



**Hazel Hawkins**  
MEMORIAL HOSPITAL

**REGULAR MEETING OF THE FINANCE COMMITTEE  
SAN BENITO HEALTH CARE DISTRICT  
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA  
MONDAY, MAY 19, 2025 - 4:30 P.M.  
SUPPORT SERVICES BUILDING, 2<sup>ND</sup> FLOOR – GREAT ROOM**

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

1. Call to Order
2. Review Financial Updates
  - Financial Statements – April 2025
  - Finance Dashboard – April 2025
  - Supplemental Payments – April 2025
3. Consider Recommendation for Board Approval of Commercial Lease Agreement with Ben Carota.
  - Report
  - Committee Questions
  - Motion/Second
4. Consider Recommendation for Board Approval of Hospitalists Panel Service Agreements with Natalie LaCorte Medical Corporation; Cristian Carrillo, DO, Medical Group; Saiham Shahabuddin, MD, Professional Corporation; Sepulveda, MD, Corporation; Claire Hartung, MD, Inc.; Jiwu Sun, MD, Inc.; J. Deutsch, MD, MPH.
  - Report
  - Committee Questions
  - Motion/Second
5. Consider Recommendation for Board Approval of Medical Director of Hospitalist Services Agreement with Natalie LaCorte Medical Corporation.
  - Report
  - Committee Questions
  - Motion/Second



6. Consider Recommendation for Board Approval of Virtual Inpatient Services Agreement with Omnibus Medical Corporation.

- Report
- Committee Questions
- Motion/Second

7. Consider Recommendation for Board Approval of Professional Services Agreement for Anesthesia Services with Iqbal M. Mirza, MD.

- Report
- Committee Questions
- Motion/Second

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 **Monday, June 23, 2025 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.



San Benito Health Care District

A Public Agency

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

May 19, 2025

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

For the month ending April 30, 2025, the District's Net Surplus **(Loss)** is \$2,900,798 compared to a budgeted Surplus **(Loss)** of \$282,394. The District exceeded its budget for the month by \$2,618,404.

YTD as of April 30, 2025, the District's Net Surplus **(Loss)** is \$18,917,342 compared to a budgeted Surplus **(Loss)** of \$5,733,952. The District is exceeding its budget YTD by \$13,183,390.

Acute discharges were 176 for the month, exceeding budget by 17 discharges or 11%. The ADC was 17.07 compared to a budget of 12.41. The ALOS was 2.91. The acute I/P gross revenue exceeded budget by **\$2.13 million (38%)** while O/P services gross revenue exceeded budget by **\$2.05 million** or 7% over budget. ER I/P visits were 141 and ER O/P visits were under budget by 119 visits or 5%. The RHCs & Specialty Clinics treated 3,869 (includes 680 visits at the Diabetes Clinic) and 1,089 visits respectively.

**Other Operating** revenue exceeded budget by **\$2 million** due to:

- 1) **\$1,662,893** accruals for prior year (IGT) settlements and current year (Direct) HQAF funding.
- 2) **\$322,437** accruals for AB 113 NDPH funding for interim SFY 2024-25 and final payment SFY 2023-24.

**Operating Expenses** were slightly over budget by **\$830,885** due mainly to: Registry of \$350,670 (partially offset by savings in Benefits of \$118,187 and Pro Fees of \$75,684). Supplies and Purchased Services were over budget by \$190,421 and \$368,250 respectively due mainly to the increase I/P ADC.

**Non-operating Revenue** was slightly under budget by **\$7,891** due to the timing of donations.

The SNFs ADC was **90.93** for the month. The Net Surplus **(Loss)** is \$121,217 compared to a budget of \$126,809. YTD, the Net Surplus **(Loss)** is \$1,411,194 exceeding its budget by \$486,439.

HAZEL HAWKINS MEMORIAL HOSPITAL  
HOLLISTER, CA  
For the month ended 04/30/25

	CURR MONTH 04/30/25	PRIOR MONTH 03/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/24
CURRENT ASSETS					
CASH & CASH EQUIVALENT	25,090,781	25,095,439	(4,658)	0	35,145,624
PATIENT ACCOUNTS RECEIVABLE	68,197,801	68,985,068	(787,266)	(1)	67,848,785
BAD DEBT ALLOWANCE	(6,911,622)	(6,664,522)	(247,101)	4	(9,487,617)
CONTRACTUAL RESERVES	(40,186,954)	(41,186,856)	999,902	(2)	(46,279,766)
OTHER RECEIVABLES	14,347,594	10,810,983	3,536,612	33	5,931,344
INVENTORIES	4,450,623	4,480,022	(29,399)	(1)	4,496,070
PREPAID EXPENSES	2,146,613	2,068,257	78,356	4	1,775,026
DUE TO/FROM THIRD PARTIES	(181,860)	(181,860)	0	0	200,709
TOTAL CURRENT ASSETS	66,952,977	63,406,530	3,546,446	6	59,630,175
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	6,831,277	6,560,960	270,317	4	3,512,919
TOTAL LIMITED USE ASSETS	6,831,277	6,560,960	270,317	4	3,512,919
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,370,474
BLDGS & BLDG IMPROVEMENTS	100,098,374	100,098,374	0	0	100,098,374
EQUIPMENT	45,795,086	45,619,351	175,735	0	44,435,024
CONSTRUCTION IN PROGRESS	4,215,687	3,920,450	295,237	8	1,393,964
GROSS PROPERTY, PLANT, AND EQUIPMENT	153,479,621	153,008,649	470,972	0	149,297,836
ACCUMULATED DEPRECIATION	(97,726,404)	(97,394,466)	(331,939)	0	(94,409,166)
NET PROPERTY, PLANT, AND EQUIPMENT	55,753,216	55,614,183	139,033	0	54,888,670
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	339,037	344,948	(5,911)	(2)	398,148
PENSION DEFERRED OUTFLOWS NET	7,038,149	7,038,149	0	0	7,038,149
TOTAL OTHER ASSETS	7,377,186	7,383,097	(5,911)	0	7,436,297
TOTAL UNRESTRICTED ASSETS	136,914,655	132,964,770	3,949,885	3	125,468,061
RESTRICTED ASSETS	129,318	128,856	462	0	127,119
TOTAL ASSETS	137,043,973	133,093,626	3,950,347	3	125,595,180



HAZEL HAWKINS MEMORIAL HOSPITAL  
HOLLISTER, CA  
For the month ended 04/30/25

	CURR MONTH 04/30/25	PRIOR MONTH 03/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/24
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	6,075,545	5,844,195	(231,351)	4	8,572,685
ACCRUED PAYROLL	2,379,968	1,962,385	(417,583)	21	5,824,977
ACCRUED PAYROLL TAXES	446,926	400,782	(46,144)	12	1,608,471
ACCRUED BENEFITS	5,259,732	5,144,259	(115,472)	2	6,695,829
OTHER ACCRUED EXPENSES	72,081	65,338	(6,742)	10	89,559
PATIENT REFUNDS PAYABLE	13,857	1,470	(12,387)	843	12,920
DUE TO\FROM THIRD PARTIES	5,356,466	5,253,960	(102,506)	2	2,355,584
OTHER CURRENT LIABILITIES	975,050	822,746	(152,304)	19	611,755
TOTAL CURRENT LIABILITIES	20,579,624	19,495,135	(1,084,489)	6	25,771,780
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LONG-TERM DEBT					
LEASES PAYABLE	4,649,094	4,655,976	6,882	0	5,107,486
BONDS PAYABLE	29,921,921	29,950,441	28,520	0	31,742,121
TOTAL LONG TERM DEBT	34,571,015	34,606,417	35,402	0	36,849,607
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OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	23,814,514	23,814,514	0	0	23,814,514
TOTAL OTHER LONG-TERM LIABILITIES	23,814,514	23,814,514	0	0	23,814,514
	=====	=====	=====	=====	=====
TOTAL LIABILITIES	78,965,153	77,916,066	(1,049,087)	1	86,435,901
NET ASSETS:					
UNRESTRICTED FUND BALANCE	39,064,686	39,064,686	0	0	39,064,686
RESTRICTED FUND BALANCE	96,792	96,330	(462)	1	94,593
NET REVENUE/(EXPENSES)	18,917,342	16,016,544	(2,900,798)	18	0
TOTAL NET ASSETS	58,078,820	55,177,560	(2,901,260)	5	39,159,279
	=====	=====	=====	=====	=====
TOTAL LIABILITIES AND NET ASSETS	137,043,973	133,093,626	(3,950,347)	3	125,595,180
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HAZEL BAKING MEMORIAL HOSPITAL - COMBINED  
ROLLISTER, CA 95023  
FOR PERIOD 04/30/25

	CURRENT MONTH				YEAR-TO-DATE					
	ACTUAL 04/30/25	BUDGET 04/30/25	POS/MSG VARIANCE	PERCENT VARIANCE	PRIOR YR 04/30/24	ACTUAL 04/30/25	BUDGET 04/30/25	POS/MSG VARIANCE	PERCENT VARIANCE	PRIOR YR 04/30/24
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,716,702	2,663,375	1,053,327	40	2,761,723	33,399,909	32,653,401	746,508	2	32,751,741
SNP ROUTINE REVENUE	2,058,150	2,007,529	50,621	3	1,817,400	19,917,210	19,506,502	410,708	2	20,998,168
ANCILLARY INPATIENT REVENUE	4,549,676	3,346,525	1,203,151	36	3,830,445	42,503,381	40,186,260	2,317,121	6	40,606,711
HOSPITALIST\PEDS I/P REVENUE	0	0	0	0	159,578	0	0	0	0	1,678,952
TOTAL GROSS INPATIENT REVENUE	10,324,528	8,017,429	2,307,099	29	8,569,146	95,820,500	92,346,163	3,474,337	4	96,035,572
ANCILLARY OUTPATIENT REVENUE	29,931,220	27,881,289	2,049,931	7	29,277,306	292,304,067	275,666,230	16,637,837	6	272,203,733
HOSPITALIST\PEDS O/P REVENUE	0	0	0	0	108,972	0	0	0	0	694,392
TOTAL GROSS OUTPATIENT REVENUE	29,931,220	27,881,289	2,049,931	7	29,386,278	292,304,067	275,666,230	16,637,837	6	272,898,125
TOTAL GROSS PATIENT REVENUE	40,255,748	35,898,718	4,357,030	12	37,955,424	388,124,566	368,012,393	20,112,173	6	368,933,697
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,752,768	9,679,962	2,072,806	21	9,883,871	104,470,681	99,981,900	4,488,781	5	98,854,795
MEDI-CAL CONTRACTUAL ALLOWANCES	9,649,042	9,649,360	(153,318)	(2)	9,796,594	98,883,605	98,851,995	31,610	0	97,817,166
BAD DEBT EXPENSE	1,008,153	509,449	498,704	98	412,638	6,998,361	5,240,121	1,758,240	34	6,336,857
CHARITY CARE	10,450	37,968	(27,518)	(73)	28,890	327,268	390,633	(63,365)	(16)	379,120
OTHER CONTRACTUALS AND ADJUSTMENTS	4,752,029	4,265,316	486,713	11	4,944,201	46,067,464	43,283,506	2,783,958	6	44,415,585
HOSPITALIST\PEDS CONTRACTUAL ALLOW	0	0	0	0	(24,490)	0	0	0	0	54,445
TOTAL DEDUCTIONS FROM REVENUE	27,019,441	24,142,055	2,877,386	12	25,041,703	256,747,380	247,748,155	8,999,225	4	247,857,967
NET PATIENT REVENUE	13,236,307	11,756,663	1,479,644	13	12,913,722	131,377,187	120,264,238	11,112,949	9	121,075,730
OTHER OPERATING REVENUE	2,556,067	547,881	2,008,186	367	537,982	10,851,566	5,478,810	5,372,756	98	5,734,084
NET OPERATING REVENUE	15,792,374	12,304,544	3,487,830	28	13,451,704	142,228,752	125,743,048	16,485,704	13	126,809,814
OPERATING EXPENSES:										
SALARIES & WAGES	5,198,840	5,133,335	65,505	1	4,534,555	50,320,150	51,231,513	(911,363)	(2)	46,574,974
REGISTRY	609,687	228,877	380,810	166	521,146	5,337,710	2,292,616	3,045,094	133	3,548,376
EMPLOYEE BENEFITS	2,179,968	2,354,113	(174,145)	(7)	2,281,990	21,722,737	23,170,483	(1,447,746)	(6)	20,989,585
PROFESSIONAL FEES	1,527,151	1,602,929	(75,778)	(5)	1,585,779	15,390,343	16,242,420	(852,077)	(5)	15,961,349
SUPPLIES	1,226,869	1,018,646	208,223	20	1,085,531	11,083,031	10,065,133	1,017,898	10	10,537,189
PURCHASED SERVICES	1,487,787	1,114,480	373,307	34	1,267,500	13,323,942	11,293,357	2,030,585	18	11,055,559
RENTAL	152,394	145,342	7,052	5	145,493	1,606,634	1,472,779	133,855	9	1,384,179
DEPRECIATION & AMORT	317,196	318,477	(1,281)	0	316,228	3,169,946	3,184,770	(14,824)	(1)	3,236,465
INTEREST	(9,700)	27,737	(37,437)	(135)	8,382	413,831	279,479	134,352	48	472,080
OTHER	543,777	428,427	115,350	27	440,791	4,594,812	4,337,756	257,056	6	4,307,584
TOTAL EXPENSES	13,233,968	12,372,363	861,605	7	12,187,395	126,963,135	123,570,306	3,392,829	3	118,067,340
NET OPERATING INCOME (LOSS)	2,558,406	(67,819)	2,626,225	(3,872)	1,264,309	15,265,610	2,172,742	13,092,876	603	8,742,475

EASEL HAWTHNS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 04/30/25

	CURRENT MONTH				PRIOR YR				YEAR-TO-DATE			
	ACTUAL	BUDGET	POS/NEG	PERCENT	ACTUAL	BUDGET	POS/NEG	PERCENT	ACTUAL	BUDGET	POS/NEG	PERCENT
	04/30/25	04/30/25	VARIANCE	VARIANCE	04/30/24	04/30/25	VARIANCE	VARIANCE	04/30/24	04/30/25	VARIANCE	VARIANCE
NON-OPERATING REVENUE\EXPENSE:												
DONATIONS	0	5,000	(5,000)	(100)	11,538	226,594	150,000	76,594	51	243,927	2,057,110	1,703,878
PROPERTY TAX REVENUE	241,122	241,122	0	0	205,711	2,411,220	2,411,220	0	0	2,057,110	1,703,878	(687,211)
GO BOND PROP TAXES	175,915	175,915	0	0	170,388	1,759,148	1,759,150	(3)	(3)	1,703,878	(687,211)	178,351
GO BOND INT REVENUE\EXPENSE	(65,081)	(65,081)	0	0	(68,721)	(650,814)	(650,810)	(4)	(4)	178,351	(318,686)	(4,209)
OTHER NON-OPER REVENUE	11,366	15,908	(4,542)	(29)	12,866	159,029	159,030	(51)	0	178,351	(318,686)	(4,209)
OTHER NON-OPER EXPENSE	(22,650)	(22,651)	1	(28,050)	(268,250)	(267,480)	(267,480)	(820)	0	(318,686)	(4,209)	0
INVESTMENT INCOME	1,720	0	1,720	0	0	14,798	0	14,798	0	0	0	0
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	342,392	350,213	(7,821)	(2)	301,732	3,651,725	3,561,210	90,515	3	3,173,161	11,915,635	13,183,390
NET SURPLUS (LOSS)	2,900,798	282,394	2,618,404	927	1,568,041	18,917,342	5,733,952	13,183,390	230	11,915,635	13,183,390	163,03%
EBIDA	\$ 3,129,811	\$ 512,688	\$ 2,617,123	510.47%	\$ 1,810,652	\$ 21,247,205	\$ 8,077,812	\$ 13,169,393	163.03%	\$ 14,454,119	\$ 14,454,119	8.51%
EBIDA MARGIN	19.82%	4.17%	15.65%	375.63%	13.46%	14.94%	6.42%	8.51%	132.54%	11.40%	11.40%	521.16%
OPERATING MARGIN	16.20%	(0.55)%	16.75%	(3,039.07)%	9.40%	10.73%	1.73%	9.01%	521.16%	6.89%	6.89%	191.67%
NET SURPLUS (LOSS) MARGIN	18.37%	2.30%	16.07%	700.36%	11.66%	13.30%	4.56%	8.74%	191.67%	9.40%	9.40%	191.67%

HASEL BARKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 04/30/25

	CURRENT MONTH				YEAR-TO-DATE			
	ACTUAL 04/30/25	BUDGET 04/30/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 04/30/24	ACTUAL 04/30/25	BUDGET 04/30/25	POS/NEG VARIANCE
GROSS PATIENT REVENUE:								
ROUTINE REVENUE	3,716,702	2,663,375	1,053,327	40	2,761,723	33,399,909	32,653,401	746,508
ANCILLARY INPATIENT REVENUE	4,089,232	3,015,272	1,073,960	36	3,542,341	38,678,804	36,967,615	1,711,189
HOSPITALIST I/P REVENUE	0	0	0	0	159,578	0	0	0
TOTAL GROSS INPATIENT REVENUE	7,805,934	5,678,647	2,127,287	38	6,463,642	72,078,713	69,621,016	2,457,697
ANCILLARY OUTPATIENT REVENUE	29,931,220	27,881,289	2,049,931	7	29,277,306	292,304,067	275,666,230	16,637,837
HOSPITALIST O/P REVENUE	0	0	0	0	108,972	0	0	0
TOTAL GROSS OUTPATIENT REVENUE	29,931,220	27,881,289	2,049,931	7	29,386,278	292,304,067	275,666,230	16,637,837
TOTAL GROSS ACUTE PATIENT REVENUE	37,737,154	33,559,936	4,177,218	12	35,849,920	364,382,779	345,287,246	19,095,533
DEDUCTIONS FROM REVENUE ACUTE:								
MEDICARE CONTRACTUAL ALLOWANCES	11,400,386	9,463,932	1,936,454	21	9,669,169	101,729,956	97,882,804	3,847,152
MEDI-CAL CONTRACTUAL ALLOWANCES	9,400,309	9,523,198	(122,889)	(1)	9,903,769	98,061,699	97,626,125	435,574
BAD DEBT EXPENSE	971,104	504,449	466,655	93	421,730	6,927,509	5,190,121	1,737,388
CHARITY CARE	10,450	37,968	(27,518)	(73)	28,890	265,830	390,633	(124,803)
OTHER CONTRACTUALS AND ADJUSTMENTS	4,702,472	4,232,471	470,001	11	4,879,196	45,781,635	42,964,353	2,817,282
HOSPITALIST/PEDS CONTRACTUAL ALLOW	0	0	0	0	(24,490)	0	0	0
TOTAL ACUTE DEDUCTIONS FROM REVENUE	26,484,720	23,762,018	2,722,702	12	24,878,263	252,766,628	244,054,016	8,712,592
NET ACUTE PATIENT REVENUE	11,252,434	9,797,918	1,454,516	15	10,971,657	111,616,151	101,233,210	10,382,941
OTHER OPERATING REVENUE	2,556,067	547,881	2,008,186	367	537,982	10,851,566	5,478,810	5,372,756
NET ACUTE OPERATING REVENUE	13,808,501	10,345,799	3,462,702	34	11,509,639	122,467,717	106,712,020	15,755,697
OPERATING EXPENSES:								
SALARIES & WAGES	4,158,898	4,107,008	51,890	1	3,609,871	39,999,299	41,133,711	(1,134,412)
REGISTRY	550,670	200,000	350,670	175	460,002	4,835,268	2,000,000	2,835,268
EMPLOYEE BENEFITS	1,708,669	1,826,856	(118,187)	(7)	1,786,771	16,909,088	17,972,876	(1,063,788)
PROFESSIONAL FEES	1,524,941	1,600,625	(75,684)	(5)	1,583,569	15,368,243	16,219,064	(850,821)
SUPPLIES	1,112,513	922,092	190,421	21	998,216	10,103,171	9,104,105	999,066
PURCHASED SERVICES	1,396,323	1,028,073	368,250	36	1,172,234	12,340,551	10,417,772	1,922,779
RENTAL	116,692	144,283	(27,591)	(5)	143,989	2,516,769	1,462,051	54,718
DEPRECIATION & AMORT	277,816	278,940	(1,124)	0	277,733	2,789,400	2,789,400	0
INTEREST	(9,700)	27,737	(37,437)	(135)	8,382	413,831	134,352	279,479
OTHER	483,371	373,693	109,678	29	382,584	4,046,122	3,783,495	262,627
TOTAL EXPENSES	11,340,192	10,509,307	830,885	8	10,423,350	108,311,215	105,161,953	3,149,262
NET OPERATING INCOME (LOSS)	2,468,309	(163,508)	2,631,817	(1,610)	1,086,288	14,156,502	1,550,067	12,606,435

5,647,916

HAILE HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 04/30/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE		
	ACTUAL 04/30/25	BUDGET 04/30/25	POS/MIG VARIANCE	PERCENT VARIANCE	PRIOR YR 04/30/24	ACTUAL 04/30/25	BUDGET 04/30/25	POS/MIG VARIANCE	PERCENT VARIANCE
NON-OPERATING REVENUE\EXPENSE:									
DONATIONS	0	5,000	(5,000)	(100)	11,538	226,594	150,000	76,594	51
PROPERTY TAX REVENUE	204,954	204,954	0	0	174,854	2,049,540	2,049,540	0	0
GO BOND PROP TAXES	175,915	175,915	0	0	170,388	1,759,148	1,759,150	(3)	0
GO BOND INT REVENUE\EXPENSE	(65,081)	(65,081)	0	0	(68,721)	(650,814)	(650,810)	(4)	0
OTHER NON-OPER REVENUE	11,366	15,908	(4,542)	(29)	12,866	159,029	159,080	(51)	0
OTHER NON-OPER EXPENSE	(17,602)	(17,603)	1	0	(21,862)	(208,648)	(207,830)	(818)	0
INVESTMENT INCOME	1,720	0	1,720	0	0	14,798	0	14,798	0
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	311,272	319,093	(7,821)	(3)	279,063	3,349,647	3,259,130	90,517	3
NET SURPLUS (LOSS)	2,779,581	155,585	2,623,996	1,687	1,365,352	17,506,149	4,809,137	12,696,952	264
8,583,186									

BASEL HAWKINS SKILLED NURSING FACILITIES  
HOLLISTER, CA  
FOR PERIOD 04/30/25

	CURRENT MONTH				PRIOR YR				YEAR-TO-DATE			
	ACTUAL 04/30/25	BUDGET 04/30/25	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 04/30/24	BUDGET 04/30/24	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 04/30/25	BUDGET 04/30/25	POS/NEG VARIANCE	PERCENT VARIANCE
GROSS SNF PATIENT REVENUE:												
ROUTINE SNF REVENUE	2,058,150	2,007,529	50,621	3	1,817,400	19,506,502	410,708	2	19,917,210	19,506,502	410,708	2
ANCILLARY SNF REVENUE	460,444	331,253	129,191	39	288,104	3,218,645	605,932	19	3,824,577	3,218,645	605,932	19
TOTAL GROSS SNF PATIENT REVENUE	2,518,594	2,338,782	179,812	8	2,105,504	22,725,147	1,016,640	5	23,741,787	22,725,147	1,016,640	5
DEDUCTIONS FROM REVENUE SNF:												
MEDICARE CONTRACTUAL ALLOWANCES	352,382	216,030	136,352	63	214,703	2,740,726	641,630	31	2,740,726	2,099,096	641,630	31
MEDI-CAL CONTRACTUAL ALLOWANCES	95,733	126,162	(30,429)	(24)	(107,175)	821,907	(403,963)	(33)	821,907	1,225,870	(403,963)	(33)
BAD DEBT EXPENSE	37,049	5,000	32,049	641	(9,093)	50,000	20,852	42	70,852	50,000	20,852	42
CHARITY CARE	0	0	0	0	0	61,438	61,438	0	61,438	0	61,438	0
OTHER CONTRACTUALS AND ADJUSTMENTS	49,557	32,845	16,712	51	65,005	319,153	(33,324)	(10)	285,829	319,153	(33,324)	(10)
TOTAL SNF DEDUCTIONS FROM REVENUE	534,721	380,037	154,684	41	163,439	3,694,119	286,633	8	3,980,752	3,694,119	286,633	8
NET SNF PATIENT REVENUE	1,983,874	1,958,745	25,129	1	1,942,065	19,761,036	730,008	4	19,761,036	19,031,028	730,008	4
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	1,983,874	1,958,745	25,129	1	1,942,065	19,761,036	730,008	4	19,761,036	19,031,028	730,008	4
OPERATING EXPENSES:												
SALARIES & WAGES	1,039,943	1,026,327	13,616	1	924,684	10,320,851	223,049	2	10,320,851	10,097,802	223,049	2
REGISTRY	59,017	28,877	30,140	104	61,145	502,442	292,616	72	502,442	292,616	209,826	72
EMPLOYEE BENEFITS	471,299	527,257	(55,958)	(11)	495,218	4,813,649	(383,958)	(7)	4,813,649	5,197,607	(383,958)	(7)
PROFESSIONAL FEES	2,210	2,304	(94)	(4)	2,210	22,100	(1,256)	(5)	22,100	23,356	(1,256)	(5)
SUPPLIES	114,356	96,554	17,802	18	87,315	979,859	18,831	2	979,859	961,028	18,831	2
PURCHASED SERVICES	91,464	86,407	5,057	6	95,266	875,585	107,806	12	983,391	875,585	107,806	12
RENTAL	15,703	1,059	14,644	1,383	1,504	89,865	79,137	738	89,865	10,728	79,137	738
DEPRECIATION	39,380	39,537	(157)	0	38,495	391,073	(4,297)	(1)	391,073	395,370	(4,297)	(1)
INTEREST	0	0	0	0	0	0	0	0	0	0	0	0
OTHER	60,405	54,734	5,671	10	58,208	554,261	(5,572)	(1)	548,689	554,261	(5,572)	(1)
TOTAL EXPENSES	1,893,777	1,863,056	30,721	2	1,764,044	18,651,920	243,567	1	18,651,920	18,408,353	243,567	1
NET OPERATING INCOME (LOSS)	90,097	95,689	(5,592)	(6)	178,020	1,109,116	486,441	78	1,109,116	622,675	486,441	78
NON-OPERATING REVENUE/EXPENSE:												
DONATIONS	0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	36,168	36,168	0	0	30,857	361,680	361,680	0	361,680	361,680	0	0
OTHER NON-OPER EXPENSE	(5,048)	(5,048)	0	0	(6,188)	(59,602)	(2)	0	(59,602)	(59,600)	(2)	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	31,120	31,120	0	0	24,669	302,078	(2)	0	302,078	302,080	(2)	0
NET SURPLUS (LOSS)	121,217	126,809	(5,592)	(4)	202,689	1,411,194	486,439	53	1,411,194	924,755	486,439	53





San Benito Health Care District  
Hazel Hawkins Memorial Hospital  
APRIL 2025

Description	MTD Budget	MTD Actual	YTD Actual	YTD Budget	FYE Budget
Average Daily Census - Acute	12.41	17.07	14.65	14.90	14.90
Average Daily Census - SNF	88.05	90.93	87.09	84.38	85.00
Acute Length of Stay	2.34	2.91	2.70	2.90	2.90
<u>ER Visits:</u>					
Inpatient	126	141	1,358	1,202	1,444
Outpatient	2,252	2,133	21,798	21,094	25,269
Total	2,378	2,274	23,156	22,296	26,713
Days in Accounts Receivable	50.0	52.7	52.7	50.0	50.0
Productive Full-Time Equivalents	521.33	539.21	517.97	521.33	521.33
Net Patient Revenue	11,756,663	13,236,307	131,377,187	120,264,238	144,649,605
Payment-to-Charge Ratio	32.7%	32.9%	33.8%	32.7%	32.7%
Medicare Traditional Payor Mix	26.21%	31.66%	29.07%	28.21%	28.51%
Commercial Payor Mix	22.63%	22.95%	23.26%	21.98%	21.88%
Bad Debt % of Gross Revenue	1.42%	2.50%	1.80%	1.42%	1.42%
EBIDA	512,688	3,129,811	21,247,205	8,077,812	9,671,943
EBIDA %	4.17%	19.82%	14.94%	6.42%	6.40%
Operating Margin	-0.55%	16.20%	10.73%	1.73%	1.72%
Salaries, Wages, Registry & Benefits %:					
by Net Operating Revenue	62.71%	50.58%	54.41%	60.99%	61.10%
by Total Operating Expense	62.37%	60.36%	60.95%	62.07%	62.15%
<u>Bond Covenants:</u>					
Debt Service Ratio	1.25	13.65	13.65	1.25	5.18
Current Ratio	1.50	3.25	3.25	1.50	2.00
Days Cash on hand	30.00	61.48	61.48	30.00	100.00
Met or Exceeded Target					
Within 10% of Target					
Not Within 10%					



# Statement of Cash Flows

Hazel Hawkins Memorial Hospital  
Hollister, CA  
Ten months ending April 30, 2025

	CASH FLOW		COMMENTS
	Current Month 4/30/2025	Current Year-To-Date 4/30/2025	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$2,900,798	\$18,917,342	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	331,939	3,317,241	
(Increase)/Decrease in Net Patient Accounts Receivable	34,465	(9,017,823)	
(Increase)/Decrease in Other Receivables	(3,536,612)	(8,416,251)	
(Increase)/Decrease in Inventories	29,399	45,448	
(Increase)/Decrease in Pre-Paid Expenses	(76,356)	(371,589)	
(Increase)/Decrease in Due From Third Parties	0	382,569	
Increase/(Decrease) in Accounts Payable	231,351	(2,497,140)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	579,199	(6,042,650)	
Increase/(Decrease) in Accrued Expenses	6,742	(17,480)	
Increase/(Decrease) in Patient Refunds Payable	12,397	938	
Increase/(Decrease) in Third Party Advances/Liabilities	102,506	3,000,882	
Increase/(Decrease) in Other Current Liabilities	152,304	363,298	
Net Cash Provided by Operating Activities:	(2,134,676)	(19,252,559)	Semi-Annual Int. - 2005 GO & 2021 Revenue Bonds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(470,972)	(4,181,788)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(270,317)	(3,318,358)	Bond Principal & Int Payment - 2014 (2005) & 2021 Bonds
(Increase)/Decrease in Other Assets	5,911	59,110	Amortization
Net Cash Used by Investing Activities	(735,378)	(7,441,034)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Capital Lease Debt	(6,882)	(458,392)	
Increase/(Decrease) in Bond Mortgage Debt	(26,520)	(1,820,200)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	2014 GO Principal & Refunding of 2013 Bonds with 2021 Bonds
Net Cash Used for Financing Activities	(35,402)	(2,278,592)	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	0	
Net Increase/(Decrease) in Cash	(4,666)	(10,064,843)	
Cash, Beginning of Period	25,095,439	35,145,624	
Cash, End of Period	\$25,090,781	\$25,090,781	\$0

Cost per day to run the District

\$408,094

Budgeted Cash on Hand

\$24,515,748

Operational Days Cash on Hand

61.48

Variance

\$575,033

Hazel Hawkins Memorial Hospital  
Supplemental Payment Programs  
As of April 30, 2025, FYE June 30, 2025

Payor	Actual FY 2025	Actual FY 2024	Notes:
<b>Intergovernmental Transfer Programs:</b>			
- AB 113 Non-Designated Public Hospital (NDPH)			
- SFY 2022/2023 Final Payment SFY 2023/2024			Requires District to fund program and wait for matching return.
- SFY 2023/2024 Interim SFY 2024/2025			
- SB 239 Hospital Quality Assurance Fund (HOAF) CY 2022		407,785	Paid on 04/17/24, \$156,525.63, funds rec'd in June. Exp. June 2025.
- SB 239 Hospital Quality Assurance Fund (HOAF) CY 2023		434,472	Paid on 04/24/24, \$506,883.51, funds rec'd in June. Exp. June 2025.
- SB 239 Hospital Quality Assurance Fund (HOAF) CY 2024		2,405,548	Net amount rec'd on November 1, 2023 check for CY 2022.
- Rate Range Jan. 1, 2022 through Dec. 31, 2022		2,432,278	IGT by March 22, 2024 of \$1,257,738, funds expected in May/June.
- Rate Range Jan. 1, 2022 through Dec. 31, 2023			Paid IGT of \$1,067,193 in April. Exp. June 2025.
- Rate Range Jan. 1, 2022 through Dec. 31, 2023		1,025,179	IGT by Feb. 23, 2024 of \$472,508, funds expected in April/May.
- QIP PY 5 Settlement			Received in February 2025.
- QIP PY 6 Settlement		3,459,757	IGT by Feb. 16, 2024 of \$1,891,350.65, funds expected in April/May.
- District Hospital Directed Payments (DHDP) CY 2023		2,342,379	Sent IGT of \$2,342,379 in March. Expected in May 2025.
- QIP PY 4 1st Loan Repayment		-	Expected in May 2025. New Program created by the DHLP.
- QIP PY 4 2nd Loan Repayment		(1,253,000)	Paid on 02/26/2024.
- QIP PY 5 Loan Repayment		(1,222,438)	Paid on 04/08/2024.
		-	Paid on December 9, 2024.
<b>IGT sub-total</b>	<b>6,023,320</b>	<b>10,031,960</b>	
<b>Non-Intergovernmental Transfer Programs:</b>			
- AB 915 SY 2023-24			
- SB 239 Hospital Quality Assurance Fund (HOAF)			Direct Payments.
- SB 239 Hospital Quality Assurance Fund (HOAF)		4,143,717	Received on March 17, 2025.
- SB 239 Hospital Quality Assurance Fund (HOAF) VIII		1,069,577	Rec. Sep. 4, 2024.
- SB 239 Hospital Quality Assurance Fund (HOAF) VIII		3,208,731	1st, 2nd & 3rd Qtrs rec'd on 03/19/2024, 05/23/2024 & 06/27/2024.
- SB 239 Hospital Quality Assurance Fund (HOAF) VIII		1,081,621	Expected to Rec. 4th qtr payment by June 30, 2025.
- Distinct Part, Nursing Facility (DP/NF)		3,244,863	Rec'd 1st, 2nd, & 3rd Qtr payments YTD.
- Medi-Cal Disproportionate Share (DSH)		-	Based on actual cost difference.
		1,452,877	Expected quarterly through June 30, 2025.
<b>Non-IGT sub-total</b>	<b>8,128,176</b>	<b>9,874,903</b>	
<b>Program Grand Totals</b>	<b>14,151,496</b>	<b>19,906,863</b>	
<b>Total Received</b>	<b>8,385,696</b>	<b>18,970,344</b>	
<b>Total Pending</b>	<b>8,855,886</b>	<b>1,069,577</b>	
<b>Total Paid</b>	<b>(3,090,086)</b>	<b>(2,475,438)</b>	
<b>Net Supplemental Payments</b>	<b>14,151,496</b>	<b>17,564,484</b>	



# COMMERCIAL LEASE AGREEMENT

(C.A.R. Form CL, Revised 12/24)

Date (For reference only): June 15, 2025

Dr. Ben Carotoa, (Owner, Authorized Broker or Agent, or Property Manager, ("Landlord"))  
and San Benito Health Care District ("Tenant") agree as follows:

1. **PROPERTY:** Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as 901 Sunset Drive, Unit One ("Premises"), which comprise approximately 100.000% of the total square footage of rentable space in the entire property. See exhibit \_\_\_\_\_ for a further description of the Premises.

2. **TERM:** The term begins on (date) July 1, 2025 ("Commencement Date").

(Check A or B):

A. ☒ **Lease:** and shall terminate on (date) 07/01/2028 at 5 ☐ AM ☒ PM. Any holding after the term of this agreement expires, with Landlord's consent, shall create a month-to-month tenancy that either party may terminate as specified in **paragraph 2B**. Rent shall be at a rate equal to the rent for the immediately preceding month, payable in advance. All other terms and conditions of this agreement shall remain in full force and effect.

B. ☐ **Month-to-month:** and continues as a month-to-month tenancy. Either party may terminate the tenancy by giving written notice to the other at least 30 days prior to the intended termination date, subject to any applicable laws. Such notice may be given on any date.

C. **RENEWAL OR EXTENSION TERMS:** \_\_\_\_\_ OR ☐ See attached addendum.

3. **BASE RENT:**

A. Tenant agrees to pay Base Rent at the rate of (CHECK ONE ONLY):

☐ (1) \$3,000.00 per month, for the term of the agreement.

☒ (2) \$3,000.00 per month, for the first 12 months of the agreement. Commencing with the 13th month, and upon expiration of each 12 months thereafter, rent shall be adjusted according to any increase in the U.S. Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers ("CPI") for San Benito County (the city nearest the location of the Premises), based on the following formula: Base Rent will be multiplied by the most current CPI preceding the first calendar month during which the adjustment is to take effect, and divided by the most recent CPI preceding the Commencement Date. In no event shall any adjusted Base Rent be less than the Base Rent for the month immediately preceding the adjustment. If the CPI is no longer published, then the adjustment to Base Rent shall be based on an alternate index that most closely reflects the CPI.

☐ (3) \$ \_\_\_\_\_ per month for the period commencing \_\_\_\_\_ and ending \_\_\_\_\_ and \$ \_\_\_\_\_ per month for the period commencing \_\_\_\_\_ and ending \_\_\_\_\_ and \$ \_\_\_\_\_ per month for the period commencing \_\_\_\_\_ and ending \_\_\_\_\_.

☐ (4) In accordance with the attached rent schedule.

☐ (5) Other: \_\_\_\_\_

B. Base Rent is payable in advance on the 1st (or ☐ \_\_\_\_\_) day of each calendar month, and is delinquent on the next day.

C. If the Commencement Date falls on any day other than the first day of the month, Base Rent for the first calendar month shall be prorated based on a 30-day period. If Tenant has paid one full month's Base Rent in advance of Commencement Date, Base Rent for the second calendar month shall be prorated based on a 30-day period.

4. **RENT:**

A. **Definition:** ("Rent") shall mean all monetary obligations of Tenant to Landlord under the terms of this agreement, except security deposit.

B. **Payment:** Rent shall be paid to (Name) Susan Fixsen at (address) 655 Ridgemark Drive, Hollister, CA 95023, or at any other location specified by Landlord in writing to Tenant.

C. **Timing:** Base Rent shall be paid as specified in **paragraph 3**. All other Rent shall be paid within 30 days after Tenant is billed by Landlord.

5. **EARLY POSSESSION:** Tenant is entitled to possession of the Premises on 06/15/2025. If Tenant is in possession prior to the Commencement Date, during this time (i) Tenant is not obligated to pay Base Rent, and (ii) Tenant ☐ is ☒ is not obligated to pay Rent other than Base Rent. Whether or not Tenant is obligated to pay Rent prior to Commencement Date, Tenant is obligated to comply with all other terms of this agreement.

6. **SECURITY DEPOSIT:**

A. Tenant agrees to pay Landlord \$3,000.00 as a security deposit. Tenant agrees not to hold Broker responsible for its return. (IF CHECKED:) ☒ If Base Rent increases during the term of this agreement, Tenant agrees to increase deposit by the same proportion as the increase in Base Rent.

B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent, late charges, non-sufficient funds ("NSF") fees, or other sums due; (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) broom clean the Premises, if necessary, upon termination of tenancy; and (iv) cover any other unfulfilled obligation of Tenant. **SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT.** If all or any portion of the security deposit is used during tenancy, Tenant agrees to reinstate the total security deposit within 5 days after written notice is delivered to Tenant. Within 30 days after Landlord receives possession of the Premises, Landlord shall: (i) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition, and (ii) return any remaining portion of security deposit to Tenant. However, if the Landlord's only claim upon the security deposit is for unpaid Rent, then the remaining portion of the security deposit, after deduction of unpaid Rent, shall be returned within 14 days after the Landlord receives possession.

C. No interest will be paid on security deposit, unless required by local ordinance.

CL REVISED 12/24 (PAGE 1 OF 7)

Landlord's Initials

DBL

Tenant's Initials

COMMERCIAL LEASE AGREEMENT (CL PAGE 1 OF 7)





**7. QUALIFIED COMMERCIAL TENANT**

**A. DEFINITION:** A "Qualified Commercial Tenant" means a tenant of commercial real property that meets both of the following requirements:

- The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees ("microenterprise" as defined under Business and Professions code § 18000 means a sole proprietorship, partnership, limited liability company, or corporation that meets both of the following: (i) has 5 or fewer employees including the owner, and (ii) generally lacks sufficient access to loans, equity, or other financial capital); and
- (i) Subject to subclause (ii), the tenant has provided the landlord, within the previous 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this provision come into place.  
(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice of self-attestation described in subclause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this provision come into place.

**B. MODIFICATIONS TO AGREEMENT:** If Tenant is a Qualified Commercial Tenant, the following provisions apply:

- (1) **NOTICE OF RIGHT TO RECEIVE FOREIGN LANGUAGE TRANSLATION OF LEASE/RENTAL AGREEMENTS:** California Civil Code requires a Landlord or property manager to provide a tenant with a foreign language translation copy of a lease or rental agreement if the agreement was negotiated primarily in Spanish, Chinese, Korean, Tagalog or Vietnamese. If applicable, every term of the lease/rental needs to be translated except for, among others, names, dollar amounts and dates written as numerals, and words with no generally accepted non-English translation. Even if Tenant negotiates through the Tenant's own interpreter, Landlord is not relieved on this obligation.
- (2) **TERMINATION:** If Tenant has occupied the Premises for one year or more and is on a month to month tenancy, Landlord shall give notice at least 60 days prior to the propose date of termination.
- (3) **NOTICE TO INCREASE RENT:** For any proposed rent increase greater than 10 percent of the rental amount charged to Tenant at any time during the 12 months before the effective date of the increase, the notice shall be delivered at least 90 days before the effective date of the increase, and subject to California Civil Code § 1013 if served by mail.
- (4) **NOTICE AND DOCUMENTATION RELATED TO PROPERTY OPERATING EXPENSES:**
  - (A) **NOTICE PRIOR TO EXECUTION OF THE LEASE:** Tenant may inspect any supporting documentation of building operating costs upon written request. Within 30 days of a written request, Landlord shall provide supporting documentation of the previously incurred or reasonably expected building operating costs.
  - (B) **TIMING OF EXPENSES:** Operating expenses must have been incurred within the previous 18 months, or reasonably expected to be incurred within the next 12 months of any payment.
  - (C) **SUPPORTING DOCUMENTATION:** Landlord shall provide supporting documentation prior to any charge to recover any building operating costs from tenant under **paragraph 15**.

**8. PAYMENTS:**

	TOTAL DUE	PAYMENT RECEIVED	BALANCE DUE	DUE DATE
A. Rent: From <u>07/01/2025</u> To _____	\$ <u>3,000.00</u>	\$ _____	\$ <u>3,000.00</u>	<u>07/01/2025</u>
B. Security Deposit .....	\$ <u>3,000.00</u>	\$ _____	\$ <u>3,000.00</u>	<u>06/15/2025</u>
C. Other: _____ Category _____	\$ _____	\$ _____	\$ _____	_____
D. Other: _____ Category _____	\$ _____	\$ _____	\$ _____	_____
E. Total: .....	\$ <u>6,000.00</u>	\$ _____	\$ <u>6,000.00</u>	_____

**9. PARKING:** Tenant is entitled to 4 unreserved and \_\_\_\_\_ reserved vehicle parking spaces. The right to parking ☒ is ☐ is not included in the Base Rent charged pursuant to **paragraph 3**. If not included in the Base Rent, the parking rental fee shall be an additional \$ \_\_\_\_\_ per month. Parking space(s) are to be used for parking operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked in parking spaces or on the Premises. Mechanical work or storage of inoperable vehicles is not allowed in parking space(s) or elsewhere on the Premises. No overnight parking is permitted.

**10. ADDITIONAL STORAGE:** Storage is permitted as follows: In building. The right to additional storage space ☒ is ☐ is not included in the Base Rent charged pursuant to **paragraph 3**. If not included in Base Rent, storage space shall be an additional \$ \_\_\_\_\_ per month. Tenant shall store only personal property that Tenant owns, and shall not store property that is claimed by another, or in which another has any right, title, or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, or other dangerous or hazardous material. Tenant shall pay for, and be responsible for, the clean-up of any contamination caused by Tenant's use of the storage area.

**11. LATE CHARGE; INTEREST; NSF CHECKS:** Tenant acknowledges that either late payment of Rent or issuance of a NSF check may cause Landlord to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within 5 calendar days after date due, or if a check is returned NSF, Tenant shall pay to Landlord, respectively, \$50.00 as late charge, plus 10% interest per annum on the delinquent amount and \$25.00 as a NSF fee, any of which shall be deemed additional Rent. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under **paragraph 4**, or prevent Landlord from exercising any other rights and remedies under this agreement, and as provided by law.

**12. CONDITION OF PREMISES:** Tenant has examined the Premises and acknowledges that Premises is clean and in operative condition, with the following exceptions: Tenant to video and send any discrepancies. Items listed as exceptions shall be dealt with in the following manner: \_\_\_\_\_.

**13. ZONING AND LAND USE:** Tenant accepts the Premises subject to all local, state and federal laws, regulations and ordinances ("Laws"). Landlord makes no representation or warranty that Premises are now or in the future will be suitable for Tenant's use. Tenant has made its own investigation regarding all applicable Laws.

**14. TENANT OPERATING EXPENSES:** Tenant agrees to pay for all utilities and services directly billed to Tenant.

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Landlord's Initials DEL / \_\_\_\_\_ Tenant's Initials \_\_\_\_\_ / \_\_\_\_\_

**COMMERCIAL LEASE AGREEMENT (CL PAGE 2 OF 7)**





**15. PROPERTY OPERATING EXPENSES:**

A. Tenant agrees to pay its proportionate share of Landlord's estimated monthly property operating expenses, including but not limited to, common area maintenance, consolidated utility and service bills, insurance, and real property taxes, based on the ratio of the square footage of the Premises to the total square footage of the rentable space in the entire property.

B. ☒ (If checked) paragraph 15 does not apply.

**16. USE:** The Premises are for the sole use as Medical Office

No other use is permitted without Landlord's prior written consent. If any use by Tenant causes an increase in the premium on Landlord's existing property insurance, Tenant shall pay for the increased cost. Tenant will comply with all Laws affecting its use of the Premises.

**17. RULES/REGULATIONS:** Tenant agrees to comply with all rules and regulations of Landlord (and, if applicable, Owner's Association) that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant do not, disturb, annoy, endanger, or interfere with other tenants of the building or neighbors, or use of the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or committing a waste or nuisance on or about the Premises.

**18. MAINTENANCE:**

A. Tenant OR ☒ (If checked, Landlord) shall professionally maintain the Premises including heating, air conditioning, electrical, plumbing and water systems, if any.

B. Tenant OR ☒ (If checked, Landlord) shall keep glass, windows and doors in operable and safe condition.

C. Landlord OR ☐ (If checked, Tenant) shall maintain the roof, foundation, exterior walls, common areas and \_\_\_\_\_

D. Unless Landlord is indicated above, if Tenant fails to maintain the Premises, or keep it in operable and safe condition, as specified in **18A-C**, Landlord may contract for or perform such services to maintain the Premises, or keep it in operable and safe condition, as specified in **18A-C**, and charge Tenant for Landlord's cost.

**19. ALTERATIONS:** Tenant shall not make any alterations in or about the Premises, including installation of trade fixtures and signs, without Landlord's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to Law and with required permits. Tenant shall give Landlord advance notice of the commencement date of any planned alteration, so that Landlord, at its option, may post a Notice of Non-Responsibility to prevent potential liens against Landlord's interest in the Premises. Landlord may also require Tenant to provide Landlord with lien releases from any contractor performing work on the Premises.

**20. GOVERNMENT IMPOSED ALTERATIONS:** Any alterations required by Law as a result of Tenant's use shall be Tenant's responsibility. Landlord shall be responsible for any other alterations required by Law.

**21. ENTRY:** Tenant shall make Premises available to Landlord or Landlord's agent for the purpose of entering to make inspections, necessary or agreed repairs, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors. Landlord and Tenant agree that 24 hours notice (oral or written) shall be reasonable and sufficient notice. In an emergency, Landlord or Landlord's representative may enter Premises at any time without prior notice.

**22. SIGNS:** Tenant authorizes Landlord to place a FOR SALE sign on the Premises at any time, and a FOR LEASE sign on the Premises within the **90** (or ☐ ) day period preceding the termination of the agreement.

**23. SUBLETTING/ASSIGNMENT:** Tenant shall not sublet or encumber all or any part of Premises, or assign or transfer this agreement or any interest in it, without the prior written consent of Landlord, which shall not be unreasonably withheld. Unless such consent is obtained, any subletting, assignment, transfer, or encumbrance of the Premises, agreement, or tenancy, by voluntary act of Tenant, operation of law, or otherwise, shall be null and void, and, at the option of Landlord, terminate this agreement. Any proposed sublessee, assignee, or transferee shall submit to Landlord an application and credit information for Landlord's approval, and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one sublease, assignment, or transfer, shall not be construed as consent to any subsequent sublease, assignment, or transfer, and does not release Tenant or Tenant's obligation under this agreement.

**24. POSSESSION:** If Landlord is unable to deliver possession of Premises on Commencement Date, such date shall be extended to the date on which possession is made available to Tenant. However, the expiration date shall remain the same as specified in **paragraph 2**. If Landlord is unable to deliver possession within **60** (or ☐ ) calendar days after the agreed Commencement Date, Tenant may terminate this agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid.

**25. TENANT'S OBLIGATIONS UPON VACATING PREMISES:** Upon termination of agreement, Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate Premises and surrender it to Landlord empty of all persons and personal property; (iii) vacate all parking and storage spaces; (iv) deliver Premises to Landlord in the same condition as referenced in **paragraph 12**; (v) clean Premises; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) \_\_\_\_\_

All improvements installed by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may nevertheless require Tenant to remove any such improvement that did not exist at the time possession was made available to Tenant.

**26. BREACH OF CONTRACT/EARLY TERMINATION:** In event Tenant, prior to expiration of this agreement, breaches any obligation in this agreement, abandons the premises, or gives notice of tenant's intent to terminate this tenancy prior to its expiration, in addition to any obligations established by **paragraph 25**, Tenant shall also be responsible for lost rent, rental commissions, advertising expenses, and painting costs necessary to ready Premises for re-rental. Landlord may also recover from Tenant: (i) the worth, at the time of award, of the unpaid Rent that would have been earned at the time of termination; (ii) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned after expiration until the time of award exceeds the amount of such rental loss the Tenant proves could have been reasonably avoided; and (iii) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided. Landlord may elect to continue the tenancy in effect for so long as Landlord does not terminate Tenant's right to possession, by either written notice of termination of possession or by reletting the Premises to another who takes possession, and Landlord may enforce all Landlord's rights and remedies under this agreement, including the right to recover the Rent as it becomes due.

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Landlord's Initials

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Tenant's Initials



**COMMERCIAL LEASE AGREEMENT (CL PAGE 3 OF 7)**



- 27. DAMAGE TO PREMISES:** If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Landlord shall have the right to restore the Premises by repair or rebuilding. If Landlord elects to repair or rebuild, and is able to complete such restoration within 90 days from the date of damage, subject to the terms of this paragraph, this agreement shall remain in full force and effect. If Landlord is unable to restore the Premises within this time, or if Landlord elects not to restore, then either Landlord or Tenant may terminate this agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the current monthly Base Rent prorated on a 30-day basis. If this agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of the Premises. If total or partial destruction or damage occurs as a result of an act of Tenant or Tenant's guest, (i) only Landlord shall have the right, at Landlord's sole discretion, within 30 days after such total or partial destruction or damage to treat the lease as terminated by Tenant, and (ii) Landlord shall have the right to recover damages from Tenant.
- 28. HAZARDOUS MATERIALS:** Tenant shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. However, Tenant is permitted to make use of such materials that are required to be used in the normal course of Tenant's business provided that Tenant complies with all applicable Laws related to the hazardous materials. Tenant is responsible for the cost of removal and remediation, or any clean-up of any contamination caused by Tenant.
- 29. CONDEMNATION:** If all or part of the Premises is condemned for public use, either party may terminate this agreement as of the date possession is given to the condemner. All condemnation proceeds, exclusive of those allocated by the condemner to Tenant's relocation costs and trade fixtures, belong to Landlord.
- 30. INSURANCE:** Tenant's personal property, fixtures, equipment, inventory and vehicles are not insured by Landlord against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is to carry Tenant's own property insurance to protect Tenant from any such loss. In addition, Tenant shall carry (i) liability insurance in an amount of not less than \$100,000.00 and (ii) property insurance in an amount sufficient to cover the replacement cost of the property if Tenant is responsible for maintenance under **paragraph 18B**. Tenant's insurance shall name Landlord and Landlord's agent as additional insured. Tenant, upon Landlord's request, shall provide Landlord with a certificate of insurance establishing Tenant's compliance. Landlord shall maintain liability insurance insuring Landlord, but not Tenant, in an amount of at least \$300,000.00, plus property insurance in an amount sufficient to cover the replacement cost of the property unless Tenant is responsible for maintenance pursuant to **paragraph 18B**. Tenant is advised to carry business interruption insurance in an amount at least sufficient to cover Tenant's complete rental obligation to Landlord. Landlord is advised to obtain a policy of rental loss insurance. Both Landlord and Tenant release each other, and waive their respective rights to subrogation against each other, for loss or damage covered by insurance.
- 31. TENANCY STATEMENT (ESTOPPEL CERTIFICATE):** Tenant shall execute and return a tenancy statement (estoppel certificate), delivered to Tenant by Landlord or Landlord's agent, within 3 days after its receipt. The tenancy statement shall acknowledge that this agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement: (i) shall be deemed Tenant's acknowledgment that the tenancy statement is true and correct, and may be relied upon by a prospective lender or purchaser; and (ii) may be treated by Landlord as a material breach of this agreement. Tenant shall also prepare, execute, and deliver to Landlord any financial statement (which will be held in confidence) reasonably requested by a prospective lender or buyer.
- 32. LANDLORD'S TRANSFER:** Tenant agrees that the transferee of Landlord's interest shall be substituted as Landlord under this agreement. Landlord will be released of any further obligation to Tenant regarding the security deposit, only if the security deposit is returned to Tenant upon such transfer, or if the security deposit is actually transferred to the transferee. For all other obligations under this agreement, Landlord is released of any further liability to Tenant, upon Landlord's transfer.
- 33. SUBORDINATION:** This agreement shall be subordinate to all existing liens and, at Landlord's option, the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any advances made on the security of the Premises, and to all renewals, modifications, consolidations, replacements, and extensions. However, as to the lien of any deed of trust or mortgage entered into after execution of this agreement, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant pays the Rent and observes and performs all of the provisions of this agreement, unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor elects to have this agreement placed in a security position prior to the lien of a mortgage, deed of trust, or ground lease, and gives written notice to Tenant, this agreement shall be deemed prior to that mortgage, deed of trust, or ground lease, or the date of recording.
- 34. TENANT REPRESENTATIONS; CREDIT:** Tenant warrants that all statements in Tenant's financial documents and rental application are accurate. Tenant authorizes Landlord and Broker(s) to obtain Tenant's credit report at time of application and periodically during tenancy in connection with approval, modification, or enforcement of this agreement. Landlord may cancel this agreement: (i) before occupancy begins, upon disapproval of credit report(s); or (ii) at any time, upon discovering that information in Tenant's application is false. A negative credit report reflecting on Tenant's record may be submitted to a credit reporting agency, if Tenant fails to pay Rent or comply with any other obligation under this agreement.
- 35. CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS:**
- A. Landlord states that the Premises ☐ have, or ☒ have not been inspected by a Certified Access Specialist (CASp).
- B. If the Premises have been inspected by a CASp,
- (1) Landlord states that the Premises ☒ have, or ☐ have not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53. Landlord shall provide Tenant a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) as specified below.
- (2) ☐ (i) Tenant has received a copy of the report at least 48 hours before executing this lease. Tenant has no right to rescind the lease based upon information contained in the report.
- OR ☐ (ii) Tenant has received a copy of the report prior to, but no more than, 48 hours before, executing this lease. Based upon information contained in the report, Tenant has 72 hours after execution of this lease to rescind it.
- OR ☐ (iii) Tenant has not received a copy of the report prepared by the CASp prior to execution of this lease. Landlord shall provide a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) within 7 days after execution of this lease. Tenant shall have up to 3 days thereafter to rescind the lease based upon information in the report.
- C. If the Premises have not been inspected by a CASp or a certificate was not issued by the CASp who conducted the inspection, "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

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**COMMERCIAL LEASE AGREEMENT (CL PAGE 4 OF 7)**

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Dr. Careta





- D. Notwithstanding anything to the contrary in **paragraph 17, 18, 19** or elsewhere in the lease, any repairs or modifications necessary to correct violations of construction related accessibility standards to the Premises are the responsibility of the ☐ Tenant, ☒ Landlord, ☐ Other \_\_\_\_\_.

**36. MEDIATION:** Tenant and Landlord agree to mediate any dispute or claim arising between them out of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to **paragraph 36** below. **Paragraphs 37B and C** apply whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.**

**37. ARBITRATION OF DISPUTES:**

- A. Tenant and Landlord agree that any dispute or claim in Law or equity arising between them out of this agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 37B and C below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.**
- B. EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from Mediation and Arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.
- C. BROKERS:** Tenant and Landlord agree to mediate and arbitrate disputes or claims involving either or both Brokers, provided either or both Brokers shall have agreed to such mediation or arbitration, prior to, or within a reasonable time after the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the agreement.

**"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**

**"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."**

Landlord's Initials \_\_\_\_\_ / \_\_\_\_\_ Tenant's Initials \_\_\_\_\_ / \_\_\_\_\_

- 38. JOINT AND INDIVIDUAL OBLIGATIONS:** If there is more than one Tenant, each on shall be individually and completely responsible for the performance of all obligations of Tenant under this agreement, jointly with every other Tenant, and individually, whether or not in possession.
- 39. NOTICE:** Notices may be served by mail, email, or courier at the contact information provided in the signature section for Landlord or Tenant, or at any other location subsequently designated and is deemed effective upon personal receipt by either party or their agent.
- 40. WAIVER:** The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.
- 41. INDEMNIFICATION:** Tenant shall indemnify, defend and hold Landlord harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Tenant's use of the Premises.
- 42. OTHER TERMS AND CONDITIONS/SUPPLEMENTS:** Tenant allowed to place for tenant to add a sign on both the façade of the unit and on the monument sign facing the street.

The following ATTACHED supplements/exhibits are incorporated in this agreement: ☐ Option Agreement (C.A.R. Form OA) \_\_\_\_\_

- 43. ATTORNEY FEES:** In any action or proceeding arising out of this agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs from the non-prevailing Landlord or Tenant, except as provided in **paragraph 36**.





- 44. ENTIRE CONTRACT:** Time is of the essence. All prior agreements between Landlord and Tenant are incorporated in this agreement, which constitutes the entire contract. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. Any provision of this agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this agreement. This agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the parties.
- 45. BROKERAGE:** Landlord and Tenant shall each pay to Broker(s) the fee agreed to, if any, in a separate written agreement. Neither Tenant nor Landlord has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as named in this agreement, in connection with any act relating to the Premises, including, but not limited to, inquiries, introductions, consultations, and negotiations leading to this agreement. Tenant and Landlord each agree to indemnify, defend and hold harmless the other, and the Brokers specified herein, and their agents, from and against any costs, expenses, or liability for compensation claimed inconsistent with the warranty and representation in this **paragraph 44**.
- 46. AGENCY CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:  
 Listing Agent: Pacific Oak Real Estate Services- (Print Firm Name) is the agent of (check one):  
☐ the Landlord exclusively; or ☒ both the Tenant and Landlord.  
 Selling Agent: Pacific Oak Real Estate Services- (Print Firm Name) (if not same as Listing Agent)  
 is the agent of (check one):  
☐ the Tenant exclusively; or ☐ the Landlord exclusively; or ☐ both the Tenant and Landlord.  
 Real Estate Brokers are not parties to the agreement between Tenant and Landlord.

Landlord and Tenant acknowledge and agree that Brokers: (i) do not guarantee the condition of the Premises; (ii) cannot verify representations made by other; (iii) will not verify zoning and land use restrictions; (iv) cannot provide legal or tax advice; (v) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, if Brokers are not also acting as Landlord in this agreement, Brokers: (vi) do not decide what rental rate a Tenant should pay or Landlord should accept; and (vii) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree that they will seek legal, tax, insurance, and other desired assistance from appropriate professionals.

- 47. LEGALLY AUTHORIZED SIGNER:** Wherever the signature or initials of the Legally Authorized Signer identified in **paragraphs 48 or 49** appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Legally Authorized Signer (i) represents that the entity for which that person is acting already exists and is in good standing to do business in California and (ii) shall Deliver to the other Party, upon request, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code § 18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
- 48. Tenant agrees to rent the Premises on the above terms and conditions.**
- A. ☐ ENTITY TENANT:** (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)
- (1) **Non-Individual (entity) Tenants:** One or more Tenants is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
  - (2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): \_\_\_\_\_
  - (3) **Contractual Identity of Tenant:** For purposes of this Agreement, when the name described below is used it shall be deemed to be the full entity name.
    - (A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);
    - (B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).
  - (4) **Legally Authorized Signer:**
    - (A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See **paragraph 47** for additional terms.
    - (B) The name(s) of the Legally Authorized Signer(s) is/are: \_\_\_\_\_.

**B. TENANT SIGNATURE(S):**

(Signature) By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed name of Tenant: Mark Robinson  
☐ Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, CFO  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_ Text \_\_\_\_\_ E-mail \_\_\_\_\_

(Signature) By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed name of Tenant: \_\_\_\_\_  
☐ Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, \_\_\_\_\_  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_ Text \_\_\_\_\_ E-mail \_\_\_\_\_

☐ IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).



- ☒ **GUARANTEE:** In consideration of the execution of this Agreement by and between Landlord and Tenant and for valuable consideration, receipt of which is hereby acknowledged, the undersigned ("Guarantor") does hereby: (i) guarantee unconditionally Landlord and Landlord's agents, successors and assigns, the prompt payment of Rent or other sums that become due pursuant to this Agreement, including any and all court costs and attorney fees included in enforcing the Agreement; (ii) consent to any changes, modifications or alterations of any term in this Agreement agreed to by Landlord and Tenant; and (iii) waive any right to require Landlord and/or Landlord's agents to proceed against Tenant for any default occurring under this Agreement before seeking to enforce this Guarantee.

Guarantor (Print Name) San Benito Health District, Mark Robinson

Guarantor \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ E-mail \_\_\_\_\_

**49. Landlord agrees to rent the Premises on the above terms and conditions:**

**A. ☐ ENTITY LANDLORD:** (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

- (1) **Non-Individual (entity) Landlords:** One or more Landlords is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
- (2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): \_\_\_\_\_
- (3) **Contractual identity of Landlord:** For purposes of this Agreement, when the name described below is used it shall be deemed to be the full entity name.  
(A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);  
(B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).
- (4) **Legally Authorized Signer:**  
(A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not for him/herself as an individual. See **paragraph 47** for additional terms.  
(B) The name(s) of the Legally Authorized Signer(s) is/are: \_\_\_\_\_

**B. LANDLORD SIGNATURE(S):**

(Signature) By, Dr. Ben Carotoa Date: 5/9/2025  
Printed name of Landlord: Dr. Ben Carotoa  
☐ Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, \_\_\_\_\_  
Address 901 Sunset Drive Unit One City Hollister State CA Zip 95023  
Telephone \_\_\_\_\_ Text \_\_\_\_\_ E-mail \_\_\_\_\_

(Signature) By, \_\_\_\_\_ Date: \_\_\_\_\_  
Printed name of Landlord: \_\_\_\_\_  
☐ Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Text \_\_\_\_\_ E-mail \_\_\_\_\_

☐ IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

**Agency relationships are confirmed as above. Real estate brokers who are not also Landlords in this agreement are not a party to the agreement between Landlord and Tenant.**

Real Estate Broker/Tenant Brokerage Firm) Pacific Oak Real Estate Services- Lic. # 01766553  
By (Agent) Susan Fixen Lic. # 01766553 Date 5/11/2025  
Address 655 Ridgemark Drive, Hollister, CA 95023 City Hollister State CA Zip 95037  
Telephone (831)245-5195 Fax \_\_\_\_\_ E-mail susan@pacificoakhomes.com

Real Estate Broker/Landlord Brokerage Firm) Pacific Oak Real Estate Services- Lic. # 01766553  
By (Agent) Susan Fixen Lic. # 01766553 Date 5/11/2025  
Address 655 Ridgemark Drive City Hollister State CA Zip 95023  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail susan@pacificoakhomes.com

Landlord's Initials DBL / \_\_\_\_\_ Tenant's Initials \_\_\_\_\_ / \_\_\_\_\_

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**CL REVISED 12/24 (PAGE 7 OF 7)**

**COMMERCIAL LEASE AGREEMENT (CL PAGE 7 OF 7)**

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Dr. Carota





## **Board of Directors Contract Review Worksheet**

### *Professional Service Agreements for Hospitalist Coverage Panel*

**Executive Summary:** As the expiration of the current hospitalist group agreement approached, hospital leadership and members of the existing hospitalist team came together to develop a shared vision for strengthening collaboration and inpatient care services. Through this collaborative effort, both parties aligned on a vision to improve continuity of care, quality, and patient outcomes. The proposed agreement includes coverage by a panel of seven board-certified physicians, some whom reside locally, and are well-integrated into the hospital and community.

#### **Family Medicine**

Natalie C. LaCorte, MD  
Cristian Carrillo, DO  
Claire J. Hartung, MD  
Joshua Deutsch, MD

#### **Internal Medicine**

Saiham Shahabuddin, MD  
Jiwu Sun, MD  
Michael Sepulveda, MD

**Recommended Board Motion:** It is recommended the hospital Board approve the Professional Service Agreements for the Hospitalist Coverage Panel with the following physician corporations at a rate of \$185 per hour for day coverage and \$82.50 per hour for night shift call coverage:

1. Natalie LaCorte Medical Corporation;
2. Cristian Carrillo, DO, Medical Group;
3. Saiham Shahabuddin, MD, Professional Corporation;
4. Sepulveda, MD, Corporation;
5. Claire Hartung, MD, Inc.;
6. Jiwu Sun, MD, Inc.;
7. J. Deutsch, MD, MPH, Physician Services Incorporated

**Services Provided:** 24/7/365 hospitalist coverage.

#### **Agreement Terms:**

Contract Term	Effective Date	Estimated Annual Cost	Term clause
3 year	6/1/2025	\$1,981,950	90 days



## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“**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 **Natalie LaCorte Medical Corporation** (“**Physician**”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“**Hospital**”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“**Hospital Service Area**”).
- B. SBHCD owns and operates specialty and 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**”) and two skilled nursing facilities (“**SNFs**”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “**Facilities**”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“**Hospitalist Coverage Panel**”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“**Services**”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“**Governmental Programs**”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
- 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
- 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
- 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
- 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
- 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.

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

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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



- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

#### **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

#### **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;

9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;

10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;

10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;

10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;

10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;

10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or

10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: Natalie LaCorte Medical Corporation  
Natalie LaCorte, M.D.  
340 Regal Drive  
Hollister CA, 95023

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Natalie LaCorte Medical Corporation

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

By: \_\_\_\_\_  
Natalie LaCorte, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.

- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*



- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics**. In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“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 **Cristian Carrillo DO Medical Group** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates specialty and 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”) and two skilled nursing facilities (“SNFs”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “Facilities”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“Hospitalist Coverage Panel”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:



- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
- 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
- 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
- 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
- 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
- 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.

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

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

#### **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

#### **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;

9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;

10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;

10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;

10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;

10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;

10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or

10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.



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

Physician: Cristian Carrillo DO Medical Group  
Cristian Carrillo, D.O.  
415 Thistle Street  
Hollister CA, 95023

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Cristian Carrillo DO Medical Group

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

By: \_\_\_\_\_  
Cristian Carrillo D.O., Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12-hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.

- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*



- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics**. In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of this page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“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 **Claire Hartung, MD Inc.** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates specialty and 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”) and two skilled nursing facilities (“SNFs”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “Facilities”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“Hospitalist Coverage Panel”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
  - 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
  - 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
  - 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
  - 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
  - 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
  - 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
  - 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
  - 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;



- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

## **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

## **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;

9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

- 10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;
- 10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
- 10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;
- 10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
- 10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;
- 10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or
- 10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.
- 10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: Claire Hartung, MD Inc.  
Claire Hartung, M.D.  
4590A Redwood Retreat Road  
Gilroy CA, 95020

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Claire Hartung, MD Inc.

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

By: \_\_\_\_\_  
Claire Hartung, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.

- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*



- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics.** In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“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 **J Deutsch MD MPH Physician Services Incorporated** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates specialty and 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”) and two skilled nursing facilities (“SNFs”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “Facilities”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“Hospitalist Coverage Panel”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
- 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
- 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
- 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
- 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
- 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.

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

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

## **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

## **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;



9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;

10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;

10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;

10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;

10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;

10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or

10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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

whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: J Deutsch MD MPH Physician Services Incorporated  
Joshua Deutsch, M.D.  
27726 Crowne Point Court  
Salinas CA, 93908-1600

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.

- 11.9 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.
- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement: Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

J Deutsch MD MPH Physician Services Incorporated

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

By: \_\_\_\_\_  
Joshua Deutsch, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.



- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*

- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics.** In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“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 **Saiham Shahabuddin MD P.C.** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates specialty and 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”) and two skilled nursing facilities (“SNFs”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “Facilities”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“Hospitalist Coverage Panel”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring **on May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
  - 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
  - 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
  - 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
  - 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
  - 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
  - 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
  - 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
  - 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

## **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

## **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;



9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;

10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;

10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;

10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;

10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;

10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or

10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: Saiham Shahabuddin MD P.C.  
Saiham Shahabuddin, M.D.  
246 Boardwalk Avenue  
Marina CA, 93933-6056

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement: Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Saiham Shahabuddin MD P.C.

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

By: \_\_\_\_\_  
Saiham Shahabuddin, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.



- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*

- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics.** In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“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 **Jiwu Sun MD Inc.** (“Physician”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates specialty and 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”) and two skilled nursing facilities (“SNFs”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “Facilities”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“Hospitalist Coverage Panel”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
- 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
- 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
- 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
- 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
- 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.

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

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

#### **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

#### **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;



9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

- 10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;
- 10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
- 10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;
- 10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
- 10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;
- 10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or
- 10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.
- 10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: Jiwu Sun MD Inc.  
Jiwu Sun, M.D.  
10271 Westacres Drive  
Cupertino CA, 95014-2937

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement: Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Jiwu Sun MD Inc.

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

By: \_\_\_\_\_  
Jiwu Sun, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.



- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*

- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics.** In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

## PROFESSIONAL SERVICES AGREEMENT FOR HOSPITALIST COVERAGE PANEL

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **June 1, 2025** (“**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 **SepulvedaMD Corp.** (“**Physician**”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“**Hospital**”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“**Hospital Service Area**”).
- B. SBHCD owns and operates specialty and 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**”) and two skilled nursing facilities (“**SNFs**”). Together, the Hospital, Clinics, and SNFs are referred to herein as the “**Facilities**”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide hospitalist services.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of hospitalist services to patients in the Hospital Service Area. SBHCD has established a hospitalist coverage panel (“**Hospitalist Coverage Panel**”) of qualified physicians which shall ensure the availability of physician coverage for hospitalist services as needed at the Facilities.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall provide professional health care services in Physician’s medical specialty to patients at the Facilities and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“**Services**”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“**Governmental Programs**”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of the Facilities.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any

governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Facilities and rendering of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the goals and objectives of the SBHCD Corporate Compliance program.
- 1.4 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for Physician's credentialing.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Facilities in compliance with the Facilities' policies and procedures.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Physician further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Facilities, the following:
  - 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Facilities as approved by SBHCD.
  - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Facilities.
  - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the Facilities, 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 Facilities personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 at the Facilities. SBHCD, in its sole and absolute discretion, shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

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

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN**

- 4.1 Compensation. As compensation for the provision of Services at the Facilities, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Facilities. 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 Facilities 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.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **May 31, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 5.3 Definition of Cause. For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:

- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
  - 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
  - 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
  - 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
  - 5.3.5 Upon the determination that Physician has violated a material term of ARTICLE 9.
  - 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
  - 5.3.7 The loss of or reduction in Physician's medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
  - 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
  - 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

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

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD. Physician shall not be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician 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 Physician for Services under this Agreement. Physician is responsible for providing, at his/her own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
  - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at the Hospital;

- 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms;
- 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

#### **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

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

#### **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees to:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
  - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining SBHCD's and Physician's compliance with HIPAA;



9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10 - REQUIRED DISCLOSURES**

10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:

10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;

10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;

10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;

10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;

10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;

10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or could likely cause Physician to be in breach of this Agreement; or

10.1.7 Physician being charged with or convicted of a criminal offense related to health care, or Physician's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute “cause” pursuant to Section 5.3.

## **ARTICLE 11 - GENERAL PROVISIONS**

11.1 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 whom intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

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

Physician: SepulvedaMD Corp.  
Michael Sepulveda, M.D.  
342 Via Vaquero Sur  
San Juan Bautista CA, 95045

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Facilities' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD 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 Facility, 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 Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 11.8 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 delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 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.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement: Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

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

**SBHCD**

SAN BENITO HEALTH CARE DISTRICT

**PHYSICIAN**

Sepulveda MD Corporation

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

By: \_\_\_\_\_  
Michael Sepulveda, M.D. Chief Executive Officer

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

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

## **EXHIBIT A**

### **PHYSICIAN SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Physician shall provide professional medical hospitalist Services at the Facilities as specified by SBHCD on the terms set forth below:

A.1.1 **Hospitalist Coverage Panel.** Physician shall serve as a member and equal participant of the Hospital Coverage Panel. Physician shall provide Services as mutually agreed by the parties, but at a minimum level such that the Hospitalist Coverage Panel will provide:

A.1.1.1 Two 12 hour onsite day shifts (7:00 AM to 7:00 PM, or such other times as the parties agree), 365 days per year at the Hospital.

A.1.1.2 One 12 hour on-call night shift (7:00 PM to 7:00 AM, or such other times as the parties agree) 365 days per year at the Hospital.

A.1.1.3 Hospitalist services at the Clinics and SNFs on a mutually agreed upon schedule to be determined within ninety (90) days of the Effective Date. Provided, Physician will only be required to provide Services at the Clinics and SNFs if the parties enter into a separate agreement (or addendum to this Agreement) requiring such Services.

A.1.2 **Preparation of Hospitalist Coverage Panel Schedule.** Parties agree that Natalie LaCorte, M.D. in conjunction with Jiwu Sun, M.D., will compile the schedule for the Hospitalist Coverage Panel. This schedule will detail the availability and necessary arrangements for delivering Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Physician shall provide the following hospitalist Services:

Primary management of the care of general inpatient medical admissions, including patients admitted at the request of attending or referring physicians; responding to unassigned patients and providing cross-coverage between departments; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Physician's compensation ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be paid at the following rates:

A.2.1.1 On-site day shifts shall be paid at the rate of \$185.00/hour.

A.2.1.2 On-call night shifts shall be paid at the rate of \$82.50/hour.

On each anniversary of the Effective Date, the hourly rate then in effect shall be increased by 3% to reflect adjustments to the cost of living.



- A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.
- A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.
- A.2.4 **Expenses.** Physician shall be solely responsible for all expenses incurred in the provision of Services except for those that are the responsibility of SBHCD pursuant to this Agreement. Notwithstanding, upon written application to SBHCD, SBHCD may, in its sole discretion, agree to reimburse Physician for continuing medical education (CME) course tuition and associated travel and meal expenses not to exceed \$2,500 per calendar year, provided that Physician demonstrates that attending the CME would substantially further the interests of patient care at SBHCD.
- A.3 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.4 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:
- A.4.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.4.2 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.4.3 Completion of all office visit notes within twenty-four (24) hours of visit.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*

- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

A.5 **Quality Metrics.** In addition to the practice guidelines and the best quality practices set forth in Section A.4, the parties shall, within ninety (90) days of the Effective Date, mutually agree on quality and performance metrics for the Services.

**Remainder of page intentionally left blank**

### **Board of Directors Contract Review Worksheet**

#### *Medical Director Agreement for Hospitalist Services with Natalie LaCorte Medical Corporation*



*Natalie LaCorte, MD*

**Executive Summary:** Dr. Natalie LaCorte is a board-certified Family Medicine physician and life-long Hollister resident. She has been providing hospitalist services at the District since 2022 and recently transitioned from a contracted group to serve independently. As a local physician, Dr. LaCorte brings a strong commitment to serving our community and supporting the continued delivery of high-quality and compassionate inpatient care.

**Recommended Board Motion:** It is recommended the hospital Board approve the Medical Director Agreement for Hospitalist Services with Natalie LaCorte Medical Corporation at a rate of \$185 per hour for up to 24 hours per month for a one (1) year term that is auto-renewable.

**Services Provided:** Hospitalist medical director services including team leadership, oversight of quality improvement initiatives, assurance of 24/7/365 coverage, and collaboration with hospital administration to support the delivery of safe, efficient, and high-quality inpatient care.

#### **Agreement Terms:**

Contract Term	Effective Date	Estimated Annual Cost	Term clause
1 year	6/1/2025	\$53,280	30 days

**SAN BENITO HEALTH CARE DISTRICT  
MEDICAL DIRECTOR AGREEMENT  
FOR  
*Hospitalist Services***

This Medical Director Agreement (“Agreement”) is made and entered into effective **June 1, 2025** (“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 **Natalie LaCorte Medical Corporation**, (“Physician”).

**RECITALS**

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a general acute care hospital located in Hollister, California (“Hospital”). Hospital provides inpatient and outpatient health care services to residents of the district and surrounding communities (“Service Area”), including Hospitalist 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 patient care clinical 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’ patients.
- 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 Eighty-Five Dollars and No Cents (\$185.00) per hour. Physician shall devote sufficient time to fulfill his/her obligations under this Agreement, but in no event to exceed twenty-four (24) hours per month without prior written approval from SBHCD
- 5.2 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.
- 5.3 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.

- 5.4 Semi-Annual Performance Evaluation. On an annual basis, the SBHCD Chief Medical Officer, Chief Executive 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, Physician shall separately have 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. Such separate professional liability insurance may be purchased personally by Physician or provided to Physician pursuant to a professional or personal services agreement.
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, Medical, 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**

Natalie LaCorte Medical Corporation

By: \_\_\_\_\_  
Mary T. Casillas, CEO

\_\_\_\_\_  
Natalie LaCorte, M.D., CEO

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

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

## **EXHIBIT A**

### **MEDICAL DIRECTOR DUTIES FOR**

#### ***Hospitalist Services***

The Hospitalist Medical Director shall perform the following duties, which are in addition to clinical responsibilities:

**1. Clinical Oversight & Leadership**

- Provide medical leadership for the hospitalist team, ensuring high-quality, evidence-based inpatient care.
- Act as a liaison between hospital administration and the Hospitalist group.
- Participate in the development and enforcement of clinical protocols, guidelines, and best practices.

**2. Performance & Quality Improvement**

- Monitor key performance indicators (KPIs) such as length of stay, readmission rates, and patient satisfaction scores.
- Lead quality initiatives and facilitate performance improvement projects.
- Participate in peer review processes and lead root cause analyses as needed.

**3. Staffing & Scheduling**

- Assist in developing and maintaining physician schedules to ensure 24/7 coverage.
- Help recruit, onboard, and retain hospitalist staff in collaboration with administration and medical staff services.
- Address issues related to provider coverage, call, and shift distribution.

**4. Communication & Collaboration**

- Attend and represent the hospitalist group in medical staff meetings, quality committee meetings, and hospital leadership meetings.
- Serve as the point of contact for resolving clinical and operational concerns raised by staff, patients, or other departments.
- Foster collaboration with specialists, nursing leadership, case management, and ancillary services.

**5. Education & Professional Development**

- Provide mentoring and support to hospitalist team members, especially new hires.
- Encourage continuing medical education and support compliance with CME and licensure requirements.
- Lead periodic educational sessions or case reviews.

**6. Compliance & Documentation**

- Promote compliance with medical staff bylaws, hospital policies, and regulatory standards.
- Monitor and promote timely and accurate documentation, including discharge summaries and coding practices.



- Address documentation or billing deficiencies in partnership with the coding/billing department.

#### 7. Strategic Planning & Program Development

- Contribute to strategic planning efforts for the hospitalist program.
- Assist in evaluating service line growth, care models (e.g., observation units, co-management), and resource needs.
- Support initiatives related to throughput, bed utilization, and care transitions.

**Remainder of page intentionally left blank**

## 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 ten (10) 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: \_\_\_\_\_  
Natalie LaCorte, 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: \_\_\_\_\_

Physician time report accurately and legibly identifies services which are in compliance with the terms of the Agreement:

APPROVED: \_\_\_\_\_  
Chief Executive Officer or designee

# **EXHIBIT C** **Medical Director Evaluation**

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

Comments

Evaluator: \_\_\_\_\_

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

Contractee: \_\_\_\_\_

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





## **Board of Directors Contract Review Worksheet**

### *Virtual Inpatient Services Agreement with Omnibus Medical Corporation*

**Executive Summary:** Since 2021, in support of critical care services offered in the ICU, Omnibus Medical Corporation and their panel of board certified critical care physicians have provided 24/7/365 remote Tele-ICU consultative services. For the past few years, the contract was under the umbrella of the hospitalist group contract with a pass through of the cost to the District. Under the proposed agreement, the group will contract directly with the District to assure a seamless continuity of care for patients and resource for our hospitalists and nursing teams. This contract is budget neutral.

**Recommended Board Motion:** It is recommended the hospital Board approve the Virtual Inpatient Services Agreement with Omnibus Medical Corporation in the amount of \$10,500.00 per month for a one (1) year term.

**Services Provided:** 24/7/365 remote Tele-ICU coverage.

### **Agreement Terms:**

Contract Term	Effective Date	Estimated Annual Cost	Term clause
1 year	6/1/2025	\$126,000	90 days

## VIRTUAL INPATIENT SERVICES AGREEMENT

This **Virtual Inpatient Services Agreement** (hereinafter referred to as the "Agreement") is made and entered into as of the 1st day of June, 2025 (the "Effective Date"), by and between **Omnibus Medical Corp**, a California professional corporation (hereinafter referred to as "Omnibus"), and **San Benito Health Care District, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code**, located in Hollister, California (hereinafter referred to as "Hospital").

### RECITALS

**WHEREAS**, Omnibus is a professional corporation duly organized and existing under the laws of the State of California, engaged in the provision of virtual inpatient services, including but not limited to Tele-ICU services;

**WHEREAS**, Hospital is a healthcare facility and seeks to engage Omnibus to provide Tele-ICU services within its Intensive Care Unit (ICU) department;

**WHEREAS**, the parties desire to set forth the terms and conditions under which Omnibus shall provide such services to Hospital;

**NOW, THEREFORE**, in consideration of the mutual covenants, promises, and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

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### 1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

1.1 "**Omnibus**" shall mean Omnibus Medical Corp, a California professional corporation.

1.2 "**Hospital**" shall mean San Benito Health Care District, doing business as Hazel Hawkins Memorial Hospital, located in Hollister, California.

1.3 "**Services**" shall mean the Tele-ICU services to be provided by Omnibus as more particularly described in Section 2.

1.4 "**Department**" shall mean the Intensive Care Unit (ICU) department of the Hospital.

1.5 "**Specialty**" shall mean Critical Care.

1.6 "**Effective Date**" shall mean June 1st, 2025.

1.7 "**Term**" shall mean the duration of this Agreement as set forth in Section 4.

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### 2. SERVICES

2.1 Omnibus hereby agrees to provide continuous (24/7) Tele-ICU services to the Department, as requested by Hospital.

2.2 The Services shall be rendered by duly qualified physicians and/or midlevel practitioners who are employed by or contracted with Omnibus (collectively, "Omnibus Providers"). Each Omnibus Provider shall, at all times during the Term, meet the Professional Standards as defined in Section 5.

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### **3. COMPENSATION**

3.1 In consideration for the Services provided hereunder, Hospital shall pay Omnibus a fixed monthly fee of Ten Thousand Five Hundred Dollars (\$10,500.00).

3.2 Payment of the monthly fee shall be due and payable within fifteen (15) days following the end of each calendar month during the Term.

3.3 Billing language: Omnibus shall bill for, collect from Omnibus' patients, and own all of the fees that are charged for services provided by Omnibus and Omnibus Providers. Hospital shall provide Omnibus with the necessary patient registration information upon request by Omnibus for patients receiving Services from Omnibus Providers to enable Omnibus to bill for such Services. Omnibus shall be solely responsible for obtaining and maintaining any additional information reasonably necessary to permit such billing. Omnibus shall be solely responsible for, and shall indemnify and hold Hospital harmless from, any claims, liabilities and repayment obligations with respect to (i) its collections efforts and procedures, and (ii) Omnibus' compliance with federal and state laws (including but not limited to Medicare and Medicaid requirements) relating to the submission or payment of such claims. Notwithstanding, Hospital shall have the exclusive right to bill and collect for services provided by its employees and other contractors.

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### **4. TERM AND TERMINATION**

4.1 This Agreement shall commence on the Effective Date and shall continue in full force and effect for an initial period of one (1) year. Thereafter, this Agreement shall automatically renew for successive one (1) year periods unless terminated in accordance with the provisions herein.

4.2 Either party may terminate this Agreement without cause upon providing the other party with ninety (90) days' prior written notice.

4.3 In the event of a material breach of any provision of this Agreement by one party, the non-breaching party may terminate this Agreement immediately upon written notice if the breaching party fails to cure such breach within thirty (30) days after receiving written notice thereof.

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### **5. PROFESSIONAL STANDARDS**

Omnibus shall ensure that each Omnibus Provider meets and maintains the following professional standards (the "Professional Standards") at all times during the Term:

5.1 Each Omnibus Provider shall be a member in good standing of the Hospital's medical staff (the "Medical Staff"), where applicable, and shall possess all necessary emergency and/or standard privileges required to provide the Services.

5.2 Each Omnibus Provider shall hold an unrestricted license to practice medicine or shall possess the necessary license and/or certification to provide the Services in the State of California. Additionally, where applicable, each Omnibus Provider shall maintain a valid and unrestricted registration with the United States Drug Enforcement Administration.

5.3 Each Omnibus Provider shall be a participating provider in the Medicare and Medi-Cal programs and shall provide professional services to beneficiaries of federal and state healthcare programs in a nondiscriminatory manner.

5.4 Each Omnibus Provider shall comply with all applicable federal, state, and local laws, rules, and regulations.

5.5 Each Omnibus Provider shall adhere to all bylaws, policies, rules, and regulations of the Hospital and the Medical Staff.

5.6 Each Omnibus Provider shall comply with all applicable standards and recommendations of nationally recognized accrediting organizations as designated by Omnibus from time to time.

5.7 No Omnibus Provider shall engage in any conduct that conflicts with or violates the Omnibus Code of Conduct or the Hospital's Code of Conduct.

5.8 Each Omnibus Provider shall be duly approved to provide the Services under this Agreement.

5.9 Each Omnibus Provider shall render the Services in accordance with generally accepted medical practice standards and professional ethics.

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## **6. INSURANCE**

6.1 Omnibus shall procure and maintain, at its sole cost and expense, a policy of professional malpractice liability insurance. Such insurance shall:

(i) Provide coverage for negligent acts or omissions of Omnibus and the Omnibus Providers in the performance of the Services;

(ii) Be issued by an insurance carrier licensed or otherwise qualified to issue professional liability insurance in the State of California and reasonably acceptable to Hospital; and

(iii) Provide minimum coverage limits in accordance with the Medical Staff bylaws, but in no event less than One Million Dollars (\$1,000,000) per occurrence or claim and Three Million Dollars (\$3,000,000) in the annual aggregate.

The effective date of such insurance coverage shall precede or coincide with the Effective Date of this Agreement.



6.2 If the professional malpractice liability insurance maintained by Omnibus is on a claims-made basis, upon the expiration or termination of this Agreement, Omnibus shall procure and maintain extended reporting period ("tail") coverage from an insurance carrier licensed or otherwise qualified in the State of California, and reasonably acceptable to Hospital. Such tail coverage shall be for the longest extended reporting period available to ensure continuous coverage for claims arising from professional services rendered during the Term of this Agreement.

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## **7. INDEMNIFICATION**

Each party (the "Indemnifying Party") hereby agrees to indemnify, defend, and hold harmless the other party (the "Indemnified Party") from and against any and all liabilities, losses, damages, claims, causes of action, costs, or expenses (including reasonable attorneys' fees) that arise directly or indirectly from the performance of the Services by the Indemnifying Party, its agents, employees, representatives, or contractors.

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## **8. CLAIMS**

Omnibus shall promptly notify Hospital, as soon as reasonably practicable, upon becoming aware of any claim, lawsuit, or proceeding before any court, administrative agency, state licensing board, or regulatory body concerning the provision of Services by any Omnibus Provider under this Agreement.

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## **9. DISPUTE RESOLUTION**

**9.1 Disputes Between Omnibus and Hospital.** The provisions of this Section 9 shall govern all disputes, claims, or controversies arising out of or relating to this Agreement, including any disputes regarding the performance or non-performance of any term, condition, or covenant herein (collectively, "Disputes").

**9.1.1 Meet and Confer.** In the event of a Dispute, the parties shall first attempt to resolve the matter informally through good faith negotiations. Upon written request by either party, the parties shall meet and confer within thirty (30) days to attempt to resolve the Dispute. If a party fails to participate in such a meeting after receiving a written request that specifically references this Section 9.1.1, that party shall be deemed to have waived the meet and confer requirement, and the other party may, at its option, proceed directly to arbitration.

**9.1.2 Mediation.** If the Dispute is not resolved through the meet and confer process, the parties may, by mutual agreement, submit the Dispute to mediation before a retired judge of the California Superior Court or a United States court (the "Mediator").

**9.1.3 Arbitration.** If the Dispute is not resolved through the methods described in Sections 9.1.1 or 9.1.2, the Dispute shall be submitted to binding arbitration in the State of California in accordance with the rules of the American Arbitration Association then in effect.

**9.2 Fair Hearing Rights Regarding Physician Credentialing Disputes.** Notwithstanding the foregoing, any Omnibus Provider who disputes an adverse credentialing decision related to hospital privileging shall be entitled to the fair hearing and appeal procedures as set forth in the applicable Medical Staff bylaws or Omnibus's credentialing policies. In such cases, the provisions of this Section 9 (except for this Section 9.2) shall not apply. Hospital shall notify Omnibus if any Omnibus Provider is entitled to such a hearing or appeal, and Omnibus shall cooperate with Hospital to ensure compliance with all applicable regulatory requirements.

**9.3 Joinder and Class Litigation.** Any arbitration conducted pursuant to this Agreement shall be solely between Hospital and Omnibus and shall not be consolidated with any other arbitration or legal proceeding. Neither party shall seek to maintain any class action or representative action in connection with any Dispute.

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## **10. COMPENSATION ARRANGEMENTS**

Omnibus represents and warrants to Hospital that any compensation paid or to be paid by Omnibus to any physician providing Services under this Agreement shall, at all times, reflect fair market value for the services rendered, without regard to the volume or value of referrals or other business generated by such physician for Hospital or any affiliate thereof. Omnibus further represents and warrants that it has, and shall maintain, written agreements with all non-employed physicians receiving compensation from Omnibus, in compliance with 42 C.F.R. § 411.357(p).

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## **11. MEDICARE BOOKS AND RECORDS**

Upon written request by the Secretary of Health and Human Services, the Comptroller General of the United States, or their duly authorized representatives, Omnibus shall make available this Agreement and all books, documents, and records related to the nature and extent of the costs of the Services provided hereunder. Omnibus shall retain such records for a period of four (4) years following the expiration or termination of this Agreement. If Omnibus subcontracts any duties under this Agreement to a related organization with a subcontract value of \$10,000 or more over a twelve (12)-month period, such subcontract shall include provisions requiring the subcontractor to comply with the same record retention and access requirements. (42 C.F.R. § 420.302.)

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## **12. CONFIDENTIAL INFORMATION**

Neither Omnibus nor any Omnibus Provider shall use or disclose any Confidential Information, as defined herein, for any purpose not expressly authorized by this Agreement without the prior written consent of Hospital. "Confidential Information" shall include, but is not limited to, proprietary or confidential information of Omnibus, Hospital, or any affiliate thereof, as well as any records, proceedings, or information related to peer review or committee activities. Upon termination or expiration of this Agreement, or upon Hospital's written request, Omnibus shall promptly return to Hospital all Confidential Information in its possession or control.

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### 13. PATIENT INFORMATION

Omnibus and its Physicians shall comply with all applicable laws and regulations concerning the confidentiality, privacy, and security of individually identifiable health information, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and the Health Information Technology for Economic and Clinical Health Act (HITECH).

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### 14. ASSIGNMENT

This Agreement is personal to Omnibus and is based upon the professional and administrative capabilities of Omnibus and its Providers. Accordingly, Omnibus shall not assign, delegate, or otherwise transfer any of its rights, duties, or obligations under this Agreement without the prior written consent of Hospital.

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### 15. NOTICES

All notices, requests, or other communications required or permitted under this Agreement shall be in writing and shall be deemed duly given when delivered personally or sent by overnight delivery service (e.g., Federal Express, UPS, or USPS Express Mail) to the addresses set forth on the signature page hereto. Notices shall be effective upon receipt if personally delivered or one business day after dispatch if sent by overnight delivery.

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### 16. BENEFITS NOT CONTINGENT UPON REFERRALS

The parties acknowledge and agree that any benefits conferred under this Agreement are not conditioned upon, and are not intended to induce, the referral of patients or other business between the parties, in compliance with applicable federal and state laws, including the Anti-Kickback Statute and the Stark Law.

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### 17. MISCELLANEOUS

**17.1 Independent Contractor.** Omnibus and its Providers are independent contractors, and nothing in this Agreement shall be construed to create an employment, agency, or partnership relationship between the parties. Hospital shall not exercise control over the professional medical judgment of Omnibus or its Providers, except to the extent that a Hospital physician is supervising or consulting with an Omnibus Provider.

**17.2 Amendments.** This Agreement may be amended only by a written instrument executed by both parties.

**17.3 Waiver.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom enforcement is sought. The failure to enforce any right or remedy shall not constitute a waiver of such right or remedy.

**17.4 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws principles.

**17.5 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**17.6 Entire Agreement.** This Agreement constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements, or understandings, whether oral or written.

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## **SIGNATURES**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

### **Omnibus Medical Corp**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

### **San Benito Health Care District dba Hazel Hawkins Memorial Hospital**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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





## **Board of Directors Contract Review Worksheet**

### *Professional Services Agreement for Anesthesia Services with Iqbal M. Mirza, M.D., Professional Corporation*

**Executive Summary:** Over the past 6 months, and with the expiration of our current anesthesiology contract approaching, the District compiled a steering committee to evaluate the anesthesia needs of our growing organization. This committee, comprised of physicians, surgeons, chief nursing officer, administration, managers, and staff, evaluated two proposals that were presented.

After extensive evaluation and interviews, the steering committee is recommending a contract with a physician lead panel of board-certified anesthesiologists and CRNAs who will provide exclusive coverage of the hospital's operating rooms and labor & delivery department. Dr. Iqbal M. Mirza leads a team of five board-certified anesthesiologists and two CRNAs. Two of the physicians have been providing services for the District under the previous group since 2019 and 2022, respectively, and have chosen to stay on under Dr. Mirza's leadership.

The group brings strong experience across various clinical settings and is well-positioned to ensure a smooth transition, continued high-quality anesthesia care, and a commitment to help the hospital expand services.

**Recommended Board Motion:** It is recommended the hospital Board approve the Professional Services Agreement for Anesthesia Services with Iqbal M. Mirza, M.D., Professional Corporation at an annual cost of between \$2,992,500 and \$4,132,500 depending on the level of coverage provided.

**Services Provided:** 24/7/365 physician coverage, including emergency call for surgical services, and a dedicated CRNA providing continuous 24/7/365 coverage for labor and delivery.

### **Agreement Terms:**

Contract Term	Effective Date	Estimated Annual Cost	Term clause
3 year	7/1/2025	\$2,992,500 or up to \$4,132,500	90 days

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **July 1, 2025** (“**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 IQBAL M. MIRZA, M.D., PROFESSIONAL CORPORATION, a California professional corporation (“**Corporation**”).

### 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. The Corporation is a professional medical corporation, duly organized and authorized to provide medical services in California.
- C. The Corporation has a single shareholder, Dr. Iqbal M. Mirza (“**Mirza**”) but employees or contracts with the physicians set forth on Exhibit A (each a “**Physician**” and collectively the “**Physicians**”). Each of the Physicians is: (i) lawfully contracted with the Corporation, (ii) licensed to practice medicine in the State of California, (iii) a member in good standing of the medical staff of Hospital, and (iv) experienced with providing professional anesthesia services and is qualified to do so pursuant to the terms herein.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with health care provider groups to render professional medical 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 Corporation is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to ensure the availability of anesthesia services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services (defined below) provided by the Corporation, through the Physicians, in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF CORPORATION AND PROVIDERS

- 1.1 Medical Services. The Corporation shall, through the Physicians, provide professional health care services in Physicians’ medical specialty to patients at the Hospital and on the schedule more fully described in Exhibit B, which is attached to this Agreement and incorporated by this reference (“**Services**”). Services include services to Medicare and Medi-Cal patients, patients of any other federal health care program or a state health care financial program (“**Governmental Programs**”), workers’ compensation beneficiaries, and patients eligible for participation in SBHCD’s charity care program. Physician shall cooperate to enable SBHCD’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physicians 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 the Hospital. Corporation may, as approved by SBHCD, provide Services through Certified Registered Nurse Anesthetists (“**CRNAs**”) supervised by Physicians, provided such CRNAs meet the requirements set by SBHCD. The initial approved CRNAs are set forth on Exhibit A.
- 1.2 Medical Directorship. The Corporation shall provide one Physician to serve as Medical Director of Anesthesia Services on the terms set forth on Exhibit B.

- 1.3 Qualifications. Each Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; (vii) hold an unrestricted Drug Enforcement Administration registration number; and (viii) satisfy any other requirements reasonably requested by SBHCD.

Each CRNA shall: (i) be duly licensed to practice nursing by the State of California; (ii) hold a current, clear, and active California Registered Nurse license; (iii) be certified as a Nurse Anesthetist by the California Board of Registered Nursing; (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 Allied Health Professional membership and 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 in the Medicare and Medi-Cal programs; (viii) satisfy any other requirements reasonably requested by SBHCD.

- 1.4 Compliance. In connection with the operation and conduct of the Hospital and rendering of Services, Physicians and CRNAs 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 goals and objectives of the SBHCD Corporate Compliance program.
- 1.5 Credentialing. In order to be efficiently credentialed with payors that have contracted with SBHCD, each 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 Physician's credentialing. Corporation shall use its best efforts to facilitate such credentialing.
- 1.6 Use of Premises. No part of the SBHCD premises shall be used at any time by Corporation or any Physician as an office for the general or private practice of medicine.
- 1.7 Medical Records/Chart Notes. Corporation shall ensure each Physician and CRNA shall provide timely, appropriate, and necessary documentation for each patient's medical record for all patient encounters at the Hospital in compliance with the Hospital's policies and procedures.
- 1.8 Coding. Corporation shall ensure each Physician and CRNA properly codes all professional services rendered to patients. Physician's and CRNA's coding shall be used for purposes of billing for Services provided by Physician or CRNA. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.9 Professional Standards. In performing the Services, Corporation and each Physician and CRNA shall comply with the principles and ethics of the American Medical Association, the California Medical Association, and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine. Each Physician and CRNA shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician or CRNA shall provide professional services. Corporation, Physicians, and CRNAs shall provide Services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information, and render services in a manner which assures continuity of care. Corporation shall ensure each Physician and CRNA further agrees to treat all other providers and the staff and volunteers of SBHCD with respect, dignity, and professionalism, and to conduct himself/herself in accordance with the highest standards of ethical behavior and workplace conduct.

- 1.10 Corporation Obligations. Corporation shall use its best efforts to ensure that each Physician and CRNA complies with the obligations of this Agreement. A breach by any Physician or CRNA of the requirements set forth herein is a breach by Corporation.

## **ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Hospital, the following:
- 2.1.1 Space and Equipment. Space and equipment as may be reasonably required for the operation of the Hospital as approved by SBHCD.
- 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Hospital.
- 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training, and experience required to operate the 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 Hospital personnel.
- 2.2 Eligibility. At all times during the term of this Agreement, SBHCD 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 by it or its employees or contractors at the Hospital (except as otherwise agreed in writing). 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. Each Physician and CRNA shall have access to SBHCD patient medical and business records for quality of care and compliance purposes.

## **ARTICLE 3 - BILLING**

- 3.1 Billing and Collection. Corporation shall bill for, collect from Corporations' patients, and own all of the fees that are charged for Corporation's, Physicians', and CRNAs' Services and all related accounts receivable. Corporation shall be solely responsible for obtaining and maintaining all information reasonably necessary to permit such billing. Corporation shall be solely responsible for, and shall indemnify and hold SBHCD harmless from, any claims, liabilities and repayment obligations with respect to (a) the accuracy of Corporation's record of claims and (b) Corporation's compliance with federal and state laws (including but not limited to Medicare and Medicaid requirements) relating to the submission or payment of such claims. Notwithstanding, SBHCD shall have the exclusive right to bill and collect for services provided by its employees and contracts.

## **ARTICLE 4 - COMPENSATION FOR SERVICES**

- 4.1 Compensation. As compensation for the provision of Services at the Hospital, SBHCD shall pay the Corporation as outlined in Exhibit B to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by physicians. Neither the Corporation nor any Physician or CRNA shall 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 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 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.



## ARTICLE 5 - TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence at 12:01 AM on the Effective Date and continue for a period of three (3) years, expiring on **June 30, 2028 at 11:59 PM** unless renewed by mutual written agreement of the parties or terminated earlier as provided in this Agreement.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for "cause" upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the first year of the initial term, the parties shall not enter into any new agreement or arrangement that is substantially the same arrangement during the remainder of such year.
- 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 Corporation is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
  - 5.3.2 SBHCD or Corporation becomes insolvent or declares bankruptcy.
  - 5.3.3 The license to practice medicine or to prescribe controlled substances of any Physician or CRNA is revoked or suspended.
  - 5.3.4 Corporation fails to maintain compliance with any applicable law, rule, regulation, or licensing requirement including but not limited to the Business and Professions Code, the Moscone-Knox Professional Corporation Act, the Medical Practice Act, the Nursing Practice Act, the Health and Safety Code and the Corporations Code.
  - 5.3.5 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 or such coverage is canceled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
  - 5.3.6 Upon the determination that the Corporation or any Physician or CRNA has violated a material term of ARTICLE 9.
  - 5.3.7 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.
  - 5.3.8 The loss of or reduction in any Physician's medical staff privileges at any facility where said Physician provides professional health care services, whether voluntary or involuntary.
  - 5.3.9 Any director, officer, employee or agent of Corporation, Physician, or CRNA being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
  - 5.3.10 Corporation's, any of its directors', officers', employees' or agents', or any CRNA's or Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii)

fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) harassment or abuse of patients, staff, providers, or any other person, or (vi) any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.

- 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 any CRNA's 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.

## **ARTICLE 6 - INDEPENDENT CONTRACTOR**

- 6.1 Independent Contractor Status. Corporation 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 Corporation or any Physician or CRNA performs work and functions, except that Physicians shall, at all times, perform in strict accordance with then currently approved methods and practices of Physician's or CRNA's professional specialty. SBHCD's sole interest is to ensure that Corporation and the Physicians and CRNAs perform and render 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 Corporation pursuant to the terms and conditions of this Agreement shall be construed to make or render Corporation or any Physician or CRNA, the agent or employee of SBHCD. No Physician or CRNA shall be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Corporation 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 (i) SBHCD to Corporation, and (ii) Corporation to Physician or CRNA for Services under this Agreement. Corporation is responsible for providing, at its sole own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## **ARTICLE 7 - REPRESENTATIONS AND WARRANTIES**

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Corporation, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
- 7.1.3 The parties have bargained at arms' length to determine Corporation's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.

- 7.2 Corporation Representations and Warranties. Corporation, on behalf of itself, Corporation's Agents, and the Physicians and CRNAs represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Corporation is not bound by any agreement or arrangement which would preclude Corporation from entering into this Agreement or from fully performing the Services;
  - 7.2.2 Corporation: (i) is a duly organized professional medical corporation, validly existing and in good standing under the laws of California, (ii) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, and (iii) has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, including all required licensure and registration with the California Medical Board;
  - 7.2.3 No Physician's license to practice medicine or CRNA's license to practice nursing in California or in any other jurisdiction has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
  - 7.2.4 No Physician's medical staff privileges at any health care facility have ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
  - 7.2.5 Each Physician and CRNA has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician or CRNA to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
  - 7.2.6 Each Physician and CRNA has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine or nursing in California (as applicable) and Medical Staff privileges at the Hospital;
  - 7.2.7 Corporation has all requisite corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement;
  - 7.2.8 This Agreement has been duly authorized, executed, and delivered by Corporation and is a legal, valid, binding obligation of Corporation, enforceable in accordance with its terms;
  - 7.2.9 The parties have bargained at arms' length to determine Corporation's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
  - 7.2.10 Each and every representation and warranty by Corporation in this Agreement is true and accurate in all material respects.
  - 7.2.11 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Corporation will not violate and provisions of, or constitute a default under, and contract or other agreement to which Corporation is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Corporation or and Physician to perform the Services required under this Agreement.

## **ARTICLE 8 – INSURANCE; INDEMNITY**

- 8.1 Coverages. Corporation shall maintain general and professional liability insurance coverage insuring Corporation and each Physician and CRNA for Services provided by Corporation and the Physicians and CRNAs 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. Such coverage shall (i) name SBHD as a covered facility



and additionally insured; (ii) be primary and non-contributing with any insurance carried by SBHCD; (iii) provide for severability of interests; (iv) provide that such policy shall not be subject to cancellation, lapse or change except after at least thirty (30) days' prior written notice to SBHCD; and (v) contain a waiver by the insurer of any right to subrogation against SBHCD, its agents, insurers, employees and contractors which might arise by reason of any payment under such policy or by reason of any act or omission of SBHCD, its agents, employees or contractors. In the event the coverage that Corporation obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, Corporation shall immediately obtain and maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement. In the event Corporation fails to provide coverage as required by this Agreement resulting in an uninsured loss to SBHCD, Corporation shall be liable to SBHCD for the full amount of the loss.

- 8.2 Indemnification. To the fullest extent permitted by law, Corporation shall indemnify, defend, and hold harmless SBHCD, its officers, directors, employees, agents, and representatives from and against any and all claims, actions, liabilities, losses, damages, judgments, settlements, penalties, costs, and expenses (including, without limitation, reasonable attorneys' fees and costs), whether direct or indirect, arising out of, resulting from, or relating to: (i) any act or omission of Corporation or its Physicians or CRNAs in the performance of the Services under this Agreement; (ii) any breach of this Agreement by Corporation or its Physicians or CRNAs (including any breach of the representations and warranties set forth herein); or (iii) any violation of applicable federal, state, or local law, regulation, or rule by Corporation or its Physicians or CRNAs. Corporation's obligations under this Section shall apply regardless of whether such claim, damage, or loss is caused in part by SBHCD, except to the extent such claim, damage, or loss is caused solely by the gross negligence or willful misconduct of the SBHCD. Corporation's duty to defend shall be triggered upon written notice from the SBHCD of any claim or action potentially subject to indemnification under this Section. This Section shall survive the termination

## **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Corporation and each Physician and CRNA 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, Corporation agrees to maintain, and ensure the Physicians and CRNAs maintain, PHI, as defined from time to time under HIPAA, which may be made available to or received by Corporation or any Physician or CRNA pursuant to this Agreement, in accordance with the requirements of HIPAA. Corporation agrees Corporation and the Physicians and CRNAs will:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by SBHCD 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 SBHCD any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by SBHCD that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
  - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;



- 9.1.5 Make Corporation'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 SBHCD's, Corporation's, and Physicians' 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"). Corporation agrees that Corporation and the Physicians and CRNAs will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that the Physicians and CRNAs create, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Corporation or any Physician or CRNA becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Corporation or Physician or CRNA provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

## **ARTICLE 10- REQUIRED DISCLOSURES**

- 10.1 Required Disclosures. Corporation shall notify SBHCD in writing within three (3) days after any of the following events occur:
- 10.1.1 Any Physician's license to practice medicine in the State of California or any CRNA's license to practice nursing in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms of probation or other restriction;
- 10.1.2 Any Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
- 10.1.3 Any Physician or CRNA is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician or CRNA shall not be required to breach a settlement or confidentiality agreement;
- 10.1.4 Receipt of notice of the commencement of any investigation into Corporation, any Physician's medical license, CRNA's nursing license, or Corporation's or any Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
- 10.1.5 Any Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;
- 10.1.6 An event occurs that (i) substantially interrupts all or a portion of Corporation's professional practice, including the termination of any Physician's or CRNA's employee/contractor relationship with Corporation, (ii) materially adversely affects Corporation's ability to perform Corporation's obligations hereunder, including the Services, or (iii) could likely cause Corporation to be in breach of this Agreement; or
- 10.1.7 Any Physician or CRNA being charged with or convicted of a criminal offense related to health care, or any Physician's or CRNA's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

## ARTICLE 11 - GENERAL PROVISIONS

- 11.1 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 whom intended, at the addresses set forth in the signature block, 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

Corporation: Iqbal M. Mirza M.D., Professional Corporation  
14483 Chester Avenue  
Saratoga, CA 95070-5624

- 11.2 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.
- 11.3 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.
- 11.4 Ownership of Patient Records. All Hospital’s patient records shall be maintained by SBHCD and are the property of SBHCD. Corporation and the Physicians shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Corporation pursuant to this Agreement is solely for the purpose of obtaining the services of Corporation/Physicians for patients of the SBHCD 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 Facility, 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 Corporation or any Physician from referring patients to any other provider of health care services.
- 11.6 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 any Physician or CRNA or otherwise coming into Corporation’s possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD’s Hospital under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Corporation’s duties hereunder, Corporation, Physician and CRNA 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. Corporation agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Corporation or any Physician or CRNA in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Corporation understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.

- 11.8 Binding Agreement; 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. Excepting the following sentence, no party may assign this Agreement or any rights hereunder, or may delegate any of the duties to be performed hereunder without the prior written consent of the other party. Notwithstanding the foregoing, Corporation may assign this Agreement to ASC Anesthesiology Associates Inc., a California corporation upon (i) its conversion to a professional medical corporation, (ii) satisfying all registration and licensing requirements of the Medical Board of California, and (iii) SBHCD's written approval of such assignment, which may be granted or withheld in SBHCD's sole discretion.
- 11.9 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.
- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Corporation agrees that the books and records of Corporation 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 any of the services to be performed under this Agreement are performed by any subcontractor of Corporation at a value or cost of \$10,000 or more over a twelve (12) month period, Corporation shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. This Section shall survive the termination or expiration of this Agreement. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 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

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

**CORPORATION**

IQBAL M. MIRZA, M.D., PROFESSIONAL CORPORATION

By: \_\_\_\_\_  
Iqbal M. Mirza, M.D., President

## **EXHIBIT A**

### **PHYSICIANS AND CRNAS**

#### **Physicians:**

1. Iqbal Mirza, MD
2. Rajesh Sharangpani, MD
3. Bo Myung Cheon, MD
4. An T. Phan, MD
5. Avace Dani, MD

#### **CRNAs:**

1. Alex Nejat
2. Tawab Noori



## **EXHIBIT B**

### **SERVICES, COMPENSATION & SCHEDULE**

A.1 **Services.** Corporation shall provide professional medical anesthesia Services at the Hospital as specified by SBHCD on the terms set forth below:

A.1.1 **Coverage.** Corporation shall provide Services as mutually agreed by the parties, but at a minimum level such that:

A.1.1.1 **Operating Rooms (OR/ASC).** Anesthesia services will be provided Monday through Friday (excluding SBHCD-recognized holidays), 52 weeks per year from 07:00 to 15:30. Coverage will be provided for three (3) Operating Rooms. Based on patient demand and upon mutual agreement of the parties, coverage will be adjusted down to 2 Operating Rooms or up to 4 Operating Rooms.

A.1.1.2 **Weekday call.** Anesthesia services call services will be provided Monday through Friday, from 15:00 to 07:00, or 07:00 to 06:59 if a SBHCD-recognized holiday.

A.1.1.3 **Weekend call:** Saturday through Sunday, from 07:00 to 06:59, including all SBHCD-recognized holidays.

A.1.1.4 **Labor and Delivery.** Anesthesia services will be provided to the Labor and Delivery patients 24 hours per day, 365 days a year. SBHCD will provide an onsite sleep room for the Physician and/or CRNA providing such services.

A.1.1.5 **Medical Director Services.** Medical Director services will be provided on-site at least five (5) days per week, forty-eight (48) weeks per year during regular business hours.

A.1.2 **Preparation of Schedule.** The Corporation will determine the Physicians' and CRNAs' schedule for the delivery of Services. Notwithstanding, SBHCD reserves the right to approve or request modifications to the proposed schedule to ensure it meets operational and compliance requirements.

A.1.3. **Specialty Services.** Corporation shall provide the following Anesthesia Services:

Anesthesia services for all patients requiring such care at the Hospital. This includes pre-anesthesia assessment, administration of anesthesia during procedures, monitoring throughout the procedure, and post-anesthesia care; Supervising all CRNAs providing anesthesia services; Oversight of 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 participate in staff education and training related to anesthesia services. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.1.4 **Medical Director Services.** Mirza, or another physician designated by Corporation and approved by the Hospital in its sole discretion, shall serve as the Medical Director of Anesthesia Services at the Hospital ("**Medical Director**"). Medical Director's shall perform all duties typical of a Medical Director, including the provision of medical direction and oversight of Anesthesia Services, supervising anesthesia services, ensuring quality control, and acting as a liaison between anesthesia staff and facility administration.

A.1.5 **Quality Assurance Services.** Within the first 90 days following the Effective Date, a Physician designated by Corporation and approved by SBHCD will assist the Hospital and its staff in developing, implementing, and monitoring a program by which anesthesia services quality measures are reportable to SBHCD in the following key areas:

- Clinical Standards and Documentation
- Performance Improvement
- Professional Development
- Customer Satisfaction (Patient and Provider)

A.2 **Compensation.**

A.2.1 **Schedule and Rate.** Corporation shall be paid the following compensation (“Compensation”) on a monthly basis (on SBHCD’s standard payment cycle for similar agreements):

- A.2.1.1 If the Corporation is providing the Services for **two (2)** OR/ASC rooms, it shall be paid **\$2,992,500** annually. Such Compensation shall include all services set forth in A.1.1.1 through A.1.1.4.
- A.2.1.2 If the Corporation is providing the Services for **three (3)** OR/ASC rooms, it shall be paid **\$3,562,500** annually. Such Compensation shall include all services set forth in A.1.1.1 through A.1.1.4.
- A.2.1.3 If the Corporation is providing the Services for **four (4)** OR/ASC rooms, it shall be paid **\$4,132,500** annually. Such Compensation shall include all services set forth in A.1.1.1 through A.1.1.4.
- A.2.1.4 In addition to the Compensation set forth above, Corporation shall be paid **\$60,000** annually for providing the Medical Director Services required by A.1.1.5.
- A.2.1.4 Compensation shall be prorated upon any adjustments to OR/ASC coverage Services pursuant to A.1.1.1.

A.2.2 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Corporation any amounts due to Corporation within forty-five (45) days after the termination of this Agreement.

A.2.3 **Agreement Includes All Compensation from SBHCD.** Incorporated into Compensation, unless specifically excluded, are all the Corporation’s sources of practice revenues and income, including call coverage stipends, other hospital on-call fees, and hospital stipends; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.

A.3 **Services and Activities in Support of SBHCD.** SBHCD and Corporation acknowledge and agree that certain services and activities may be required of Corporation and the Physicians in support of SBHCD to ensure a continuing high level of patient care. To that end, any Physician reasonably requested shall participate in functions/events from time to time, in support of the Hospital. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD’s request, Any Physician reasonably requested shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Corporation for reasonable meal expenses incurred by the Physician as part of meeting with physician candidates hosted at the request of SBHCD.

A.4 **Practice Guidelines/Best Quality Practices.** Each Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be shall be evidenced based, and include at minimum the following:

- A.4.1 Attendance at regular monthly meetings with Hospital leadership when requested to review any operational or quality issues.
- A.4.2 Timely completion of all patient records.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.3 Completion of all procedure notes within twenty-four (24) hours of encounter.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.4 Timely signing of orders.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.5 Timely discharges summaries.  
*Goal: As specified by Medical staff rules and regulations or hospital policy.*
- A.4.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.4.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.4.8 Timely arrival at the Facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.