



**Hazel Hawkins**  
MEMORIAL HOSPITAL

**REGULAR AND SPECIAL MEETING OF THE FINANCE COMMITTEE  
SAN BENITO HEALTH CARE DISTRICT  
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA  
THURSDAY, JANUARY 18, 2024 - 4:30 P.M.  
SUPPORT SERVICES BUILDING, 2<sup>ND</sup> FLOOR – GREAT ROOM**

*San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and the community.*

1. Call to Order
2. Approve Minutes of the Finance Committee Meeting of December 14, 2023
  - Motion/Second
3. Review Financial Updates
  - Financial Statements – December 2023
  - Finance Dashboard – December 2023
  - Supplemental Payments
4. Consider Recommendation for Board Approval of Consolidated CHA/Hospital Council Dues 2024
  - Report
  - Committee Questions
  - Motion/Second
5. Consider Recommendation for Board Approval of Joseph M Fabry, D.O. Professional Services Agreement and Joseph Fabry, D.O. Physician Recruitment Agreement
  - Report
  - Committee Questions
  - Motion/Second
6. Consider Recommendation for Board Approval of Stefan Klein, M.D. Professional Services Agreement
  - Report
  - Committee Questions
  - Motion/Second
7. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board **Committee**, which are not on this agenda.



Hazel Hawkins  
MEMORIAL HOSPITAL

8. Adjournment

The next Finance Committee meeting is scheduled for **Thursday, February 15, 2024 at 4:30 p.m.**

The complete Finance Committee packet including subsequently distributed materials and presentations is available at the Finance Committee meeting and in the Administrative Offices of the District. All items appearing on the agenda are subject to action by the Finance Committee. Staff and Committee recommendations are subject to change by the Finance Committee.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-636-2673. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.



MEMORIAL HOSPITAL  
SKILLED NURSING FACILITIES  
HOME HEALTH AGENCY

San Benito Health Care District

A Public Agency

911 Sunset Drive  
Hollister, CA 95023-5695  
(831) 637-5711

January 18, 2024

### **CFO Financial Summary for the District Board:**

For the month ending December 31, 2023, the District's Net Surplus (**Loss**) is \$4,409,547 compared to a budgeted Surplus (**Loss**) of \$417,341. The District exceeded its budget for the month by \$3,992,206.

YTD as of December 31, 2023, the District's Net Surplus (**Loss**) is \$6,929,729 compared to a budgeted Surplus (**Loss**) of \$1,481,465. The District is exceeding its budget YTD by \$5,448,264.

Acute discharges were 160 for the month, under budget by 29 discharges or 15%. The ADC was 16.58 compared to a budget of 20.88. The ALOS was 3.21. The acute I/P gross revenue was under budget by **\$2.6 million** while O/P services gross revenue was **\$3.79 million** or 17% over budget. ER I/P visits were 128 and ER O/P visits were over budget by 79 visits or 4%. The RHCs & Specialty Clinics treated 3,453 (includes 349 visits at the Diabetes Clinic) and 887 visits respectively.

The District accrued **\$2,139,154** for the CY 2023 Hospital Quality Assurance Fee (HQAF) Direct payment portion and **\$1,216,139** for the IGT portion. The total of **\$3,355,293** is for six months. The annualized total is **\$6,710,586** for FYE June 30, 2024.

**Other Operating** revenue exceeded budget by **\$92,171** due mainly to 340B revenue and the Magellan RX rebate exceeding their respective budgets.

**Operating Expenses** were over budget by **\$271,972** due mainly to variances in: Professional Fees exceeding budget by \$341,585 and Registry \$175,955. These overages somewhat offset by Employee Benefits being under budget by \$238,418 (Sick Leave accounted for \$113,795 in savings) and Salaries and Wages by \$81,342.

**Non-operating Revenue** was under budget by **\$90,542** due to the timing of donations. However, donations are exceeding budget by \$16,523 YTD.

The SNFs ADC was **89.90** for the month. The Net Surplus (**Loss**) is **\$250,801** compared to a budget of \$238,192. YTD, the Net Surplus (**Loss**) is \$2,467,645, exceeding its budget by \$1,125,204.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 12/31/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
<b>GROSS PATIENT REVENUE:</b>										
ACUTE ROUTINE REVENUE	3,691,414	5,258,039	(1,566,625)	(30)	5,247,214	19,227,493	28,613,947	(9,386,455)	(33)	26,372,530
SNF ROUTINE REVENUE	2,097,330	2,092,500	4,830	0	2,146,600	13,237,888	12,420,000	817,888	7	12,300,450
ANCILLARY INPATIENT REVENUE	4,949,325	6,114,605	(1,165,280)	(19)	5,431,818	23,777,005	32,161,213	(8,384,208)	(26)	30,607,403
HOSPITAL STAPEDS I/P REVENUE	193,466	190,834	2,632	1	210,490	900,070	1,132,683	(232,613)	(21)	1,135,925
TOTAL GROSS INPATIENT REVENUE	10,931,535	13,655,978	(2,724,443)	(20)	13,036,121	57,142,455	74,327,843	(17,185,388)	(23)	70,416,308
ANCILLARY OUTPATIENT REVENUE	26,460,169	22,668,398	3,791,771	17	22,768,213	160,965,077	144,317,939	16,647,138	12	134,932,523
HOSPITAL STAPEDS O/P REVENUE	58,821	61,405	(2,584)	(4)	60,532	352,000	364,461	(12,462)	(3)	371,266
TOTAL GROSS OUTPATIENT REVENUE	26,518,990	22,729,803	3,789,187	17	22,828,745	161,317,076	144,682,400	16,634,676	12	135,303,789
TOTAL GROSS PATIENT REVENUE	37,450,525	36,385,781	1,064,744	3	35,864,866	218,459,531	219,010,243	(550,712)	0	205,720,097
<b>DEDUCTIONS FROM REVENUE:</b>										
MEDICARE CONTRACTUAL ALLOWANCES	9,721,350	10,566,242	(844,892)	(8)	10,845,285	57,602,267	63,074,378	(5,472,112)	(9)	60,753,160
MEDI-CAL CONTRACTUAL ALLOWANCES	6,716,129	9,707,754	(2,991,626)	(31)	8,907,589	58,447,573	59,370,685	(923,112)	(2)	50,457,383
BAD DEBT EXPENSE	428,999	407,930	21,069	5	633,010	3,795,156	2,458,075	1,337,081	54	2,361,191
CHARITY CARE	486	38,108	(37,622)	(99)	43,980	270,408	229,644	40,764	18	218,801
OTHER CONTRACTUALS AND ADJUSTMENTS	4,804,375	4,042,575	761,800	19	3,218,584	26,782,950	24,745,446	2,037,504	8	21,176,304
HOSPITAL STAPEDS CONTRACTUAL ALLOW	4,121	12,631	(8,510)	(67)	37,097	12,431	76,113	(63,682)	(84)	88,983
TOTAL DEDUCTIONS FROM REVENUE	21,675,460	24,775,240	(3,099,780)	(13)	23,685,544	146,910,785	149,954,341	(3,043,556)	(2)	135,055,822
NET PATIENT REVENUE	15,775,065	11,610,541	4,164,524	36	12,179,323	71,548,746	69,055,902	2,492,844	4	70,664,275
OTHER OPERATING REVENUE	674,647	682,476	92,171	16	2,698,924	3,467,790	3,494,971	(27,181)	(1)	7,396,036
NET OPERATING REVENUE	16,449,712	12,193,017	4,256,695	35	14,878,247	75,016,537	72,550,873	2,465,664	3	78,060,311
<b>OPERATING EXPENSES:</b>										
SALARIES & WAGES	4,681,653	4,762,897	(81,244)	(2)	4,601,887	28,072,004	28,222,781	(150,777)	(1)	29,200,697
REGISTRY	346,939	200,000	146,939	74	361,045	1,692,510	1,200,000	492,510	41	3,325,830
EMPLOYEE BENEFITS	2,100,368	2,364,425	(264,057)	(11)	3,651,888	12,389,412	14,588,741	(2,199,329)	(15)	17,180,068
PROFESSIONAL FEES	1,993,904	1,652,446	341,458	21	1,644,569	9,839,067	9,814,904	24,163	0	9,494,741
SUPPLIES	1,186,196	1,181,599	4,597	0	1,364,390	6,207,787	7,156,857	(949,070)	(13)	7,627,050
PURCHASED SERVICES	1,096,483	1,093,674	2,809	0	1,252,406	6,326,016	6,491,498	(165,482)	(3)	7,480,799
RENTAL	133,821	131,560	2,261	2	145,807	813,761	786,819	26,942	3	938,014
DEPRECIATION & AMORT	328,774	320,777	7,997	3	327,172	1,968,400	1,924,650	43,750	2	1,936,661
INTEREST	29,901	25,417	4,484	18	7,754	189,327	152,502	36,825	24	31,613
OTHER	445,104	436,402	8,702	2	421,687	2,485,678	2,591,779	(106,101)	(4)	2,616,992
TOTAL EXPENSES	12,343,144	12,169,197	173,947	1	13,768,604	69,983,961	72,990,531	(2,946,570)	(4)	79,832,466
NET OPERATING INCOME (LOSS)	4,106,568	23,820	4,082,748	17,140	1,109,643	5,032,576	(379,658)	5,412,234	(1,426)	(1,772,155)

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
 HOLLISTER, CA 95023  
 FOR PERIOD 12/31/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			PRIOR YR						
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 12/31/22	BUDGET 12/31/22	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 12/31/22	BUDGET 12/31/22	POS/NEG VARIANCE	PERCENT VARIANCE
NON-OPERATING REVENUE\EXPENSE:																
DONATIONS	11,771	105,000	(93,229)	(89)	3,139	146,523	130,000	16,523	13	159,212	13	159,212				
PROPERTY TAX REVENUE	205,711	205,711	0	0	195,915	1,234,266	1,234,263	3	0	1,175,490	0	1,175,490				
GO BOND PROP TAXES	170,388	170,388	0	0	164,964	1,022,327	1,022,328	(2)	0	989,785	0	989,785				
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	0	(72,048)	(412,327)	(412,326)	(1)	0	(432,285)	0	(432,285)				
OTHER NON-OPER REVENUE	16,531	13,843	2,688	19	11,886	108,043	83,058	24,985	30	75,927	30	75,927				
OTHER NON-OPER EXPENSE	(32,700)	(32,700)	0	0	(37,604)	(197,469)	(196,200)	(1,269)	1	(228,084)	1	(228,084)				
INVESTMENT INCOME	0	0	0	0	0	(4,209)	0	(4,209)	0	0	0	0				
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0				
TOTAL NON-OPERATING REVENUE/(EXPENSE)	302,979	393,521	(90,542)	(23)	266,253	1,897,154	1,861,123	36,031	2	1,740,740	2	1,740,740				
NET SURPLUS (LOSS)	4,409,547	417,341	3,992,206	957	1,375,896	6,929,729	1,481,465	5,448,264	368	(31,416)	368	(31,416)				
EBIDA	\$ 4,669,354	\$ 669,151	\$ 4,000,203	597.80%	\$ 1,647,755	\$ 8,485,598	\$ 2,992,313	\$ 5,493,285	183.57%	\$ 1,575,829	183.57%	\$ 1,575,829				
EBIDA MARGIN	28.39%	5.49%	22.90%	417.23%	11.07%	11.31%	4.12%	7.19%	174.26%	2.02%	174.26%	2.02%				
OPERATING MARGIN	24.96%	0.20%	24.77%	12,675.99%	7.46%	6.71%	(0.52)%	7.23%	(1,381.97)%	(2.27)%	(1,381.97)%	(2.27)%				
NET SURPLUS (LOSS) MARGIN	26.81%	3.42%	23.38%	683.16%	9.25%	9.24%	2.04%	7.20%	352.38%	(0.04)%	352.38%	(0.04)%				

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 12/31/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE		
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
GROSS PATIENT REVENUE:									
ROUTINE REVENUE	3,691,414	5,258,039	(1,566,625)	(30)	5,247,214	28,613,947	(9,386,455)	(33)	26,372,530
ANCILLARY INPATIENT REVENUE	4,698,258	5,736,077	(1,037,819)	(18)	5,077,715	29,931,186	(8,004,692)	(27)	28,224,569
HOSPITALIST 1^P REVENUE	193,466	190,834	2,632	1	210,490	1,132,683	(232,613)	(21)	1,135,925
TOTAL GROSS INPATIENT REVENUE	8,583,138	11,184,950	(2,601,812)	(23)	10,535,418	59,677,816	(17,623,760)	(30)	55,733,024
ANCILLARY OUTPATIENT REVENUE	26,460,169	22,668,398	3,791,771	17	22,768,213	144,317,939	16,647,138	12	134,932,523
HOSPITALIST OAP REVENUE	58,821	61,405	(2,584)	(4)	60,532	364,461	(12,462)	(3)	371,266
TOTAL GROSS OUTPATIENT REVENUE	26,518,990	22,729,803	3,789,187	17	22,828,745	144,682,400	16,634,676	12	135,303,789
TOTAL GROSS ACUTE PATIENT REVENUE	35,102,128	33,914,753	1,187,375	4	33,364,163	203,371,132	(989,084)	(1)	191,036,814
DEDUCTIONS FROM REVENUE ACUTE:									
MEDICARE CONTRACTUAL ALLOWANCES	9,261,928	10,282,950	(1,021,022)	(10)	10,529,031	61,406,274	(5,119,342)	(8)	59,114,067
MEDI-CAL CONTRACTUAL ALLOWANCES	6,525,169	9,599,446	(3,074,277)	(32)	8,707,492	58,727,821	(1,287,345)	(2)	49,453,021
BAD DEBT EXPENSE	670,185	397,930	272,255	68	674,992	2,398,075	1,553,178	65	2,364,268
CHARITY CARE	486	38,108	(37,622)	(99)	43,980	229,644	40,764	18	218,801
OTHER CONTRACTUALS AND ADJUSTMENTS	4,772,822	3,975,615	797,207	20	3,210,679	24,348,006	2,193,960	9	20,827,548
HOSPITALIST/PEDS CONTRACTUAL ALLOW	4,121	12,631	(8,510)	(67)	37,097	76,113	(63,682)	(84)	88,983
TOTAL ACUTE DEDUCTIONS FROM REVENUE	21,234,710	24,306,680	(3,071,970)	(13)	23,203,271	147,185,933	(2,682,466)	(2)	132,066,687
NET ACUTE PATIENT REVENUE	13,867,417	9,608,073	4,259,344	44	10,160,892	57,174,283	1,693,382	3	58,970,126
OTHER OPERATING REVENUE									
NET ACUTE OPERATING REVENUE	14,542,064	10,190,549	4,351,515	43	12,859,816	60,669,254	1,666,202	3	66,366,162
OPERATING EXPENSES:									
SALARIES & WAGES	3,741,768	3,823,109	(81,342)	(2)	3,730,026	22,641,024	(314,272)	(1)	23,646,310
REGISTRY	342,955	167,000	175,955	105	357,174	1,002,000	569,700	57	3,180,359
EMPLOYEE BENEFITS	1,608,808	1,847,226	(238,418)	(13)	2,864,414	9,508,715	(1,953,536)	(17)	13,571,567
PROFESSIONAL FEES	1,991,694	1,650,109	341,585	21	1,642,359	9,800,884	24,923	0	9,480,971
SUPPLIES	1,089,062	1,092,241	(3,179)	0	1,270,619	6,622,809	(1,005,970)	(15)	7,072,315
PURCHASED SERVICES	1,034,668	986,211	48,457	5	1,120,656	5,837,525	(16,133)	0	6,808,746
RENTAL	132,802	130,516	2,286	2	144,669	807,696	27,103	4	931,807
DEPRECIATION & AMORT	289,086	281,320	7,766	3	287,775	1,687,920	43,638	3	1,699,308
INTEREST	29,901	25,417	4,484	18	7,754	152,502	36,825	24	31,613
OTHER	392,579	378,203	14,376	4	370,781	2,246,301	(51,116)	(2)	2,266,519
TOTAL EXPENSES	10,653,324	10,381,352	271,972	3	11,796,226	62,249,942	(2,638,840)	(4)	68,689,515
NET OPERATING INCOME (LOSS)									
NET OPERATING INCOME (LOSS)	3,888,740	(190,803)	4,079,543	(2,138)	1,063,591	2,724,354	4,305,042	(272)	(2,323,353)

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
 HOLLISTER, CA 95023  
 FOR PERIOD 12/31/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE		
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 12/31/22	BUDGET 12/31/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
NON-OPERATING REVENUE\EXPENSE:									
DONATIONS	11,771	105,000	(93,229)	(89)	3,139	130,000	16,523	13	159,212
PROPERTY TAX REVENUE	174,854	174,854	0	0	166,528	1,049,124	0	0	999,168
GO BOND PROP TAXES	170,388	170,388	0	0	164,964	1,022,328	(2)	0	989,785
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	0	(72,048)	(412,326)	(1)	0	(432,285)
OTHER NON-OPER REVENUE	16,531	13,843	2,688	19	11,886	83,058	24,985	30	75,927
OTHER NON-OPER EXPENSE	(25,412)	(25,412)	0	0	(29,261)	(152,472)	(1,271)	1	(178,028)
INVESTMENT INCOME	0	0	0	0	0	0	(4,209)	0	695
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	279,410	369,952	(90,542)	(25)	245,209	1,719,712	36,026	2	1,614,473
NET SURPLUS (LOSS)	4,168,150	179,149	3,989,001	2,227	1,308,799	139,024	4,341,066	3,123	(708,879)

HAZEL HAWKINS SKILLED NURSING FACILITIES  
HOLLISTER, CA  
FOR PERIOD 12/31/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,097,330	2,092,500	4,830	0	2,146,600	12,420,000	12,420,000	817,888	7	12,300,450
ANCILLARY SNF REVENUE	251,068	378,528	(127,461)	(34)	354,103	2,230,027	2,230,027	(379,516)	(17)	2,382,833
TOTAL GROSS SNF PATIENT REVENUE	2,348,398	2,471,028	(122,631)	(5)	2,500,703	14,650,027	14,650,027	438,372	3	14,683,283
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	459,423	283,292	176,131	62	316,254	1,668,104	1,668,104	(352,770)	(21)	1,639,093
MEDI-CAL CONTRACTUAL ALLOWANCES	190,959	108,308	82,651	76	200,096	642,864	642,864	364,233	57	1,004,363
BAD DEBT EXPENSE	(241,186)	10,000	(251,186)	(2,512)	(41,982)	60,000	60,000	(216,097)	(360)	(3,077)
CHARITY CARE	0	0	0	0	0	0	0	0	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	31,554	66,960	(35,406)	(53)	7,904	397,440	397,440	(156,457)	(39)	348,756
TOTAL SNF DEDUCTIONS FROM REVENUE	440,749	468,560	(27,811)	(6)	482,273	2,768,408	2,768,408	(361,090)	(13)	2,989,134
NET SNF PATIENT REVENUE	1,907,648	2,002,468	(94,820)	(5)	2,018,430	11,881,619	11,881,619	799,462	7	11,694,149
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	1,907,648	2,002,468	(94,820)	(5)	2,018,430	11,881,619	11,881,619	799,462	7	11,694,149
OPERATING EXPENSES:										
SALARIES & WAGES	932,224	939,788	(7,564)	(1)	871,861	5,737,590	5,581,757	155,833	3	5,554,386
REGISTRY	3,984	33,000	(29,016)	(88)	3,871	120,810	198,000	(77,190)	(39)	145,471
EMPLOYEE BENEFITS	490,178	517,199	(27,022)	(5)	787,475	2,879,315	3,126,490	(247,175)	(8)	3,608,502
PROFESSIONAL FEES	2,210	2,337	(127)	(5)	2,210	13,260	14,020	(760)	(5)	13,770
SUPPLIES	96,908	89,358	7,580	9	83,771	590,752	534,048	56,704	11	554,735
PURCHASED SERVICES	61,651	107,463	(45,812)	(43)	131,750	479,723	637,840	(158,117)	(25)	672,053
RENTAL	1,019	1,044	(25)	(2)	1,138	6,066	6,226	(160)	(3)	6,208
DEPRECIATION	39,688	39,457	231	1	39,397	236,842	236,730	112	0	237,353
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	52,525	58,199	(5,674)	(10)	50,906	290,493	345,478	(54,985)	(16)	350,474
TOTAL EXPENSES	1,680,417	1,787,845	(107,429)	(6)	1,972,378	10,354,852	10,680,589	(325,737)	(3)	11,142,952
NET OPERATING INCOME (LOSS)	227,232	214,623	12,609	6	46,053	2,326,229	1,201,030	1,125,199	94	551,198
NON-OPERATING REVENUE/EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	30,857	30,857	0	0	29,387	185,142	185,139	3	0	176,322
OTHER NON-OPER EXPENSE	(7,288)	(7,288)	0	0	(8,343)	(43,727)	(43,728)	2	0	(50,056)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	23,569	23,569	0	0	21,044	141,416	141,411	5	0	126,266
NET SURPLUS (LOSS)	250,801	238,192	12,609	5	67,097	2,467,645	1,342,441	1,125,204	84	677,464



HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 12/31/23

	CURR MONTH 12/31/23	PRIOR MONTH 11/30/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
CURRENT ASSETS					
CASH & CASH EQUIVALENT	19,141,516	18,849,384	292,131	2	13,649,396
PATIENT ACCOUNTS RECEIVABLE	62,620,823	58,821,246	3,799,577	7	51,674,982
BAD DEBT ALLOWANCE	(7,080,605)	(7,164,602)	83,998	(1)	(5,227,791)
CONTRACTUAL RESERVES	(39,903,437)	(37,582,961)	(2,320,476)	6	(32,708,039)
OTHER RECEIVABLES	8,507,773	7,089,795	1,417,978	20	8,381,301
INVENTORIES	3,991,556	4,043,979	(52,423)	(1)	4,057,813
PREPAID EXPENSES	2,688,418	2,358,788	329,630	14	2,042,543
DUE TO/FROM THIRD PARTIES	1,978,192	2,037,861	(59,669)	(3)	2,784,747
TOTAL CURRENT ASSETS	<u>51,944,236</u>	<u>48,453,491</u>	<u>3,490,745</u>	<u>7</u>	<u>44,654,951</u>
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	6,099,974	5,076,073	1,023,900	20	3,825,798
TOTAL LIMITED USE ASSETS	<u>6,099,974</u>	<u>5,076,073</u>	<u>1,023,900</u>	<u>20</u>	<u>3,825,798</u>
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,370,474
BLDGS & BLDG IMPROVEMENTS	100,098,374	100,098,374	0	0	100,098,374
EQUIPMENT	43,821,068	43,814,011	7,057	0	43,302,208
CONSTRUCTION IN PROGRESS	956,198	956,198	0	0	880,124
GROSS PROPERTY, PLANT, AND EQUIPMENT	148,246,114	148,239,057	7,057	0	147,651,180
ACCUMULATED DEPRECIATION	(92,413,121)	(92,072,265)	(340,857)	0	(90,362,507)
NET PROPERTY, PLANT, AND EQUIPMENT	<u>55,832,992</u>	<u>56,166,792</u>	<u>(333,800)</u>	<u>(1)</u>	<u>57,288,673</u>
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	434,573	440,644	(6,071)	(1)	470,999
PENSION DEFERRED OUTFLOWS NET	18,285,289	18,285,289	0	0	18,285,289
TOTAL OTHER ASSETS	<u>18,719,862</u>	<u>18,725,933</u>	<u>(6,071)</u>	<u>0</u>	<u>18,756,288</u>
TOTAL UNRESTRICTED ASSETS	<u>132,597,065</u>	<u>128,422,290</u>	<u>4,174,775</u>	<u>3</u>	<u>124,525,709</u>
RESTRICTED ASSETS	<u>67,051</u>	<u>53,509</u>	<u>13,542</u>	<u>25</u>	<u>125,193</u>
TOTAL ASSETS	132,664,116	128,475,799	4,188,317	3	124,650,902

HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 12/31/23

	CURR MONTH 12/31/23	PRIOR MONTH 11/30/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
<b>CURRENT LIABILITIES</b>					
ACCOUNTS PAYABLE	6,008,135	6,402,395	394,260	(6)	4,938,613
ACCRUED PAYROLL	4,431,134	3,680,083	(751,051)	20	3,345,253
ACCRUED PAYROLL TAXES	1,541,062	1,464,233	(76,829)	5	1,497,221
ACCRUED BENEFITS	6,345,005	6,345,416	411	0	6,051,228
ACCRUED PENSION (CURRENT)	4,956,003	4,956,206	203	0	5,061,807
OTHER ACCRUED EXPENSES	71,559	99,271	27,712	(28)	84,460
PATIENT REFUNDS PAYABLE	1,310	3,313	2,003	(61)	961
DUE TO/FROM THIRD PARTIES	(1,084,412)	(894,449)	189,963	21	196,789
OTHER CURRENT LIABILITIES	3,362,789	3,775,669	412,881	(11)	3,132,834
<b>TOTAL CURRENT LIABILITIES</b>	<b>25,632,585</b>	<b>25,832,137</b>	<b>199,552</b>	<b>(1)</b>	<b>24,309,166</b>
<b>LONG-TERM DEBT</b>					
LEASES PAYABLE	5,482,831	5,489,532	6,701	0	5,529,504
BONDS PAYABLE	34,613,241	34,641,761	28,520	0	34,784,361
<b>TOTAL LONG TERM DEBT</b>	<b>40,096,072</b>	<b>40,131,293</b>	<b>35,221</b>	<b>0</b>	<b>40,313,865</b>
<b>OTHER LONG-TERM LIABILITIES</b>					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	36,485,864	36,485,864	0	0	36,485,864
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>36,485,864</b>	<b>36,485,864</b>	<b>0</b>	<b>0</b>	<b>36,485,864</b>
<b>TOTAL LIABILITIES</b>	<b>102,214,521</b>	<b>102,449,294</b>	<b>234,773</b>	<b>0</b>	<b>101,108,895</b>
<b>NET ASSETS:</b>					
UNRESTRICTED FUND BALANCE	23,376,814	23,376,814	0	0	23,376,814
RESTRICTED FUND BALANCE	143,051	129,509	(13,542)	11	165,193
NET REVENUE/(EXPENSES)	6,929,729	2,520,182	(4,409,547)	175	0
<b>TOTAL NET ASSETS</b>	<b>30,449,595</b>	<b>26,026,505</b>	<b>(4,423,089)</b>	<b>17</b>	<b>23,542,007</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>132,664,116</b>	<b>128,475,799</b>	<b>(4,188,317)</b>	<b>3</b>	<b>124,650,902</b>



San Benito Health Care District  
Hazel Hawkins Memorial Hospital  
DECEMBER 2023

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	20.88	16.58	14.35	18.80
Average Daily Census - SNF	90.00	89.90	94.32	90.00
Acute Length of Stay	3.42	3.21	2.96	2.91
<b>ER Visits:</b>				
Inpatient	187	128	671	1,010
Outpatient	2,183	2,262	12,294	12,176
<b>Total</b>	<b>2,370</b>	<b>2,390</b>	<b>12,965</b>	<b>13,186</b>
Days in Accounts Receivable	45.0	52.5	52.5	45.0
Productive Full-Time Equivalents	500.90	466.03	476.47	500.90
Net Patient Revenue	11,610,541	15,775,065	71,548,746	69,055,902
Payment-to-Charge Ratio	31.9%	42.1%	32.8%	31.5%
Medicare Traditional Payor Mix	30.64%	26.10%	26.12%	30.37%
Commercial Payor Mix	21.20%	24.69%	23.70%	21.53%
Bad Debt % of Gross Revenue	1.12%	1.15%	1.75%	1.12%
EBIDA	669,151	4,669,354	8,485,598	2,992,313
EBIDA %	5.49%	28.39%	11.31%	4.12%
Operating Margin	0.20%	24.96%	6.71%	-0.52%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	60.09%	43.34%	56.19%	60.66%
by Total Operating Expense	60.21%	57.76%	60.23%	60.35%
<b>Bond Covenants:</b>				
Debt Service Ratio	1.25	9.00	9.00	1.25
Current Ratio	1.50	2.03	2.03	1.50
Days Cash on hand	30.00	51.63	51.63	30.00
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

**Statement of Cash Flows**  
**Hazel Hawkins Memorial Hospital**  
**Hollister, CA**  
**Three months ending December 31, 2023**

	CASH FLOW		COMMENTS
	Current Month 12/31/2023	Current Year-To-Date 12/31/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$4,409,547	\$6,929,729	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	340,857	2,050,619	
(Increase)/Decrease in Net Patient Accounts Receivable	(1,563,098)	(1,897,630)	
(Increase)/Decrease in Other Receivables	(1,417,978)	(131,473)	
(Increase)/Decrease in Inventories	52,423	66,257	
(Increase)/Decrease in Pre-Paid Expenses	(329,630)	(645,876)	
(Increase)/Decrease in Due From Third Parties	59,669	806,555	
Increase/(Decrease) in Accounts Payable	(394,260)	1,069,526	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	827,266	1,317,690	
Increase/(Decrease) in Accrued Expenses	(27,712)	(12,902)	
Increase/(Decrease) in Patient Refunds Payable	(2,003)	348	
Increase/(Decrease) in Third Party Advances/Liabilities	(189,963)	(1,281,201)	
Increase/(Decrease) in Other Current Liabilities	(412,881)	229,955	Semi-Annual Interest - 2021 Insured Revenue Bonds
<b>Net Cash Provided by Operating Activities:</b>	<b>(3,057,310)</b>	<b>1,571,868</b>	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(7,057)	(594,935)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(1,023,900)	(2,274,176)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,071	36,426	Amortization
<b>Net Cash Used by Investing Activities</b>	<b>(1,024,886)</b>	<b>(2,832,685)</b>	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Capital Lease Debt	(6,701)	(46,674)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(171,120)	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Other Long Term Liabilities	0	0	
<b>Net Cash Used for Financing Activities</b>	<b>(35,221)</b>	<b>(217,794)</b>	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	<b>0</b>	<b>41,000</b>	
<b>Net Increase/(Decrease) in Cash</b>	<b>292,130</b>	<b>5,492,118</b>	
Cash, Beginning of Period	18,849,384	13,649,396	
<b>Cash, End of Period</b>	<b>\$19,141,514</b>	<b>\$19,141,514</b>	\$0

Cost per day to run the District  
Operational Days Cash on Hand

**\$370,716**  
51.63

Hazel Hawkins Memorial Hospital  
 Bad Debt Expense  
 For the Year Ending June 30, 2024

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Budgeted Gross Revenue	38,236,593	38,468,812	35,049,053	34,999,737	35,870,267	36,385,781	34,851,365	32,060,010	36,752,432	35,946,200	39,112,090	38,876,681	436,609,021
Budgeted Bad Debt Expense	429,889	432,423	393,214	391,626	402,993	407,930	389,870	358,975	412,378	403,932	440,170	438,441	4,901,841
BD Exp as a percent of Gross Revenue	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.13%	1.13%	1.12%
Actual Gross Revenue	34,381,757	36,309,479	36,251,934	37,061,367	36,004,686	37,198,238	-	-	-	-	-	-	217,207,461
Actual Bad Debt Expense	712,509	663,649	543,514	751,015	695,471	428,999	-	-	-	-	-	-	3,795,157
BD Exp as a percent of Gross Revenue	2.07%	1.83%	1.50%	2.03%	1.93%	1.15%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1.75%
Budgeted YTD BD Exp	2,458,075	1.12%											229,644
Actual YTD BD Exp	3,795,157	1.75%											270,408
Amount under (over) budget	(1,337,082)	-0.62%											(40,764)
Prior Year percent of Gross Revenue	1.15%												0.12%
Percent of Decrease (Inc) from Prior Year	-51.9%												

YTD Charity Exp Budget  
 YTD Charity Exp Actual

Amt under (over) budget  
 Charity Exp % of Gross Rev

Hazel Hawkins Memorial Hospital  
 Supplemental Payment Programs  
 As of December 31, 2023

	Payor	FY 2024	FY 2023	Notes:
<b>Intergovernmental Transfer Programs:</b>				
- AB 113 Non-Designated Public Hospital (NDPH)				
- SFY 2022/2023 Interim				
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2022				
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2023				
- Rate Range Jan. 1, 2022 through Dec. 31, 2022				
- Rate Range Jan. 1, 2021 through Dec. 31, 2021				
- QIP PY 5 Settlement				
- QIP PY 4 1st Loan Repayment				
- QIP PY 4 2nd Loan Repayment				
- QIP PY 4 Settlement				
- QIP PY 4 Final True-up				
<b>IGT sub-total</b>		<b>6,732,844</b>	<b>9,006,259</b>	
<b>Non-Intergovernmental Transfer Programs:</b>				
- AB 915				
- SB 239 Hospital Quality Assurance Fund (HQAF)				
- Distinct Part, Nursing Facility (DP/NF)				
- Medi-Cal Disproportionate Share (DSH)				
- QIP PY 5				
<b>Non-IGT sub-total</b>		<b>9,712,582</b>	<b>11,087,742</b>	
<b>CARES Act (COVID-19) Programs:</b>				
- CARES Act Phase 4				
- American Rescue Plan (ARP)				
- SHIP Grant				
- Payroll Tax delay Pay dates 4/3 - 12/31/2020				
<b>sub-total</b>		<b>(885,585)</b>	<b>19,208,416</b>	
<b>Program Grand Totals</b>		<b>16,445,427</b>	<b>19,208,416</b>	
Total Received		3,702,688	18,075,133	
Total Pending		12,742,738	1,133,283	
		16,445,427	19,208,416	

**Requires District to fund program and wait for matching return.**

Received in June 2023.  
 Letter to participate sent by March 24, 2023 deadline. Rec'd 06/15/23.  
 Net amount rec'd on November 1, 2023 check for CY 2022.  
 IGT by March 22, 2024 of \$1,257,738, funds expected in May/June.  
 IGT by Feb. 23, 2024 of \$472,508, funds expected in April/May.  
 Funding of \$347,021 sent by 02/17/2023. Rec'd in May 2023.  
 IGT by Feb. 16, 2024 of \$1,891,350.65, funds expected in April/May.  
 Repayment of two year loan due by February 28, 2024.  
 Repayment of two year loan due by May 31, 2024.  
 \$ 1,044,187 funding sent by 02/17/2023. Plan returns May/June 2023.  
 Final True-up payment received on 06/02/2023.

**Direct Payments.**

As filed in December 2023.  
 Three of the four Qtrly payments should be received by June 30, 2024.  
 Based on actual cost difference.  
 Includes FY 2023 true-up \$607,644 and Jul - December FY 2024.  
 Loan funds received 1st week of January. Due January 3, 2025.

## INVOICE

December 18, 2023

Mary Casillas  
Interim Chief Executive Officer/Vice President  
Hazel Hawkins Memorial Hospital  
911 Sunset Drive  
Hollister, CA 95023-5695

**INVOICE #: DN24021**

<b>2024 Consolidated CHA/Hospital Council Dues.....</b>	<b>\$53,381</b>
---------------------------------------------------------	-----------------

Thank you for your membership. Your continued support of the associations through membership fees is vital to the advocacy, policy, education, and other services we provide you at the local, regional, state, and federal levels. Your 2024 consolidated dues fee covers membership in the California Hospital Association (CHA) and Hospital Council – Northern and Central California (Hospital Council). **Please review this invoice for information about your consolidated membership fees.**

The 2024 dues fee includes:

- Federal, state, regional, and local advocacy
- Communication and messaging initiatives to connect hospitals and their communities to create a unified voice for hospitals with the public
- Quality and patient safety improvement efforts through the Hospital Quality Institute
- A wide range of educational programs, legal and regulatory analysis, and other support for hospital teams in care delivery

Among the most effective advocacy organizations in California, we are proud of the work we do on your behalf and grateful for the faith you have in us to deliver a better environment for hospitals to meet their mission of care.

This year, \$3 million of private hospitals' 2024 dues will be allocated to California Hospitals Committee on Issues (CHCI) — the associations' entity that funds work on state and local ballot initiatives (public hospitals' dues may not be used for this purpose and are unaffected by this effort).

Contributions to CHCI are considered direct lobbying expenses and are taxable (see below for the portion of your dues directed to CHCI - the non-deductible portion of your dues). Amounts of \$10,000 or more will require reporting to the California Fair Political Practices Commission as a "major donor." At your request, CHCI's treasurer will file this report for you. Please contact Jennifer Newman for assistance at [newman@calhospital.org](mailto:newman@calhospital.org).

**The following information is for tax-exempt entities:**

For IRS Form 990 and Medicare reporting, 9.56% of your consolidated dues is for direct lobbying expenses. That percentage is our estimate of the portion of your consolidated dues that is non-deductible under Section 162(e) of the Internal Revenue Code. Section 162(e) may not apply to your organization since it is a charitable organization, but we are providing a uniform notice to all our members to promote compliance with Section 6033(e)(1)(A) of the Code and with IRS rules requiring you to report lobbying expenses on Form 990.

Thank you for supporting your associations. **Please remit by January 31, 2024.**

**Make checks payable to:**  
**Hospital Council - Northern and Central California**  
Federal Tax ID: 94-1533644

Mail to: Membership Services  
c/o HASC  
515 South Figueroa Street, 13th Floor  
Los Angeles, CA 90071

**Electronic Fund Transfer (EFT):**  
Transfer funds to: Five Star Bank, ABA 121143037  
Account: Hospital Council - Northern and Central California, # 002202323

**Special Instructions: Please reference the invoice number and your company's name.**  
For additional information, please contact Membership Services at [membership\\_services@hasc.org](mailto:membership_services@hasc.org).

December 18, 2023

Mary Casillas  
Interim Chief Executive Officer/Vice President  
Hazel Hawkins Memorial Hospital  
911 Sunset Drive  
Hollister, CA 95023-5695

Dear Mary:

The Hospital Council - Northern and Central California (Hospital Council) and the California Hospital Association (CHA) would like to continue the same monthly installment arrangement from your 2023 consolidated dues for the upcoming year, 2024. The following is the schedule and corresponding amounts of each payment:

Due January 31, 2024	\$4,442.00	Due July 31, 2024	\$4,449.00
Due February 29, 2024	\$4,449.00	Due August 31, 2024	\$4,449.00
Due March 31, 2024	\$4,449.00	Due September 30, 2024	\$4,449.00
Due April 30, 2024	\$4,449.00	Due October 31, 2024	\$4,449.00
Due May 31, 2024	\$4,449.00	Due November 30, 2024	\$4,449.00
Due June 30, 2024	\$4,449.00	Due December 31, 2024	\$4,449.00

Your first installment notice is enclosed. If you have any questions or need further assistance, please feel free to contact me at (213) 538-0700 ext. 733. Thank you for your prompt attention to this matter.

Sincerely,



Katrina C. Quinto  
Director, Membership Services





December 18, 2023

Mary Casillas  
Interim Chief Executive Officer/Vice President  
Hazel Hawkins Memorial Hospital  
911 Sunset Drive  
Hollister, CA 95023-5695

Dear Mary:

Thank you for your continued support of the California Hospital Association (CHA) and the Hospital Council – Northern & Central California (Hospital Council). Attached is your 2024 consolidated membership dues invoice.

Collectively in 2023, **our federal, state, and regional advocacy efforts on your behalf have returned or saved \$585 for every \$1 of dues paid to the associations.** Key 2023 accomplishments include:

- Delivering \$1.7 billion in annual support to hospitals via managed care organization tax revenue.
- Securing \$300 million in no-interest loans for struggling hospitals.
- Negotiating a legislative solution on minimum wage for health care workers that provides a tiered step-up plan, preempts local ballot initiatives on wages and executive compensation caps, and limits the contract workers to whom the wage applies (this was a significant improvement from the bill as it was in print — \$21 in 2024 and \$25 in 2025 statewide).
- Making permanent the ability of critical access hospitals to hire physicians directly.
- Helping pass legislation placing a \$6.38 billion (hospitals can apply to a pool of \$2.9 billion of this) general obligation bond on the March 2024 primary ballot to fund housing and community treatment beds for people with behavioral health needs.
- Pausing a bill that would have created a rebuttable presumption that a multitude of illnesses and injuries arose out of work for any hospital direct patient care worker.
- Pausing bills that would have created or expanded requirements, increased the fine for not submitting plans, and required updates to community health needs assessments every two years.
- Pausing a bill that would have required general hospitals to adopt emergency service policies related to minimum staffing requirements, response times, and data management and reporting.
- Increasing federal reimbursement to California hospitals by \$1.1 billion starting in 2024 and beyond, as a direct result of litigation to alter CMS' policy on the Medicare Wage Index.
- Facilitating the obligation of \$289 million to hospitals via FEMA Public Assistance Funds.
- Successfully thwarting efforts by SEIU-UHW in the City of Sacramento to introduce a minimum wage ordinance.

As we look toward 2024, your associations fully recognize the financial, regulatory, and environmental challenges you face. This is why we must continue to stand together, to ensure that hospitals will always be able to serve those in need.

At the state level next year, we will focus on providing relief for the 2030 seismic mandate and on holding insurance companies accountable. Also, many of the problematic bills that were held this year will resurface.

In Washington, D.C., we will continue to fight to protect and enhance Medicare reimbursement, and for other policies that secure access to care for Californians.

Regionally, we'll continue to partner with key stakeholders to build common ground on access to health care and community improvement activities.

We look forward to meeting these challenges and appreciate your trust in us to advocate on your behalf. Thank you for your participation in CHA and Hospital Council.

Sincerely,



Todd Suntrapak  
President & CEO, Valley Children's Healthcare  
Chair, California Hospital Association



Siri Nelson  
CEO, Marshall Medical Center  
Chair, Hospital Council – Northern & Central California

# THE FINANCIAL VALUE OF YOUR DUES

## \$585 for every \$1 of dues

In 2023, for every \$1 of dues you paid, CHA generated \$585 of value. Billions more were saved via a legislative solution on minimum wage for health care workers that creates a tiered step-up plan, preempts local ballot initiatives on wages and compensation caps, and limits the contract workers to whom the wage applies (this was a significant improvement from the bill as it was in print — \$21 in 2024 and \$25 in 2025 statewide).

This is possible because — as four united associations representing more than 400 hospitals and health systems — we have a far more powerful presence nationally, statewide, and locally than any single hospital or system could have on its own. We are proud to share these highlights of how your associations strengthened California's hospitals and health systems.

**Siri Nelson**  
Board Chair  
Hospital Council — Northern & Central California  
CEO  
Marshall Medical Center

**Todd Suntrapak**  
Board Chair  
California Hospital Association  
President & CEO  
Valley Children's Healthcare



## STATE & FEDERAL ACCOMPLISHMENTS

**\$21.1 billion — Medi-Cal Payments**  
Developed a framework that will generate \$21.1 billion from the 2023-24 Hospital Fee Program, subject to federal approval.

**\$2.9 billion — A Pool to Which Hospitals Can Apply for Behavioral Health Infrastructure**  
Worked with the Legislature and administration to ensure billions in new infrastructure funds can be used to build inpatient psychiatric bed capacity.

**\$1.7 billion annually — MCO Tax**  
Reached an agreement to dedicate managed care organization tax revenue to Medi-Cal providers, which will also bring \$4.9 billion for a variety of health care services.

**\$1 billion increase — Medicare Wage Index**  
Increased payments to California hospitals, starting in 2024, and averted significant changes in policy, continuing thereafter, as a direct result of litigation — including a suit brought by CHA on behalf of its members — to alter CMS' policy to include reclassified urban hospitals in the calculation of a state's rural floor.

**\$300 million — Distressed Hospital Loan Program**  
Secured a lifeline for many struggling hospitals with no-interest loans.

**\$289 million — FEMA Public Assistance Funds**  
Facilitated the obligation of \$289 million to hospitals.

### AVERTED:

#### **\$1.4 billion — Workers' Compensation**

**Presumption**  
Paused a bill that would have created a rebuttable presumption in the workers' compensation system.

**\$92 million — Behavioral Health Staffing**  
Paused a bill that would have established costly, unrealistic new staffing ratios for behavioral health crises in all California hospitals.

## QUALITY & PATIENT SAFETY

**\$901 million saved**  
The Hospital Quality Institute's efforts on behalf of hospitals statewide — including initiatives to reduce sepsis mortality and improve maternity outcomes — resulted in:



## REGIONAL ACCOMPLISHMENTS

**Power and Community Safety**  
Advocated for long-term solutions for power reliability with the California Public Utilities Commission by promoting plans for power line undergrounding in communities with hospitals at higher risk of wildfires and power instability.

**Community Health and Behavioral Health Needs**  
Convened, led, and supported the development of community health needs assessments and specific community-centric behavioral health projects that ranged from crisis triage to recovery campus development.

**Intensive Education of Elected Leaders**  
Educated local elected leaders — particularly new representatives in cities and counties — on hospitals' significant health and economic contributions to their communities through issue summits, regional meetings, and one-on-one dialogue.

Mary Casillas  
Interim Chief Executive Officer/Vice President  
Hazel Hawkins Memorial Hospital  
911 Sunset Drive  
Hollister, CA 95023-5695

Date: December 18, 2023  
Invoice #: DN24021  
Addendum: **DN24021-JAN**  
Due: January 31, 2023

Quantity	Description	Amount
1 Month	January Installment - 2024 Membership Dues for the Hospital Council - Northern and Central California and the California Hospital Association	\$ 4,442.00
<b>Please remit to:</b> Hospital Council of Northern and Central California c/o HASC 515 South Figueroa Street, 13 <sup>th</sup> Floor Los Angeles, CA 90071		<b>Total of this invoice: \$ 4,442.00</b>

*Please contact Membership Services Department with questions at [membership\\_services@hasc.org](mailto:membership_services@hasc.org).*

**Board of Directors Contract Review Worksheet**

*Agreement for Professional Services with Joseph Fabry, D.O.*



**Executive Summary:** Dr. Joseph Fabry is a board certified general surgeon with over 26 years' experience. He attended medical school at Ohio University College of Osteopathic Medicine and completed his residency training at Virginia Mason Medical Center. Dr. Fabry performs various general surgery procedures will join the general surgery emergency call coverage panel offering much needed relief and support to the hospital.

**Recommended Board Motion:** It is recommended the hospital Board approve a 2-year Professional Services Agreement with Joseph Fabry, D.O. with annual compensation at \$536,000 and the Physician Recruitment Agreement of \$20,000 that is forgivable over 2 years.

**Services Provided:** Full-time clinic, hospital & shared general surgery emergency call coverage services.

**Agreement Terms:**

Contract Term	Effective Date	FMV %ile	Base Monthly Cost	Estimated Annual Cost	Term clause
2 years	1/1/2024	<75th	\$45,500	\$546,000	60 days

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is made, entered into and effective as of **January 1, 2024** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Joseph Fabry, D.O.** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates a rural health clinic as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Clinic”). Clinic operates under the name “Hazel Hawkins Community Health Clinic.”
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital and is experienced and qualified to provide general surgery services (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of the Hospital and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of rural health clinic services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### 1. DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.0 Service and Schedule. Commencing no later than **January 1, 2024** (“Start Date”), Physician shall provide Services to SBHCD patients on a full-time-equivalent (1.0 FTE) basis. Physician shall exert Physician’s best efforts to treat an optimum number of patients who require Services without compromising Physician’s ability to provide quality medical care and services to patients.
- 1.1 Medical Services. Physician shall personally provide professional health care services in Physician’s medical specialty to patients at Clinic and Hospital, as more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference. Professional health care services include Medicare services, Medi-Cal services, services pursuant to any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation services, and charity care. Physician shall cooperate to enable Clinic’s and Hospital’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of Hospital and Clinic.
- 1.2 Qualifications of Physician. Physician shall:(i) be duly licensed to practice medicine by the State of California; (ii) be an active member in good standing of the Hospital’s medical staff; (iii) have levels of

competence, experience, and skill comparable to those prevailing in the community; and (iv) not be excluded from any governmental healthcare program.

- 1.3 Compliance. In connection with the operation and conduct of the Clinic and Hospital and rendition of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the SBHCD Corporate Compliance program goals and objectives.
- 1.4 Credentialing. In order to be efficiently credentialed with payors contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide appropriate and necessary documentation for each patient's medical record for all patient encounters in the Clinic and Hospital.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Hospital Call Coverage. Physician shall be available to take hospital emergency department and unassigned patient call on a rotational basis, as determined in accordance with the standards set forth in Exhibit A without additional compensation or stipend except as indicated in Exhibit A of this Agreement.

## **2. DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinic and Hospital, the following:
  - 2.1.1 Space and Equipment. Space and Equipment as may be reasonably required for the operation of the Clinic and Hospital as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Clinic and Hospital.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training and experience required to operate the Clinic and Hospital, including a qualified administrative manager. SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the scheduling of non-physician Clinic and Hospital personnel.
- 2.2 Eligibility. At all times during the term of this Agreement, Clinics and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinic and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to the SBHCD patient medical and business records for quality of care and compliance purposes.

### 3. BILLING AND ASSIGNMENT OF REVENUE

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD and shall use his/her best efforts to furnish appropriate documentation of patient care services provided by Physician to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 Assignment of Professional Service Revenues. Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all Services rendered by Physician at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

### 4. COMPENSATION FOR SERVICES BY PHYSICIAN

- 4.1 Compensation. As compensation for the provision of Services in the Clinic and Hospital, SBHCD shall pay Physician as outlined in Exhibits A and B to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinic and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinic and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

### 5. TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Start Date and continue for a period of **two (2) years**, unless terminated earlier as provided in this Agreement, and shall renew for successive one (1) year periods upon mutual agreement. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon sixty (60) days' prior written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.
- 5.2 Termination for Cause. Either party shall have the right to terminate the Agreement for cause upon not less than thirty (30) days written notice (provided that in the case of (i) Sections 5.3.4 and 5.3.5, no additional notice beyond that specified therein shall be required, (ii) Section 5.3.6, no notice shall be required and this Agreement will terminate effective as of the date of such exclusion, suspension, debarment from, or ineligibility for, any federal or state health care program, and/or of such conviction of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program, and (iii) insolvency or bankruptcy described in Section 5.3.2, as of the date of such insolvency or declaration of bankruptcy, as applicable).
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 Physician's license to practice medicine or to prescribe controlled substances is revoked or suspended.
- 5.3.4 SBHCD fails to maintain the insurance required in Article 8 of this Agreement or such coverage is cancelled or revoked within ten (10) days following notice of revocation from its insurance carrier.



5.3.5 Upon the determination that Physician has violated a material term of Article 9 of this Agreement.

5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.

5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Local Health Care District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## 6. INDEPENDENT CONTRACTOR

6.1 Independent Contractor Status. Physician is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties, and obligations pursuant to this Agreement. Neither SBHCD nor Hospital shall exercise any control or direction over the methods by which Physician performs Physician's work and functions, except that Physician shall perform at all times in strict accordance with then currently approved methods and practices of Physician's professional specialty. SBHCD's and Hospital's sole interest is to ensure that Physician performs and renders services in a competent, efficient, and satisfactory manner in accordance with high medical standards.

6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD or Hospital. Physician shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit.

## 7. REPRESENTATIONS AND WARRANTIES OF PARTIES

7.1 SBHCD for itself, and its directors, officers, employees, and agents (collectively, "Agents"), and Physician (for Physician and Physician's Agents) hereby warrants and represent as follows:

7.1.1 Neither it nor any of its Agents (i) is excluded, suspended, or debarred from, or otherwise ineligible for, participation in any federal or state health care program including, without limitation, Medicare or Medi-Cal, or (ii) has been convicted of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program including, without limitation, Medicare or Medi-Cal; and

7.1.2 It shall, and it shall ensure that each of its Agents shall, notify the other parties thereto immediately in writing of (i) any threatened, proposed, or actual exclusion, suspension, or debarment, and/or (ii) any conviction of a criminal offense related to conduct that would or could trigger an exclusion, of it or any of its Agents from any federal or state health care program.

## 8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

8.1 SBHCD and Hospital shall maintain general and professional liability insurance coverage for Physician for Services provided by Physician to SBHCD patients during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that SBHCD and/or Hospital obtains to comply with this Section of this Agreement is a "claims made" policy, and

SBHCD or Hospital, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD or Hospital, as applicable, shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

## 9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees that Physician shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
  - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Physician's compliance with HIPAA;
  - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- 9.2 Electronic Protected Health Information ("EPHI"). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## 10. GENERAL PROVISIONS

- 10.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the following addresses, or to such other address or addresses as the parties may hereafter designate in writing to each other.

SBHCD: San Benito Health Care District  
Office of the Chief Executive Officer  
911 Sunset Drive

Hollister, CA 95023

Physician: Joseph Fabry, D.O.  
350 Kingsbury Drive  
Aptos, CA 95003

- 10.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 10.4 Ownership of Patient Records. All Clinic and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 10.5 No Referrals. Nothing in this Agreement is intended to obligate or induce any party to this Agreement to refer patients to any other party.
- 10.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 10.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 10.8 Binding Agreement; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors, and permitted assigns. No party may assign this Agreement or any rights hereunder, or may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 10.9 Dispute Resolution. If any dispute, controversy, or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy, or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.
- 10.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of

the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.

10.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

The parties hereby executed this Agreement as of the Effective Date first set forth above.

**SBHCD**  
San Benito Health Care District

**Physician**  
Joseph Fabry, D.O.

By: \_\_\_\_\_  
Mary Casillas, Interim Chief Executive Officer

\_\_\_\_\_  
Joseph Fabry, D.O.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### PHYSICIAN SERVICES AND COMPENSATION

- A.1 **Further Description of Medical Services.** Physician shall provide professional medical services in Physician's specialty at locations specified by SBHCD, which will be within the SBHCD healthcare district boundaries, or at facilities within thirty (30) miles of the SBHCD Hospital.
- A.1.1 **Professional Services.** Physician shall provide Services in the Clinic and Hospital beginning on the Effective Date. Physician shall provide such services in coordination with other physicians who are contracted with SBHCD to provide similar services to patients and pursuant to a mutually agreed-upon schedule. If Physician and other physicians cannot agree on such a schedule, SBHCD shall determine the schedule.
- A.1.2 **Specialty Services.** Physician shall provide the following **General Surgery Services**:
- Management of Physician's own admitted patients; management of the care of patients admitted at the request of and with the attending or referring physician, and thereafter managing the care rendered to such patients; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff, including the hospitalist group; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.
- A.1.3 **Clinic Services.** Clinic operating hours are Monday through Friday, from 7:30 a.m. to 4:30 p.m. Physician shall provide the following Clinic Services in the Clinics in accordance with the schedule set forth in Section A.2 of this Exhibit A:
- A.1.3.1 New and follow-up office visits;
  - A.1.3.2 Consultations;
  - A.1.3.3 Post discharge follow-up visits;
  - A.1.3.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;
  - A.1.3.5 Supervising physician assistants and nurse practitioners (collectively referred to as "Mid-Level Practitioners") as necessary for reimbursement or consult in the absence of the Medical Director;
  - A.1.3.6 Coordination of medical activities of the Clinic as a whole to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding medical administration of the Clinic;
  - A.1.3.7 Assisting with the development of a plan for quality assurance for the Clinic;
  - A.1.3.8 Provide required chart review and audits of care provided by Mid-Level Practitioners
  - A.1.3.9 Other services as are mutually agreed to be appropriate and appropriately provided in an outpatient setting by a physician specializing in General Surgery.
- A.2 **Schedule.** Physician shall provide Physician Services to SBHCD patients on a full-time equivalent (1.0 FTE) basis which generally means a minimum of thirty-two (32) to thirty-six (36) scheduled patient care hours per week at least forty-seven (47) weeks per year, (which includes Clinic time, scheduled operating room time, inpatient rounding, and operating room add-on time) in the Hospital or Clinic setting.
- A.3 **Hospital Call Coverage.** Physician shall provide emergency department and unassigned patient call coverage ("Hospital Call") to support the needs of the Hospital, in accordance with Hospital Medical Staff Bylaws; provided, however, that Physician may not discontinue providing Hospital Call pursuant to any

provision in the Hospital Medical Staff Bylaws. Hospital Call includes responding to the emergency department, inpatient units, and the operating room.

- A.3.1 **Hospital Call Requirements.** General Surgery Call Panel on a schedule to be mutually agreed upon, for an annual total of one hundred eighty-two (182) days per contract year.
- A.3.2 **Hospital Call Days Included in Base Compensation.** Compensation amounts include provision of one hundred eighty-two (182) days of Hospital Call coverage per contract year.
- A.3.3 **Excess Hospital Call Days.** If Physician provides Hospital Call coverage in excess of one hundred eighty-two (182) days per contract year (“Excess Hospital Call Days”), Physician shall be compensated at the rate of One Thousand Five Hundred Dollars (\$1,500.00) per shift.
- A.3.4 **Billed Services Included in Productivity Compensation.** To the extent Physician performs services in the course of Hospital Call coverage which are billed, SBHCD will solely be responsible for billing and collecting.
- A.3.5 **Payment for Excess Hospital Call Days.** The number of days Physician provides Hospital Call coverage shall be reported to SBHCD. Payment of any Excess Hospital Call days due to Physician will be made within thirty (30) days after the end of each contract year.

A.4 **Absences.** Physician is entitled to five (5) weeks (25 days) of time off for vacation, Clinic observed holidays, illness, continuing education, etc. each contract year without reduction in Base Compensation. Physician must provide forty-five (45) days’ notice for vacations and/or desired schedule changes that would leave a gap in any coverage area. SBHCD will honor those requests should acceptable coverage be secured. Physician is responsible for negotiating/scheduling coverage changes.

A.5 **Compensation.**

A.5.1 **Base Compensation.**

A. Physician’s Base Compensation, which includes professional services, supervision, and Hospital Call activities (“Base Compensation”), shall be paid on a pro rata monthly basis on SBHCD’s standard payment cycle for similar agreements and shall be in the amount of Five Hundred Thirty-Six Thousand Dollars and No Cents (\$536,000.00) per contract year.

A.5.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.

A.5.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into compensation under the Agreement, unless specifically excluded, are all the Physician’s sources of practice revenues and income, including Hospital Call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.

A.6 **Continuing Medical Education.** For each contract year during the term of this Agreement, Physician shall be entitled reimbursement for continuing medical education (“CME”) expenses incurred during the contract year up to a maximum of two thousand five hundred dollars (\$2,500). Reimbursable expenses include registration fees, books, or other course materials, and specifically excludes travel, lodging or food expenses. Unused CME expense reimbursement funds do not roll over to the following year nor may they be cashed out or paid out upon termination of this Agreement. Payment for reimbursable CME expenses

shall be made in accordance with applicable SBHCD policies following receipt of appropriate documentation. Physician shall be responsible for maintaining Physician's CME documentation.

- A.7 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.8 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be evidenced based, and include at minimum the following:
- A.8.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
  - A.8.2 Timely completion of all incomplete inpatient records, including completion of all admission and discharge medication reconciliation.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
  - A.8.3 Completion of all office visit notes within seven (7) days of visit.
  - A.8.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
  - A.8.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
  - A.8.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
  - A.8.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
  - A.8.8 Timely arrival at Hospital for scheduled procedures and Clinic for scheduled patient visits.

**SAN BENITO HEALTH CARE DISTRICT  
PHYSICIAN RECRUITMENT AGREEMENT**

**Joseph Fabry, D.O.**

This Physician Recruitment Agreement (“Agreement”) is made effective on **January 1, 2024** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operating pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Joseph Fabry, D.O.** (“Physician”), a physician specializing in **General Surgeon** (“Specialty”). SBHCD and Physician are collectively referred to as the “Parties” and individually as a “Party.”

**RECITALS**

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”). SBHCD owns and operates rural health clinics as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Clinics”). Clinics operate under the name “Hazel Hawkins Community Health Clinics.”
- B. SBHCD has determined that there is a need for a physician specializing in Physician’s Specialty in the Service Area, which jeopardizes SBHCD’s ability to provide such health care services in the Service Area. SBHCD also has determined that such shortage is not likely to resolve itself through market forces, but that financial support will have to be offered for an appropriate physician to relocate to the Service Area. SBHCD also has determined that SBHCD alone is in a position to offer such financial support.
- C. To facilitate its goal of providing Specialty services in the Service Area, SBHCD must provide certain incentives in order to enable a physician qualified in Physician’s Specialty to provide services in the Service Area. SBHCD finds that the incentives in this Agreement meet a community need and promote SBHCD’s mission and goal of providing health care services to all residents in the Service Area who need such care.
- D. Physician is duly licensed to practice medicine in the State of California and is qualified to provide Specialty services in SBHCD facilities (“Services”) by.
- E. SBHCD has determined that the financial support required by Physician to relocate is justified by the benefit to the Community. Accordingly, SBHCD is prepared to offer financial support to Physician under the terms and conditions set forth in this Agreement. Physician hereby acknowledges and agrees that the financial assistance provided by SBHCD under this Agreement is reasonable and not in excess of fair market value, and not determined in a manner that takes into account the volume or value of any actual or anticipated referrals by Physician to SBHCD or Hospital.
- F. In addition to this Agreement, Physician and SBHCD will enter into a Professional Services Agreement (“Related Agreement”), attached to this Agreement as Exhibit A. The Recitals in this Related Agreement are incorporated in this Agreement by reference. Physician and SBHCD shall also enter into an unsecured Promissory Note, attached as Exhibit B to this Agreement, for any payments made under this Agreement.
- G. SBHCD and Physician wish to enter into this Agreement in order to set forth a full statement of the terms of this recruiting arrangement, which all Parties acknowledge is necessary in order to allow Physician to relocate to the Service Area and to provide care to its residents.

The Parties mutually intend to comply with all applicable law, including the principle that the financial support will inure solely to the benefit of Physician, and agree as follows.

**Article 1 Duties of Physician**

- 1.1 Service and Schedule. Commencing no later than **January 1, 2024** (“Start Date”), Physician shall provide Services to SBHCD patients on a full-time-equivalent (1.0 FTE) basis. Physician shall exert Physician’s best efforts to treat an optimum number of patients who require Services without compromising Physician’s ability to provide quality medical care and services to patients.



- 1.2 Compliance with Agreements. It is Physician's responsibility to come into full compliance with the provisions of this Agreement, Physician's Professional Services Agreement, and Hospital's Medical Staff Bylaws, Rules and Regulations, including all credentialing and privileging requirements, in order to be able to provide Services beginning no later than the Start Date.

## Article 2 Standards

- 2.1 Licensure and Board Certification. At all times during the term of this Agreement and any Related Agreement, Physician shall maintain Physician's Medical license in the State of California in good standing and be Board Certified or remain Board Eligible in Physician's Specialty.
- 2.2 Credentialing. Physician shall cooperate with SBHCD to complete all credentialing and recredentialing requirements of the Hospital Medical Staff, as applicable, for professionals providing services to SBHCD patients and shall submit applications and supporting documentation timely and completely in order to comply with the requirements of the credentialing program.
- 2.3 Medical Staff Membership and Hospital Privileges. Physician shall be responsible for obtaining on or before Physician's Start Date and maintaining during the term of this Agreement and any Related Agreements active membership on Hospital's Medical Staff with appropriate Hospital privileges to provide Services pursuant to this Agreement and any Related Agreements and shall be subject to all of the duties and responsibilities of that Medical Staff membership. Throughout the term of this Agreement, and thereafter, Physician shall be permitted to maintain medical staff privileges at other area hospitals.
- 2.3.1 Immediate Termination. Subject to Section 4.4 of this Agreement, in the event that Physician (i) does not obtain active status on Hospital's Medical Staff or the appropriate privileges to provide Services under this Agreement on or before Physician's Start Date, or (ii) loses active Medical Staff membership or privileges at any time during the term of this Agreement or any Related Agreements, this Agreement shall terminate immediately, and any sums owed by Physician to SBHCD under this Agreement and any Related Agreements shall become due and payable in full immediately.
- 2.3.2 Compliance with Rules. Physician shall at all times during the term of this Agreement and any Related Agreements comply with all applicable Bylaws, Policies, and Procedures of SBHCD and the Bylaws, Rules and regulations, and policies of Hospital's Medical Staff.
- 2.4 Corporate Compliance Program. Physician shall cooperate with Hospital's Corporate Compliance Program, as applicable to Services provide pursuant to this Agreement. Physician shall comply with any policies and procedures adopted by Hospital as part of the Corporate Compliance Program.

## Article 3 Term & Termination

- 3.1 Term. The term of this Agreement shall commence on the Effective Date of this Agreement and continue until the later of **two (2) years from the Start Date** as defined in this Agreement, or until all sums paid to Physician under this Agreement are repaid to or forgiven by SBHCD under the terms of this Agreement and any Related Agreements.
- 3.2 Immediate Termination by SBHCD. SBHCD may terminate this Agreement immediately upon the occurrence of any of the following events:
- 3.2.1 Loss or suspension of Physician's license to practice medicine, Physician's conviction (final or on appeal) of a felony or any crime involving moral turpitude, Physician's failure to obtain or maintain, for any reason, status as a member of the Active Medical Staff of Hospital with appropriate privileges to provide Services under this Agreement or Related Agreements; or
- 3.2.2 Physician's appointment of a receiver for Physician's assets, assignment for the benefit of creditors, or any relief sought by Physician under any bankruptcy or insolvency act.

In the event SBHCD terminates this Agreement pursuant to this Section 3.2, Physician shall pay any outstanding debt to SBHCD under the terms of this Agreement and any Related Agreements.

- 3.3 Termination Due to Total Disability. Either Party may terminate this Agreement in the event of total disability of Physician. Physician shall be deemed to suffer a “total disability” if Physician becomes physically or mentally incapacitated for more than three (3) months as shown by inability to perform all or substantially all of the material obligations of this Agreement, and which disability is likely, in the opinion of a physician mutually designated by Physician and SBHCD, to persist for six (6) months following the date of determination of said physician. The cost of a total disability examination, if requested by SBHCD, shall be paid by SBHCD. The determining physician shall provide written notice of findings to SBHCD and Physician. The date of total disability for purposes of this Agreement shall be the date written notice is received by SBHCD from the determining physician. Provided, however, that this section is not intended to suggest or indicate that Physician shall receive payments from SBHCD during a period of disability.
- 3.4 Termination for Legal Reason. If SBHCD determines that any provision of this Agreement, act or omission on the part of Physician jeopardizes the licensure of Hospital, its participation in, payment or reimbursement from, or contractual relationship with, the Medicare, state sponsored Medicaid program, or other public or private reimbursement or payment programs, or its full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of SBHCD, any of its property or financing, or will prevent or prohibit any physician, or any other health care professionals or their patients from referring to Hospital or utilizing Hospital or any of its services, or if for any other reason said act or omission should be in violation of any statute, ordinance, or be otherwise deemed illegal, or be deemed unethical by any recognized body, agency, or association in the medical or hospital fields, SBHCD may at its option (i) unilaterally amend this Agreement to resolve the matter, or (ii) terminate this Agreement immediately. Physician will have the opportunity to review the legal opinion provided by legal counsel upon which SBHCD’s determination to amend the Agreement is based. Physician shall have the period of fifteen (15) days following notice of the amendment in which to have Physician’s legal counsel review SBHCD’s proposed amendment prior to SBHCD implementing the amendment. If Physician is not satisfied with the manner in which SBHCD amends the Agreement, Physician may terminate the Agreement immediately on written notice. If either Party terminates this Agreement under this Section 3.4, Physician shall pay any outstanding debt to SBHCD under the terms of this Agreement and any Related Agreements.
- 3.5 Effect of Termination. Following expiration or termination of this Agreement, the Parties shall cooperate in the resulting transition in a manner that serves the best interests of the patients of SBHCD. Termination of this Agreement shall have no effect on Physician’s Medical Staff membership or clinical privileges at Hospital, which will continue unless terminated in accordance with Hospital’s Medical Staff Bylaws. Termination of this Agreement shall not affect the obligation of Physician to repay money as provided in this Agreement or any Related Agreements.

#### **Article 4 Recruitment Incentive and Relocation Payment**

- 4.1 Recruitment Incentive. As part of the consideration for Physician entering into and complying with the terms and conditions of this Agreement and the Related Agreement (Professional Services Agreement), Physician shall be entitled to a recruitment incentive in the amount of **Twenty Thousand Dollars \$20,000.00** (“**Recruitment Incentive**”).
- 4.1.1 Payment of Recruitment Incentive. Upon execution of this Recruitment Agreement, Physician shall be entitled to payment of the Recruitment Incentive. Upon receipt of the Recruitment Incentive, Physician shall execute the Promissory Note attached as Exhibit B to this Agreement.
- 4.1.2 Fair Market Value/Commercially Reasonable. Physician agrees that (i) the Recruitment Incentive is reasonable and necessary to secure Physician’s relocation and Physician’s services under this Agreement and the Related Agreement, (ii) this amount is not in excess of fair market value, and (iii) this amount is not made in consideration for the referral of patients to SBHCD or its affiliates.
- 4.2 Repayment. If either Party terminates this Agreement prior to the expiration of two (2) years from Physician’s **Start Date**, Physician shall be obligated to repay to SBHCD a pro-rated amount of the Recruitment Incentive advanced by SBHCD to Physician pursuant to Section 4.1 of this Agreement, plus interest at an annual rate equal to the most recent prime rate published in the Wall Street Journal (or any successor publication) from time to time (“**Prime Rate**”), plus one percent (1.0%), payable monthly.

For example, if this Agreement is terminated after ten (10) months, Physician shall repay to SBHCD 26/36ths of the recruitment incentive, plus ten (10) months of accrued interest at an annual rate equal to the Prime Rate, plus one percent (1.0%), payable monthly. Such repayment shall be made within ninety (90) days of the event triggering Physician's repayment obligation. If Physician fails to make such repayment to SBHCD within this ninety (90) day period, SBHCD shall have the right to increase the interest rate on the amount owed to SBHCD to the Prime Rate plus two percent (2%), beginning on the ninety-first day.

- 4.3 Promissory Note. At the time of payment to Physician of any amount under this Agreement as set forth in Section 4.1, Physician shall execute a Promissory Note substantially in the form attached to this Agreement as Exhibits B to secure repayment of any amounts paid to Physician under this Agreement which are not forgiven by SBHCD pursuant to the terms of this Agreement.
- 4.4 Debt Forgiveness at Death/Disability. SBHCD shall forgive all sums advanced by SBHCD to Physician pursuant to Section 4.1 of this Agreement and any accrued interest, in the event of Physician's death or permanent disability during the Term of this Agreement.

#### **Article 5 General Provisions**

- 5.1 Other Agreements. This Agreement may be one of several between SBHCD and Physician, dealing with different aspects of their relationship. SBHCD maintains a current master list of all such agreements, together with copies of the actual agreements, that is available for review by the Secretary of the Department of Health and Human Services in accordance with the requirements of Stark Law.
- 5.2 Referrals. Physician shall be entitled to refer patients to any hospital or other institution Physician deems qualified to deliver health care services to a particular patient. Nothing in this Agreement shall be deemed to require Physician to refer patients to Hospital, and SBHCD may not terminate this Agreement because of Physician's referral decisions. No payment or other consideration is or will be made under this Agreement for the referral of patients to SBHCD or its affiliates.
- 5.3 Waiver. The failure of either party to insist in any one or more instances upon strict performance of any of the terms of this Agreement shall not be construed as a waiver or relinquishment for the future of such terms, but the same shall continue and remain in full force and effect.
- 5.4 Governing Law/Venue. This Agreement shall be interpreted in accordance with the laws of the State of California, and any questions arising under it shall be construed or determined in accordance with such laws. Venue shall be in San Benito County, California.
- 5.5 Partial Invalidity. Should any part of this Agreement be declared invalid, such decision shall not affect the validity of the remaining portions, or of any note delivered to SBHCD under this Agreement which shall remain in effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the Parties that they would have executed the remaining portions of this Agreement without including such, part which may, for any reason, be subsequently declared invalid.
- 5.6 Attorneys' Fees. In the event that suit is brought regarding the enforcement of the provisions of this Agreement, the prevailing Party shall be awarded its costs of suit and reasonable attorneys' fees as part of any judgment rendered.
- 5.7 Government Audit. Until the expiration of five (5) years after the furnishing of any services subject to this Agreement, Physician shall make available to the Secretary of the United States Department of Health and Human Services or to the United States Comptroller General, or to any of their duly authorized representatives, upon written request of the same, this Agreement and such books, documents, and records of Physician as are necessary to certify the nature and the reasonable cost of services of the Hospital.

If Physician enters into an agreement with any related organization to provide services pursuant to this agreement with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12)-month period, such agreement shall contain a clause to the effect that until the expiration of five (5) years after the furnishing of services pursuant to such agreement, the related organization shall make available, upon written request, to the Secretary or to the Comptroller General, or to any of their duly authorized representatives, the agreement and any books, documents, and records of such organization that are

necessary to verify the nature and extent of such costs. "Related organization" shall mean a person or entity with which Physician is, to a significant extent, associated or affiliated or which Physician owns or directly or indirectly controls. This Section shall be of no force and effect if it is not required by law.

- 5.8 Notices. All communications, notices, and demands of any kind which any Party may be required or desire to give or serve upon any other Party under this Agreement shall be made in writing and shall be delivered in person or sent by registered or certified mail, return receipt requested, to the following addresses:

SBHCD: San Benito Health Care District  
Attn: Chief Executive Officer  
911 Sunset Drive  
Hollister, CA 95023

Physician: Joseph. Fabry, D.O.  
350 Kingsbury Drive  
Aptos, CA 95003

Either Party may change its address by giving any other Party written notice of its new address as provided in this Agreement.

- 5.9 Applicable Legal Standards. The Parties shall exercise their rights and perform their duties under this Agreement in accordance with the legal standards set forth in the United States Code, Code of Federal Regulations, California Health and Safety Code, California Business and Professions Code, and any other pertinent and applicable laws, rules, regulations, and orders of the United States and the State of California and their agencies, to the extent that such laws, rules, regulations, and orders pertain to the powers, functions, and duties of SBHCD and Physician. This Agreement shall be deemed to include and require compliance with all applicable laws, notwithstanding any language to the contrary. Insofar as they affect rights and duties of the Parties under this Agreement, all laws, regulations, and orders, and any amendments thereto, shall automatically by force of this Section be deemed a term and condition of this Agreement.
- 5.10 Confidentiality. The Parties agree that this Agreement is personal and confidential between them, and agree not to release information concerning this Agreement, or any information exchanged between the Parties pursuant to this Agreement, to any person without the consent of the other Party, which consent shall not be unreasonably denied. This prohibition against release of information shall not apply to any information required to be released by contracts existing as of the date of this Agreement, or to fiscal intermediaries, public agencies or commissions with government powers and duties related to disclosure of information who have exercised the right to compel disclosure of such information, or to any information required to be released by law. Any disclosures to third parties, such as legal, tax and financial advisors shall indicate that the information is confidential and shall be so treated by the third Party.
- 5.11 Income Tax Ramifications. The Parties acknowledge that Physician may incur federal and state income tax obligations from certain of the transactions provided for in this Agreement that SBHCD is required to report items of income under relevant income tax laws and regulations, and that forgiveness of debt may constitute income to Physician. It is, however, Physician's responsibility to consult with tax advisors with respect to the filing of income tax returns and the tax treatment of items provided for in this Agreement, and to comply with the tax laws in all respects.
- 5.12 Assignment. Except as otherwise agreed in writing by SBHCD, nothing contained in this Agreement shall be construed to permit assignment or delegation by Physician of any rights or obligations under this Agreement, and any such assignment or delegation is expressly prohibited. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of SBHCD.
- 5.13 Not An Excluded Provider. Physician represents to SBHCD that Physician has not been excluded from participation in federal or state healthcare programs. If Physician is excluded from participation in federal or state healthcare programs, SBHCD may terminate this Agreement immediately upon written notice to Physician and all terms of repayment in Section 4.2 of this Agreement shall apply.

5.14 Entire Agreement/Modifications. This Agreement and the Related Agreements constitute the entire Agreement between the Parties with respect to the subject matter of Physician's recruitment by SBHCD and supersedes all prior negotiations, understandings, and agreements. All modifications or amendments to this Agreement must be in writing and signed by the Parties.

The Parties have executed this Agreement as of the Effective Date first set forth above.

**SBHCD**  
San Benito Health Care District

**PHYSICIAN**  
Joseph Fabry, D.O.

By: \_\_\_\_\_  
Mary Casillas, Interim Chief Executive Officer

\_\_\_\_\_  
Joseph Fabry, D.O.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**PROFESSIONAL SERVICE AGREEMENT EFFECTIVE JANUARY 1, 2024 PROVIDED  
SEPARATELY.**

**EXHIBIT B**

**PROMISSORY NOTE**

**\$20,000.00**

**January 1, 2024**

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, **Joseph Fabry, D.O.** ("Maker") hereby promises to pay to the order of **San Benito Healthcare District** ("Holder"), at the place designated by Holder, the principal sum of **Twenty Thousand Dollars (\$20,000.00)**, plus accrued interest on such amount calculated at an annual fixed rate equal to the prime rate published on the effective date of this Promissory Note in the Wall Street Journal ("Prime Rate"), plus one percent (1%), from the date of this Promissory, payable in lawful money of the United States of America. Principal and interest shall be immediately due and payable to Holder on **January 1, 2026**. Notwithstanding the foregoing, if Maker is and remains in full compliance with the **Physician Recruitment Agreement** ("Recruitment Agreement") and the **Professional Services Agreement** by and between Maker and Holder effective January 1, 2024, respectively, the principal and interest under this Promissory Note shall be forgiven pursuant to the terms and conditions of the Recruitment Agreement.

This Promissory Note is unsecured. In no event shall any payment of interest or any other sum payable hereunder exceed the maximum amount permitted by applicable law. If it is established that any payment exceeding lawful limits has been received, Holder will refund such excess or, at its option, credit the excess amount to the principal due hereunder, but such payments shall not affect the obligation to make periodic payments required herein.

Maker agrees to pay, to the extent permitted by law, all costs and expenses incurred by Holder in connection with the collection and enforcement of this Promissory Note, including but not limited to, expenses and reasonable attorney's fees to the extent permitted by applicable law, irrespective of whether any suit or security foreclosure or court proceeding has been commenced. Maker and all endorsers and all persons liable or to become liable on this Promissory Note, and each of them, hereby waive diligence, demands, presentation for payment, notice of nonpayment, protest and notice of protest, and specifically consent to and waive notice of any renewals or extensions of this Promissory Note, or any modifications or release of security for this Promissory Note, whether made to or in favor of Maker or any other person or persons, and further agrees that any such action by Holder shall not affect the liability of Maker or any person liable or to become liable on this Promissory Note.

No delay or omission by Holder in exercising any remedy, right or option under this Promissory Note shall operate as a waiver of such remedy, right or option. In any event, a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The invalidity of any one or more covenants, clauses, sentences or paragraphs of this Promissory Note shall not affect the remaining portions hereof, and this Promissory Note shall be construed as if such invalid covenants, clauses, sentences or paragraphs, if any, had not been included.

This Promissory Note is to be construed in all respects and enforced according to the laws of the State of California. This Promissory Note may not be amended or modified except by a written agreement duly executed by Maker and Holder. This Promissory Note and the obligations created hereby shall bind Maker and, to the extent applicable, Maker's respective successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns. This Promissory Note may be assigned by Holder in its sole discretion.

Any notice to Maker under this Promissory Note shall be in writing and shall be deemed to have been given upon (i) receipt, if hand delivered, (ii) transmission, if delivered by facsimile transmission, (iii) the next business day, if delivered by express overnight delivery service, or (iv) the third business day following the day of deposit of such notice in U.S. certified mail, return receipt requested to the following address:

Joseph Fabry, D.O.  
350 Kingsbury Drive  
Aptos, CA 95003

Maker has executed and delivered this Promissory Note effective as the date first set forth above.

MAKER: \_\_\_\_\_  
Joseph Fabry, D.O.

Date: \_\_\_\_\_

**Board of Directors Contract Review Worksheet**

*Agreement for Professional Services with Stefan Klein, M.D.*



**Executive Summary:** Dr. Stefan Klein is a board certified, fellowship trained hand and upper extremity orthopedic surgeon with over 32 years' experience. He attended medical school at Stanford University School of Medicine, completed his residency at Ronald Reagan UCLA Medical Center, and maintains a private practice in Santa Cruz. Dr. Klein performs various surgical procedures of the hand, wrist and elbow for conditions involving tendons, nerves & joints, including fractures. He will be a welcome addition to our orthopedic clinic team.

**Recommended Board Motion:** It is recommended the hospital Board approve the Professional Services Agreement with Stefan Klein, M.D. at a rate of \$2,900 per coverage day.

**Services Provided:** Part-time (up to 16 hours/week) clinic-based orthopedic hand and upper extremity professional services.

**Agreement Terms:**

Contract Term	Effective Date	FMV %ile	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
1 year	2/1/2024	Median	\$25,133	\$301,596	30 days



## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into and effective as of **February 1, 2024** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Stefan Klein, M.D.** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates rural health clinics as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Service Area”). Clinics operate under the name “Hazel Hawkins Community Health Clinics” (“Clinics”).
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide orthopedic hand and upper extremity services (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of the Hospital and the public health of the residents of the Hospital Service Area, and is an appropriate way to assure availability of rural health clinic and hospital services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### 1. DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Professional Services. Physician shall provide all Services reasonably required for coverage, patient care, and the operation of the Clinics and Hospital and will perform the duties of Clinic Physician as set forth in Exhibit A. Physician shall provide such services on a part-time basis up to sixteen (16) hours per week and pursuant to a mutually agreed upon schedule. If Physician cannot agree on such a schedule, SBHCD shall determine the schedule. There are no emergency call duties associated with this Agreement.
- 1.2 Qualifications of Physician. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be an active member in good standing of the Hospital’s medical staff; (iii) have levels of competence, experience and skill comparable to those prevailing in the community; and (iv) not be excluded from any governmental healthcare program.
- 1.3 Compliance. In connection with the operation and conduct of the Clinics and Hospital and rendition of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, and will at all times be aware of and participate in meeting the District Corporate Compliance program goals and objectives.
- 1.4 Credentialing. In order to be efficiently credentialed with payors contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare (“CAQH”) credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.

- 1.5 Use of Premises. No part of the Clinics or Hospital premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide appropriate and necessary documentation for each patient's medical record for all patient encounters in the Clinics and Hospital in a timely manner in accordance with established policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients for all visits to the Clinics and Hospital. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.

## 2. DUTIES AND OBLIGATIONS OF SBHCD

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinics and Hospital, the following:
  - 2.1.1 Space and Equipment. Space and Equipment as may be reasonably required for the operation of the Clinics and Hospital as approved by Hospital.
  - 2.1.2 Services and Supplies. Maintenance, repair and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas and water; and all supplies that may be reasonably required for the operation of the Clinics and Hospital.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training and experience required to operate the Clinics and Hospital, including a qualified administrative manager. SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the Clinics and Hospital scheduling of non-physician Clinic and Hospital personnel.
- 2.2 Eligibility. At all times during the term of this Agreement, Clinics and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinics and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to the Clinics' and Hospital patient medical and business records for quality of care and compliance purposes.

## 3. BILLING AND ASSIGNMENT OF REVENUE

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD and shall use his/her best efforts to bill and collect for services in a diligent, timely, competent, effective, lawful, and commercially reasonable manner, maximizing the revenue to which Physician is legally and ethically entitled.
- 3.2 Assignment of Professional Service Revenues. Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all services rendered by Physician at the Clinics and Hospital under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

## 4. COMPENSATION FOR COVERAGE BY PHYSICIAN

- 4.1 Coverage Fee. As compensation for the provision of professional Services in the Clinics and Hospital, SBHCD shall compensate Physician a rate of **Two Thousand Nine Hundred Dollars (\$2,900.00)** per eight (8) hour shift. SBHCD shall pay Physician on a monthly basis in accordance with the normal SBHCD contract payment process, for Services provided by Physician during the immediately preceding monthly period. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar

services. If Physician provides less than eight (8) hours of coverage per day, Coverage Fee shall be Pro-Rated based on actual coverage provided.

- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinics and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinics and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

## 5. TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of one (1) year from the Start Date, unless terminated earlier as provided in this Agreement, and shall automatically renew for successive one (1) year periods until terminated. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon thirty (30) days prior written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.
- 5.2 Termination for Cause. Either party shall have the right to terminate the Agreement for cause upon not less than thirty (30) days written notice (provided that in the case of (i) Sections 5.3.3, 5.3.4, and 5.3.5, no additional notice beyond that specified therein shall be required, (ii) Section 5.3.6, no notice shall be required and this Agreement will terminate effective as of the date of such exclusion, suspension, debarment from, or ineligibility for, any federal or state health care program, and/or of such conviction of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program, and (iii) insolvency or bankruptcy described in Section 5.3.2, as of the date of such insolvency or declaration of bankruptcy, as applicable).
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended, or Physician is suspended or removed from the Medical Staff of the Hospital, or no longer maintains the required membership status on the Medical Staff of the Hospital.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in Article 8 of this Agreement or such coverage is cancelled or revoked within ten (10) days following notice of revocation from its insurance carrier.
- 5.3.5 Upon the determination that Physician has violated a material term of Article 9 of this Agreement.
- 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures

provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## 6. INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. Physician is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties and obligations pursuant to this Agreement. Neither SBHCD nor Hospital shall exercise any control or direction over the methods by which Physician performs Physician's work and functions, except that Physician shall perform at all times in strict accordance with then currently approved methods and practices of Physician's professional specialty. SBHCD's sole interest is to ensure that Physician performs and renders services in a competent, efficient and satisfactory manner in accordance with high medical standards.
- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD or Hospital. Physician shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit.

## 7. REPRESENTATIONS AND WARRANTIES OF PARTIES

- 7.1 SBHCD for itself, and its directors, officers, employees and agents (collectively, "Agents"), and Physician (for Physician and Physician's Agents) hereby warrants and represent as follows:
- 7.1.1 Neither it nor any of its Agents (i) is excluded, suspended or debarred from, or otherwise ineligible for, participation in any federal or state health care program including, without limitation, Medicare or Medi-Cal, or (ii) has been convicted of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program including, without limitation, Medicare or Medi-Cal; and
- 7.1.2 It shall, and it shall ensure that each of its Agents shall, notify the other parties thereto immediately in writing of (i) any threatened, proposed or actual exclusion, suspension or debarment, and/or (ii) any conviction of a criminal offense related to conduct that would or could trigger an exclusion, of it or any of its Agents from any federal or state health care program.

## 8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

- 8.1 SBHCD and Hospital shall maintain general and professional liability insurance coverage commencing on the Start Date and continuing for the term of this Agreement in minimum amounts of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that SBHCD and/or Hospital obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD or Hospital, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD or Hospital, as applicable, shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

## 9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees that Physician shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;

- 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Physician's compliance with HIPAA;
  - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- 9.2 Electronic Protected Health Information ("E PHI"). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the E PHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to E PHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides E PHI agrees to implement reasonable and appropriate safeguards to protect such information.

## 10. GENERAL PROVISIONS

- 10.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the following addresses, or to such other address or addresses as the parties may hereafter designate in writing to each other.

SBHCD: San Benito Health Care District  
Office of the Chief Executive Officer  
911 Sunset Drive  
Hollister, CA 95023

Physician: Stefan Klein, M.D.  
3143 Paul Sweet Road  
Santa Cruz, CA 95065

- 10.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 10.4 Ownership of Patient Records. All Clinics' and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 10.5 Exclusive Property of SBHCD. All data, files, records, documents, specifications, promotional materials and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall

not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.

- 10.6 No Referrals. Nothing in this Agreement is intended to obligate or induce any party to this Agreement to refer patients to any other party.
- 10.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of District, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 10.8 Binding Agreement; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors and permitted assigns. No party may assign this Agreement or any rights hereunder, or may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 10.9 Dispute Resolution. If any dispute, controversy or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.
- 10.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If regulations are issued at a later time which would determine that Section 952 of PL 96-499 is not applicable to this Agreement, this Section shall automatically be repealed.
- 10.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

The parties hereby executed this Agreement as of the Effective Date first set forth above.

**SBHCD**  
San Benito Health Care District

**Physician**  
Stefan Klein, M.D.

By: \_\_\_\_\_  
Mary T. Casillas, Interim Chief Executive Officer

\_\_\_\_\_  
Stefan Klein, M.D.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**PHYSICIAN RESPONSIBILITIES  
COMMUNITY HEALTH CLINICS**

The duties of Physician shall include, but not be limited to, the following, as may be required by the SBHCD:

1. Rendering professional orthopedic hand and upper extremity healthcare/medical services to patients of the Clinics and Hospital.
2. Responsibility for the delivery of orthopedic hand and upper extremity healthcare/medical services at the Clinics and Hospital including:
  - a) Ensuring the quality, availability, and expertise of medical services rendered in the Clinics and Hospital, and at Clinic and Hospital-related activities;
  - b) Supervising orthopedic physician assistants and nurse practitioners (collectively referred to as “Mid-Level Practitioners”) as necessary for reimbursement; or consultant in the extended absence of the Medical Director as determined by SBHCD for Clinic and Hospital patients to provide adequate coverage, as requested;
  - c) The coordination of orthopedic hand and upper extremity medical activities of the Clinics and Hospital as a whole to be accomplished through continuous communication with appropriate District administrative personnel regarding matters relating to the medical administration of the Clinics and Hospital;
  - d) Assisting with the development of a plan for orthopedic hand and upper extremity quality assurance for the Clinics and Hospital;
  - e) Provide required chart review and audits of appropriate mid-level practitioner staff for Clinic orthopedic hand and upper extremity patients, as requested.