Public Infrastructure.

The Department recommends issuance of three separate contracts for delivery of occupational health services, all with an initial term of three years with an option for the Director of Human Resources to extend each contract for up to two additional years, and with an aggregate total not to exceed \$720,000 during the initial term. Services under all contracts are provided only upon direction of the County. The requested contracts are:

**Preferred Alliance, not to exceed \$120,000 for term of contract, July 1, 2024 - June 30, 2027:** Preferred Alliance is the primary vendor that Kaiser coordinates with to provide lab services, reporting and MRO services for samples collected at Kaiser locations. Preferred Alliance has been successfully providing these services to the County through Kaiser for many years and provided very competitive pricing in their proposal that is consistent with the pass-through pricing in the current Kaiser contract. Selection of this vendor will also create a seamless transition in delivery of drug testing services.

**The Permanente Group (Kaiser Permanente On-The-Job), not to exceed \$480,000 for term of contract, July 1, 2024 - June 30, 2027:** The Permanente Group provides the most comprehensive services of any of the proposals received. They also provide medical treatment and services to our injured workers in support our self-insured workers' compensation program. As largest provider of occupational health services in Northern California, Sonoma County and Santa Rosa, services are easily accessible to job candidates and employees. Services include pre-employment medical exams for law enforcement and other positions with specific

physical or requirements or exposures, respirator fit testing and annual recertification, TB screening, and vaccination requirements for workers under regulatory and policy requirements. They also provide medical treatment and services to injured workers in support of the County's self-insured workers' compensation program. Pricing for services remains consistent with the current contract. Additionally, The Permanente Group has a 20+ year history of successfully partnering with the County to meet our occupational health needs, including quarterly check-in meetings with Permanente representatives to ensure service delivery standards are met and quality of services meet the County's expectations.

**Urgent Care Plus Telehealth, not to exceed \$120,000 for term on contract, July 1, 2024 - June 30, 2027:**

Urgent Care Plus Telehealth provides occupational health services including pre-employment medical exams. It has offices in Sonoma, Napa, and Benicia, and is opening an office in Petaluma in May 2024. This provider of exam services will increase efficiency during peak hiring times and provide additional exam scheduling options. This is particularly important for law enforcement positions which have a multiple part exam and a lengthy hiring process. Urgent Care Plus Telehealth's pricing was slightly higher than the Permanente Group in some areas but are reasonable for an organization of their size and scope of services. They coordinate and work with other area providers for some services, including physical stress/treadmill testing conducted by cardiologists for law enforcement positions.

The combination of these contracts will provide needed services to County departments in support of pre-employment hiring requirements and annual occupational health requirements, and Human Resources respectfully requests approval.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

June 6, 2023 (item 23; 2023-0498): The Board authorized an amendment to the contract with Permanente Medical Group, Inc. to increase funding for remainder of contract through 6/30/2024.

May 14, 2019 (item 4; 2019-0625): The Board authorized the Director of Human Resources to execute a new agreement with The Permanente Medical Group, Inc. for up to a total of five years, through 6/30/2024.

June 6, 2017 (item 14): The Board authorized the Director of Human Resources to execute a new agreement with The Permanente Medical Group, Inc. for a two-year term through 6/30/19.

May 20, 2014 (item 23): The Board authorized the Director of Human Resources to execute a new agreement with The Permanente Medical Group, Inc. for a three-year term through 6/30/17.

June 19, 2012 (item 31): Permanent Medical Group, Inc. agreed to continue the Voluntary Vendor Cost Reduction.

July 9, 2010: The Permanente Medical Group, Inc. agreed to the Voluntary Vendor Cost Reduction Initiative and reduced costs 20% for the term July 1, 2010, through June 30, 2012.

April 1, 2003 (item 10): The Board authorized the Director of Human Resources to execute an initial agreement with The Permanente Medical Group, Inc., and has authorized annual renewals through 6/30/2010.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY24-25 Adopted</b>	<b>FY25-26 Projected</b>	<b>FY26-27 Projected</b>
Budgeted Expenses	\$240,000	\$240,000	\$240,000
Additional Appropriation Requested	0	0	0
<b>Total Expenditures</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other	\$240,000	\$240,000	\$240,000
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>

**Narrative Explanation of Fiscal Impacts:**

Costs associated with occupational health services for employment provided by these agreements are budgeted in the Workers’ Compensation Internal Services Fund 51220.

The Workers’ Compensation Internal Services Fund is funded by a payroll rate charged to General Fund and non-General Fund departments. The cost of the agreements will be absorbed within existing budget appropriations in FY 2024-25. The costs for subsequent years will be included in the recommended budget process.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>
N/A			

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

1. Contract between Permanente Medical Group and County of Sonoma
2. Contract between Preferred Alliance and County of Sonoma
3. Contract between Urgent Care Plus TeleHealth and County of Sonoma

**Related Items “On File” with the Clerk of the Board:**

N/A