

FINANCE COMMITTEE
Thursday, October 20, 2022, 5:00 p.m
Meeting Agenda

Call to Order

- I. Financial Reports:
 - A. Financial Statements – September 2022

- II. Financial Updates
 - A. Finance Dashboard
 - B. Days Cash on Hand
 - C. Chapter 9

- III. Contracts
 - A. 890 Sunset Drive Lease Agreement with K&S Market, Inc. **(Action item)**
 - B. Interim CEO Agreement **(Action Item)**
 - C. LVN Agreement Resolution **(Action item)**

- IV. Physician Contracts
 - A. Robert MacArthur, M.D. – Professional Services Agreement, Part-time Orthopedic Clinic and Emergency Call Coverage **(Action item)**
 - B. DOCS Medical Group, Inc. – Professional Services Agreement, Gastroenterology Coverage **(Action item)**

Adjournment



October 20, 2022

CFO Financial Summary for the Finance Committee:

For the month ending September 30, 2022, the District's Net Surplus (**Loss**) is \$68,157 compared to a budgeted Surplus (**Loss**) of \$574,847. The District is under budget for the month by \$506,690.

YTD as of September 30, 2022, the District's Net Surplus (**Loss**) is (**\$126,486**) compared to a budgeted Surplus (**Loss**) of \$1,358,669. The District is under budget YTD by \$1,485,155.

Acute discharges were 198 for the month, over budget by 25 discharges or 14%. The ADC was 17.30 compared to a budget of 22.23. The ALOS was 2.62. The acute I/P gross revenue was under budget by **\$1.4 million** while O/P services gross revenue was **\$1.36 million** or 6% over budget. ER I/P visits were 143 and ER O/P visits were under budget by 62 visits or 3%. The RHCs & Specialty Clinics treated 3,761 (includes 623 visits at the Diabetes Clinic) and 2,549 visits respectively.

On June 30, 2022, Noridian Healthcare Solutions (Medicare Intermediary) informed the District that it estimated the District was over reimbursed by **\$5.158 million** for the FYE June 30, 2022.

This has a negative impact on the cash flow for FYE June 30, 2023 in two ways: 1) The District made a \$491,174.26 payment towards the settlement and will pay \$441,036.22 per month for the next 11 months. 2) Noridian has reduced the reimbursement I/P and O/P rates by approximately 20% and 13% respectively. The rates should increase in January 2023.

The District's YTD loss and cash flow shortage is due directly to the decrease in Medicare reimbursement. Management is working toward increasing daily collections and decreasing expenses.

Other Operating revenue exceeded budget by **\$148,184** due mainly to the Magellan Health pharmacy rebate being \$129,840 over budget.

Operating Expenses were under budget by **\$411,013** due mainly to variances in: Salary and Wages being under budget by \$560,731 and offset Registry by of \$262,309.

Non-operating Revenue exceeded budget by **\$7,273** due mainly to an increase in donations.

The SNFs ADC was **88.27** for the month. The Net Surplus (**Loss**) is **\$175,179** compared to a budget of \$66,662. YTD, the SNFs are exceeding their budget by \$155,009. The ADC is budgeted to be 88 residents each month for the year.

The debt service ratio for the fiscal year ending June 30, 2023 is budgeted to exceed **1.25**, the days-cash-on-hand is budgeted to exceed **30.00** and the current ratio is budgeted to be less than **1.5**. The Cal-Mortgage 2021 bond covenant targets are a **1.25 DSR**, **30** days cash-on-hand and a **1.5** current ratio.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 09/30/22

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	4,060,175	4,559,859	(499,684)	(11)	3,894,686	12,656,096	12,661,664	(5,568)	0	11,206,477
SNF ROUTINE REVENUE	1,989,000	1,980,000	9,000	1	1,593,430	6,059,500	6,071,998	(12,498)	0	4,977,900
ANCILLARY INPATIENT REVENUE	5,168,867	5,783,287	(614,420)	(11)	5,706,657	16,130,121	16,126,235	3,886	0	15,649,415
HOSPITALIST\PEDS I\ P REVENUE	166,153	230,794	(64,641)	(28)	218,623	574,842	640,825	(65,983)	(10)	595,562
TOTAL GROSS INPATIENT REVENUE	11,384,195	12,553,940	(1,169,745)	(9)	11,413,396	35,420,559	35,500,722	(80,163)	0	32,429,354
ANCILLARY OUTPATIENT REVENUE	22,431,490	21,075,128	1,356,362	6	19,954,587	67,061,267	62,461,187	4,600,080	7	62,684,429
HOSPITALIST\PEDS O\ P REVENUE	59,539	59,436	103	0	50,435	191,881	176,154	15,727	9	159,267
TOTAL GROSS OUTPATIENT REVENUE	22,491,029	21,134,564	1,356,465	6	20,005,023	67,253,148	62,637,341	4,615,807	7	62,843,697
TOTAL GROSS PATIENT REVENUE	33,875,224	33,688,504	186,720	1	31,418,418	102,673,707	98,138,063	4,535,644	5	95,273,051
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	9,170,686	8,226,357	944,329	12	7,481,367	29,297,518	23,895,523	5,401,995	23	22,931,316
MEDI-CAL CONTRACTUAL ALLOWANCES	8,555,486	8,059,100	496,386	6	8,167,399	25,689,832	23,441,126	2,248,706	10	25,006,501
BAD DEBT EXPENSE	344,314	324,633	19,681	6	409,735	894,090	942,449	(48,359)	(5)	961,519
CHARITY CARE	33,934	74,069	(40,135)	(54)	87,614	105,530	215,022	(109,492)	(51)	243,569
OTHER CONTRACTUALS AND ADJUSTMENTS	3,846,800	3,985,282	(138,482)	(4)	3,855,802	10,981,335	11,606,533	(625,198)	(5)	11,715,895
HOSPITALIST\PEDS CONTRACTUAL ALLOW	3,803	8,874	(5,071)	(57)	62,359	59,647	25,768	33,879	132	54,528
TOTAL DEDUCTIONS FROM REVENUE	21,955,023	20,678,315	1,276,708	6	20,064,276	67,027,951	60,126,421	6,901,530	12	60,913,328
NET PATIENT REVENUE	11,920,201	13,010,189	(1,089,988)	(8)	11,354,143	35,645,756	38,011,642	(2,365,886)	(6)	34,359,722
OTHER OPERATING REVENUE	703,398	555,214	148,184	27	622,800	2,656,956	1,665,642	991,314	60	1,653,033
NET OPERATING REVENUE	12,623,599	13,565,403	(941,804)	(7)	11,976,943	38,302,712	39,677,284	(1,374,572)	(4)	36,012,756
OPERATING EXPENSES:										
SALARIES & WAGES	4,671,174	5,268,097	(596,923)	(11)	4,701,141	14,790,583	15,445,901	(655,318)	(4)	14,123,866
REGISTRY	596,591	310,000	286,591	92	340,352	1,787,301	930,000	857,301	92	964,731
EMPLOYEE BENEFITS	2,476,037	2,803,828	(327,791)	(12)	2,417,966	7,871,891	8,231,714	(359,824)	(4)	7,694,235
PROFESSIONAL FEES	1,615,745	1,598,425	17,320	1	1,447,297	4,556,934	4,901,837	(344,903)	(7)	4,326,868
SUPPLIES	1,224,773	1,334,946	(110,173)	(8)	1,072,994	3,745,258	3,678,363	66,895	2	3,282,490
PURCHASED SERVICES	1,256,876	1,073,837	183,039	17	1,058,032	3,756,433	3,293,099	463,334	14	3,002,696
RENTAL	139,545	150,161	(10,616)	(7)	154,804	467,611	450,537	17,074	4	429,355
DEPRECIATION & AMORT	320,532	327,001	(6,469)	(2)	330,429	955,245	981,001	(25,756)	(3)	993,082
INTEREST	4,460	3,750	710	19	1,721	17,116	11,250	5,866	52	3,276
OTHER	520,897	384,426	136,471	36	321,311	1,411,148	1,186,658	224,490	19	1,004,876
TOTAL EXPENSES	12,826,630	13,254,471	(427,841)	(3)	11,846,048	39,359,519	39,110,360	249,159	1	35,825,475
NET OPERATING INCOME (LOSS)	(203,032)	310,932	(513,964)	(165)	130,895	(1,056,807)	566,924	(1,623,731)	(286)	187,280

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HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 09/30/22

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	9,765	5,000	4,765	95	0	139,108	15,000	124,108	827	6,570
PROPERTY TAX REVENUE	195,915	194,511	1,404	1	185,249	587,745	583,533	4,212	1	555,747
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	494,893	494,892	1	0	480,272
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(216,143)	(216,144)	2	0	(225,272)
OTHER NON-OPER REVENUE	10,255	7,866	2,389	30	7,876	38,620	23,598	15,022	64	23,626
OTHER NON-OPER EXPENSE	(37,664)	(36,378)	(1,286)	4	(42,627)	(114,148)	(109,134)	(5,014)	5	(137,193)
INVESTMENT INCOME	0	0	0	0	(2,259)	246	0	246		168
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	271,188	263,915	7,273	3	233,239	930,321	791,745	138,576	18	703,917
NET SURPLUS (LOSS)	68,157	574,847	(506,690)	(88)	364,134	(126,486)	1,358,669	(1,485,155)	(109)	891,197
EBIDA	\$ 333,435	\$ 845,310	\$ (511,875)	(60.55)%	\$ 652,190	\$ 664,157	\$ 2,170,056	\$ (1,505,899)	(69.39)%	\$ 1,766,473
EBIDA MARGIN	2.64%	6.23%	(3.59)%	(57.61)%	5.45%	1.73%	5.47%	(3.74)%	(68.29)%	4.91%
OPERATING MARGIN	(1.61)%	2.29%	(3.90)%	(170.16)%	1.09%	(2.76)%	1.43%	(4.19)%	(293.09)%	0.52%
NET SURPLUS (LOSS) MARGIN	0.54%	4.24%	(3.70)%	(87.25)%	3.04%	(0.33)%	3.42%	(3.75)%	(109.64)%	2.47%

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HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 09/30/22

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	4,060,175	4,559,859	(499,684)	(11)	3,894,686	12,656,096	12,661,664	(5,568)	0	11,206,477
ANCILLARY INPATIENT REVENUE	4,708,363	5,550,646	(842,283)	(15)	5,541,416	14,869,878	15,412,798	(542,920)	(4)	14,859,751
HOSPITALIST I\ P REVENUE	166,153	230,794	(64,641)	(28)	218,623	574,842	640,825	(65,983)	(10)	595,562
TOTAL GROSS INPATIENT REVENUE	8,934,691	10,341,299	(1,406,609)	(14)	9,654,724	28,100,816	28,715,287	(614,471)	(2)	26,661,790
ANCILLARY OUTPATIENT REVENUE	22,431,490	21,075,128	1,356,362	6	19,954,587	67,061,267	62,461,187	4,600,080	7	62,684,429
HOSPITALIST O\ P REVENUE	59,539	59,436	103	0	50,435	191,881	176,154	15,727	9	159,267
TOTAL GROSS OUTPATIENT REVENUE	22,491,029	21,134,564	1,356,465	6	20,005,023	67,253,148	62,637,341	4,615,807	7	62,843,697
TOTAL GROSS ACUTE PATIENT REVENUE	31,425,719	31,475,863	(50,144)	0	29,659,747	95,353,965	91,352,628	4,001,337	4	89,505,487
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	8,828,785	8,060,425	768,360	10	7,358,157	28,516,362	23,386,663	5,129,699	22	22,414,957
MEDI-CAL CONTRACTUAL ALLOWANCES	8,397,490	7,905,576	491,914	6	8,152,927	25,221,930	22,970,318	2,251,612	10	24,961,551
BAD DEBT EXPENSE	374,954	324,633	50,321	16	422,645	887,769	942,449	(54,680)	(6)	964,802
CHARITY CARE	33,934	74,069	(40,135)	(54)	87,614	105,530	215,022	(109,492)	(51)	242,973
OTHER CONTRACTUALS AND ADJUSTMENTS	3,805,215	3,941,030	(135,815)	(3)	3,848,985	10,771,264	11,470,825	(699,561)	(6)	11,668,296
HOSPITALIST\ PEDI CONTRACTUAL ALLOW	3,803	8,874	(5,071)	(57)	62,359	59,647	25,768	33,879	132	54,528
TOTAL ACUTE DEDUCTIONS FROM REVENUE	21,444,181	20,314,607	1,129,574	6	19,932,687	65,562,502	59,011,045	6,551,457	11	60,307,107
NET ACUTE PATIENT REVENUE	9,981,539	11,161,256	(1,179,717)	(11)	9,727,060	29,791,463	32,341,583	(2,550,120)	(8)	29,198,380
OTHER OPERATING REVENUE	703,398	555,214	148,184	27	622,800	2,656,956	1,665,642	991,314	60	1,653,033
NET ACUTE OPERATING REVENUE	10,684,937	11,716,470	(1,031,533)	(9)	10,349,860	32,448,419	34,007,225	(1,558,806)	(5)	30,851,414
OPERATING EXPENSES:										
SALARIES & WAGES	3,756,786	4,317,517	(560,731)	(13)	3,823,801	11,980,092	12,530,774	(550,682)	(4)	11,410,086
REGISTRY	562,309	300,000	262,309	87	328,610	1,678,139	900,000	778,139	87	919,173
EMPLOYEE BENEFITS	1,953,921	2,231,194	(277,273)	(12)	1,908,756	6,211,585	6,475,603	(264,018)	(4)	6,102,844
PROFESSIONAL FEES	1,613,535	1,596,181	17,354	1	1,445,257	4,549,794	4,894,957	(345,163)	(7)	4,320,748
SUPPLIES	1,125,278	1,221,574	(96,296)	(8)	979,418	3,441,953	3,338,040	103,913	3	3,007,574
PURCHASED SERVICES	1,140,619	1,010,959	129,660	13	1,002,271	3,426,824	3,100,279	326,545	11	2,821,753
RENTAL	138,526	149,373	(10,847)	(7)	153,821	464,577	448,119	16,458	4	424,126
DEPRECIATION & AMORT	280,278	284,998	(4,720)	(2)	290,290	835,259	854,994	(19,735)	(2)	872,678
INTEREST	4,460	3,750	710	19	1,721	17,116	11,250	5,866	52	3,276
OTHER	466,389	337,570	128,819	38	268,821	1,205,725	1,042,994	162,731	16	867,286
TOTAL EXPENSES	11,042,103	11,453,116	(411,013)	(4)	10,202,766	33,811,063	33,597,010	214,053	1	30,749,544
NET OPERATING INCOME (LOSS)	(357,166)	263,354	(620,520)	(236)	147,094	(1,362,644)	410,215	(1,772,859)	(432)	101,870

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HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
HOLLISTER, CA 95023
FOR PERIOD 09/30/22

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	9,765	5,000	4,765	95	0	139,108	15,000	124,108	827	6,570
PROPERTY TAX REVENUE	166,528	167,085	(557)	0	159,183	499,584	501,255	(1,671)	0	477,549
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	494,893	494,892	1	0	480,272
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(216,143)	(216,144)	2	0	(225,272)
OTHER NON-OPER REVENUE	10,255	7,866	2,389	30	7,876	38,620	23,598	15,022	64	23,626
OTHER NON-OPER EXPENSE	(29,321)	(28,035)	(1,286)	5	(33,289)	(89,120)	(84,105)	(5,015)	6	(107,104)
INVESTMENT INCOME	0	0	0	0	(2,259)	246	0	246		168
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	250,144	244,832	5,312	2	216,511	867,188	734,496	132,692	18	655,809
NET SURPLUS (LOSS)	(107,023)	508,186	(615,209)	(121)	363,605	(495,457)	1,144,711	(1,640,168)	(143)	757,678

HAZEL HAWKINS SKILLED NURSING FACILITIES
 HOLLISTER, CA
 FOR PERIOD 09/30/22

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21	ACTUAL 09/30/22	BUDGET 09/30/22	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/21
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	1,989,000	1,980,000	9,000	1	1,593,430	6,059,500	6,071,998	(12,498)	0	4,977,900
ANCILLARY SNF REVENUE	460,504	232,641	227,863	98	165,242	1,260,242	713,437	546,805	77	789,664
TOTAL GROSS SNF PATIENT REVENUE	<u>2,449,504</u>	<u>2,212,641</u>	<u>236,863</u>	<u>11</u>	<u>1,758,672</u>	<u>7,319,742</u>	<u>6,785,435</u>	<u>534,307</u>	<u>8</u>	<u>5,767,564</u>
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	341,902	165,932	175,970	106	123,210	781,156	508,860	272,296	54	516,360
MEDI-CAL CONTRACTUAL ALLOWANCES	157,995	153,524	4,471	3	14,472	467,902	470,808	(2,906)	(1)	44,949
BAD DEBT EXPENSE	(30,640)	0	(30,640)		(12,910)	6,320	0	6,320		(3,283)
CHARITY CARE	0	0	0	0	0	0	0	0	0	596
OTHER CONTRACTUALS AND ADJUSTMENTS	41,585	44,252	(2,667)	(6)	6,817	210,071	135,708	74,363	55	47,599
TOTAL SNF DEDUCTIONS FROM REVENUE	<u>510,842</u>	<u>363,708</u>	<u>147,134</u>	<u>41</u>	<u>131,589</u>	<u>1,465,449</u>	<u>1,115,376</u>	<u>350,073</u>	<u>31</u>	<u>606,222</u>
NET SNF PATIENT REVENUE	<u>1,938,662</u>	<u>1,848,933</u>	<u>89,729</u>	<u>5</u>	<u>1,627,083</u>	<u>5,854,293</u>	<u>5,670,059</u>	<u>184,234</u>	<u>3</u>	<u>5,161,342</u>
OTHER OPERATING REVENUE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET SNF OPERATING REVENUE	<u>1,938,662</u>	<u>1,848,933</u>	<u>89,729</u>	<u>5</u>	<u>1,627,083</u>	<u>5,854,293</u>	<u>5,670,059</u>	<u>184,234</u>	<u>3</u>	<u>5,161,342</u>
OPERATING EXPENSES:										
SALARIES & WAGES	914,388	950,580	(36,192)	(4)	877,341	2,810,491	2,915,127	(104,636)	(4)	2,713,780
REGISTRY	34,283	10,000	24,283	243	11,742	109,163	30,000	79,163	264	45,557
EMPLOYEE BENEFITS	522,116	572,634	(50,518)	(9)	509,210	1,660,305	1,756,111	(95,806)	(6)	1,591,391
PROFESSIONAL FEES	2,210	2,244	(34)	(2)	2,040	7,140	6,880	260	4	6,120
SUPPLIES	99,495	113,372	(13,877)	(12)	93,576	303,305	340,323	(37,018)	(11)	274,917
PURCHASED SERVICES	116,256	62,878	53,378	85	55,761	329,609	192,820	136,789	71	180,942
RENTAL	1,018	787	231	29	983	3,033	2,415	618	26	5,229
DEPRECIATION	40,254	42,003	(1,749)	(4)	40,139	119,987	126,007	(6,021)	(5)	120,405
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	54,508	46,856	7,652	16	52,491	205,423	143,664	61,759	43	137,590
TOTAL EXPENSES	<u>1,784,527</u>	<u>1,801,354</u>	<u>(16,827)</u>	<u>(1)</u>	<u>1,643,282</u>	<u>5,548,456</u>	<u>5,513,347</u>	<u>35,109</u>	<u>1</u>	<u>5,075,932</u>
NET OPERATING INCOME (LOSS)	<u>154,135</u>	<u>47,579</u>	<u>106,556</u>	<u>224</u>	<u>(16,199)</u>	<u>305,837</u>	<u>156,712</u>	<u>149,125</u>	<u>95</u>	<u>85,411</u>
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	29,387	27,426	1,961	7	26,066	88,161	82,278	5,883	7	78,198
OTHER NON-OPER EXPENSE	(8,343)	(8,343)	0	0	(9,338)	(25,028)	(25,029)	1	0	(30,090)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	<u>21,044</u>	<u>19,083</u>	<u>1,961</u>	<u>10</u>	<u>16,728</u>	<u>63,133</u>	<u>57,249</u>	<u>5,884</u>	<u>10</u>	<u>48,109</u>
NET SURPLUS (LOSS)	<u>175,179</u>	<u>66,662</u>	<u>108,517</u>	<u>163</u>	<u>529</u>	<u>368,970</u>	<u>213,961</u>	<u>155,009</u>	<u>72</u>	<u>133,519</u>



San Benito Health Care District
 Hazel Hawkins Memorial Hospital
 SEPTEMBER 2022

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	22.23	17.30	18.53	20.14
Average Daily Census - SNF	88.00	88.27	87.66	88.00
Acute Length of Stay	3.84	2.62	2.65	3.31
<u>ER Visits:</u>				
Inpatient	141	143	506	437
Outpatient	1,988	1,926	5,615	5,907
Total	2,129	2,069	6,121	6,344
Days in Accounts Receivable	45.0	44.3	44.3	45.0
Productive Full-Time Equivalents	529.11	527.08	523.73	529.11
Net Patient Revenue	13,010,189	11,920,201	35,645,756	38,011,642
Payment-to-Charge Ratio	38.9%	35.2%	34.7%	38.9%
Medicare Traditional Payor Mix	30.15%	28.25%	30.85%	30.03%
Commercial Payor Mix	24.37%	21.23%	21.24%	24.34%
Bad Debt % of Gross Revenue	0.96%	1.02%	0.88%	0.96%
EBIDA	845,310	333,435	664,157	2,170,056
EBIDA %	6.23%	2.64%	1.73%	5.47%
Operating Margin	2.29%	-1.61%	-2.76%	1.43%
Salaries, Wages, Registry & Benefits %:				
by Net Operating Revenue	61.79%	61.34%	63.83%	62.02%
by Total Operating Expense	63.24%	60.37%	62.12%	62.92%
<u>Bond Covenants:</u>				
Debt Service Ratio	1.25	1.42	1.42	1.25
Current Ratio	1.50	1.53	1.53	1.50
Days Cash on hand	30.00	17.8	17.8	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 September 30, 2022

	CASH FLOW		COMMENTS
	Current Month 9/30/2022	Current Year-To-Date 9/30/2022	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$68,157	(\$126,486)	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	335,133	997,741	
(Increase)/Decrease in Net Patient Accounts Receivable	(347,330)	(528,049)	
(Increase)/Decrease in Other Receivables	(2,072,018)	(3,545,992)	
(Increase)/Decrease in Inventories	(25,983)	(59,607)	
(Increase)/Decrease in Pre-Paid Expenses	(216,052)	(485,707)	
(Increase)/Decrease in Due From Third Parties	0	11,855	
Increase/(Decrease) in Accounts Payable	34,519	(779,319)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(2,038,687)	(1,046,441)	
Increase/(Decrease) in Accrued Expenses	7,038	7,464	
Increase/(Decrease) in Patient Refunds Payable	(100)	(7,297)	
Increase/(Decrease) in Third Party Advances/Liabilities	(392,626)	(1,929,529)	
Increase/(Decrease) in Other Current Liabilities	268,071	447,827	Semi-Annual Interest - 2021 Insured Revenue Bonds
Net Cash Provided by Operating Activities:	(4,448,035)	(6,917,054)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(629,594)	(1,207,275)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(251,065)	(750,452)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,223	18,669	Amortization
Net Cash Used by Investing Activities	(874,436)	(1,939,058)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Bond/Mortgage Debt	(6,536)	(17,458)	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Capital Lease Debt	(28,520)	(85,290)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(35,056)	(102,748)	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	0	
Net Increase/(Decrease) in Cash	(5,289,370)	(9,085,346)	
Cash, Beginning of Period	12,739,826	16,535,802	
Cash, End of Period	\$7,450,456	\$7,450,456	\$0

Cost per day to run the District

\$417,438

Operational Days Cash on Hand

17.85

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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total		
Budgeted Gross Revenue	30,736,294	33,713,261	33,688,496	34,057,045	33,125,250	36,331,595	36,576,317	31,661,878	36,697,195	30,954,767	31,443,265	30,602,610	399,587,973		
Budgeted Bad Debt Expense	293,579	324,237	324,633	327,729	318,825	351,198	353,536	305,275	355,128	296,590	300,820	293,015	3,844,565		
BD Exp as a percent of Gross Revenue	0.96%	0.96%	0.96%	0.96%	0.96%	0.97%	0.97%	0.96%	0.97%	0.96%	0.96%	0.96%	0.96%		
Actual Gross Revenue	32,232,911	36,024,541	33,649,532	-	-	-	-	-	-	-	-	-	101,906,984		
Actual Bad Debt Expense	233,530	316,245	344,314	-	-	-	-	-	-	-	-	-	894,089		
BD Exp as a percent of Gross Revenue	0.72%	0.88%	1.02%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.88%		
Budgeted YTD BD Exp	942,449	0.96%													
Actual YTD BD Exp	894,089	0.88%													
													YTD Charity Exp Budget	215,022	
													YTD Charity Exp Actual	105,530	
Amount under (over) budget	48,360	0.08%												Amt under (over) budget	109,492
Prior Year percent of Gross Revenue	0.92%													Charity Exp % of Gross Rev	0.10%
Percent of Decrease (Inc) from Prior Year	4.6%														

San Benito Health Care District
 Days Cash on Hand Projection for FYE June 30, 2023
 As of August 31, 2022

	Per Day	Annualized	Target Per Day	Annualized
- Cash Collections per Day	369,495	134,865,675	387,970	141,608,959
- Expenses per Day	417,713	152,465,245	407,270	148,653,614
Difference	(48,218)	(17,599,570)	(19,300)	(7,044,655)
- Settlements/QIP	36,233	13,224,914	36,233	13,224,914
- Anthem Blue Cross	15,068	5,500,000	15,068	5,500,000
Totals	3,083	1,125,344	32,001	11,680,259
Cash, Beginning of Period	30.54	12,757,705	30.54	12,757,705
Cash, End of Period	33.24	13,883,049	60.00	24,437,964

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE ("Fifth Amendment") is made and entered into by and between K&S Market, Inc., a California Corporation, (hereinafter "Landlord"), and San Benito Health Care District, a Public Agency (hereinafter "Tenant"). From time to time herein, Landlord and Tenant are referred to as "Parties" to this Fifth Amendment.

RECITALS

A. WHEREAS, the Parties executed that certain lease by and between Landlord and Tenant, effective November 20, 2012, for the premises located at 890 Sunset Drive, Suite A-2A, Hollister, California (hereinafter, the "Original Lease");

B. WHEREAS, the Parties executed that certain Addendum No. 1 and Lease Addendum "2" by and between Landlord and Tenant, effective November 20, 2012 (hereinafter, the "First Amendment" and the "Second Amendment, respectively);

C. WHEREAS, the Parties executed that certain Addendum No. 3 by and between Landlord and Tenant, effective December 4, 2012 (hereinafter, the "Third Amendment") and the Fourth Amendment to Lease by and between Landlord and Tenant, effective December 11, 2017 (hereinafter, the "Fourth Amendment");

D. WHEREAS, the Original Lease and the First Amendment, Second Amendment, Third Amendment and Fourth Amendment are collectively, the "Lease"; and,

E. WHEREAS, the Parties now desire to amend the terms and conditions of the Lease, as more fully set forth herein,

NOW, THEREFORE, the Parties hereto, incorporating the above Recitals as part of this Fifth Amendment, and in consideration of the mutual covenants, terms and conditions contained herein, do hereby agree as follows:

AGREEMENT

1. EXTENSION OF LEASE. Pursuant to the Lease, the term is scheduled to expire on December 31, 2022. Landlord and Tenant hereby agree to extend the term of the Lease for a period of five (5) years, commencing on January 1, 2023 and ending on December 31, 2027, on the terms and conditions set forth in the Lease, as hereby amended by this Fifth Amendment, unless sooner terminated as provided in the Lease. The period of time commencing on January 1, 2023, and ending on December 31, 2027, shall be referred to herein as the "Extended Term."

2. EXTENDED TERM RENT. Monthly rent shall be paid by Tenant to Landlord in the following sums for each year of the Extended Term of this Lease:

January 1, 2023 through December 31, 2023:	\$5,073.00 per month
January 1, 2024 through December 31, 2024:	\$5,276.00 per month
January 1, 2025 through December 31, 2025:	\$5,487.00 per month
January 1, 2026 through December 31, 2026:	\$5,706.00 per month
January 1, 2027 through December 31, 2027:	\$5,934.00 per month

Such rent shall be paid, in advance, commencing on the first date of the Extended Term of this Lease and continuing on the same date of each month thereafter. All rent shall be paid to Landlord or Landlord's authorized agent at the following address: A.G. Davi Ltd., 484 Washington Street, Suite D, Monterey, CA 93940, or at such other places as may be designated by Landlord from time to time, and shall be paid in lawful money of the United States of America without deduction, offset, prior notice, or demand. In the event rent is not paid within five (5) days after the day in which it is due, Tenant agrees to pay a late charge equal to ten percent (10%) of the total rent due. Tenant further agrees to pay \$50.00 for each dishonored bank check.

3. CONFIRMATION OF REMAINING PROVISIONS. In all other respects, the terms and conditions of the Lease are hereby ratified and confirmed.

4. INDEPENDENT LEGAL COUNSEL. Tenant acknowledges that it has been urged to seek independent legal counsel with respect to the meaning and effect of this Fifth Amendment.

IN WITNESS WHEREOF, the Parties have executed and delivered this Fifth Amendment as of the _____ day of _____, 2022, at Hollister, California.

"LANDLORD"

K&S MARKET, INC.
a California Corporation

"TENANT"

SAN BENITO HEALTH CARE DISTRICT
a Public Agency

By: _____
Susan K. Rivera, Vice-President

By: _____
Steven Hannah, CEO

RESOLUTION NO. 2022-19

OF THE BOARD OF DIRECTORS OF
SAN BENITO HEALTH CARE DISTRICT

APPROVING AND ADOPTING A MEMORANDUM OF UNDERSTANDING
WITH THE CALIFORNIA LICENSED VOCATIONAL NURSES
ASSOCIATION

Whereas, the San Benito Health Care District (“District”), acting through its appointed negotiation team, and representatives of the California Licensed Vocational Nurses (“LVN”) Association (“Association”), a duly recognized employee organization representing certain LVNs, met and conferred in good faith and fully communicated and exchanged information concerning wages, hours, and the terms and conditions of employment for contract years July 1, 2022 – June 30, 2026;

Whereas, the appointed representatives of the parties agreed on certain matters as provided in the tentative agreement (“Tentative Agreement”), attached hereto, and recommend the District and Association implement that Agreement;

Whereas, the LVNs represented by Association voted to ratify the proposed changes to the existing Memorandum of Understanding with Hazel Hawkins Memorial Hospital (“MOU”), as outlined in the Tentative Agreements;

Whereas, the District Board of Directors (“Board”) has been presented with the Tentative Agreement for approval; and

Whereas, the Board has reviewed and evaluated the Tentative Agreement and authorizes the District to approve and adopt the MOU containing the Tentative Agreement, and authorizes the District Administration to take all steps to execute the necessary documents.

NOW, THEREFORE, BE IT RESOLVED

1. The Recitals set forth above are true and correct and are incorporated into this Resolution by reference.
2. The Board has hereby approved the Tentative Agreement for incorporation into the MOU for the period of July 1, 2022 – June 30, 2026.
3. The District Administration is directed to take any and all actions, including executing relevant documents, to carry out the intent of this Resolution.
4. This Resolution shall take effect immediately upon its adoption.

Dated: _____, 2022

AYES: _____

NOS: _____

ABSENTIONS: _____

ABSENT: _____

Board Member
San Benito Health Care District

Board of Directors Contract Review Worksheet

Agreement for Professional Services with **Robert MacArthur, M.D.**

Executive Summary: With a decrease in available orthopedic providers for clinic and emergency call coverage, Dr. MacArthur will assume part-time/locum tenens clinic and emergency call coverage beginning October 2022.

Recommended Board Motion: It is recommended the hospital Board approve an Agreement for Professional Services with Dr. Robert MacArthur at the rate of \$2,500 per shift.

Services Provided: Part-time/locum tenens orthopedic clinic & emergency call coverage up to 14 shifts per month.

Agreement Terms:

Contract Term	Effective Date	FMV %ile	Base Monthly Cost	Estimated Annual Cost	Term clause
1 year	10/1/2022	60th	\$15,000 + travel (flight/rental car)	\$180,000 + travel (flight/rental car)	30 days

Contract Rate: \$2,500 per shift + reimbursement of travel (flight/rental car) expenses.

**AGREEMENT FOR
PROFESSIONAL SERVICES**

This Agreement ("Agreement") is made and entered into effective **October 1, 2022** ("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 **Robert J. MacArthur, M.D.** ("Physician"). SBHCD and Physician are collectively referred to as the "Parties" and individually as a "Party."

RECITALS

- A. SBHCD is a California local health care district that owns and operates health care facilities in San Benito County, California, providing inpatient, outpatient, and other health care services to residents of its service area.
- B. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a general acute care facility ("Hospital"), and multispecialty community medical clinics ("Clinics").
- C. Physician is duly licensed to practice medicine in the State of California and is qualified to provide professional services in his specialty of orthopedics in an inpatient hospital and outpatient clinic setting.
- D. SBHCD desires that Physician provide inpatient services including surgery ("Hospital Services"), on-call coverage in the Hospital's emergency department ("Emergency Department Call Coverage Services") and clinic-based professional services ("Clinic Services") (collectively "Specialty Services"), and Physician is prepared to do so in accordance with the terms and conditions set forth in this Agreement.

The Parties agree as follows:

I. SERVICES

- 1.1 **Professional Services.** Physician shall be available to provide Hospital, Emergency Department Call Coverage, and Clinic Services, beginning on the Effective Date of this Agreement. Physician shall provide such services on a part-time basis as mutually agreed upon, based upon Physician's availability and SBHCD's needs.

Effective December 1, 2022, Physician shall be available to provide Hospital, Emergency Department Call Coverage, and Clinic Services on a part-time basis up to fourteen (14) days per month on a schedule mutually agreed upon.

- 1.2 **Hospital Services.** Physician shall provide the following Hospital Services:
 - 1.2.1 Participation in multi-disciplinary rounds as requested and in coordination with other physicians providing services in Physician's specialty. During the multi-disciplinary rounds, Physician will assist in the evaluation and management of patients, and when necessary, may intervene in the care of patients. Physician shall report information in a timely manner to the attending physician.

- 1.2.2 Consultations, upon request, to members of the Hospital's Medical Staff managing their own patients or concerning the application of the admission or discharge criteria or the admission or discharge of Physician's patients.
- 1.2.3 Assistance with the management and treatment of patients for whom Physician is responsible as part 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.
- 1.3 **Clinic Services.** Physician shall provide the following Clinic Services:
 - 1.3.1 Render evaluation, management, surgical and non-surgical services to orthopedic patients.
 - 1.3.2 Coordination of medical activities of the Clinic to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding matters relating to the orthopedic medical administration of the Clinics.
 - 1.3.3 Provide chart review and audits of appropriate mid-level practitioner staff, as needed.
- 1.4 **Hospital Emergency Department Call Coverage Services.** Physician shall provide Emergency Department Call Coverage Services on schedules mutually agreed upon by SBHCD and Physician. Physician shall provide Emergency Department Call Coverage Services under the compensation arrangements set forth in Section 5.1 and Exhibit B of this Agreement and shall not be eligible to receive separate on-call stipend payments provided to Medical Staff members or otherwise. During the hours when Physician is on call, Physician must be reachable within ten (10) minutes by telephone or pager, and Physician must respond to the Hospital within thirty (30) minutes.
- 1.5 **Additional Services**
 - 1.5.1 **Communication with Referring Physicians.** When furnishing care to patients upon the referral by another physician, Physician shall provide the referring physician with appropriate follow-up oral reports and updates on the patient's course of treatment and condition in a manner and frequency consistent with the patient's condition. When Physician discharges any patient referred by another physician, Physician shall provide the referring physician with Physician's recommendations concerning appropriate patient follow-up care if Physician will no longer be following the patient.
 - 1.5.2 **Communication.** Physician shall maintain an effective communication process to interface with patients, patients' attending and specialist physicians, staff at the Hospital, Clinic, and the public, with the goal of enhancing patient satisfaction and the quality of care.
- 1.6 **Non-Exclusivity.** This Agreement is not exclusive to either SBHCD or Physician.

II. SBHCD RESPONSIBILITIES

- 2.1 **General.** SBHCD shall provide the space, furniture, equipment, supplies, personnel, and services that SBHCD deems reasonably necessary for the provision of services under this Agreement. Physician shall use such space, items, and services only for the performance of the services required by this Agreement
- 2.2 **Non-Physician Personnel.** SBHCD shall be solely responsible for all salaries, other compensation, employer's payroll taxes, workers' compensation coverage, and fringe benefits, for SBHCD

employed non-physician personnel associated with the provision of services and administrative services under this Agreement. SBHCD retains full authority to employ, appoint, discipline, transfer and terminate such non-physician personnel.

- 2.3 **Management.** SBHCD shall, at all times, retain and exercise ultimate responsibility for and management and operation of the Hospital and the Clinics.
- 2.4 **SBHCD Authority.** SBHCD expressly retains administrative responsibility for the services rendered by Physician, and the authority to make decisions regarding the quality or appropriateness of services provided by Physician, in accordance with its policies and procedures, its quality assurance and peer review procedures and Medical Staff Bylaws, as and to the extent required by laws and regulations. However, SBHCD shall not interfere with or control Physician's exercise of medical judgment.

III. LICENSURE AND STANDARDS

- 3.1 **Requirements.** During the term of this Agreement Physician shall:
 - 3.1.1 Be duly licensed to practice medicine in the State of California;
 - 3.1.2 Be an active member in good standing of the Hospital's Medical Staff, with appropriate clinical privileges in Physician's specialty;
 - 3.1.3 Provide services that meet or exceed the community standard of care;
 - 3.1.4 Be a participating physician under the Medicare and Medi-Cal programs and have executed and maintain on file with the appropriate Medicare and Medi-Cal carriers valid agreements to accept assignment and be qualified for Medicare risk- and cost-based managed care plans; and
 - 3.1.5 Possess current unrestricted federal and state permits to prescribe medications, including controlled substances.

IV. BILLING AND ASSIGNMENT OF REVENUE

- 4.1 **Billing and Collection.** SBHCD shall arrange for a third-party to perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD's designated billing and collections agent and shall use best efforts to assist with the billing and collection for services in a diligent, timely, competent, effective, lawful, and commercially reasonable manner, maximizing the revenue to which Physician is legally and ethically entitled. Physician understands and agrees that Physician's professional services likely will be billed under the rules relating to locums.
- 4.2 **Assignment of Professional Service Revenues.** Physician hereby assigns to SBHCD the right to all revenue from 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. 302.7.

V. COMPENSATION

- 5.1 **Compensation to Physician.** SBHCD shall compensate Physician for Physician's services in accordance with Exhibit B attached to this Agreement. The compensation is in consideration for, and

it shall cover all of Physician's professional services as set forth in this Agreement. 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, or cause to be billed, for facility fees, administrative, supervisory, medical director, or similar services.

VI. TERM AND TERMINATION

- 6.1 **Term.** The term of this Agreement shall commence on the Effective Date and continue for a period of one (1) year, unless earlier terminated pursuant to the terms of this Agreement.
- 6.2 **Termination without Cause.** Either party may terminate this Agreement at any time without stating a cause or reason and without penalty by giving the other party at least thirty (30) days' prior written notice.
- 6.3 **Immediate Termination.** If Hospital reasonably finds the performance of Physician providing coverage under this Agreement to be unacceptable for reasons of professional competence or personal conduct, Hospital in its sole discretion may immediately remove Physician.
- 6.4 **Termination with Cause.** Either Party may immediately terminate this Agreement, for cause, including material breach of this Agreement, upon written notice to the other Party. Such notice shall specify the cause upon which it is based. Grounds for immediate termination by SBHCD also include:
- 6.4.1 Physician's loss or suspension of his medical license. Physician's conviction (whether final or on appeal) of a felony or any crime involving moral turpitude, or Physician's failure to maintain, for any reason, his status as a member of the active Medical Staff with appropriate privileges; or
- 6.4.2 Physician's appointment of a receiver for his assets, assignment for the benefit of their creditors, or any relief taken or suffered by them under any bankruptcy or insolvency act.
- 6.5 **Effect of Termination.**
- 6.5.1 Following expiration or termination of the Agreement for any reason, the Parties shall cooperate in the resulting transition in a manner that serves the best interests of the patients.
- 6.5.2 The right of Physician to provide Specialty Services is contingent upon the continued validity and force of this Agreement. However, termination of this Agreement shall have no effect on Physician's Medical Staff membership or clinical privileges at the Hospital, which will continue unless terminated in accordance with the Hospital's Medical Staff Bylaws.

VII. HIPAA COMPLIANCE

- 7.1 **Protected Health Information.** Physician shall have access to medical records and other information regarding patients of Hospital or Clinic ("Protected Health Information"). Physician may use and disclose Protected Health Information only in accordance with such purposes and subject to the restrictions appearing below. Physician shall maintain the confidentiality of all Protected Health Information in compliance with all applicable federal, state and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act, Cal. Civ. Code §56 et seq., and the Federal Health Insurance Portability and Accountability Act of 1996, 104 P.L. 191,

Subtitle F, and regulations from time to time promulgated thereunder, ("HIPAA"). Physician agrees that Physician shall:

- 7.1.1 Not use or further disclose Protected Health Information in a manner that would violate the requirements of applicable laws or this Agreement;
- 7.1.2 Use appropriate safeguards to prevent use or disclosure of Protected Health Information except as permitted by law and the terms of this Agreement;
- 7.1.3 Report to SBHCD any use or disclosure of Protected Health Information not permitted by law or by this Agreement of which Physician becomes aware;
- 7.1.4 Ensure that any employees, subcontractors or agents to whom Physician provides Protected Health Information agree to the same restrictions and conditions that apply to Physician with respect to such Protected Health Information.
- 7.1.5 Comply with the elements of any compliance program established by SBHCD that applies to the use of or disclosure of Protected Health Information;
- 7.1.6 In accordance with and to the extent required by HIPAA, (i) make available Protected Health Information to the subject patient; (ii) make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information; and (iii) make available the information required to provide an accounting of disclosures of Protected Health Information to the subject patient;
- 7.1.7 Make internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA; and
- 7.1.8 At termination of this Agreement and after first consulting with SBHCD, if feasible, return or destroy all Protected Health Information received from, or created by the other Party and retain no copies of such Protected Health Information or, if such return or destruction is not permissible under law or the terms of this Agreement or is not otherwise feasible, shall continue to maintain all Protected Health Information in accordance with the provisions of this Section.

VIII. INSURANCE / LIMITATION OF LIABILITY

- 8.1 **Professional Liability Insurance.** Physician shall maintain professional liability insurance that provides coverage for any act of Physician that may have occurred during the term of this Agreement while providing the services under this Agreement notwithstanding the termination or expiration of the term of this Agreement. Such policies or coverage must have limits of liability per each Physician of at least One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) annual aggregate "claims made" insurance coverage. Upon termination of this Agreement, Physician shall continue the current policy, obtain prior acts coverage or "extended discovery period" or "extended reporting period" coverage, or otherwise take steps to ensure that no lapse of coverage occurs for the period of time covered by this Agreement.
- 8.2 **Limitation of Liability.** Each Party shall be responsible for their own acts and omissions and shall be liable for payment of that portion of any and all claims, liabilities, injuries, suits, and demands and

expenses of all kinds that may result or arise out of any alleged malfeasance or neglect caused or alleged to have been caused by said Party, its employees, agents, or subcontractors, in the performance or omission of any act or responsibility of said Party under this Agreement. If a claim is made against both Parties, each Party will cooperate in the defense of said claim and cause its insurers to do likewise, Each Party shall, however, retain the right to take any actions it believes necessary to protect its own interests.

IX. RECORD KEEPING REQUIREMENTS

- 9.1 **General.** Physician shall maintain and provide SBHCD with information and documentation that SBHCD may require from time to time. This information and documentation shall include, but not be limited to, the recording and maintenance by Physician of time records for services provided by Physician under this Agreement, and any records deemed relevant, in the sole discretion of SBHCD, for production in accord with an investigation involving both SBHCD and Physician. Physician will complete all medical records, documentation of core measures and any forms or paperwork necessary for billing for his Specialty services within 14 days of discharge.
- 9.2 **Record Keeping Beyond the Term of Agreement.** Until the expiration of four (4) years following the performance of services under to this Agreement, Physician shall make available, upon written request, to the Secretary of the Department of Health and Human Services or, upon request to the Comptroller General, or any of their duly authorized representatives, this contract, books, documents and records of Physician that are necessary to certify the nature and extent of their costs under this Agreement.

X. INDEPENDENT CONTRACTOR

- 10.1 **Status.** Physician is entering into this Agreement as an independent contractor of SBHCD. Neither Party to this Agreement shall be deemed the employee, agent, partner, joint venturer, officer, principal or other representative of the other Party. Each Party shall have control over the hiring and firing of its own employees and shall pay all social security, withholding tax and other payroll charges applicable to its own employees. As an independent contractor, Physician may not make any claim against SBHCD under this Agreement for social security benefits, workers' compensation benefits, disability benefits, unemployment insurance benefits, health benefits, vacation pay, sick leave, or any other employee benefits of any kind.
- 10.2 **Exercise of Control.** It is the express intention of the Parties that Physician shall perform services independently of any direction and control of SBHCD except that Physician agrees to perform all services in accordance with the specifications of this Agreement. Physician shall owe Physician's first duty to the patients seen under the terms of this Agreement, shall be responsible for them and shall exercise independent medical judgment regarding their care and treatment. SBHCD shall not supervise or oversee the performance of services under this Agreement, except to the extent of quality assurance and peer review undertaken for all physicians on SBHCD's medical staff.

XI. SBHCD COMPLIANCE PROGRAM

- 11.1 **Cooperation with Compliance Program.** Physician acknowledges that SBHCD has implemented a Compliance Program for ensuring that the provision of, and billing for, care at the Hospital and the Clinic, complies with applicable federal and state laws ("Compliance Program"). Physician agrees to adhere to, abide by and support the Compliance Program and policies promulgated therein.

- 11.2 **Legal Compliance.** Physician agrees, represents, and warrants that Physician will maintain full compliance with all applicable federal, state and local laws and regulations, including, without limitation, laws and regulations regarding billing for services. Nothing in this Agreement shall be construed to require SBHCD or Physician to make referrals of patients to one another. No payment is made under this Agreement in return for the referral of patients or in return for the ordering, purchasing, or leasing of products or services from SBHCD. Furthermore, the Parties acknowledge, agree, and warrant to the other that the compensation provided under this Agreement is not in excess of the fair market value of the services rendered.
- 11.3 **Physician Warranties.** Upon execution of this Agreement, Physician agrees, represents and warrants that Physician: (i) has not been convicted of a criminal offense related to healthcare (unless Physician has been officially reinstated into the federal healthcare programs by the Office of Inspector General (“OIG”) and provided proof of such reinstatement to SBHCD); (ii) is not currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation; or (iii) is not currently listed on the General Services Administration list of parties excluded from the federal procurement and non-procurement programs. Physician agrees that if Physician becomes involved in a pending criminal action or civil proposed debarment or exclusion related to any federal or state healthcare program, Physician shall immediately notify SBHCD administration and SBHCD shall then have the right to terminate this Agreement.

XII. GENERAL PROVISIONS

- 12.1 **Assignment.** Physician may not assign or subcontract any portion of this Agreement without the prior written consent of SBHCD.
- 12.2 **Applicable Law.** This Agreement shall be governed by and construed in force and in accordance with the laws of the State of California. Venue is San Benito County, California.
- 12.3 **Tax Consequences.** The payments made to Physician under this Agreement, as compensation or reimbursement, have tax consequences for Physician. SBHCD makes no representation or warranties regarding said tax consequences. Physician is solely and exclusively responsible for ascertaining the tax consequences and for meeting his obligations under all applicable law and regulations. In no event shall SBHCD be responsible for any taxes owed by Physician because of said payments.
- 12.4 **Notices.** Service of all notices under this Agreement shall be sufficient if hand-delivered, mailed to the Party involved at its respective address set forth in this Agreement, by certified or registered mail, return receipt requested, or sent by nationally recognized overnight courier service, addressed to the appropriate Party as follows:

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

PHYSICIAN: Robert J. MacArthur, M.D.
114 Cadence
Irvine, CA 92618

- 12.5 **Waiver of Provisions.** Any waiver of any terms and conditions of this Agreement must be in writing and signed by the Parties to this Agreement. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions of this Agreement or a continuing waiver of the terms and conditions waived.
- 12.6 **Cumulative of Remedies.** The various rights, options, elections, powers, and remedies of the respective Parties hereto contained in, granted, or reserved by this Agreement, are in addition to any others that said Parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any of the others, or of any right or priority allowed by law.
- 12.7 **No Third Party Rights.** This Agreement is made solely for the benefit of the Parties and their respective and permitted assigns. Nothing in this Agreement shall confer any rights or remedies on any persons other than the Parties to it.
- 12.8 **Partial Invalidity.** If a lawful forum finds any part of this Agreement invalid or unenforceable, such finding shall not invalidate the remaining provisions, unless such invalidity or unenforceability would defeat an essential business purpose of this Agreement.
- 12.9 **Survival.** Except as otherwise expressly provided in this Agreement, all covenants, agreements, representations, and warranties, express and implied, that, by their nature are continuing, shall survive termination of this Agreement, and remain in effect and binding upon the Parties until they have fulfilled such obligations under this Agreement.
- 12.10 **Entire Agreement/Amendment.** This Agreement, with attachments, constitutes the entire agreement between the Parties with regard to the subject matter and supersedes all previous agreements, representations, and understandings between or among the Parties with regard to the subject matter of this Agreement. This Agreement may only be amended by mutual agreement of the Parties, with such amendment in writing and signed by both Parties. This Agreement cannot be orally amended.

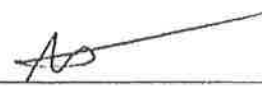
The Parties have executed this Agreement as of the Effective Date first set forth above.

SBHCD
San Benito Health Care District

PHYSICIAN
Robert J. MacArthur, M.D.

By: 

Steven M. Hannah, CEO



Robert J. MacArthur, M.D.

Date: 10/3/22

Date: 10/3/22

EXHIBIT A

Hours of Operation/Performance Parameters/Coverage

Services. Physician is contracted to perform the usual and typical professional medical activities of a board-certified orthopedic surgeon. Physician will provide orthopedic care services, which shall include hospital care for Physician's patients, surgical assist, rounds and consults for orthopedic patients, emergency room coverage and outpatient clinic-based professional services.

Coverage Hours. The coverage hours for the Hospital and operating room are: ***Call Coverage begins at 7am and ends at 6:59 am the next morning.***

SBHCD, in its sole and absolute discretion, shall determine and set reasonable hours of operation for the Clinics and operating room. Notwithstanding the foregoing, SBHCD may consult with physicians providing orthopedic services, including Physician.

Schedule. Notwithstanding anything to the contrary in the Agreement, SBHCD shall engage Physician for shifts on an as-needed basis per month.

Effective December 1, 2022, Physician shall be available for shifts as specified in Section 1.1 of this Agreement.

Shift Options. Based on the foregoing, Physician's shifts for providing Specialty Services may consist of:

- (1) a 24-hour shift during which Physician is on-call for emergency services, and at the same time Physician is also on scheduled to provide coverage in the clinic and operating room services;
- (2) a 24-hour shift when Physician is on-call for emergency services and not providing coverage in the clinic; or
- (3) a shift where Physician is only providing coverage in the clinic and operating room services.

EXHIBIT B

COMPENSATION, HOUSING, EXPENSE REIMBURSEMENT

1. Shift Coverage Fee: As compensation for the provision of Specialty Services under this Agreement, SBHCD shall pay Physician the applicable Shift Coverage Fee outlined below on a monthly basis in accordance with normal SBHCD contract payment processes.
 - a. Shift Coverage Fee. Any combination of clinic/Operating Room (OR)/24-hour On-call shift coverage: **\$2,500/day**.
2. No Separate ED On-Call Reimbursement. There will be no additional compensation to Physician for ED On-Call Services. Accordingly, Physician will not be eligible to receive separate on-call stipend payments.
3. Housing. SBHCD will provide Physician with local housing accommodations while Physician is providing Specialty Services under this Agreement beginning with arrival/check-in the day before the start of the Shift, and end on the last day of Shift.
4. Expense Reimbursement. SBHCD will reimburse Physician for: (1) round-trip mileage at the standard Internal Revenue Service rate, between Physician's home/office and SBHCD, for use of Physician's personal vehicle, (2) standard rental car expenses, (3) round-trip coach flight expenses, and (4) for Physician provision of professional liability coverage as outlined in Section 1.3, SBHCD will reimburse Physician Seventy Dollars (\$70.00) per coverage shift under the normal monthly SBHCD payment process. Physician shall submit an itemized invoice within ten (10) days of the conclusion of each month for expenses from the prior month.



Board of Directors Contract Review Worksheet

Agreements for Professional Services with Piyush K. Dhanuka, M.D. (DOCS Medical Group, Inc.), B. Nicholas Namihas, M.D., Inc. and Prathibha Chandrasekaran, M.D.

Executive Summary: To expand onsite Gastroenterology coverage for the community, Drs. Dhanuka, Namihas & Chandrasekaran will partner to provide emergency call and up to three (3) days per week of clinic coverage beginning December 1, 2022.

Recommended Board Motion: It is recommended the hospital Board approve Agreements for Professional Services with DOCS Medical Group, Inc., B. Nicholas Namihas, M.D., Inc. and Prathibha Chandrasekaran, M.D. at a rate of \$3,000 per 24-hour shift.

Services Provided: Gastroenterology clinic (up to three (3) days per week) & emergency call coverage x 52 weeks per year. If Group shall provide less than twenty-four (24) hour coverage during any shift, SBHCD shall compensate Group on a pro-rated basis for coverage provided.

Combined Agreement Terms:

Contract Term	Effective Date	FMV %ile	Base Monthly Cost	Estimated Annual Cost Up To	Term clause
3 years	12/1/2022	75th	\$65,000 + travel (flight/rental car)	\$780,000 + travel (flight/rental car)	60 days

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

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is made, entered into and effective as of **December 1, 2022** (“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 **DOCS Medical Group, Inc.**, a California professional medical corporation (“Group”).

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. Group is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital and is experienced and qualified to provide gastroenterology services (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a group 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 Group 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 Group in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

1. DUTIES AND OBLIGATIONS OF GROUP

- 1.1 Medical Services. Group shall provide professional health care services in Group’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. Group shall cooperate to enable Clinic’s and Hospital’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Group 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 Group. Group 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, Group 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, Group 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 Group, and (ii) documents necessary for the credentialing of Group.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Group as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Group shall provide appropriate and necessary documentation for each patient’s medical record for all patient encounters in the Clinic and Hospital in compliance with the hospital’s and clinics’ policies and procedures.
- 1.7 Coding. Group shall properly code all professional services rendered to patients. Group’s coding shall be used for purposes of billing for Services provided by Group. 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. Group 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. Group 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. Group shall cooperate with SBHCD and shall use his/her best efforts to furnish appropriate documentation of patient care services provided by Group to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 Assignment of Professional Service Revenues. Group 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 Group at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Group’s services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

4. COMPENSATION FOR SERVICES BY GROUP

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

5. TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of three (3) years, unless terminated earlier as provided in this Agreement, and shall renew for successive one (1) year periods upon mutual agreement. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon sixty (60) days' prior written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.
- 5.2 Termination for Cause. Either party shall have the right to terminate the Agreement for cause upon not less than thirty (30) days written notice; provided, however, that in the case of (i) Sections 5.3.1, 5.3.4, and 5.3.5, no additional notice beyond that specified therein shall be required, (ii) Section 5.3.6, no notice shall be required and this Agreement will terminate effective as of the date of such exclusion, suspension, debarment from, or ineligibility for, any federal or state health care program, and/or of such conviction of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program, (iii) Section 5.3.7 this Agreement will terminate immediately upon written notice from SBHCD, and (iv) insolvency or bankruptcy described in Section 5.3.2, as of the date of such insolvency or declaration of bankruptcy, as applicable).
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD or Group 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 Group becomes insolvent or declares bankruptcy.
 - 5.3.3 The license to practice medicine or to prescribe controlled substances of Group is revoked or suspended.
 - 5.3.4 SBHCD fails to carry or reinstate the insurance required in Article 8 of this Agreement or such coverage is cancelled or revoked within ten (10) days following notice of revocation from its insurance carrier.
 - 5.3.5 Upon the determination that Group has violated a material term of Article 9 of this Agreement.
 - 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.

5.3.7 The loss of or reduction in Physician's medical staff privileges at any hospital where Physician provides professional health care services, whether voluntary or involuntary.

5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Group'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. Group 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 Group performs work and functions, except that Group shall perform at all times in strict accordance with then currently approved methods and practices of Group's professional specialty. SBHCD's sole interest is to ensure that Group 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 Group pursuant to the terms and conditions of this Agreement shall be construed to make or render Group, the agent or employee of SBHCD or Hospital. Group 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 Group (for Group's Physician(s) and Physicians' 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 Group for Services provided by Group 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. Group 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, Group agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Group pursuant to this Agreement, in accordance with the requirements of HIPAA. Group agrees that Group 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 Group 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 Group provides PHI agree to the same restrictions and conditions that apply to Group 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 Group’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 Group’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”). Group agrees that Group will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Group creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Group becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Group 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
- Group: DOCS Medical Group Inc.
1825 Sonoma Street
Redding, CA 96001
- 10.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.

- 10.4 Ownership of Patient Records. All Clinic and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Group 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 Group or otherwise coming into Group'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 Group's duties hereunder, Group 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. Group agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Group in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Group understands breach of this article will be an irreparable 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), Group agrees that the books and records of Group 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 Group at a value or cost of \$10,000 or more over a twelve (12) month period, Group 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

Group
DOCS Medical Group, Inc.

By: _____
Mary T. Casillas, Chief Operating Officer Piyush K. Dhanuka, M.D., Chief Executive Officer

Date: _____

Date: _____

EXHIBIT A

GROUP SERVICES AND COMPENSATION

- A.1 **Further Description of Medical Services.** Group shall provide professional medical services in Group'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.** Group shall provide Services in the Clinic and Hospital beginning on the Effective Date. Group 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 Group and other physicians cannot agree on such a schedule, SBHCD shall determine the schedule.
- A.1.2 **Specialty Services.** Group shall provide the following **Gastroenterology** Services:
- Management of Group'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 Group is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Group 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 8:00 a.m. to 5:00 p.m. Group 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 Group specializing in Gastroenterology.
- A.2 **Schedule.** Group shall provide Medical Services to SBHCD patients five (5) days per week, every Friday through Wednesday, fifty-two (52) 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.** Group 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 Group 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.** Gastroenterology Call Panel on a schedule of five (5) days per week, Friday through Wednesday, for an annual total of two hundred sixty (260) days per contract year. Hospital Call Coverage begins at 7:00am and ends at 6:59am the next morning.
- A.3.2 **Hospital Call Days Included in Base Compensation.** Compensation amounts include provision of two hundred sixty (260) days of Hospital Call coverage per contract year.
- A.3.3 **Excess Hospital Call Days.** If Group provides Hospital Call coverage in excess of two hundred sixty (260) days per contract year (“Excess Hospital Call Days”), Group shall be compensated at the rate of One Thousand Dollars (\$1,000.00) per day.
- A.3.4 **Payment for Excess Hospital Call Days.** The number of days Group provides Hospital Call coverage shall be reported to SBHCD. Payment of any Excess Hospital Call days due to Group will be made in accordance with the normal SBHCD payment process.
- A.4 **Compensation.**
- A.4.1 **Compensation Methodology Compliance.** In order to maintain continuity in the Compensation Methodology under this Agreement and to ensure commercial reasonableness and fair market value compensation to Group for Services provided under this Agreement in compliance with Stark Law and Anti-Kickback regulations, SBHCD and Group agree that SBHCD retains the right to continue, for the term of this Agreement, application of the compensation formula in this Agreement.
- A.4.2 **Compensation.** Group’s Compensation, which includes professional services, supervision, and Hospital Call activities (“Compensation”), shall be paid on a monthly basis on SBHCD’s standard payment cycle for similar agreements and shall be in the amount of Three Thousand Dollars and No Cents (\$3,000.00) per 24-hour shift. If Group shall provide less than twenty-four (24) hour coverage during any shift, SBHCD shall compensate Group on a pro-rated basis for coverage provided.
- A.4.3 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Group any amounts due to Group within forty-five (45) days after the termination of this Agreement.
- A.4.4 **Agreement Includes All Compensation from SBHCD.** Incorporated into compensation under the Agreement, unless specifically excluded, are all the Group’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 Group and SBHCD shall be independently compensated to Group by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.4.5 **Housing.** SBHCD will provide Group with local housing accommodations while Group is providing Services under this Agreement.
- A.4.6 **Expenses.** SBHCD will reimburse Group for: (a) round-trip mileage (payable at the current standard Internal Revenue Service rate) from/to Group’s practice location to/from Hospital, or (b) standard rental car and flight expenses.
- A.5 **Services and Activities in Support of SBHCD.** SBHCD and Group acknowledge and agree that certain services and activities may be required of Group in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Group 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, Group shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Group for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.

- A.6 **Practice Guidelines/Best Quality Practices.** Group shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be evidenced based, and include at minimum the following:
- A.6.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
 - A.6.2 Timely completion of all incomplete inpatient records, including completion of all admission and discharge medication reconciliation.
Goal: As specified by Medical staff rules and regulations or hospital policy.
 - A.6.3 Completion of all office visit notes within seven (7) days of visit.
 - A.6.4 Timely signing of orders.
Goal: As specified by Medical staff rules and regulations or hospital policy.
 - A.6.5 Timely discharges summaries.
Goal: As specified by Medical staff rules and regulations or hospital policy.
 - A.6.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
 - A.6.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
 - A.6.8 Timely arrival at Hospital for scheduled procedures and Clinic for scheduled patient visits.

DOCTOR: _____

FOR THE MONTH OF: _____

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

Instructions:

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

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

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

Signature: _____ Date: _____