



## BOARD OF SUPERVISORS AGENDA LETTER

**Agenda Number:**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Submitted on:**  
**(COB Stamp)**

**Department Name:** Human Resources  
**Department No.:** 064  
**Agenda Date:** June 24, 2025  
**Placement:** Administrative Agenda  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** <Insert Date>  
**Vote Required:** Majority

**TO:** Board of Supervisors  
**FROM:** Department Director(s): Kristine Schmidt, Human Resources Director  
Contact Info: Katie Torres, Benefits & Wellness Division Chief  
**SUBJECT:** Agreement with Marathon Health, LLC to Operate County's Onsite Employee Health and Wellness Centers

DocuSigned by:  
Kristine Schmidt  
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### County Counsel Concurrence

As to form: Yes

### Other Concurrence: Risk Management

As to form: Yes

### Auditor-Controller Concurrence

As to form: Yes

### Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute a management agreement with Marathon Health, LLC, to continue the ongoing operation of two onsite Employee Health and Wellness Centers for an initial three-year contract period effective July 1, 2025 through June 30, 2028, at a base contract price of \$1,043,307 in the first year, increasing by 1% in the second year, and 2% in the third year, and allowing for two optional additional years at a 3% increase per year, for a total authorization not to exceed \$5,419,197 over five years and providing for laboratory and pharmaceutical reimbursements to Marathon Health at cost; and
- b) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA guidelines.

### Summary Text:

This item requests Board approval to approve the County's agreement with Marathon Health to operate two onsite Employee Health and Wellness Centers (centers), along with a VirtualCare option that provides employees with convenient access to medical care from their office or home. The staff

recommendation comes after a review of competitors and is based on Marathon Health's delivery of strong outcomes, including over 16,000 visits in the past five years, high patient satisfaction (91% would recommend the clinics), and more than \$4.9 million in estimated avoided medical costs. The agreement includes certain enhancements sought by County staff.

The initial three-year contract period will be effective July 1, 2025, through June 30, 2028, at a base contract price of \$1,043,307 in the first year and increasing by 1% in the second year, and 2% in the third year. The contract allows for two optional additional years at a 3% increase per year, for a total authorization not to exceed \$5,419,197 over five years. This does not include laboratory and pharmaceutical charges, which the contract provides will be charged by Marathon at cost.

**Discussion:**

This action is before the Board to maintain uninterrupted, high-quality health services that have proven effective in supporting employee and dependent well-being, managing chronic conditions, supporting workforce productivity, and controlling healthcare costs.

Marathon Health, formerly known as HealthStat, has successfully operated the County's two Employee Health and Wellness Centers since their establishment in 2009. These centers, located onsite at County facilities in Santa Barbara and Santa Maria, offer employees and their enrolled dependents easy access to primary medical care, same-day appointments, and preventive services at little to no cost to the employee. Employees may also use a VirtualCare option that provides them with convenient access to medical care from their office or home. This allows employees to receive timely care, conveniently located, which improves overall health and reduces the need for costly and time-consuming urgent care and emergency room visits.

Marathon's performance during the prior engagement has been strong. Over the past five years, the clinics supported 16,281 visits, delivering an estimated \$4.9 million in appointment value. The program demonstrated significant impact in chronic condition management, with estimated annual savings of \$911,000 tied to improvements in patients managing hypertension, obesity, and diabetes. Additional cost avoidance was achieved through reduced unnecessary referrals (\$174,000) and decreased emergency room and urgent care utilization via same- or next-day appointments (\$105,000). These outcomes align directly with the County's strategic goal of managing long-term healthcare costs through early intervention and improved access to care. Employee savings were also realized, with approximately \$661,000 in out-of-pocket costs avoided by using the clinics instead of external providers during the last five reporting periods.

Operationally, the health centers continue to minimize lost employee work time by offering onsite care with reduced waiting times and flexible scheduling. On average, the clinics support roughly 3,500 visits annually. The centers have also maintained a high level of patient satisfaction, with 91% of users stating they would recommend the service to a colleague.

A detailed performance report is included in Attachment A.

**Contract Enhancements:**

The agreement introduces several key improvements designed to expand service access and improve population health outcomes. Most notably, clinic eligibility has been expanded to include children as

young as age 2 who are covered under a qualifying County-sponsored health plan. This change enhances family care support and ensures younger dependents can benefit from early interventions and routine care.

The updated contract also incorporates annual countywide Health Risk Assessments. These assessments will provide actionable data on emerging health trends across the workforce, enabling the County and Marathon to proactively design targeted wellness programs and preventive health interventions.

To support high service standards and strengthen accountability, the contract includes formal performance guarantees. These measurable benchmarks cover areas such as patient satisfaction, visit turnaround times, chronic condition management, and operational responsiveness. These guarantees ensure that Marathon continues to meet the County's expectations for care quality, cost efficiency, and employee engagement. Detailed performance measures can be found in Attachment B.

Approving this agreement reflects the County's ongoing commitment to employee health and well-being while enhancing program value through family-centered care, data-driven wellness strategies, and contractually reinforced performance accountability.

#### **Background:**

On June 2, 2009, the Board of Supervisors authorized staff to enter into a contract with HealthStat Wellness, Inc., a nationwide provider of onsite primary healthcare services, to establish employee health clinics as recommended by the County's Health Oversight Committee. The purpose was to improve access to convenient, affordable care for County employees while helping to manage and reduce the growth in health insurance premiums. HealthStat was selected following a competitive nationwide Request for Proposal (RFP) process in which multiple vendors were reviewed for their clinical capabilities, cost efficiency, and experience with government clients.

On January 24, 2012, the Board of Supervisors approved an expansion of clinic services to include eligible dependents of County employees enrolled in County-sponsored medical plans. Since that time, the program has been consistently renewed based on its strong performance metrics, high employee satisfaction ratings, and significant contribution to controlling healthcare costs. Over the years, the health centers have evolved to meet changing needs, including the introduction of new services and technology.

In 2020, in response to the COVID-19 pandemic, the vendor swiftly implemented a VirtualCare platform within 48 hours, ensuring that County employees and their dependents had uninterrupted access to healthcare services from home or office locations. This rapid response underscored the vendor's flexibility and commitment to the County's workforce.

#### **Contract Renewal:**

HealthStat was originally selected through a competitive nationwide Request for Proposal (RFP) process in 2009. As part of this 2025 contract renewal process, the County conducted a review of other vendors operating in the onsite health and wellness center space.

While some alternative providers demonstrated experience in the field, they came in at significantly higher price points and lacked established relationships with County employees. Transitioning to a new vendor would have introduced service disruption, required extensive onboarding, and delayed progress made in chronic condition management and patient engagement. In contrast, Marathon already has a deep understanding of the County's operational needs and workforce culture, which allows for seamless, high-quality service delivery. Their established clinical staff are trusted by employees and have developed the rapport necessary for effective long-term care, particularly with high-risk and chronically ill patients.

Based on Marathon Health's consistent, measurable results and strong vendor responsiveness, staff recommends approval of this renewal with Marathon.

The agreement allows termination by either party with 120 days' notice before the end of any term, or for cause if a default is not cured within 30 days. Marathon may also terminate a clinic location with 30 days' notice if a key provider cannot be replaced. Additionally, the County may terminate if sufficient funding is not appropriated.

#### **Fiscal Analysis:**

The total authorization for this contract, including the base three years and two optional additional years, is not to exceed \$5,419,197. This does not include laboratory and pharmaceutical charges, which the contract provides will be charged by Marathon at cost.

Funding for this contract is included in the FY 2025-26 Recommended Budget and approximately 30% of costs, or \$314 thousand are paid out of the General Fund.

<b>Funding Source</b>	<b>FY 25-26</b>	<b>FY 26-27</b>	<b>FY 27-28</b>	<b>FY 28-29</b>	<b>FY 29-30</b>	<b>Total</b>
General Fund (30%)	\$312,992	\$316,122	\$322,445	\$332,118	\$342,082	<b>\$1,625,759</b>
Non-General Fund (70%)	\$730,315	\$737,619	\$752,371	\$774,942	\$798,190	<b>\$3,793,437</b>
<b>Total</b>	<b>\$1,043,307</b>	<b>\$1,053,741</b>	<b>\$1,074,816</b>	<b>\$1,107,060</b>	<b>1,140,272</b>	<b>\$5,419,196</b>

#### **Special Instructions:**

Send two signed copies of the contract to Katie Torres in the Human Resources Department.

#### **Attachments:**

**Attachment A** – Marathon's Performance Report

**Attachment B** – Health Services Agreement

#### **Contact Information:**

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Benefits & Wellness Division Chief  
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