



Hazel Hawkins
MEMORIAL HOSPITAL

REGULAR MEETING OF THE BOARD OF DIRECTORS

SAN BENITO HEALTH CARE DISTRICT

911 SUNSET DRIVE, HOLLISTER, CALIFORNIA

THURSDAY, JANUARY 25, 2024 – 5:00 P.M.

SUPPORT SERVICES BUILDING, 2nd-FLOOR, GREAT ROOM

IN PERSON AND BY VIDEO CONFERENCE

<https://zoom.us/j/92542132335?pwd=QlRsMVlZMmQrbnJ0K3ROK1Q2bVpqZz09>

Meeting ID: 925 4213 2335

Passcode: 235987

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.

AMENDED 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 (Page 1 - 27)

(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 Meeting of the Board of Directors – December 21, 2023
- B. Consider and Approve Minutes of the Special Meeting of the Board of Directors – January 8, 2024
- C. Consider and Approve Critical Value/Test Reporting and “Read Back” Policy
- D. Receive Officer/Director Written Reports - No action required.
 - Provider Services & Clinic Operations
 - Skilled Nursing Facilities Reports (Mabie Southside/Northside)
 - Laboratory and Radiology
 - Foundation Report
 - Marketing/Public Relations
 - Facilities Report

Recommended Action: Approval of Consent Agenda Items (A) through (D).

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

5. Medical Executive Committee (Page 28 - 35)

(Dr. Bogey)

- A. Consider and Approve Medical Staff Credentials: January 17, 2024

Recommended Action: Approval of Credentials

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

- B. Consider and Approve Family Medicine Privilege Revisions

Recommended Action: Approval of Privileges Revisions

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

C. Consider and Approve CRNA Privilege Revisions

Recommended Action: Approval of Privileges Revisions

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

6. **Receive Informational Reports (Page 36 - 53)**

- A. ~~Presentation on Fair Market Valuation~~ (Healthcare Appraisers)
▶ Public Comment
- B. Temporary Advisory Committee Update (Hernandez/Pack)
▶ Public Comment
- C. Interim Chief Executive Officer (Casillas)
▶ Public Comment
- D. Chief Nursing Officer (Posey)
▶ Public Comment
- E. Finance Committee (Robinson)
1. Finance Committee Meeting Minutes – January 18, 2024
 2. Review Financial Updates
 - Financial Statements –December 2023
 - Finance Dashboard – December 2023
 - Supplemental Payments▶ Public Comment

7. **Action Items (Page 54 - 118)**

- A. Consider Recommendation for Board Approval of Consolidated CHA/ Hospital Council Dues 2024 (Page 54-59) (Robinson)
- ▶ Report
 - ▶ Board Questions
 - ▶ Public Comment
 - ▶ Motion/Second
 - ▶ Action/Board Vote-Roll Call

- B. Consider Approval of Professional Services Agreement and a Recruitment Agreement (Robinson) for Joseph Fabry, D.O. **(Page 60 - 78)**

Recommended Action: Approve Professional Service Agreement and Recruitment Agreement

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

- C. Consider Approval of Professional Services Agreement for Stefan Klein, MD. **(Page 79 - 87)** (Robinson)

Recommended Action: Approve Professional Services Agreement

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

- D. Consider Appointment of Mary Casillas as Chief Executive Officer and Approval of the Employment Agreement. **(Page 88-118)** (Tartala)

Recommended Action: Appoint Mary Casillas as Chief Executive Officer and Approve Employment Agreement

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

8. **Public Comment** (Hernandez)

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

9. **Closed Session** (Hernandez)
(See Attached Closed Session Sheet Information)

10. **Reconvene Open Session / Closed Session Report** (Hernandez)

11. **Adjournment** (Hernandez)

The next Regular Meeting of the Board of Directors is scheduled for Thursday, February 22, 2024 at 5:00 p.m., Great Room.

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

Regular Meeting of the Board of Directors, January 25, 2024

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
JANUARY 25, 2024**

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)

- 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):
San Benito Health Care District dba Hazel Hawkins Memorial Hospital, Case No. 23-50544 (United States Bankruptcy Court for the Northern District of California, San Jose Division)

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): _____

- 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:
Employee organization:
Unrepresented employee:

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):

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):

1. Report from Quality, Risk, and Compliance

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, DECEMBER 21, 2023

5:00 P.M.

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
Andie Posey, Interim Chief Nursing Officer
Amy Breen-Lema, VP, Clinic Ambulatory & Physician Services
Michael Bogey, MD, Chief of Staff
Heidi A. Quinn, District Legal Counsel
Chela Brewer, Executive Assistant
Suzie Mays, Director of Project Management

1. Call to Order

Attendance was taken by roll call; Directors Hernandez, Johnson, Pack, Sanchez, and Shelton were present. A quorum was present and Director Hernandez called the meeting to order at 5:05 p.m.

2. Board Announcement

Director Hernandez noted the Closed Session Agenda Item Hearing/Reports – Report from Quality, Risk, and Compliance will not be discussed.

3. Public Comment

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

Ms. Casillas noted the District has been approved for a \$10M loan from the Distressed Hospital Loan Program (DHLP), but has not received the funds. The District is required to file special paperwork due to the bankruptcy, which is in progress between the State and bankruptcy legal counsel.

4. Consent Agenda - General Business

A. Consider and Approve Minutes of the Special Meeting of the Board of Directors – November 14, 2023

B. Consider and Approve Minutes of the Special and Regular Meeting of the Board of Directors – November 16, 2023

C. Receive Officer/Director Written Reports - No action required.

- Provider Services & Clinic Operations
- Skilled Nursing Facilities Reports (Mabie Southside/Northside)
- Laboratory and Radiology
- Foundation Report
- Marketing/Public Relations

D. Receive Facilities Committee Meeting Minutes- December 14, 2023

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

MOTION: By Director Hernandez to approve Consent Agenda – General Business, Items (A) through (D), as presented; Second by Director Johnson.

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 December 20, 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 dated December 20, 2023, which was included in the packet.

Items: Proposed Approval of the Medical Executive Committee Credentials Report for six (6) New Appointments, two (2) Reappointments, one (1) Additional Privileges, and three (3) Resignations/Retirements.

Proposed Approval of the Interdisciplinary Practice Committee Credentials Report for one (1) New Appointment, three (3) Reappointments, one (1) Change in Status, and four (4) Resignations/Retirements.

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

MOTION: By Director Shelton to approve the Credentials Reports as presented; Second by Director Sanchez.

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

6. **Receive Informational Reports**

A. Interim Chief Executive Officer

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

- Attended the bankruptcy trial December 4 – 7; a decision is expected mid-January 2024.
- Meetings continue with the temporary Ad Hoc Committee to review the Letters of Intent (LOIs) and due diligence is in progress with interested parties.
- A site visit with an interested party was conducted December 19th.
- There was an irrigation pipe break in the driveway at the back of the hospital on December 8 – 9. The staff did an amazing job, including Engineering, in dealing with the leak and communicating with patients. Some patients were relocated to other areas in the hospital until the leak was fixed and the driveway was repaired.
- Polling results are expected to be provided in January 2024.
- Work continues with HCA for the Fair Market Valuation and results are expected to be available in January 2024.
- A tour was conducted with Senator Laird and the District discussed the seismic issues and the need for capital funding.

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

B. Chief Nursing Officer

Ms. Posey provided highlights of the Chief Nursing Officer Report, which can be found in the Board packet.

- Identifying and fixing nursing equipment.
- New batteries have been ordered for computers on wheels in ICU.
- Some new supplies/instruments were ordered and placed on shelf in the OR.
- Mock Survey was conducted with Joint Commission Resources.
- Finance/Nursing/Case Management huddle is conducted daily.

C. Financial Report

1. Finance Committee Meeting Minutes – December 14, 2023
2. Review Financial Updates
 - Financial Statements – November 2023
 - Finance Dashboard – November 2023
 - HCAI – Consent to DHLP Loan
 - Employee Retention Credit
 - ED Billing – Innova Revenue Group

Highlights include:

- The District received a letter of consent from HCAI approving to obtain the DHLP loan of \$10M from CHFFA.
- The District applied to the IRS for the Employee Retention Credit in September 2023. The District does not expect a ruling until early 2024 due to a backlog of applications.
- ED Billing Comparison Worksheet for O/P Visits as of December 13, 2023 was reviewed and is included in the packet.

3. Review FYE June 30, 2023 Reports
 - Audited Financial Statement
 - GASB 68 Disclosure

Mr. Rick Jackson, JWT & Associates, LLP, reviewed the FYE June 30, 2023 Audited Financial Statements and the GASB 68 Disclosure, which were included in the Board packet.

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

7. Action Items

A. Consider Recommendation for Board Approval of DH Leadership Forum 2024 Annual Dues in the Amount of \$53,342.51

Staff reviewed the 2024 annual participation dues from District Hospital Leadership Forum in the amount of \$53,342.51, which was included in the Board packet.

An opportunity was provided for public comment and no public comment was received.

MOTION: By Director Hernandez to approve payment of District Hospital Leadership Forum 2024 Annual Dues in the Amount of \$53,342.51; Second by Director Shelton.

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

B. Consider Recommendation for Board Approval of DH TreanorHL 4D Seismic Evaluation and MT/CAP- Scoping to Schematic Design Not to Exceed \$152,000.00

Staff reviewed the proposal from TreanorHL to provide Architectural and Engineering services for SPC 4D Seismic Evaluation for and MT/CAP project, which was included in the Board packet.

An opportunity was provided for public comment and no public comment was received.

MOTION: By Director Hernandez to approve the DH TreanorHL Proposal to provide Architectural and Engineering services for SPC 4D Seismic Evaluation and MT/CAP project not to exceed \$152,000.00; Second by Director Pack.

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

C. Consider Recommendation for Board Approval of Anthem Blue Cross Commercial Plan Amendment, a Two Year Contract, Effective 01/01/2024

Staff reviewed the Anthem Blue Cross Commercial Plan Amendment, which was included in the Board packet.

An opportunity was provided for public comment and no public comment was received.

MOTION: By Director Hernandez to approve the Anthem Blue Cross Commercial Plan Amendment, a Two Year Contract, Effective 01/01/2024; Second by Director Sanchez.

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

- D. Consider Recommendation for Board Approval of Great Commission Association of Southern Baptist Churches for Fourth Street Clinic Lease Agreement Renewal Effective 2/01/24 - 1/31/29 (5 year contract) in the Amount of \$7,145.00 with a 3% Increase Each Year

Staff reviewed the lease agreement renewal, which was included in the Board packet.

An opportunity was provided for public comment and no public comment was received.

MOTION: By Director Hernandez to approve the Great Commission Association of Southern Baptist Churches for Fourth Street Clinic Lease Agreement Renewal Effective 2/01/24 - 1/31/29 (5 year contract) in the Amount of \$7,145.00 with a 3% Increase Each Year; Second by Director Sanchez.

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

- E. Consider Recommendation for Board Approval of Gallagher Core 360 Proposal/Quote for Worker's Compensation Insurance Effective 1/1/24-1/1/25 in the Amount of \$1,250,295

Staff reviewed the agreement for worker's compensation insurance, which was included in the Board packet.

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

MOTION: By Director Hernandez to approve the Gallagher Core 360 Proposal/Quote for Worker's Compensation Insurance Effective 1/1/24-1/1/25 in the Amount of \$1,250,295; Second by Director Johnson.

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

- F. Consider Board Resolution 2023-33 Setting 2024 Board Meeting Calendar

A copy of Resolution 2023-33 Setting the 2024 Board Meeting schedule was included in the Board packet for consideration.

An opportunity was provided for public comment and no public comment was received.

MOTION: By Director Hernandez to approve Resolution 2023-33 Setting the 2024 Board Meeting; Second by Director Sanchez.

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

8. **Public Comment**

An opportunity was provided for public comment and no public comment was received.

9. **Closed Session**

President Hernandez announced the items to be discussed in Closed Session as listed on the posted Agenda is Conference with Legal Counsel-Existing Litigation, Government Code §54956.9(d)(1) and Conference with Labor Negotiator, Government Code §54957.6.

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

The Board of Directors reconvened Open Session at 8:25 p.m. District Counsel Quinn reported that in Closed Session the Board discussed Conference with Legal Counsel-Existing Litigation, Government Code §54956.9(d)(1) and Conference with Labor Negotiator, Government Code §54957.6. Information was provided and no reportable action was taken.

11. **Adjournment:**

There being no further regular business or actions, the meeting was adjourned at 8:25 p.m.

The next Regular Meeting of the Board of Directors is scheduled for Thursday, January 25, 2024 at 5:00 p.m., and will be conducted in person.

/tr

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
SAN BENITO HEALTH CARE DISTRICT
SUPPORT SERVICES BLDG., 2ND-GREAT ROOM**

MONDAY, JANUARY 8, 2024

2:00PM

MINUTES

IN PERSON AND BY ZOOM VIDEO CONFERENCE

MINUTES

Directors Present

Jeri Hernandez, Board Member
Josie Sanchez, Board Member
Rick Shelton, Board Member

Absent

Bill Johnson, Board Member
Devon Pack, Board Member

Also Present

Mark Robinson, Chief Financial Officer
Amy Breen-Lema, VP Clinic, Ambulatory, & Phys. Services
Andrea Posey, Interim Chief Nursing Officer
Heidi Quinn, District Legal Counsel
Chela Brewer, Executive Assistant
Suzie Mays, Director, Project Management

1. Call to Order- Roll Call

Directors Hernandez, Shelton and Sanchez were present; attendance was taken by roll call. A quorum was present and the Special Meeting was called to order at 2:00 pm by Director Hernandez.

Director Johnson was absent; Director Pack was unable to participate from his teleconference location.

2. Update on Potential Transaction Partners

Richard Peil with B. Riley provided update on potential transactions partners.

- (AAM) American Advance Management previously presented the District with a Letter of Intent (LOI), which included a term sheet that was broad in nature. AAM is in the process of preparing a revised LOI with definitive financial terms on what the transaction will look like.

- County of San Benito Proposal: There has been no significant change other than there is a scheduled meeting with the County next week, Wednesday, January 17th 2024 at Hazel Hawkins Memorial Hospital.
- San Benito Healthcare Alliance. A meeting with San Benito Healthcare Alliance Principals and their Consultants took place on December 19, 2023. Mr. Peil is expecting an update.

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

3. **Action Item**

- A. Consider Temporary Advisory Committee’s Recommendation regarding Insight’s Letter of Intent for Proposed Business Transaction with the District and Provide Authority to Negotiate.

Director Hernandez reported that nearly a year ago in February 23, 2023 the Board of Directors received a special presentation by its financial advisor Mr. Richard Peil with B. Riley advisory regarding strategic partnership options. The Board discussed in length B. Riley’s efforts to solicit interest in the Hospital and provided overview of three potential scenarios that can maximize the value of the District.

At the May 23, 2023, Regular Board Meeting, the Board identified its priorities, which included:

- Long standing history and experience with hospital administration;
- Proven track record of maintaining quality of care;
- Able to litigate risks and liabilities;
- Further develop clinics and expansion of care; and
- Secure financing.

The Board also formed a Temporary Advisory Committee (Ad Hoc Committee or Committee) and appointed Director Hernandez and Director Pack as the Committee Members.

Over the past year, the Ad Hoc Committee has been meeting with the District advisors regarding various affiliations models such as lease, sale and or a more phased approach. The Ad Hoc Committee is focused on an affiliation model that is in the best interest of the District and the community. The Committee has also discussed the various potential partners who have expressed interest in the District facilities, and has been providing regular updates to the Board and to the public.

Director Hernandez is pleased to present a Letter of Intent (LOI) from Insight to the Board for consideration. The Committee is seeking Board authority to execute the LOI and continue negotiations with Insight. Director Hernandez introduced Richard

Peil with B. Riley, Robert Miller, of Hooper, Lundy & Bookman, District consultants, and Insight, who will provide a presentation.

Richard Peil discussed the general terms of the LOI; which calls for the acquisition of all the Hospital's assets, including real estate, buildings and equipment. The estimated purchase agreement is between \$59,000,000 and \$65,000,000, subject to evaluation and appraisal.

Robert Miller also provided summary of LOI. and answered questions from the Board.

Insight's Atif Bawaha, Chief Strategy Officer, Baseer Tajuddin, General Counsel and Dayne Walling, Director of Public Policy & Government were in attendance. Insight commended the current Hospital leadership, provided an overview of its background, discussed its similarities to the District Hospital, and stated a commitment to invest in the community. A few highlights are set forth below:

Insight has campuses in Michigan, Illinois, and Iowa There are similarities between Insight and Hazel Hawkins Memorial Hospital. In 2008, Insight acquired Headquarters in the inner city in Michigan. Insight started as a small office with one physician. Now it's a multi-disciplinary Health Center, offering Neuro Surgery, Pain Management, Orthopedic, Therapy and more services.

- In 2021 Insight acquired the oldest Hospital in Chicago formally owned by Trinity Health, a safety net hospital serving about fifty percent Medicaid patients. They filed for Bankruptcy in the middle of Covid. They had losses at about 8 million per month. Insight acquired the hospital and have been able to successfully turn the hospital around with various service lines.
- Recently, Insight acquired a hospital in Iowa facing financial distress. Insight is in the early stages of stabilizing the hospital.
- Insight Commends Hazel's Leadership Team for stabilizing the hospital,
- Insight wants HHMH to continue to be a Community Hospital, and has the goal to invest in a community
- Insight plans to offer high end services such as Neurology, Surgery and more. In addition, it plans to upgrade the Emergency Department and work toward building physician network and keep service in-house

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

MOTION: By Director Hernandez to approve execution of the Letter of Intent with Insight, and Authorize District Staff to Negotiate with Insight;
Second by Director Shelton.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Sanchez, and Shelton. Approved 3-0 by roll call, with Directors Pack and Johnson absent.

4. Public Comment

An opportunity was provided for public comment and no public comment was received.

5. Closed Session

President Hernandez announced the item to be discussed in Closed Session as listed on the posted Agenda: Conference with Legal Counsel-Existing Litigation, Government Code §54956.9(d)(1) : San Benito Health Care District dba Hazel Hawkins Memorial Hospital, Case No. 23-50544 (United States Bankruptcy Court for the Northern District of California, San Jose Division)

6. Reconvene Open Session/Closed Session Report

The Board of Directors reconvened Open Session at 3:02 p.m. District Counsel Quinn reported that in Closed Session the Board discussed Conference with Legal Counsel-Existing Litigation, Government Code §54956.9(d)(1). Information was provided to the Board, direction was given to Staff, but no reportable action was taken.

7. Adjournment:

There being no further special business or actions, the meeting was adjourned at 3:02 p.m.

The next Regular Meeting of the Board of Directors is scheduled for Thursday, January 25, 2024 at 5:00 p.m.

Critical Value/Test Reporting and “Read Back”

Disclaimer

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Revision Insight

Document ID:	10381
Revision Number:	1
Owner:	Bernadette Enderez,
Revision Official Date:	No revision official date

Revision Note:
Updated. Approved by P&P and MEC. Changing to HTML format.

Policy : Critical Value/Test Reporting and “Read Back”

PURPOSE

To provide guidelines for the accurate and timely communications (verbally or by telephone) of critical value/test results to the ordering physician, with verification “read back”).

POLICY

- A. Reporters of Critical Results/Values
 1. Licensed Laboratory/Radiology/Respiratory Personnel
 - a. **Critical results/values for an Inpatient:** Licensed Laboratory/Radiology/Respiratory Care staff will call all critical value/test reports to the appropriate nursing unit (respiratory Care Practitioner will also notify physician directly) and communicate information directly to the Registered Nurse or Licensed Vocational Nurse (RN/LVN caring for the patient, or, if not available, to another RN/LVN.
 - b. **Critical results/values for an Outpatient:** Licensed Laboratory/Radiology/Respiratory Care staff will call critical value/test reports to the appropriate person(s) as designated below.
 2. Nursing Personnel:
 - a. The RN or LVN responsible for the patient’s care will report critical value/test results immediately to the physician.
- B. Verbal Communication
 1. All physicians and licensed personnel and/or authorized personnel who receive a verbal communication of critical value/tests results will “read back” the result to the person who reports the information.
 2. “Read back” communication will be documented in the medical record.

DEFINITIONS

1. **Critical value/test results:** Laboratory values and other test results that require an immediate/emergency response/intervention from a physician or nurse
2. **Reporters** of critical value/test results: Medical staff and/or licensed healthcare personnel.
3. **Receivers** of critical value/test results:
 - **District Facilities** – Medical Staff or licensed healthcare personnel
 - **Private Physician Offices** - Medical Staff, licensed healthcare personnel, or non-licensed personnel authorized by the physician to accept and communicate critical lab values/tests results.
4. **District Facilities** – includes rural health clinics, specialty clinics, and skilled nursing facilities operated under San Benito Healthcare District
5. **Licensed healthcare Personnel:** Physician, clinical Laboratory Scientist/Technician, Registered Nurse, License Vocational Nurse, Radiology Technician, Respiratory Care Practitioner.
6. **Immediately:** Time from Licensed Healthcare Personnel awareness of critical value/test results to time of physician response is less than or equal to sixty (60) minutes.

PROCEDURE

1. Licensed healthcare Personnel will report critical tests results to the ordering physician (or his/her designee) or appropriate nursing unit within designated time frames. (*See List of Critical / Semi Critical Values Requiring Attention attached*)
2. Personnel who perform diagnostic tests (including, but not limited to, laboratory, imaging studies, electrocardiograms, etc.) will follow department specific policies for reporting, if in conflict with these guidelines.
3. Licensed Healthcare Personnel reporting a critical value/test result will provide the following information when calling:
 - a. **District Facility**
 1. State their name and title
 2. Request to speak to the licensed healthcare person responsible for the patient.
 3. Indicate they are reporting a “critical value/test” report
 4. Communicate critical value to licensed healthcare personnel.
 5. Request a “read-back” verification upon completion of report.
 6. Document “read-back” performed, name of the receiver, name of the reporter, and date/time of report.
 7. Send (i.e. via FAX, computer system) the critical value/test result to the receiving person or nursing unit, if applicable.
 - b. **Private Physician Offices**
 1. State their name and title
 2. Indicate they are reporting a “critical value/test report
 3. Communicate critical value to licensed healthcare personnel or designated office staff.

4. Request a read-back verification
 5. Document "read-back" performed, name of the receiver, name of the reporter, and date/time of report.
4. Responsibilities of the person receiving the critical test results:
- a. District Facility
 1. State their name and title
 2. Write down the critical value; and back the value to the reporting person.
 3. Immediately (within sixty (60) minutes of receiving result) transmit the critical test value to the physician or practitioner responsible for the care of the patient.
Exception: Do not call the physician or practitioner responsible for the care of the patient for "improving values, even when abnormal" unless otherwise ordered, or when there are orders to handle a critical value, such as "if glucose greater than 400 mg/dl, give X units of insulin."
 4. Document in the medical record; physician notified, critical value/test results received, date/time and intervention(s), as appropriate.
 - Private Physician's Office
 - a. Determined by the physician's office practices
 5. Verbal "face to face" reporting of critical value/test results may occur during procedures when it might be disruptive to patient care to record critical value/tests results, such as in surgery or the emergency department. Under these circumstances, a "repeat-back" of information reported should occur.
 6. Laboratory/Diagnostic Imaging/Respiratory Results of "STAT" are not automatically considered critical test results unless they meet San Benito county healthcare District's established criteria. (See "List of Critical/Semi Critical Values Requiring Attention" attached).
 7. Reported critical laboratory values or other test results requiring immediate interventions must be communicated directly to the ordering physician. If necessary, the ordering practitioner will initiate the chain of command as designated in the "List of Critical/Semi Critical Values Requiring Attention".

Licensed healthcare personnel (i.e. clinical Laboratory Scientist/Technician, Registered Nurse, Licensed Vocational Nurse, Radiologist/Radiology Technician) will report critical test results to the ordering physician or his/her designee, according to the guidelines below.

Test Values Requiring Critical Intervention:

Licensed healthcare personnel will immediately attempt direct communication with the ordering physician or his/her designee. *If unable to reach the ordering physician within thirty (30) minutes, contact the following (chain of command):*

- Physician on-call for the ordering Physician
- On-duty Emergency Physician
- Chief of Department/Service
- Chief of Staff

REFERENCES

Joint Commission's National Patient Safety Goals

APPENDIX

APPENDIX A

LIST OF LABORATORY CRITICAL RESULTS/VALUES

For Laboratory tests performed on outpatients during after hours, the following chain of command procedure will be followed if unable to reach the ordering physician within 60 minutes of obtaining the test result:

1. Contact the physician on call for the ordering physician
2. Contact the Laboratory Medical Director- at the discretion of the Laboratory Medical Director, the patient will be invited to come to the Emergency Room to have the labs repeated.
3. If the Laboratory Medical Director is unable to reach the patient, the Lab Director or designee will call for a wellness check on the patient.

TEST NAME		LOW	HIGH
		CALL MD within 60 minutes of obtained test results	
CHEMISTRY			
Amylase	IU/L		600
ALT	U/L		1000
AST	IU/L		300
Calcium	mg/dl	6.9	13.1
BUN	mg/dl		100
Chloride	mmol/l	75	125
CK	IU/L		1000
CKMB	ng/mL		3.6
CO2	meq/L	11	40
Creatinine	mg/dl		7

Glucose	mg/dl	70	300
Glucose (Prenatal)	mg/dl	70	300
Lactic acid	mmol/l		2.0
Magnesium	mg/dl	1.1	4.9
Phosphorus	mg/dl	1.4	
Potassium	mmol/l	2.7	6.1
Procalcitonin	ng/ml		2.0
Sodium	mmol/l	120	156
Troponin I	ng/L		Female= 52 Male= 77
Uric Acid	mg/dl	0.9	
COAGULATION			
PT (INR)	sec		>5
APTT	sec		>120
D-DIMER	ng/mL		500 Above cut-off for >51 yrs old Age X 100
HEMATOLOGY			
Hematocrit	%	20	61
Hemoglobin	gm/dL	6.9	21
Platelets	/mm3	30,000	900,000
WBC	/mm3	<1.5	>25
Metamyelocyte	%		4 without prior history
Blast	%		1 without prior history
DRUG LEVELS			
Acetaminophen	ug/mL		160
Carbamazepine	ug/mL		12
Digoxin	ng/mL		2.1
Gentamycin	ug/mL		2.1 (trough)
Phenobarbital	ug/mL		61
Phentoin	ug/mL		41
Salicylate	mg/dL		31
DRUG LEVELS			
Theophylline	ug/mL		20
Vancomycin	ug/mL		16 (trough)
Valproic Acid	ug/mL		200
MICROBIOLOGY		CALL MD within 60 minutes for any POSITIVE result	
AFB			
Final CSF Report			
Blood Culture Smear			
CSF Gram Stain			
Blood Culture Report			
Preliminary CSF Report			
MOLECULAR		CALL MD within 60 minutes for any POSITIVE result	
Meningitis Panel	Listeria monocytogenes Plesiomonas shigelloides Escherichia coli K1 Haemophilus influenza Neisseria meningitidis Streptococcus agalactiae Streptococcus pneumoniae Cytomegalovirus Enterovirus Herpes simplex virus 1, 2 & 6 Human parechovirus Varicella Zoster virus Cryptococcus neoformans/gattii		

CALL MD WITHIN 12 HOURS FOR ANY POSITIVE RESULTS	
Positive Report of any of the following:	
SOURCE	PATHOGEN/VIRUS/BACTERIA
BLOOD	HIV Malarai Parasites (new) Leukemia (new) Presence of sickle cells on blood smear
STOOL	Salmonella Shigella Vibrio cholerae Vibrio species Yersinia enterocolitica Campylobacter Cryptosporidium E.coli (EPEC,EAEC,ETEC,STEC,EIEC) E0157:H7 Norovirus G1/G2
RESPIRATORY	Influenza A (H1, H1 2009, H3, no subtype) Influenza B Bordetella pertussis (ptxP) Chlamydia pneumoniae Mycoplasma pneumonia Respiratory Syncytial Virus (< 3yrs old; > 65 years old)
OTHER	Methicillin Resistant Staph aureus (MRSA) Nares Methicillin Resistant Staph aureus (MRSA) Tissue Vancomycin Resistant enterococcus (VRE) Isolates

APPENDIX B

LIST OF DIAGNOSTIC IMAGING/ ECHOCARDIOLOGY CRITICAL TEST RESULTS/REPORTS

1. This section will serve to identify specific Diagnostic Imaging/Echocardiography test results that are deemed critical or life-threatening, as well as the department procedure for communicating, documenting, and auditing these findings.
2. When dictating the procedure, the Radiologist/Cardiologist will indicate that this is a critical result, and results will be delivered to the referring provider within 30 minutes of exam completion.

CRITICAL RESULTS:

- A. Critical Radiology results will be communicated verbally followed by an immediate written report, whenever the following outcomes are noted:
 - a. Incorrect placement of tubes or catheters
 - b. Stroke
 - c. Pneumothorax, tension pneumothorax, or hemothorax
 - d. Free air in the abdomen - perforation, or obstruction
 - e. Pulmonary embolism
 - f. Head or abdominal hemorrhage
 - g. Deep vein thrombosis (DVT) or newly identified thrombosis/occlusion
 - h. Spinal cord compression
 - i. Post-surgical foreign body evaluation
 - j. Bronchial foreign body
 - k. Ectopic pregnancy, prolapsed cord, abruption
 - l. Ovarian or testicular torsion
 - m. BIRAD IV and V mammography classifications
 - n. Any significant complications arising from invasive procedures performed in the Diagnostic Imaging Department
 - o. Findings suggestive of descending/abdominal aortic dissection or new aortic aneurysm larger than 5cm
- B. Critical Cardiology results will be communicated verbally followed by an immediate written report, whenever the following outcomes are noted:
 - a. Findings suggestive of descending/abdominal aortic dissection or new aortic aneurysm larger than 5cm

- b. Any other results deemed by the Cardiologist to be significant and/or unexpected
- c. New findings suggestive of severe stenosis with AVA less than or equal to 1.0 cm²
- d. New Pericardial effusion with physiology suggestive of pericardial tamponade or increased intra-pericardial pressure or significant change in pericardial fluid
- e. New echo density or structure suggestive of vegetation or intracardiac mass
- f. New severe valve disruption identified based on prior exams
- g. Newly identified severe LV systolic dysfunction with an ejection fraction of less than 35%
- h. Isolated right ventricular enlargement in the setting of acute pulmonary embolism or hypotension

PROCEDURE:

- A. Technologist:
 - a. The technologist will notify the interpreting physician (Radiologist/Cardiologist) of anything that was identified in the critical results section and that the study is available for reading within 30 minutes of completion of the exam.
- B. Interpreting Physician (Radiologist/Cardiologist):
 - a. Diagnostic Imaging E.R. and Inpatients:
 - i. The Radiologist will report the critical results to the referring provider within 30 minutes of receiving the completed exam, the nurse in charge of the patient, or another licensed individual, if the patient's provider or nurse is not available. For results, this is accomplished by verbal communication first and then an immediately dictated report from the Radiologist.
 - ii. The Radiologist will require the referring provider or other licensed personnel to read back the results.
 - iii. The Radiologist will document the phone call in his/her dictation including the date and time results were delivered and the name of the clinical individual to whom results were delivered.
 - b. Diagnostic Imaging Outpatients:
 - i. The Radiologist will report the critical results to the referring provider, his/her RN, or office manager within 30 minutes of receiving the completed exam.
 - ii. The Radiologist will follow the procedure for documenting the call and the read-back procedures as noted for inpatients.
 - iii. The Radiologist will document the call in his dictation, including the date and time results were delivered, and the name of the clinical individual to whom the results were delivered.
 - c. Cardiology E.R., Inpatients, and Outpatients:
 - i. Critical echocardiography results will be communicated results verbally to the referring provider, his/her RN, or office manager within 30 minutes of receiving the completed exam.
 - d. If the referring physician cannot be reached (especially after "business hours"), the interpreting physician will consult with the Emergency Room Physician to determine whether the patient needs to be contacted directly and advised to seek medical attention. If so, the Emergency Room Physician will contact the patient. If not, the interpreting physician will contact the referring physician the following morning.

AUDITING DIAGNOSTIC IMAGING RESULTS: Critical test results will be audited and reported to the Radiology Committee quarterly.

APPENDIX C

LIST OF BLOOD GAS/ECHOCARDIOGRAPH CRITICAL TEST RESULTS

A. List of Critical Blood Gas Results

Critical Blood gas results are reported directly to ordering provider within 20 minutes of test completion.

CALL ORDERING PROVIDER WITHIN 20 MINUTES OF TEST COMPLETION		
TEST NAME	LOW	HIGH
Arterial PH	<7.25	>7.55
Arterial PCO ₂	<20	>65
Arterial PO ₂	<51	>200
COHB		>21
Venous PH	<7.11	>7.69
Venous PCO ₂		>70
Venous PO ₂	<20	
Cord Arterial PH	<7.25	>7.55
Cord Arterial BE	<-14	

B. Electrocardiograph

Computer generated "ABNORMAL EKG" readout on cardiogram is reported/faxed directly to ordering physician. Out-Patients are requested to remain in room until cleared to leave by the ordering physician.

Document ID	10381	Document Status	In preparation
Department	Nursing Administration	Department Director	Fernandez, Jacqueline
Document Owner	Enderez, Bernadette	Next Review Date	
Original Effective Date	04/26/2021		
Revised	[01/01/2005], [04/01/2007], [06/01/2012], [04/01/2013], [10/01/2019], [04/28/2021 Rev. 0]		
Reviewed	[04/01/2010], [12/01/2012], [02/01/2016], [03/01/2019]		

Attachments:
(REFERENCED BY THIS DOCUMENT)

Other Documents:
(WHICH REFERENCE THIS DOCUMENT) [Lab and Diagnostic Testing/Critical Results Follow Up](#)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at

[https://www.lucidoc.com/cgi/doc-gw.pl?ref=hmh:10381\\$1](https://www.lucidoc.com/cgi/doc-gw.pl?ref=hmh:10381$1).



To: San Benito Health Care District Board of Directors
From: Amy Breen-Lema, Vice President, Clinic, Ambulatory & Physician Services
Date: January 11, 2024
Re: All Clinics – December 2023

Calendar Year 2023 Recap of Rural Health and Specialty Clinics' visit volumes

Total visits in all outpatient clinics for 2023 = 59,682

Orthopedic Specialty	4,330
Multi-Specialty	8,552
Sunset Clinic	9,875
Surgery & Primary Care Clinic	2,003
San Juan Bautista	3,410
1st Street	9,142
4th Street	15,016
Barragan	7,354

- On December 11th, we had the privilege of introducing general surgeon Dr. Joseph Fabry to our Surgery Clinic. His arrival has significantly enhanced our general surgery team with his contributions including patient consultations in the clinic and surgical procedures at our surgery center. We are delighted to have him as part of our team!
- The clinics have been diligently focused on comprehensive preparations involving our staff, providers, facilities, and our collaboration with Central Coast Alliance for Health (CAAH), which will be responsible for managing the 21,000 Medi-Cal beneficiaries in San Benito County in place of Anthem Blue Cross starting January 1, 2024. This collaborative effort has involved numerous meetings and extensive training sessions in coordination with CCAH to ensure a seamless transition for our patients.



Hazel Hawkins MEMORIAL HOSPITAL

Mabie Southside/Northside Skilled Nursing Facility Board Report – January 2024

To: San Benito Health Care District Board of Directors

From: Dee Cross, RN, MLS, Interim Director of Nursing, Skilled Nursing Facility

1. Census Statistics: December 2023

Southside	2023	Northside	2023
Total Number of Admissions	6	Total Number of Admissions	5
Number of Transfers from HHH	5	Number of Transfers from HHH	5
Number of Transfers to HHH	4	Number of Transfers to HHH	2
Number of Deaths	2	Number of Deaths	0
Number of Discharges	8	Number of Discharges	7
Total Discharges	10	Total Discharges	7
Total Census Days	1,347	Total Census Days	1,433

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: December 2023

Southside	From	Payor	Northside	From	Payor
1	HMMH/Re-Admit	Medicare	3	HMMH	Medicare
1	HMMH/Re-Admit	Private	2	HMMH	Care-More
3	HMMH	Medicare			
1	St. Louise	Medicare			
Total: 6			Total: 5		

3. Total Discharges by Payor: December 2023

Southside	2023	Northside	2023
Medicare	4	Medicare	5
Medicare MC	1	Medicare MC	1
Medical	4	Medical	1
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	0	Private (self-pay)	0
Private (self-pay)	1	Insurance	0
Insurance	0		
Total:	10	Total:	7

4. Total Patient Days by Payor: December 2023

Southside	2023	Northside	2023
Medicare	147	Medicare	87
Medicare MC	10	Medicare MC	36
Medical	1,130	Medical	1,248
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	0	Private (self-pay)	62
Private (self-pay)	60	Insurance	0
Insurance	0	Bed Hold / LOA	0
Bed Hold / LOA	22		
Total:	1,369	Total:	1,433
Average Daily Census	44.16	Average Daily Census	46.23



Hazel Hawkins MEMORIAL HOSPITAL

To: San Benito Health Care District Board of Directors
From: Bernadette Enderez, Director of Diagnostic Services
Date: January 2024
Re: Laboratory and Diagnostic Imaging

=====
Updates:

Laboratory

1. Service/Outreach
 - Laboratory Outpatient Draw stations closed on January 1 for New Year Holiday.
 - Main Hospital and Mc Cray draw station open for limited hours during MLK holiday and had good turnout.
2. Quality Assurance/Performance Improvement Activities
 - STAGO compact analyzer user training and competency. GO LIVE for patient testing 1/2024.
3. Laboratory Statistics

	December 2023	YTD
Total Outpatient Volume	3906	51150
Main Laboratory	1022	14260
HHH Employee Covid Testing	54	2432
Mc Cray Lab	827	11809
Sunnyslope Lab	326	5396
SJB and 4 th Street	79	852
ER and ASC	1598	16401
Total Inpatient Volume	345	5683

Diagnostic Imaging

1. Service/Outreach
 - Diagnostic Imaging Outpatient closed on January 1 for New Year Holiday.
 - Ultrasound and Xray services open for limited hours during MLK holiday.
 - Mammography services open all Saturdays for January.
2. Quality Assurance/Performance Improvement Activities
 - Procedure charge master review



Hazel Hawkins
MEMORIAL HOSPITAL

3. Diagnostic Imaging Statistics

	December 2023	YTD
Radiology	1741	20667
Mammography	740	8111
CT	826	11048
MRI	157	1961
Echocardiography	105	1260
Ultrasound	714	9008



TO: San Benito Health Care District Board of Directors
FROM: Liz Sparling, Foundation Director
DATE: January 2024
RE: Foundation Report

The Hazel Hawkins Hospital Foundation Board of Trustees met on January 11 at Noon the in the Horizon Room.

Financial Report for December

1. Income	\$ 361,759.61
2. Expenses	\$ 58,400.26
3. New Donors	2
4. Total Donations	239

Allocations

1. \$4,230.49 for the balance of a new Lab Analyzer. The Foundation funded \$45,735.00 for the equipment and this was additional funds to complete the purchase.

Directors Report

- Welcome to our New Board members Gerry Wright, Pat Slatten and Mishel Thomas. This month begins their three year term.
- Our Scholarship Application has been posted on our website and is due by April 1.
- I met with Andie Posey, our CNO and Monica Hamilton our Director of Quality to discuss the future of the Palliative Care program here at HHMH. We then met with Siobhan Green, the CEO of the Hospice Giving Foundation and we had a very productive meeting about future funding and working together again.
- We sent out an end of the year solicitation letter to donors and have had a very positive response.
- We just received our audit. Mark Robinson, Irene Recht (Foundation Treasurer) and I are reviewing it and it will be reviewed in February by the Foundation Finance Committee.
- Our Fundraising Campaign Committee has been very busy meeting with donors and educating the public on the latest information about HHMH.
- Our tax letters to all donors in 2023 will be mailed out the week of January 22.

The Foundation is very proud of our accomplishments in 2023.













Here is a list of items allocated to the Hospital in 2023, totaling over \$98,000!

- \$1702 for a Language Line for the New Surgery Clinic
- \$9112.36 for 4th Street Clinic Waiting Room Furniture
- \$2290.60 for Analyzers for the Barragan Diabetes Center
- \$3031.25 for 10 chairs for Med/Surg for the Nurses
- \$8,000 for batteries and Battery Chargers for Workstation on Wheels
- \$9,007.07 for balance of Sterilizer Installation
- \$9,114.52 for an EKG Machine for the Hazel Hawkins Primary Care & Surgical Specialty Center
- \$15,800 for a Microscope for the Lab Department
- \$35,000 for an Ultrasound Equipment for OB Department
- \$5,000 for Furniture for the waiting room in the Main Hospital

MARKETING

• Social Media Posts

REACH ENGAGEMENTS

Image	Text	Post reach	Engagement
	Members of our Disaster Preparedness team are attending a county-wide Active Attacker workshop with our law enforcement and first responder partners. Wed, Jan 17	643	233
	Don't wait until you are sick or need to see a provider. NOW is the time for all Medi-Cal patients to enroll with the new Medi-Cal plan provider, California Central Alliance for Health. You can sign up for any one of our clinic sites and pick a Primary Care Provider (PCP). Check out their provider directory at www.thealliance.health Starting... Tue, Jan 16	371	16
	In observance of Martin Luther King Day on Monday, January 15, we have the following holiday hours: Main Hospital Outpatient Lab & Radiology - 8 am - 2 pm McCray Lab - 7 am - 12 pm Sunyslope Lab - Closed All Community Health Centers - Closed The ER is always open 24/7 For more information, please call 831-637-5711. Fri, Jan 12	430	19
	IT HAS TAKEN A FEW EXTRA DAYS, BUT HAZEL HAWKINS MEMORIAL HOSPITAL FINALLY WELCOMES FIRST BABY OF THE NEW YEAR The New Year was extraordinarily quiet in the Birthing Center at Hazel Hawkins Memorial Hospital until the evening of January 4th. Three babies were born in the span of 20 minutes and at 6:05 pm, baby... Tue, Jan 9	1,309	457
	HAZEL HAWKINS MEMORIAL HOSPITAL RECEIVES LETTER OF INTENT FROM INSIGHT On Monday, during a special meeting of the San Benito Health Care District (SBHCD), Board Members heard from representatives of INSIGHT, a group interested in the purchase of Hazel Hawkins Memorial Hospital (HHMH) and its assets. Click here to read... Tue, Jan 9	436	58
	HAZEL HAWKINS HOSPITAL AUXILIARY OFFERS SCHOLARSHIPS FOR 2024 Click here for an application: https://www.hazelhawkins.com/~news/2024/january/hazel-hawkins-hospital-auxiliary-offers-scholars/?fbclid=IwAR3Uig2HBH3xC5w_5yeiXIF68Gax2MoYkYan-Pe9gRvleo7ulaEKnwA0VFQ Applications for the 2024 Haze... Tue, Jan 2	385	20
	New Year's Holiday Hours for Hazel Hawkins Hospital, Clinics and Outpatient Services Dec 29, 2023	535	10
	Wishing everyone a very Merry Christmas! We appreciate the dedication of our employees and physicians, along with our public safety partners and first responders that are working today, spending time away from their families to care for our community. Dec 25, 2023	605	93
	Hospital, Clinic and Outpatient Services Holiday Hours Dec 21, 2023	539	21
	Many thanks to our generous employees for donating items for our Mabie Northside Boutique. All residents got to "shop" for goodies for the Holiday's and then enjoy tea afterward. This event was made possible by our AMAZING Auxiliary and Volunteers. We are so fortunate to have such a talented and generous group of individuals who mak... Dec 20, 2023	5,187	135
	KINDNESS MATTERS Our staff and residents at Mabie Northside collected donations and assembled 189 care packages containing beanies, hats, mittens, underwear and socks. The care packages were donated to Linda Lampe's organization My Fathers House to assist the homeless in our community. Additionally, 24 blankets were... Dec 19, 2023	1,054	382
	HHH is hiring! Join our team of caring professionals! Click here to see our open positions: https://www.hazelhawkins.com/careers/ Dec 15, 2023	645	51

EMERGENCY PREPAREDNESS/DISASTER COMMUNICATIONS

- Participated in County-wide Active Attacker Workshop
- Coordinating meeting with all County and City PIO's

COMMUNITY

- Promoted 1st Baby of the New Year

EMPLOYEE ENGAGEMENT

Employees:

- Hazel's Headlines
- Employee Forums

MEDIA

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

Press Releases

- HHMH Receives Letter of Intent from Insight

Media Requests:

- Answered media request from BenitoLink about prevalence of COVID/RSV/Flu in the ER and patients being admitted.

COST SAVING MEASURES

- Assisting departments with in-house forms creation and printing.

**BOARD OF DIRECTORS
DISTRICT FACILITIES & SERVICE DEVELOPMENT COMMITTEE**

**Thursday, January 18, 2023
4:00 P.M. – Great Room**

MINUTES

I. CALL TO ORDER/ROLL CALL:

The meeting of the District’s Facilities & Service Development Committee was called to order by Jeri Hernandez at 4:00p.m.

PRESENT:

Jeri Hernandez, Board President
Mary Casillas, Interim, VP, Chief Executive Officer
Mark Robinson, VP, Chief Finance Officer
Andrea Posey, Interim, VP, Chief Nursing Officer
Amy Breen-Lema, VP, Clinics, Ambulatory & Physicians Services
Doug Mays, Senior Director, Support Services
William Pollard, Plant Operations Manager
Tina Pulido, Plant Operations/Construction Coordinator

II. APPROVAL OF MINUTES:

The minutes of the District’s Facilities & Service Development Committee of December 14, 2023 were approved.

III. UPDATE ON CURRENT PROJECTS:

- HHH Autoclave Replacement (Will P.)
Will P. reported that this project is currently under HCAI review and awaiting installation date.
- HHH Boiler Replacement (Will P.)
Will P. reported that this project is currently under HCAI review and awaiting installation date.
- HHH Pharmacy Pyxis Locker Installation (Will P.)
Will P. reported that the Pyxis Locker has been installed, project completed.
- HHH Lab Equipment Replacement (Will P.)
Will P. reported that this project is in the design stage.
- HHH Respiratory Therapy TJC POC Case Work (Will P.)
Will P. reported that this project is in the design stage.

IV. UPDATE ON PENDING PROJECTS:

- IT Split System 5T Pkg. Unit (RTU) Replacement (Will P.)
Will P. reported that this project is in the planning and budgeting stage.
- HHH Chiller Motor Installation (Will P.)
Will P. reported that this project has been completed.
- HHH Med Sur Double Door Replacement (Will P.)
Will P. reported that this project is in the planning stage.
- HHH Radiology RTU Replacement (Will P.)
Will P. reported that this project is in the planning stage.

V. UPDATE ON MASTER PLAN:

- SPC-4d (Will P.)

Will P. reported that the HCAI plan was submitted in mid-December. There will be additional Architectural funding required for additional planning revisions.

VI. PUBLIC COMMENT: None.

VII. OTHER BUSINESS:

VII. ADJOURNMENT:

There being no further business, the meeting was adjourned at 4:16 PM. The next Facilities Committee meeting is scheduled for February 15, 2024.



San Benito Health Care District

**MEDICAL EXECUTIVE COMMITTEE
CREDENTIALS REPORT
January 17, 2023**

NEW APPOINTMENTS

PRACTITIONER	DEPT/SERVICE	STATUS REQUEST	TERM
Michael Grecula, MD	Surgery/Orthopedic Surgery	Provisional	1/26/24-12/31/25
Nguyen Pham, MD	Medicine/Family Medicine	Provisional	1/26/24-12/31/25
Felix Rivera- Perez, MD	Medicine/Teleneurology	Telemedicine	1/26/24-12/31/25

REAPPOINTMENTS

PRACTITIONER	DEPT/SERVICE	STATUS	TERM
Claire Hartung, MD	Medicine/Family Medicine	Active	03/01/24-02/28/26
Edwin Savay, MD	Emergency Medicine/Emergency Medicine	Active	03/01/24-02/28/26

RESIGNATIONS/RETIREMENTS

PRACTITIONER	DEPT/SERVICE	CURRENT STATUS	COMMENT
Shayan Gates, DO	Medicine/Teleneurology	Telemed	Voluntary Resignation- No longer with group
Michelle Boudreau, DO	Medicine/Teleneurology	Telemed	Voluntary Resignation- No longer with group
Hima Poonati, MD	Surgery/Anesthesiology	Affiliate	Voluntary Resignation- Relocated
Faraz Shaikh, MD	Medicine/Internal Medicine	Provisional	Voluntary Resignation- No longer with USACS group

Rev: 2/16/2022



HAZEL HAWKINS MEMORIAL HOSPITAL APPLICATION FOR CLINICAL PRIVILEGES

FAMILY MEDICINE

Name of Applicant: _____

In order to be eligible to request clinical privileges for both initial appointment and reappointment, a practitioner must meet the following minimum threshold criteria:

- Education: M.D. or D.O.
- Formal Training: The applicant must demonstrate successful completion of an ACGME or AOA approved post-graduate residency program in Family Medicine.
- Certification: Current Board Certification in Family Medicine by the American Board of Family Medicine, or current, active participation in the process leading to certification
- For Pediatric Privileges - Current certification as an NRP™ provider or instructor in accordance with the NRP™ curriculum of the AAP/AHA.
- For Obstetric Privileges - Current Advanced Life Support in Obstetrics (ALSO) recommended
- For Surgical Assist Privileges- Current Family Medicine Core privileges, successful completion of an ACGME or AOA approved post-graduate residency program in Family Medicine, and current Board Certification in Family Medicine by the American Board of Family Medicine, or current, active participation in the process leading to certification.
- Required Clinical Experience: The applicant for **initial appointment or reappointment** must be able to demonstrate that he/she has satisfactorily performed services as an attending physician in the **past 24 months for at least:**
 1. **30** adult inpatients for the **General Medicine Core**
 2. **30** newborns & **6** pediatric patients for **Pediatric Core**
 3. **24** vaginal deliveries for the **Obstetric Core**
 4. **20** ICU/CCU-level patients for the **Critical Care Core**

If the applicant meets the above criteria, he/she may request privileges as specified below.

I hereby request privileges as follows:

Family Medicine Core Privileges

- General Medicine Core:**
Privileges include admission, workup, diagnosis, and provision of treatment to nonsurgical patients; to admit surgical patients for preoperative and postoperative medical care, and to assist in surgery. Core procedures include thoracentesis, paracentesis, joint aspiration, arterial puncture, gastric lavage, incision & drainage of simple abscess, venous cutdown, proctoscopy, lumbar puncture, central venous line placement.
_____Requested _____Approved

- Pediatric Core:**
Privileges include admission, workup, diagnosis, and provision of treatment to infants & children, including newborn circumcision, lumbar puncture, neonatal intubation, and stabilization of newborns requiring transfer.
_____Requested _____Approved

- Obstetric Core:**
Privileges include admission, workup, diagnosis, and provision of treatment to perinatal patients (including diet-controlled diabetics) and perform normal spontaneous vaginal delivery, and uncomplicated postpartum care. Mandatory OBG consults are required for pre-term labor < 35 weeks, diabetes in pregnancy not controlled by diet, eclampsia, pre-eclampsia, pre-term induction, breech delivery, multiple gestations or other malpresentations, possible placenta previa or abruption placenta, prolonged active phase of labor, prolapse of cord, intra-partum or pre-partum obstetric sepsis, suspected fetal distress, or pregnancy beyond 41 weeks gestation OR, OTHER COMPLICATED OBSTETRICAL CONDITIONS
_____Requested _____Approved

Physicians with this level of privileges are expected to request consultation:

- a) when doubt exists as to the diagnosis following a complete diagnostic evaluation;
- b) in cases where expected improvement is not apparent;
- c) when specialized medical therapeutic or diagnostic techniques are indicated

NOTE: If last 24-months experience does not meet requirements for core privileges listed above and still request privileges, please clarify below.

_____Requested _____Approved

Critical Care Unit Core Privileges

Privileges include admission, consultation, evaluation, diagnosis, and treatment of patients in need of critical care (both medical and surgical patients). Privileges include airway maintenance (including intubation), ventilator management, interpretation of hemodynamic recording systems, central venous cannulation, tube thoracostomy, Swan-Ganz insertion, use of IV thrombolytics and other critical care medications, cardiac life support (including emergent cardio-version), and arterial line placement.

NOTE: If last 24-months experience does not meet requirements for core privileges listed above and still request privileges, please clarify below.

___Requested ___Approved

Surgical Assist Privileges

Privileges include assist in surgery under the direct supervision of the surgeon, including (but not limited to) suture uncomplicated lacerations, incise and drain abscesses, simple skin biopsy or excision, remove non-penetrating corneal foreign body, preoperative care of surgical patients, and postoperative medical care of surgical patients with the approval of the attending physician or surgeon. Cannot act as the attending surgeon.

NOTE: If last 24-months experience does not meet requirements for core privileges listed above and still request privileges, please clarify below.

___Requested ___Approved

Core privileges do not include any of the following **specific** privileges. For each, the applicant must demonstrate the minimum training and experience as defined below.

Family Practice Specific Privileges

PROCEDURE	TRAINING	EXPERIENCE		REQUESTED	APPROVED
		INITIAL	LAST 24 MTHS		
Moderate sedation	Passing score on hospital exam	N/A			
Fluoroscopy equipment	Current CA Fluoroscopy Permit	N/A			
Elective Cardioversion	Family Practice residency with training in procedure	2	1		

EKG Interpretation	Family Practice residency with training in procedure.	50	25		
Bone marrow aspiration or biopsy	Family Practice residency with training in procedure.				
Chest Tube Insertion	Family Practice residency with training in procedure.				
Insertion of temporary pacemaker	Family Practice residency with training in procedure, plus ICU/CCU Core Privileges				
Diagnostic bronchoscopy for pneumonia	Family Practice residency with training in procedure, plus ICU/CCU Core Privileges				
Therapeutic bronchoscopy	Family Practice residency with training in procedure, plus ICU/CCU Core Privileges				
Operative vaginal delivery, vacuum extraction Low/Outlet	Family Practice residency with specific training in vacuum delivery	15	1		
Operative vaginal delivery, Forceps Low/Outlet	Family Practice residency with specific training in forceps delivery	15	1		

NOTE: If last 24-months experience does not meet requirements for core privileges listed above and still request privileges, please clarify below.

ADDITIONAL AND SPECIFIC PRIVILEGES REQUESTED

PROCEDURE	REQUESTED	APPROVED
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

I certify that I have had the necessary training and experience to perform the procedures I have requested.

Name of Applicant: _____ Date: _____

Signature of Applicant: _____

APPROVALS:

All privileges delineated have been individually considered and have been recommended based upon the physician's specialty, licensure, specific training, experience, health status, current competence and peer recommendations.

Applicant may perform privileges as indicated.

Exceptions/Limitations: None Specify below

Medicine Chair

Date

Perinatal Chair

Date

Approved Perinatal Department: 03/27/07, revised 03/27/12, revised 09/24/13
Approved Medicine Department: 06/05/07, revised 03/08/12, no Med revisions
Approved Medical Executive Committee: 06/19/07, revised 03/21/12, revised 02/19/14
Approved Board of Directors: 06/28/07, revised 05/31/12, revised 02/27/14



HAZEL HAWKINS MEMORIAL HOSPITAL CLINICAL PRIVILEGES DELINEATION FORM

CERTIFIED REGISTERED NURSE ANESTHETIST (CRNA)

Name of Applicant: _____

In order to be eligible to request clinical privileges for both initial appointment and reappointment, the applicant must meet the following qualifications:

- **Minimum formal training:** Applicants must be able to demonstrate successful completion of a Nurse Anesthesia educational program accredited by the American Association of Nurse Anesthetist (AANA) Council on Accreditation of Nurse Anesthetist Educational Programs (CANAEP), or a predecessor or successor agency.
- Current Certification by the National Board on Certification and Recertification of Nurse Anesthetists (NBCRNA).
- In addition, the CRNA applicant must meet the following requirements:
 - Possession of a current unrestricted California RN license
 - Possession of a current unrestricted California CRNA license
 - Possession of current ACLS certification
 - Evidence of current professional liability insurance coverage with limits required by the Medical Staff Bylaws.
 - Evidence of forty (40) hours of continuing education in the past two (2) years.
 - The Certified Registered Nurse Anesthetist will be responsible to the Medical Director of Anesthesia, and to the Medical Executive Committee.
- **Required previous experience:** Documentation of training and experience of requested practice prerogatives and 200 patient care activities for the CRNA providing services for patients for the preceding two (2) years.

New applicants will be required to provide documentation of the number and types of cases they were involved with during the past 24 months. Applicants have the burden of producing information deemed adequate by the Medical Staff for a proper evaluation of current competence, and other qualifications.

If the applicant meets the above criteria, he/she may request privileges as specified below.

REQUESTED (CRNA)	GRANTED (Dept Chair)	
<input type="checkbox"/>	<input type="checkbox"/>	Obtain a complete History & Physical exam
<input type="checkbox"/>	<input type="checkbox"/>	Perform pre-anesthetic assessment of patient including assignment of an ASA status and development of an anesthetic plan

REQUESTED (CRNA)	GRANTED (Dept Chair)	
<input type="checkbox"/>	<input type="checkbox"/>	Render informed consent pertinent to the proposed anesthetic plan
<input type="checkbox"/>	<input type="checkbox"/>	Management of the pre, intra, and postoperative patient including post-op acute pain management.
<input type="checkbox"/>	<input type="checkbox"/>	Order, conduct and interpret labs and other diagnostic studies.
<input type="checkbox"/>	<input type="checkbox"/>	Performance of tasks and functions which fall within the usual and customary scope of the CRNA
<input type="checkbox"/>	<input type="checkbox"/>	Consults with Anesthesiologists, Surgeons, or other Specialists when needed to facilitate patient care
<input type="checkbox"/>	<input type="checkbox"/>	Establish and maintain patient airway
<input type="checkbox"/>	<input type="checkbox"/>	Establish peripheral arterial and venous access lines
<input type="checkbox"/>	<input type="checkbox"/>	Central Venous Catheter Placement
<input type="checkbox"/>	<input type="checkbox"/>	Recognize and treat complications of anesthesia
<input type="checkbox"/>	<input type="checkbox"/>	Initiate resuscitation measures using ACLS protocols
<input type="checkbox"/>	<input type="checkbox"/>	Ordering, administration, and monitoring of blood and blood products for resuscitation and physiologic stability
<input type="checkbox"/>	<input type="checkbox"/>	Evaluate the post anesthetic course, release patients from post-anesthesia recovery care following department and hospital protocols
<input type="checkbox"/>	<input type="checkbox"/>	Provide orders regarding peri-operative drugs to be administered by other nurses
<input type="checkbox"/>	<input type="checkbox"/>	Provide intravenous sedation or monitored anesthesia care
		General Anesthesia:
<input type="checkbox"/>	<input type="checkbox"/>	• Inhalation Anesthesia
<input type="checkbox"/>	<input type="checkbox"/>	• Intravenous Anesthesia
		Regional Anesthesia:
<input type="checkbox"/>	<input type="checkbox"/>	• Epidural Anesthesia (minimum 20 cases over past 24 months)
<input type="checkbox"/>	<input type="checkbox"/>	• Topical and Infiltration as in Field Blocks
<input type="checkbox"/>	<input type="checkbox"/>	• Subarachnoid Blocks
<input type="checkbox"/>	<input type="checkbox"/>	• Upper extremity peripheral nerve blocks
<input type="checkbox"/>	<input type="checkbox"/>	• Lower extremity peripheral nerve blocks
<input type="checkbox"/>	<input type="checkbox"/>	• Thoracic peripheral nerve blocks
<input type="checkbox"/>	<input type="checkbox"/>	• Truncal peripheral nerve blocks

CRNA Applicant: _____ Date _____

Medical Director, Anesthesia _____ Date _____

Chair, Surgery Department: _____ Date _____

Approved Medical Executive Committee: 06/15/2022

Approved Board of Directors: 06/23/2022



Interim CEO Report
January 2024

Financial Emergency Update

- Met with Insight to review LOI
- Met with Ad Hoc committee to go over Insight's LOI
- Met with Ombudsman to give an update and schedule their next visit in February. Their next report will be coming out in the next week or so.
- Met with representatives from the County to discuss their next phase of their plan. Another meeting is scheduled for February 2 to discuss their plan in more detail.

CEO Activities

- Attended CHA's Advocacy Strategy meeting in Sacramento for Critical Access Hospital CEO's. The main focus of the meeting was to look at a proposal to advocate for change in Medi-Cal reimbursement. More data was being collected by the group.
- Held two employee forums on January 9th to update staff of the status of the District.
- Attended the SBC Business Council meeting to give an update of the hospital – January 11.
- Continue to meet with physicians on a weekly basis to give them updates.
- Continue to meet with Rivas, Caballero and Laird's staff to give weekly updates.
- Through ACHD, met with other District Hospital CEO's to give an update of the hospital and discuss priorities for each hospital. Seismic issues continue to be a priority.
- Assigned to CHA's CEO Workgroup for seismic advocacy.

HR

- Please find attached a corrected turnover rate chart for calendar year 2023. Our annual rate is slightly higher than the national average. The reasons for separation are listed on the chart. HR will be submitting an action plan to address retention during the first quarter of this year.

HUMAN RESOURCES DASHBOARD 2023

DEPARTMENTAL METRICS	1Q23	2Q23	3Q23	4Q23	YTD
# Employees	700	678	673	664	679
# New Hires	8	19	21	44	92
# Terminations	48	31	35	44	158
Overall Turnover	6.9%	4.6%	5.2%	6.6%	23.3%

Terms By Union	1Q23	2Q23	3Q23	4Q23	
The California Nurses Association (CNA)	13	16	11	10	50
California Licensed Vocational Nurses' Association (CLVN)	2	0	2	3	7
Engineers and Scientists of California (ESC)	2	0	1	1	4
National Union of Healthcare Workers (NUHW)	18	11	15	23	67
Non-Union	13	4	6	7	30

Terms By Reason (V=Voluntary & IV= Involuntary)	1Q23	2Q23	3Q23	4Q23	
Job Abandonment (V)	3	1	2	4	10
Availability (V)	0	0	2	3	5
Personal (V)	4	1	2	9	16
Attendance (IV)	0	0	2	0	2
Moved (V)	1	1	1	2	5
New Job (V)	1	0	1	9	11
Resigned- No Reason (V)	26	20	21	10	77
Reduction in Force (IV)	10	0	0	0	10
Retirement (V)	1	6	4	4	15
Schedule (V)	0	0	0	0	0
School (V)	0	1	0	0	1
Performance (IV)	2	1	0	3	6

Chief Nursing Officer Report

December 2023

Andie Posey, Interim CNO

In the month of December CNO activities included the following:

Nursing

- Identifying and correcting care issues using evidence based solutions such as the Society of Critical Care Medicine's bundle to expedite ICU care.
- New DON for the SNF started on December 18th and completing an initial assessment and any corrections that need to be addressed immediately.
- Hemorrhage cart added to the OR for OB patients in recovery.

Regulatory

- Joint Commission Mock Survey results were received. Workgroups are being set up to address the issues.
- Patient experience champion has been identified and will be implementing a formal program to increase patient experience scores as reported by Press Ganey.

Utilization Management

- Continuing Finance/Nursing/Case Management huddle daily to discuss any patient issues, barriers to care and ensure proper admission status.
- Continuing to review all financial denials and determining the root cause of the denial, documenting trends and addressing the clinical process issues associated with the denials.
- Hospital lead for CDI project with INNOVA.



San Benito Health Care District
Board of Directors Meeting
December 2023
Chief Nursing Officer Report

➤ **Emergency Department:**

- Visits: 2390
- Admitted: 128
- Stroke: 5
- Left Without being seen: 14

➤ **Med / Surg:**

- ADC: 11.73

➤ **ICU:**

- ADC: 2.66

➤ **OB**

- Deliveries: 36
- Outpatients Visits: 89

➤ **OR**

- Inpatient: 38
- Outpatient: 17
- GI: 75
- Total ASC cases: 165
- Admit: 5

San Benito Health Care District
Finance Committee Minutes
January 18, 2024 - 4:30pm

Present: Jeri Hernandez, Board President
G.W. Devon Pack, Assistant Secretary
Mary Casillas, Interim Chief Executive Officer
Mark Robinson, Chief Financial Officer
Andie Posey, Chief Nursing Officer
Amy Breen-Lema, Vice President Clinic, Ambulatory & Physician Services
Sandra DiLaura, Interim-Controller

1. CALL TO ORDER

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

2. REVIEW FINANCIAL UPDATES

A. December 2023 Financial Statements

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

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

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

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

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

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

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

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

B. December 2023 Finance Dashboard

The Finance Dashboard and Cash Flow Statement were reviewed by the Committee.

C. Other Financial Updates

Other items noted included:

- Increase in revenue due to primarily the accrual of the Hospital Quality Assurance Fund (HQAF) direct quarterly payment of \$2.139 million and IGT payment of \$1.216 million, the dollar amounts were not finalized until early January. The February IGT funds of \$472,508 expected by April/May 2024 and the March IGT funds of \$1.257 million expected by May/June 2024. The first QIP loan repayment of \$1.253 million due by February 28, 2024 and the second QIP loan repayment of \$1.222 million due by May 31, 2024.

3. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF CONSOLIDATED CHA/HOSPITAL COUNCIL 2024 DUES

Dues for participation in The California Hospital Association (CHA) monthly dues of \$4,449.00 for period Jan 1, 2024 – Dec 31, 2024 for \$53,381.00. The Finance Committee recommends this resolution for Board approval.

4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF JOSEPH M FABRY, D.O. PROFESSIONAL SERVICES AGREEMENT AND JOSEPH FABRY, D.O. PHYSICIAN RECRUITMENT AGREEMENT

The Professional Services Agreement for full-time General Surgery services within the hospital and surgery clinic has proposed effective date of January 1, 2024, a 2-year term, and 60-day termination clause. The base monthly compensation will be set within 75th percentile of fair market value at \$45,500 per month. A recruitment incentive and relocation agreement of \$20,000 is forgivable over two (2) years. The Finance Committee recommends this resolution for Board approval.

5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF STEFAN KLEIN, M.D. PROFESSIONAL SERVICES AGREEMENT

The Professional Services Agreement for part-time (up to 16 hours/week) clinic-based Orthopedic Hand and Upper extremity professional services has proposed effective date of February 1, 2024, a 1-year term, and 30-day termination clause. The base daily rate will be set within median fair market value at \$2,900 per day, estimated monthly cost of \$25,133. The Finance Committee recommends this resolution for Board approval.

6. ADJOURNMENT

There being no further business, the Committee was adjourned at 5:01 pm.

Respectfully submitted,

Sandra DiLaura
Interim-Controller



MEMORIAL HOSPITAL
SKILLED NURSING FACILITIES
HOME HEALTH AGENCY

San Benito Health Care District

A Public Agency

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

January 18, 2024

CFO Financial Summary for the District Board:

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

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

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

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			PRIOR YR		
	ACTUAL 12/31/23	BUDGET 12/31/23	PERCENT VARIANCE	ACTUAL 12/31/22	BUDGET 12/31/22	PERCENT VARIANCE	ACTUAL 12/31/23	BUDGET 12/31/23	PERCENT VARIANCE	ACTUAL 12/31/22	BUDGET 12/31/22	PERCENT VARIANCE
NON-OPERATING REVENUE\EXPENSE:												
DONATIONS	11,771	105,000	(89)	3,139	146,523	130,000	146,523	130,000	16,523	13	159,212	
PROPERTY TAX REVENUE	205,711	205,711	0	195,915	1,234,266	1,234,263	1,234,266	1,234,263	3	0	1,175,490	
GO BOND PROP TAXES	170,388	170,388	0	164,964	1,022,327	1,022,328	1,022,327	1,022,328	(2)	0	989,785	
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	(72,048)	(412,327)	(412,326)	(412,327)	(412,326)	(1)	0	(432,285)	
OTHER NON-OPER REVENUE	16,531	13,843	2,688	11,886	108,043	83,058	108,043	83,058	24,985	30	75,927	
OTHER NON-OPER EXPENSE	(32,700)	(32,700)	0	(37,604)	(197,469)	(196,200)	(197,469)	(196,200)	(1,269)	1	(228,084)	
INVESTMENT INCOME	0	0	0	0	(4,209)	0	(4,209)	0	(4,209)	0	695	
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	
TOTAL NON-OPERATING REVENUE/(EXPENSE)	302,979	393,521	(23)	266,253	1,897,154	1,861,123	1,897,154	1,861,123	36,031	2	1,740,740	
NET SURPLUS (LOSS)	4,409,547	417,341	957	1,375,896	6,929,729	1,481,465	6,929,729	1,481,465	5,448,264	368	(31,416)	
EBIDA	\$ 4,669,354	\$ 669,151	\$ 4,000,203	\$ 1,647,755	\$ 8,485,598	\$ 2,992,313	\$ 8,485,598	\$ 2,992,313	\$ 5,493,285	183.57%	\$ 1,575,829	
EBIDA MARGIN	28.39%	5.49%	22.90%	417.23%	11.07%	4.12%	11.31%	4.12%	7.19%	174.26%	2.02%	
OPERATING MARGIN	24.96%	0.20%	24.77%	12,675.99%	7.46%	(0.52)%	6.71%	(0.52)%	7.23%	(1,381.97)%	(2.27)%	
NET SURPLUS (LOSS) MARGIN	26.81%	3.42%	23.38%	683.16%	9.25%	2.04%	9.24%	2.04%	7.20%	352.38%	(0.04)%	

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

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE		
	ACTUAL 12/31/23	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22	BUDGET 12/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
GROSS PATIENT REVENUE:									
ROUTINE REVENUE	3,691,414	5,258,039	(1,566,625)	(30)	5,247,214	28,613,947	(9,386,455)	(33)	26,372,530
ANCILLARY INPATIENT REVENUE	4,698,258	5,736,077	(1,037,819)	(18)	5,077,715	29,931,186	(8,004,692)	(27)	28,224,569
HOSPITALIST 1/P REVENUE	193,466	190,834	2,632	1	210,490	1,132,683	(232,613)	(21)	1,135,925
TOTAL GROSS INPATIENT REVENUE	8,583,138	11,184,950	(2,601,812)	(23)	10,535,418	59,677,816	(17,623,760)	(30)	55,733,024
ANCILLARY OUTPATIENT REVENUE	26,460,169	22,668,398	3,791,771	17	22,768,213	144,317,939	16,647,138	12	134,932,523
HOSPITALIST O/P REVENUE	58,821	61,405	(2,584)	(4)	60,532	364,461	(12,462)	(3)	371,266
TOTAL GROSS OUTPATIENT REVENUE	26,518,990	22,729,803	3,789,187	17	22,828,745	144,682,400	16,634,676	12	135,303,789
TOTAL GROSS ACUTE PATIENT REVENUE	35,102,128	33,914,753	1,187,375	4	33,364,163	204,360,216	(989,084)	(1)	191,036,814
DEDUCTIONS FROM REVENUE ACUTE:									
MEDICARE CONTRACTUAL ALLOWANCES	9,261,928	10,282,950	(1,021,022)	(10)	10,529,031	61,406,274	(5,119,342)	(8)	59,114,067
MEDI-CAL CONTRACTUAL ALLOWANCES	6,525,169	9,599,446	(3,074,277)	(32)	8,707,492	58,727,821	(1,287,345)	(2)	49,453,021
BAD DEBT EXPENSE	670,185	397,930	272,255	68	674,992	2,398,075	1,553,178	65	2,364,268
CHARITY CARE	486	38,108	(37,622)	(99)	43,980	229,644	40,764	18	218,801
OTHER CONTRACTUALS AND ADJUSTMENTS	4,772,822	3,975,615	797,207	20	3,210,679	24,348,006	2,193,960	9	20,827,548
HOSPITALIST/PEDS CONTRACTUAL ALLOW	4,121	12,631	(8,510)	(67)	37,097	76,113	(63,682)	(84)	88,983
TOTAL ACUTE DEDUCTIONS FROM REVENUE	21,234,710	24,306,680	(3,071,970)	(13)	23,203,271	147,185,933	(2,682,466)	(2)	132,066,687
NET ACUTE PATIENT REVENUE	13,867,417	9,608,073	4,259,344	44	10,160,892	57,174,283	1,693,382	3	58,970,126
OTHER OPERATING REVENUE									
NET ACUTE OPERATING REVENUE	14,542,064	10,190,549	4,351,515	43	12,859,816	60,669,254	1,666,202	3	66,366,162
OPERATING EXPENSES:									
SALARIES & WAGES	3,741,768	3,823,109	(81,342)	(2)	3,730,026	22,641,024	(314,272)	(1)	23,646,310
REGISTRY	342,955	167,000	175,955	105	357,174	1,002,000	569,700	57	3,180,359
EMPLOYEE BENEFITS	1,608,808	1,847,226	(238,418)	(13)	2,864,414	9,508,715	(1,953,536)	(17)	13,571,567
PROFESSIONAL FEES	1,991,694	1,650,109	341,585	21	1,642,359	9,825,807	24,923	0	9,480,971
SUPPLIES	1,089,062	1,092,241	(3,179)	0	1,270,619	6,622,809	(1,005,970)	(15)	7,072,315
PURCHASED SERVICES	1,034,668	986,211	48,457	5	1,120,656	5,837,525	(16,133)	0	6,808,746
RENTAL	132,802	130,516	2,286	2	144,669	807,696	27,103	4	931,807
DEPRECIATION & AMORT	289,086	281,320	7,766	3	287,775	1,687,920	43,638	3	1,699,308
INTEREST	29,901	25,417	4,484	18	7,754	152,502	36,825	24	31,613
OTHER	392,579	378,203	14,376	4	370,781	2,246,301	(51,116)	(2)	2,266,519
TOTAL EXPENSES	10,653,324	10,381,352	271,972	3	11,796,226	62,249,942	(2,638,840)	(4)	68,689,515
NET OPERATING INCOME (LOSS)									
NET OPERATING INCOME (LOSS)	3,888,740	(190,803)	4,079,543	(2,138)	1,063,591	2,724,354	4,305,042	(272)	(2,323,353)

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

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

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

	ACTUAL 12/31/23	BUDGET 12/31/23	CURRENT MONTH POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22	ACTUAL 12/31/23	BUDGET 12/31/23	YEAR-TO-DATE POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 12/31/22
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,097,330	2,092,500	4,830	0	2,146,600	13,237,888	12,420,000	817,888	7	12,300,450
ANCILLARY SNF REVENUE	251,068	378,528	(127,461)	(34)	354,103	1,850,511	2,230,027	(379,516)	(17)	2,382,833
TOTAL GROSS SNF PATIENT REVENUE	2,348,398	2,471,028	(122,631)	(5)	2,500,703	15,088,399	14,650,027	438,372	3	14,683,283
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	459,423	283,292	176,131	62	316,254	1,315,334	1,668,104	(352,770)	(21)	1,639,093
MEDI-CAL CONTRACTUAL ALLOWANCES	190,959	108,308	82,651	76	200,096	1,007,097	642,864	364,233	57	1,004,363
BAD DEBT EXPENSE	(241,186)	10,000	(251,186)	(2,512)	(41,982)	(156,097)	60,000	(216,097)	(360)	(3,077)
CHARITY CARE	0	0	0	0	0	0	0	0	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	31,554	66,960	(35,406)	(53)	7,904	240,983	397,440	(156,457)	(39)	348,756
TOTAL SNF DEDUCTIONS FROM REVENUE	440,749	468,560	(27,811)	(6)	482,273	2,407,318	2,768,408	(361,090)	(13)	2,989,134
NET SNF PATIENT REVENUE	1,907,648	2,002,468	(94,820)	(5)	2,018,430	12,681,081	11,881,619	799,462	7	11,694,149
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	1,907,648	2,002,468	(94,820)	(5)	2,018,430	12,681,081	11,881,619	799,462	7	11,694,149
OPERATING EXPENSES:										
SALARIES & WAGES	932,224	939,788	(7,564)	(1)	871,861	5,737,590	5,581,757	155,833	3	5,554,386
REGISTRY	3,984	33,000	(29,016)	(88)	3,871	120,810	198,000	(77,190)	(39)	145,471
EMPLOYEE BENEFITS	490,178	517,199	(27,022)	(5)	787,475	2,879,315	3,126,490	(247,175)	(8)	3,608,502
PROFESSIONAL FEES	2,210	2,337	(127)	(5)	2,210	13,260	14,020	(760)	(5)	13,770
SUPPLIES	96,908	89,358	7,580	9	83,771	590,752	534,048	56,704	11	554,735
PURCHASED SERVICES	61,651	107,463	(45,812)	(43)	131,750	479,723	637,840	(158,117)	(25)	672,053
RENTAL	1,019	1,044	(25)	(2)	1,138	6,066	6,226	(160)	(3)	6,208
DEPRECIATION	39,688	39,457	231	1	39,397	236,842	236,730	112	0	237,353
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	52,525	58,199	(5,674)	(10)	50,906	290,493	345,478	(54,985)	(16)	350,474
TOTAL EXPENSES	1,680,417	1,787,845	(107,429)	(6)	1,972,378	10,354,852	10,680,589	(325,737)	(3)	11,142,952
NET OPERATING INCOME (LOSS)	227,232	214,623	12,609	6	46,053	2,326,229	1,201,030	1,125,199	94	551,198
NON-OPERATING REVENUE/EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	30,857	30,857	0	0	29,387	185,142	185,139	3	0	176,322
OTHER NON-OPER EXPENSE	(7,288)	(7,288)	0	0	(8,343)	(43,727)	(43,728)	2	0	(50,056)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	23,569	23,569	0	0	21,044	141,416	141,411	5	0	126,266
NET SURPLUS (LOSS)	250,801	238,192	12,609	5	67,097	2,467,645	1,342,441	1,125,204	84	677,464

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

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

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

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

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

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

	CASH FLOW		COMMENTS
	Current Month 12/31/2023	Current Year-To-Date 12/31/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$4,409,547	\$6,929,729	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	340,857	2,050,619	
(Increase)/Decrease in Net Patient Accounts Receivable	(1,563,098)	(1,897,630)	
(Increase)/Decrease in Other Receivables	(1,417,978)	(1,311,473)	
(Increase)/Decrease in Inventories	52,423	66,257	
(Increase)/Decrease in Pre-Paid Expenses	(329,630)	(645,876)	
(Increase)/Decrease in Due From Third Parties	59,669	806,555	
Increase/(Decrease) in Accounts Payable	(394,260)	1,069,526	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	827,266	1,317,690	
Increase/(Decrease) in Accrued Expenses	(27,712)	(12,902)	
Increase/(Decrease) in Patient Refunds Payable	(2,003)	348	
Increase/(Decrease) in Third Party Advances/Liabilities	(189,963)	(1,281,201)	
Increase/(Decrease) in Other Current Liabilities	(412,881)	229,955	Semi-Annual Interest - 2021 Insured Revenue Bonds
Net Cash Provided by Operating Activities:	(3,057,310)	1,571,868	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(7,057)	(594,935)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(1,023,900)	(2,274,176)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,071	36,426	Amortization
Net Cash Used by Investing Activities	(1,024,886)	(2,832,685)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Capital Lease Debt	(6,701)	(46,674)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(171,120)	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(35,221)	(217,794)	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	41,000	
Net Increase/(Decrease) in Cash	292,130	5,492,118	
Cash, Beginning of Period	18,849,384	13,649,396	
Cash, End of Period	\$19,141,514	\$19,141,514	\$0

\$370,716

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

51.63

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

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

YTD Charity Exp Budget
 YTD Charity Exp Actual

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

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

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

Requires District to fund program and wait for matching return.

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

Direct Payments.

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

INVOICE

December 18, 2023

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

INVOICE #: DN24021

2024 Consolidated CHA/Hospital Council Dues.....	\$53,381
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Thank you for your membership. Your continued support of the associations through membership fees is vital to the advocacy, policy, education, and other services we provide you at the local, regional, state, and federal levels. Your 2024 consolidated dues fee covers membership in the California Hospital Association (CHA) and Hospital Council – Northern and Central California (Hospital Council). **Please review this invoice for information about your consolidated membership fees.**

The 2024 dues fee includes:

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

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

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

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

The following information is for tax-exempt entities:

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

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

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

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

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

Special Instructions: Please reference the invoice number and your company's name.
For additional information, please contact Membership Services at membership_services@hasc.org.

December 18, 2023

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

Dear Mary:

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

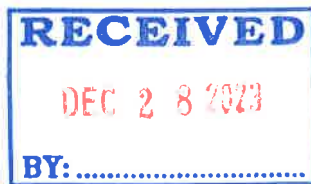
Due January 31, 2024	\$4,442.00	Due July 31, 2024	\$4,449.00
Due February 29, 2024	\$4,449.00	Due August 31, 2024	\$4,449.00
Due March 31, 2024	\$4,449.00	Due September 30, 2024	\$4,449.00
Due April 30, 2024	\$4,449.00	Due October 31, 2024	\$4,449.00
Due May 31, 2024	\$4,449.00	Due November 30, 2024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

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

Sincerely,



Katrina C. Quinto
Director, Membership Services



December 18, 2023

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

Dear Mary:

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

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

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

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

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

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

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

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

Sincerely,



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



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

THE FINANCIAL VALUE OF YOUR DUES

\$585 for every \$1 of dues

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

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

Siri Nelson

Board Chair

Hospital Council — Northern & Central California

CEO

Marshall Medical Center

Todd Suntrapak

Board Chair

California Hospital Association

President & CEO

Valley Children's Healthcare

STATE & FEDERAL ACCOMPLISHMENTS

\$21.1 billion — Medi-Cal Payments

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

\$2.9 billion — A Pool to Which Hospitals Can Apply for Behavioral Health Infrastructure

Worked with the Legislature and administration to ensure billions in new infrastructure funds can be used to build inpatient psychiatric bed capacity.

\$1.7 billion annually — MCO Tax

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

\$1 billion increase — Medicare Wage Index

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

\$300 million — Distressed Hospital Loan Program

Secured a lifeline for many struggling hospitals with no-interest loans.

\$289 million — FEMA Public Assistance Funds

Facilitated the obligation of \$289 million to hospitals.

AVERTED:

\$1.4 billion — Workers' Compensation Presumption

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

\$92 million — Behavioral Health Staffing

Paused a bill that would have established costly, unrealistic new staffing ratios for behavioral health crises in all California hospitals.

QUALITY & PATIENT SAFETY

\$901 million saved

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



114,629

harms avoided



9,563

lives saved



\$901 million

in savings

REGIONAL ACCOMPLISHMENTS



Power and Community Safety

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



Community Health and Behavioral Health Needs

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



Intensive Education of Elected Leaders

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

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

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

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

Please contact Membership Services Department with questions at membership_services@hasc.org.

Board of Directors Contract Review Worksheet

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



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

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

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

Agreement Terms:

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

PROFESSIONAL SERVICES AGREEMENT

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

RECITALS

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

The parties hereby agree as follows:

1. DUTIES AND OBLIGATIONS OF PHYSICIAN

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

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

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

2. DUTIES AND OBLIGATIONS OF SBHCD

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

3. BILLING AND ASSIGNMENT OF REVENUE

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

4. COMPENSATION FOR SERVICES BY PHYSICIAN

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

5. TERM AND TERMINATION

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

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

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

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

6. INDEPENDENT CONTRACTOR

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

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

7. REPRESENTATIONS AND WARRANTIES OF PARTIES

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

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

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

8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

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

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

9. PROTECTED HEALTH INFORMATION

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

10. GENERAL PROVISIONS

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

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

Hollister, CA 95023

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

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

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

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

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

SBHCD
San Benito Health Care District

Physician
Joseph Fabry, D.O.

By: _____
Mary Casillas, Interim Chief Executive Officer

Joseph Fabry, D.O.

Date: _____

Date: _____

EXHIBIT A

PHYSICIAN SERVICES AND COMPENSATION

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

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

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

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

A.5 **Compensation.**

A.5.1 **Base Compensation.**

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

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

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

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

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

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

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

Joseph Fabry, D.O.

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

RECITALS

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

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

Article 1 Duties of Physician

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

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

Article 2 Standards

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

Article 3 Term & Termination

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

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

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

Article 4 Recruitment Incentive and Relocation Payment

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

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

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

Article 5 General Provisions

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

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

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

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

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

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

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

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

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

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

SBHCD
San Benito Health Care District

PHYSICIAN
Joseph Fabry, D.O.

By: _____
Mary Casillas, Interim Chief Executive Officer

Joseph Fabry, D.O.

Date: _____

Date: _____

EXHIBIT A

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

EXHIBIT B

PROMISSORY NOTE

\$20,000.00

January 1, 2024

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

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

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

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

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

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

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

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

MAKER: _____
Joseph Fabry, D.O.

Date: _____

Board of Directors Contract Review Worksheet

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



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

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

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

Agreement Terms:

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

PROFESSIONAL SERVICES AGREEMENT

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

RECITALS

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

The parties hereby agree as follows:

1. DUTIES AND OBLIGATIONS OF PHYSICIAN

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

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

2. DUTIES AND OBLIGATIONS OF SBHCD

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

3. BILLING AND ASSIGNMENT OF REVENUE

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

4. COMPENSATION FOR COVERAGE BY PHYSICIAN

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

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

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

5. TERM AND TERMINATION

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

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

6. INDEPENDENT CONTRACTOR

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

7. REPRESENTATIONS AND WARRANTIES OF PARTIES

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

8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

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

9. PROTECTED HEALTH INFORMATION

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

- 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
 - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
 - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
 - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Physician's compliance with HIPAA;
 - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- 9.2 Electronic Protected Health Information ("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: Stefan Klein, M.D.
3143 Paul Sweet Road
Santa Cruz, CA 95065

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

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

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

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

SBHCD
San Benito Health Care District

Physician
Stefan Klein, M.D.

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

Stefan Klein, M.D.

Date: _____

Date: _____

EXHIBIT A

**PHYSICIAN RESPONSIBILITIES
COMMUNITY HEALTH CLINICS**

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

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



To: San Benito Health Care District Board of Directors
From: Drew Tartala, Human Resources Director
Date: January 25, 2024
Re: Chief Executive Officer – Appointment and Approval of Compensation

Recommendation: Appoint Mary Casillas as Chief Executive Officer and Approve the Employment Agreement for a one –year term, subject to renewal until November 1, 2027, with an annual salary of \$450,000.

Background: Pursuant to California Health and Safety Code (“Local Health Care District Law”) sections 32121.5 and 32121.6 and California Government Code section 53260, the San Benito Health Care District (“District”) may enter into a contract of employment with a hospital administrator.

On October 24, 2022, after the departure of Chief Executive Officer (“CEO”) Steve Hannah, the District Board of Directors (“Board”) appointed Chief Operating Officer (“COO”) Mary Casillas as the Interim CEO. The Board also approved an Interim CEO employment agreement authorizing Ms. Casillas to receive a slight increase in pay (an additional 15% of her annual COO compensation) for the additional work duties she was tasked to perform during the interim period. Ms. Casillas has served as Interim CEO since October 2022, while receiving the COO compensation levels with the 15% adjustment, which falls below the compensation typically provided to CEOs.

In accordance with Board Policy 31 regarding CEO Compensation, the Board held a closed session to conduct an annual performance review of Ms. Casillas on November 14, 2023. (BOD Policy 31 is attached as Exhibit 1.) The Board determined Ms. Casillas to be performing extremely well – especially given the unprecedented circumstances facing the District. Per the Policy, President Hernandez appointed an Ad Hoc Committee comprised of Directors Bill Johnson and Rick Shelton to research compensation for the CEO position in comparable organizations and similarly-qualified individuals, and determine whether a compensation adjustment was appropriate.

Analysis: The Human Resources Director met with the Ad Hoc Committee on several occasions to share information regarding a recent salary survey. Human Resources took the following criteria into perspective:

Industry Compensation for a CEO, Geographic Benchmarking, and Economic and Market Trends. By incorporating these elements into the analysis, the Human Resources Director and the Ad Hoc Committee presented a commitment to data-driven decision-making and ensuring that the District's compensation practices remain competitive and aligned with industry standards and market conditions. A copy of the survey results is attached as Exhibit 2. The Ad Hoc Committee made a recommendation to the full Board for a compensation adjustment based on its review of the data in the salary survey and the performance review of the CEO at the December 21, 2023 Board meeting. At that meeting, the Board provided direction to its labor negotiator to negotiate with the CEO, and return to an open meeting of the Board with a recommendation for discussion and deliberation on a compensation adjustment.

The proposed CEO Agreement ("Agreement") is attached as Exhibit 3. The terms of the proposed Agreement are consistent with the District's employment agreement executed for prior CEO Steve Hannah, which is attached as Exhibit 3. The proposed compensation in this Agreement is \$450,000 per year, and falls within the lower range of the survey of similarly-qualified individuals in comparable organizations. Ms. Casillas will be eligible for a discretionary incentive compensation based upon her achievement of certain objectives. The Board will consult with Ms. Casillas regarding performance criteria and return to the Board for approval in open session. Ms. Casillas will also be eligible for a 12-month severance, which is standard for the CEO position.

This proposed Agreement is based upon direction from the Board regarding Ms. Casillas' performance during unprecedented circumstances including the fiscal emergency, bankruptcy litigation, and search for a transaction partner. It further reflects the elimination of the COO position, which provided a cost savings to the District of approximately \$200,000 on an annual basis.

Should the Board decide not to appoint Ms. Casillas as CEO, or to engage a recruitment firm to conduct an executive search for the CEO position, the estimated cost of such a search would be three to four times the salary under consideration for Ms. Casillas, and would take approximately three to six months to complete. Further, the estimated salary for a new Interim CEO to manage the District is between \$632,000 to \$788,000, based on current companies engaged by the District. It is also important to note that the turnover rate for CEOs in similar organizations in California is 23%.

The Board's action is exempt from review under the California Environmental Quality Act (Public Resources Code section 21000 *et seq.*) ("CEQA") pursuant to 14 Cal. Code of Regulations section 15378, as it is not a project.



BOARD OF DIRECTORS POLICY MANUAL

Committee Approval: 3/17/22

Board Approval: 3/24/22

Policy #: BOD-31

Reviewed:

Revised:

Pg. 1 of 1

SUBJECT: Compensation of the Chief Executive Officer

PURPOSE:

The Chief Executive Officer (CEO) of San Benito Health Care District (SBHCD) is the person responsible for the efficient operation of SBHCD. Therefore, it is the desire of the San Benito Health Care District Board of Directors to provide fair compensation (salary and benefits) to the CEO.

POLICY:

1. Annually (as of hire date) the SBHCD Board of Directors shall evaluate the performance and review the compensation of the Chief Executive Officer to determine if a compensation adjustment is appropriate.

PROCEDURE:

1. The Board of Director President shall appoint two (2) members of the Board of Directors as an Ad Hoc Committee to research comparability data of similar organizations and similarly qualified individuals.
2. At a duly noticed Board of Directors meeting, the Ad Hoc Committee will make a recommendation to the full Board of Directors for any compensation (salary and/or benefits) adjustments based on the review of the data and CEO Performance Review.
3. During the Open Session of the Meeting Agenda, the Board of Directors will consider and take action on the recommendations of the Ad Hoc Committee for any adjustments to compensation for the Chief Executive Officer.

Introduction

SYSTEM/CORPORATE FACILITY POSITIONS HIGHLIGHT

This year will mark the seventh year that the System/Corporate Facility Positions (4200's) have been included in the HASC Executive Compensation Survey. A System/Corporate Facility consists of the parent company, or managing entity, which oversees subsidiary facilities or networks of multiple facilities. These positions are reserved for larger health system top level executives who oversee the operations of their entire health system. Our analysis of the data indicates that the typical pay for these positions, as shown in the chart below, is well above that of both single and multi-facility executives. System/Corporate facility executives' salaries range between 117% to 166% higher than the average pay of a comparable Multi-Facility executive. An examination of the difference shows us that the System/Corporate Facility CEO's have the largest pay difference when compared to their Multi-Facility counterparts. The average pay is over one-and-a-half times as large (166%) as the average for the Multi-Facility COOs. This large step up in average pay could be reflecting that the CEO's at the system level have substantially greater levels of duties, responsibility, and expectations when compared to their Multi- and Single Facility counterparts, and therefore command the higher compensation levels.

Executive Base Salary Comparison Chart:

Position	HASC Job Code	Type of Facility Cut	# EEs	Statewide 50th %ile Base Salary	Inc. Wtd. Avg. Base Salary	% Change from Level Above for Inc. Wtd. Avg.
CEO	4001	Single Facility	137	\$436,100	\$494,560	
CEO	4101	Multi-Facility	19	\$373,310	\$674,120	136%
CEO	4201	System/Corporate Facility	10	\$600,010	\$854,290	127%
COO						
COO						
COO						
CFO						
CFO						
CFO						
CHRO						
CHRO						
CHRO						

- **Single Facility:** A single facility consists of an acute-care facility that may be affiliated with a parent company or managing entity (i.e., corporate, university, church agency, government) or be a stand-alone.
- **Multi-Facility:** Multi-Facility consists of at least one acute care facility and at least one other facility (such as an acute care facility, skilled nursing facility, urgent care, freestanding outpatient surgery, extended care, management services, etc.). Multi-Facility may include a network of multiple acute care facilities within a similar geographic region. They may also report to a parent company or managing entity (System/Corporate Facility).
- **System/Corporate Facility:** A System/Corporate Facility consists of the parent company or managing entity which oversees subsidiary facilities or networks for multiple facilities.

Introduction

Executive Total Cash Compensation Comparison Chart:

Position	HASC Job Code	Type of Facility Cut	# EEs	Statewide 50th %ile Base Salary	Inc. Wtd. Avg. Base Salary	% Change from Level Above for Inc. Wtd. Avg.
CEO	4001	Single Facility	137	\$549,770	\$602,530	
CEO	4101	Multi-Facility	19	\$426,750	\$777,600	129%
CEO	4201	System/Corporate Facility	10	\$711,770	\$934,900	120%
COO						
COO						
COO						
CFO						
CFO						
CFO						
CHRO						
CHRO						
CHRO						

EXECUTIVE COMPENSATION TRENDS: INCENTIVES, SALARIES, AND BENEFITS

- **Organizations continue to utilize performance criteria for incentive bonuses.** The top three criteria utilized this year for CEOs are (listed by prevalence):

Criteria	2020	2021	2022
Quality of Care (Clinical)	89%	87%	86%
Revenue/Net Operating Income	91%	85%	83%
Organizational Initiative	53%	51%	51%

Quality of Care continues to be the most important performance criteria for incentive bonuses for executives this year. This continuation of primary criteria may be a sign that healthcare organizations are focusing their bonus criteria on the executive's ability to maintain, and even increase, the organization's level of care.

- **Very Large Systems and Facilities (>\$500MM in revenue) have seen a stabilization in the average amount of salary they pay to their executives, compared to the statewide average.** We will continue to monitor this metric to note any significant increase or decrease in the average pay rates for executives compared to smaller facilities.

Year	Avg % Difference of Wtd. Avg. Salary between Very Large Systems (>\$500MM in revenue) & All Statewide Facilities
2020	18%
2021	18%
2022	19%

Introduction

SYSTEM/CORPORATE FACILITY POSITIONS HIGHLIGHT

This year will mark the eighth year that the System/Corporate Facility Positions (4200's) have been included in the HASC Executive Compensation Survey. A System/Corporate Facility consists of the parent company, or managing entity, which oversees subsidiary facilities or networks of multiple facilities. These positions are reserved for larger health system top level executives who oversee the operations of their entire health system. Our analysis of the data indicates that the typical pay for these positions, as shown in the chart below, is well above that of both single and multi-facility executives. System/Corporate facility executives' salaries range between 120% to 171% higher than the average pay of a comparable Multi-Facility executive. An examination of the difference shows us that the System/Corporate Facility CEO's have the largest pay difference when compared to their Multi-Facility counterparts. The average pay is nearly one-and-a-half times as large (146%) as the average for the Multi-Facility CEOs. This large step up in average pay could be reflecting that the CEO's at the system level have substantially greater levels of duties, responsibility, and expectations when compared to their Multi- and Single Facility counterparts, and therefore command the higher compensation levels.

Executive Base Salary Comparison Chart:

Position	HASC Job Code	Type of Facility Cut	# EEs	Statewide 50th %ile Base Salary	Inc. Wtd. Avg. Base Salary	% Change from Level Above for Inc. Wtd. Avg.
CEO	4001	Single Facility	115	\$469,100	\$551,880	
CEO	4101	Multi-Facility	26	\$451,140	\$646,440	117%
CEO	4201	System/Corporate Facility	11	\$805,000	\$944,490	146%
COO						
COO						
COO						
CFO						
CFO						
CFO						
CHRO						
CHRO						
CHRO						

- **Single Facility:** A single facility consists of an acute-care facility that may be affiliated with a parent company or managing entity (i.e., corporate, university, church agency, government) or be a stand-alone.
- **Multi-Facility:** Multi-Facility consists of at least one acute care facility and at least one other facility (such as an acute care facility, skilled nursing facility, urgent care, freestanding outpatient surgery, extended care, management services, etc.). Multi-Facility may include a network of multiple acute care facilities within a similar geographic region. They may also report to a parent company or managing entity (System/Corporate Facility).
- **System/Corporate Facility:** A System/Corporate Facility consists of the parent company or managing entity which oversees subsidiary facilities or networks for multiple facilities.

Introduction

Executive Total Cash Compensation Comparison Chart:

Position	HASC Job Code	Type of Facility Cut	# EEs	Statewide 50th %ile Base Salary	Inc. Wtd. Avg. Base Salary	% Change from Level Above for Inc. Wtd. Avg.
CEO	4001	Single Facility	115	\$557,140	\$658,380	
CEO	4101	Multi-Facility	26	\$492,050	\$735,810	112%
CEO	4201	System/Corporate Facility	11	\$1,000,000	\$1,073,640	146%
COO						
COO						
COO						
CFO						
CFO						
CFO						
CHRO						
CHRO						
CHRO						

EXECUTIVE COMPENSATION TRENDS: INCENTIVES, SALARIES, AND BENEFITS

- **Organizations continue to utilize performance criteria for incentive bonuses.** The top three criteria utilized this year for CEOs are (listed by prevalence):

Criteria	2021	2022	2023
Quality of Care (Clinical)	87%	86%	87%
Revenue/Net Operating Income	85%	83%	82%
Organizational Initiative	51%	51%	58%

Quality of Care continues to be the most important performance criteria for incentive bonuses for executives this year. This continuation of primary criteria may be a sign that healthcare organizations are focusing their bonus criteria on the executive's ability to maintain, and even increase, the organization's level of care.

- **Very Large Systems and Facilities (>\$500MM in revenue) have seen a stabilization in the average amount of salary they pay to their executives, compared to the statewide average.** We will continue to monitor this metric to note any significant increase or decrease in the average pay rates for executives compared to smaller facilities.

Year	Avg % Difference of Wtd. Avg. Salary between Very Large Systems (>\$500MM in revenue) & All Statewide Facilities
2021	18%
2022	19%
2023	15%

**CHIEF EXECUTIVE OFFICER
4101
MULTI-FACILITY**

Base Salary	# Fac	# EEs	Percentiles					EE Wtd Avg	Org Wtd Avg	Org Wtd TOE (MM)
			10th	25th	50th	75th	90th			
Statewide	25	26	\$281,080	\$312,170	\$451,140	\$991,510	\$1,281,000	\$646,440	\$649,740	\$607.7
Southern California	17	18	\$258,920	\$312,170	\$451,140	\$996,810	\$1,257,000	\$613,310	\$616,210	\$637.6
Northern California	8	8	*	\$316,980	\$513,760	\$1,078,990	*	\$720,980	\$720,980	\$544.4
Salary Structure ¹	# Fac	Salary Ranges				EE Wtd Avg	Compa-Ratio	Org Wtd TOE (MM)		
		Minimum	Midpoint	Maximum	Spread %					
Statewide	16	\$486,790	\$646,075	\$805,360	65%	\$646,440	105%	\$702.9		
Southern California	10	\$383,930	\$516,340	\$648,750	69%	\$613,310	112%	\$767.8		
Northern California	6	\$658,220	\$862,295	\$1,066,370	62%	\$720,980	92%	\$594.9		
By Locale										
Urban/Suburban	12	\$538,860	\$720,640	\$902,420	67%	\$670,990	98%	\$737.0		
Rural	3	*	*	*	*	*	*	\$131.6		
Annual Bonus	# Fac	# EEs	Percentiles			EE Wtd Avg	Bonus EE Wtd Avg	% of Salary	Average Target %	Org Wtd TOE (MM)
			25th	50th	75th					
Statewide	10	11	\$70,490	\$187,700	\$315,880	\$646,440	\$211,230	33%	25%	\$734.1
Southern California	7	8	\$55,120	\$134,760	\$283,840	\$613,310	\$212,820	35%	28%	\$838.6
Northern California	3	3	*	*	*	\$720,980	*	*	21%	\$490.3
Total Cash	# Fac	# EEs	Percentiles					EE Wtd Avg	Org Wtd Avg	Org Wtd TOE (MM)
			10th	25th	50th	75th	90th			
Statewide	25	26	\$281,080	\$317,190	\$492,050	\$1,004,340	\$1,647,610	\$735,810	\$735,170	\$607.7
Southern California	17	18	\$258,920	\$317,190	\$492,050	\$999,720	\$1,617,340	\$707,900	\$705,320	\$637.6
Northern California	8	8	*	\$316,980	\$570,550	\$1,365,440	*	\$798,600	\$798,600	\$544.4

* No data is displayed for jobs with fewer than 5 respondents or where a facility represents a disproportionate percentage of data

¹ Salary structure information includes data from organizations with no incumbent(s) currently in position

Company	Location	Minimum Rate	Middle Rate(Or w/ Incentives/Bonuses)	Maximum Rate
Sutter Health- Memorial Medical Center	Modesto, CA	510,000	600,000	690,000
HCA Healthcare	San Jose, CA	333,632	422,968	512,304
Sutter Health- Sutter Medical Center	Sacramento, CA	573,747.20	675,000	776,256
Stephen Grey- Watsonville Hospital	Watsonville, CA	475,000	510,000	640,000
Pedro Delgado Jr- SVMH- 1st Year (2017)	Salinas, CA	827,136.46	884,414.68	884,414.68
Steve Hannah	Hollister, CA	360,568		
Ken Underwood	Hollister, CA	350,272	410,000	
Jordan Wright	Hollister, CA	336,003.20		
Salary	Employee Count (22 Facilities)	371,000	459,760	656,360
Salary	# of Beds (42 Facilities)	272,040	424,060	865,880
Salary	Urban/Suburban (41 Facilities)	319,440	479,740	966,480
		429,894	540,660	748,962

Mary Casillas Current 310,502.40

**[DRAFT] EMPLOYMENT AGREEMENT
(Chief Executive Officer)**

This Employment Agreement (“Agreement”) is made and entered into effective November 1, 2023 (“Effective Date”), by and between San Benito Health Care District, a local health care district operating pursuant to Division 23 of the California Health and Safety Code (“District”), and Mary Casillas (“Employee”).

RECITALS

A. The District provides inpatient and outpatient health care services to residents of District and surrounding communities through Hazel Hawkins Memorial Hospital, a licensed general acute care facility located in Hollister, California (“Hospital”); William and Inez Mabie Skilled Nursing Facility and Mabie Northside Skilled Nursing Facility, skilled nursing facilities located in Hollister, California (“SNF Facilities”); and rural health clinics operated under the name “Hazel Hawkins Community Health Clinic,” (collectively, “Healthcare Facilities”).

B. Pursuant to California Health and Safety Code (“Local Health Care District Law”) sections 32121.5 and 32121.6 and California Government Code section 53260, the District may enter into a contract of employment with a hospital administrator under terms set forth in Local Health Care District Law and the California Government Code.

C. On October 24, 2022, the District appointed Employee as Interim Chief Operating Officer, and Employee has continuously served in that position.

D. The District now desires to have Employee serve as its Chief Executive Officer, pursuant to the terms and conditions of employment set forth in this Agreement.

AGREEMENT

The Parties agree as follows:

1. TERM OF EMPLOYMENT

1.1 **Term of Agreement.** The District engages Employee to serve as its Chief Executive Officer, and Employee agrees to serve in this capacity commencing on the Effective Date of this Agreement and continuing for a term of one (1) year (“Initial Term”) to expire on November 1, 2024 (“Expiration Date”), unless otherwise (i) extended by mutual agreement of the Parties for an additional period upon which the parties agree, or (ii) terminated pursuant to the terms of this Agreement. Unless otherwise extended or terminated, the Expiration Date of this Agreement shall be automatically extended by one (1) year on the anniversary date of this Agreement, but shall expire no later than November 1, 2027.

1.2 **Employee’s Start Date.** Employee’s duties, responsibilities, and services under this Agreement, and their compensation and benefits under this Agreement shall commence on their “Start Date,” which shall occur on or before November 1, 2023.

2. DUTIES OF EMPLOYEE

2.1 Description of Services as Chief Executive Officer.

2.1.1 **Obligations to District.** Except as otherwise specified in this Agreement, Employee shall devote all their business time, attention, skill, efforts, and loyalty to the faithful performance of their duties under this Agreement, including activities and services related to the organization, operation, and management of District and its Healthcare Facilities. Employee further agrees to perform such services diligently, for the best interest of District, and in a manner consistent with the standards customarily applicable to persons rendering similar services. However, the expenditure of reasonable amounts of time, for which Employee shall not be compensated by District, for educational, charitable, or professional activities shall not be deemed a breach of this Agreement if those activities do not interfere with the services required of Employee.

2.1.2 **District Policies.** Employee shall remain subject to and agrees to adhere to all District policies, including, but not limited to, all policies relating to standards of conduct, conflicts of interest, and compliance with District rules and obligations. The written rules, policies, practices, and procedures of District shall be binding on Employee unless superseded by or in conflict with this Agreement, in which case this Agreement shall govern.

2.1.3 **Fiduciary Duties.** Employee acknowledges and understands that by entering into this Agreement, they undertake a fiduciary relationship with District and, as such, is under a fiduciary obligation to use due care and act in the best interest of District at all times.

2.1.4 **No Conflicting Obligations.** Employee represents and warrants to District that they are under no obligations or commitments inconsistent with their obligations under this Agreement. At no time during the employment of Employee shall they own or have any beneficial interest in, or have any relationship with, any company, business, or interest where to do so will or may conflict with the full and faithful performance of their duties, specifically including, and without being limited to, any persons or entities that do business with District and/or that perform services in competition with District. Nothing in this section shall be construed to prevent Employee from investing their assets in any form or manner that does not require any services on the part of Employee in the operation of the affairs of the companies in which such investments are made.

2.2 Specific Duties/Responsibilities.

2.2.1 Employee shall do and perform all services, acts or things necessary or advisable to manage and conduct the affairs of District and its Healthcare Facilities as permitted under Local Health Care District Law. In addition, Employee shall perform the normal and customary duties and responsibilities of the Chief Executive Officer, including, but not limited to, those duties and responsibilities set forth in the Chief Executive Officer Job Description attached to this Agreement as **Exhibit A** and incorporated into this Agreement by this reference.

2.2.2 Employee shall report and be accountable to the District, a California local health care district, Board of Directors ("Board").

2.2.3 The Parties understand and agree that Employee is not authorized (i) to enter into any financing or loan agreements, (ii) to contract for or agree to any encumbrances on District property (real, tangible or intangible), or (iii) to exceed any procurement authority as specified in District policies without specific prior written approval of the District Board.

2.2.4 Employee shall oversee and manage, consistent with District Board directives and policies, the development, establishment, and implementation of operational plans, policies, and procedures in accordance with accepted and applicable laws and regulations.

2.2.5 Employee shall ensure compliance with governmental regulations and District policies, procedures, and contracts and attend local, state, and national meetings to remain current with industry and regulatory trends.

2.2.6 Employee shall oversee and manage preparation of fiscal and budgetary reports of District operations; prepare operating and capital budgets with data to support all budget requests; and implement necessary cost controls wherever possible to stay within budgetary or other limitations of District policy.

2.2.7 Employee shall perform such other duties and responsibilities as included in the job description for Chief Executive Officer and as the District Board may assign to Employee.

2.3 Annual Performance Evaluation. On an annual basis at or near the anniversary date of the Effective Date of this Agreement, or as otherwise scheduled by District, the District Board shall evaluate Employee's performance with respect to the position duties and responsibilities outlined in this Agreement and the goals and objectives established for Employee for that year. The District Board shall provide the annual performance evaluation of Employee in writing. Upon completion of the annual evaluation, the District Board will consider such amendments to the terms and conditions of this Agreement as deemed appropriate and mutually acceptable.

2.4 Any amendment of this Agreement shall be in writing, approved by the District Board of Directors, and executed by both parties.

3. COMPENSATION AND BENEFITS

3.1 Compensation and Benefits. In consideration of the duties, responsibilities, services, and covenants set forth in this Agreement, District shall provide the following compensation and benefits to Employee:

3.1.1 Salary. Commencing on Employee's Start Date, District agrees to pay Employee annual salary in the amount of Four Hundred Fifty Thousand Dollars (\$450,000.00), subject to payroll deductions and withholdings required by law or authorized by Employee, payable to Employee in accordance with District standard payroll schedule and practices. Employee shall be eligible to receive adjustments in their compensation, if any, as determined by the District Board in its sole discretion.

3.1.2 Other Benefits and Eligibility. During the term of this Agreement, Employee shall maintain all such other benefits received in the position of Chief Operating Officer.

3.1.3 Incentive Compensation. At the anniversary of each year of this Agreement, Employee shall be eligible for incentive compensation in the amount of ten percent (10.0%) of Employee's annual base salary, based on the District Board's determination that Employee has accomplished the goals and incentive compensation criteria established by the District Board in consultation with Employee as set forth in the Chief Executive Officer Incentive Compensation Plan attached as Exhibit B of this Agreement, as may be modified in writing year to year by the District Board.

3.1.4 Paid Time Off. Employee shall be eligible to accrue paid time off (PTO) throughout the year in accordance with the District standard PTO policy, including any policy provisions with respect to maximum accrual, as it may be amended from time to time.

3.1.5 Health Benefits. Employee shall be eligible to participate in any health benefit plans maintained by District, subject in each case to the generally applicable terms and conditions of the plan in question, including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of District to make changes and/or withdraw offering such plans from time to time.

3.1.6 Retirement Benefits. Employee shall be eligible to participate in any retirement benefit plans maintained by District, subject in each case to the generally applicable terms and conditions of the plan in question, including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of District to make changes and/or withdraw offering such plans from time to time.

3.1.7 Other Benefits and Eligibility. Employee shall receive such other benefits that District makes available to its unrepresented (non-affiliated) employees. Employee shall be eligible for all benefits under this this section as of Employee's Start Date as defined below.

4. TERMINATION AND SEVERANCE PAY

4.1 Severance upon Termination by District Other Than for Cause. Should the District Board elect to terminate this Agreement, other than for cause, District shall pay to Employee in a single lump sum amount or in six (6) equal, monthly payments, at the option of District, the equivalent of Employee's then current monthly salary multiplied by **twelve (12) months**, as severance pay upon the termination of his employment during the Agreement Term in full and complete satisfaction of District's obligations under this Agreement.

4.2 Voluntary Resignation by Employee or Termination by District for Cause. No severance pay is owed by District to Employee if their employment is terminated for cause or if they voluntarily resign from their employment with District, other than for change of control reasons as set forth in Section 4.3 below.

4.3 Voluntary Resignation by Employee upon Change of Control of District.

Notwithstanding Section 4.2 of this Agreement, in the event that there is a change of control of District resulting in ownership or control of fifty percent (50%) or more of District, Employee may elect to voluntarily resign from their employment with District within six (6) months from the effective date of the change of control and be entitled to the Severance Payment and as set forth in Section 4.1 of this Agreement. If, as a result of the change of control, Employee is involuntarily terminated or otherwise prevented from retaining the position of Chief Executive Officer for any reason other than for cause, Employee shall remain entitled to the Severance Payment as set forth in Section 4.1 of this Agreement.

4.4 Termination for Cause. District may terminate this Agreement at any time “for cause” effective immediately upon written notice to Employee. For purposes of this Agreement, “for cause” is defined to include any of the following:

- 4.4.1 Willful breach of District policies or of the duties/obligations of the Chief Executive Officer;
- 4.4.2 Neglect of duties or obligations required of the Chief Executive Officer;
- 4.4.3 Violation of written rules and policies of District;
- 4.4.4 Failure to adequately monitor, oversee and implement the compliance program for District;
- 4.4.5 Commission of any felony while employed as Chief Executive Officer of District;
- 4.4.6 Commission of any dishonest act in a public or private capacity, such as misappropriation or embezzlement of funds, theft, or fraud; or
- 4.4.7 Engagement in acts of disruption or violence or any other activity that would constitute grounds for immediate dismissal of any employee by District under existing policies or as may be subsequently enacted.

Upon termination for cause, Employee will be compensated for services rendered up to the effective date of termination of Employee’s employment with District.

4.5 Reimbursement upon Post-Termination Criminal Conviction. If this Agreement is terminated, any cash settlement related to the termination that Employee may receive from District shall be fully reimbursed to District if Employee is convicted of a crime involving an abuse of their office or position.

5. CONFIDENTIAL INFORMATION

5.1 Confidential Information. Employee acknowledges that, although much of District’s information is subject to disclosure under The Ralph M. Brown Act and the California Public Records Act, certain information is not subject to disclosure and is confidential. “Confidential Information” as defined below relating to District to which Employee will have

access as a result of employment is proprietary to and the property of District. "Confidential Information" shall mean all information, whatever its nature and form, obtained by Employee during or as a result of employment by District and is information that is not available to the public. "Confidential Information" includes all personnel, medical or similar records, closed session discussions, attorney and litigation consultations, trade secrets information, and business and customer information, including, but not limited to, marketing objectives and strategies, donor information, personnel information, financial information, Board activities, financial projections, planned product or services offerings, advertising and promotional materials, forms, client and customer information, data prepared for, stored in, processed by or obtained from an automated information system belonging to or in the possession of District and all information that constitutes a trade secret under applicable law.

5.2 Use and Return of Confidential Information. Employee agrees not to disclose or use any such Confidential Information, except as necessary to serve District's legitimate purposes or as required by law. Employee agrees to return all documentation, correspondence, and any other District data or property, whether maintained in tangible or intangible form, upon termination of their employment. Employee's obligations under this Section 5 shall survive termination of their employment for any reason.

6. DISPUTE RESOLUTION

6.1 Arbitration. This arbitration provision is governed by the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.* and evidences a transaction involving commerce. It shall not apply to any claims within the sole jurisdiction of the Workers' Compensation Appeals Board.

6.1.1 This arbitration provision applies to any dispute arising out of or related to Employee's employment with District or termination of employment. Nothing contained in this arbitration provision shall be construed to prevent or excuse Employee from utilizing District's existing internal procedures for resolution of complaints, and this arbitration provision is not intended to be a substitute for the utilization of such procedures. Except as it otherwise provides, this arbitration provision is intended to apply to the resolution of disputes that otherwise would be resolved in a court of law, and, therefore, this arbitration provision requires all such disputes to be resolved only by an arbitrator through final and binding arbitration and not by way of court or jury trial. Such disputes include, without limitation, disputes arising out of or relating to interpretation or application of this arbitration provision, but not as to the enforceability, revocability, or validity of the arbitration provision or any portion of the arbitration provision. This arbitration provision applies, without limitation, to disputes, whether brought individually or in a representative capacity, regarding the employment relationship, trade secrets, unfair competition, compensation, termination, or harassment and claims arising under the Uniform Trade Secrets Act, Civil Rights Act of 1964, Americans with Disabilities Act, Age Discrimination in Employment Act, Family Medical Leave Act, Fair Labor Standards Act, Employee Retirement Income Security Act, and state statutes, if any, addressing the same or similar subject matters, and all other state statutory and common law claims (excluding workers' compensation, state disability insurance, and unemployment insurance claims). Claims may be brought before an administrative agency, but only to the extent applicable law permits access to such an agency notwithstanding the existence of an arbitration provision to arbitrate. Such administrative claims include those brought before the Equal Employment Opportunity

Commission, U.S. Department of Labor, or Office of Federal Contract Compliance Programs. Nothing in this arbitration provision shall be deemed to preclude or excuse a party from bringing an administrative claim before any agency in order to fulfill the party's obligation to exhaust administrative remedies before making a claim in arbitration.

6.1.2 A neutral arbitrator shall be selected by mutual agreement of the Parties from JAMS, the American Arbitration Association, or the California State Mediation and Conciliation Service unless the parties agree in writing to the selection of an arbitrator from another recognized arbitration service. The location of the arbitration proceeding shall be in San Benito County, California, unless each party agrees in writing otherwise. If for any reason the parties cannot agree to an arbitrator, either party may apply to a court of competent jurisdiction for appointment of a neutral arbitrator. The court shall then appoint a retired judge to act as the arbitrator, and the appointed arbitrator shall act under this Arbitration provision with the same force and effect as if the parties had selected the arbitrator by mutual arbitration provision.

6.1.3 A demand for arbitration must be in writing and delivered by hand or first-class mail to the other party at the address indicated in Section 7.1 within the applicable statute of limitations period. The arbitrator shall resolve all disputes regarding the timeliness or propriety of the demand for arbitration. In arbitration, the parties will have the right to conduct civil discovery, bring motions, and present witnesses and evidence as provided by the forum state's procedural rules.

6.1.4 Each party will pay the fees for their or its own attorneys, subject to any remedies to which that party may later be entitled under applicable law. However, in all cases where required by law, District will pay the Arbitrator's and arbitration fees. If under applicable law District is not required to pay all of the Arbitrator's and/or arbitration fees, such fee(s) will be apportioned between the parties by the Arbitrator in accordance with said applicable law.

6.1.5 Within thirty (30) days of the close of the arbitration hearing, any party will have the right to prepare, serve on the other party, and file with the Arbitrator a brief. The Arbitrator may award any party any remedy to which that party is entitled under applicable law, but such remedies shall be limited to those that would be available to a party in a court of law for the claims presented to and decided by the Arbitrator. The Arbitrator will issue a decision or award in writing, stating the essential findings of fact and conclusions of law. Except as may be permitted or required by law, neither a party nor an Arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties. A court of competent jurisdiction shall have the authority to enter a judgment upon the award made pursuant to the arbitration. The Arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

6.1.6 Employee acknowledges and understands that they have a right to consult with counsel of their choice concerning this arbitration provision.

6.1.7 This Section 6 is the full and complete arbitration provision relating to the formal resolution of employment-related disputes. Should any portion of this Section 6 be deemed unenforceable, the remainder of this arbitration provision will be enforceable.

7. GENERAL PROVISIONS

7.1 **Notice.** Notices and other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier or U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices shall be addressed to Employee at the home address they most recently communicated to District in writing. In the case of District, mailed notices shall be addressed to the Board President, San Benito Health Care District, 911 Sunset Drive, Hollister, California 95023.

7.2 **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver, or discharge is agreed to in writing and signed by Employee and by the President of the District Board. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

7.3 **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges require by be withheld by law.

7.4 **Applicable Law.** This Agreement shall be construed in accordance with and governed by California law, with the exception of Section 6.1, Arbitration, which shall be governed by the Federal Arbitration Act. Venue shall be in San Benito County, California.

7.5 **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

7.6 **Assignment.** This Agreement and all rights and obligations of Employee under this Agreement are personal to Employee and may not be transferred or assigned by Employee at any time. District may assign its rights and obligations under this Agreement to another entity in connection with any sale or transfer of all or a substantial portion of District's assets to such entity. Should District assign this Agreement to another entity pursuant to this section, such successor entity shall assume all District's obligations and responsibilities under this Agreement.

7.7 **Construction of Agreement.** This Agreement is the result of negotiation by and between the parties. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against either party. Employee represents and agrees that they have reviewed all aspects of this Agreement, have carefully read and fully understand all provisions of this Agreement, and are voluntarily entering into this Agreement.

7.8 **Entire Agreement.** This Agreement, including **Exhibit A** and **Exhibit B**, constitutes the entire agreement between the Parties with respect to the subject matters of this Agreement and, upon its effectiveness, supersedes all prior agreements, understandings, and arrangements, both oral and written, between Employee and District with respect to such subject matters covered. No representation, promise, or inducement has been made by either party that is not embodied in this Agreement, and neither Employee nor District shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

Each of the parties has executed this Agreement to be effective as of the Effective Date first set forth above.

District
SAN BENITO HEALTH CARE DISTRICT

EMPLOYEE
MARY CASILLAS

By: _____
Name, Board President

Mary Casillas

Dated: _____

Dated: _____

EXHIBIT A
CHIEF EXECUTIVE OFFICER JOB DESCRIPTION

JOB SUMMARY:

Overall responsibility for the leadership and administration of the District to carry out the mission, purpose and objectives necessary to maintain a hospital environment conducive to quality care and participation in promotion of community health. Ensures programs, policies and general directives of the Board of Directors are carried out in addition to ensuring federal, state and district laws and regulations and standards of accreditation are maintained. Coordinates activities of Medical Staff with those of other departments.

DUTIES AND RESPONSIBILITIES: Demonstrates Competency By:

1. Interviews, hires, orients, disciplines and evaluates leadership staff in compliance with EEO laws and other regulations in order to ensure continuity in the delivery of quality patient care and service.
2. Ensures that all physical properties are kept in a good state of repair and operation condition to continue to provide proper patient care and maintain a safe working environment.
3. Remains aware of and responsive to legislative and regulatory issues impacting healthcare in order to provide timely and accurate information and recommendations to the Board of Directors regarding current trends, opportunities and challenges in healthcare to help facilitate proper planning and policy making.
4. Responsible for the overall planning and coordination of successful JCAHO accreditation process, as well as regulatory and statutory Standards, including Title 22, Medicare and Medi-Cal regulations.
5. Ensures a yearly budget for control of expenditures is prepared, based on past experience, knowledge of market trends, and other financial considerations, while maintaining the highest possible level of care at the most reasonable cost.
6. Ensures a monthly report for the Board of Directors and Medical Staff reflecting various phases of the healthcare system operation and its financial condition.
7. Monitors budget and fiscal reports on a continuing basis and initiates appropriate modifications as needed.
8. Interprets and transmits policies to the governing board, to the medical staff and to personnel. Ensures compliance with policies.
9. Through exemplary leadership initiates, develops and implements programs, policies and procedures to fulfill the stated purposes and mission of San Benito Healthcare District and the policies of the Board of Directors.
10. Provide strategic, enthusiastic, and visionary leadership, which results in a dynamic organization that is responsive to the needs of the community.
11. Responsible for (in conjunction with the Chief Financial Officer) preparing the annual Operating, Capital and Facilities Budgets and submitting the annual budgets to the Board of Directors.
12. Responsible for operating within the annual budgets as adopted by the Board of Directors.
13. Responsible for retaining Joint Commission accreditation and state licensure, as well as meeting requirements of all governmental health programs in which the District participates.

14. Responsible for the business affairs of each entity and service to ensure funds are collected and expended to the best possible advantage and within the provision of the annual budgets.
15. Reports performance of the Hospital to the Board of Directors.
16. Provides positive public relations for the District through involvement in various health or District related activities. Attends meetings of professional, community, civic, and service organization as a representative of San Benito Healthcare District.
17. Initiates new revenue producing programs or services as approved by the Board of Directors.
18. Responsible for the development and implementation of the District's strategic plan.
19. Provides liaison between the Medical Staff, Board of Directors and District employees.
20. Organizes the administrative functions of the District. Delegates duties and establishes formal means of accountability on the part of line management. Creates an organization that embraces the concept of shared governance and collaborative care. Such organization shall be responsive in a timely manner to the needs of all consumers of services, be they patients, physicians, employee or members of the community.
21. Maintains the physical properties in a good state of repair and operating condition. Recommends to the Board of Directors improvement of District facilities including construction or renovation of structures and the purchase of new capital items, keeping in mind the communities needs and the districts resources.
22. The CEO will mentor and facilitate professional development of direct reports
23. Ensures system-wide compliance with safety and security policies, procedures and practices in order to achieve and maintain a safe, efficient, productive and cost-effective work environment.
24. Effectively communicates patient related information to the health care team.
25. Maintains courteous and professional relationships with patient, family, public, staff and physicians. Always introduces self to others.
26. Displays an attitude of acceptance of various cultures.
27. Advises appropriate persons of situations requiring follow-up attention.
28. Communicates in a positive manner with consumers via telephone.
29. Conducts all written contacts professionally (i.e. writes clear concise memos, letter, and or reports).
30. Accepts and responds professionally to constructive criticism.
31. Interacts in a way that increases the likelihood that an agreement can be reached during a conflict.
32. Participates in orientation of new employees.
33. Self- motivates to supervise and perform department tasks as needed.
34. Keeps current with applicable laws and District policy.

EXHIBIT B

CHIEF EXECUTIVE OFFICER INCENTIVE COMPENSATION PLAN

TO BE DETERMINED BY THE BOARD IN CONSULTATION WITH EMPLOYEE

DRAFT

EMPLOYMENT AGREEMENT
(Chief Executive Officer)

This Employment Agreement (“Agreement”) is made and entered into effective **October 1, 2020** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district operating pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Steve M. Hannah** (“Employee”).

RECITALS

- A. SBHCD provides inpatient and outpatient health care services to residents of the San Benito Health Care District and surrounding communities through Hazel Hawkins Memorial Hospital, a licensed general acute care facility located in Hollister, California (“Hospital”), William and Inez Mabie Skilled Nursing Facility and Mabie Northside Skilled Nursing Facility, skilled nursing facilities located in Hollister, California (“SNF Facilities”), and rural health clinics operated under the name “Hazel Hawkins Community Health Clinic,” (collectively, “Healthcare Facilities”).
- B. Pursuant to California Health and Safety Code (“Local Health Care District Law”) sections 32121.5 and 32121.6 and California Government Code section 53260, SBHCD may enter into a contract of employment with a hospital administrator under terms set forth in Local Health Care District Law and the California Government Code.
- C. SBHCD desires to employ Employee as its Chief Executive Officer, and Employee desires to accept the position of Chief Executive Officer pursuant to the terms and conditions of employment set forth in this Employment Agreement.

The Parties agree as follows:

1. TERM OF EMPLOYMENT

- 1.1 **Term of Agreement.** SBHCD engages Employee to serve as its Chief Executive Officer and Employee agrees to serve in this capacity commencing on the Effective Date of this Agreement and continuing for a period of three (3) years (“Initial Term”) to expire on **September 30, 2023** (“Expiration Date”), unless otherwise (i) extended by mutual agreement of the Parties for an additional period upon which the parties agree, or (ii) terminated pursuant to the terms of this Agreement. Unless otherwise extended or terminated, the Expiration Date of this Agreement shall automatically be extended by one (1) year on the anniversary date of this Agreement, but shall **expire no later than September 30, 2024.**
- 1.2 **Employee’s Start Date.** Employee’s duties, responsibilities, and services under this Agreement, his presence on-site at SBHCD, and his compensation and benefits under this Agreement shall commence on his “**Start Date**” which shall occur **on or before November 1, 2020.**

2. DUTIES OF EMPLOYEE

- 2.1 **Description of Services as Chief Executive Officer.**
 - 2.1.1 **Obligations to SBHCD.** Except as otherwise specified in this Agreement, Employee shall devote all his business time, attention, skill, efforts, and loyalty to the faithful performance of his duties under this Agreement including activities and services related to the organization, operation and management of SBHCD and its Healthcare Facilities. Employee further agrees to perform such services diligently, for the best interest of SBHCD and in a manner consistent with the standards customarily applicable to persons rendering similar services. However, the expenditure of reasonable amounts of time, for which Employee shall not be compensated by SBHCD, for educational, charitable, or professional activities shall not be deemed a breach of this Agreement if those activities do not interfere with the services required of Employee.
 - 2.1.2 **SBHCD Policies.** Employee shall remain subject to and agrees to adhere to all SBHCD policies, including but not limited to, all policies relating to standards of conduct, conflicts of interest and compliance with SBHCD rules and obligations. The written rules, policies, practices and procedures

of SBHCD shall be binding on Employee unless superseded by or in conflict with this Agreement, in which case this Agreement shall govern.

- 2.1.3 Fiduciary Duties. Employee acknowledges and understands that by entering into this Agreement, he undertakes a fiduciary relationship with SBHCD and, as such, is under a fiduciary obligation to use due care and act in the best interest of SBHCD at all times.
- 2.1.4 No Conflicting Obligations. Employee represents and warrants to SBHCD that he is under no obligations or commitments inconsistent with his obligations under this Agreement. At no time during the employment of Employee shall he own or have any beneficial interest in, or have any relationship with, any company, business or interest where to do so will or may conflict with the full and faithful performance of his duties, specifically including and without being limited to, any persons or entities which do business with SBHCD and/or which perform services in competition with SBHCD. Nothing in this section shall be construed to prevent Employee from investing his assets in any form or manner which does not require any services on the part of Employee in the operation of the affairs of the companies in which such investments are made.
- 2.2 Specific Duties/Responsibilities.
- 2.2.1 Employee shall do and perform all services, acts or things necessary or advisable to manage and conduct the affairs of SBHCD and its Healthcare Facilities as permitted under Local Health Care District Law. In addition, Employee shall perform the normal and customary duties and responsibilities of the Chief Executive Officer, including but not limited to those duties and responsibilities set forth in the Chief Executive Officer Job Description attached to this Agreement as Exhibit A and incorporated into this Agreement by this reference.
- 2.2.2 Employee shall report and be accountable to the Board of Directors of the San Benito Health Care District, a California local health care district.
- 2.2.3 The Parties understand and agree that Employee is not authorized (i) to enter into any financing or loan agreements, (ii) to contract for or agree to any encumbrances on SBHCD property (real, tangible or intangible), or (iii) to exceed any procurement authority as specified in SBHCD policies without specific prior written approval of the SBHCD Board of Directors.
- 2.2.4 Oversee and manage, consistent with SBHCD Board directives and policies, developing, establishing and implementing operational plans, policies and procedures in accordance with accepted and applicable laws and regulations.
- 2.2.5 Ensure compliance with governmental regulations and SBHCD policies, procedures and contracts. Attend local, state and national meetings to remain current with industry and regulatory trends.
- 2.2.6 Oversee and manage preparation of fiscal and budgetary reports of SBHCD operations. Prepare operating and capital budgets with data to support all budget requests. Implement necessary cost controls wherever possible to stay within budgetary or other limitations of SBHCD policy.
- 2.2.7 Employee shall perform such other duties and responsibilities as included in the job description for Chief Executive Officer and as the SBHCD Board of Directors may assign to Employee.
- 2.3 Annual Performance Evaluation. On an annual basis at or near the anniversary date of the Effective Date of this Agreement, or as otherwise scheduled by SBHCD, the SBHCD Board of Directors shall evaluate Employee's performance with respect to the position duties and responsibilities outlined in this Agreement and the goals and objectives established for Employee for that year. The SBHCD Board shall provide the annual performance evaluation of Employee in writing. Upon completion of the annual evaluation, the SBHCD Board will consider such amendments to the terms and conditions of this Agreement as deemed appropriate and mutually acceptable, including the extension of the Term. Any amendment of this Agreement shall be in writing, approved by the SBHCD Board of Directors, and executed by both parties.

3. COMPENSATION AND BENEFITS

- 3.1 Compensation and Benefits. In consideration of the duties, responsibilities, services and covenants set forth in this Agreement, SBHCD shall provide the following compensation and benefits to Employee:
- 3.1.1 Salary. Commencing on Employee's Start Date, SBHCD agrees to pay Employee an annual salary in the amount of **Three Hundred Fifty Thousand Dollars (\$350,000.00)** per year, subject to payroll deductions and withholdings required by law or authorized by Employee, payable to Employee in accordance with SBHCD standard payroll schedule and practices. Employee shall be eligible to receive adjustments in his compensation, if any, as determined by the SBHCD Board of Directors in its sole discretion.
- 3.1.2 Incentive Compensation. At the end of each year of the Term of this Agreement, Employee shall be eligible for incentive compensation in the amount of **ten percent (10.0%)** of Employee's annual base salary based on SBHCD Board of Director's determination that Employee has accomplished the goals and incentive compensation criteria established by the SBHCD Board as set forth in the Chief Executive Officer Incentive Compensation Plan attached as Exhibit B of this Agreement, as may be modified in writing year to year by the SBHCD Board.
- 3.1.3 Paid Time Off. Employee shall be eligible to accrue paid time off (PTO) throughout the year in accordance with the SBHCD standard PTO policy, including any policy provisions with respect to maximum accrual, as it may be amended from time-to-time.
- 3.1.4 Health Benefits. Employee shall be eligible to participate in any health benefit plans maintained by SBHCD, subject in each case to the generally applicable terms and conditions of the plan in question, including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of SBHCD to make changes and/or withdraw offering such plans from time-to-time.
- 3.1.5 Retirement Benefits. Employee shall be eligible to participate in any retirement benefit plans maintained by SBHCD, subject in each case to the generally applicable terms and conditions of the plan in question including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of SBHCD to make changes and/or withdraw offering such plans from time-to-time.
- 3.1.6 Other Benefits and Eligibility. Employee shall receive such other benefits that SBHCD makes available to its unrepresented (non-affiliated) employees. Employee shall be eligible for all benefits under this this section as of Employee's Start Date as defined below.

4. TERMINATION AND SEVERANCE PAY

- 4.1 Severance upon Termination by SBHCD Other Than For Cause. SBHCD anticipates that Employee will complete the Term of this Agreement. However, should the SBHCD Board of Directors elect to terminate this Agreement, other than for cause, SBHCD shall pay to Employee the following:
- 4.1.1 Termination Within First Year of Agreement—Severance Payment. Should the SBHCD Board of Directors elect to terminate this Agreement, other than for cause, prior to the first (1st) anniversary of the Effective Date of this Agreement, Employee shall receive, in a single lump sum amount or in three (3) equal monthly payments at the option of SBHCD, the equivalent of Employee's then current monthly salary multiplied by **three (3) months**, as severance pay upon the termination of his employment during the Agreement Term in full and complete satisfaction of SBHCD's obligations under this Agreement.
- 4.1.2 Termination After First Year of Agreement—Severance Payment. Should the SBHCD Board of Directors elect to terminate this Agreement, other than for cause, after the first (1st) anniversary of the Effective Date of this Agreement, Employee shall receive, in a single lump sum amount or in six (6) equal monthly payments at the option of SBHCD, the equivalent of Employee's then current monthly salary multiplied by the number of months remaining in the Term of the

Agreement not to exceed **twelve (12) months**, as severance pay upon the termination of his employment during the Agreement Term in full and complete satisfaction of SBHCD's obligations under this Agreement.

- 4.2 Voluntary Resignation by Employee or Termination by SBHCD For Cause. No severance pay is owed by SBHCD to Employee if his employment is terminated for cause or if he voluntarily resigns from his employment with SBHCD, other than for change of control reasons as set forth in Section 4.3 below.
- 4.3 Voluntary Resignation by Employee Upon Change of Control of SBHCD. Notwithstanding Section 4.2 of this Agreement, in the event that there is a change of control of SBHCD resulting in ownership or control of fifty percent (50%) or more of SBHCD, Employee may elect to voluntarily resign from his employment with SBHCD within six (6) months from the effective date of the change of control and be entitled to the Severance Payment and as set forth in Section 4.1 of this Agreement.
- 4.4 Termination for Cause. SBHCD may terminate this Agreement at any time "for cause" effective immediately upon written notice to Employee. For purposes of this Agreement, "for cause" is defined to include any of the following:
- 4.4.1 Willful breach of SBHCD policies or of the duties/obligations of the Chief Executive Officer;
 - 4.4.2 Neglect of duties or obligations required of the Chief Executive Officer;
 - 4.4.3 Violation of written rules and policies of SBHCD;
 - 4.4.4 Failure to adequately monitor, oversee and implement the compliance program for SBHCD;
 - 4.4.5 Commission of any felony while employed as Chief Executive Officer of SBHCD;
 - 4.4.6 Commission of any dishonest act in a public or private capacity such as misappropriation or embezzlement of funds, theft, or fraud; or
 - 4.4.7 Engagement in acts of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by SBHCD under existing policies or as may be subsequently enacted.

Upon termination for cause, Employee will be compensated for services rendered up to the effective date of termination of Employee's employment with SBHCD.

- 4.5 Reimbursement Upon Post-Termination Criminal Conviction. If this Agreement is terminated, any cash settlement related to the termination that Employee may receive from SBHCD shall be fully reimbursed to SBHCD if Employee is convicted of a crime involving an abuse of his office or position.

5. CONFIDENTIAL INFORMATION

- 5.1 Confidential Information. Employee acknowledges that, although much of SBHCD's information is subject to disclosure under The Ralph M. Brown Act and the California Public Records Act, certain information is not subject to disclosure and is confidential. "Confidential Information" as defined below relating to SBHCD to which Employee will have access as a result of employment is proprietary to and the property of SBHCD. "Confidential Information" shall mean all information, whatever its nature and form obtained by Employee during or as a result of employment by SBHCD and is information that is not available to the public. "Confidential Information" includes all personnel, medical or similar records, closed session discussions, attorney and litigation consultations, trade secrets information, and business and customer information, including but not limited to, marketing objectives and strategies, donor information, personnel information, financial information, Board activities, financial projections, planned product or services offerings, advertising and promotional materials, forms, client and customer information, data prepared for, stored in, processed by or obtained from an automated information system belonging to or in the possession of SBHCD and all information that constitutes a trade secret under applicable law.
- 5.2 Use and Return of Confidential Information. Employee agrees not to disclose or use any such Confidential

Information, except as necessary to serve SBHCD's legitimate purposes or as required by law. Employee agrees to return all documentation, correspondence and any other SBHCD data or property, whether maintained in tangible or intangible form, upon termination of his employment. Employee's obligations under this Section 5 shall survive termination of his employment for any reason.

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- 6.1 **Arbitration.** This arbitration provision is governed by the Federal Arbitration Act, 9 U.S.C. §1, *et seq.* and evidences a transaction involving commerce. It shall not apply to any claims within the sole jurisdiction of the Workers' Compensation Appeals Board.
- 6.1.1 This arbitration provision applies to any dispute arising out of or related to Employee's employment with SBHCD or termination of employment. Nothing contained in this arbitration provision shall be construed to prevent or excuse Employee from utilizing SBHCD's existing internal procedures for resolution of complaints, and this arbitration provision is not intended to be a substitute for the utilization of such procedures. Except as it otherwise provides, this arbitration provision is intended to apply to the resolution of disputes that otherwise would be resolved in a court of law, and therefore this arbitration provision requires all such disputes to be resolved only by an arbitrator through final and binding arbitration and not by way of court or jury trial. Such disputes include without limitation disputes arising out of or relating to interpretation or application of this arbitration provision, but not as to the enforceability, revocability or validity of the arbitration provision or any portion of the arbitration provision. This arbitration provision applies, without limitation, to disputes, whether brought individually or in a representative capacity, regarding the employment relationship, trade secrets, unfair competition, compensation, termination, or harassment and claims arising under the Uniform Trade Secrets Act, Civil Rights Act of 1964, Americans With Disabilities Act, Age Discrimination in Employment Act, Family Medical Leave Act, Fair Labor Standards Act, Employee Retirement Income Security Act, and state statutes, if any, addressing the same or similar subject matters, and all other state statutory and common law claims (excluding workers' compensation, state disability insurance and unemployment insurance claims). Claims may be brought before an administrative agency, but only to the extent applicable law permits access to such an agency notwithstanding the existence of an arbitration provision to arbitrate. Such administrative claims include those brought before the Equal Employment Opportunity Commission, U.S. Department of Labor, or Office of Federal Contract Compliance Programs. Nothing in this arbitration provision shall be deemed to preclude or excuse a party from bringing an administrative claim before any agency in order to fulfill the party's obligation to exhaust administrative remedies before making a claim in arbitration.
- 6.1.2 A neutral arbitrator shall be selected by mutual agreement of the Parties from JAMS, the American Arbitration Association, or the California State Mediation and Conciliation Service unless the parties agree in writing to the selection of an arbitrator from another recognized arbitration service. The location of the arbitration proceeding shall be in San Benito County, California, unless each party agrees in writing otherwise. If for any reason the parties cannot agree to an arbitrator, either party may apply to a court of competent jurisdiction for appointment of a neutral arbitrator. The court shall then appoint a retired judge to act as the arbitrator, and the appointed arbitrator shall act under this Arbitration provision with the same force and effect as if the parties had selected the arbitrator by mutual arbitration provision.
- 6.1.3 A demand for arbitration must be in writing and delivered by hand or first class mail to the other party at the address indicated in Section 7.1 within the applicable statute of limitations period. The arbitrator shall resolve all disputes regarding the timeliness or propriety of the demand for arbitration. In arbitration, the parties will have the right to conduct civil discovery, bring motions, and present witnesses and evidence as provided by the forum state's procedural rules.
- 6.1.4 Each party will pay the fees for his, her or its own attorneys, subject to any remedies to which that party may later be entitled under applicable law. However, in all cases where required by law, SBHCD will pay the Arbitrator's and arbitration fees. If under applicable law SBHCD is not required to pay all of the Arbitrator's and/or arbitration fees, such fee(s) will be apportioned

between the parties by the Arbitrator in accordance with said applicable law.

- 6.1.5 Within thirty (30) days of the close of the arbitration hearing, any party will have the right to prepare, serve on the other party and file with the Arbitrator a brief. The Arbitrator may award any party any remedy to which that party is entitled under applicable law, but such remedies shall be limited to those that would be available to a party in a court of law for the claims presented to and decided by the Arbitrator. The Arbitrator will issue a decision or award in writing, stating the essential findings of fact and conclusions of law. Except as may be permitted or required by law, neither a party nor an Arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties. A court of competent jurisdiction shall have the authority to enter a judgment upon the award made pursuant to the arbitration. The Arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
- 6.1.6 Employee acknowledges and understands that he has a right to consult with counsel of his choice concerning this arbitration provision.
- 6.1.7 This Section 6 is the full and complete arbitration provision relating to the formal resolution of employment-related disputes. Should any portion of this Section 6 be deemed unenforceable, the remainder of this arbitration provision will be enforceable.

7. GENERAL PROVISIONS

- 7.1 Notice. Notices and other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier, U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices shall be addressed to Employee at the home address which he most recently communicated to SBHCD in writing. In the case of SBHCD, mailed notices shall be addressed to the Board President, San Benito Health Care District, 911 Sunset Drive, Hollister, California 95023.
- 7.2 Modifications and Waivers. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by the President of the SBHCD Board of Directors. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
- 7.3 Withholding Taxes. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.
- 7.4 Applicable Law. This Agreement shall be construed in accordance with and governed by California law, with the exception of Section 6.1, Arbitration, which shall be governed by the Federal Arbitration Act. Venue shall be in San Benito County, California.
- 7.5 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- 7.6 Assignment. This Agreement and all rights and obligations of Employee under this Agreement are personal to Employee and may not be transferred or assigned by Employee at any time. SBHCD may assign its rights and obligations under this Agreement to another entity in connection with any sale or transfer of all or a substantial portion of SBHCD's assets to such entity. Should SBHCD assign this Agreement to another entity pursuant to this section, such successor entity shall assume all SBHCD's obligations and responsibilities under this Agreement.
- 7.7 Construction of Agreement. This Agreement is the result of negotiation by and between the parties. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against either party. Employee represents and agrees that he has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement.

7.8 Entire Agreement. This Agreement, including Exhibit A, constitutes the entire agreement between the Parties with respect to the subject matters of this Agreement and, upon its effectiveness, supersedes all prior agreements, understandings and arrangements, both oral and written, between Employee and SBHCD with respect to such subject matters covered. No representation, promise, or inducement has been made by either party that is not embodied in this Agreement, and neither Employee nor SBHCD shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

Each of the parties has executed this Agreement to be effective as of the Effective Date first set forth above.

SBHCD
San Benito Health Care District

EMPLOYEE
Steve M. Hannah

By: _____
Josie Sanchez, Board President

Steve M. Hannah

Date: _____

Date: _____

EXHIBIT A

Chief Executive Officer Job Description

Job Summary:

Overall responsibility for the leadership and administration of the San Benito Health Care District in order to carry out the mission, purpose and objectives necessary to maintain a hospital environment conducive to quality care and participation in promotion of community health. Ensures programs, policies and general directives of the Board of Directors are carried out in addition to ensuring federal, state and district laws and regulations and standards of accreditation are maintained. Coordinates activities of Medical Staff with those of other departments.

DUTIES AND RESPONSIBILITIES: Demonstrates Competency in the Following Areas:

1. Interviews, hires, orients, disciplines and evaluates leadership staff in compliance with EEO laws and other regulations in order to ensure continuity in the delivery of quality patient care and service.
2. Ensures that all physical properties are kept in a good state of repair and operation condition so as to continue to provide proper patient care and maintain a safe working environment.
3. Remains aware of and responsive to legislative and regulatory issues impacting healthcare in order to provide timely and accurate information and recommendations to the Board of Directors regarding current trends, opportunities and challenges in healthcare to help facilitate proper planning and policy making.
4. Responsible for the overall planning and coordination of successful JCAHO accreditation process, as well as regulatory and statutory Standards, including Title 22, Medicare and Medi-Cal regulations.
5. Ensures a yearly budget for control of expenditures is prepared, based on past experience, knowledge of market trends, and other financial considerations, while maintaining the highest possible level of care at the most reasonable cost.
6. Ensures a monthly report for the Board of Directors and Medical Staff reflecting various phases of the healthcare system operation and its financial condition.
7. Monitors budget and fiscal reports on a continuing basis and initiates appropriate modifications as needed.
8. Interprets and transmits policies to the governing board, to the medical staff and to personnel. Ensures compliance with policies.
9. Through exemplary leadership initiates, develops and implements programs, policies and procedures to fulfill the stated purposes and mission of San Benito Healthcare District and the policies of the Board of Directors.
10. Provide strategic, enthusiastic, and visionary leadership which results in a dynamic organization that is responsive to the needs of the community.
11. Responsible for (in conjunction with the Chief Financial Officer) preparing the annual Operating, Capital and Facilities Budgets and submitting the annual budgets to the Board of Directors.
12. Responsible for operating within the annual budgets as adopted by the Board of Directors.
13. Responsible for retaining Joint Commission accreditation and state licensure, as well as meeting requirements of all governmental health programs in which the District participates.
14. Responsible for the business affairs of each entity and service to ensure funds are collected and expended to the best possible advantage and within the provision of the annual budgets.
15. Reports performance of the Hospital to the Board of Directors.
16. Provides positive public relations for the District through involvement in various health or District related activities. Attends meetings of professional, community, civic, and service organization as a representative of San Benito Healthcare District.
17. Initiates new revenue producing programs or services as approved by the Board of Directors.
18. Responsible for the development and implementation of the District's strategic plan.
19. Provides liaison between the Medical Staff, Board of Directors and employees of San Benito Healthcare District.

20. Organizes the administrative functions of the District. Delegates duties and establishes formal means of accountability on the part of line management. Creates an organization that embraces the concepts of shared governance and collaborative care. Such organization shall be responsive in a timely manner to the needs of all consumers of services, be they patients, physicians, employee or members of the community.
21. Maintains the physical properties in a good state of repair and operating condition. Recommends to the Board of Directors improvement of District facilities including construction or renovation of structures and the purchase of new capital items, keeping in mind the communities needs and the districts resources.
22. The CEO will mentor and facilitate professional development of direct reports
23. Ensures system-wide compliance with safety and security policies, procedures and practices in order to achieve and maintain a safe, efficient, productive and cost-effective work environment.
24. Effectively communicates patient related information to the health care team.
25. Maintains courteous and professional relationships with patient, family, public, staff and physicians. Always introduces self to others.
26. Displays an attitude of acceptance of various cultures.
27. Advises appropriate persons of situations requiring follow-up attention.
28. Communicates in a positive manner with consumers via telephone.
29. Conducts all written contacts professionally (i.e. writes clear concise memos, letter, and or reports).
30. Accepts and responds professionally to constructive criticism.
31. Interacts in a way that increases the likelihood that an agreement can be reached during a conflict.
32. Participates in orientation of new employees.
- 33. Self- motivates to supervise and perform department tasks as needed.
34. Keep current with applicable laws and San Benito Health Care District policy.

EXHIBIT B

Chief Executive Officer Incentive Compensation Plan

An Incentive equal to 10% of base compensation will be available 12 months after start date by achieving the following metrics:

	EBIDA%	Incentive %
FY 21 EBIDA%	3.50%	1%
	3.75%	2%
	4.00%	3%

	12 Month Rolling Percentile Rank September 2021	Incentive %
HCAHPS IP Rate 1-10 Top Box	50%	1%
	55%	2%
	60%	3%

	Incentive %
Physician Community Needs Assessment	Completed by 6/30/2021 2%

	Incentive %
San Benito Health District Space Plan	Completed by 6/30/2021 2%