



Hazel Hawkins
MEMORIAL HOSPITAL

**FINANCE COMMITTEE
SAN BENITO HEALTH CARE DISTRICT
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA
THURSDAY, JUNE 15, 2023 - 4:30 P.M.
SUPPORT SERVICES BUILDING, 2ND FLOOR – GREAT ROOM**

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

1. Call to Order
2. Approve Minutes of the Finance Committee Meeting of May 18, 2023
 - Motion/Second
3. Review Financial Updates
 - Financial Statements – May 2023
 - Finance Dashboard – May 2023
4. Consider Recommendation for Board Approval of Sun Life Stop Loss Coverage Quote
 - Report
 - Committee Questions
 - Motion/Second
5. Consider Recommendation for Board Approval of Cepheid Reagent Molecular Analyzer Rental Agreement
 - Report
 - Committee Questions
 - Motion/Second
6. Consider Recommendation for Board Approval of Coastal Women’s Care, Inc. Professional Services Agreement and Margaret V. Cooper Vaughn, M.D. Physician Recruitment Agreement
 - Report
 - Committee Questions
 - Motion/Second
7. Consider Recommendation for Board Approval of Jiwu Sun, M.D. Medical Director of Employee Health Services Agreement
 - Report
 - Committee Questions
 - Motion/Second



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MEMORIAL HOSPITAL

8. Public Comment

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

9. Adjournment

The next Finance Committee meeting is scheduled for **Thursday, July 20, 2023 at 4:30 p.m.**

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

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



June 15, 2023

CFO Financial Summary for the Finance Committee:

For the month ending May 31, 2023, the District's Net Surplus **(Loss)** is \$69,920 compared to a budgeted Surplus **(Loss)** of \$338,852. The District is under budget for the month by \$268,932.

YTD as of May 31, 2023, the District's Net Surplus **(Loss)** is \$2,034,914 compared to a budgeted Surplus **(Loss)** of \$6,345,776. The District is under budget YTD by \$4,310,862.

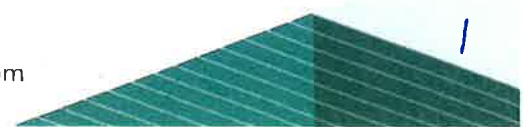
Acute discharges were 152 for the month, under budget by 16 discharges or 10%. The ADC was 14.77 compared to a budget of 18.87. The ALOS was 3.01. The acute I/P gross revenue was under budget by **\$1.5 million** while O/P services gross revenue was **\$4.38 million** or 22% over budget. ER I/P visits were 128 and ER O/P visits were over budget by 385 visits or 23%. The RHCs & Specialty Clinics treated 4,063 (includes 706 visits at the Diabetes Clinic) and 2,735 visits respectively.

Other Operating revenue exceeded budget by **\$433,636** due mainly to the District recognizing \$407,030 in funding from the American Rescue Plan ARP.

Operating Expenses were over budget by **\$165,474** due mainly to variances in: Salary and Wages being under budget by \$254,055, Registry under budget by \$213,135 with the savings being offset by Employee Benefits over budget by \$116,382. In addition, Professional Fees exceed budget by \$426,397 due to legal fees associated with the Chapter 9 filing.

Non-operating Revenue was under budget by **\$318,679** due to the loss-on-sale of the 190 Maple street property of \$446,794 which was somewhat offset by donations exceeding budget by \$141,347.

The SNFs ADC was **94.06** for the month. The Net Surplus **(Loss)** is **\$599,572** compared to a budget of \$66,719. Effective August 1, 2022, the SNF received a Medi-Cal per diem increase of **\$79.44** per day through June 30, 2023. YTD, the SNF is exceeding its budget by \$4.3 million. However, the 10% COVID premium of **\$56.96** will expire on June 30, 2023. The ADC is budgeted to be 88 residents each month for the year.



HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 05/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,195,325	3,998,990	(803,665)	(20)	4,160,682	44,195,923	48,216,991	(4,021,069)	(8)	45,450,016
SNF ROUTINE REVENUE	2,188,650	2,045,999	142,651	7	2,082,100	22,612,450	22,109,993	502,457	2	19,193,860
ANCILLARY INPATIENT REVENUE	4,637,727	5,107,392	(469,665)	(9)	5,211,663	53,116,669	61,275,108	(8,158,439)	(13)	57,803,319
HOSPITALIST\PEDS I\P REVENUE	156,152	202,419	(46,267)	(23)	196,081	1,914,016	2,440,463	(526,448)	(22)	2,285,894
TOTAL GROSS INPATIENT REVENUE	10,177,854	11,354,800	(1,176,947)	(10)	11,650,526	121,839,057	134,042,555	(12,203,498)	(9)	124,733,089
ANCILLARY OUTPATIENT REVENUE	24,430,625	20,034,983	4,395,642	22	20,650,031	255,462,804	234,285,131	21,177,673	9	220,696,912
HOSPITALIST\PEDS O\P REVENUE	33,678	53,480	(19,802)	(37)	48,230	600,997	657,718	(56,721)	(9)	612,331
TOTAL GROSS OUTPATIENT REVENUE	24,464,303	20,088,463	4,375,840	22	20,698,260	256,063,801	234,942,849	21,120,952	9	221,309,243
TOTAL GROSS PATIENT REVENUE	34,642,156	31,443,263	3,198,893	10	32,348,786	377,902,858	368,985,404	8,917,454	2	346,042,332
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	9,383,541	7,635,215	1,748,326	23	8,274,482	108,817,710	89,995,603	18,822,107	21	86,242,750
MEDI-CAL CONTRACTUAL ALLOWANCES	8,773,762	7,491,969	1,281,793	17	7,590,344	94,735,145	88,259,547	6,475,598	7	84,331,767
BAD DEBT EXPENSE	216,052	300,819	(84,767)	(28)	367,283	4,036,775	3,551,548	485,227	14	3,482,553
CHARITY CARE	11,201	68,633	(57,432)	(84)	80,505	385,336	810,298	(424,962)	(52)	833,140
OTHER CONTRACTUALS AND ADJUSTMENTS	4,442,064	3,709,289	732,775	20	3,744,866	40,885,395	43,695,721	(2,810,326)	(6)	41,656,279
HOSPITALIST\PEDS CONTRACTUAL ALLOW	(26,752)	8,225	(34,977)	(425)	(2,322)	7,472	97,101	(89,630)	(92)	80,658
TOTAL DEDUCTIONS FROM REVENUE	22,799,867	19,214,150	3,585,717	19	20,055,158	248,867,832	226,409,818	22,458,014	10	216,627,148
NET PATIENT REVENUE	11,842,289	12,229,113	(386,824)	(3)	12,293,628	129,035,026	142,575,586	(13,540,560)	(10)	129,415,184
OTHER OPERATING REVENUE	1,022,600	588,964	433,636	74	531,966	13,890,957	6,373,604	7,517,353	118	6,993,718
NET OPERATING REVENUE	12,864,889	12,818,077	46,812	0	12,825,594	142,925,983	148,949,190	(6,023,207)	(4)	136,408,902
OPERATING EXPENSES:										
SALARIES & WAGES	4,645,574	4,981,708	(336,134)	(7)	4,925,882	52,365,060	57,839,191	(5,474,131)	(10)	51,936,280
REGISTRY	119,386	307,500	(188,114)	(61)	587,825	4,068,588	3,397,500	671,088	20	4,948,217
EMPLOYEE BENEFITS	2,693,456	2,658,539	34,917	1	2,834,274	31,666,547	30,798,856	867,691	3	28,280,992
PROFESSIONAL FEES	2,077,995	1,651,706	426,289	26	1,448,995	18,775,132	17,849,081	926,051	5	15,828,394
SUPPLIES	1,182,094	1,178,902	3,192	0	1,111,556	13,370,621	14,349,673	(979,052)	(7)	12,751,750
PURCHASED SERVICES	1,178,047	1,109,631	68,416	6	1,301,108	13,493,893	11,991,172	1,502,721	13	11,426,031
RENTAL	144,518	150,188	(5,670)	(4)	155,871	1,675,220	1,651,909	23,311	1	1,626,964
DEPRECIATION & AMORT	311,366	330,001	(18,635)	(6)	316,742	3,576,208	3,612,006	(35,798)	(1)	3,433,471
INTEREST	30,959	3,750	27,209	726	17,272	274,157	41,250	232,907	565	44,470
OTHER	357,865	372,270	(14,405)	(4)	373,484	4,717,128	4,084,006	633,122	16	3,826,310
TOTAL EXPENSES	12,741,260	12,744,195	(2,935)	0	13,073,010	143,982,554	145,614,644	(1,632,090)	(1)	134,102,879
NET OPERATING INCOME (LOSS)	123,629	73,882	49,747	67	(247,416)	(1,056,571)	3,334,546	(4,391,117)	(132)	2,306,023

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 05/31/23

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	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	146,347	5,000	141,347	2,827	6,959	664,203	160,000	504,203	315	153,939
PROPERTY TAX REVENUE	195,915	194,511	1,404	1	185,249	2,155,065	2,139,621	15,444	1	2,037,739
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	1,814,606	1,814,604	2	0	1,760,996
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(792,523)	(792,528)	6	0	(825,996)
OTHER NON-OPER REVENUE	(435,126)	7,866	(442,992)	(5,632)	66,640	(298,782)	86,526	(385,308)	(445)	163,191
OTHER NON-OPER EXPENSE	(53,761)	(35,323)	(18,438)	52	(39,661)	(454,463)	(396,993)	(57,470)	15	(467,733)
INVESTMENT INCOME	0	0	0	0	0	3,379	0	3,379		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	(53,709)	264,970	(318,679)	(120)	304,188	3,091,485	3,011,230	80,255	3	2,810,823
NET SURPLUS (LOSS)	69,920	338,852	(268,932)	(79)	56,772	2,034,914	6,345,776	(4,310,862)	(68)	5,116,846
EBIDA	\$ 342,131	\$ 611,260	\$ (269,129)	(44.02)%	\$ 328,175	\$ 5,043,502	\$ 9,332,699	\$ (4,289,197)	(45.95)%	\$ 8,083,050
EBIDA MARGIN	2.66%	4.77%	(2.11)%	(44.23)%	2.56%	3.53%	6.27%	(2.74)%	(43.68)%	5.93%
OPERATING MARGIN	0.96%	0.58%	0.38%	66.70%	(1.93)%	(0.74)%	2.24%	(2.98)%	(133.01)%	1.69%
NET SURPLUS (LOSS) MARGIN	0.54%	2.64%	(2.10)%	(79.44)%	0.44%	1.42%	4.26%	(2.84)%	(66.58)%	3.75%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
HOLLISTER, CA 95023
FOR PERIOD 05/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,195,325	3,998,990	(803,665)	(20)	4,160,682	44,195,923	48,216,991	(4,021,069)	(8)	45,450,016
ANCILLARY INPATIENT REVENUE	4,225,489	4,866,992	(641,503)	(13)	5,004,939	48,747,312	58,677,262	(9,929,950)	(17)	55,245,132
HOSPITALIST I\P REVENUE	156,152	202,419	(46,267)	(23)	196,081	1,914,016	2,440,463	(526,448)	(22)	2,285,894
TOTAL GROSS INPATIENT REVENUE	7,576,966	9,068,401	(1,491,435)	(16)	9,361,702	94,857,250	109,334,716	(14,477,466)	(13)	102,981,042
ANCILLARY OUTPATIENT REVENUE	24,430,625	20,034,983	4,395,642	22	20,650,031	255,462,804	234,285,131	21,177,673	9	220,696,912
HOSPITALIST O\P REVENUE	33,678	53,480	(19,802)	(37)	48,230	600,997	657,718	(56,721)	(9)	612,331
TOTAL GROSS OUTPATIENT REVENUE	24,464,303	20,088,463	4,375,840	22	20,698,260	256,063,801	234,942,849	21,120,952	9	221,309,243
TOTAL GROSS ACUTE PATIENT REVENUE	32,041,269	29,156,864	2,884,405	10	30,059,963	350,921,051	344,277,565	6,643,486	2	324,290,284
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	9,139,291	7,463,751	1,675,540	22	8,084,351	106,124,203	88,142,689	17,981,514	20	84,535,127
MEDI-CAL CONTRACTUAL ALLOWANCES	8,727,736	7,333,327	1,394,409	19	7,428,353	95,456,312	86,545,191	8,911,121	10	83,438,491
BAD DEBT EXPENSE	254,769	300,819	(46,050)	(15)	315,120	3,978,137	3,551,548	426,589	12	3,350,348
CHARITY CARE	9,244	68,633	(59,389)	(87)	59,543	376,229	810,298	(434,069)	(54)	704,432
OTHER CONTRACTUALS AND ADJUSTMENTS	4,367,740	3,663,561	704,179	19	3,736,108	40,102,393	43,201,567	(3,099,174)	(7)	41,294,489
HOSPITALIST\PEDS CONTRACTUAL ALLOW	(26,752)	8,225	(34,977)	(425)	(2,322)	7,472	97,101	(89,630)	(92)	80,658
TOTAL ACUTE DEDUCTIONS FROM REVENUE	22,472,028	18,838,316	3,633,712	19	19,621,152	246,044,745	222,348,394	23,696,351	11	213,403,545
NET ACUTE PATIENT REVENUE	9,569,240	10,318,548	(749,308)	(7)	10,438,810	104,876,306	121,929,171	(17,052,865)	(14)	110,886,739
OTHER OPERATING REVENUE	1,022,600	588,964	433,636	74	531,966	13,890,957	6,373,604	7,517,353	118	6,993,718
NET ACUTE OPERATING REVENUE	10,591,840	10,907,512	(315,672)	(3)	10,970,777	118,767,263	128,302,775	(9,535,512)	(7)	117,880,457
OPERATING EXPENSES:										
SALARIES & WAGES	3,745,378	3,999,433	(254,055)	(6)	3,999,768	42,381,249	47,224,325	(4,843,076)	(10)	42,219,635
REGISTRY	86,865	300,000	(213,135)	(71)	570,158	3,782,621	3,300,000	482,621	15	4,826,449
EMPLOYEE BENEFITS	2,183,198	2,066,816	116,382	6	2,209,702	24,941,853	24,404,421	537,432	2	22,232,235
PROFESSIONAL FEES	2,075,785	1,649,388	426,397	26	1,446,865	18,750,312	17,824,029	926,283	5	15,805,536
SUPPLIES	1,090,121	1,057,926	32,195	3	1,014,392	12,407,271	13,064,573	(657,302)	(5)	11,784,521
PURCHASED SERVICES	1,100,073	1,044,660	55,413	5	1,198,507	12,435,211	11,289,055	1,146,156	10	10,670,770
RENTAL	143,762	149,373	(5,611)	(4)	155,668	1,664,945	1,643,103	21,842	1	1,614,532
DEPRECIATION & AMORT	271,880	284,998	(13,118)	(5)	274,754	3,142,142	3,134,978	7,164	0	2,992,071
INTEREST	30,959	3,750	27,209	726	17,272	274,157	41,250	232,907	565	44,470
OTHER	317,665	323,866	(6,201)	(2)	329,290	4,124,080	3,560,847	563,233	16	3,383,951
TOTAL EXPENSES	11,045,684	10,880,210	165,474	2	11,216,377	123,903,840	125,486,581	(1,582,741)	(1)	115,574,168
NET OPERATING INCOME (LOSS)	(453,844)	27,302	(481,146)	(1,762)	(245,601)	(5,136,576)	2,816,194	(7,952,770)	(282)	2,306,289

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 05/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	146,347	5,000	141,347	2,827	6,959	664,203	160,000	504,203	315	153,939
PROPERTY TAX REVENUE	166,528	167,085	(557)	0	159,183	1,831,808	1,837,935	(6,127)	0	1,751,013
GO BOND PROF TAXES	164,964	164,964	0	0	160,091	1,814,606	1,814,604	2	0	1,760,996
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(792,523)	(792,528)	6	0	(825,996)
OTHER NON-OPER REVENUE	(435,126)	7,866	(442,992)	(5,632)	66,640	(298,782)	86,526	(385,308)	(445)	163,191
OTHER NON-OPER EXPENSE	(46,474)	(28,035)	(18,439)	66	(31,318)	(365,859)	(308,385)	(57,474)	19	(365,925)
INVESTMENT INCOME	0	0	0	0	0	3,379	0	3,379		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	(75,808)	244,832	(320,640)	(131)	286,464	2,856,833	2,798,152	58,681	2	2,625,905
NET SURPLUS (LOSS)	(529,652)	272,134	(801,786)	(295)	40,864	(2,279,744)	5,614,346	(7,894,090)	(141)	4,932,193
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HAZEL HAWKINS SKILLED NURSING FACILITIES
 HOLLISTER, CA
 FOR PERIOD 05/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22	ACTUAL 05/31/23	BUDGET 05/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 05/31/22
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,188,650	2,045,999	142,651	7	2,082,100	22,612,450	22,109,993	502,457	2	19,193,860
ANCILLARY SNF REVENUE	412,238	240,400	171,838	72	206,724	4,369,357	2,597,846	1,771,511	68	2,558,188
TOTAL GROSS SNF PATIENT REVENUE	<u>2,600,888</u>	<u>2,286,399</u>	<u>314,489</u>	<u>14</u>	<u>2,288,824</u>	<u>26,981,807</u>	<u>24,707,839</u>	<u>2,273,968</u>	<u>9</u>	<u>21,752,048</u>
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	244,250	171,464	72,786	42	190,132	2,693,507	1,852,914	840,593	45	1,707,623
MEDI-CAL CONTRACTUAL ALLOWANCES	46,026	158,642	(112,616)	(71)	161,991	(721,166)	1,714,356	(2,435,522)	(142)	893,277
BAD DEBT EXPENSE	(38,717)	0	(38,717)		52,163	58,638	0	58,638		132,205
CHARITY CARE	1,957	0	1,957		20,963	9,107	0	9,107		128,708
OTHER CONTRACTUALS AND ADJUSTMENTS	74,324	45,728	28,596	63	8,758	783,002	494,154	288,848	59	361,789
TOTAL SNF DEDUCTIONS FROM REVENUE	<u>327,839</u>	<u>375,834</u>	<u>(47,995)</u>	<u>(13)</u>	<u>434,006</u>	<u>2,823,087</u>	<u>4,061,424</u>	<u>(1,238,337)</u>	<u>(31)</u>	<u>3,223,602</u>
NET SNF PATIENT REVENUE	<u>2,273,049</u>	<u>1,910,565</u>	<u>362,484</u>	<u>19</u>	<u>1,854,818</u>	<u>24,158,720</u>	<u>20,646,415</u>	<u>3,512,305</u>	<u>17</u>	<u>18,528,445</u>
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	<u>2,273,049</u>	<u>1,910,565</u>	<u>362,484</u>	<u>19</u>	<u>1,854,818</u>	<u>24,158,720</u>	<u>20,646,415</u>	<u>3,512,305</u>	<u>17</u>	<u>18,528,445</u>
OPERATING EXPENSES:										
SALARIES & WAGES	900,196	982,275	(82,079)	(8)	926,114	9,983,811	10,614,866	(631,055)	(6)	9,716,646
REGISTRY	32,522	7,500	25,022	334	17,667	282,047	97,500	184,547	189	121,768
EMPLOYEE BENEFITS	510,258	591,723	(81,465)	(14)	624,572	6,724,695	6,394,435	330,260	5	6,048,758
PROFESSIONAL FEES	2,210	2,318	(108)	(5)	2,130	24,820	25,052	(232)	(1)	22,858
SUPPLIES	91,974	120,976	(29,002)	(24)	97,164	963,350	1,285,100	(321,750)	(25)	967,229
PURCHASED SERVICES	77,974	64,971	13,003	20	102,601	1,058,682	702,117	356,565	51	755,258
RENTAL	756	814	(58)	(7)	204	10,275	8,795	1,480	17	12,421
DEPRECIATION	39,486	45,003	(5,517)	(12)	41,988	434,067	477,028	(42,962)	(9)	441,400
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	40,200	48,404	(8,204)	(17)	44,194	593,048	523,159	69,889	13	442,359
TOTAL EXPENSES	<u>1,695,576</u>	<u>1,863,984</u>	<u>(168,408)</u>	<u>(9)</u>	<u>1,856,633</u>	<u>20,074,794</u>	<u>20,128,052</u>	<u>(53,258)</u>	<u>0</u>	<u>18,528,697</u>
NET OPERATING INCOME (LOSS)	<u>577,473</u>	<u>46,581</u>	<u>530,892</u>	<u>1,140</u>	<u>(1,815)</u>	<u>4,083,925</u>	<u>518,363</u>	<u>3,565,562</u>	<u>688</u>	<u>(252)</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	323,257	301,686	21,571	7	286,726
OTHER NON-OPER EXPENSE	(7,288)	(7,288)	0	0	(8,343)	(88,605)	(88,608)	4	0	(101,808)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	<u>22,099</u>	<u>20,138</u>	<u>1,961</u>	<u>10</u>	<u>17,723</u>	<u>234,653</u>	<u>213,078</u>	<u>21,575</u>	<u>10</u>	<u>184,918</u>
NET SURPLUS (LOSS)	<u>599,572</u>	<u>66,719</u>	<u>532,853</u>	<u>799</u>	<u>15,908</u>	<u>4,318,578</u>	<u>731,441</u>	<u>3,587,137</u>	<u>490</u>	<u>184,666</u>

9

HAZEL HAWKINS MEMORIAL HOSPITAL
 HOLLISTER, CA
 For the month ended 05/31/23

	CURR MONTH 05/31/23	PRIOR MONTH 04/30/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/22
CURRENT ASSETS					
CASH & CASH EQUIVALENT	14,914,309	12,107,609	2,806,700	23	16,535,802
PATIENT ACCOUNTS RECEIVABLE	51,852,409	55,056,384	(3,203,975)	(6)	44,152,116
BAD DEBT ALLOWANCE	(4,776,783)	(4,831,579)	54,796	(1)	(3,803,633)
CONTRACTUAL RESERVES	(29,472,131)	(32,144,109)	2,671,978	(8)	(26,047,965)
OTHER RECEIVABLES	3,287,890	4,526,950	(1,239,060)	(27)	(644,556)
INVENTORIES	2,791,504	2,823,034	(31,531)	(1)	3,146,162
PREPAID EXPENSES	1,537,548	1,708,508	(170,960)	(10)	926,497
DUE TO\FROM THIRD PARTIES	1,888,442	3,066,207	(1,177,765)	(38)	2,237,806
TOTAL CURRENT ASSETS	42,023,188	42,313,005	(289,817)	(1)	36,502,230
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	6,809,148	5,681,114	1,128,034	20	4,293,140
TOTAL LIMITED USE ASSETS	6,809,148	5,681,114	1,128,034	20	4,293,140
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,237,474
BLDGS & BLDG IMPROVEMENTS	99,815,395	99,808,351	7,044	0	97,696,774
EQUIPMENT	43,291,546	43,118,104	173,443	0	41,559,465
CONSTRUCTION IN PROGRESS	1,273,511	3,236,491	(1,962,980)	(61)	4,281,519
CAPITALIZED INTEREST	11,980	9,002	2,979	33	2,728
GROSS PROPERTY, PLANT, AND EQUIPMENT	147,762,906	149,542,421	(1,779,514)	(1)	146,777,961
ACCUMULATED DEPRECIATION	(90,023,006)	(89,697,040)	(325,967)	0	(86,286,188)
NET PROPERTY, PLANT, AND EQUIPMENT	57,739,900	59,845,381	(2,105,481)	(4)	60,491,773
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	477,222	483,445	(6,223)	(1)	545,675
PENSION DEFERRED OUTFLOWS NET	3,797,637	3,797,637	0	0	3,797,637
TOTAL OTHER ASSETS	4,274,859	4,281,082	(6,223)	0	4,343,312
TOTAL UNRESTRICTED ASSETS	110,847,095	112,120,581	(1,273,487)	(1)	105,630,455
RESTRICTED ASSETS	125,142	125,088	53	0	124,099
TOTAL ASSETS	110,972,236	112,245,670	(1,273,434)	(1)	105,754,553

HAZEL HAWKINS MEMORIAL HOSPITAL
 HOLLISTER, CA
 For the month ended 05/31/23

	CURR MONTH 05/31/23	PRIOR MONTH 04/30/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/22
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	5,978,923	6,116,342	137,419	(2)	8,459,518
ACCRUED PAYROLL	2,007,874	1,498,451	(509,422)	34	2,290,604
ACCRUED PAYROLL TAXES	2,089,120	3,115,584	1,026,464	(33)	1,355,250
ACCRUED BENEFITS	6,000,874	6,213,120	212,246	(3)	5,252,353
ACCRUED PENSION (CURRENT)	4,774,369	4,474,346	(300,023)	7	1,580,407
OTHER ACCRUED EXPENSES	56,625	49,587	(7,038)	14	75,450
PATIENT REFUNDS PAYABLE	2,161	1,166	(996)	85	8,557
DUE TO\FROM THIRD PARTIES	4,701,750	5,556,724	854,974	(15)	4,992,143
OTHER CURRENT LIABILITIES	965,619	860,259	(105,360)	12	680,738
TOTAL CURRENT LIABILITIES	26,577,315	27,885,579	1,308,264	(5)	24,695,019
LONG-TERM DEBT					
LEASES PAYABLE	8,513,336	8,519,959	6,623	0	5,493,386
BONDS PAYABLE	35,927,881	35,956,402	28,520	0	37,661,602
TOTAL LONG TERM DEBT	44,441,218	44,476,361	35,143	0	43,154,988
OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	14,706,676	14,706,676	0	0	14,706,676
TOTAL OTHER LONG-TERM LIABILITIES	14,706,676	14,706,676	0	0	14,706,676
TOTAL LIABILITIES	85,725,209	87,068,616	1,343,407	(2)	82,556,683
NET ASSETS:					
UNRESTRICTED FUND BALANCE	23,048,772	23,048,772	0	0	23,048,772
RESTRICTED FUND BALANCE	165,142	165,088	(53)	0	149,099
NET REVENUE/(EXPENSES)	2,033,114	1,963,194	(69,920)	4	0
TOTAL NET ASSETS	25,247,028	25,177,054	(69,973)	0	23,197,871
TOTAL LIABILITIES AND NET ASSETS	110,972,236	112,245,670	1,273,434	(1)	105,754,553

Statement of Cash Flows
Hazel Hawkins Memorial Hospital
Hollister, CA
Eleven months ending May 31, 2023

	CASH FLOW		COMMENTS
	Current Month 5/31/2023	Current Year-To-Date 5/31/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$69,920	\$2,034,913	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	325,966	3,735,508	
(Increase)/Decrease in Net Patient Accounts Receivable	477,201	(3,302,977)	
(Increase)/Decrease in Other Receivables	1,239,060	(3,932,446)	
(Increase)/Decrease in Inventories	31,531	354,659	
(Increase)/Decrease in Pre-Paid Expenses	170,960	(611,051)	
(Increase)/Decrease in Due From Third Parties	1,177,765	349,364	
Increase/(Decrease) in Accounts Payable	(137,419)	(2,480,594)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(429,264)	4,392,859	
Increase/(Decrease) in Accrued Expenses	7,038	(18,828)	
Increase/(Decrease) in Patient Refunds Payable	996	(6,396)	
Increase/(Decrease) in Third Party Advances/Liabilities	(854,974)	(290,392)	
Increase/(Decrease) in Other Current Liabilities	105,360	284,883	Semi-Annual Interest - 2021 Insured Revenue Bonds
Net Cash Provided by Operating Activities:	2,114,220	(1,525,411)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	1,779,514	(984,941)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(1,128,034)	(2,516,008)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,223	68,453	Amortization
Net Cash Used by Investing Activities	657,703	(3,432,496)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Bond/Mortgage Debt	(6,623)	3,019,951	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Capital Lease Debt	(28,520)	(1,733,450)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(35,143)	1,286,501	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	15,000	
Net Increase/(Decrease) in Cash	2,806,700	(1,621,493)	
Cash, Beginning of Period	12,107,609	16,535,802	
Cash, End of Period	\$14,914,309	\$14,914,309	\$0

Cost per day to run the District

\$420,333

Operational Days Cash on Hand

35.48

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	18.87	14.77	17.70	21.05
Average Daily Census - SNF	88.00	94.06	89.79	88.00
Acute Length of Stay	3.48	3.01	2.99	3.36
ER Visits:				
Inpatient	137	128.00	1,559	1,642
Outpatient	1,714	2,099	21,463	19,859
Total	1,851	2,227	23,022	21,501
Days in Accounts Receivable	45.0	45.7	45.7	45.0
Productive Full-Time Equivalents	529.11	483.17	505.65	529.11
Net Patient Revenue	12,229,113	11,842,289	129,035,026	142,575,586
Payment-to-Charge Ratio	38.9%	34.2%	34.1%	38.6%
Medicare Traditional Payor Mix	28.96%	27.12%	30.12%	29.99%
Commercial Payor Mix	26.64%	25.27%	21.85%	24.61%
Bad Debt % of Gross Revenue	0.96%	0.60%	1.08%	0.96%
EBIDA	611,260	342,131	5,043,502	9,332,699
EBIDA %	4.77%	2.66%	3.53%	6.27%
Operating Margin	0.58%	0.96%	-0.74%	2.24%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	62.00%	57.97%	61.64%	61.79%
by Total Operating Expense	62.36%	58.54%	61.19%	63.20%
Bond Covenants:				
Debt Service Ratio	1.25	2.92	2.92	1.25
Current Ratio	1.50	1.58	1.58	1.50
Days Cash on hand	30.00	35.48	35.48	30.00
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	
Budgeted Gross Revenue	30,736,294	33,713,261	33,688,496	34,057,045	33,125,250	36,331,595	36,576,317	31,661,878	36,697,195	30,954,767	31,443,265	30,602,610	399,587,973	
Budgeted Bad Debt Expense	293,579	324,237	324,633	327,729	318,825	351,198	353,536	305,275	355,128	296,590	300,820	293,015	3,844,565	
BD Exp as a percent of Gross Revenue	0.96%	0.96%	0.96%	0.96%	0.96%	0.97%	0.97%	0.96%	0.97%	0.96%	0.96%	0.96%	0.96%	
Actual Gross Revenue	32,232,911	36,024,541	33,649,532	33,258,194	33,453,882	35,593,844	34,251,125	31,419,808	36,834,958	34,216,723	34,452,326	-	375,387,844	
Actual Bad Debt Expense	233,530	316,245	344,314	535,036	299,055	633,010	128,865	523,765	338,923	467,979	216,052	-	4,036,774	
BD Exp as a percent of Gross Revenue	0.72%	0.88%	1.02%	1.61%	0.89%	1.78%	0.38%	1.7%	0.9%	1.4%	0.6%	#DIV/0!	1.08%	
Budgeted YTD BD Exp	3,551,548	0.96%												
Actual YTD BD Exp	4,036,774	1.08%												
													YTD Charity Exp Budget	810,298
													YTD Charity Exp Actual	385,336
Amount under (over) budget	(485,226)	-0.11%											Amt under (over) budget	424,962
Prior Year percent of Gross Revenue	0.92%												Charity Exp % of Gross Rev	0.10%
Percent of Decrease (Inc) from Prior Year	-16.9%													

GROUP: San Benito Hospital District Health Plan (dba Hazel Hawkins Memorial Hospital)



EFFECTIVE DATE:	July 1, 2023		
SPECIFIC STOP LOSS CARRIER:	Current	Renewal 1	Option 2 (R1 - LAR, BEL)
Carrier Rating:	Swiss Re A+	Swiss Re A+	Sun Life A+
TPA:	Benefit & Risk Mgmt (BRMS)	Benefit & Risk Mgmt (BRMS)	Benefit & Risk Mgmt (BRMS)
PPO Network:	Anthem MCS w First Health Wrap for OOS	Anthem MCS w First Health Wrap for OOS	Anthem MCS w First Health Wrap for OOS
UR Vendor / CM Vendor:	BRMS Pre-Certification	BRMS Pre-Certification	BRMS Pre-Certification
PBM:	Magellan RX	Magellan RX	Magellan RX
Specific Benefits Included:	Medical & Rx	Medical & Rx	Medical & Rx
Plan Lifetime Maximum:	Unlimited	Unlimited	Unlimited
Specific Lifetime Maximum Reimbursement:	Unlimited	Unlimited	Unlimited
Individual Specific Deductible:	\$165,000	\$165,000	\$165,000
Specific Contract:	12/15/	12/15 Gapless	12/15/
Aggregating Specific:	\$305,000	\$305,000	\$305,000
Lasers	Contingent Laser: \$700k If the prescription Rx claims for increase to more than \$20k for a 30 day supply, a separate retention of \$700k will apply to this claimant's eligible expense before the policy would reimburse	Contingent Laser: \$700k If the prescription Rx claims for increase to more than \$20k for a 30 day supply, a separate retention of \$700k will apply to this claimant's eligible expense before the policy would reimburse	None
132 EE Only	\$133.02	\$154.55	\$119.01
392 Family	\$341.27	\$403.78	\$346.85
524 Composite	\$288.81	\$341.00	\$289.46
Monthly Specific Premium	\$151,336.48	\$178,682.36	\$151,676.21
Annual Specific Premium	\$1,816,037.76	\$2,144,188.32	\$1,820,114.50
% Difference		18.07%	0.22%
Annual Fixed Premium	\$1,816,037.76	\$2,144,188.32	\$1,820,114.50
% Difference		18.07%	0.22%
Maximum Cost Liability	\$2,121,037.76	\$2,449,188.32	\$2,125,114.50
Laser Liability	\$535,000	\$535,000	\$0
Max Cost Liability with Lasers & Fees	\$2,656,037.76	\$2,984,188.32	\$2,125,114.50
% Difference		12.35%	-19.99%
Specific Advance/Expedited Reimbursement	Included	Included	Included
Domestic Reimbursement	50%	50%	50%
No New Laser / Rate Cap	Not Included	Not Included	Not Included
Plan Mirroring	Included	Included-pending review of final SPD	Included-pending review of final SPD
Disclosure Status		Pending review of claims through 03/31/23	FIRM until 5/19/23

Sun Life Assurance Company of Canada

Application for Stop-Loss Insurance



1 Plan sponsor information

Full legal name of plan sponsor Hazel Hawkins Memorial Hospital	Policy number (office use only)	
Address 911 Sunset Drive	Policy effective date (mm/dd/yyyy) 07/01/2023	
City Hollister	State CA	Zip code 95023

2 Subsidiaries, affiliates, divisions, and locations

Please list all subsidiaries, affiliates, divisions, and locations to be covered under the Stop-Loss policy.

1. San Benito Healthcare

- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

3 Requested coverage

Please select the coverage(s) being applied for.

Specific Benefit

Specific Benefit Deductible \$ 165,000	<input checked="" type="checkbox"/> Individual	<input type="checkbox"/> Family
Aggregating Specific Deductible (if applicable) \$ 305,000		
Specific Benefit annual maximum eligible expenses per Covered Person \$	OR	<input checked="" type="checkbox"/> No maximum
Specific Benefit lifetime maximum eligible expenses per Covered Person \$	OR	<input checked="" type="checkbox"/> No maximum

4 Proposed benefits: rates, covered lives, and aggregate deductible factors

Specific Benefit enrollment:	Rate	Lives
Employee only	\$114.25	120
Employee and family	\$332.98	374
Total:		494

Specific Covered Benefits: Check all that apply.

- Medical Prescription Drug Plan

Rx Carve Out Claim Servicing:

- Elect Decline

Rx Carve Out Claim Servicing with FTP:

- Elect Decline

5 Claims basis

Contract basis		Specific Benefit	Aggregate Benefit
12/12	Incurred and paid	<input type="checkbox"/>	<input type="checkbox"/>
15/12	3 month run-in	<input type="checkbox"/>	<input type="checkbox"/>
18/12	6 month run-in	<input type="checkbox"/>	<input type="checkbox"/>
24/12	12 month run-in	<input type="checkbox"/>	<input type="checkbox"/>
12/15	3 month run-out	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12/18	6 month run-out	<input type="checkbox"/>	<input type="checkbox"/>
12/24	12 month run-out	<input type="checkbox"/>	<input type="checkbox"/>
Incurred		<input type="checkbox"/>	N/A
Paid		N/A	<input type="checkbox"/>
Other:		<input type="checkbox"/>	<input type="checkbox"/>
Terminal Liability Option:		<input type="checkbox"/>	<input type="checkbox"/>

3 months Other:

6 For employers that are providers of medical services (e.g. hospitals, clinics, etc.)

The Related Provider Reimbursement Percentage applied to Eligible Claims Expenses for Related Provider Services will be 50 % for the Specific Benefit and N/A % for the Aggregate Benefit.

7 Retiree information

1. Specific Benefit: Is retiree coverage included? Yes No
 2. Aggregate Benefit: Is retiree coverage included? Yes No

8 Additional benefits (Must be approved by underwriting)

The following benefits are available to enhance your Stop-Loss coverage.

- Clinical Trials Benefit Provision Elect Decline
 No New Special Conditions Rider at Renewal Elect Decline
 Experience Rated Refund Elect Decline

9 Certification and signature

Please return this form and all additional required documentation to Sun Life Assurance Company of Canada.


This application does not bind coverage. The applicant agrees to provide Sun Life Assurance Company of Canada with a current census of all plan participants, a disclosure of all special risks on the Special Risk Questionnaire and a complete Plan document prior to the effective date specified in section 1. Upon approval of this application, Sun Life Assurance Company of Canada will issue a Stop-Loss insurance policy with insurance coverage to become effective on the effective date. This application will be attached to and made a part of the Stop-Loss policy.

The policy will be void if the applicant makes a false statement in the application with actual intent to deceive or the false statement materially affects the acceptance of the risk assumed by Sun Life Assurance Company of Canada.

I have read or had read to me the completed application and understand that any false statements or misrepresentation made, may result in a loss of coverage under the Stop-Loss policy.

Name of authorized representative of plan sponsor	Title	
Signature of authorized representative X		Today's date
Signature of agent/broker X		
Print name of agent/broker		
Florida agent/broker license ID number		Amount paid with this application
Countersigned by licensed resident agent (when required by law) X		\$

Contact us

 **By mail**
Sun Life Assurance Company of Canada
P.O. Box 9106
Wellesley Hills, MA 02481

 **By fax**
781-304-5383

 www.sunlife.com/us

 **Customer Service 800-247-6875** M-F 8:00 a.m. – 8:00 p.m., ET



**CEPHEID SALES AGREEMENT
Cover Page**

Customer: Hazel Hawkins Memorial Hospital 911 Sunset Dr. Hollister, CA 955023 Bernadette Enderez (831) 637-5711		GPO; IDN; Cepheid-Authorized Distributor (if not listed, N/A): GPO: Vizient IDN: <N/A> Distributor: <N/A>	
Agreement: Effective Date: Initial Term: 36 months after Effective Date Sign by Date: 6/30/2023		Addenda (if not listed, N/A): Instruments and Members List Addendum	
For Cepheid Internal Use:			
Type:	RRA <input type="checkbox"/> Blended	SAP ID #: 1000000550	Cepheid Contract #:

This agreement is entered into as of the Effective Date by Customer, with its principal place of business address above, and Cepheid, with its principal place of business address at 904 Caribbean Drive, Sunnyvale, CA 94089, and consists of this Cover Page, the attached General Provisions, and any schedules, exhibits, addenda, and other documents attached hereto and/or incorporated by reference (collectively, this "Agreement"). Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in this Cover Page.

I. Supply Commitment: 120 Respiratory Tests (average per month; measured quarterly)

Cepheid agrees to provide Customer with the Supply Commitment. ("Respiratory Tests" means any Reagent Product which detects Flu A, Flu B, RSV, and/or SARS-CoV-2). If the Supply Commitment is not met during any quarter (after an initial one-month grace period), the Purchase Commitment for that year will be reduced proportionately (as Customer's exclusive remedy).

II. Purchase Commitment: \$187,476.00 Annual Reagent Product Spend

III. Reagent Products: Exhibit A attached

IV. PPI %: 5%

This Agreement shall not become effective unless Customer signs and returns an executed copy of this Agreement, along with any other documents specifically required by this Agreement (e.g., Customer's purchase order), to Cepheid on or before the "Sign by Date" specified above.

IN WITNESS WHEREOF, an authorized representative of each party has executed this Agreement.

CUSTOMER: _____
By _____ Name _____ Title _____ Date _____

CEPHEID: _____
By _____ Name _____ Title _____ Date _____



Cepheid General Provisions

1. **Purchase Commitment.** Customer agrees to purchase the annual Purchase Commitment. (For clarity, "Reagent Products," when used in this Agreement, means those listed in this Agreement). The Purchase Commitment will be measured and tracked quarterly. Cepheid will begin monitoring the Purchase Commitment after the first full calendar quarter. Thereafter, if Customer is not in compliance with the Purchase Commitment after any quarter, Customer shall make up the shortfall during the following quarter. If Customer does not, Cepheid may invoice Customer for a fee equal to the shortfall for the preceding quarter. If, after the end of a year, Customer is not in compliance with the Purchase Commitment, Cepheid may contact Customer to place an order for the shortfall ("Shortfall Order"). If Customer does not place the Shortfall Order within thirty (30) days thereafter, Cepheid may terminate this Agreement due to Customer's Default (defined below) and invoice Customer for the Termination Fee (defined below).
2. **Standard Terms.** The terms and conditions available on Cepheid's website (https://www.cepheid.com/en_US/support/order-management) on the Effective Date (the "Standard Terms") shall apply to this Agreement, and are hereby incorporated herein by reference.
3. **Reagent Product Purchases and Orders – Direct.** Unless authorized by Cepheid to purchase Reagent Products from a Cepheid-authorized distributor, Customer shall purchase all Reagent Products directly from Cepheid at the prices in this Agreement. Additionally, if Customer participates under a GPO and/or IDN specified in the Cover Page, the following subsections shall also apply:
 - i. **Orders.** Customer acknowledges that one or more Reagent Products may not be available for purchase pursuant to a purchasing agreement between Cepheid and Customer's GPO and/or IDN ("GPO/IDN Agreement"). However, if a specific Reagent Product is, orders for that Reagent Product shall also be subject to the applicable terms of the GPO/IDN Agreement, including the eligibility requirements therein, and such terms shall control with respect to those orders.
 - ii. **Changes to Base Agreement.** If a GPO/IDN Agreement becomes inapplicable for any reason, including if it expires or terminates, then: (a) if another agreement with the same GPO or IDN applies ("New GPO/IDN Agreement"), the New GPO/IDN Agreement shall replace the GPO/IDN Agreement for purposes of this section; or (b) if no New GPO/IDN Agreement applies, all orders shall be governed exclusively by the terms in this Agreement. Customer shall promptly inform Cepheid if a GPO/IDN Agreement becomes inapplicable for any reason, including if Customer ceases to participate under the GPO/IDN Agreement.
4. **Reagent Product Purchases and Orders – Distribution.** If a Distributor is specified in the Cover Page, Customer shall purchase Reagent Products from such Distributor at prices agreed upon between Customer and Distributor, and orders for Reagent Products shall also be subject to Customer's agreement with Distributor. Any prices listed in this Agreement apply only to products purchased directly from Cepheid. If Cepheid's distribution agreement with Distributor becomes inapplicable for any reason, including if it expires or terminates, then: (i) Customer shall purchase Reagent Products directly from Cepheid; (ii) all orders shall be governed exclusively by the terms in this Agreement; and (iii) Cepheid shall honor Customer's then-current prices with Distributor for the remainder of the then-current Term (defined below).
5. **Prices; Price Changes.** Prices for Reagent Products purchased directly from Cepheid shall, at all times, be as set forth in this Agreement ("Prices"). After the first twelve (12) months of this Agreement, Cepheid may increase Prices. Such Price increases shall not occur more than once per twelve (12)-month period of the Term nor exceed the lesser of the: (a) the PPI Cap; or (b) percentage increase in the Producer Price Index – in vitro diagnostics substance manufacturing – NAICS code 325413, as published by the U.S. Department of Labor, Bureau of Labor Statistics or any successor agency that assumes responsibility for preparation of the index, over the twelve (12)-month period preceding the last day of the most recently ended month prior to the notice of the Price increase. Cepheid shall provide Customer with at least thirty (30) days' prior written notice (email acceptable) of Price increases. The terms of this section shall supersede and control over any contrary or inconsistent terms in this Agreement or an applicable GPO/IDN Agreement.
6. **Product Changes.** Cepheid reserves the right to suspend or discontinue any product, and such actions shall not constitute a breach of this Agreement by Cepheid. If Cepheid suspends or discontinues a product on this Agreement, Cepheid shall use reasonable efforts to offer Customer a substitute product, if available. Cepheid may elect to offer a substitute product through a sales quote. In such cases, Customer shall submit an order pursuant to the sales quote. Upon Cepheid's acceptance of the initial order for the substitute product, the substitute product and corresponding price in the sales quote shall be deemed added to this Agreement, and no further amendment shall be needed.
7. **Term.** The term of this Agreement shall commence on the Effective Date, and unless earlier terminated in accordance with its terms or extended by mutual written agreement of the parties, shall remain in effect for the Initial Term (the "Term").
8. **Default; Termination.** A party shall be deemed to be in default under this Agreement if: (i) it ceases to do business or receivership or insolvency proceedings are instituted by or against it; (ii) it materially breaches this Agreement and fails to cure such breach within thirty (30) days after written notice of the breach from the other party; or (iii) in the case of Customer, Customer fails to place a Shortfall Order within the time period required by this Agreement (each a "Default"). Upon the occurrence of a Default by a party, the other party may terminate this Agreement upon written notice to the Defaulting party. If Cepheid terminates this Agreement due to Customer's Default, Cepheid may invoice Customer for a fee equal to 60% of the total Purchase Commitment from the Effective



Date through the then-current expiration date of this Agreement, less actual Reagent Product purchases during such time (the "Termination Fee").

9. **Confidential Information.** The parties shall keep confidential the terms of this Agreement (other than any online terms incorporated by reference). Neither party shall disclose such information to any third party or use such information for any reason other than on a need-to-know basis for purposes of performing under this Agreement; provided, however, that Cepheid may disclose such information to its affiliates for internal reporting purposes.

10. **Prior Agreement.** This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior written and oral agreements, representations, and understandings between the parties concerning such subject matter, including the Cepheid Multi-Year Reagent Agreement between the parties with the effective date of October 18, 2021 (the "Prior Agreement").

11. **Members.** The member facilities listed in any Addenda attached to this Agreement shall be eligible to participate under this Agreement. If listed, Customer represents and warrants that it: (i) owns, operates, and/or controls each participating member; and (ii) has the requisite authority to represent and bind each participating member for purposes of this Agreement. By participating under this Agreement, each participating member shall be bound by and shall comply with all applicable the terms herein, including any terms concerning Cepheid-owned GeneXpert instruments Cepheid may supply for use pursuant to the Agreement and confidential information. Customer agrees to promptly inform Cepheid of any changes in the eligibility of any Member.



INSTRUMENTS AND MEMBERS LIST ADDENDUM

This addendum (this "Addendum") is entered into by **Hazel Hawkins Memorial Hospital** ("Customer") and Cepheid as of the Effective Date of the Agreement (defined below). This Addendum supplements and modifies the **Cepheid Sales Agreement** to which it is attached (the "Agreement") and is incorporated into and made a part thereof. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement. In the event of any conflict between the terms of the Agreement and those of this Addendum, the terms of this Addendum shall control.

12. **Instruments.** Cepheid shall supply Customer with the Cepheid-owned GeneXpert instruments and/or instrument accessories specified in **Exhibit A** attached to this Addendum and other instrument accessories Cepheid determines, in its discretion, are required to support the use of Cepheid products (collectively, "Instruments"), for use by Customer during the Term of the Agreement at the locations specified. Customer may not relocate Instruments from their installed locations without Cepheid's written agreement. Instruments are warranted in accordance with Cepheid's standard twelve (12)-month limited warranty and shall be new or "Certified Pre-Owned" ("CPO"), as determined in Cepheid's discretion at the time of shipment. Part numbers and product descriptions for new versus CPO Instruments may differ. Instruments remain the sole and exclusive property of Cepheid at all times (unless title is transferred). Customer and third parties shall have no right, title, or interest in or to the Instruments, except as expressly provided in the Agreement.

13. **Post-Warranty Instrument Service.** If indicated in the Instrument Summary table in **Exhibit A**, Cepheid will provide service coverage for each Instrument from the expiration of the Instrument's twelve (12)-month warranty through the end of the Term. If the Instrument Summary table in **Exhibit A** does not indicate that service is included, Customer shall purchase a Cepheid service agreement to cover each Instrument from the expiration of the Instrument's twelve (12)-month warranty through the end of the Term.

14. **Instrument Care and Use.** Customer shall: (i) use the Instruments only at their approved locations and only to run Cepheid reagent tests; (ii) keep the Instruments in good condition and working order in accordance with their applicable labeling, inserts, and manuals, and other product-related information and materials published by Cepheid or any regulatory authority ("Product Information"); and (iii) use and maintain the Instruments in accordance with Product Information. Customer shall not, directly or indirectly, including by allowing any third party to: (a) move, part with possession of, modify, repair, rent, lease, license, loan, sell, transfer, mortgage, pledge, encumber, decompile, disassemble, or reverse engineer the Instruments, including their hardware, software, or firmware; (b) abuse, neglect, or otherwise misuse the Instruments; or (c) modify or remove any labels, symbols, serial numbers, or other indicia of Cepheid ownership affixed to or appearing on the Instruments. Promptly upon request by Cepheid, Customer shall inform Cepheid of the location of any Instrument. Customer shall also provide Cepheid with prompt access during normal business hours and other reasonable assistance so Cepheid can provide instrument or warranty service or inspect any Instrument.

15. **Instrument Loss or Damage.** Upon delivery of the Instruments and until returned to Cepheid in accordance with the terms of the Agreement or title is transferred to Customer, Customer assumes and shall bear the risk of all loss or damage to the Instruments (other than for reasonable wear and tear resulting from Customer's proper use ("Wear and Tear") or any loss or damage caused by Cepheid). Cepheid reserves the right to invoice Customer for: (i) the replacement value of an Instrument or the cost of its repair (at Cepheid's then-current rates) for such loss or damage, including if discovered within a reasonable time after the end of the Term, or if Customer fails to comply with the Instrument return requirements in the Agreement; or (ii) a restocking fee of \$2,000 per module if Customer refuses, prevents, or delays delivery or installation of an Instrument or is permitted to return or exchange an Instrument during the Term, except as caused by Cepheid. Customer shall inform Cepheid immediately upon becoming aware of any loss or damage to an Instrument.

16. **Instrument Returns.** Within fifteen (15) days after any expiration or termination of the Agreement or a request by Cepheid after the occurrence of a Default by Customer, Customer shall return all Instruments to Cepheid in the condition in which originally delivered, Wear and Tear and any loss or damage caused by Cepheid excepted. Customer shall comply with all reasonable return instructions provided by Cepheid.

17. **Cepheid C360.** By signing this Addendum or the agreement to which it is attached, Customer also agrees to the Cepheid C360 Terms and Conditions, available on Cepheid's website (https://www.cepheid.com/en_US/systems/Connectivity/Cepheid-C360) (the "C360 Terms"), for the use of Cepheid C360 software ("C360 Software"). Notwithstanding anything to the contrary in the Agreement, the C360 Terms shall not constitute part of the Agreement and are and shall remain a separate and distinct agreement between the parties. During the Term, Customer shall: (i) not terminate the C360 Terms; and (ii) shall ensure all Instruments remain connected to C360 Software as of the date this Addendum becomes effective, continuously uploading the required data. For all Cepheid products delivered to Customer pursuant to the Agreement ("Delivered Products"), Customer shall transmit/upload to C360 Software and provide Cepheid with the Analytical Information and Test Result Outcome data types, including data sub-categories, described in **Exhibit A** attached to the C360 Terms (the "Data Upload Requirement"). The Data Upload Requirement shall include tests conducted with all Delivered Products, including those conducted prior to the C360 Terms becoming effective. Customer is not required to upload to C360 Software Sample ID or Patient Information data types described in **Exhibit A** attached to the C360 Terms. The Data Upload Requirement shall not apply to any Cepheid products purchased by Customer pursuant to another agreement with Cepheid, unless otherwise stated in such agreement. The provisions of this section shall supersede and prevail over any conflicting provisions in the C360 Terms, including, without limitation, any provision allowing Customer to terminate the C360 Terms during the Term or which conflict with the Data Upload Requirement, except when Cepheid makes unilateral and materially adverse changes to the C360 Terms or the C360 Software. In the event of such unilateral materially adverse change, the Customer may cease use of the C360 Software or terminate the C360 Terms. If Cepheid supplies Customer with any additional Instruments in order to support Customer's use of the C360 Software, such as a Wi-Fi adapter, Customer agrees that it shall use and return such Instruments in accordance with the terms of this Agreement.



**EXHIBIT A
TO INSTRUMENTS ADDENDUM:
INSTRUMENTS AND MEMBERS LIST**

INSTRUMENT SUMMARY		
<input checked="" type="checkbox"/> Post-warranty Instrument service is included at no additional charge		
Part Number	Instrument Description	Total Qty
GXXVI-12-D-10C	GeneXpert XVI, 12 Testing Site System w/ 10 Color Modules, Desktop Computer & Dx Software, Dx	1

INSTRUMENTS BY LOCATION & MEMBERS								
Name	SAP ID #	Street	City	State	Zip	Part Number	Instrument Description	Qty
Hazel Hawkins Memorial Hospital	1000000550	911 Sunset Dr.	Hollister	CA	955023	GXXVI-12-D-10C	GeneXpert XVI, 12 Testing Site System w/ 10 Color Modules, Desktop Computer & Dx Software, Dx	1
						850-0386	Uninterruptible Power Supply (UPS), GeneXpert	1
						PRINTER-BW	Printer, Black & White, incl. USB cable	1

Board of Directors Contract Review Worksheet

Professional Services Agreement with **Coastal Women's Care, Inc.** & Physician Recruitment Agreement with **Margaret V. Cooper Vaughn, M.D.**

Executive Summary: In consultation with members of medical staff, hospital executive management has identified the recruitment of an Obstetrician/Gynecologist (OB/Gyn) as a top priority for the hospital's service area. In addition, long-time local OB/Gyn Dr. Aslam Barra will be discontinuing his participation in emergency call coverage. With only one (1) full-time clinic-based OB/Gyn physician, the addition of a part-time physician will improve access to patients seeking vital women's health services.

The recommended physician, Margaret V. Cooper Vaughn, MD, will provide part-time clinic and emergency call coverage up to 8 shifts per month in the District's *Mabie 4th Street* and *Multi-Specialty clinics*.

Recommended Board Motion: It is recommended the hospital Board approve: 1) a Professional Services Agreement with Coastal Women's Health Inc. for a 2-year term and 2) a Physician Recruitment Agreement with Dr. Cooper Vaughn for \$25,000.

Services Provided: Part-time OB/Gyn clinic & emergency call coverage up to 8 shifts per month for 10 months per year.

Terms of Agreements:

Contract Term	Effective Date	FMV %ile	Base Monthly Cost	Estimated Annual Cost	Term clause
2 years	4/1/2023	90th	\$30,400	\$329,000	60 days

Contract Rates: 1) \$2,000 per 10-hour clinic shift and \$1,800 per 24-hour emergency call shift. 2) \$25,000 recruitment incentive structured as a forgivable loan over 2 years of service to the District.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is made, entered into and effective as of **June 1, 2023** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Coastal Women’s Care, Inc.**, a California professional 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 rural health and specialty clinics as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Clinics”). Clinics operate under the name “Hazel Hawkins Community Health Clinic” and “Hollister Multi-Specialty Clinic.”
- C. Group’s Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital and is experienced and qualified to provide Obstetrics and Gynecology 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 hospital emergency on-call and rural health clinic services to patients in the Hospital Service Area. SBHCD has established an obstetrics and gynecology coverage panel (“OB/Gyn coverage panel”) of qualified physicians which shall ensure the availability of physician coverage for obstetrics and gynecology services as needed.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by 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 Physician (“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 (“Services”). Professional health care services include Medicare services, Medi-Cal services, services pursuant to any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation services, and charity care. 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.

1.2.1 Qualifications of Group Physician. Physician: (i) shall be duly licensed to practice medicine by the State of California; and (ii) is in good standing and fully qualified to do business in the State of California; (iii) be qualified to perform the services required under this Agreement by having levels of competence, experience; (iv) have skill comparable to those prevailing in the community; (v) not be

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

- 1.3 **Compliance.** In connection with the operation and conduct of the Clinic and Hospital and rendition of Services, Group Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the SBHCD Corporate Compliance program goals and objectives.
- 1.4 **Credentialing.** In order to be efficiently credentialed with payors contracted with SBHCD, Group Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.
- 1.5 **Use of Premises.** No part of the SBHCD premises shall be used at any time by Group Physician as an office for the general or private practice of medicine.
- 1.6 **Medical Records/Chart Notes.** Group Physician shall provide appropriate and necessary documentation for each patient's medical record for all patient encounters in the Clinic and Hospital in compliance with the hospital's and clinics' policies and procedures. All consults, operative reports and procedure notes shall be completed within 24 hours of each encounter. Group Physician will render appropriate reports for patients' records within 30 days or sooner as required by the Centers for Medicare and Medicaid Services Conditions of Participation.
- 1.7 **Coding.** Group Physician shall properly code all professional services rendered to patients. Group Physician coding shall be used for purposes of billing for Services provided by Group Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 **Hospital Call Coverage.** Group Physician shall be available to take hospital emergency department and unassigned patient call on a rotational basis, as determined in accordance with the standards set forth in Exhibit A without additional compensation or stipend except as indicated in Exhibit A of this Agreement.

2. DUTIES AND OBLIGATIONS OF SBHCD

- 2.1 **Duties.** SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinic and Hospital, the following:
 - 2.1.1 **Space and Equipment.** Space and Equipment as may be reasonably required for the operation of the Clinic and Hospital as approved by SBHCD.
 - 2.1.2 **Services and Supplies.** Maintenance, repair, and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Clinic and Hospital.
 - 2.1.3 **Non-physician Personnel.** All non-physician personnel with appropriate education, training and experience required to operate the Clinic and Hospital, including a qualified administrative manager. SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the scheduling of non-physician Clinic and Hospital personnel.
- 2.2 **Eligibility.** At all times during the term of this Agreement, Clinics and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.

- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinic and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Group Physician shall have access to the SBHCD patient medical and business records for quality of care and compliance purposes.

3. BILLING AND ASSIGNMENT OF REVENUE

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement. Group's Physician shall cooperate with SBHCD and shall use his/her best efforts to furnish appropriate documentation of patient care services provided by Group Physician to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 Assignment of Professional Service Revenues. Group Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all Services rendered by Group and its Physicians at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Group Physician 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 Physician. Group Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinic and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinic and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

5. TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of two (2) years, unless terminated earlier as provided in this Agreement, and shall renew for successive one (1) year periods upon mutual agreement. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon sixty (60) days' prior written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.
- 5.2 Termination for Cause. Either party shall have the right to terminate the Agreement for cause upon not less than thirty (30) days written notice; provided, 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 Physician is revoked or suspended.
 - 5.3.4 SBHCD fails to carry or reinstate the insurance required in Article 8 of this Agreement or such coverage is cancelled or revoked within ten (10) days following notice of revocation from its insurance carrier.
 - 5.3.5 Upon the determination that 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 Group Physician's medical staff privileges at any hospital where Group 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 Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

6. INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. 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 Physician performs work and functions, except that Group Physician shall perform at all times in strict accordance with then currently approved methods and practices of Group Physician's professional specialty. SBHCD's sole interest is to ensure that Group Physician performs and renders services in a competent, efficient, and satisfactory manner in accordance with high medical standards.
- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of 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. Group shall be solely responsible for paying when due all income, employment and withholding taxes and employment benefits, if any, including estimated taxes, incurred as a result of the compensation paid by SBHCD to Group for Services under this Agreement. Group is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance, training, permits and licenses for himself/herself and for his/her employees and subcontractors. Group agrees to defend and indemnify SBHCD for any claims, costs, losses, fees, penalties, interest or damages suffered by SBHCD resulting from Group's Physician's failure or alleged failure to comply with its obligations under this paragraph.

7. REPRESENTATIONS AND WARRANTIES OF PARTIES

- 7.1 SBHCD for itself, and its directors, officers, employees, and agents (collectively, "Agents"), and Group for itself, its Physician(s), its Agents, and Physicians' Agents hereby warrants and represent as follows:
- 7.1.1 Neither it nor any of its Agents or Group(s) (i) is excluded, suspended, or debarred from, or otherwise ineligible for, participation in any federal or state health care program including, without

limitation, Medicare or Medi-Cal; (ii) has been convicted of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program including, without limitation, Medicare or Medi-Cal; or (iii) have had their medical staff privileges at any health care facility denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; and

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

8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

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

9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Group Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Group's Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Group Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Group agrees that Group Physician shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
 - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which 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's Physician with respect to such PHI;
 - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
 - 9.1.5 Make 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 Physician's compliance with HIPAA;
 - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

- 9.2 Electronic Protected Health Information ("EPHI"). 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 Physician 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 Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

10. GENERAL PROVISIONS

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

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

Group: Coastal Women's Care, Inc.
15374 SW 113th Terrace
Miami, FL 33196

- 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; Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Group pursuant to this Agreement is solely for the purpose of obtaining the services of Group for patients in the Hollister, California community. The parties recognize and affirm the importance of individual patient choice in selection of medical services. Nothing contained in this Agreement shall be interpreted to obligate, encourage, or solicit, in any way, the referral of any individual patient to any health care facility, including the Hospital and Clinic, contrary to that patient's choice of another provider of medical services. Further, nothing in this Agreement shall be interpreted to prevent, restrict, or discourage the Group or Physician from referring patients to any other provider of health care services.
- 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's Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. 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), agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 10.11 **Entire Agreement; Amendment.** This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

SBHCD
San Benito Health Care District

GROUP
Coastal Women's Care, Inc. by
Margaret V. Cooper Vaughn, M.D., CEO

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

By: _____
Margaret V. Cooper Vaughn, M.D., CEO

Date: _____

Date: _____

EXHIBIT A

GROUP SERVICES AND COMPENSATION

A.1 **Further Description of Medical Services.** Group shall provide professional medical services in Group's Physician's specialty at locations specified by SBHCD, which will be within the SBHCD healthcare district boundaries, or at facilities within thirty (30) miles of the SBHCD Hospital. Specifically:

A.1.1 **OB/Gyn Coverage Panel.** Group Physician shall serve as a member of the OB/Gyn Coverage Panel providing Hospital Call, as further described in Section A.3. ' shall provide such services as mutually agreed by SBHCD and Group, but not less than four (4) or more than eight (8) 24-hour shifts during any four (4) week period, provided over the course of forty-four (44) weeks in each contract year. OB/Gyn Coverage Panel hours begin at 7:00 a.m. and end at 6:59 a.m. the following day.

A.1.2. **Professional Services.** Group Physician shall provide Services in the Clinic and Hospital beginning on the Effective Date. Group Physician shall provide such services in coordination with other physicians who are contracted with SBHCD to provide similar services to patients and pursuant to a mutually agreed-upon schedule. If Group and other physicians cannot agree on such a schedule, SBHCD shall determine the schedule.

A.1.3 **Specialty Services.** Group Physician shall provide the following **Obstetrics and Gynecology Services:**

Management of Group Physician's own admitted patients; management of the care of patients admitted at the request of and with the attending or referring physician, and thereafter managing the care rendered to such patients; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff, including the hospitalist Physician; and assistance with the management and treatment of patients for whom Group Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Group Physician shall include such physician in decision making and keep such physician informed.

A.1.4 **Clinic Services.** Clinic operating hours are Monday through Friday from 8:00 a.m. to 6:00 p.m. at the Mabie Fourth Street (4th) location and Monday through Friday from 8:00 a.m. to 5:00 p.m. at the Hollister Multi-Specialty (MSC) location. Physician shall provide the following Clinic Services in the Clinics in accordance with the schedule set forth in Section A.2 of this Exhibit A:

A.1.4.1 New and follow-up office visits;

A.1.4.2 Consultations;

A.1.4.3 Post discharge follow-up visits;

A.1.4.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;

A.1.4.5 Supervising physician assistants and nurse practitioners (collectively referred to as "Mid-Level Practitioners") as necessary for reimbursement or consult in the absence of the Medical Director;

A.1.4.6 Coordination of medical activities of the Clinic as a whole to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding medical administration of the Clinic;

A.1.4.7 Assisting with the development of a plan for quality assurance for the Clinic;

A.1.4.8 Provide required chart review and audits of care provided by Mid-Level Practitioners

A.1.4.9 Other services as are mutually agreed to be appropriate and appropriately provided in an outpatient setting by a Physician specializing in Obstetrics and Gynecology.

- A.2 **Clinic Schedule.** Group Physician shall provide Clinic Services to SBHCD patients eight (8) days per month (each month being a four (4) week period), on weekdays to be mutually agreed upon, forty-four (44) weeks per year from 8:00 a.m. to 6:00 p.m. From time to time, the parties may adjust the Clinic schedule to accommodate higher acuity Hospital inpatient or other emergent cases. Group Physician may also be on Hospital Call during times when scheduled in Clinics.
- A.3 **Hospital Call Coverage.** Group Physician shall provide emergency department and unassigned patient call coverage (“Hospital Call”) to support the needs of the Hospital. Hospital Call includes responding to the emergency department, inpatient units, and the operating room. Group Physician may also be assigned to provide professional services in Clinics while also on Hospital Call.
- A.4 **Compensation.**
- A.4.1 **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 as follows:
- Clinic Services:** For the provision of professional services rendered in the Clinics, Group shall be compensated in the amount of Two Thousand Dollars and No Cents (\$2,000.00) per 10-hour shift. If Group shall provide less than ten (10) hours of coverage during any shift, SBHCD shall reduce Group’s compensation pro rata based on the actual time of coverage provided.
- Emergency OB/Gyn Call Services:** For the provision of professional Emergency OB/Gyn Call Services, Group shall be compensated One Thousand Eight Hundred Dollars and No Cents (\$1,800.00) per twenty-four (24) hour shift. If Group shall provide less than twenty-four (24) hours of Call Services coverage during any shift, SBHCD shall reduce Group’s compensation, pro rata, based on the actual time of 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 **Lodging.** SBHCD will provide Group Physician with local temporary lodging accommodations while Physician is providing Services under this Agreement.
- 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.
 - A.6.9 Submission of completed monthly timesheet to Hospital no later than the 5th day of the following month when services are rendered.
- A.7 **Fair Market Value.** SBHCD and Group acknowledge and agree: (i) They have bargained at arms' length to determine the Compensation under this Agreement; (ii) The Compensation is fair market value for the Services to be performed by Group under this Agreement; and (iii) The Compensation is consistent with fair market value for similar services in SBCHD's community.
- A.8 **Audits and Adjustments.** SBHCD may require additional or supplementary reports to establish the value and extent of Services provided hereunder, and shall have the authority to request an audit of Group's books and records by a mutually agreed upon, independent third-party auditor to establish the value and extent of the Services and to confirm that compensation for Services is consistent with fair market value and is commercially reasonable. Group agrees to provide in a timely manner documents requested by SBHCD or the independent third-party auditor for purposes of any audit. Such documents shall be subject to a mutually agreeable confidentiality and non-disclosure agreement if appropriate. In the event Group's reports, books and records do not accurately reflect or document Services performed pursuant to this Agreement and for which payment has been made by SBHCD to Group or the independent third-party auditor determines that compensation for the Services is not consistent with fair market value or commercially reasonable, Group will promptly refund to SBHCD the amount of any overpayment as determined by SBHCD or the independent third-party auditor. Any failure by Group to do so shall be an event of default and grounds for immediate termination. Group's obligation to refund SBHCD under this section shall survive expiration or termination of this Agreement. If it is determined that Group has been underpaid for Services pursuant to this Agreement, SBHCD will promptly pay the amount owed to Group. In the event this Agreement is terminated for any reason by either Party, compensation will be due only for Services actually rendered through the effective date of termination, subject to the requirements for verification and other provisions of this Agreement.
- A.9 **Referrals and Business Generated.** SBHCD will not compensate Group, at any time, in a manner that takes into account or varies with the volume or value of referrals to, or business generated for SBHCD or any affiliate of SBHCD by Group. Group's compensation shall at all times be consistent with fair market value and commercially reasonable for the services provided.

DOCTOR:

FOR THE MONTH OF:

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

Instructions:

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

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

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

Signature: _____ Date: _____

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

Margaret V. Cooper Vaughn, M.D.

This Physician Recruitment Agreement (“Agreement”) is made effective on **June 1, 2023** (“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 **Margaret V. Cooper Vaughn, M.D.** (“Physician”), a physician specializing in **Obstetrics and Gynecology** (“Specialty”). SBHCD and Physician are collectively referred to as the “Parties” and individually as a “Party.”

RECITALS

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

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

Article 1 Duties of Physician

- 1.1 Start Date. Commencing on or about **June 1, 2023** (“**Start Date**”), Physician shall provide Services to SBHCD patients on a half-time-equivalent (0.5 FTE) basis. Physician shall exert Physician’s best efforts to treat an optimum number of patients who require Services without compromising Physician’s ability to provide quality medical care and services to patients.

- 1.2 Compliance with Agreements. It is Physician's responsibility to come into full compliance with the provisions of this Agreement, Physician's Professional Services Agreement, and Hospital's Medical Staff Bylaws, Rules and Regulations, including all credentialing and privileging requirements, in order to be able to provide Services beginning on the Start Date.

Article 2 Standards

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

Article 3 Term & Termination

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

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

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

Article 4 Recruitment Incentive and Relocation Payment

- 4.1 Recruitment Incentive. As part of the consideration for Physician entering into and complying with the terms and conditions of this Agreement and the Related Agreement (Professional Services Agreement), Physician shall be entitled to a recruitment incentive in the amount of **Twenty-Five Thousand Dollars (\$25,000.00)** (“Recruitment Incentive”).
- 4.1.1 Payment of Recruitment Incentive. Upon execution of this Recruitment Agreement, Physician shall be entitled to payment of the Recruitment Incentive. Upon receipt of the Recruitment Incentive, Physician shall execute the Promissory Note attached as Exhibit B to this Agreement.
- 4.1.2 Fair Market Value/Commercially Reasonable. Physician agrees that (i) the Recruitment Incentive is reasonable and necessary to secure Physician’s relocation and Physician’s services under this Agreement and the Related Agreement, (ii) this amount is not in excess of fair market value, and (iii) this amount is not made in consideration for the referral of patients to SBHCD or its affiliates.
- 4.2 Relocation Expenses. Upon Physician’s relocation to the SBHCD Service Area and submission to SBHCD of appropriate receipts, SBHCD shall reimburse to Physician up to the amount of **Five Thousand Dollars (\$5,000.00)** for customary and reasonable moving expenses and other related costs incurred by Physician in relocating to the SBHCD Service Area (“Relocation Payment”). Physician shall submit to SBHCD receipts and/or other documentation supporting the reimbursement of costs incurred by Physician and paid by SBHCD to Physician as the Relocation Payment.

- 4.3 **Repayment.** If either Party terminates this Agreement prior to the expiration of two (2) years from Physician's **Start Date**, Physician shall be obligated to repay to SBHCD a pro-rated amount of the Recruitment Incentive paid by SBHCD to Physician pursuant to Section 4.1 of this Agreement, plus interest at an annual rate equal to the most recent prime rate published in the Wall Street Journal (or any successor publication) from time to time ("Prime Rate"), plus one percent (1.0%), payable monthly.

For example, if this Agreement is terminated after ten (10) months, Physician shall repay to SBHCD 14/24ths of the recruitment incentive, plus ten (10) months of accrued interest at an annual rate equal to the Prime Rate, plus one percent (1.0%), payable monthly. Such repayment shall be made within ninety (90) days of the event triggering Physician's repayment obligation. If Physician fails to make such repayment to SBHCD within this ninety (90) day period, SBHCD shall have the right to increase the interest rate on the amount owed to SBHCD to the Prime Rate plus two percent (2%), beginning on the ninety-first day.

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

Article 5 General Provisions

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

If Physician enters into an agreement with any related organization to provide services pursuant to this agreement with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12)-month period, such agreement shall contain a clause to the effect that until the expiration of five (5) years after the furnishing of services pursuant to such agreement, the related organization shall make available, upon written request, to the Secretary or to the Comptroller General, or to any of their duly authorized representatives, the agreement and any books, documents, and records of such organization that are necessary to verify the nature and extent of such costs. "Related organization" shall mean a person or entity with which Physician is, to a significant extent, associated or affiliated or which Physician owns or directly or indirectly controls. This Section shall be of no force and effect if it is not required by law.

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

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

Copy to: Noland, Hamerly, Etienne & Hoss, PC
Attn: Daniel Little, Esq.
333 Salinas Street
Salinas, CA 93902

Physician: Margaret V. Cooper Vaughn, M.D.
225 Crossroads Blvd, #333
Carmel-By-The-Sea, CA 93923

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

- 5.9 Applicable Legal Standards. The Parties shall exercise their rights and perform their duties under this Agreement in accordance with the legal standards set forth in the United States Code, Code of Federal Regulations, California Health and Safety Code, California Business and Professions Code, and any other pertinent and applicable laws, rules, regulations, and orders of the United States and the State of California and their agencies, to the extent that such laws, rules, regulations, and orders pertain to the powers, functions, and duties of SBHCD and Physician. This Agreement shall be deemed to include and require compliance with all applicable laws, notwithstanding any language to the contrary. Insofar as they affect rights and duties of the Parties under this Agreement, all laws, regulations, and orders, and any amendments thereto, shall automatically by force of this Section be deemed a term and condition of this Agreement.
- 5.10 Confidentiality. The Parties agree that this Agreement is personal and confidential between them, and agree not to release information concerning this Agreement, or any information exchanged between the Parties pursuant to this Agreement, to any person without the consent of the other Party, which consent shall not be unreasonably denied. This prohibition against release of information shall not apply to any information required to be released by contracts existing as of the date of this Agreement, or to fiscal intermediaries, public agencies or commissions with government powers and duties related to disclosure of information who have exercised the right to compel disclosure of such information, or to any information required to be released by law. Any disclosures to third parties, such as legal, tax and financial advisors shall indicate that the information is confidential and shall be so treated by the third Party.
- 5.11 Income Tax Ramifications. The Parties acknowledge that Physician may incur federal and state income tax obligations from certain of the transactions provided for in this Agreement that SBHCD is required to report items of income under relevant income tax laws and regulations, and that forgiveness of debt may constitute income to Physician. It is, however, Physician's responsibility to consult with tax advisors with respect to the filing of income tax returns and the tax treatment of items provided for in this Agreement, and to comply with the tax laws in all respects.

- 5.12 Assignment. Except as otherwise agreed in writing by SBHCD, nothing contained in this Agreement shall be construed to permit assignment or delegation by Physician of any rights or obligations under this Agreement, and any such assignment or delegation is expressly prohibited. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of SBHCD.
- 5.13 Not An Excluded Provider. Physician represents to SBHCD that Physician has not been excluded from participation in federal or state healthcare programs. If Physician is excluded from participation in federal or state healthcare programs, SBHCD may terminate this Agreement immediately upon written notice to Physician and all terms of repayment in Section 4.2 of this Agreement shall apply.
- 5.14 Entire Agreement/Modifications. This Agreement and the Related Agreements constitute the entire Agreement between the Parties with respect to the subject matter of Physician's recruitment by SBHCD and supersedes all prior negotiations, understandings and agreements. All modifications or amendments to this Agreement must be in writing and signed by the Parties.

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

SBHCD
San Benito Health Care District

PHYSICIAN
Margaret V. Cooper Vaughn, M.D.

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

Margaret V. Cooper Vaughn, M.D.

Date: _____

Date: _____

EXHIBIT A
PROFESSIONAL SERVICE AGREEMENT

EXHIBIT B

PROMISSORY NOTE

\$25,000.00

June 1, 2023

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, **Margaret V. Cooper Vaughn, M.D.** ("Maker") hereby promises to pay to the order of **San Benito Healthcare District** ("Holder"), at the place designated by Holder, the principal sum of **Twenty-Five Thousand Dollars (\$25,000.00)**, plus accrued interest on such amount calculated at an annual fixed rate equal to the prime rate published on the effective date of this Promissory Note in the Wall Street Journal ("Prime Rate"), plus one percent (1%), from the date of this Promissory, payable in lawful money of the United States of America. Principal and interest shall be immediately due and payable to Holder on **June 1, 2025**. Notwithstanding the foregoing, if Maker is and remains in full compliance with the **Physician Recruitment Agreement** ("Recruitment Agreement") and the **Professional Services Agreement** by and between Maker and Holder effective June 1, 2023, respectively, the principal and interest under this Promissory Note shall be forgiven pursuant to the terms and conditions of the Recruitment Agreement.

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

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

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

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

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

Margaret V. Cooper Vaughn, M.D.
225 Crossroads Blvd., #333
Carmel-By-The-Sea, CA 93923

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

MAKER: _____
Margaret V. Cooper Vaughn, M.D.

Date: _____

Board of Directors Contract Review Worksheet

*Agreement for Medical Director of Employee Health Department Services with **Jiwu Sun, M.D.***

Executive Summary: A medical director is needed to provide clinical oversight of the District's Employee Health Department and the previous director is no longer providing coverage. Duties include, but are not limited to policy & procedure oversight, serving as the ordering physician for all new hire clinical laboratory and annual health screening requirements, and workers' compensation case management for hospital employees.

Recommended Board Motion: It is recommended the hospital Board approve an Agreement for Medical Director of Employee Health Department Services with Jiwu Sun, M.D. at a rate of \$150 per hour up to 8 hours per month effective June 1, 2023.

Services Provided: Medical Directorship for Employee Health Department Services.

Agreement Terms:

Contract Term	Effective Date	FMV %ile	Base Monthly Cost	Estimated Annual Cost	Term clause
1 year	6/1/2023	Median	\$1,200	\$14,400	30 days

Contract Rate: \$150 per hour up to 8 hours per month.

**SAN BENITO HEALTH CARE DISTRICT
MEDICAL DIRECTOR AGREEMENT**

Employee Health Department Services

This Medical Director Agreement (“Agreement”) is made and entered into effective **June 1, 2023** (“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 **Jiwu Sun, M.D.**, (“Physician”).

RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a general acute care hospital, skilled nursing facilities, and rural health and specialty clinics located in Hollister, California (“Hospital”). Hospital provides inpatient and outpatient health care services to residents of the district and surrounding communities (“Service Area”) and SBHCD employees through its Employee Health Department Services (“Services”).
- B. Hospital has need for a Medical Director for Services in order to provide clinical leadership and direction for the development of appropriate employee health standards, workflows and guidelines for the Services that are consistent with evidence-based medicine, federal and state regulations and accreditation requirements, and to promote quality care for Services.
- C. Physician is licensed to practice medicine in the State of California, is a member of the Hospital’s Medical Staff, and is qualified to perform the administrative and professional duties associated with the position of Medical Director of Services.
- D. Hospital desires that Physician serve as Medical Director for the Services, and Physician has agreed to do so in accordance with the terms of this Agreement.

The Parties agree as follows:

AGREEMENT

- 1. Appointment as Medical Director. SBHCD appoints Physician, and Physician hereby accepts such appointment, to serve as the Medical Director of Services during the term of this Agreement and in accordance with its terms and conditions.
- 2. Medical Director Duties. Physician’s duties under this Agreement shall include the services as set forth in Exhibit A, as and when requested by SBHCD.
- 3. Medical Staff Membership and Clinical Privileges
 - 3.1 Medical Staff Membership Required. As a condition to performing the responsibilities, duties and obligations under this Agreement, Physician shall have and maintain membership in good standing on the Medical Staff of Hospital and secure and maintain clinical privileges necessary to perform the duties associated with the position of Medical Director of Services.
 - 3.2 Medical Director Agreement and Position Independent of Staff Membership. This Agreement and the position of Medical Director of Services are independent of Physician’s

Medical Staff membership. Any rights Physician may have as a Medical Staff member, such as but not limited to, fair hearing or any other similar rights or procedures for termination of Medical Staff membership and clinical privileges, do not apply to termination of this Agreement or the position of Medical Director. Termination of this Agreement or the position of Medical Director shall be governed exclusively by the written terms of this Agreement, except as otherwise required by law.

3.3 Staff Membership Not Restricted by This Agreement. Nothing in this Agreement shall be construed to limit or affect the right and ability of Hospital to grant Medical Staff membership and clinical privileges to any physician.

4. Licensure and Standards. Physician shall:

- 4.1 Be licensed to practice medicine in the State of California;
- 4.2 Maintain current Board Certification or the equivalent in accordance with state regulation requirements for Services;
- 4.3 Maintain an active and unrestricted DEA number;
- 4.4 Comply with all policies, bylaws, rules and regulations of Hospital and its Medical Staff applicable to Services and to the practice of this specialty;
- 4.5 Maintain unrestricted membership on the Medical Staff of Hospital;
- 4.6 Maintain clinical privileges without disciplinary restrictions as necessary to perform the duties associated with the position of Medical Director of Services;
- 4.7 Comply with all applicable governmental laws and regulations and accreditation standards and perform in accordance with applicable professional organizations; and
- 4.8 Conduct and participate in quality assurance programs, utilization review programs, credentialing, and other programs related to Services. Physician will report the results of such programs as appropriate. Physician will utilize the findings to modify existing, and to develop new, programs and procedures for Services.

5. Compensation and Billing

- 5.1 Medical Director Services. Physician shall be compensated for all services performed under this Agreement as requested and approved by SBHCD in the amount of One Hundred Fifty Dollars (\$150.00) per hour. Physician shall devote sufficient time to fulfill his/her obligations under this Agreement, but in no event to exceed eight (8) hours per month.
- 5.2 Reimbursement of Approved Expenses. SBHCD will reimburse Physician for pre-approved expenses incurred by Physician directly related to Physician's Services under this Agreement.
- 5.3 Payment. Payment for Medical Director services performed by Physician will be made by SBHCD within thirty (30) days of the date that Physician submits the time report for the previous month's work. Payment for services is contingent upon Physician's timely submission of the time report. No payment shall be made unless and until Physician submits the time records required by this Agreement.

- 5.4 Fair Market Value. The parties acknowledge, agree and warrant to the other that the compensation provided pursuant to this Agreement is reasonable and not in excess of the fair market value of the services to be rendered.
- 5.5 Semi-Annual Performance Evaluation. On an annual basis, the SBHCD Chief Medical Officer or designee will conduct a performance review of Physician using the evaluation form attached as Exhibit C to this Agreement. If the average composite score of all the categories is “below standards” for Physician, this Agreement may be terminated by SBHCD upon thirty (30) days prior written notice to Physician.

6. Record Keeping Requirements

- 6.1 Time Records. Physician shall maintain and provide SBHCD with information and documentation which 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 accurately documenting the provision of services under this Agreement by Physician for SBHCD. Physician shall submit a monthly record of the hours spent fulfilling the obligations of Medical Director under this Agreement. A sample of such a time report is attached to this Agreement as Exhibit B. Time reports shall be submitted to Hospital no later than the tenth (10th) day after each month for which a time report is required. Failure to submit timely and accurate time reports will be a material breach of this Agreement.
- 6.2 Administrative Records. Until the expiration of four (4) years following the furnishing of goods or services pursuant 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 Agreement, and any books, documents and records of Physician that are necessary to certify the nature and extent of the costs of furnishing such goods or services under this Agreement.
- 6.3 Medical Records. Physician shall cause to be prepared a complete medical record regarding the evaluation and treatment of patients involved in Services, in accordance with applicable state and federal regulations, the rules and regulations of Hospital’s Medical Staff, and the applicable standards within the medical profession.

7. Term and Termination

- 7.1 Term. This Agreement shall commence on the Effective Date and continue for a period of one (1) year. This Agreement will automatically renew for successive one (1) year periods unless terminated pursuant to the terms of this Agreement.
- 7.2 Termination Without Cause. Either party shall have the right to terminate this Agreement without cause and without penalty upon not less than thirty (30) days’ prior written notice to the other party.
- 7.3 Termination With Cause. Either party may terminate this Agreement at any time upon the following defaults, if any such default is not cured within fifteen (15) days after written notice thereof:
- 7.3.1 The other party’s failure to perform any of its material obligations under the terms of this Agreement;

7.3.2 Any restriction or limitation being imposed by a governmental or accrediting authority having jurisdiction over the party to such an extent that it cannot without significant risk of violating the rules or regulations of such authority or the conditions of participation in a governmental program, engage in the provision of health care or professional services as required hereunder; or

7.3.3 The other party's filing of a petition in bankruptcy or having such a petition filed against it or having commenced against it any other similar insolvency proceeding.

7.4 Immediate Termination. SBHCD may terminate this Agreement immediately if:

7.4.1 Physician becomes involved in a pending criminal action or proposed debarment, exclusion, or other sanctioning action related to any Federal or State healthcare program;

7.4.2 Physician ceases to have appropriate clinical privileges to perform services in Hospital and in Services in accordance with any and all applicable provisions of the Hospital's Medical Staff bylaws;

7.4.3 Physician commits a felony or any offense involving fraud, theft or embezzlement;

7.4.4 Physician violates any law or regulation relating to Medicare or Medi-Cal fraud and abuse, or to billing under the Medicare or Medi-Cal programs; or

7.4.5 As otherwise provided in this Agreement.

7.5 Effect of Termination. 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 Services at Hospital.

8. Insurance. Medical Director services are covered under SBHCD's insurance for such activities. During the term of this Agreement, SBHCD shall provide and maintain professional liability insurance with limits of not less than One Million Dollars (\$1,000,000) per incident and Three Million Dollars (\$3,000,000) annual aggregate.

9. Independent Contractor. 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 him/it and to its own employees.

10. Conflict of Interest

10.1 Non-Competition. During the term of the Agreement, Physician shall not, directly or indirectly, serve in any administrative capacity for, or have any direct financial interest in, any other hospital, outpatient facility, or medical practice located within a thirty (30) mile radius of the Service Area, without prior written permission from SBHCD.

10.2 Disclosure. Physician agrees to report immediately any conflict or potential conflict of interest to SBHCD and to give full disclosure of facts pertaining to any transaction or related activity that may be reasonably construed as a conflict of interest. Physician further agrees to report to SBHCD the description of any influence adversely affecting

the decision-making process of Physician pertaining to the performances of services under this Agreement.

11. Assignment. Physician may not assign or subcontract any portion of this Agreement without the prior written consent of SBHCD. SBHCD may assign this Agreement, in whole or in part, to any entity directly owned or controlled by, or which owns or controls, or which is under common ownership or control of SBHCD.
12. Legal Compliance.
 - 12.1 General Obligation. The parties are entering into this Agreement intending to comply with all provisions of applicable law and regulations. Nothing in this Agreement shall be construed to permit or require any illegal act.
 - 12.2 Compensation. The parties agree that nothing in this Agreement shall be construed to require SBHCD, Hospital or Physician to make referrals of patients to one another. No payment is made under this Agreement for the referral of patients or in return for the ordering, purchasing or leasing of products or services from SBHCD or Hospital. 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 at Hospital.
 - 12.3 Effect of Non-Compliance. If by written legal opinion, SBHCD determines that any act or omission on the part of Physician jeopardizes the licensure of Hospital, its participation in, payment or reimbursement from, or contractual relationship with, Medicare, Medi-Cal, Blue Cross or other public or private reimbursement or payment programs, or its full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital, any of its property or financing, or will prevent or prohibit any physician or any other health care professionals or their patients from referring to Hospital or utilizing Hospital or any of its services, or if for any other reason said act or omission should be in violation of any statute, ordinance, or be otherwise deemed illegal, or be deemed unethical by any recognized body, agency, or association in the medical or hospital fields, SBHCD may at its option: (i) terminate this Agreement immediately; or (ii) unilaterally amend the Agreement to ensure compliance with the law, in which case Physician then has a special right to terminate the Agreement if notice of termination is provided to SBHCD in writing within thirty (30) days of the amendment.
13. Hospital Compliance Program. Physician acknowledges that Hospital has implemented a compliance program for the purpose of ensuring that the provision of, and billing for, care at Hospital is in compliance with applicable federal and state laws (“Compliance Program”). Physician acknowledges that Physician has received information relating to such Compliance Program, including Hospital’s Code of Ethics. Physician agrees to comply with all applicable laws and adhere to, abide by and support the Compliance Program and policies promulgated therein. Physician shall participate in training and education sessions relating to the Compliance Program upon the request of Hospital.
14. Physician’s 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; and (iii) is not currently excluded from the federal procurement and non-procurement programs. Physician agrees that if Physician becomes involved in a pending criminal action or 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.

15. HIPAA Compliance. Physician shall have access to medical records and other information regarding patients of Hospital or patients involved in Services (“Protected Health Information”). 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. Physician agrees to comply with the applicable provisions of the U.S. Department of Health and Human Services regulations on “Standards for Privacy of Individually Identifiable Health Information” comprising 45 C.F.R. Parts 160 and 164, Subparts A and E (“Privacy Standards”), “Security Standards for the Protection of Electronic Protected Health Information” comprising 45 C.F.R. Parts 160 and 164, Subpart C (“Security Standards”), “Standards for Notification in the Case of Breach of Unsecured Protected Health Information” comprising 45 C.F.R. Parts 160 and 164, Subpart D (“Breach Notification Standards”), and “Rules for Compliance and Investigations, Impositions of Civil Monetary Penalties, and Procedures for Hearings” comprising 45 C.F.R. Part 160, Subparts C, D, and E (“Enforcement Rule”) promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH Act”), and the Genetic Information and Nondiscrimination Act of 2008 (“GINA”) (Privacy Standards, Security Standards, Breach Notification Standards, and Enforcement Rule are collectively referred to herein as the “HIPAA Standards”). Physician agrees not to use or further disclose any protected health information, as defined in 45 C.F.R. § 160.103 (“Protected Health Information”), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under the HIPAA Standards.

15.1 Physician agrees that Physician shall:

15.1.1 Not use or further disclose Protected Health Information in a manner that would violate the requirements of applicable laws or this Agreement.

15.1.2 Use appropriate safeguards to prevent use or disclosure of Protected Health Information except as permitted by law and the terms of this Agreement.

15.1.3 Report to Hospital any use or disclosure of Protected Health Information not permitted by law or by this Agreement of which Physician becomes aware.

15.1.4 Comply with the elements of any compliance program established by Hospital that applies to the use of or disclosure of Protected Health Information.

15.2 Hospital may terminate this Agreement with Physician at any time if it determines that Physician has violated a material term of this Section after providing Physician written notice of the violation and said violation is not cured to Hospital’s reasonable satisfaction within ten (10) days after notice.

15.3 At termination of this Agreement and after first consulting with Hospital, Physician shall return or destroy all Protected Health Information received from, or created by Hospital 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 and shall limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible. Physician's obligations under this Section shall survive the termination of this Agreement.

16. Limitation of Liability. Each party shall be responsible for its 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 their insurers to do likewise. Each party shall, however, retain the right to take any and all actions it believes necessary to protect its own interests.
17. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
18. Notices. Service of all notices (including notices of any address changes) under this Agreement shall be sufficient if hand-delivered, mailed to the party involved at its respective address set forth herein, by certified or registered mail, return receipt requested, or sent by nationally recognized overnight courier service, addressed to the appropriate party as indicated in this Agreement.
19. Entire Agreement. This Agreement, with exhibits, and all documents referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement.
20. Other Agreements. This Agreement may be one of several between SBHCD and Physician dealing with different aspects of their relationship. SBHCD maintains a current master list of all such agreements, together with copies of the actual agreements, that is available for review by the Secretary of the United States Department of Health and Human Services in accordance with the requirements of the "Stark II" regulations.
21. 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.
22. Amendments. This Agreement may be amended by mutual agreement of the parties without additional consideration, provided that such amendment has been reduced to writing and signed by each party.
23. 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 and nothing herein shall relieve or discharge the obligation or liability of any third persons.
24. 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.

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

SBHCD
San Benito Health Care District

Physician
Jiwu Sun, M.D.

By: _____
Mary T. Casillas, Interim CEO

Jiwu Sun, M.D.

Date: _____

Date: _____

EXHIBIT A

MEDICAL DIRECTOR DUTIES

Employee Health Department Services

As the Medical Director for the Services, Physician shall provide the following services to the Hospital, as and when requested by the Hospital:

(Up to a maximum of eight (8) hours per month)

1. Makes recommendations to the facility's Employee Health Director regarding the use of facility personnel, the necessary equipment, and general quality standards of patient care in connection with the Employee Health Program.
2. Review and make recommendations to revise the Employee Health Program policies and procedures through annual summary with Employee Health Director.
3. Assist with overall case management and reviews to improve outcomes and the appropriate utilization of the programs and services.
4. Oversight and approval of Employee Health Program policies and procedures.
5. Ensure that all Title 22 and JCAHO regulations are currently being followed for new hires, annual requirements (i.e., signing off required lab orders and/or x-ray orders), and annual physicals for the District's Skilled Nursing Facilities.
6. Follow-up on any abnormal employee lab work, including BSE/Sharps injuries.
7. Be available to consult with Employee Health Nurse as needed.
8. Director or his qualified designee(s) will serve as Primary Treating Provider (PTP) for all SBHCD employees injured on the job, and when feasible, return them to work within three (3) days of their injury.
9. Director will complete all required paperwork in a timely manner, including but not limited to Doctor's First Report (DFR) on all new work-related injuries, PR-2 reports every 45 days for actives cases, and PR-4 reports as indicated when employees reach permanent and stationary status.
10. Evaluates all SBHCD employee Fitness for Duty concerns with full documentation within the federal guidelines.
11. Submit monthly timecard with description of activities to Employee Health Director for approval no later than the fifth (5th) day of the following month of service.

EXHIBIT B

Medical Director Monthly Time Report

IMPORTANT NOTICE: This report must be completed, signed and dated by physician. Include all requested information, and forward to the responsible director for validation and processing within five (5) days after the month for which report is due. No compensation will be paid until the Time Report is submitted and validated as complete in accordance with the corresponding agreement.

MONTH/YEAR:	
PHYSICIAN NAME:	PROGRAM:
MAXIMUM HOURS:	COMPENSATION PER HOUR:

Date	Description of Activity	Time (hrs)	Rate (\$)	Total Amount (\$\$)
Total:				

I attest that the time I have submitted for payment accurately reflects time and activities and was spent providing services only and does not include any time spent providing any clinical services for which I can bill any payer or patient.

Signed: _____ Date: _____
 Jiwu Sun, M.D.

I have reviewed the above time report entries made by Physician and confirm they accurately reflect the services provided by the physician:

Responsible Director: _____

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**EXHIBIT C
Medical Director Evaluation**

Contract: Employee Health Department Services **Medical Director Name:** Jiwu Sun, MD

Term: _____

Evaluator's Name:	Evaluator's Title:
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Ensure that contractual expectations have been met. This evaluation is used to provide constructive feedback.

Please rate compliance with the contractual expectations in accordance with the scale below:

- 1- Unacceptable
- 2- Below Standards
- 3- Proficient
- 4- Exceeds Standards
- 5- Outstanding

Standards of Performance		
Expectations	Definition	Rating
Timely Response to Request	<ul style="list-style-type: none"> • Completes contractual needs and requests in a timely manner. 	
Quality of Services	<ul style="list-style-type: none"> • Is consistent, accurate and thorough 	
Initiative	<ul style="list-style-type: none"> • Takes action to improve work performance • Seeks out new ideas and offers suggestions • Is open to new ideas and ways of doing things 	
Communication	<ul style="list-style-type: none"> • Exhibits effective communication skills • Listens well and responds appropriately expresses oneself effectively • Conveys messages thoroughly and accurately 	
Performance Competencies		
Professionalism/Leadership	<ul style="list-style-type: none"> • Maintain appropriate demeanor and language • Is a positive representative of the organization • Adheres to organization policies and procedures • Exhibits flexibility/adaptability creates vision • Compels action 	
Medical Staff Satisfaction	<ul style="list-style-type: none"> • MEC Review supports the quality of services provided • Consistent performance that meets medical staff expectations 	
Quality and Safety	<ul style="list-style-type: none"> • Success in quality improvements • Success in ensuring safety • Annually establishes goals and objectives • Setting/meeting regularly compliance targets 	
Patient Satisfaction	<ul style="list-style-type: none"> • Positive response from patients • Patient satisfaction surveys (if applicable) performance in top tier 	

Comments

Evaluator: _____

Date: _____

Contractee: _____

Date: _____