



Hazel Hawkins
MEMORIAL HOSPITAL

REGULAR MEETING OF THE BOARD OF DIRECTORS
SAN BENITO HEALTH CARE DISTRICT
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA
THURSDAY, APRIL 27, 2023 – 5:00 P.M.
SUPPORT SERVICES BUILDING, 2ND-FLOOR, GREAT ROOM

Mission Statement - The San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians, and the health care consumers of the community.

Vision Statement - San Benito Health Care District is committed to meeting community health care needs with quality care in a safe and compassionate environment.

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.

AGENDA

Presented By:

1. **Call to Order / Roll Call**

(Hernandez)

2. **Board Announcements**

(Hernandez)

3. **Public Comment**

(Hernandez)

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, which are not otherwise covered under an item on this agenda. This is the appropriate place to comment on items on the Consent Agenda. Board Members may not deliberate or take action on an item not on the duly posted agenda. Written comments for the Board should be provided to the Board clerk for the official record. Whenever possible, written correspondence should be submitted to the Board in advance of the meeting to provide adequate time for its consideration. Speaker cards are available.

4. **Consent Agenda – General Business** (Pages 1 – 33)

(Hernandez)

The Consent Agenda deals with routine and non-controversial matters. The vote on the Consent Agenda shall apply to each item that has not been removed. A Board Member may pull an item from the Consent Agenda for discussion. One motion shall be made to adopt all non-removed items on the Consent Agenda.

A. Consider and Approve Minutes of the Regular and Special Meeting of the Board of Directors - March 23, 2023

B. Consider and Approve Minutes of the Special Meeting of the Board of Directors – March 30, 2023

- C. Consider and Approve Policies: **(Pages 7 – 8)**
 - Board Policy - Absence of SBHCD Interim Chief Executive Officer
 - Board Policy - Ethics and Education Training Relating to Work-Place Harassment
- D. Consider Approval of Resolution No. 2023-25 Adopting Amended and Restated District Bylaws **(Pages 9 – 20)**
- E. Consider and Approve Rescheduling of the May 25 Regular Board Meeting to May 22, 2023
- F. Receive Officer/Director Written Reports - No action required. **(Pages 21 – 33)**
 - Chief Clinical Officer/Patient Care Services (Acute Facility)
 - Provider Services & Clinic Operations
 - Skilled Nursing Facilities Reports (Mabie Southside/Northside)
 - Laboratory
 - Foundation Report
 - Marketing/Public Relations

Recommended Action: Approval of Consent Agenda Item (A) through (F).

- Report
- Board Questions
- Motion/Second
- Action/Board Vote-Roll Call

5. Medical Executive Committee **(Pages 34 – 37)**

(Dr. Bogey)

- A. Consider and Approve Medical Staff Credentials: April 19, 2023

Recommended Action: Approval of Credentials.

- Report
- Board Questions
- Public Comment
- Motion/Second
- Action/Board Vote-Roll Call

- B. Receive Medical Staff Synopsis: April 19, 2023

6. Board Education –Financial Options Presentation

(B. Riley)

7. Receive Informational Reports

(Casillas)

- A. Interim Chief Executive Officer (CEO) **(Page 38)**

(Robinson)

- B. Finance Committee **(Pages 39 – 52)**

- 1. Finance Committee Meeting Minutes – April 20, 2023

2. Review Financial Updates (**Pages 42 – 52**)

- Financial Statements – March 2023
- Finance Dashboard – March 2023
- Labor to Total Expense
- Savings Tracker

8. **Action Items:**

- A. Consider Board Resolution No. 2023-26 Authorizing the District to Enter Into a Line of Credit with a Commercial Lender in an Amount Not to Exceed \$10,000,000, if Needed (**Pages 53 – 60**) (B. Riley)
- Report
 - Board Questions
 - Motion / Second
 - Public Comment
 - Action / Vote by Board-Roll Call
- B. Consider Recommendation for Board Approval of an Agreement with TreanorHL Seismic Compliance Architect in an Amount Not to Exceed \$170,000 (**Pages 61 – 68**) (Robinson)
- Report
 - Board Questions
 - Motion / Second
 - Public Comment
 - Action / Vote by Board-Roll Call
- C. Consider Recommendation for Board Approval of Martin M. Bress, M.D. Professional Services Agreement, with a 1-Year Term with Auto Renewal and \$6,000 Annually (**Pages 69 – 75**) (Robinson)
- Report
 - Board Questions
 - Motion / Second
 - Public Comment
 - Action / Vote by Board-Roll Call
- D. Consider Recommendation for Board Approval of Hongguang Liu, M.D. Professional Services Agreement, with a 3-Year Term and \$180,000 Annually Plus Travel Reimbursement (**Pages 76 – 87**) (Robinson)
- Report
 - Board Questions
 - Motion / Second
 - Public Comment
 - Action / Vote by Board-Roll Call

(Hernandez)

9. **Public Comment**

This opportunity is provided for members to comment on the closed session topics, not to exceed three (3) minutes.

- 10. **Closed Session** (Hernandez)
(See Attached Closed Session Sheet Information)
- 11. **Reconvene Open Session / Closed Session Report** (Hernandez)
- 12. **Adjournment** (Hernandez)

Depending upon the Board's action, above, the next Meeting of the Board of Directors is rescheduled to **Monday, May 22, 2023 at 5:00 p.m.**, and will be held in person.

The complete Board packet including subsequently distributed materials and presentations is available at the Board Meeting, in the Administrative Offices of the District, and posted on the District's website at <https://www.hazelhawkins.com/news/categories/meeting-agendas/>. All items appearing on the agenda are subject to action by the Board. Staff and Committee recommendations are subject to change by the Board.

Any public record distributed to the Board less than 72 hours prior to this meeting in connection with any agenda item shall be made available for public inspection at the District office. Public records distributed during the meeting, if prepared by the District, will be available for public inspection at the meeting. If the public record is prepared by a third party and distributed at the meeting, it will be made available for public inspection following the meeting at the District office.

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.

**SAN BENITO HEALTH CARE DISTRICT BOARD OF DIRECTORS
APRIL 27, 2023**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

LICENSE/PERMIT DETERMINATION
(Government Code §54956.7)

Applicant(s): (Specify number of applicants) _____

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code §54956.8)

Property: 190 Maple Street, Hollister CA

Agency negotiator: Mary Casillas

Negotiating parties: City of Hollister

Under negotiation:
Price and Terms

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers):
_____, or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): _____

Additional information required pursuant to Section 54956.9(e): _____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): 1.

LIABILITY CLAIMS
(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961): _____

Agency claimed against: (Specify name): _____.

THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code §54957)

Consultation with: (Specify the name of law enforcement agency and title of officer): _____

PUBLIC EMPLOYEE APPOINTMENT
(Government Code §54957)

Title:

PUBLIC EMPLOYMENT
(Government Code §54957)

Title:

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code §54957)

Title: (Specify position title of the employee being reviewed):

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

CONFERENCE WITH LABOR NEGOTIATOR
(Government Code §54957.6)

Agency designated representative: Mary Casillas, Mark Robinson, and Barbara Vogelsang.

Employee organization: California Nurses Association, California Licensed Vocational Nurses Association, ESC, National Union of Healthcare Workers

Unrepresented employee: All positions.

CASE REVIEW/PLANNING
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

REPORT INVOLVING TRADE SECRET
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility):

1. Trade Secrets, Strategic Planning, Proposed New Programs, and Services.

Estimated date of public disclosure: (Specify month and year): unknown

- [] **HEARINGS/REPORTS**
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

- [] **CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW** (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION

**REGULAR MEETING OF THE BOARD OF DIRECTORS
SAN BENITO HEALTH CARE DISTRICT
SUPPORT SERVICES BUILDING, 2ND-FLOOR, GREAT ROOM**

**THURSDAY, MARCH 23, 2023
MINUTES**

HAZEL HAWKINS MEMORIAL HOSPITAL

Directors Present

Jeri Hernandez, Board Member
Bill Johnson, Board Member
Devon Pack, Board Member
Josie Sanchez, Board Member
Rick Shelton, Board Member

Also Present

Mary Casillas, Interim Chief Executive Officer
Mark Robinson, Chief Financial Officer
Heidi A. Quinn, District Legal Counsel
Tiffany Rose, Executive Assistant

1. Call to Order

Directors Hernandez, Johnson, Pack, Sanchez, and Shelton were present; attendance was taken by roll call. A quorum was present and President Jeri Hernandez called the meeting to order at 5:00 p.m.

2. Board Announcements

None.

3. Public Comment

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

4. Consent Agenda - General Business

A. Minutes of the Regular Meeting of the Board of Directors, February 23, 2023.

B. Policies:

1. Equipment Service and Maintenance
2. Advance Beneficiary Notice (ABN) of Noncoverage for Laboratory Outpatients
3. Non-Exempt Meal and Rest Break Policy

C. Receive Officer/Director Written Reports – Written reports were included in the packet and no action required.

1. Chief Clinical Officer/Patient Care Services (Acute Facility)
2. Provider Services & Clinic Operations
3. Skilled Nursing Facilities Reports (Mabie Southside/Northside)
4. Laboratory
5. Foundation Report
6. Marketing/Public Relations

Director Hernandez presented the consent agenda items before the Board for action. This information was included in the Board packet.

An opportunity was provided for the public to comment and individuals given three minutes to address the Board Members and Administration.

MOTION: By Director Sanchez to approve Consent Agenda – General Business, Items (A) through (C), as presented; Second by Director Shelton.

Moved/Seconded/Unanimously Carried. Ayes: Directors Hernandez, Johnson, Pack, Sanchez, and Shelton. Approved 5-0 by roll call.

5. **Report from the Medical Executive Committee Meeting on March 15, 2023 and Recommendations for Board Approval of the following:**

A. **Medical Staff Credentials Report:** Dr. Bogey, Chief of Staff, provided a review of the Credentials Report from March 15, 2023. The full written report can be found in the Board Packet.

Item: Proposed Approval of the Credentials Report; four (4) New Appointments, four (4) Reappointments, one (1) Allied Health Reappointment, and one (1) Retirement.

No public comment.

MOTION: By Director Sanchez to approve the Credentials Report as presented; Second by Director Johnson.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Johnson, Pack, Sanchez, and Shelton. Approved 5-0 by roll call.

B. **Medical Staff Synopsis:** None.

6. **Receive Informational Reports**

A. **Interim Chief Executive Officer (CEO)**

Ms. Casillas provided highlights of the Interim CEO Report, which can be found in the Board packet.

- Administration continues to meet with State and Federal legislators on a regular basis to discuss potential legislation for emergency funding.
- There is a standing meeting with leaders from San Benito County to provide updates.
- Mediation is anticipated to continue through April.
- Revenue cycle audit continues.

B. **Report from Finance Committee**

1. Finance Committee Minutes - Minutes of the meeting of the Finance Committee from March 16, 2023, were included in the Board packet.
2. Finance Report/Financial Statement Review - Mr. Robinson provided an overview of the financial report for March 16, 2023, as well as the February 2023 Financial Statements, included in the Board packet.

3. Financial Updates

- Finance Dashboard – February 2023
- Status of Supplemental Payments
- Savings Tracker

Mr. Robinson reviewed the Finance Dashboard for February 2023, status of supplemental payments, and the savings tracker, all of which were included in the Board packet. Highlights include:

- The District is working through various plans in order to avoid filing for Chapter 9 during the remainder of the fiscal year and is on track to meet debt-service ratio.
- Hospital Administration has been working successfully with plans and government entities to receive an advance in supplemental funding.
- Senator Anna Caballero is working on legislation to assist with funding struggling hospitals. The bill includes adding \$1.5 billion into the California health care system. The public is requested to write letters of support.
- A draft of the Savings Tracker was presented and reviewed in detail. The Savings Tracker is a projection only and a guide, which will be validated with financial advisors. The document continues to evolve as operational changes are implemented.
- Registry report was reviewed and included in the packet.

C. Report from the Facilities Committee

Minutes of the meeting of the Facilities Committee from March 16, 2023, were included in the Board packet.

An opportunity was provided for the public to comment and individuals given three minutes to address the Board Members and Administration.

7. Action Items

A. Discussion of Board Priorities Regarding Potential Affiliation and Strategic Partner Models and Provide General Direction.

Ms. Casillas requested Board feedback of criteria Administration should focus on when looking at potential partners. Feedback included:

- Longstanding history and experience of hospital administration in the central coast region.
- Proven record for turning around distressed rural hospitals.
- No track record of rapid asset liquidation.
- Is able to secure financing and possesses sufficient capital.
- Understands specific terms and conditions, as well as the general obligation bond and payoff.
- Proven track record of maintaining quality of care.
- Is able to mitigate some of the risks and liabilities while further developing assets (clinics) and expansion of care.

An opportunity was provided for the public to comment and individuals given three minutes to address the Board Members and Administration.

- B. Consider Formation Of A Temporary Advisory Committee To Identify Potential Affiliation and Strategic Partner Models, and Develop Recommendations For Full Board Review (The Temporary Committee Will Exist Until Recommendations Are Made To The Full Board).

Item: Proposed Approval of Formation of Temporary Advisory Committee

An opportunity was provided for the public to comment and individuals given three minutes to address the Board Members and Administration.

MOTION: By Director Sanchez to approve the formation of a temporary advisory committee to identify potential affiliation and strategic partner models and develop recommendations for full Board review, with representation to consist of Directors Hernandez and Pack for a three month period; Second by Director Pack.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Johnson, Pack, Sanchez, and Shelton. Approved 5-0 by roll call.

8. **Public Comment** – No public comment.

9. **Closed Session**

President Hernandez announced the items to be discussed in Closed Session as listed on the posted Agenda are (1) Conference with Real Property Negotiators, Government Code §54956.8; (2) Conference with Legal Counsel-Anticipated Litigation, Government Code §54956.9(d)(4); (3) Report Involving Trade Secret, Government Code §37606 & Health and Safety Code §32106; (4) Hearing/Reports, Government Code §37624.3 and Health and Safety Code §1561.32155 – Report from Quality, Risk, and Compliance.

The meeting was recessed into Closed Session at 6:32 p.m.

The Board completed its business of the Closed Session at 7:44 p.m.

A. **Reconvene Open Session/Closed Session Report**

President Hernandez announced the items to be discussed in Closed Session as listed on the posted Agenda are (1) Conference with Real Property Negotiators, Government Code §54956.8; (2) Conference with Legal Counsel-Anticipated Litigation, Government Code §54956.9(d)(4); (3) Report Involving Trade Secret, Government Code §37606 & Health and Safety Code §32106; (4) Hearing/Reports, Government Code §37624.3 and Health and Safety Code §1561.32155 – Report from Quality, Risk, and Compliance.

No reportable action was taken by the Board in the Closed Session.

B. **Adjournment:**

There being no further regular business or actions, the meeting was adjourned at 7:45 p.m.

The next Regular Meeting of the Board of Directors is scheduled for **Thursday, April 27, 2023 at 5:00 p.m.**, and will be conducted in person.



Hazel Hawkins
MEMORIAL HOSPITAL

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
SAN BENITO HEALTH CARE DISTRICT
SUPPORT SERVICES BUILDING, 2ND-FLOOR, GREAT ROOM
THURSDAY, MARCH 30, 2023
MINUTES**

Directors Present

Jeri Hernandez, Board Member
Bill Johnson, Board Member
Devon Pack, Board Member
Josie Sanchez, Board Member
Rick Shelton, Board Member

Also, Present In-person/Video Conference

Mary Casillas, Interim Chief Executive Officer
Mark Robinson, Chief Financial Officer
Barbara Vogelsang, Chief Clinical Officer
Heidi Quinn, District Legal Counsel
Tiffany Rose, Executive Assistant

1. **Call to Order – Roll Call**

Directors Hernandez, Johnson, Pack, Sanchez, and Shelton were present; attendance was taken by roll call. A quorum was present and the Special Meeting was called to order at 11:06 a.m. by Director Hernandez.

2. **Public Comment**

No public comment.

3. **Closed Session**

President Hernandez announced the items to be discussed in Closed Session as listed on the posted Agenda are: (1) Conference with Real Property Negotiators, Government Code §54956.8, 190 Maple Street; (2) Conference with Legal Counsel-Anticipated Litigation, Government Code §54956.9(d)(4); Full details are noted in the Agenda.

The meeting was recessed into Closed Session at 11:06 a.m.

The Board completed its business of the Closed Session at 11:48 a.m.

4. **Reconvene Open Session/Closed Session Report**

The Board of Directors reconvened into Open Session at 11.48 a.m. District Counsel Quinn reported that in Closed Session the Board discussed: (1) Conference with Real Property Negotiators, Government Code §54956.8, 190 Maple Street; (2) Conference with Legal Counsel-Anticipated Litigation, Government Code §54956.9(d)(4).

Conference with Real Property Negotiations - the Board directed the Interim CEO to accept an offer to purchase from the City of Hollister; the City will be completing its due diligence.

No Public comment

MOTION: By Director Hernandez to direct the Interim CEO to accept an offer to purchase from the City of Hollister; Second by Director Pack.

Moved/Seconded/Unanimously Carried. Ayes: Directors Hernandez, Johnson, Pack, Sanchez, and Shelton. Approved 5-0 by roll call.

Conference with Legal Counsel–Anticipated Litigation - staff provided an update; no reportable action was taken.

5. **Adjournment:**

There being no further special business or actions, the meeting was adjourned at 11:49 a.m.

DRAFT



ADMINISTRATIVE POLICY MANUAL

Committee Approval: 4/14/23

Board Approval:

Policy # BOD

New: 9/2022

Reviewed:

Revised:

LD

Pg. 1 of 1

SUBJECT: ABSENCE OF SBHCD INTERIM CHIEF EXECUTIVE OFFICER

PURPOSE: The Board of Directors is responsible for appointing the Interim Chief Executive Officer of the District, who is responsible for managing SBHCD. In the absence of the Interim CEO, it is important that a qualified administrative person be available for decision-making, operational guidance, and to answer questions.

POLICY: During the absence of the Interim Chief Executive Officer (Interim CEO) of San Benito Health Care District (SBHCD), and in recognition of the SBHCD Organization Plan, the qualified individuals designated below shall assume responsibility (in the order presented here) for all aspects of management of District and Hospital operations, in collaboration with other SBHCD Senior Executives:

- A. Chief Financial Officer,
- B. Chief Clinical Officer,
- C. or, designee as appointed by the Interim Chief Executive Officer
 - Absence of the Interim Chief Executive Officer will mean the inability to contact the Interim CEO due to vacation, illness, incapacity, or other absence from the facilities.
 - Executives include Interim Chief Executive Officer, Chief Financial Officer, and Chief Clinical Officer.

GENERAL INFORMATION

- A. In the event the Interim CEO is unavailable due to absence, the Chief Financial Officer shall be the Acting CEO responsible for the following, including but not limited to:
 - All operations of SBHCD and its facilities.
 - Attend committee meetings where the Interim CEO's attendance is required, such as Medical Executive Committee (MEC) and sub-committees of the Board of Directors.
 - Be consulted on regulatory issues normally brought to the attention of the Interim CEO.
 - Represent SBHCD at hospital functions.
- B. Issues relating to medical staff matters shall be reviewed in consultation with the Medical Staff Department prior to taking action. Should answers to questions be difficult to reach or uncertainty exists in making the correct decision, the designees may contact the President of the Board of Directors for appropriate direction, and/or consult District Legal Counsel for assistance.
- C. Whenever possible and practical, matters involving issues with potentially serious ramifications should be deferred until the return of the Interim CEO.

PROCEDURE

- A. In the absence of the Interim Chief Executive Officer according to this policy, the Chief Financial Officer or other Executive Designee is to be contacted as the Acting CEO. Should the Administrative Supervisor, operator or person initiating the response be unable to contact the Chief Financial Officer, the above chain of command will apply.



BOARD OF DIRECTORS POLICY MANUAL

Committee Approval: 4/14/23

Board Approval:

Policy #: BOD-

New: 8/24/22

Reviewed:

Revised:

Pg. 1 of 1

SUBJECT: Ethics Training and Education Training Relating to Work-Place Harassment

POLICY:

It is the policy of the San Benito Health Care District to ensure that District Board members receive training in ethics according to California Government Code sections 53234, *et seq.* (AB 1234) training and education regarding sexual harassment in the workplace.

PROCEDURE:

1. Each District Board member is required to complete a minimum of two (2) hours of ethics training sufficient to meet the legal requirements of AB 1234 every two (2) years.
2. All District Board members are required to complete at least two (2) hours of training and education relating to workplace harassment every two (2) years.

Free online training is offered at www.ca-ilq.org/ethics-education-and-training-ab-1234 or through District Counsel as a self-serve training program, therefore, there will be no expense reimbursement for this mandatory training.

REFERENCE:

AB 1234 (Chapter 700, Statutes of 2005) Government Code sections 53232 and 53235 Health and Safety Code section 32103.

RESOLUTION NO. 2023-25

**OF THE BOARD OF DIRECTORS
OF SAN BENITO HEALTH CARE DISTRICT**

**ADOPTING AMENDED AND RESTATED DISTRICT
BYLAWS**

RECITALS

WHEREAS, the San Benito Health Care District (“District”) is a local health care district duly organized and operating under the terms of the Local Health Care District Law (California Health and Safety Code Division 23, Sections 32000-32492 (“Local Health Care District Law”));

WHEREAS, the District Board of Directors (“Board”) from time to time reviews the District Bylaws to ensure they best reflect the organization, operation, strategic mission and vision of the Board;

WHEREAS, the District Board and staff have reviewed the Bylaws with legal counsel to determine if revisions, if any, are needed or required;

WHEREAS, the Board has reviewed the Amended and Restated Bylaws attached to this Resolution as Exhibit A, and has determined it is in the best interest of the District to adopt the them; and

WHEREAS, this Resolution is not defined as a project under the California Environmental Quality Act (“CEQA”), set forth at Public Resources Code Section 21065, Section 15378 of the State CEQA Guidelines, because amending the Bylaws will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.

NOW THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD AS FOLLOWS:

SECTION 1. The foregoing recitals are true, correct and a substantive part of this Resolution.

SECTION 2. The District Board of Directors does hereby approve and adopt the attached Amended and Restated Bylaws of San Benito Health Care District, dated April 27, 2023.

SECTION 3. A copy of this Resolution shall be kept together with the Amended and Restated Bylaws of San Benito Health Care District.

SECTION 4. The President and Secretary of the Board of Directors and the District’s interim Chief Executive Officer are hereby authorized and directed to execute any and all documents and take any actions necessary to carry out the intent of this Resolution for and on behalf of this Board of Directors.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

This Resolution was adopted at a Regular Meeting of the Board of Directors of the District on April 27, 2023, by the following vote.

AYES

NOES:

ABSTENTIONS:

ABSENT:

Jeri Hernandez
President of the Board of Directors

ATTEST:

Rick Shelton
Treasurer of the Board of Directors

AMENDED AND RESTATED BYLAWS
OF
SAN BENITO HEALTH CARE DISTRICT
SAN BENITO COUNTY, CALIFORNIA

ADOPTED BY

LOCAL HEALTH CARE DISTRICT BOARD OF DIRECTORS

APRIL 27, 2023

PREAMBLE

These Amended and Restated Bylaws are adopted by the Board of Directors ("Board") of San Benito Health Care District ("SBHCD" or "District"), a local health care district organized under the terms of the Local Health Care District Law (Health and Safety Code of the State of California, Division 23, Sections 32000–32492 et seq. as may be amended), pursuant to Section 32104 of the California Health and Safety Code. These Amended and Restated Bylaws are adopted by the SBHCD Board for the purpose of establishing such rules and regulations, not inconsistent with governing laws and regulations, that in the opinion of the Board are necessary for the exercise of the powers and duties of the Board imposed upon it by Local Health Care District Law and related statutes.

I. ORGANIZATION AND PURPOSE

A. Purpose

San Benito Health Care District is organized and operated pursuant to California Health and Safety Code Section 32000 and following. The purpose of the District is to establish, maintain, operate, and provide assistance in the operation of one or more health facilities or health services at any location inside or outside of the territorial limits of the District for the benefit of the District and the community served by the District. The District exists for purposes related to community health needs, and for the following general purposes:

1. Encourage competent health care at reasonable cost.
2. Attract a staff of qualified and competent health care practitioners.
3. Oversee efficient organizational methods and sound financial management.
4. Encourage availability of innovative health care methods to the community.
5. Provide opportunities for health care education of community members.
6. Establish and maintain a hospital environment and hospital operations conducive to quality and efficient patient care.

II. OFFICES

The principle office of this organization is located at Hazel Hawkins Memorial Hospital ("Hospital"), located at 911 Sunset Drive, Hollister, California, 95023.

III. TITLE TO PROPERTY

The title, direction, and control of all property owned by the District is vested in the District Board of Directors and the signatures of the President and the Secretary of the District Board, as authorized, shall constitute the proper authority for the purchase or sale of property, or for the investment or other disposal of trust funds which are subject to the control of the District.

IV. SURPLUS OF REVENUE

A. Profit or Gain

There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor shall there be any distribution of assets or surpluses to any individual on the dissolution of this District.

B. Disposition of Surplus of Revenue

Should the operation of the District result in a surplus of revenue over expenses, such surplus may be used and dealt with by the Board of Directors as they determine within the limits of California Local Health Care District Law and these Bylaws.

V. SCOPE OF BYLAWS

A. Definition

These bylaws shall be known as the District Bylaws, and shall govern the San Benito Health Care District, its Board of Directors, and all of its affiliated and subordinate organizations and groups.

B. Delegation

The Board of Directors may delegate certain powers to the Chief Executive Officer, the Medical Staff, or other affiliated subordinate organizations and groups. No assignment, referral or delegation of authority by the Board of Directors shall preclude the Board of Directors from exercising the authority required to meet its responsibilities for operation of the District and the quality of patient care. The Board of Directors shall retain the right to rescind any such delegation.

C. Medical Staff and Subordinate Organizations

The Bylaws, Rules and Regulations of the Medical Staff and other affiliated and subordinate organizations and groups, and any amendments to such Bylaws, shall not be effective until the same are approved by the Board of Directors. These shall include an effective formal means for the Medical Staff to participate in committees and give input to the Board relative to issues affecting the discharge of Medical Staff responsibilities. In the event of any conflict between the Bylaws of the Medical Staff, or any other affiliated or subordinate organization or group, and the provisions of these District Bylaws, these District Bylaws shall prevail.

D. Conflicts

In the event these District Bylaws are in conflict with any statute of the State of California governing local health care districts, such statute shall prevail.

E. Policies and Procedures

The Board of Directors shall review and approve policies and procedures for the operation of the District.

F. Policy and Procedures Manual

The Policy and Procedures Manual memorializes additional policies of the Board of Directors. Each Board Member shall become familiar with the Manual in order to carry out the Board Member's responsibilities.

VI. POWERS OF DISTRICT

The District shall have and exercise the powers set forth in Section 32121 and following of the California Health and Safety Code.

VII. DIRECTORS

A. Number, Qualifications, District Zones, Election and Term

1. Number and Qualifications. The Board shall consist of five (5) elected Board members. Each member of the Board (i) shall be a registered voter; (ii) shall reside within the geographic boundaries of the District Zone where elected; and (iii) shall for the duration of the member's term continue to reside within the geographic boundaries of the District Zone where elected.
2. District Zones. The District shall consist of five (5) District Zones designated Zone 1, Zone 2, Zone 3, Zone 4 and Zone 5. Beginning with the General Election in November 2016 and every four (4) years thereafter, the election of members to the Board shall take place in Zone 1, Zone 3, and Zone 5. Beginning with the General Election in November 2018, and every four (4) years thereafter, the election of members to the Board shall take place in Zone 2 and Zone 4.
3. Election. Each Board member shall be elected by the eligible voters within the geographic boundaries of the District Zone represented by the Board member. Procedures of the election shall be governed by Local Health Care District Law and the Uniform District Election Law.
4. Term. Each Board member shall serve a term of four (4) years. Board members may succeed themselves indefinitely. In the event a member is appointed to a vacancy on the Board, such member will serve the balance of the unexpired term of office or will serve until the next consolidated election subsequent to the appointment, as provided in Section 1780 of the California Government Code.
5. Public Meeting Regulations. The District shall cause each Board member and any person elected to serve as a member of the Board who has not assumed the duties of office to receive a copy of California Government Code Sections 54950-54962 ("The Ralph M. Brown Act").

B. Duties

1. Attend Board meetings.
2. Attend meetings of committees to which the member is assigned.

3. Relate community input to the Board.
4. Represent the District in a positive and effective manner in public forums
5. Accept and fulfill reasonable assignments from the President of the Board.
6. Learn enough details about hospital management and patient care services so that the Board members can effectively question reports of both institutional managers and the professional staff and evaluate the answers.
7. Cooperate with the annual evaluation of each individual Board member, conducted according to established procedure by the President of the Board.
8. Participate in the orientation program for new Board members.
9. Participate in a continuing education program.
10. Become familiar with the provisions of ~~California Government Code Sections 54960-54962,~~
~~known as~~ The Ralph M. Brown Act.

C. Vacancies and Removal of Directors

If a Board member is absent from three (3) consecutive regular meetings, or from three (3) of any five (5) consecutive meetings of the Board, the Board may, by resolution, declare that a vacancy on the Board exists. Vacancies so created or vacancies created by other means, such as resignation, death, or moving out of the boundaries of the District or District Zone, shall be filled by the methods provided by law.

D. Compensation

1. The members of the Board shall serve without compensation except that each shall be allowed actual necessary travel and incidental expenses incurred in the performance of the official business of the District as approved by the Board.
2. The members of the Board shall be entitled to participate in District-sponsored health and life insurance by virtue of their status as Board members.

E. Conflict of Interest

No Board member shall realize economic gain from an action of the Board in which that Board member participated. Board members shall be required to follow the Conflict of Interest Code adopted by the Board of Directors.

VIII. MEETINGS OF DIRECTORS

A. Regular Meetings

Regular meetings of the Board shall be held monthly on the fourth (4th) Thursday of each month at 5:00 p.m. at a location on the Hazel Hawkins Memorial Hospital campus. The Board may from time to time, by majority vote, change the time and place of a regular meeting. The District shall post an agenda complying with the California Government Code at least seventy-two (72) hours prior to a regular meeting.

B. Special Meetings

Special meetings of the Board may be called by the President of the Board or by three (3) directors. The District shall deliver written notice of a special meeting to all Board members at least twenty-four (24) hours prior to the time of the meeting as specified in the notice. The District shall post the notice of the special meeting in a location that is freely accessible to members of the public. This 24-hour notice requirement shall not apply in an "emergency situation" as defined in the California Government Code.

C. Quorum

For regular and special meetings of the Board, a quorum shall be three (3) members.

D. Majority Vote

All actions of the Board shall be taken by a majority of three (3) of the Board members. No action shall be taken by the Board, however, by secret ballot, whether preliminary or final.

E. Public Meetings

All meetings of the Board, whether regular, special, or adjourned, shall be open and public [in accord with the Brown Act](#), and all persons shall be permitted to attend any meeting, unless otherwise provided by law. Public testimony on a particular issue shall be limited to a maximum of three (3) minutes for each individual speaker for each issue. The Board may, at its discretion, allow for more [or less](#) time if deemed appropriate or necessary.

F. Minutes

A record of proceedings of all public meetings of the Board shall be kept on file.

IX. OFFICERS

A. Positions

Board Officers shall be a President, a Vice President, a Secretary, Assistant Secretary, and Treasurer.

B. Election of Officers

1. The Board of Directors shall, at their December meeting, subsequent to the Health Care District general elections, elect the officers from among its own members.
2. Officers are elected for a period of two (2) years, and shall serve until a successor is elected. No Board member shall serve more than two (2) consecutive terms in the same office, unless the Board elects to extend additional terms by majority vote. In no event shall Board member serve more than four (4) consecutive terms in the same office.
3. To be eligible to be elected to the office of President, the candidate shall have served at least two (2) years on the Board, provided that the Board may waive this eligibility requirement if there are no candidates so eligible.

C. Duties

1. President. The President shall: (i) Preside over all meetings of the Board of Directors; (ii) Sign as President and jointly with other officers as appropriate, and execute in the name of the District, contracts, conveyances, and other written instruments which have been authorized by the Board of Directors; and (iii) Appoint chairperson and members of board committees.

2. Vice President. The Vice President shall, in the event of death, absence or other inability of the President, exercise all the powers and perform all the duties of the President.
3. Secretary. The Secretary shall maintain accurate and complete minutes of meetings, call meetings on order of the President, attend to all correspondence, execute contracts and conveyances as required, and perform such other duties as ordinarily pertained to ~~his/her~~their office.
4. Assistant Secretary. The Assistant Secretary shall, in the absence of the Secretary, assume the duties of the Secretary.
5. Treasurer. The Health Care District shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and dispersal of the funds in the treasury of the District.

D. Vacancies and Removal of Officers

1. In the event of a vacancy in the office of President, the Vice-President shall fill such vacancy for the balance of the term. In the event of a vacancy in the office of Vice President, the Secretary shall fill such vacancy for the balance of the term. All other vacancies and/or simultaneous vacancies shall be filled by majority vote of the Board of Directors.
2. Officers may be removed by vote of three (3) Board members for failure to perform the duties of the office or for malfeasance in office.

X. COMMITTEES OF THE BOARD

A. Appointment and Terms of members of Board Committees

The President of the Board shall appoint members of Board committees. Committee appointments are for one (1) to two (2) years, at the discretion of the President.

B. Standing Committees

1. Strategic Planning Committee

- a. *Composition*: The President of the Board shall appoint all members of the Strategic Planning Committee to include at least: two (2) members of the Board, one (1) representative of the Medical Staff, one (1) representative of the Hospital Auxiliary, one (1) representative of the Director of Nursing, one (1) representative of the Foundation Board, and the Chief Executive Officer and/or ~~his/her~~their designee.
- b. *Duties*: The Strategic Planning Committee shall meet as necessary during the year to propose to the Board specific goals and objectives for a minimum three (3) year period. The long-range plan shall be revised and updated no less than annually.

2. Finance Committee

- a. *Composition*: The Finance Committee consists of the Treasurer of the Board, who shall serve as its chairperson, one (1) additional Board member appointed by the President of the Board, the Chief Executive Officer, and the Chief Financial Officer.

- b. *Duties:* (i) assists in establishing valid business and financial contracts; (ii) annually reviews and recommends a budget to the Board; (iii) makes recommendations to the Board concerning capital improvements requests; and (iv) makes quarterly reports to the Board of Directors regarding the Pension Plan.

3. **Facilities & Service Development Committee**

- a. *Composition:* The Facilities & Service Development Committee consists of two Board members appointed by the President, one of whom shall be the committee chairperson, and the Chief Executive Officer and his/her/their appointee(s).
- b. *Duties:* (i) serves as a forum for consideration of community concerns and opportunities; and (ii) reviews specific facility projects in conjunction with the Finance Committee.

4. **Quality & Patient Satisfaction Committee**

- a. *Composition:* The Quality Committee consists of two (2) Board members appointed by the President, one of whom shall be the committee chairperson, Chief of the Medical Staff or his/her designee, Chief Medical Officer, Chief Executive Officer and his/her appointees, and Chief Clinical Officer and his/her appointees. All Committee members, inclusive of designees and appointees, shall have voting rights.
- b. *Duties:* (i) assists the Board in its responsibility to ensure that the Hospital provides high quality and safe patient care, (ii) oversees performance improvement and patient safety initiatives, and, and (iii) recommends appropriate Board action for quality matters brought before the Committee.

5. **Advisory or "Ad Hoc" Committees**

Advisory or "ad hoc" committees may be established to study and make recommendations to the Board on specific matters. The scope of such committees shall be limited and shall not be of a continuous or on-going nature. Upon determination by the Board that the period for advice has passed, the advisory committee shall be disbanded. Advisory committees shall be comprised of two (2) Board members and are not subject to Ralph M. Brown Act provisions.

6. **Additional Committees**

Additional committees, permanent or temporary, can be established at any time, and from time to time, by the President or the Board.

XI. CHIEF EXECUTIVE OFFICER

A. Appointment

The Board of Directors is authorized to employ a Chief Executive Officer of the District who shall be responsible for the day-to-day management of the District and employment of District personnel in accordance with these Bylaws. The qualification of the Chief Executive Officer shall meet the requirements established by the Board. The duties of the Chief Executive Officer shall be set forth by the Board and the Chief Executive Office shall be evaluated annually by the Board. The State Department of Health Services shall be notified in writing if a new Chief Executive Officer is employed, as stated in the Administrative Policies & Procedures Manual.

B. Committee Membership

The Chief Executive Officer shall be a member, ex-officio, of all committees of the Board and its adjunct organizations, such as the Medical Staff, the Hazel Hawkins Memorial Hospital Auxiliary, and the Hazel Hawkins Hospital Foundation where [he/she/they](#) will represent the Board unless in specific case where the Board directs otherwise.

C. Meeting Attendance

The Chief Executive Officer and [his/her/their](#) representatives shall be privileged to attend all Medical Staff meetings and Medical Staff Committee meetings and shall be given notice of such meetings. They shall be accorded the courtesy of a voice in these meetings, but shall have no vote.

D. Evaluation

The Board of Directors shall annually evaluate the performance of the Chief Executive Officer.

XII. MEDICAL STAFF

A. Appointment

The Board shall appoint a Medical Staff. The Board shall approve Medical Staff Bylaws, which set forth qualifications for Medical Staff membership and clinical privileges. The Medical Staff shall govern its affairs, subject to these Bylaws, to its own Bylaws, and to relevant statutes and legal precedents.

B. Review and Delineation of Clinical Privileges

The Board shall consider appointment and specific clinical privileges of each practitioner every two (2) years. The Board acts upon Medical Executive Committee recommendations regarding renewal and/or upgrading and/or restriction of Medical Staff membership and/or clinical privileges for each practitioner subject to the Medical Staff Bylaws.

C. Scope of Privileges

The Board shall require that patient care services under the District auspices be provided only within the scope of privileges granted by the Board of Directors.

D. Reports by Medical Staff

The Board shall receive, question, and act upon regular reports of the clinical activities of [M](#)medical Staff members and of other practitioners actively engaged in providing clinical services in or under the auspices of the Hospital.

E. Quality of Care Procedures

The Board shall provide adequate support personnel to assist the Medical Staff with organizational functions, including Medical Staff membership and clinical privileges (credentialing), physician performance evaluation (peer review), and collection and analysis of clinical data (quality assurance, utilization review, analysis of uniform levels of care, and risk management).

F. Termination and Due Process

Membership on the Medical Staff and specific practice privileges are subject to denial, suspension, termination, or curtailment for cause by the Board. In such an event, due process shall be provided as described in the Medical Staff Bylaws and the California Health Care District Law.

G. Meeting Attendance

The Chief of the Medical Staff, or [his/her/their](#) designee appointed by the Chief of the Medical Staff on an annual basis, is requested to attend all regular and special meetings of the District Board of Directors.

XIII. AUXILIARY AND FOUNDATION

The Hazel Hawkins Memorial Hospital Auxiliary and the Hazel Hawkins Hospital Foundation shall assist in promoting the health and welfare of the community in accordance with these Bylaws and shall delineate their purpose and function in their respective Bylaws. The Bylaws and rules of the Auxiliary and the Foundation shall be subject to approval of the Board.

XIV. INDEMNIFICATION

Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, administrative or investigative, by reason of the fact that [he/she/they](#), [his/her/their](#) estate, or [his/her/their](#) personal representative is or was a member of the Board of Directors, officer of the Board of Directors (e.g., President, Vice President, Secretary, Assistant Secretary, Treasurer), officer or employee of the District (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Medical Officer, Chief Nursing Officer), or an individual (including a committee appointee) acting as an agent of the District, or serves or served any other corporation or other entity or organization in any capacity at the request of the District while acting as a member of the Board, officer of the Board, officer or employee of the District, or an agent of the District, shall be and hereby is indemnified by the District, as provided in California Government Code Section 825 and following.

Indemnification shall be against all judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees actually and necessarily incurred, as a result of any such action or proceeding, or any appeal therein, to the fullest extent permitted and in the manner prescribed by the laws of the State of California, as they may be amended from time to time, or such other law or laws as may be applicable to the extent such other law or laws is not inconsistent with the laws of California, including California Government Code Section 825 and following.

XV. GENERAL PROVISIONS

- A. Execution of Contracts. The Board, except as otherwise provided in these [B](#)ylaws, may authorize any officer or officers, agent or agents, to enter into any contract to execute any contract or execute any instrument in the name of and on behalf of the District.
- B. Seal. The District may have a seal and may alter said seal at its pleasure.
- C. Fiscal Year. The fiscal year of the District shall commence July 1st of each year and shall end June 30th of each year.
- D. Annual Audit. The affairs and financial condition of the District shall be audited annually at the end of each fiscal year by a Certified Public Accountant selected by the Board and the Chief Executive Officer and a written report of such audit and appropriate financial statements submitted to the Board. Additional audits may be authorized by the Board.
- E. Review of Bylaws. The Bylaws of the Board should be reviewed at least every two (2) years and revised as necessary.
- F. Amendment. These Bylaws may be amended at any properly noticed meeting of the Board by a majority of three (3) Board members.

G. Adoption. Adoption of Bylaws shall by a majority of three (3) Board members, at any properly noticed meeting of the Board.

These Amended and Restated Bylaws of San Benito Health Care District were approved by Resolution 2021-05 of the SBHCD Board of Directors on March 25, 2021.

Amended/Restated: April 27, 2023

Reviewed: November 3, 2016

Revised: April 27, 2023

Revised: December 15, 2005

Revised: May 24, 2001

CERTIFICATE OF SECRETARY

I, the undersigned, the duly elected Secretary of the Board of Directors of San Benito Health Care District, do hereby certify:

That the foregoing Amended and Restated Bylaws were adopted as the Bylaws of San Benito Health Care District by Resolution 2021-05 of the Board of Directors of the San Benito Health Care District on March 25, 2021, and that the same do now constitute the Bylaws of San Benito Health Care District.

Dated: April 27, 2023

Board Secretary
San Benito Health Care District



**San Benito Health Care District
Board of Directors Meeting
April 27, 2023
Chief Clinical Officer Report**

➤ **Emergency Department:**

- Visits 2051 Admitted 150
- Stroke 1
- LWBS 2

➤ **Med / Surg** ADC 12.0

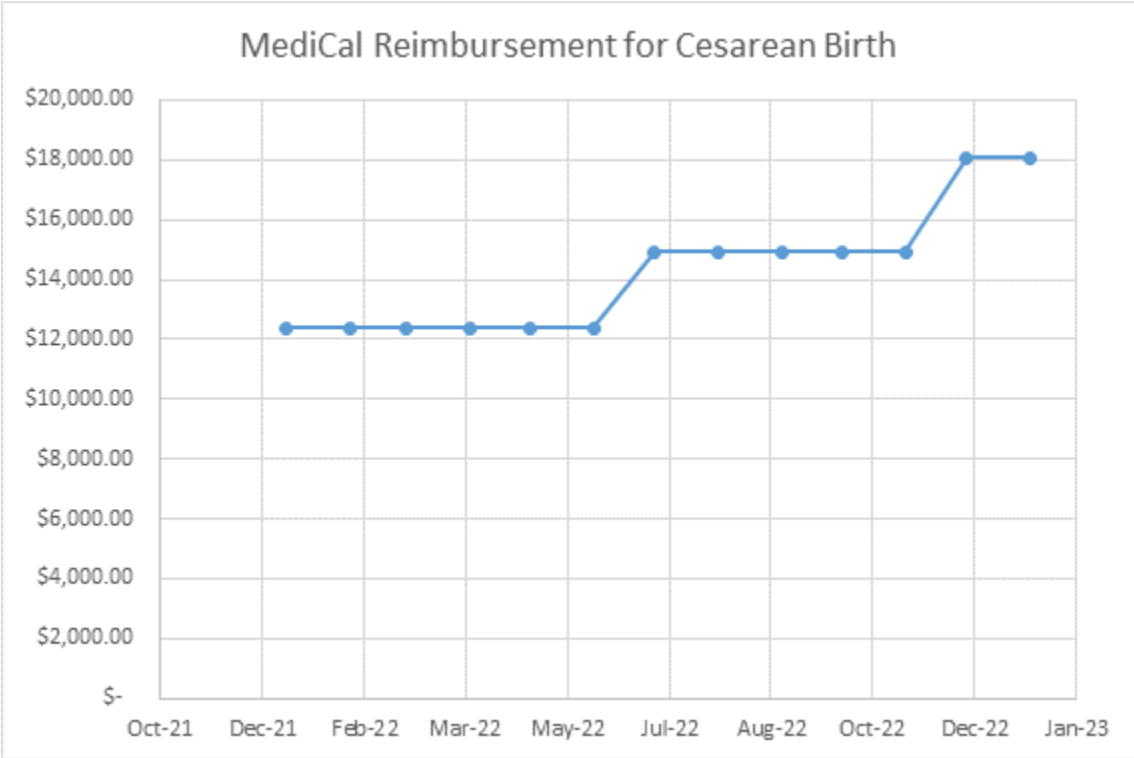
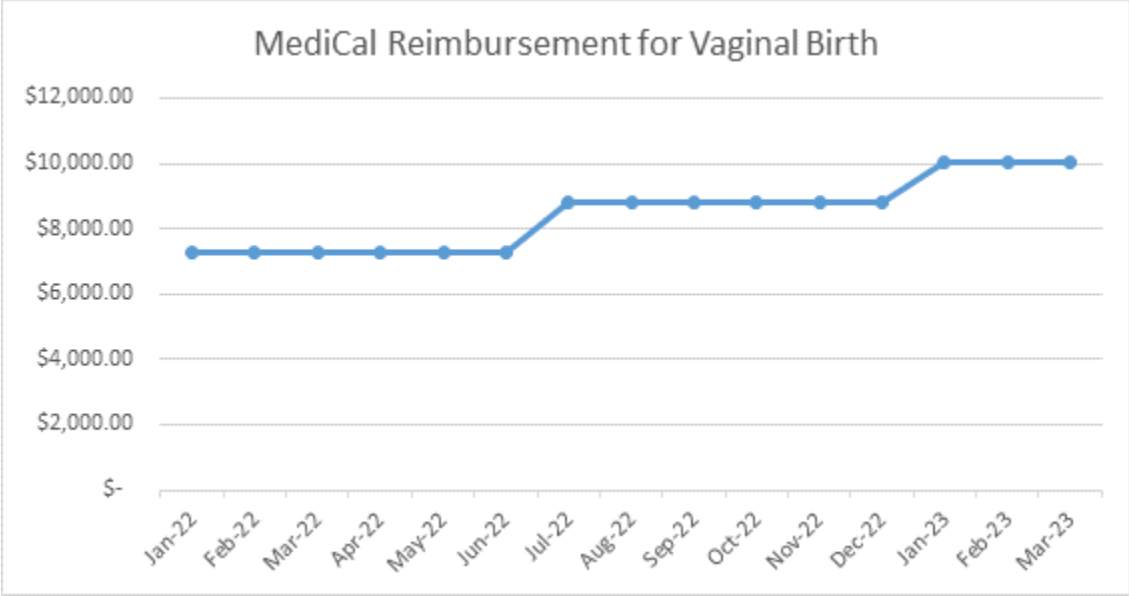
➤ **ICU** ADC 1.5

➤ **OB** Deliveries 37 Outpatient Visits 102

Team Projects:

OB Charges Improvement Project:

- **Team Leader:** Deanna Starr Williams MSN RN C-ONQS
- **Team Members:** Michael Brink, Charity Duran, Rebecca Sherwood BSN RNC-OB MNN, Karen Craig RN BA
- OB Triage, Nursery, and Inpatient Charges Updated
- Invalid charge codes removed
- Corrections made to reflect all levels of care received in department
- Overall total of inpatient bill is less after changes made
- New Charges launched in December 2022
- Increased reimbursement from MediCal shown for deliveries
- OB Population is anywhere from 35 to 60% MediCal so that will make a noticeable difference!
- Increased reimbursement per visit for outpatient visits for MediCal and Private insurance
- Too soon to report trends for private insurance inpatient reimbursement



To: San Benito Health Care District Board of Directors
 From: Amy Breen-Lema, Director, Provider Services & Clinic Operations
 Date: April 10, 2022
 Re: All Clinics – March 2023

2023 Rural Health and Specialty clinics’ visit volumes

Total visits for March 2023 in all outpatient clinics = 7,552

Orthopedic Specialty	537
Multi-Specialty	810
Primary Care Associates	1726
Sunset Clinic	911
Annex Surgeons (General Sx)	222
San Juan Bautista	312
1st Street	923
4th Street	1361
Barragan	750

- After nearly 12 years’ of service to the hospital, Orthopedic Specialty clinic and community, *Dr. Allen Gustafson’s* last day will be March 24, 2023. Dr. Gustafson served as medical director of the total joint replacement program here and treated thousands of patients of all ages during his time here. He has served as a mentor and friend to many colleagues and staff, and we wish him success in his next chapter – we will miss you, Dr. Gus!



Dr. Gustafson pictured here with the Orthopedic Specialty clinic staff.



Hazel Hawkins
MEMORIAL HOSPITAL
Mabie Southside / Mabie Northside SNFs
Board Report – MARCH 2023

To: San Benito Health Care District Board of Directors
From: Sherry Hua, RN, MSN, Director Of Nursing, Skilled Nursing Facility

Management Activities:

1. PASRR requirement effective April 1, 2023, by CDPH and CMS, that Acute Hospital is required to complete PASRR at discharge before SNF transfers.

1. Census Statistics: March 2023

Southside	2023	Northside	2023
Total Number of Admissions	18	Total Number of Admissions	9
Number of Transfers from HHH	17	Number of Transfers from HHH	6
Number of Transfers to HHH	4	Number of Transfers to HHH	1
Number of Deaths	1	Number of Deaths	1
Number of Discharges	11	Number of Discharges	7
Total Discharges	912	Total Discharges	8
Total Census Days	1,418	Total Census Days	1,434

Note: Transfers are included in the number of admissions and discharges. Deaths are included in the number of discharges. Total census excludes bed hold days.

2. Total Admissions: March 2023

Southside	From	Payor	Northside	From	Payor
7	HHMH	Medicare	7	HHH	Medicare
2	HHMH	Medicare MC	1	HHH	CareMore
4	HHMH	Insurance	1	HHH	Medi-Cal
1	HHMH	Medi-Cal			
1	Stanford	Medicare			
3	Re-Admit HHH	Medicare			
18 Total			9 Total		

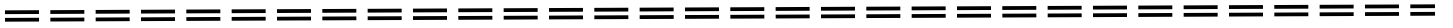
3. Total Discharges by Payor: March 2023

Southside	2023	Northside	2023
Medicare	3	Medicare	5
Medicare MC	2	Medicare MC	1
Medical	6	Medical	1 (Death)
Medi-Cal MC	0	Medi-Cal MC	0
Private (self-pay)	0	Private (self-pay)	0
Commercial	1	Commercial	0
Total	12	Total	7 (1 Death)

4. Total Patient Days by Payor: March 2023

Southside	2023	Northside	2023
Medicare	202	Medicare	191
Medicare MC	19	Medicare MC	35
Medical	1111	Medical	1,141
Medi-Cal MC	3	Medi-Cal MC	0
Private (self-pay)	31	Private (self-pay)	62
Commercial	52	Commercial	5
Bed Hold / LOA	5	Bed Hold / LOA	1
Total	1423	Total	1,435
Average Daily Census	45.90	Average Daily Census	46.26

To: San Benito Health Care District Board of Directors
From: Bernadette Enderez, Director of Diagnostic Services
Date: April 2023
Re: Laboratory and Diagnostic Imaging



Updates:

Laboratory

1. Service/Outreach
 - Clinic staff training and workstation set-up for electronic laboratory ordering.

2. Covid Testing
 - Period: March 2023
 - Total Samples tested: 1782
 - Positivity Rate: 5.49%

3. Quality Assurance/Performance Improvement Activities
 - Started short dated blood product inter hospital transfer to reduce wastage.
 - Working on proposal to replace existing chemistry analyzers

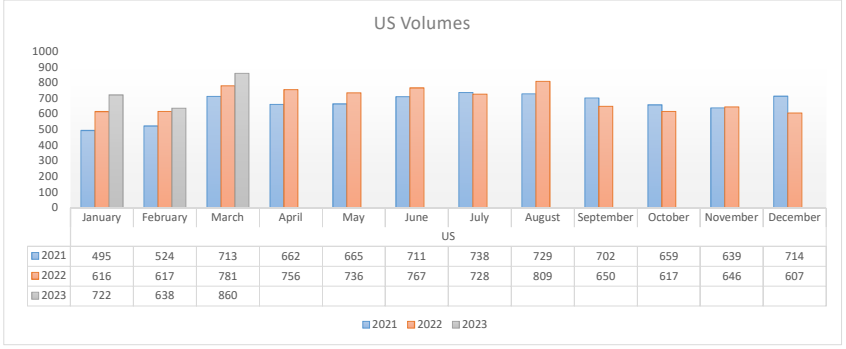
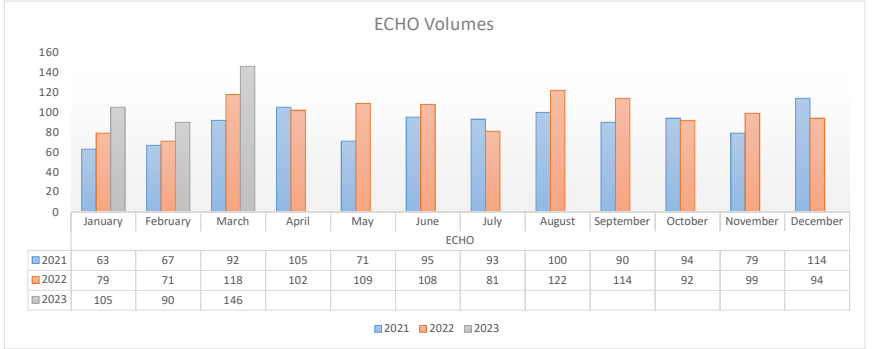
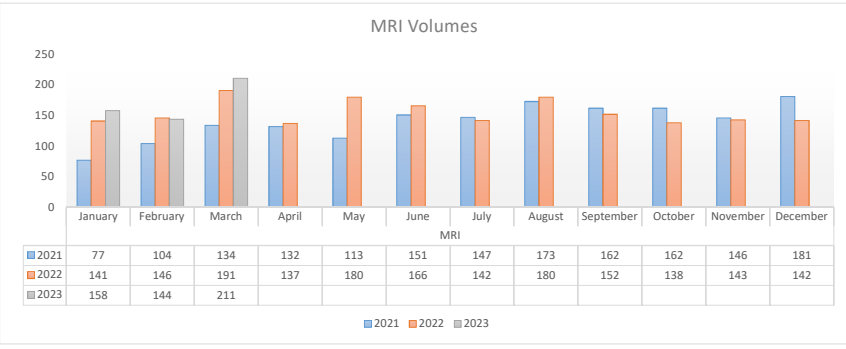
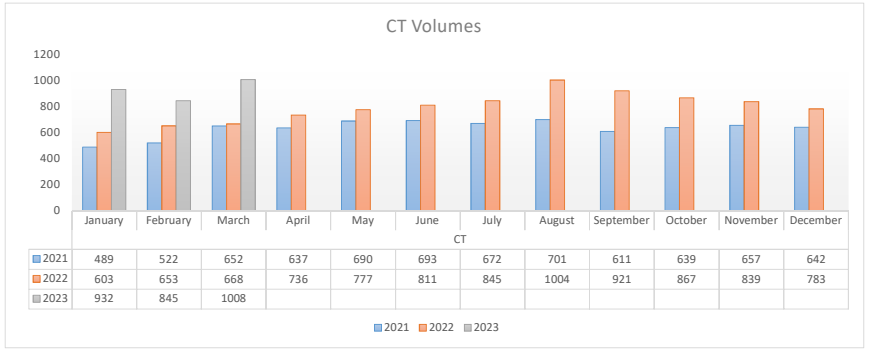
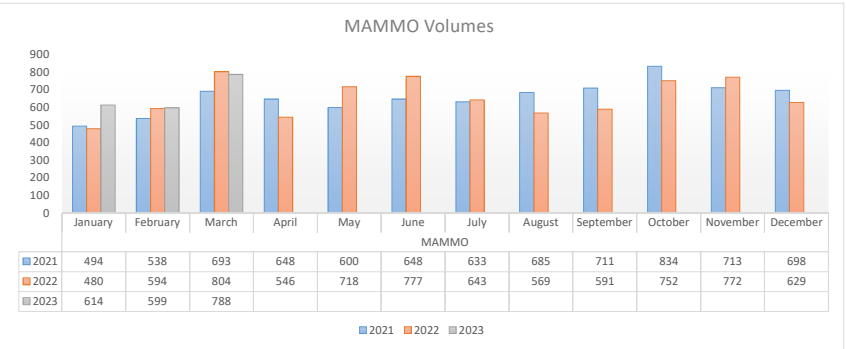
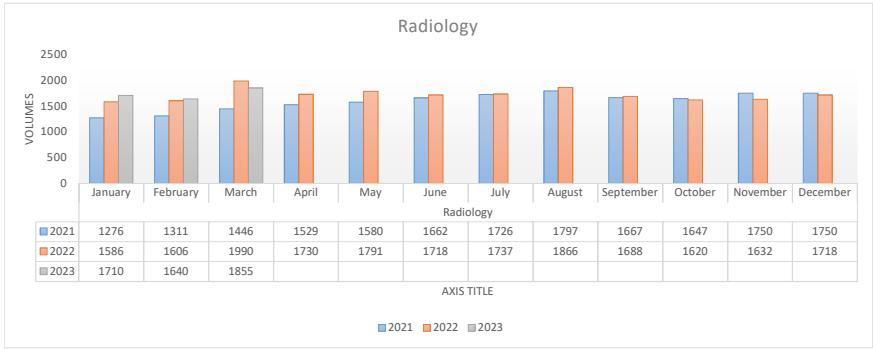
4. Laboratory Statistics
 - See attached report

Diagnostic Imaging

1. Service/Outreach
 - Due to staffing shortage, the Diagnostic Center next to Ortho clinic is closed for April
 - Limited MRI, Dexa, and late Mammo outpatient schedule due to short staffing. Outpatient volumes are monitored closely in order to adjust outpatient services if the demand warrants it.

2. Quality Assurance/Performance Improvement Activities
 - Chargemaster and coding review of Ultrasound special procedures

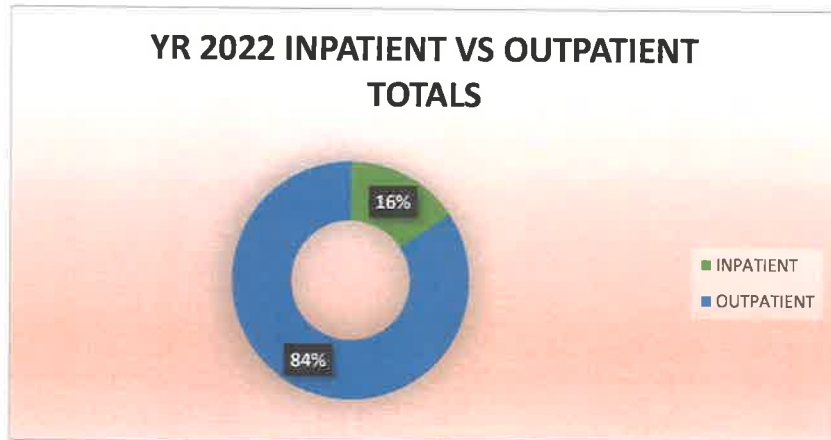
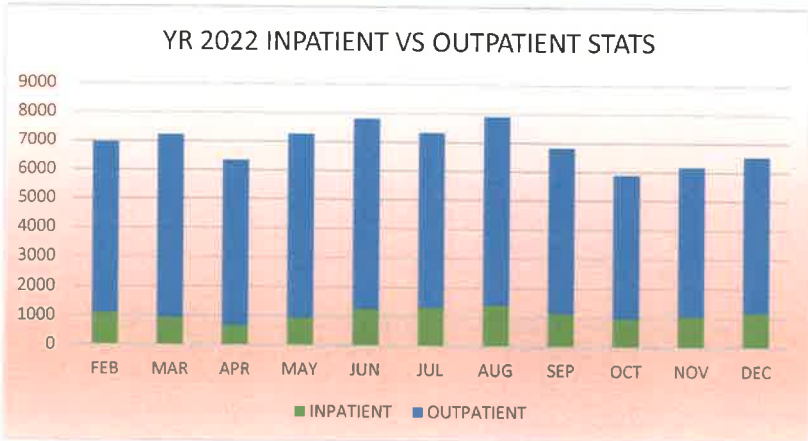
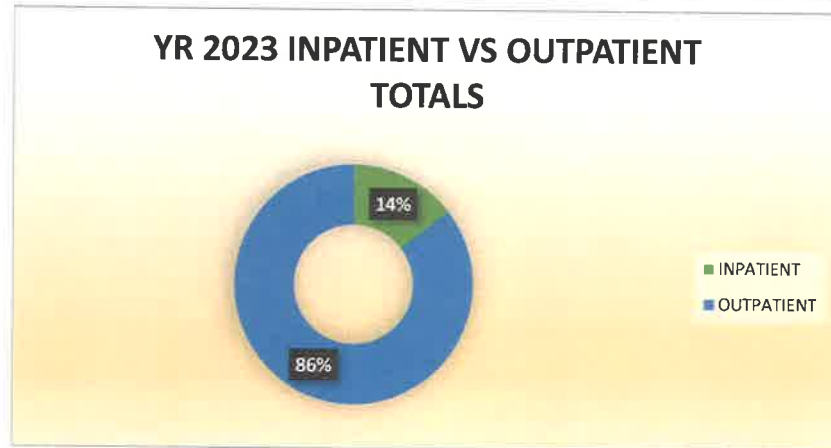
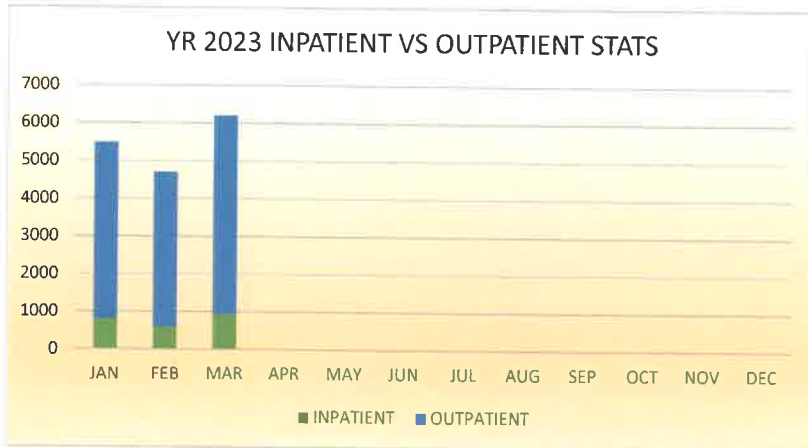
3. Diagnostic Imaging Statistics
 - See attached report



INPATIENT VS OUTPATIENT LABORATORY STATISTICS

YR 2023														
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
INPATIENT	816	603	950										2369	INPATIENT
OUTPATIENT	4673	4109	5257										14039	OUTPATIENT

YR 2022														
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
INPATIENT	1311	1102	945	678	963	1258	1321	1421	1145	973	1066	1205	13388	INPATIENT
OUTPATIENT	8222	5866	6299	5673	6324	6559	6023	6493	5678	4917	5112	5347	72513	OUTPATIENT



MAIN LABORATORY													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	891	739	1020	939	955	1058	1080	1272	1563	1504	1491	1584	14096
2022	2035	1336	1506	1323	1277	1165	1112	1252	1092	1257	1186	1209	15750
2023	1187	1236	1394										3817

HHH EMPLOYEE HEALTH WEEKLY COVID TEST (INCLUDING SNF_NEW SNF LOCATION ONLY)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	1888	1566	1443	1110	1031	1122	1045	1656	2143	1695	1842	2458	18999
2022	2987	2136	1915	1767	2219	2546	2244	2355	2066	1046	1144	1596	24021
2023	595	114	609										1318

MC CRAY LAB													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	1263	1274	1394	1125	1119	1193	1165	1248	1192	1187	1100	1099	14359
2022	1230	1044	1206	1069	1033	1025	1061	1130	866	975	810	752	12201
2023	1038	931	1167										3136

SUNNYSLOPE LAB													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	699	601	624	590	479	636	553	613	580	574	462	487	6898
2022	536	511	632	521	467	488	495	558	423	402	368	186	5587
2023	511	486	551										1548

SJB AND 4TH STREET													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021					41	64	55	29	45	27	37	55	353
2022	63	54	82	72	63	58	23	61	82	82	63	53	756
2023	74	44	83										201

ER AND ASC													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	1628	1162	1126	1077	1083	1089	1174	1415	1272	1139	1059	1279	14503
2022	1434	839	1040	993	1328	1335	1111	1198	1231	1237	1614	1604	14964
2023	1268	1298	1453										4019

TOTAL OUTPATIENT													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	6369	5342	5607	4841	4708	5162	5072	6233	6795	6126	5991	6962	69208
2022	8285	5920	6381	5745	6387	6617	6046	6554	5760	4999	5185	5400	73279
2023	4673	4109	5257										14039

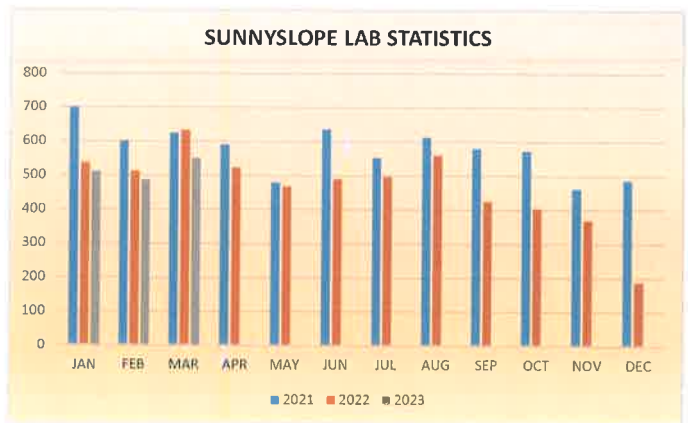
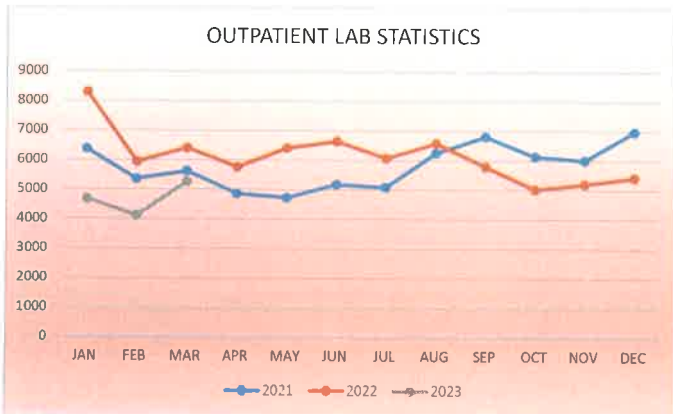
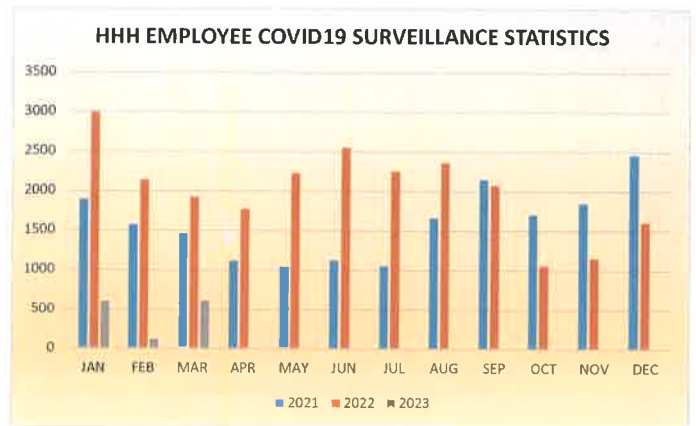
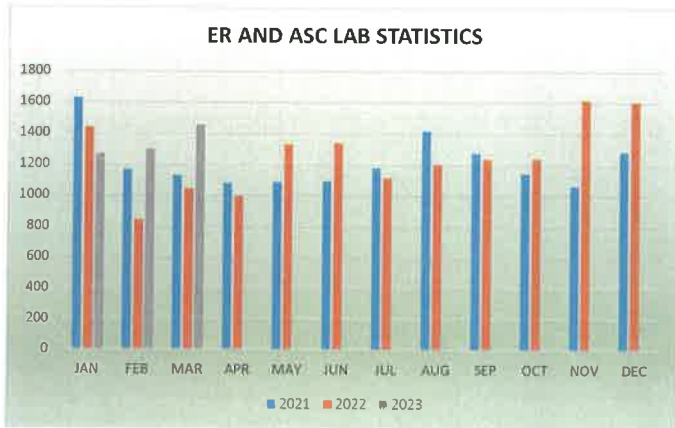
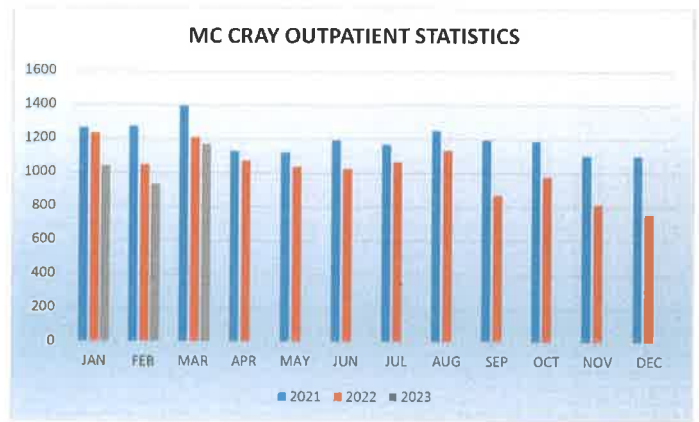
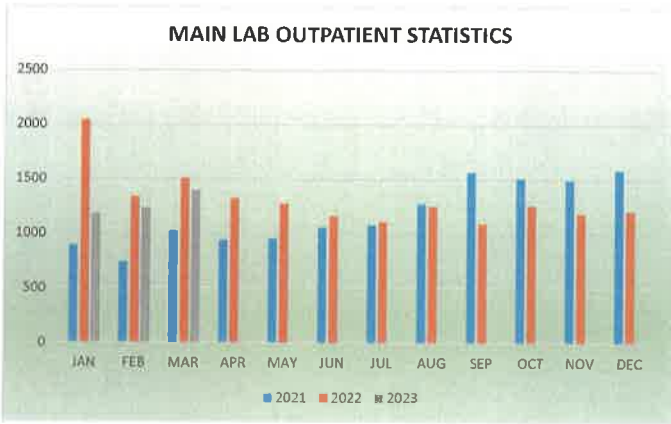
TOTAL INPATIENT (ICU, MEDSURG, OB, SNF)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2021	1116	1053	603	654	705	751	761	803	791	986	874	1301	10398
2022	1311	1102	945	678	963	1258	1321	1421	1145	973	1066	1205	13388
2023	816	603	950										2369

LABORATORY DEPARTMENT
REQUISITION STATISTICS

Bernadette Enderz
Director of Laboratory Services 4/6/23

Michael McGinnis, M.D.
Medical Director 4/6/23





LABORATORY DEPARTMENT

OUTPATIENT STATISTICS

Bernadette Enderez
Director of Laboratory Services

Michael McGinnis, M.D.
Medical Director



TO: San Benito Health Care District Board of Directors
FROM: Liz Sparling, Foundation Director
DATE: April 2023
RE: Foundation Report

The Hazel Hawkins Hospital Foundation Board of Trustees met on April 13 in the Horizon Room.

Financial Report for March

1. Income	\$	53,286.65
2. Expenses	\$	2,318.99
3. New Donors		0
4. Total Donations		262

Allocations













1. Reallocated Home Health Funds (\$4,508.73) to the General Fund

Directors Report

- All for 1 Employee Giving Campaign is underway and we have 47 participants with \$33,514 pledged. We added a new designation, our Fundraising Campaign – “Invest in the future of San Benito County Healthcare, We deserve it!” Of the total amount pledged, \$21,860 has been designated for this campaign.
- Home Health letters went out to donors over the last 5 years stating we will reallocated the home health funds to the general fund due to the closure of the department
- Hospice has extended out application process until June 15th. I met with Mark Robinson and will meet with Sherry Hua, about the future of the program.
- The Auxiliary had their annual lunch on Wednesday, April 12 and I presented at the meeting.
- This year, it has been decided by the Scholarship Committee to postpone the Scholarship applications until we have a partner or buyer for the Hospital.
- The Dinner Dance Committee will meet in April to start planning. The date for this year’s fundraiser is November 4th. I have confirmed it with the Inn. Please mark your calendars.
- The majority of our work has been with our Consultant Sara Haynes with Galvin Jacobson and our Fundraising Campaign– “Invest in the future of San Benito County Healthcare, We deserve it!” Irene Davis is the Chair of this Fundraising Committee.
- Sara has met weekly with staff since contract initiated on 3/22 and researched background materials provided by staff and online to inform context and case development. She is also conducting interviews with Board Members and Community Leaders to help build a case for support.
- We have established with our Foundation a \$2M gift table and built preliminary portfolio of 25-30 prospects and performed initial research on top tier prospect levels (500K, 250K)
- Discussed with staff providing a facilitated mini-strategic planning process for Foundation board to develop policy on how emergency funds raised by Foundation will be used and what happens to those funds (and Foundation) if the hospital faces closure. This would be a virtual retreat where the board finance, governance, and development committees discuss in their respective committees, report back to full board, and written policy is developed to confirm alignment and messaging.

MARKETING

• Social Media Posts

	HHMH sends a rebuttal to BenitoLink regarding their article about the hospital on March 28. See the full letter here: Fri, Apr 7	Post reach 245	Engagement 94
	Our HHH Foundation's Employee Giving Campaign just started on April 1, and we have already received \$20,114 in pledges. \$13,710 is designated to our Invest in the Future of SBC Healthcare Campaign, the remaining \$6,404 is designated to different Hospital Departments of the employee's choice. Congratulations to Lupe from the Business... Mon, Apr 3	Post reach 826	Engagement 228
	Auxiliary member and Volunteer, Joan Moore, talks about how important our hospital is to the community. Fri, Mar 31	Post reach 530	Engagement 65
	Happy Doctor's Day to our Medical Staff from the HHMH Employees! Thu, Mar 30	Post reach 584	Engagement 149
	Today we are celebrating Doctor's Day! We are thankful for the members of our Medical Staff and the care they provide to our community. Thu, Mar 30	Post reach 2,867	Engagement 460
	VOLUNTEERS NEEDED! Do you have some extra free time? Do you want to get involved in a worthwhile cause? Do you enjoy helping people? Volunteers make each day brighter here at HHH! Find out more about volunteering on our website: https://www.hazelhawkins.com/volunteer/ Mon, Mar 27	Post reach 492	Engagement 114
	Many thanks to our wonderful volunteers at Hazel's Treasures for keeping the go-home clothes stocked in the Emergency Room for those that need a clean set of clothes when they are discharged from the ER. Mon, Mar 27	Post reach 1,223	Engagement 203
	https://youtu.be/amo8fogiXuw Click on the link above to see Chris DeMaggio, Diagnostic Imaging Operations Manager, talks about the "Family Environment" at HHH and the importance of the hospital to our community. Fri, Mar 24	Post reach 3,654	Engagement 1,316
	Chris DeMaggio, Diagnostic Imaging Operations Manager, talks about the "family" environment of Hazel Hawkins Hospital. Fri, Mar 24	Post reach 992	Engagement 223
	Today we celebrated the retirement of Dr. G (Allen Gustafson) from his Orthopedic Clinic practice. Dr. G was instrumental in creating our Total Joint Replacement program at our Orthopedic Specialty Center. Dr. G, thank you for your service and excellent medical care you provided to our patients. We wish you all the best in your retirement! You... Thu, Mar 23	Post reach 1,223	Engagement 834
	HHMH WITHDRAWS "WARN" NOTICE TO EMPLOYEES Click the link to read full press release: https://www.hazelhawkins.com/~/-/news/2023/march/hazel-hawkins-memorial-hospital-withdraws-warn-n/ Leadership at Hazel Hawkins Memorial Hospital (HHMW) announced today that it is withdrawing its Worker Adjustment and... Tue, Mar 21	Post reach 1,842	Engagement 737
	We love our patients! Thank you very much to the patients and family members who brought these adorable cookies to our Med/Surg staff. We absolutely love them and appreciate their thoughtful gesture. They were very tasty too! Fri, Mar 17	Post reach 547	Engagement 59

COMMUNITY ENGAGEMENT

Employees:

- Hazel's Headlines
- Recognition Weeks for April:
 - 2 – 8 Patient Access Week (Patient Registration)
 - 16 – National Bean Counters Day (Finance)
 - 16 – 22 Health Information Professionals Week
 - 16 – 22 National Volunteer Week
 - 23 - 29 Medical Laboratory Professionals Week

MEDIA**Public:**

Working with Marcus Young from townKRYER PR agency on proactive PR:

- Mary Casillas participated in a Podcast with ABC News 7 about HHMH's Fiscal Emergency and the issues facing rural hospital's throughout the state.
- Mary Casillas participated in an interview with CalMatters (online state news organization) <https://calmatters.org/health/2023/04/hospital-closures-california/>
- Provided rebuttal to John Chadwell's article in BenitoLink
- Press Release - HHMH Withdraws WARN Notice to Employees

VIDEO'S POSTED ON SOCIAL MEDIA

- Doctor's Day greeting from employees
- Doctors Day medical staff recognition
- Video of support from Chris DeMaggio, Radiology Manager
- Video of support from Joan Moore, Auxiliary Treasurer/Volunteer
- Video of support from Irene Davis, Foundation Board Member

COST SAVING MEASURES

- Working with departments to produce & print forms in-house



San Benito Health Care District

**MEDICAL EXECUTIVE COMMITTEE
CREDENTIALS REPORT
April 19, 2023**

NEW APPOINTMENTS

PRACTITIONER	DEPT/SERVICE	STATUS REQUEST	PROCTOR ASSIGNED
Ahmed, Areesha MD	Medicine/Teleneurology	Privs without membership	
Cooper-Vaughn, Margaret MD	Perinatal/Ob-Gyn	Provisional	
Liu, Hongguang MD	Medicine/Gastroenterology	Provisional	
Klein, Bradley MD	Medicine/Teleneurology	Privs without membership	
Kleinholz-Owens, Patricia MD	Medicine/Teleneurology	Privs without membership	

REAPPOINTMENTS

PRACTITIONER	DEPT/SERVICE	STATUS	TERM
Armstrong, Ralph DO	Perinatal/Ob-Gyn		
Bogey, Michael MD	Emergency/Emergency	Active	2 yr
Jain, Vivek MD	Medicine/Neurology Clinic	Active	2 yr
Mei, Carol MD	Medicine/Hemat-Oncology	Active	2 yr
Phan, An MD	Surgery/Anesthesiology	Active	2 yr
Tolentino-Macaraeg, Anita MD	Perinatal/Pediatric Clinic	Active	2 yr

CHANGE OF STATUS

PRACTITIONER	DEPT/SERVICE	CHANGE
Gabriel, Nick DO	Surgery/General Surgery	Provisional to Active

ALLIED HEALTH – NEW APPOINTMENT

PRACTITIONER	DEPT/SERVICE	STATUS
Bagley, Tyler CRNA	Surgery/Anesthesiology	Provisional

ALLIED HEALTH – REAPPOINTMENTS

PRACTITIONER	DEPT/SERVICE	STATUS	TERM
Bailey, Amy CPNP	Clinic/Pediatric Nurse Practitioner	Current	2 yr
Baker, Michael PA-C	Surgery/Ortho Assist	Current	2 yr

RESIGNATIONS/RETIREMENTS

PRACTITIONER	DEPT/SERVICE	CURRENT STATUS	COMMENT
Basarab-Tung, Jennifer MD	Surgery/Anesthesia	Provisional	No activity in two years-no contract
Gill, Narinder MD	Clinic/Pulmonology	Active	Contract ended
Tran, Amy PA-C	Clinic	Current	Voluntary resignation

COMMITTEE/DEPARTMENT REPORTS – February/March/April 2023

PHARMACY & THERAPEUTICS COMMITTEE (02/15/23)

- Reviewed Pharmacy Intervention reports, including:
 - Intervention Types
 - Pharmacist Interventions – most involve therapeutic interchanges and duplicate meds, as well as renal adjustments and antibiotic consults.
 - Antibiotic Usage for 3rd Quarter 2022 – July and August were higher than September.
 - Anticoagulation Report for 3rd Quarter 2022 – there are many new anticoagulation meds
- Discussed Formulary management; Committee members were asked to review the formulary prior to the next meeting, and let Khiem know if certain meds are not used or obsolete.
- Discussed Liposomal Bupivacaine; Committee members recommended that we discontinue use, and alternatives are being reviewed with Dr. Bogey.
- Reviewed supply chain issues – medication shortages are posted on the Intranet, and regularly updated. Noted that we cannot dispense Methotrexate or Mitoxantrone because we can't compound here.
- Requested preliminary approval for TNKase over Alteplase
- Reviewed costs for Top 20 Drugs; Khiem recommended that we delete all old pneumococcal vaccines other than Pneumo 20, per new guidelines.
- Remote pharmacy services – discussed after-hours med verification.
- Dr. LaCorte will be working on order sets, and would like to start with oral and IV analgesic sets. She will submit a draft for feedback. The pain scale should be included.

INFECTION CONTROL/ANTIMICROBIAL STEWARDSHIP COMMITTEE (02/28/23)

- Reviewed the Infection Control Plan for 2022 for reference.
- Reviewed surveillance reports for 3Q22:
 - Infection Prevention Report Summary: Provided details of 3Q22 infections. Hand Hygiene Audits by Departments – 3Q22: Most departments are at or above 85 Our goal remains 100%.
- Employee Health:
 - Discussed our influenza strategy for 2022-23. Our goal is for over 80% vaccination rate. Reviewed blood-borne pathogen exposures for 2022.
 - Reviewed COVID-19 vaccination and testing data. Testing is no longer required for employees who are not vaccinated.
- Blood Culture contamination rates for 3Q22 were reviewed. Overall contamination rates are at 3.7% for 3Q22, under benchmark of <5%.
- Reviewed data from Pharmacy on the Antimicrobial Stewardship Program for 3Q22; we are doing well on Vancomycin usage.
- Reviewed 3Q22 infection rates and antibiotic stewardship data for the SNFs. Both facilities experienced a COVID outbreak this quarter.

- ASC Immediate Use Steam Sterilization and Inpatient Immediate Use Steam Sterilization reports for 3Q22 were reviewed, and within benchmark. This report will be updated to a more meaningful format.
- Approved the policy on CAUTI prevention.
- Public Health Updates: Noted the link for guidelines on Ebola prep; AFLs are out on COVID infection control, healthcare providers isolation and return work, and guidelines related to outbreaks & reporting thresholds for COVID.

DEPARTMENT OF SURGERY (03/14/23)

- Dr. Sinha gave the Chief of Surgery report; we are trying to put together a meeting to discuss the new scheduling process later this week. The nurses like it so far, as it is working well. D. Williams, RN, OR Director, gave the OR report, and reviewed OR statistics from 2022, and January and February 2023.
- M. Hamilton, RN, Quality/Risk Director, reported on the QAPI reports for 2022 and January/February 2023.
- Noted that the trial on 3-business day release of Block Time has been successful thus far.
- Interim CEO Mary Casillas gave an update on the District's financial status; we are doing better and have enough cash to get us into August. She attributed the improvement to several things, including some operational efficiencies and an increase in the OR volume. She thanked the surgeons for their efforts in performing more surgeries. We also have another GI provider coming soon, which should help the scope backlog.

DEPARTMENT OF PERINATAL (03/28/23)

- We continue to try to clean up the order sets in Meditech.
- Noted that Dr. Cooper-Vaughn is very excited to be starting next month, and will be getting eCW training on Friday.
- D. Williams, RN reviewed the Cesarean Section Classification policy with Department members
- D. Williams, RN gave the Birthing Center Report:
 - Reviewed the Obstetric Quality Indicators from CMQCC for 4th quarter 2022
 - Our LOS after cesarean section is right in line with our peer group.
- Discussed Board Certification criteria for privileges.

DEPARTMENT OF MEDICINE (04/11/23)

- Dr. Arodaki reported that he and Dr. Bogey are collaborating on how our hospital will address the high risk issues as recommended by U.S. Acute Care Solutions for patients with 1) discharge with tachycardia, 2) Heart Score for chest pain, 3) NIHSS for Stroke/Dizziness.
- Discussed Board certification as a privilege criterion.
- S. Kerkes, RN, Interim Med/Surg/SCU Director, reported that the census has been pretty busy at 14-15 patients. SCU has been limited to a census of 2 due to staffing, which is an issue right now. Shanell has met with the staff, and is working on updating and fixing things that need maintenance. B. Vogelsang RN, CCO, reported that she is recruiting for a permanent Director.
- M. Hamilton, RN, Quality Director, reported that the Patient Safety Culture Survey for 2023 has been completed, and showed improvement from the prior year. She announced that Michael Hamé, RN, has been hired as our new Infection Preventionist, as well as Emergency Preparedness for internal & external disasters.

- Reviewed the Analgesic Order Set as recommended by Dr. LaCorte and the Order Set Committee. It be clicked through quickly, and is sorted by oral meds and then IV meds.
- Discussed the issue with the Problem list – it is more difficult to work with now. Dr. Arodaki reminded all to search with a capital first letter. IT is still looking for a work-around on this.

DEPARTMENT OF EMERGENCY MEDICINE (04/18/23)

- Dr. Bogey reported that U.S. Acute Care Solutions continues to talk about getting rid of scribes; apparently California is the only place that they are using scribes. He noted that it would be very difficult to continue to see 30-40 ED patients per day without scribes.
- Sepsis documentation for Inpatients – a reminder will be sent to the Hospitalists.
- S. Kerkes RN, gave the ED Nursing Director's report; reviewed the ED dashboard, and they saw 6,284 patients in the last 3 months. Trauma - we are working on getting 2022 closed out, and reported to County. The County would prefer it if we sent this data directly to the State. Reviewed transfers and stroke data. The sepsis form has been revised to make it more user-friendly. Overall, the ED is doing well, but staffing continues to be an issue. New admission checklist developed by Shanell to provide more information to inpatient staff when admitting RE: NIHSS requirements. ER doctors can document that they re-evaluated the patient after fluid bolus, and that should satisfy requirements for sepsis documentation.
- Dr. Bogey reported that Dr. Waleed Hussein will be coming in June. We are pretty slim on ED physicians, and also short on PAs at this time, with Abby on maternity leave. Everyone is doing a great job, and we have a really good core group.
- Physician badges will be upgraded to the hospital's new system, which combines an ID badge with the door access card.
- M. Hamilton, RN, Quality Director, discussed the algorithm for Transfer UNSTABLE Patient ED to ED. If we don't have the capacity to care for the patient, we should transfer to another facility that does, unless they are on diversion. Written denial should be requested if we are denied transfer. These are ED to ED transfers, not inpatient, so they should be able to accept, even if they are unstable. B. Vogelsang, RN, CCO, will look into developing ED transfer agreements with some of our local hospitals like Natividad, Salinas Valley, and Good Samaritan.



San Benito Health Care District Restructuring Status & Loan Authorization

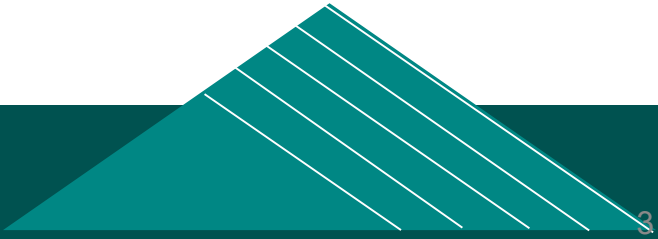
Presented to:
San Benito Health Care District Board of Directors
April 27, 2023

www.hazelhawkins.com

Presentation Agenda:

- Short-Term Financial Stabilization Status
 - Discuss Short-Term Initiatives
 - Success of Short-Term Initiatives
 - Limits of Short-Term Initiatives on Long-Term Stabilization
- Long-Term Financial Stabilization
 - Long-Term Stabilization Tools
 - Authority to Obtain Loan to Achieve Long-Term Strategy

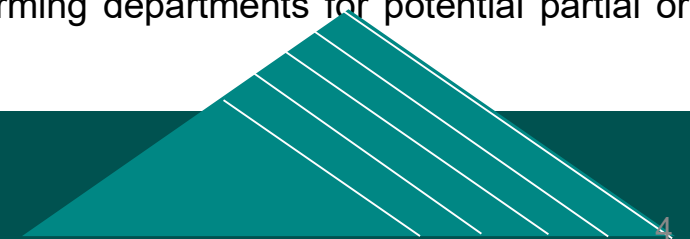
Short-Term Financial Stabilization Status



Short-Term Stabilization Initiatives

The District declared a fiscal emergency in November 2022 because projections indicated the District would run out of cash in December 2022. The District has since undertaken initiatives to stabilize short-term operations.

- **Revenue from Services.** Increasing revenue by adding 3 new gastroenterologists to increase surgery volume.
- **Supplemental cash payments/financing:** Increased cash flow by \$10.7 million from December 2022 through April 2023 that is attributable to a CHFFA loan of \$3.0 million and the acceleration of supplemental payments totaling \$7.7 million.
- **Cash Flow Enhancements.** Increased cash flow by \$380,000 per month by negotiating extended repayment terms with CMS (Medicare) on a 2021 \$5 million overpayment recoupment.
- **Operational Savings.** Generated over \$1.9 million of savings by implementing staffing reductions, deferral of wage increases, and other operational savings, which annualize to approximately \$4 million.
- **Cash Management Program.** Ongoing tight controls on spending and cash management will continue to increase net cash flow from operations.
- **Renegotiated Anthem Agreement.** Starting in January 2023, an estimated \$2 million in additional annual cash flow is anticipated from the District's renegotiated payor contract with Anthem (one of the District's largest non-governmental payors).
- **Analysis of Underperforming Service Lines.** Analyzing and evaluating underperforming departments for potential partial or complete closures. For example, Home Health Services has been closed.



Results of the Short-Term Stabilization Initiatives

The District increased its actual cash position over its forecasted cash position through February 2023 by over \$11 million from the December 2022 projections. The initiatives that contributed to this increase are summarized in **Table 1**.

Table 1 - Increase (Decrease) in Forecasted Cash as of February 25, 2023

Description	Increase (Decrease) in Cash December 2022	Increase (Decrease) in Cash January 2023	Increase (Decrease) in Cash February 2023	Increase (Decrease) in Cash 12/3/2022 - 02/25/23
Beginning cash balance	\$ (684,174)	\$ 3,164,071	\$ 5,811,071	\$ (684,174)
Operations				
Net cash flow	1,984,612	(392,647)	315,624	1,907,588
Supplemental cash excluded from initial forecast				
HQAF Direct Grant	-	-	979,971	979,971
Cost report settlement	-	-	988,669	988,669
Other	(150,000)	-	12,531	(137,469)
Payment of deferred payroll taxes	1,144,000	-	-	1,144,000
	994,000	-	1,981,171	2,975,171
Financing				
Advances				
Property tax advance	937,418	-	-	937,418
Outpatient supplemental	-	-	3,029,540	3,029,540
CHFFA loan (net of repayments)	-	3,059,185	-	3,059,185
	937,418	3,059,185	3,029,540	7,026,143
Restructuring expense	(114,660)	1,330	(67,500)	(180,830)
Capital expenditures	46,876	(20,868)	87,998	114,006
Ending cash balance	\$ 3,164,071	\$ 5,811,071	\$ 11,157,904	\$ 11,157,904

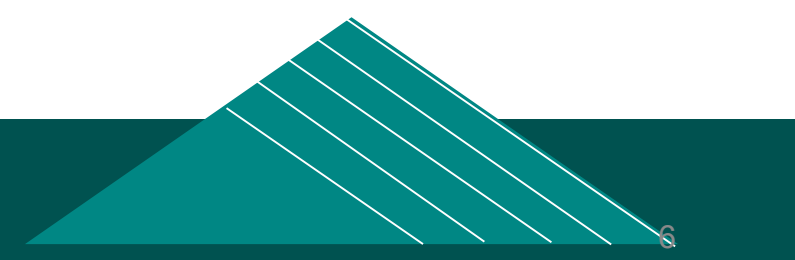
In March 2023, the District received an advance QIP payment totaling \$3.7 million that was previously scheduled to be received in June 2023.

Current Financial Projections

The District's short-term stabilization initiatives extended the "runway" for the District to pursue alternatives. The current projections are set forth in **Table 2** and reflect the District will be critically low on cash in September 2023.

Table 2 - Cash Forecast - April 2023 through December 2023

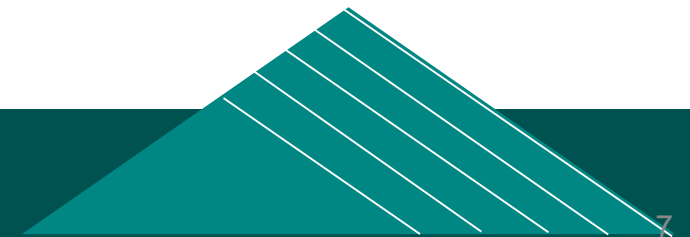
Description	Forecast April 2023	Forecast May 2023	Forecast June 2023	Forecast July 2023	Forecast August 2023	Forecast September 2023	Forecast October 2023	Forecast November 2023	Forecast December 2023	Total
Cash receipts										
Recurring revenue	\$ 8,564,277	\$ 9,300,000	\$ 9,100,000	\$ 10,700,000	\$ 9,100,000	\$ 10,700,000	\$ 9,100,000	\$ 9,100,000	\$ 11,750,000	\$ 87,414,277
Net supplemental/other revenue	618,044	-	2,512,189	2,467,865	(1,138,622)	-	2,433,531	-	-	6,893,006
Total cash receipts	9,182,321	9,300,000	11,612,189	13,167,865	7,961,378	10,700,000	11,533,531	9,100,000	11,750,000	94,307,283
Operating cash disbursements	10,964,030	11,132,172	10,802,172	12,427,172	10,802,172	13,137,172	10,802,172	10,802,172	13,287,172	104,156,404
Operating cash flow	(1,781,709)	(1,832,172)	810,017	740,693	(2,840,793)	(2,437,172)	731,359	(1,702,172)	(1,537,172)	(9,849,120)
Less: Restructuring expenses	300,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,300,000
Less: Other non-operating expenses	66,731	200,000	200,000	250,000	200,000	250,000	200,000	200,000	250,000	1,816,731
Plus: Loans	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	\$ (2,148,440)	\$ (2,282,172)	\$ 360,017	\$ 240,693	\$ (3,290,793)	\$ (2,937,172)	\$ 281,359	\$ (2,152,172)	\$ (2,037,172)	\$ (13,965,851)
Beginning Cash Balance	\$ 10,784,563	\$ 8,636,123	\$ 6,353,952	\$ 6,713,969	\$ 6,954,662	\$ 3,663,868	\$ 726,697	\$ 1,008,056	\$ 1,855,884	\$ 10,784,563
Net Cash Flow	(2,148,440)	(2,282,172)	360,017	240,693	(3,290,793)	(2,937,172)	281,359	(2,152,172)	(2,037,172)	(13,965,851)
Bridge Loan	-	-	-	-	-	-	-	3,000,000	3,000,000	6,000,000
Ending Cash Balance	\$ 8,636,123	\$ 6,353,952	\$ 6,713,969	\$ 6,954,662	\$ 3,663,868	\$ 726,697	\$ 1,008,056	\$ 1,855,884	\$ 2,818,712	\$ 2,818,712



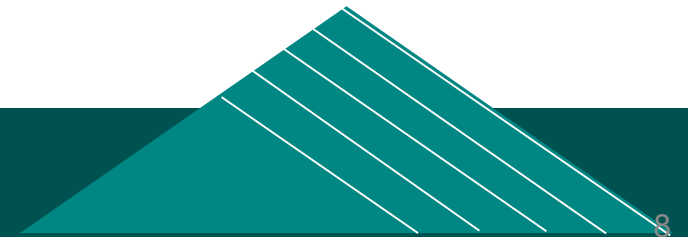
Short-Term Stabilization Limitations

The District's short-term financial turnaround initiatives successfully stabilized short-term operations and avoided immediate closure. However, they are not sufficient to stabilize the District's long-term operations.

- **Cost of Independent Restructuring.** The 2021 study prepared by ADAMS Management Services Corporation for the District concluded significant capital improvements (in the hundreds of millions of dollars) were needed to expand services and make the District's operations sufficiently competitive to remain independent.
- **Limited Working Capital.** The District's days cash on hand has been lower than the average Critical Access Hospital since at least 2019 and was significantly impacted by unanticipated events in mid-2022.
- **Advance Payments.** The District has negotiated advance payments to stabilize operations to avoid immediate closure, but those advance payments decrease revenue that would be realized later in the year.



Long-Term Financial Stabilization Options



Long-Term Stabilization Tools

The District cannot continue to provide the same level of services without restructuring its expenses or partnering with a larger system that can bring economies of scale to balance expenses.

- **Stakeholder Negotiations.** The District concluded state-mandated confidential mediation with its interested parties on April 5, 2023. The District did not reach a resolution with all interested parties that would reduce expenses sufficiently and continues discussions with stakeholders outside of mediation.
- **Governmental Negotiations.** The District continues to pursue funding options with the State of California and local legislators.
- **Transaction.** The District and its financial advisors are conducting a disciplined marketing process with the objective of executing a transaction with a strategic partner or buyer. 10 parties have executed Non-Disclosure Agreements. A transaction would not likely close until December 2023.
- **Bankruptcy.** The November 2022 fiscal emergency declaration authorized a bankruptcy filing but the District did not pursue the option at the time in favor of stabilizing short-term finances. It remains a potential tool to restructure expenses if stakeholder negotiations are not successful.
- **Reduction in Services.** The District may need to reduce services it offers as a last resort if it cannot stabilize operations by reducing expenses or partnering with a larger system. The District is developing the outline of an alternative pathway with reduced services.

Loan Proposal to Serve Short and Long-Term Stabilization Objectives

The Board is considering granting authority to obtain a loan to serve the short-term and long-term stabilization objectives of the District. Granting authority **does not** mean the District is drawing-down on the loan immediately, but, instead, affords the District the option based on its cash needs.

- The District has obtained agreement in principle from the California Department of Health Care Access and Information (“HCAI”) that it would consider subordinating the liens of the 2021 Bonds to a loan on accounts receivable.
- HCAI is secured by a lien on accounts receivable **and** a lien on the District’s real estate assets. The District’s real estate is far more valuable than the 2021 Bond debt.
- The District has obtained two indications of interest from commercial lenders to provide financing and has been in discussions with governmental entities to provide lower-cost financing.
- The authority to obtain a loan gives the District optionality to achieve its long-term stabilization goals if determined necessary to: (i) extend the runway to complete a transaction; (ii) further stakeholder negotiations; or (iii) transition to reduced services.



Hazel Hawkins

MEMORIAL HOSPITAL

www.hazelhawkins.com

Interim CEO Report April 2023

Ambulatory Services

- General Surgery Clinic – We have been encouraged that applications are now starting to move through the State process. We will be doing a mock survey to prepare for the State to come in and survey.
- Working with SBCOE to organize immunization clinics for students.

Financial Emergency Update

- Administration continues to meet with State and Federal legislators on a regular basis to discuss potential legislation for emergency funding.
- We have a standing meeting with leaders from the County to keep them informed of our situation.
- Confidential mediations have been completed.
- Our real estate agent continues to show the Maple Street property.
- Revenue Cycle – we are looking for a new company to help with audits of revenue cycle.

Foundation

- A committee is working on their new fundraising campaign. Their goal is to raise \$2M to go toward the general fund.

Communications/Public Relations

- Videos will continue to come out on social media.
- HHH was featured in a CalMatters article.
- Working on activities for Hospital Week May 7.

CEO Activities

- Attending monthly Business Council meetings.
- Attended DHLF board meeting in April.
- CHA meeting attended by CFO.

San Benito Health Care District
Finance Committee Minutes
April 20, 2023 - 4:30pm

Present: Jeri Hernandez, Board President
Bill Johnson, Board Vice President
Mark Robinson, Chief Financial Officer
Barbara Vogelsang, Chief Clinical Officer
Amy Breen-Lema, Provider Services and Clinic Operations Director
Lindsey Parnell, Controller

1. CALL TO ORDER

The meeting of the Finance Committee was called to order at 4:30pm.

2. APPROVE MARCH MEETING MINUTES

Upon motion by Director Hernandez, second by Director Johnson, the Finance Committee approved the minutes of the March 16, 2023 Finance Committee Meeting, as presented

3. REVIEW FINANCIAL UPDATES

A. March 2023 Financial Statements

The Financial Statements for March 2023 were presented for review. For the month ending March 31, 2023, the District's Net Surplus (Loss) is \$579,017 compared to a budgeted Surplus (Loss) of \$892,619. The District is under budget for the month by \$313,602.

YTD as of March 31, 2023, the District's Net Surplus (Loss) is \$990,612 compared to a budgeted Surplus (Loss) of \$5,728,423. The District is under budget YTD by \$4,737,811.

Acute discharges were 178 for the month, under budget by 17 discharges or 9%. The ADC was 16.55 compared to a budget of 21.23. The ALOS was 2.88. The acute I/P gross revenue was under budget by \$2.13 million while O/P services gross revenue was \$2.23 million or 9% over budget. ER I/P visits were 137 and ER O/P visits were over budget by 184 visits or 11%. The Rural Health Clinics treated 4,257 patients (includes 750 visits at the Diabetes Clinic) while the other clinics treated 3,073 outpatients.

Other Operating revenue exceeded budget by \$513,904 due to the District recognizing \$407,030 in funding from the American Rescue Plan ARP. In addition, the District received a rebate from Magellan Health for \$159,835.

Operating Expenses were under budget by \$344,614 due mainly to variances in: Salary and Wages being under budget by \$862,117, Registry under budget by \$209,501 with the savings being offset by Employee Benefits over budget by \$251,872 and professional fees by \$198,267.

Non-operating Revenue exceeded budget by \$106,995 due to larger than budgeted donations.

The SNFs ADC was 92.00 for the month. The Net Surplus (Loss) is \$1,066,241 compared to a budget of \$66,723. Effective August 1, 2022, the SNF received a Medi-Cal per diem increase of \$79.44 per day through June 30, 2023. YTD, the SNF is exceeding its budget by \$1.82 million. However, the 10% COVID premium of \$56.96 will expire on June 30, 2023. The ADC is budgeted to be 88 residents each month for the year.

The District is working through various plans in order to avoid filing for Chapter 9 during the remainder of the fiscal year.

B. March 2023 Finance Dashboard

The Finance Dashboard was reviewed by the Committee in detail.

C. Labor to Total Expense

A schedule of Labor to Total Expense was presented and reviewed in detail. The schedule highlighted the reduction in year-to-date labor costs as a percentage of total operating expenses.

D. Savings Tracker

A draft Savings Tracker was presented in the committee packet. The Savings Tracker is a projection of savings based on operational changes made to reduce costs. This document will continue to evolve as operational changes are implemented.

4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF TREANORHL SEISMIC COMPLIANCE AGREEMENT

The California Department of Health Care Access and Information requires an evaluation and report of items to be completed to reach Non-structural Performance Category (NPC) seismic compliance. The submission due date for this evaluation report is January 1, 2024. The fee proposal for TreanorHL's evaluation and reporting services was presented and included in the committee packet. The agreement is for approximately 6-8 months with fees not to exceed \$169,826. The Finance Committee recommends this agreement for Board approval.

5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF VESTING AUTHORITY TO EXECUTE LOAN FUNDING AGREEMENT TO AUTHORIZED REPRESENTATIVE(S)

A resolution authorizing the district to enter into a line of credit with a commercial lender was presented and included in the committee packet. The resolution provides the District's interim Chief Executive Officer or designee the option and authority to negotiate and execute the documents necessary to secure a line of credit with a commercial lender not to exceed \$10,000,000. The Finance Committee recommends this resolution for Board approval.

6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF MARTIN M. BRESS, M.D. PROFESSIONAL SERVICES AGREEMENT

The Professional Services Agreement for pulmonary function test interpretation has a proposed effective date of April 1, 2023, a 1-year term with auto-renewal, and a 30-day termination clause. The agreement states that the Hospital will perform the global billing for the tests and interpretations and compensate Dr. Bress a contracted rate of \$25 per

interpreted exam. The estimated base monthly cost is \$500 (\$6,000 annually). The Finance Committee recommends this resolution for Board approval.

7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF HONGGUANG LIU, M.D. PROFESSIONAL SERVICES AGREEMENT

The Professional Services Agreement for gastroenterology coverage allows Dr. Liu to partner with the existing 3-physician panel to provide emergency call and up to 3 days per week of clinic coverage. The agreement has a proposed effective date of April 1, 2023, a 3-year term, and a 60-day termination clause. The base monthly compensation will be set within the 75th percentile of fair market value at \$15,000 per month, plus travel expenses. The Finance Committee recommends this resolution for Board approval.

8. PUBLIC COMMENT

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration

9. ADJOURNMENT

There being no further business, the Committee was adjourned at 4:49pm.

Respectfully submitted,



Lindsey Parnell
Controller



April 20, 2023

CFO Financial Summary for the Finance Committee:

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The District is working through various plans in order to avoid filing for Chapter 9 during the remainder of the fiscal year.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,642,241	4,498,356	(856,115)	(19)	4,240,110	37,237,472	40,383,334	(3,145,862)	(8)	37,704,833
SNF ROUTINE REVENUE	2,142,850	2,045,999	96,851	5	2,025,100	18,373,200	18,083,994	289,206	2	15,134,760
ANCILLARY INPATIENT REVENUE	4,650,486	5,713,353	(1,062,867)	(19)	5,688,806	44,140,443	51,267,046	(7,126,603)	(14)	47,843,977
HOSPITALIST\PEDS I\P REVENUE	159,144	227,680	(68,536)	(30)	205,909	1,606,399	2,043,928	(437,529)	(21)	1,897,133
TOTAL GROSS INPATIENT REVENUE	10,594,722	12,485,388	(1,890,667)	(15)	12,159,924	101,357,514	111,778,302	(10,420,788)	(9)	102,580,702
ANCILLARY OUTPATIENT REVENUE	26,399,380	24,143,718	2,255,662	9	21,394,258	206,967,681	194,261,195	12,706,486	7	180,705,096
HOSPITALIST\PEDS O\P REVENUE	43,377	68,094	(24,717)	(36)	55,879	516,889	547,867	(30,978)	(6)	503,911
TOTAL GROSS OUTPATIENT REVENUE	26,442,757	24,211,812	2,230,945	9	21,450,137	207,484,570	194,809,062	12,675,508	7	181,209,007
TOTAL GROSS PATIENT REVENUE	37,037,479	36,697,200	340,279	1	33,610,061	308,842,084	306,587,364	2,254,720	1	283,789,709
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,540,464	8,977,366	2,563,098	29	8,946,351	89,820,597	74,838,217	14,982,380	20	70,380,217
MEDI-CAL CONTRACTUAL ALLOWANCES	7,941,241	8,823,446	(882,205)	(10)	7,936,528	76,199,219	73,380,199	2,819,020	4	69,981,920
BAD DEBT EXPENSE	338,923	355,128	(16,206)	(5)	325,621	3,352,743	2,954,139	398,604	14	2,839,686
CHARITY CARE	25,823	81,022	(55,199)	(68)	156,199	299,400	673,998	(374,598)	(56)	665,111
OTHER CONTRACTUALS AND ADJUSTMENTS	4,288,164	4,382,145	(93,981)	(2)	4,316,496	33,591,476	36,324,610	(2,733,134)	(8)	34,401,574
HOSPITALIST\PEDS CONTRACTUAL ALLOW	15,999	9,708	6,291	65	22,744	72,724	80,769	(8,045)	(10)	101,128
TOTAL DEDUCTIONS FROM REVENUE	24,150,613	22,628,815	1,521,798	7	21,703,939	203,336,159	188,251,932	15,084,227	8	178,369,636
NET PATIENT REVENUE	12,886,866	14,068,385	(1,181,519)	(8)	11,906,123	105,505,925	118,335,432	(12,829,507)	(11)	105,420,072
OTHER OPERATING REVENUE	1,102,868	588,964	513,904	87	1,408,491	10,363,577	5,195,676	5,167,901	100	5,893,149
NET OPERATING REVENUE	13,989,734	14,657,349	(667,616)	(5)	13,314,613	115,869,502	123,531,108	(7,661,606)	(6)	111,313,222
OPERATING EXPENSES:										
SALARIES & WAGES	4,765,086	5,702,384	(937,298)	(16)	4,936,006	42,927,645	47,964,371	(5,036,726)	(11)	42,410,950
REGISTRY	117,977	307,500	(189,524)	(62)	592,018	3,836,750	2,782,500	1,054,250	38	3,786,753
EMPLOYEE BENEFITS	3,441,277	3,030,963	410,314	14	2,570,440	25,423,433	25,530,272	(106,839)	0	22,721,296
PROFESSIONAL FEES	1,849,865	1,651,706	198,159	12	1,520,332	14,906,728	14,598,950	307,778	2	12,909,281
SUPPLIES	1,227,411	1,445,276	(217,865)	(15)	1,285,518	11,030,503	11,944,716	(914,213)	(8)	10,532,340
PURCHASED SERVICES	1,289,398	1,109,631	179,767	16	1,138,082	11,104,900	9,807,704	1,297,196	13	9,044,568
RENTAL	122,419	150,188	(27,769)	(19)	135,705	1,366,463	1,351,560	14,903	1	1,325,930
DEPRECIATION & AMORT	330,276	329,999	277	0	314,619	2,932,835	2,952,004	(19,169)	(1)	2,805,041
INTEREST	170,125	3,750	166,375	4,437	15,766	216,672	33,750	182,922	542	26,136
OTHER	473,848	303,303	170,545	56	345,353	3,968,606	3,318,148	650,458	20	3,098,567
TOTAL EXPENSES	13,787,682	14,034,700	(247,018)	(2)	12,853,839	117,714,534	120,283,975	(2,569,441)	(2)	108,660,861
NET OPERATING INCOME (LOSS)	202,052	622,649	(420,597)	(68)	460,775	(1,845,032)	3,247,133	(5,092,165)	(157)	2,652,360

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	108,623	10,000	98,623	986	687	482,079	150,000	332,079	221	146,980
PROPERTY TAX REVENUE	195,915	194,511	1,404	1	185,249	1,763,235	1,750,599	12,636	1	1,667,241
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	1,484,678	1,484,676	2	0	1,440,815
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(648,428)	(648,432)	5	0	(675,815)
OTHER NON-OPER REVENUE	17,157	7,866	9,291	118	7,878	124,636	70,794	53,842	76	88,678
OTHER NON-OPER EXPENSE	(37,647)	(35,323)	(2,324)	7	(38,161)	(372,565)	(326,347)	(46,218)	14	(389,728)
INVESTMENT INCOME	0	0	0	0	0	2,010	0	2,010		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	376,965	269,970	106,995	40	240,653	2,835,644	2,481,290	354,354	14	2,266,858
NET SURPLUS (LOSS)	579,017	892,619	(313,602)	(35)	701,428	990,612	5,728,423	(4,737,811)	(83)	4,919,219
EBIDA	\$ 854,023	\$ 1,165,025	\$ (311,002)	(26.69)%	\$ 969,208	\$ 3,459,762	\$ 8,170,530	\$ (4,710,768)	(57.65)%	\$ 7,348,987
EBIDA MARGIN	6.10%	7.95%	(1.84)%	(23.19)%	7.28%	2.99%	6.61%	(3.63)%	(54.85)%	6.60%
OPERATING MARGIN	1.44%	4.25%	(2.80)%	(66.00)%	3.46%	(1.59)%	2.63%	(4.22)%	(160.57)%	2.38%
NET SURPLUS (LOSS) MARGIN	4.14%	6.09%	(1.95)%	(32.03)%	5.27%	0.85%	4.64%	(3.78)%	(81.56)%	4.42%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,642,241	4,498,356	(856,115)	(19)	4,240,110	37,237,472	40,383,334	(3,145,862)	(8)	37,704,833
ANCILLARY INPATIENT REVENUE	4,271,987	5,472,952	(1,200,965)	(22)	5,308,426	40,584,419	49,142,241	(8,557,823)	(17)	45,770,358
HOSPITALIST I\ P REVENUE	159,144	227,680	(68,536)	(30)	205,909	1,606,399	2,043,928	(437,529)	(21)	1,897,133
TOTAL GROSS INPATIENT REVENUE	8,073,372	10,198,988	(2,125,616)	(21)	9,754,445	79,428,290	91,569,503	(12,141,214)	(13)	85,372,324
ANCILLARY OUTPATIENT REVENUE	26,399,380	24,143,718	2,255,662	9	21,394,258	206,967,681	194,261,195	12,706,486	7	180,705,096
HOSPITALIST O\ P REVENUE	43,377	68,094	(24,717)	(36)	55,879	516,889	547,867	(30,978)	(6)	503,911
TOTAL GROSS OUTPATIENT REVENUE	26,442,757	24,211,812	2,230,945	9	21,450,137	207,484,570	194,809,062	12,675,508	7	181,209,007
TOTAL GROSS ACUTE PATIENT REVENUE	34,516,129	34,410,800	105,329	0	31,204,582	286,912,859	286,378,565	534,294	0	266,581,330
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,282,655	8,805,902	2,476,753	28	8,721,231	87,512,061	73,322,699	14,189,362	19	69,087,325
MEDI-CAL CONTRACTUAL ALLOWANCES	8,810,578	8,664,804	145,774	2	7,653,355	75,833,678	71,978,009	3,855,669	5	69,404,051
BAD DEBT EXPENSE	378,311	355,128	23,183	7	276,474	3,329,226	2,954,139	375,087	13	2,725,698
CHARITY CARE	25,823	81,022	(55,199)	(68)	50,495	292,250	673,998	(381,748)	(57)	557,366
OTHER CONTRACTUALS AND ADJUSTMENTS	4,122,672	4,336,417	(213,745)	(5)	4,296,138	32,939,239	35,920,436	(2,981,197)	(8)	34,110,720
HOSPITALIST\ PEDS CONTRACTUAL ALLOW	15,999	9,708	6,291	65	22,744	72,724	80,769	(8,045)	(10)	101,128
TOTAL ACUTE DEDUCTIONS FROM REVENUE	24,636,038	22,252,981	2,383,057	11	21,020,436	199,979,176	184,930,050	15,049,126	8	175,986,288
NET ACUTE PATIENT REVENUE	9,880,091	12,157,819	(2,277,728)	(19)	10,184,145	86,933,683	101,448,515	(14,514,832)	(14)	90,595,043
OTHER OPERATING REVENUE	1,102,868	588,964	513,904	87	1,408,491	10,363,577	5,195,676	5,167,901	100	5,893,149
NET ACUTE OPERATING REVENUE	10,982,959	12,746,783	(1,763,824)	(14)	11,592,636	97,297,259	106,644,191	(9,346,932)	(9)	96,488,192
OPERATING EXPENSES:										
SALARIES & WAGES	3,857,994	4,720,111	(862,117)	(18)	3,982,345	34,744,231	39,282,362	(4,538,131)	(12)	34,539,709
REGISTRY	90,499	300,000	(209,501)	(70)	579,535	3,618,650	2,700,000	918,650	34	3,691,465
EMPLOYEE BENEFITS	2,691,113	2,439,241	251,872	10	2,006,868	20,063,087	20,300,189	(237,102)	(1)	17,844,949
PROFESSIONAL FEES	1,847,655	1,649,388	198,267	12	1,518,054	14,886,328	14,578,460	307,868	2	12,890,683
SUPPLIES	1,132,986	1,324,298	(191,312)	(14)	1,183,213	10,232,559	10,901,463	(668,904)	(6)	9,741,275
PURCHASED SERVICES	1,202,051	1,044,660	157,391	15	1,023,746	10,229,091	9,233,436	995,655	11	8,450,153
RENTAL	120,459	149,373	(28,914)	(19)	134,891	1,357,656	1,344,357	13,299	1	1,314,680
DEPRECIATION & AMORT	291,128	284,998	6,130	2	274,262	2,577,411	2,564,982	12,429	1	2,446,176
INTEREST	170,125	3,750	166,375	4,437	15,766	216,672	33,750	182,922	542	26,136
OTHER	422,096	254,899	167,197	66	319,850	3,452,708	2,890,249	562,459	20	2,740,575
TOTAL EXPENSES	11,826,104	12,170,718	(344,614)	(3)	11,038,530	101,378,391	103,829,248	(2,450,857)	(2)	93,685,800
NET OPERATING INCOME (LOSS)	(843,145)	576,065	(1,419,210)	(246)	554,106	(4,081,132)	2,814,943	(6,896,075)	(245)	2,802,391

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
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NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	108,623	10,000	98,623	986	687	482,079	150,000	332,079	221	146,980
PROPERTY TAX REVENUE	166,528	167,085	(557)	0	159,183	1,498,752	1,503,765	(5,013)	0	1,432,647
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	1,484,678	1,484,676	2	0	1,440,815
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(648,428)	(648,432)	5	0	(675,815)
OTHER NON-OPER REVENUE	17,157	7,866	9,291	118	7,878	124,636	70,794	53,842	76	88,678
OTHER NON-OPER EXPENSE	(29,305)	(28,035)	(1,270)	5	(29,818)	(297,481)	(252,315)	(45,166)	18	(304,605)
INVESTMENT INCOME	0	0	0	0	0	2,010	0	2,010		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	355,921	249,832	106,089	43	222,930	2,646,245	2,308,488	337,757	15	2,117,387
NET SURPLUS (LOSS)	(487,224)	825,897	(1,313,121)	(159)	777,036	(1,434,888)	5,123,431	(6,558,319)	(128)	4,919,779

HAZEL HAWKINS SKILLED NURSING FACILITIES
 HOLLISTER, CA
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,142,850	2,045,999	96,851	5	2,025,100	18,373,200	18,083,994	289,206	2	15,134,760
ANCILLARY SNF REVENUE	378,499	240,401	138,098	57	380,380	3,556,025	2,124,805	1,431,220	67	2,073,618
TOTAL GROSS SNF PATIENT REVENUE	2,521,349	2,286,400	234,949	10	2,405,480	21,929,225	20,208,799	1,720,426	9	17,208,378
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	257,809	171,464	86,345	50	225,120	2,308,537	1,515,518	793,019	52	1,292,893
MEDI-CAL CONTRACTUAL ALLOWANCES	(869,337)	158,642	(1,027,979)	(648)	283,173	365,541	1,402,190	(1,036,649)	(74)	577,869
BAD DEBT EXPENSE	(39,388)	0	(39,388)		49,147	23,518	0	23,518		113,987
CHARITY CARE	0	0	0	0	105,704	7,150	0	7,150		107,746
OTHER CONTRACTUALS AND ADJUSTMENTS	165,492	45,728	119,764	262	20,358	652,237	404,174	248,063	61	290,854
TOTAL SNF DEDUCTIONS FROM REVENUE	(485,425)	375,834	(861,259)	(229)	683,503	3,356,982	3,321,882	35,100	1	2,383,349
NET SNF PATIENT REVENUE	3,006,774	1,910,566	1,096,208	57	1,721,977	18,572,243	16,886,917	1,685,326	10	14,825,030
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	3,006,774	1,910,566	1,096,208	57	1,721,977	18,572,243	16,886,917	1,685,326	10	14,825,030
OPERATING EXPENSES:										
SALARIES & WAGES	907,093	982,273	(75,181)	(8)	953,661	8,183,414	8,682,009	(498,595)	(6)	7,871,241
REGISTRY	27,478	7,500	19,978	266	12,483	218,100	82,500	135,600	164	95,287
EMPLOYEE BENEFITS	750,164	591,722	158,442	27	563,572	5,360,346	5,230,083	130,263	3	4,876,347
PROFESSIONAL FEES	2,210	2,318	(108)	(5)	2,278	20,400	20,490	(90)	0	18,598
SUPPLIES	94,425	120,978	(26,553)	(22)	102,305	797,945	1,043,253	(245,308)	(24)	791,066
PURCHASED SERVICES	87,347	64,971	22,376	34	114,336	875,809	574,268	301,541	53	594,412
RENTAL	1,960	814	1,146	141	799	8,807	7,194	1,613	22	11,235
DEPRECIATION	39,148	45,001	(5,853)	(13)	40,357	355,424	387,022	(31,598)	(8)	358,865
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	51,752	48,404	3,348	7	25,503	515,898	427,899	87,999	21	357,993
TOTAL EXPENSES	1,961,578	1,863,981	97,597	5	1,815,294	16,336,142	16,454,718	(118,576)	(1)	14,975,044
NET OPERATING INCOME (LOSS)	1,045,197	46,585	998,612	2,144	(93,316)	2,236,100	432,199	1,803,901	417	(150,014)
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	29,387	27,426	1,961	7	26,066	264,483	246,834	17,649	7	234,594
OTHER NON-OPER EXPENSE	(8,343)	(7,288)	(1,055)	15	(8,343)	(75,084)	(74,032)	(1,052)	1	(85,123)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	21,044	20,138	906	5	17,723	189,399	172,802	16,597	10	149,471
NET SURPLUS (LOSS)	1,066,241	66,723	999,518	1,498	(75,593)	2,425,500	605,001	1,820,499	301	(543)



San Benito Health Care District
 Hazel Hawkins Memorial Hospital
 MARCH 2023

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	21.23	16.55	18.16	21.55
Average Daily Census - SNF	88.00	92.00	89.24	88.00
Acute Length of Stay	3.37	2.88	2.96	3.40
ER Visits:				
Inpatient	161	137.00	1,321	1,341
Outpatient	1,715	1,899	17,344	16,463
Total	1,876	2,036	18,665	17,804
Days in Accounts Receivable	45.0	48.5	48.5	45.0
Productive Full-Time Equivalents	529.11	480.41	510.22	529.11
Net Patient Revenue	14,068,385	12,886,866	105,505,925	118,335,432
Payment-to-Charge Ratio	38.3%	34.8%	34.2%	38.6%
Medicare Traditional Payor Mix	30.03%	28.49%	30.49%	30.10%
Commercial Payor Mix	24.67%	22.60%	21.47%	24.43%
Bad Debt % of Gross Revenue	0.97%	0.90%	1.09%	0.96%
EBIDA	1,165,025	854,023	3,450,762	8,170,530
EBIDA %	7.95%	6.10%	2.99%	6.61%
Operating Margin	4.25%	1.44%	-1.59%	2.63%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	61.68%	59.50%	62.30%	61.75%
by Total Operating Expense	64.42%	60.38%	61.12%	63.41%
Bond Covenants:				
Debt Service Ratio	1.25	2.45	2.45	1.25
Current Ratio	1.50	1.57	1.57	1.50
Days Cash on hand	30.00	26.8	26.8	30.00
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

Statement of Cash Flows
Hazel Hawkins Memorial Hospital
Hollister, CA
Nine months ending March 31, 2023

	CASH FLOW		COMMENTS
	Current Month 3/31/2023	Current Year-To-Date 3/31/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$579,017	\$990,612	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	344,960	3,063,017	
(Increase)/Decrease in Net Patient Accounts Receivable	(1,246,302)	(2,453,119)	
(Increase)/Decrease in Other Receivables	3,320,260	(3,065,480)	
(Increase)/Decrease in Inventories	57,266	344,464	
(Increase)/Decrease in Pre-Paid Expenses	137,784	(959,460)	
(Increase)/Decrease in Due From Third Parties	359,232	201,599	
Increase/(Decrease) in Accounts Payable	(893,051)	(2,810,205)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(2,054,317)	2,470,916	
Increase/(Decrease) in Accrued Expenses	3,338	(32,904)	
Increase/(Decrease) in Patient Refunds Payable	(1,339)	(7,596)	
Increase/(Decrease) in Third Party Advances/Liabilities	(579,665)	(798,195)	
Increase/(Decrease) in Other Current Liabilities	(34,069)	175,647	Semi-Annual Interest - 2021 Insured Revenue Bonds
Net Cash Provided by Operating Activities:	(585,903)	(3,871,316)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(106,715)	(2,691,068)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	1,386,632	(1,135,455)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,223	56,007	Amortization
Net Cash Used by Investing Activities	1,286,140	(3,770,516)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Bond/Mortgage Debt	(6,601)	3,033,186	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Capital Lease Debt	(1,448,520)	(1,676,410)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(1,455,121)	1,356,776	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	15,000	
Net Increase/(Decrease) in Cash	(175,867)	(5,279,444)	
Cash, Beginning of Period	11,432,225	16,535,802	
Cash, End of Period	\$11,256,358	\$11,256,358	\$0

Cost per day to run the District

\$420,168

Operational Days Cash on Hand

26.79

Hazel Hawkins Memorial Hospital
 Bad Debt Expense
 For the Year Ending June 30, 2023

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total		
Budgeted Gross Revenue	30,736,294	33,713,261	33,688,496	34,057,045	33,125,250	36,331,595	36,576,317	31,661,878	36,697,195	30,954,767	31,443,265	30,602,610	399,587,973		
Budgeted Bad Debt Expense	293,579	324,237	324,633	327,729	318,825	351,198	353,536	305,275	355,128	296,590	300,820	293,015	3,844,565		
BD Exp as a percent of Gross Revenue	0.96%	0.96%	0.96%	0.96%	0.96%	0.97%	0.97%	0.96%	0.97%	0.96%	0.96%	0.96%	0.96%		
Actual Gross Revenue	32,232,911	36,024,541	33,649,532	33,258,194	33,453,882	35,593,844	34,251,125	31,419,808	36,834,958	-	-	-	306,718,795		
Actual Bad Debt Expense	233,530	316,245	344,314	535,036	299,055	633,010	128,865	523,765	338,923	-	-	-	3,352,743		
BD Exp as a percent of Gross Revenue	0.72%	0.88%	1.02%	1.61%	0.89%	1.78%	0.38%	1.7%	0.9%	#DIV/0!	#DIV/0!	#DIV/0!	1.09%		
Budgeted YTD BD Exp	2,954,139	0.96%													
Actual YTD BD Exp	3,352,743	1.09%													
													YTD Charity Exp Budget	673,998	
													YTD Charity Exp Actual	299,400	
Amount under (over) budget	(398,604)	-0.13%												Amt under (over) budget	374,598
Prior Year percent of Gross Revenue	0.92%													Charity Exp % of Gross Rev	0.10%
Percent of Decrease (Inc) from Prior Year	-18.8%														

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Hazel Hawkins Memorial Hospital
 Labor to Total Expense
 As of March 31, 2023

	MTD March	YTD March	FYE June 30, 2022
Salaries & Wages	4,765,086	42,927,645	56,772,326
- As a Percent of Total Op Exp	34.56%	36.47%	38.51%
Benefits	3,441,277	25,423,433	31,391,509
- As a Percent of Total Op Exp	24.96%	21.60%	21.30%
- As a Percent of Salaries & Wages	72.2%	59.2%	55.3%
Registry	117,977	3,836,750	5,447,939
Total S W & B plus Registry	8,324,340	72,187,828	93,611,774
- As a Percent of Total Op Exp	60.38%	61.32%	63.51%
Provider Pro Fees	1,382,656	12,480,417	15,437,856
Total S W & B plus Registry & Pro Fees	9,706,996	84,668,245	109,049,630
- As a Percent of Total Op Exp	70.4%	71.9%	74.0%
Total Operating Expenses	13,787,682	117,714,534	147,407,830
Percnt of Reduction	4.8%	2.8%	
Estimated Savings	492,880	2,414,825	

DRAFT
Estimated Savings

Major Work Group	FYE 6/30/23 Actual	Annualized
Long-term Savings:		
Home Health Department	\$583,000.00	\$1,189,000.00
PCA Agreement	\$63,500.00	\$760,000.00
Deferred 3% COLA increases for Exempt staff	\$272,000.00	\$272,000.00
Contracted Physician Services	\$170,000.00	\$600,000.00
Hospital employees	\$450,000.00	\$1,200,000.00
Call Reduction Strategies	\$36,250.00	\$87,000.00
Registry	\$2,400,000.00	\$4,200,000.00
Support Staff Reduction	\$95,000.00	\$285,000.00
Proposed Savings:		
Purchased services	\$50,000.00	\$200,000.00
TOTAL	\$4,119,750.00	\$8,793,000.00

RESOLUTION NO. 2022-26

**OF THE BOARD OF DIRECTORS OF
SAN BENITO HEALTH CARE DISTRICT**

**AUTHORIZING THE DISTRICT TO ENTER INTO A LINE OF CREDIT
WITH A COMMERCIAL LENDER IN AN AMOUNT NOT TO EXCEED
\$10,000,000**

RECITALS

WHEREAS, the San Benito County Health Care District (“District”) is a local health care district organized under the terms of the California Local Health Care District Law (California Health and Safety Code, Division 23, Sections 32000-32492), pursuant to Section 32104 of the California Health and Safety Code;

WHEREAS, the District operates certain health care facilities in the County of San Benito, California (“County”), including Hazel Hawkins Memorial Hospital (“Hazel Hawkins”), a full service, 25-bed not-for-profit hospital, five rural health clinics, two community health clinics, two skilled nursing facilities, and four satellite lab/draw stations;

WHEREAS, through its facilities, the District is the sole provider of certain health care services in the County, including the emergency and related hospital services provided at Hazel Hawkins;

WHEREAS, the District has responsibly and proactively managed its limited finances in order to operate its facilities, including the continued provision of excellent, high quality patient care without compromise to patient safety, despite a sustained reduction in net revenue;

WHEREAS, despite the continuing efforts of the District’s management and Board to take significant steps to reduce expenses, uncontrollable inflationary increases combined with reimbursement declines has created an operating gap and cash flow deficit that could threaten the District’s fiscal viability and, if allowed to continue, could threaten patient care and patient safety;

WHEREAS, after considering staff analysis of the District’s financial condition, the Board of Directors has determined that it is in the best interests of the District to have the option to secure a line of credit with a commercial lender not to exceed ten million dollars (\$10,000,000), on the terms most favorable to the District, for District purposes should the need arise;

WHEREAS, California Health and Safety Code section 32130.6(a) provides that the District may, by resolution adopted by a majority of the District Board of Directors (“Board”) enter into a line of credit with a commercial lender that is secured, in whole or in part, by the

accounts receivable, and thereafter borrow funds against the line of credit to be used for any district purpose;

WHEREAS, the State of California Department of Health Care Access and Information (“HCAI”) on behalf of the Secured Creditor under the San Benito Health Care District Insured Refunding Revenue Bonds, Series 2021, (the “2021 Bonds”), has confirmed that it is willing to review and consider subordinating its interest in the District’s Accounts Receivable to a loan that would be secured by a senior position on the District’s Accounts Receivable. A sample subordination agreement is attached hereto as Exhibit A;

WHEREAS, in accordance with California Health and Safety Code section 32130.6(a)(1)(2) any money borrowed under this line of credit pursuant shall be repaid within five (5) years from each separate borrowing or draw upon the line of credit;

WHEREAS, this Resolution is not defined as a project under the California Environmental Quality Act (“CEQA”), set forth at Public Resources Code Section 21065, Section 15378 of the State CEQA Guidelines, because adoption will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment; and

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD AS FOLLOWS:

SECTION 1. The foregoing recitals are true, correct and a substantive part of this Resolution.

SECTION 2. The District interim Chief Executive Officer or designee is directed to negotiate the terms and conditions most favorable to the District for a line of credit with a commercial lender.

SECTION 3. The District interim Chief Executive Officer or designee is are hereby authorized and directed to execute any and all documents and take any actions necessary to carry out the intent of this Resolution for and on behalf of this Board of Directors.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

This Resolution was adopted at a Regular Meeting of the Board of Directors of the District on April 27, 2023, by the following vote.

Dated: _____, 2023

AYES: ____

NOS: ____

ABSENTIONS: ____

ABSENT: _____

Jeri Hernandez
President of the Board of Directors

ATTEST:

Rick Shelton
Treasurer of the Board of Directors

EXHIBIT A

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (as amended, restated, supplemented or otherwise modified, this "*Agreement*") is made as of this ___ day of ___, 20___, by and among (i) _____, as the borrower under that certain [DEBT INSTRUMENT] (as hereinafter defined) (in such capacity, with its successors, the "*Borrower*"), (ii) _____, the lender under that certain [DEBT INSTRUMENT] (as hereinafter defined) (in such capacity, including its successors and assigns, the "*Lender*"), and (iii) the DEPARTMENT HEALTH CARE ACCESS AND INFORMATION OF THE STATE OF CALIFORNIA, fka the Office of Statewide Health Planning and Development (the "*Subordinating Lender*" and collectively with the Borrower and the Lender, the "*Parties*"). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the hereinafter defined Agreement and hereinafter defined Regulatory Agreement, as applicable.

RECITALS

A. WHEREAS, the Borrower and the Subordinating Lender previously entered into that certain Regulatory Agreement dated as of _____ (as amended, modified, or otherwise restated, the "*Regulatory Agreement*"), insuring the Borrower's payment of its \$[dollar amount] [Bond Series Title] (the "*Bonds*"), which Bonds are secured by a pledge of the Revenues of the Borrower;

B. WHEREAS, pursuant to the terms of the Regulatory Agreement, the Borrower may incur Parity Debt.

C. WHEREAS, on even date herewith, the Borrower and the Lender entered into that certain [DEBT INSTRUMENT] (as amended, modified, or otherwise restated, the "[*DEBT INSTRUMENT*]"), as permitted by Section IX(A)(___) of the Regulatory Agreement.

D. WHEREAS, the Borrower's obligations under the [DEBT INSTRUMENT] are secured by a first-priority lien on and security interest in the Accounts Receivable of the Borrower in an amount not to exceed \$[dollar amount] (the "*Collateral*").

E. WHEREAS, the Parties wish to enter into this Agreement to establish among themselves the priority of their respective liens on, and application of, proceeds of the Collateral.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties here agree as follows:

SECTION 1. SUBORDINATION

1.1. The Subordinating Lender hereby agrees that all liens, pledges and security interests granted or made by the Borrower or any other party in the Collateral, whether directly or indirectly, to the Subordinating Lender, now existing or hereafter arising and howsoever

evidenced or acquired, and securing any obligations owing to the Subordinating Lender (such liens, pledges and security interests hereinafter called "*Subordinate Liens*"), shall be and remain junior and subordinate to all liens, pledges and security interests granted or made or purportedly granted or made, directly or indirectly, in favor of the Lender in the Collateral, now existing or hereafter arising and howsoever evidenced or acquired, and securing any of the Obligations arising under or in connection with the [DEBT INSTRUMENT] (such liens, pledges and security interests hereinafter called the "*Senior Lien*").

Without limiting the generality of Section 1.1 hereof, the Parties further agree as follows:

1.2. The Subordinating Lender agrees that any security interests in and/or lien on the Collateral that the Subordinating Lender may have or hereafter acquire in is and shall be absolutely and unconditionally subject and subordinate in all respects to any security interest and/or lien which the Lender may have or hereafter acquire in the Collateral, notwithstanding the time of attachment of any security interest therein or the filing of any mortgage, assignment of leases and rents, financing statement or any other priority provided by law or by agreement; and the Subordinating Lender hereby agrees (i) not to foreclose or realize upon, or assert any rights as to the Collateral until the Lender has confirmed to the Subordinating Lender in writing that the Senior Lien has been terminated and released, and (ii) without demand or request being made upon the Subordinating Lender, to turn over to the Lender the Collateral. The Subordinating Lender agrees that it will not at any time contest the validity, perfection, priority or enforceability of the Senior Lien. The Subordinating Lender waives any claims against the Lender based on marshalling of assets or any other equitable grounds as to the Collateral.

1.3. The Subordinating Lender agrees that in the ordinary course of administering extensions of credit and other financial accommodations to the Borrower the Lender may from time to time in its sole discretion release proceeds of the Collateral to the Borrower or otherwise deal with the Collateral, without in any event any notice or accounting to the Subordinating Lender whatsoever.

1.4. In the event of any distribution or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Collateral, or of any other party that secure the respective Obligations, or of the proceeds thereof, to the creditors of the Borrower, or by reason of any execution sale, receivership, reorganization, arrangement, insolvency, liquidation or foreclosure proceeding of or for the Borrower or involving its property, no distribution or application shall be made, and the Subordinating Lender shall not be entitled to receive or retain any distribution or application on or in respect of any proceeds of the Senior Lien, unless and until the Lender has confirmed to the Subordinating Lender in writing that the Senior Lien has been terminated and released, and in any such event any distribution or application otherwise payable in respect of proceeds of the Collateral shall be paid to the Lender.

1.5. The Lender may at any time and from time to time, without the consent of or notice to the Subordinating Lender, without incurring responsibility to the Subordinating Lender, and without impairing or releasing the obligation of the Subordinating Lender under this Agreement (i) renew, refund or extend the maturity of, or decrease the amount of, any obligation owed to the Lender, or any part thereof (ii) exercise or refrain from exercising any rights against the

Borrower. The Subordinating Lender further agrees that the Lender has complete discretion in, and shall not be liable in any manner to the Subordinating Lender for determining how, when and in what manner the Lender administers extensions of credit to the Borrower or exercises any rights or remedies with respect to, or forecloses or otherwise realizes upon, the Senior Lien. Without in any way limiting the foregoing, the Subordinating Lender specifically acknowledges and agrees that the Senior Lender may take such actions as it deems appropriate to enforce the Senior Lien, whether or not any such action is beneficial to the interest of the Subordinating Lender. Also, without in any way limiting the foregoing, the Subordinating Lender hereby agrees that, in connection with any foreclosure, sale, or other disposition of the Collateral (or any portion thereof), (a) the liens of the Subordinating Lender on the Collateral shall automatically be released if, when and to the same extent that the Lender releases its lien on the Collateral (provided the Lender shall retain its lien on any proceeds thereof to the extent not applied to obligations owing to the Lender, subject to the terms of this Agreement) and (b) the Subordinating Lender hereby irrevocably authorizes the Lender to prepare and record or otherwise execute and deliver any releases and terminations of the security interests and liens in favor of the Subordinating Lender on the Collateral at any time and to the extent that this Agreement requires such security interests or liens be released or terminated. In order for the Lender to enforce rights in the Collateral, there shall be no obligation on the part of the Lender, at any time, to resort for payment of the obligations owing to the Lender to any obligor thereon or guarantor thereof, or to any other person or entity, their properties or estates, or to resort to any other rights or remedies whatsoever, and the Lender shall have the right to foreclose or otherwise realize upon the Collateral irrespective of whether or not other proceedings or steps are pending seeking resort to or realization upon or from any of the foregoing.

1.6. No payment or any distribution received by the Lender in respect of the Senior Lien pursuant to any of the terms hereof shall entitle the Subordinating Lender to any right, whether by virtue of subrogation or otherwise, in and to the Collateral unless and until the Senior Lien has been released and terminated. The Subordinating Lender hereby agrees that the Agreement shall be in favor of the Lender and no other party.

SECTION 2. TERMINATION.

This Agreement shall remain in full force and effect until all Obligations under the Agreement are repaid in full and the Agreement is terminated. The Parties hereby agree to execute such documents as are reasonably requested by the other Parties hereto in connection with any termination of this Agreement.

SECTION 3. MISCELLANEOUS.

3.1. Each and all of the promises contained herein shall be binding on the Parties, their legal representatives, successors, and permitted assigns, and shall inure to the benefit of the Lender and the benefit of their respective successors and assigns. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without regard to principles of conflicts of law. Any provision of this Agreement held invalid, illegal, or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without affecting the validity, legality, and

enforceability of the remaining provision hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

3.2. Any of the parties hereto may execute this Agreement by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of a counterpart hereof by facsimile transmission or by e-mail transmission of an Adobe portable document format file (also known as a "PDF" file) shall be effective as delivery of a manually executed counterpart hereof. Each of the Parties further agree that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic Signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures, pursuant to the California Uniform Electronic Transactions Act (Cal. Civ. Code §§ 1633.1 to 1633.17) as amended from time to time.

3.3. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

[SIGNATURE PAGES TO FOLLOW]

In WITNESS WHEREOF, the undersigned have caused this Subordination Agreement to be executed by their respective duly authorized officers as of the day and year first written above.

[BANK NAME], as Lender

By: _____
Name: _____
Title: _____

DEPARTMENT OF HEALTH CARE ACCESS AND
INFORMATION OF THE STATE OF CALIFORNIA,
as Subordinating Lender

By: _____
Name: _____
Title: _____

[BORROWER NAME], as Borrower

By: _____
Name: _____
Title: _____

8 June 2022
 Revised 27 March 2023

Mr. Robert Ortega
 Hazel Hawkins Memorial Hospital
 911 Sunset Dr
 Hollister, CA 95023

Reference: **Hazel Hawkins Memorial Hospital NPC Evaluations**

Dear Mr. Ortega,

TreanorHL is pleased to present you with a fee proposal for the above referenced project. The work will include structural design services and architectural support and coordination.

1. Project Scope

This proposal is for the initial NPC assessment of each of the general acute care hospital buildings on the campus, including on-site investigations, review of existing documentation, and preparation of an NPC evaluation report for submittal to HCAI. The deadline for HCAI evaluation report submittal is January 1, 2024. The evaluation report is a record of the current state and items that are remaining to be completed to reach NPC compliance.

Please note: if the facility commits to a replacement hospital, this scope will not be required, and our team can assist you with the 2024 paperwork under our Master Planning effort.

TreanorHL Key Personnel, Architect

Principal Tansy Bowermaster
 Associate Principal Chuang-Ming Liu

Buehler Key Personnel, Structural Engineer

Principal In Charge Warren Pottebaum

Hospital buildings requiring documentation:

Bldg. Num	Bldg. Name	Type	Building Code	NPC	SPC	Stories	Year Built
BLD-01458	Original Hospital Building	D	1955 CBC	2	2	1	1960
BLD-01459	ICU	C	1973 CBC	2	4	1	1980
BLD-01460	Conference	C	1973 CBC	2	4	1	1980
BLD-03063	Emergency Room	C	1973 CBC	2	4	1	1980
BLD-03064	Reception	B	1985 CBC	2	3	1	2002
BLD-05055	Radiology	B	1985 CBC	2	4	1	2002
BLD-03472	Entrance Canopy	B	1985 CBC	2	3	1	2002
BLD-03751	Emergency Department Expansion	A	2001 CBC	4	5	1	2011
BLD-03820	Radiology Wing	B	1998 CBC	2	5	1	2008
BLD-05167	Women's Center	A	2007 CBC	3	5	3	2010

550 MONTGOMERY STREET, SUITE 500
 SAN FRANCISCO, CALIFORNIA 94111
 415 398 6586

Attachments: Buehler proposal dated 3/23/23 and TreanorHL rates



2. Work Plan

Each building requires:

- Collecting and studying existing record drawings
- Review recent projects and NPC work and compile a map of compliant areas
- Attend virtual meetings with the facility and HCAI
- SEOR to visit the site to obtain documents

Some buildings will also require:

- Create inventory of components and compliance status
- SEOR to visit site to view all visible components
- Determine if anchorage or bracing matches documentation
- SEOR to provide above ceiling observation of utilities
- Final report to HCAI

Exclusions:

- Construction documents are not included in this proposal. If the hospital is to remain in operation as acute care beyond 2030, additional design and construction work will be required to upgrade the facility for compliance.
- If the facility decides to pursue a replacement hospital, and the existing hospital is converted to city jurisdiction rather than maintaining HCAI jurisdiction, we recommend negotiating with the city of Hollister during the new building entitlement process. This negotiation should include deferring all city required upgrades such as accessibility to occur when an area of the existing building is remodeled, rather than triggering upgrades to current code immediately. That process not included.

3. Schedule:

Authorization required by May 2023

Inventory work	6 months
Discussions with HCAI	1 month
Reporting	1 month

4. Compensation

We propose a Time and Materials budget of **\$169,826**, broken down as follows:

Structural Engineering Services:	\$116,100
Architectural Services:	\$50,576
Reimbursables:	<u>\$3,150</u>
Total	\$169,826

Our CFO requires a retainer or escrow account for the work.

We appreciate the opportunity to work with Hazel Hawkins Memorial Hospital.

Sincerely,

Accepted By:
Hazel Hawkins Memorial Hospital

Tansy Bowermaster AIA, ACHA, NCARB
PRINCIPAL, HEALTHCARE ARCHITECT
tbowermaster@treanorhl.com
c 415.238.0514

Signature

Date

550 MONTGOMERY STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94111
415 398 6586

Attachments: Buehler proposal dated 3/23/23 and TreanorHL rates





180 Montgomery Street
Suite 1500
San Francisco, CA 94104

P 415 495 1635

Sacramento
Los Angeles
Phoenix
San Diego
San Francisco
Silicon Valley

buehlerengineering.com

~~June 1, 2022~~ March 23, 2023

Ms. Tansy Bowermaster
TreanorHL
550 Montgomery Street, Suite 500
San Francisco, CA 94111
TBowermaster@TreanorHL.com

Subject: Hazel Hawkins Memorial Hospital NPC Evaluations
Buehler Proposal No. 22PRO584 Revised

Dear Tansy,

Thank you for requesting a proposal to provide engineering services for the subject project. The project is to assist with obtaining NPC compliance at the Hazel Hawkins Memorial Hospital campus located in Hollister, California. This proposal is for the initial NPC assessment of each of the general acute care hospital buildings on the campus, including on-site investigations, review of existing documentation and preparation of an NPC evaluation report for submittal to HCAI. The deadline for HCAI evaluation report submittal is January 1, 2024, as required by the California Administration Code (CAC). The evaluation report is a record of the current state and items that are remaining to be completed to reach NPC compliance.

Each building has unique compliance details, primarily related to the age of the initial construction of each of the buildings. The evaluation report will include items required by the CAC Chapter 11. We would identify each building, including indicating its current state, and categorize known deficiencies or items that were not validated. The building current states anticipated to be encountered include the following types:

- A. Fully compliant with NPC 4 with self-certification only. A self-certification letter written by the Owner and presentation of the approved documents to the HCAI Seismic Compliance Unit may be needed with application to obtain NPC4.
- B. NPC 2 or 3 and original construction and all subsequent work was done under HCAI. A self-certification letter of compliance with NPC4 may be provided by the facility. If the fire sprinkler end of line bracing is deficient (if constructed with a version of NFPA 13 prior to 1999) this shall be noted. The evaluation report will be brief and consist of the Owner's self-certification statement and a list of known deficiencies with a statement that the deficiencies will be corrected. Existing drawings will be compiled and reviewed, and a site investigation will be performed for general conformance of equipment and utilities. The site visit will be an observation of equipment anchorage for general compliance with code and above ceiling investigation to validate system bracing meets the

intent of the code. This investigation is in accessible areas and not exhaustive, and is not required for HCAI submittal.

- C. Buildings built under OSA jurisdiction (typically pre-1985). An evaluation report is required. As-built drawings will be compiled and field verification for all components requiring anchorage shown on the drawings is needed. Those identified and verified by the Structural Engineer as acceptable will be noted. Non-verified or alternate conditions will be noted as deficient. An above ceiling investigation to validate system bracing matches the drawings or code requirements of the era of construction will be performed. This above ceiling investigation is not exhaustive, and is intended to show general extent of utility bracing. Where upgrades have been documented in HCA approved drawings it will be noted and these areas will not be reviewed.
- D. Buildings not constructed under OSA or HCAI. The building will require a full evaluation if it is intended to be upgraded. A full inventory and documentation of utilities and components is required. Items not verified will be noted as deficient. An above ceiling investigation to validate system bracing matches the drawings or code requirements of the era of construction will be performed. This above ceiling investigation is not exhaustive, and is intended to show general extent of existing utility bracing. Where upgrades have been documented in HCAI approved drawings it will be noted and these areas will not be reviewed.

The hospital buildings on the Hazel Hawkins Memorial Hospital campus fall into the following categories described above. Please note that these categories apply to the building as a whole. It is likely that there are portions of the building that have been renovated subsequent to the original construction that will have compliant bracing and anchorage for work installed at that later time.

Bldg. Num	Bldg. Name	Type	Building Code	NPC	SPC	Stories	Year Built
BLD-01458	Original Hospital Building	D	1955 UBC	2	2	1	1960
BLD-01459	ICU	C	1973 CBC	2	4	1	1980
BLD-01460	Conference	C	1973 CBC	2	4	1	1980
BLD-03063	Emergency Room	C	1973 CBC	2	4	1	1980
BLD-03064	Reception	B	1985 CBC	2	3s	1	2002
BLD-03065	Radiology	B	1985 CBC	2	4	1	2002
BLD-03472	Entrance Canopy	B	1985 CBC	2	3	1	2002
BLD-03761	Emergency Department Expansion	A	2001 CBC	4s	5s	1	2011
BLD-03820	Radiology Wing	B	1998 CBC	2	5	1	2008
BLD-05467	Women's Center	A	2007 CBC	4s	5s	3	2016

For each building, the following tasks may be required as part of the information gathering and initial assessment:

- Collect the available record drawings, compile a comprehensive list of the drawings, and study the existing documents including all prior SB1953

reports, current HCAI data, and as-built drawings for the original construction and subsequent remodels.

- Review recent projects and NPC work documented in HCAI approved projects and compile a map of areas of compliant work.
- Identify areas of the facility that are compliant.
- Attend meeting in person or virtually with the facility, consultants or HCAI.
- Visit the site as needed to obtain documents for review.

For each building that requires additional documentation and evaluation, the following tasks may be required:

- Create an inventory, including location, of discrete components and note if anchored or braced, as well as compliance status. This is intended to be documented in a spreadsheet. This is not required for NPC4 buildings or for buildings determined to have fire sprinkler only deficiencies.
- Visit the site and view all floor and wall mounted accessible and visible components and anchorage. This review is not exhaustive for NPC4 buildings or buildings determined to have fire sprinkler only deficiencies.
- Determine if the anchorage or bracing matches what was documented under OSA permit. Applies to buildings constructed under OSA, or pre OSA projects, and will be documented as part of the inventory spreadsheet.
- Provide above ceiling observation of the utilities to determine general bracing.
- Produce a final evaluation report or letter for review and submittal to HCAI.

The following is a list of assumptions we've made for the preparation of this proposal:

- The facility will self-certify for NPC4 compliance in fully compliant buildings and areas of buildings. This is due to the original construction being done under HCAI and all work done at the facility would have been done under HCAI permit. Validation with visual inspection of equipment is to be provided, as requested, to supplement the self-certification letter.
- Regular meetings will be held with Architect and the Owner throughout the project through the deadline of January 1, 2024. These meetings will assist in identifying available documents from past projects, scheduling necessary on-site investigations and access, and related issues. Meetings with HCAI may be beneficial and are included, if necessary. Meetings will be held virtually when feasible.
- Construction Documents and detailing for deficient conditions are not anticipated or included. Testing criteria for validation of anchors is not anticipated in this phase, however this can be done in future phases.
- Exhaustive above ceiling investigations are not included. This is anticipated to be done during a later phase. We will access areas to validate conditions and confirm assumptions made from the review of drawings. If conditions are inaccessible and cannot be validated, they will be noted as deficient and will need to be addressed at a later time.
- Work will be done sequentially throughout the project duration.

Our compensation for these services will be on an hourly basis plus expenses to a maximum amount of \$116,100.00. Hours and mileage for travel to the site for investigations and meetings will be considered billable.

Our hourly rates are as follows:

Senior Principal	\$290.00
Principal	\$260.00
Senior Professional	\$220.00
Professional	\$190.00
Senior Technician.....	\$160.00
Technician.....	\$135.00

If you have any questions, please do not hesitate to contact me, otherwise please sign and return a copy of this proposal as your authorization to proceed with the work and your acceptance of this proposal. If you do not sign the proposal but provide verbal authorization to proceed with the work, it is our understanding that you have accepted this proposal as written including the terms and conditions.

Sincerely,

Accepted:



Warren R. Pottenaum, SE
For Buehler Engineering, Inc.
wpottebaum@buehlerengineering.com

For TreanorHL

Date

Terms and Conditions

Access to Site: Unless otherwise stated, the Consultant will have access to the site for activities necessary for the performance of the services. The Consultant will take reasonable precautions to minimize damage due to these activities, but has not included in the fee the cost of restoration of any resulting damage and will not be responsible for such costs.

Indemnification: The Client shall, to the fullest extent permitted by law, indemnify and hold harmless the Consultant, his or her officers, directors, employees, agents and sub-consultants from and against all damage, liability and cost, including reasonable attorney's fees and defense costs, arising out of or in any way connected with the performance of the services under this Agreement, excepting only those damages, liabilities or costs attributable to the sole negligence or willful misconduct of the Consultant.

Information for the Sole Use and Benefit of the Client: All opinions and conclusions of the Consultant, whether written or oral, and any plans, specifications or other documents and services provided by the Consultant are for the sole use and benefit of the Client and are not to be provided to any other person or entity without the prior written consent of the Consultant. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of any third party against either the Consultant or the Client.

Compensation: The Consultant shall be compensated by the Client, and payment to the Consultant shall be made within thirty days of the receipt of the Consultant's invoice. Payment of invoices is in no case subject to unilateral discounting or set-offs by the Client and payment is due regardless of suspension or termination of this agreement. The Client shall exert all reasonable and diligent effort to collect payment from the Owner until the Consultant has been paid in full. In the event the Client must take legal action to collect any amount owed by the Owner, the Consultant agrees to assist in that effort unless the Consultant has collected all fees owing or is not seeking to collect outstanding amounts owed.

Certifications, Guarantees and Warranties: The Consultant shall not be required to execute any document that would result in the Consultant certifying, guaranteeing or warranting the existence of any conditions.

Limitation of Liability: In recognition of the relative risks, rewards and benefits of the project to both the Client and the Consultant, the risks have been allocated such that the Client agrees that, to the fullest extent permitted by law, the Consultant's total liability to the Client for any and all injuries, damages, claims, losses, expenses or claim expenses arising out of this Agreement from any cause or causes, shall not exceed \$250,000.00. Such causes include, but are not limited to, the Consultant's negligence, errors, omissions, strict liability, or breach of contract, indirect, incidental, special, or consequential damages.

Ownership of Documents: All documents produced by the Consultant under this Agreement are instruments of the Consultant's professional service and shall remain the property of the Consultant and may not be used by the Client for any other purpose without the prior written consent of the Consultant.

Dispute Resolution: Any claims or disputes between the Client and the Consultant arising out of the services to be provided by the Consultant or out of this Agreement shall be submitted to non-binding mediation. The Client and the Consultant agree to include a similar mediation agreement with all contractors, sub-consultants, subcontractors, suppliers and fabricators, providing for mediation as the primary method for dispute resolution among all parties.

Termination and Suspension of Services: This Agreement may be terminated at any time by either party should the other party fail to perform its obligations hereunder. In the event of termination for any reason whatsoever, the Client shall pay the Consultant for all services rendered to the date of termination and all reimbursable expenses incurred prior to termination and reasonable termination expenses incurred as the result of termination. If the project does not commence within 60 days of executing this agreement through no fault of the Consultant, the Consultant's compensation may be subject to adjustment. If the proposed project schedule is extended by more than 60 days through no fault of the Consultant, the Consultant's compensation may be subject to adjustment.

It is agreed the above terms and conditions are incorporated into and made a part of the Agreement on the reverse side of this sheet.

Initialed: WRP Consultant _____ Client

TREANORHL

To our valued clients: The standard hourly rates quoted below are effective from February 1, 2023. Rates are subject to change based on annual review of market conditions, labor, and overhead costs. These rates apply only to projects and efforts billed on an hourly basis.

Standard Billing Rates

Effective February 1, 2023

Category	Hourly Rate
Senior Principal	\$360
Principal II	\$340
Principal I	\$280
Project Lead IV	\$255
Project Lead III	\$225
Project Lead II	\$205
Project Lead I	\$195
Designer IV	\$160
Designer III	\$145
Designer II	\$120
Designer I	\$110
Landscape Architect	\$195
Civil Engineer II	\$155
Civil Engineer I	\$115
Intern I	\$90
Admin III	\$190
Admin II	\$145
Admin I	\$110

Board of Directors Contract Review Worksheet

Agreement for Pulmonary Function Test Interpretation with **Martin M. Bress, M.D.**

Executive Summary: With the recent departure of pulmonologist Dr. Narinder Gill and in order to continue offering important pre-operative and diagnostic pulmonary function tests (PFT) at the hospital, there must be a qualified physician in place to interpret the tests. The hospital performs approximately 240 PFTs per year. Local physician Dr. Martin Bress has the training and experience as a Board certified internist to perform this function. The hospital will perform the global billing for the tests and interpretations.

Recommended Board Motion: It is recommended the hospital Board approve the Pulmonary Function Test Interpretation Agreement at a rate of \$25.00 per exam.

Services Provided: Pulmonary Function Test interpretation.

Agreement Terms:

Contract Term	Effective Date	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
1 year with auto-renew	4/1/2023	\$500	\$6,000	30 days

Contract Rate: \$25.00 per interpreted exam.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into and effective as of **April 1, 2023** (“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 **Martin M. Bress, 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 (“Clinics”). Clinics operate under the name “Hazel Hawkins Community Health 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 professional medical services in the field of pulmonology (“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 clinics’ 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 pulmonary function test (“PFT”) interpretation services (“Services”) on an as-needed basis for SBHCD, including Spirometry and Lung Volumes. All PFT exam results will be interpreted by Physician and an evaluation rendered within five (5) business days’ of receipt.
- 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 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 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 PFT exam results interpreted.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients for all visits to the Clinics. 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, all space and equipment as may be reasonably required for the provision of Services.
- 2.2 Eligibility. At all times during the term of this Agreement, Clinics 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. 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' 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 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. 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 Services in the Clinics, SBHCD shall pay Physician **twenty five dollars (\$25.00) per exam result interpreted** under this Agreement. Physician shall, within fifteen days after the last day of each calendar month, submit to SBHCD a statement reflecting the Services furnished to Client during the previous calendar month. 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 (but in no instance later than 60 days after receipt of the statement of Service). 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 Clinics. 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 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, 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 30 days' 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/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 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
Attn: Chief Executive Officer
911 Sunset Drive
Hollister, CA 95023

Physician

Martin M. Bress, M.D.
930 Sunnyslope Road, Suite B-1
Hollister, CA 95023 _____

- 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' 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.

10.12 Counterparts. This Agreement may be executed in a number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

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

SBHCD
San Benito Health Care District

Physician
Martin M. Bress, M.D.

By: _____
Mary Casillas, Interim Chief Executive Officer

Martin M. Bress, M.D.

Date: _____

Date: _____



Board of Directors Contract Review Worksheet

Agreements for Professional Services with Hongguang Liu, M.D.

Executive Summary: To expand onsite gastroenterology coverage for the community and with the upcoming departure of gastroenterologist Dr. Luke Bi, Dr. Hongguang Liu will partner with the existing 3 physician panel to provide emergency call and up to three (3) days per week of clinic coverage beginning April 2023.

Recommended Board Motion: It is recommended the hospital Board approve the Professional Services Agreement with Hongguang Liu, M.D. at a rate of \$3,000 per 24-hour shift.

Physician Panel Services Provided: Dr. Liu will be a part of the panel that provides Gastroenterology clinic (up to three (3) days per week) & emergency call coverage 5 days per week x 52 weeks per year.

Agreement Terms:

Contract Term	Effective Date	FMV %ile	Estimated Base Monthly Cost	Estimated Annual Cost Up To	Term clause
3 years	4/1/2023	75th	\$15,000 + travel (flight/rental car)	\$180,000 + travel (flight/rental car)	60 days

Contract Rate: \$3,000 per shift + reimbursement of travel (*flight/rental car*) expenses.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is made, entered into and effective as of **April 1, 2023** (“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 **Hongguang Liu, 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 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 gastroenterology 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. SBHCD has established a gastroenterology coverage panel (“GI coverage panel”) of qualified physicians which shall ensure the availability of physician coverage for gastroenterology services as needed.
- 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 Medical Services. Physician shall (“Physician”), 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 (“Services”). 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.
 - 1.2.1 Qualifications of Physician. Physician: (i) shall be duly licensed to practice medicine by the State of California; and (ii) is in good standing and fully qualified to do business in the State of California; (iii); be qualified to perform the services required under this Agreement by having levels of competence, experience, (iv) have skill comparable to those prevailing in the community and (v) not be excluded from participation in any governmental healthcare program.

(vi) be approved for and maintain active membership and/or clinical privileges on the Hospital's medical staff in accordance with medical staff bylaws, rules and regulations, and other medical staff governing directives; (vii) be certified as a participating physician in the Medicare, Medi-Cal programs; and (viii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 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 in compliance with the hospital's and clinics' policies and procedures.
- 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 and its Physicians 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's 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 Exhibit A 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 Effective Date and continue for a period of three (3) 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, however, that in the case of (i) Sections 5.3.1, 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, (iii) Section 5.3.7 this Agreement will terminate immediately upon written notice from SBHCD, and (iv) 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.
- 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.
 - 5.3.7 The loss of or reduction in Physician's medical staff privileges at any hospital where Physician provides professional health care services, whether voluntary or involuntary.
- 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 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 itself, its Physician(s), its Agents, and Physicians' Agents hereby warrants and represent as follows:
 - 7.1.1 Neither it nor any of its Agents or Physician(s) (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; (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; or (iii) have had their medical staff privileges at any health care facility denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; 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; (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; or (iii) any anticipated or actual breach of any term or condition of this Agreement.

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: Hongguang Liu, M.D.
1825 Sonoma Street
Redding, CA 96001

- 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
Hongguang Liu, M.D.

By: _____
Mary T. Casillas, Interim Chief Executive Officer

Hongguang Liu, M.D.

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 **GI Coverage Panel.** Physician shall serve as a member of the GI Coverage Panel. Physician shall provide services as mutually agreed by SBHCD and Physician, but at minimum level such that the GI Coverage Panel can provide services to SBHCD patients on a full-time basis (Friday beginning at 5:00 PM to Wednesday at 5:00 PM) on a five (5) day per week schedule. Group agrees to work cooperatively with other members of the GI Coverage Panel to ensure continuity of care to SBHCD patients.

A.1.2. **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.1.3 **Specialty Services.** Physician shall provide the following **Gastroenterology** 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 Physician; 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.1.4 **Clinic Services.** Clinic operating hours are Monday through Friday, from 8:00 a.m. to 5:00 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.1.4.1 New and follow-up office visits;
- A.1.4.2 Consultations;
- A.1.4.3 Post discharge follow-up visits;
- A.1.4.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;
- A.1.4.5 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.1.4.6 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.1.4.7 Assisting with the development of a plan for quality assurance for the Clinic;
- A.1.4.8 Provide required chart review and audits of care provided by Mid-Level Practitioners
- A.1.4.9 Other services as are mutually agreed to be appropriate and appropriately provided in an outpatient setting by a Physician specializing in Gastroenterology.

A.2 **Schedule.** Physician shall serve as a member of the GI Coverage Panel that provides Medical Services to SBHCD patients five (5) days per week, every Friday through Wednesday, fifty-two (52) weeks per year

from Friday at 5:00 PM to Wednesday at 5:00 PM (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.** GI Coverage Panel on a schedule of five (5) days per week, Friday through Wednesday, for an annual total of two hundred sixty (260) days per contract year. Hospital Call Coverage begins at 7:00am and ends at 6:59am the next morning.

A.3.2 **Hospital Call Days Included in Base Compensation.** Compensation amounts include provision of two hundred sixty (260) days of Hospital Call coverage per contract year.

A.3.3 **Excess Hospital Call Days.** If Physician provides Hospital Call coverage in excess of two hundred sixty (260) days per contract year (“Excess Hospital Call Days”), Physician shall be compensated as described in outlined in Section A.4.2.

A.3.4 **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 in accordance with the normal SBHCD payment process.

A.4 **Compensation.**

A.4.1 **Compensation Methodology Compliance.** In order to maintain continuity in the Compensation Methodology under this Agreement and to ensure commercial reasonableness and fair market value compensation to Physician for Services provided under this Agreement in compliance with Stark Law and Anti-Kickback regulations, SBHCD and Physician agree that SBHCD retains the right to continue, for the term of this Agreement, application of the compensation formula in this Agreement.

A.4.2 **Compensation.** Physician’s Compensation, which includes professional services, supervision, and Hospital Call activities (“Compensation”), shall be paid on a monthly basis on SBHCD’s standard payment cycle for similar agreements and shall be in the amount of Three Thousand Dollars and No Cents (\$3,000.00) per 24-hour shift. If Physician shall provide less than twenty-four (24) hour coverage during any shift, SBHCD shall compensate Physician on a pro-rated basis for coverage provided.

A.4.3 **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.4.4 **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.4.5 **Housing.** SBHCD will provide Physician Physician(s) with local housing accommodations while said Physician is providing Services under this Agreement.

- A.4.6 **Expenses.** SBHCD will reimburse Physician for: (a) round-trip mileage (payable at the current standard Internal Revenue Service rate) from/to Physician's practice location to/from Hospital, or (b) standard rental car and flight expenses.
- A.5 **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.6 **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.6.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
 - A.6.2 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.6.3 Completion of all office visit notes within seven (7) days of visit.
 - A.6.4 Timely signing of orders.
Goal: As specified by Medical staff rules and regulations or hospital policy.
 - A.6.5 Timely discharges summaries.
Goal: As specified by Medical staff rules and regulations or hospital policy.
 - A.6.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
 - A.6.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
 - A.6.8 Timely arrival at Hospital for scheduled procedures and Clinic for scheduled patient visits.

DOCTOR:

FOR THE MONTH OF:

Fax to: (831)636-2695 or email to: lpamell@hazelhawkins.com

Instructions:

Please record the hours spent in each clinic on the proper line of the productivity log. The total hours worked on any given day must equal the sum of the hours spent in each clinic. These hours will be used to meet the Medicare Regulations for productivity standards for Rural Health Clinics. If you were on Emergency call for the day, place a check mark in the ER CALL column on the appropriate day.

*****This log must be submitted to the Finance Department prior to the release of your payment. Thank you!*****

DAY IN MONTH	SUNSET	SJB	1ST ST	4TH ST	MSC	BARRAGAN	ORTHO	OR/ASC/HMH	TOTAL	ER CALL
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2										
3										
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31										
TOTAL										

Signature: _____ Date: _____