



Hazel Hawkins  
MEMORIAL HOSPITAL

**REGULAR MEETING OF THE BOARD OF DIRECTORS**

**SAN BENITO HEALTH CARE DISTRICT**

**911 SUNSET DRIVE, HOLLISTER, CALIFORNIA**

**THURSDAY, MARCH 28, 2024 – 5:00 P.M.**

**SUPPORT SERVICES BUILDING, 2<sup>nd</sup>-FLOOR, GREAT ROOM**

**IN PERSON AND BY VIDEO CONFERENCE**

*Members of the public may participate remotely via zoom at the following link <https://zoom.us/join> with the following Webinar ID and Password:*

**Meeting ID 938 5006 0894**

**Security Passcode: 464752**

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

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

**AGENDA**

**Presented By:**

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

(Hernandez)

**2. Board Announcements**

(Hernandez)

**3. Public Comment**

(Hernandez)

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board, which are not otherwise covered under an item on this agenda. This is the appropriate place to comment on items on the Consent Agenda. Board Members may not deliberate or take action on an item not on the duly posted agenda. Written comments for the Board should be provided to the Board clerk for the official record. Whenever possible, written correspondence should be submitted to the Board in advance of the meeting to provide adequate time for its consideration. Speaker cards are available.

**4. Consent Agenda – General Business**

(Hernandez)

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

## Regular Meeting of the Board of Directors, March 28, 2024

- A. Consider and Approve Minutes of the Special Meeting of the Board of Directors – January 8, 2024
- B. Consider and Approve Minutes of the Regular Meeting of the Board of Directors – February 22, 2024
- C. Consider and Approve Minutes of the Special Meeting of the Board of Directors – March 4, 2024
- D. Consider and Approve Utilization Management Plan
- E. Consider and Approve Policies:
  - Employee Report of Communicable Diseases & Conditions/Work Conditions
  - Service Animals, Americans with Disabilities Act – Pets & Animal Therapy
  - Construction, Renovation & Operations – Infection Control Guidelines
  - Radiology Department Policies
- F. Consider Recommendation for Approval of Contract Extension of Medline Industries, LP Eighth Amendment for a Five-Year Term, Effective 3/31/24 through 3/31/29, and Cost Dependent on Purchases
- G. Consider Recommendation for Approval of Contract with Evergreen Pharmaceutical Of California, LLC for a One-Year Term Effective 4/17/24 and an Estimated Cost of \$10,000 - \$12,000 per Month
- H. Consider Recommendation for Approval of Contract with CareFusion Solutions, LLC for a Five-Year Term and a Cost of One Year \$33,936, Five Year \$169,680, Plus Tax and \$1000 Set Up Fee
- I. Receive Officer/Director Written Reports - No action required.
  - Provider Services & Clinic Operations
  - Skilled Nursing Facilities Reports (Mabie Southside/Northside)
  - Laboratory and Radiology
  - Foundation Report
  - Marketing Report
  - Facilities Report

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

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

## 5. Medical Executive Committee

(Dr. Bogey)

- A. Consider and Approve Medical Staff Credentials: March 20, 2024

*Recommended Action: Approval of Credentials*

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

B. Consider and Approve Rural Health Clinics Nurse Practitioner Standardized Procedures and Protocols

*Recommended Action: Approval of Standardized Procedures and Protocols*

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

6. **Receive Informational Reports**

A. Chief Executive Officer (Casillas)

- ▶ Public Comment

B. Chief Nursing Officer (Posey)

- ▶ Public Comment

C. Finance Committee (Robinson)

1. Finance Committee Meeting Minutes – March 21, 2024

2. Review Financial Updates

- Financial Statements – February 2024
- Finance Dashboard – February 2024

- ▶ Public Comment

7. **Action Items**

A. Temporary Advisory Committee - Provide Informational Update; Consider Recommendation to Extend the Deadline for Proposals (Hernandez/Pack)

*Recommended Action: Approval to Extend Deadline for Proposals*

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

- B. Consider Recommendation for Approval for Purchase of Securitas Healthcare Hugs Infant Protection for a Cost of \$287,000 (50% Shared with Foundation) Plus Tax for a Total of \$156,773.75 (Robinson)

*Recommended Action: Approval for Purchase of Securitas Healthcare Hugs Infant Protection*

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

- C. Consider Recommendation for Approval of Contract with Clearwater Security & Compliance, LLC for a Three Year Term and a Cost of \$268,200 per Year (\$804,600 Total) (Robinson)

*Recommended Action: Approval of Clearwater Security & Compliance LLC Agreement*

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

- D. Consider Recommendation for Approval of Professional Services Agreement with Yilma Kebelo, DPM for a One-Year Term Effective 4/1/24 and an Automatic One Year Renewal with a Cost Estimated at \$10,885 per Month (Breen-Lema)

*Recommended Action: Approval of Yilma Kebelo, DPM Professional Services Agreement*

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

- E. Consider Recommendation for Approval of Orthopedic Surgery Coverage Agreement with Russell Dedini, M.D. for a Two-Year Term Effective 4/15/24 and an Estimated Cost of \$57,280 per Month (Breen-Lema)

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

8. **Public Comment** (Hernandez)  
This opportunity is provided for members to comment on the closed session topics, not to exceed three (3) minutes.
9. **Closed Session** (Hernandez)  
(See Attached Closed Session Sheet Information)
10. **Reconvene Open Session / Closed Session Report** (Hernandez)
11. **Adjournment** (Hernandez)  
The next Regular Meeting of the Board of Directors is scheduled for Thursday, April 25, 2024 at 5:00 p.m., Great Room.

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

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

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

**SAN BENITO HEALTH CARE DISTRICT BOARD OF DIRECTORS  
MARCH 28, 2024**

**AGENDA FOR CLOSED SESSION**

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

**CLOSED SESSION AGENDA ITEMS**

- LICENSE/PERMIT DETERMINATION**  
(Government Code §54956.7)

**Applicant(s):** (Specify number of applicants) \_\_\_\_\_

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS**  
(Government Code §54956.8)

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

**Name of case:** (Specify by reference to claimant's name, names of parties, case or claim numbers):  
San Benito Health Care District dba Hazel Hawkins Memorial Hospital, Case No. 23-50544 (United States Bankruptcy Court for the Northern District of California, San Jose Division)

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

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

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

Additional information required pursuant to Section 54956.9(e): \_\_\_\_\_

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): \_\_\_\_\_

- LIABILITY CLAIMS**  
(Government Code §54956.95)

**Claimant:** (Specify name unless unspecified pursuant to Section 54961):  
**Agency claimed against:** (Specify name): \_\_\_\_\_

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

**Consultation with:** (Specify the name of law enforcement agency and title of officer): \_\_\_\_\_

- PUBLIC EMPLOYEE APPOINTMENT**  
(Government Code §54957)

**Title:**

**PUBLIC EMPLOYMENT**  
(Government Code §54957)

**Title:**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
(Government Code §54957)

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

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

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

**CONFERENCE WITH LABOR NEGOTIATOR**  
(Government Code §54957.6)

**Agency designated representative:** Anne Olsen, Legal Counsel

**Employee organization:** National Union of Healthcare Workers (NUHW)

**Unrepresented employee:**

**CASE REVIEW/PLANNING**  
(Government Code §54957.8)

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

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

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

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

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

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

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

1. Report from Quality, Risk, and Compliance

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

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

**ADJOURN TO OPEN SESSION**

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

**MONDAY, JANUARY 8, 2024**

**2:00PM**

**MINUTES**

**IN PERSON AND BY ZOOM VIDEO CONFERENCE**

**MINUTES**

**Directors Present**

Jeri Hernandez, Board Member

Josie Sanchez, Board Member

Rick Shelton, Board Member

**Absent**

Bill Johnson, Board Member

Devon Pack, Board Member

**Also Present**

Mark Robinson, Chief Financial Officer

Amy Breen-Lema, VP Clinic, Ambulatory, & Phys. Services

Andrea Posey, Interim Chief Nursing Officer

Heidi Quinn, District Legal Counsel

Chela Brewer, Executive Assistant

Suzie Mays, Director, Project Management

**1. Call to Order- Roll Call**

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

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

**2. Update on Potential Transaction Partners**

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

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

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

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

### 3. Action Item

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

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

At the March 23, 2023, Regular Board Meeting, the Board identified its priorities.

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

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

Director Hernandez is pleased to present a Letter of Intent (LOI) from Insight to the Board for consideration. The Committee is seeking Board authority to execute the LOI and continue negotiations with Insight. Director Hernandez introduced Richard Peil with B. Riley, Robert Miller, of Hooper, Lundy & Bookman, District consultants, and Insight, who will provide a presentation.

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

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

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

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

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

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

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

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

#### **4. Public Comment**

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

#### **5. Closed Session**

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

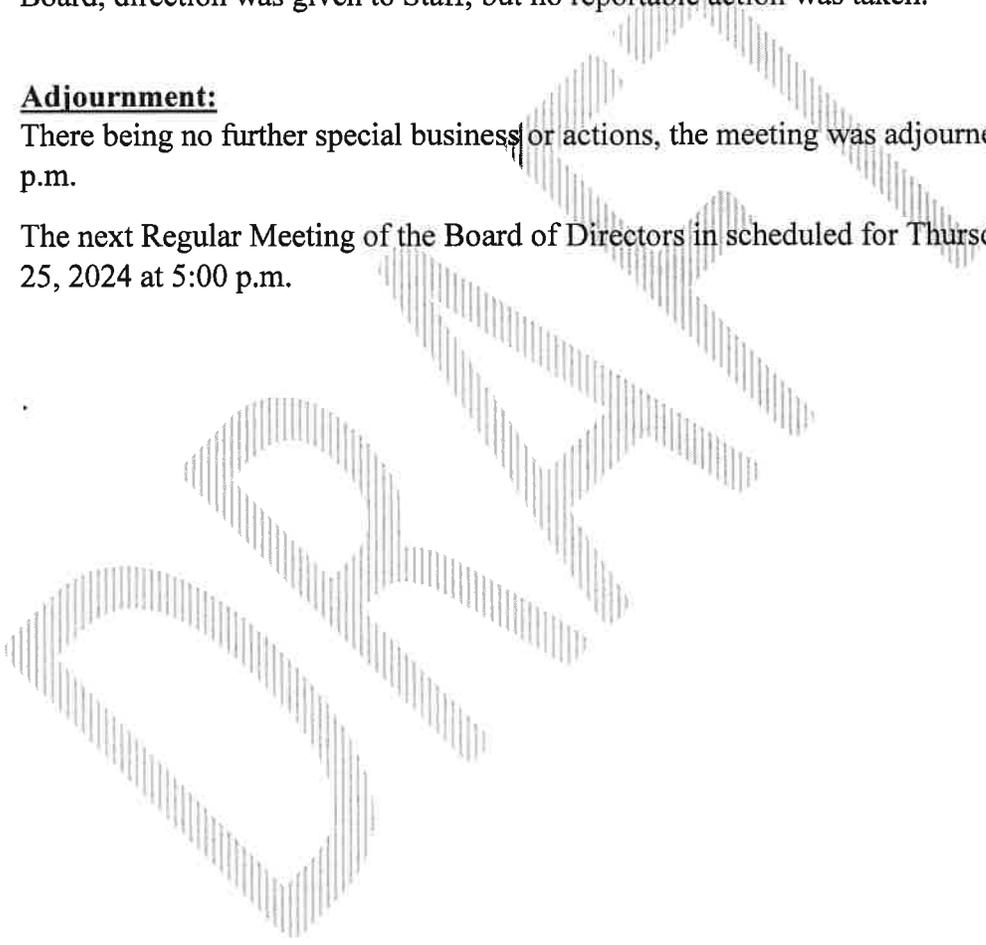
**6. Reconvene Open Session/Closed Session Report**

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

**7. Adjournment:**

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

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



**REGULAR MEETING OF THE BOARD OF DIRECTORS  
SAN BENITO HEALTH CARE DISTRICT  
SUPPORT SERVICES BUILDING, 2<sup>ND</sup>-FLOOR, GREAT ROOM  
IN PERSON AND BY VIDEO CONFERENCE**

**THURSDAY, FEBRUARY 22, 2024**

**5:00 P.M.**

**MINUTES**

**HAZEL HAWKINS MEMORIAL HOSPITAL**

**Directors Present**

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

**Also Present**

Mary Casillas, Chief Executive Officer  
Mark Robinson, Chief Financial Officer  
Andie Posey, Interim Chief Nursing Officer  
Amy Breen-Lema, VP, Clinic Ambulatory & Physician Services  
Michael Bogey, MD, Chief of Staff  
Heidi A. Quinn, District Legal Counsel  
Chela Brewer, Executive Assistant  
Tiffany Rose, Project Coordinator

**1. Call to Order**

Attendance was taken by roll call; Directors Hernandez, Johnson, Shelton, Sanchez, and Pack were present. A quorum was present and Director Hernandez called the meeting to order at 5:03 p.m.

**2. Board Announcements: None**

**3. Public Comment**

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

**4. Consent Agenda - General Business**

A. Consider and Approve Minutes of the Special Meeting of the Board of Directors – January 8, 2024

B. Consider and Approve Minutes of the Regular Meeting of the Board of Directors – January 25, 2024

C. Consider and Approve Minutes of the Special Meeting of the Board of Directors – February 12, 2024

D. Consider and Approve Policies:

Administrative

- Employment Categories
- Competency Determination and Maintenance
- Paid Time Off

Clinical

- Tenecteplase (TNKase) for Thrombolysis Therapy
- Intravenous Therapy Infection Control Guidelines
- Radiology Department Policies

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

- Skilled Nursing Facilities Reports (Mabie Southside/Northside)
- Laboratory and Radiology
- Foundation Report
- Facilities Report

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

Director Johnson requested the following corrections for Item #4.B - Consider and Approve Minutes of the Regular Meeting of the Board of Directors – January 25, 2024

- Minutes should make note of a letter written by himself and read by Director Shelton.
- Item #8.D. remove the word “unanimously”.

**MOTION:** By Director Johnson to approve Consent Agenda – General Business, Items B – E, with the above noted corrections to Item B, and to defer Item A; Second by Director Shelton.

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

5. **Report from the Medical Executive Committee Meeting on February 21, 2024 and Recommendations for Board Approval of the following:**

A. **Consider and Approve Medical Staff Credentials Reports:**

Dr. Bogey, Chief of Staff, provided a review of the Medical Executive Committee Credentials Report dated February 21, 2024\* and the Interdisciplinary Practice Committee Credentials Report dated January 25, 2024.

Items: Proposed Approval of the Medical Executive Committee Credentials Report for five (5) New Appointments, five (5) Reappointments, and one (1) Resignation/Retirement.

Proposed Approval of the Interdisciplinary Practice Committee Credentials Report for two (2) New Appointments, one (1) Reappointment, one (1) Additional Privileges, and one (1) Resignation/Retirement.

\*The report was erroneously dated 2/21/23 and was subsequently corrected

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

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

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

B. Consider and Approve Privileges NEW – Skilled Nursing Facility Medical Director (Medicine)

Dr. Bogey provided a review of the proposed privileges for Skilled Nursing Facility Medical Director (Medicine).

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

**MOTION:** By Director Johnson to approve the Privileges for the Skilled Nursing Facility Medical Director (Medicine) as presented; Second by Director Pack.

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

C. Consider and Approve Privileges Revised: Psychiatric Mental Health/Family Nurse Practitioner:

Dr. Bogey provided a review of the proposed revisions of privileges for Psychiatric Mental Health/Family Nurse Practitioner.

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

**MOTION:** By Director Johnson to approve the Revised Privileges for Psychiatric Mental Health/Family Nurse Practitioner; Second by Director Hernandez.

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

D. Consider and Approve Policy – SNF Medical Director on the Medical Staff:

Dr. Bogey provided a review of the proposed policy for the SNF Medical Director on the Medical Staff.

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

**MOTION:** By Director Pack to approve the Policy for SNF Medical Director on the Medical Staff; Second by Director Johnson.

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

6. **Receive Informational Reports**

A. Update – Potential Transaction Partners

*Letters of Interest Overview:*

Mr. Richard Peil of B. Riley was present by videoconference to provide an overview of Letters of Interest from American Advanced Management, Inc., Insight, County of San Benito JPA, and SBHA – Ovation Collaboration, as well as to answer questions from the Board. The Letters of Interest were included in the Board packet, and brief talking points from Mr. Peil were distributed at the meeting.

*Temporary Advisory Committee Update:*

Directors Hernandez and Pack provided an update of their site visit to Insight facilities in Chicago.

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

B. Chief Executive Officer

Ms. Casillas provided highlights of the Chief Executive Officer Report, which was included in the Board packet.

C. Chief Nursing Officer

Ms. Posey provided highlights of the Chief Nursing Officer Report, which was included in the Board packet.

D. Finance Committee

1. Finance Committee Meeting Minutes – February 15, 2024
2. Review Financial Updates
  - Financial Statements – January 2024
  - Finance Dashboard – January 2024
  - IRS Employer FICA Liability

Mr. Robinson provided a review of the financial statements, dashboard, and the IRS Employer FICA Liability, which were included in the Board packet.

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

7. Action Items

A. Consider Recommendation for Board Approval of MSR Mechanical LLC Proposal for Boiler Retrofit in the Amount of \$128,500

Staff reviewed the MSR Mechanical LLC Proposal for Boiler Retrofit, which was included in the packet.

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

**MOTION:** By Director Hernandez to approve the MSR Mechanical LLC Proposal for Boiler Retrofit in the Amount of \$128,500; Second by Director Shelton.

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

8. **Public Comment**

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

9. **Closed Session**

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

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

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

11. **Adjournment:**

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

The next Regular Meeting of the Board of Directors is scheduled for Thursday, March 28, 2024 at 5:00 p.m.

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

**MONDAY, MARCH 4, 2024**

**5:00 PM**

**MINUTES**

**IN PERSON AND BY ZOOM VIDEO CONFERENCE**

**MINUTES**

**Directors Present**

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

**Also Present**

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

**1. Call to Order- Roll Call**

Directors Hernandez, Shelton, Johnson, Pack and Sanchez were present; attendance was taken by roll call. A quorum was present and the Special Meeting was called to order at 5:00 pm by Director Hernandez.

**2. Presentation on Voter Opinion Research Results Regarding Feasibility of Potential Ballot Measures**

Timothy McLarney, PhD with Team CivX Presented Survey Results. The presentation was provided at the meeting.

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

Jeremy, with Team CivX Presented Survey Results, presentation /handout provided at meeting.

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

**3. Consider Temporary Advisory Committee Recommendation Regarding Process and Timeline for Submittal of Transaction Proposals and Provide Direction.**

Directors Hernandez and Pack provided a report.

District Counsel Quinn clarified timeline.

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

**MOTION:** By Director Pack Moves to set a deadline of receipt for LOI to April 2, 2024 Second by Director Sanchez.

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

**4. Public Comment**

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

**5. Adjournment:**

There being no further special business or actions, the meeting was adjourned at 6:24p.m.

The next Regular Meeting of the Board of Directors is scheduled for Thursday, March 28, 2024 at 5:00 p.m.

*Audio of the Special Board Meeting may be found at HHH website.*

**Directors Present**

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

**Also Present**

Mary Casillas, Chief Executive Officer  
Mark Robinson, Chief Financial Officer  
Andie Posey, Interim Chief Nursing Officer  
Amy Breen-Lema, VP, Clinic Ambulatory & Physician Services  
Michael Bogey, MD, Chief of Staff  
Heidi A. Quinn, District Legal Counsel  
Chela Brewer, Executive Assistant  
Tiffany Rose, Project Coordinator

1. **Call to Order**

Attendance was taken by roll call; Directors Hernandez, Johnson, Shelton, Sanchez, and Pack were present. A quorum was present and Director Hernandez called the meeting to order at 5:03 p.m.

2. **Board Announcements:** None

3. **Public Comment**

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

4. **Consent Agenda - General Business**

A. Consider and Approve Minutes of the Special Meeting of the Board of Directors – January 8, 2024

B. Consider and Approve Minutes of the Regular Meeting of the Board of Directors – January 25, 2024

C. Consider and Approve Minutes of the Special Meeting of the Board of Directors – February 12, 2024

D. Consider and Approve Policies:

Administrative

- Employment Categories
- Competency Determination and Maintenance
- Paid Time Off

Clinical

- Tenecteplase (TNKase) for Thrombolysis Therapy
- Intravenous Therapy Infection Control Guidelines
- Radiology Department Policies

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

- Skilled Nursing Facilities Reports (Mabie Southside/Northside)
- Laboratory and Radiology
- Foundation Report
- Facilities Report

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

Director Johnson requested the following corrections for Item #4.B - Consider and Approve Minutes of the Regular Meeting of the Board of Directors – January 25, 2024

- Minutes should make note of a letter written by himself and read by Director Shelton.
- Item #8.D. remove the word “unanimously”.

**MOTION:** By Director Johnson to approve Consent Agenda – General Business, Items B – E, with the above noted corrections to Item B, and to defer Item A; Second by Director Shelton.

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

5. **Report from the Medical Executive Committee Meeting on February 21, 2024 and Recommendations for Board Approval of the following:**

A. **Consider and Approve Medical Staff Credentials Reports:**

Dr. Bogey, Chief of Staff, provided a review of the Medical Executive Committee Credentials Report dated February 21, 2024\* and the Interdisciplinary Practice Committee Credentials Report dated January 25, 2024.

Items: Proposed Approval of the Medical Executive Committee Credentials Report for five (5) New Appointments, five (5) Reappointments, and one (1) Resignation/Retirement.

Proposed Approval of the Interdisciplinary Practice Committee Credentials Report for two (2) New Appointments, one (1) Reappointment, one (1) Additional Privileges, and one (1) Resignation/Retirement.

\*The report was erroneously dated 2/21/23 and was subsequently corrected

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

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

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

B. Consider and Approve Privileges NEW – Skilled Nursing Facility Medical Director (Medicine)

Dr. Bogey provided a review of the proposed privileges for Skilled Nursing Facility Medical Director (Medicine).

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

**MOTION:** By Director Johnson to approve the Privileges for the Skilled Nursing Facility Medical Director (Medicine) as presented; Second by Director Pack.

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

C. Consider and Approve Privileges Revised: Psychiatric Mental Health/Family Nurse Practitioner:

Dr. Bogey provided a review of the proposed revisions of privileges for Psychiatric Mental Health/Family Nurse Practitioner.

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

**MOTION:** By Director Johnson to approve the Revised Privileges for Psychiatric Mental Health/Family Nurse Practitioner; Second by Director Hernandez.

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

D. Consider and Approve Policy – SNF Medical Director on the Medical Staff:

Dr. Bogey provided a review of the proposed policy for the SNF Medical Director on the Medical Staff.

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

**MOTION:** By Director Pack to approve the Policy for SNF Medical Director on the Medical Staff; Second by Director Johnson.

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

6. **Receive Informational Reports**

A. Update – Potential Transaction Partners

*Letters of Interest Overview:*

Mr. Richard Peil of B. Riley was present by videoconference to provide an overview of Letters of Interest from American Advanced Management, Inc., Insight, County of San Benito JPA, and SBHA – Ovation Collaboration, as well as to answer questions from the Board. The Letters of Interest were included in the Board packet, and brief talking points from Mr. Peil were distributed at the meeting.

*Temporary Advisory Committee Update:*

Directors Hernandez and Pack provided an update of their site visit to Insight facilities in Chicago.

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

B. Chief Executive Officer

Ms. Casillas provided highlights of the Chief Executive Officer Report, which was included in the Board packet.

C. Chief Nursing Officer

Ms. Posey provided highlights of the Chief Nursing Officer Report, which was included in the Board packet.

D. Finance Committee

1. Finance Committee Meeting Minutes – February 15, 2024
2. Review Financial Updates
  - Financial Statements – January 2024
  - Finance Dashboard – January 2024
  - IRS Employer FICA Liability

Mr. Robinson provided a review of the financial statements, dashboard, and the IRS Employer FICA Liability, which were included in the Board packet.

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

7. Action Items

A. Consider Recommendation for Board Approval of MSR Mechanical LLC Proposal for Boiler Retrofit in the Amount of \$128,500

Staff reviewed the MSR Mechanical LLC Proposal for Boiler Retrofit, which was included in the packet.

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

**MOTION:** By Director Hernandez to approve the MSR Mechanical LLC Proposal for Boiler Retrofit in the Amount of \$128,500; Second by Director Shelton.

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

8. **Public Comment**

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

9. **Closed Session**

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

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

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

11. **Adjournment:**

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

The next Regular Meeting of the Board of Directors is scheduled for Thursday, March 28, 2024 at 5:00 p.m.

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## UTILIZATION MANAGEMENT PLAN

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### Revision Insight

Document ID:	11501
Revision Number:	0
Owner:	Andrea Posey,
Revision Official Date:	8/15/2022

#### Revision Note:

Approved by Quality Director (Monica Hamilton) 06/13/2022, QAPI Committee 06/23/2022, MED 07/20/2022, and BOD 07/28/2022. [Department changed from Quality - Risk to Quality - Regulatory by Matsui, Toshi on 15-AUG-2022][Owner changed from Matsui, Toshi to Hamilton, Monica by Matsui, Toshi on 15-AUG-2022][Owner changed from Hamilton, Monica to Posey, Andrea by Matsui, Toshi on 29-FEB-2024]

[Marked as Reviewed and Updated on 3/14/2024 by Andrea Posey: Next Review Date is 3/14/2027. Review cycle changed to 3 years. Review cycle justification updated.]

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## Policy : UTILIZATION MANAGEMENT PLAN

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### PURPOSE OF UTILIZATION MANAGEMENT (UM)

To maintain processes to ensure the quality, safety, appropriateness, and efficiency of care furnished to our patients by the facility and medical staff.

### PURPOSE OF UTILIZATION MANAGEMENT PLAN

1. Assure appropriate resource allocation in providing quality of care to each patient, regardless of payment source, in a cost-effective and timely manner,
2. Delineate the responsibilities and authority of personnel for conducting utilization management functions,
3. Outline processes to review the medical necessity of hospital admissions, continued stays, and discharge planning,
4. Define processes to review potential overutilization, underutilization and inefficient utilization of resources,
5. Describe framework for reporting, corrective action and documentation requirements for the utilization management process, and
6. Integrate utilization review findings into quality improvement activities.

### POLICY

It is the policy of the San Benito Health Care District and Hazel Hawkins Memorial Hospital to establish the Utilization Management Plan for the District to satisfy the applicable Code of Federal Regulations, Centers for Medicare and Medicaid Services (CMS) Conditions of Participation (CoP), California Department of Public Health, The Joint Commission (TJC), Medi-Cal and Peer Review Organizations' regulations and guidelines.

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### AUTHORITY

The Utilization Management function is the responsibility of the Medical Executive Committee (MEC) in accordance with Medical Staff bylaws.

The Governing Board of San Benito Health Care District has ultimate accountability for the management of the quality, appropriateness, and clinical necessity of admission and continued stay for hospital patients. The governing body reviews and approves the UM Plan and delegates to MEC the authority and responsibility to carry out the UM function.

### SCOPE

The UM program applies to all medical/surgical services and all ages of patients (neonates through geriatric). The Case Managers ensure their assignments cover observation and inpatients in ICU, general nursing units, and any emergency department admits. To support ongoing communication, the Case Managers ensure patients and their families are included in pertinent discussions/decisions about their ongoing care and that necessary information is directed internally and externally for appropriate action in a confidential manner.

### GOALS

1. To ensure patients receive medically necessary and appropriate care in a timely fashion and at the right level of care.
2. To provide an effective discharge planning process that focuses on patients' needs, goals, and treatment preferences to ensure a continued care plan to facilitate ongoing recovery and prevent readmission.
3. To assist the promotion and maintenance of quality care through analysis, review and evaluation of clinical practices across the continuum of care.
4. To assure the efficient utilization of services and appropriate lengths of stay through concurrent and retrospective review, and to provide discharge planning for patients, regardless of payor source.
5. To assure medical record documentation clearly substantiates the quality and utilization of services needed for the management and progress of each patient.

## UTILIZATION MANAGEMENT PROGRAM ROLES

### Governing Board

1. Approve UM Plan annually
2. Delegate responsibility for implementation of the UM Plan to the Medical Staff and Chief Executive Officer
3. Receive and review UM reports

### Medical Staff

1. Review and approve the UM Plan annually
2. Identify and appoint Physician Advisors for UM
3. Identify areas to improve resource utilization through review of UM data and medical records
4. Improve resource utilization through education and peer review
5. Develop and approve UM criteria and guidelines
6. Refer physician specific issues to the respective medical staff department, peer review, or the Medical Executive Committee for action
7. Work with utilization and case management staff

### Administration

1. Allocate sufficient UM staffing resources
2. Create an environment that promotes effective resource utilization
3. Serve as a resource to UM staff

### Physician Advisor(s)

1. Assist Case Management staff with medical necessity determinations
2. Communicate with providers when necessary
3. Evaluate quality and appropriateness of care through review of medical records and UM data
4. Serve as a resource to UM staff
5. Review and approve draft reports prepared by UM staff
6. Assist with appeal processes for payer denials when necessary

### Case Management

1. Perform admission, and continued stay reviews for observation patients and inpatients to assess medical necessity throughout the episode of care. This is accomplished through chart review and collaboration with the healthcare team.
2. Participate in Multidisciplinary Rounds to assess/reassess patient's medical status, readiness for discharge, and post-hospital continuing care needs.
3. Formulate a timely discharge plan to meet the patient needs by consulting with patient, family, nursing, ancillary staff, and physicians.
4. Provide patients/families with available data to assist in selection of post-discharge care providers.
5. Document all Case Management activities in the medical record.
6. Ensure necessary patient medical information is provided to continuing care providers.
7. Consult with Attending physicians and/or Physician Advisor for any patient care concerns; refer cases for peer review when indicated.
8. Attend Business Office / Case Management meetings to discuss insurance and discharge plans.
9. Make agency referrals and transportation arrangements as necessary.

### Utilization Review

1. Prospective reviews to obtain pre-authorization for outpatient and inpatient services are conducted by Registration Staff.
2. Concurrent reviews are performed by Case Managers and include:
  - a. Initial assessments in Emergency Department or after admission to ensure patients meet medical necessity for hospitalization,
  - b. Ensure Observation stays do not exceed payor limitations,

- c. Participate in daily Multidisciplinary Rounds to learn current patient treatment and potential needs at time of discharge,
  - d. Validate/document medical necessity for continued stay in hospital,
  - e. Consult with Attending physicians and/or Physician Advisor for medical necessity, discharge planning, or other patient/utilization concerns,
  - f. Escalate unresolved concerns to avoid over/under utilization of hospital resources, delay in care, avoidable days, and denials,
  - g. Respond to payor requests for medical information for continued stay authorization,
  - h. Collect data to track resource utilization metrics.
3. Retrospective Reviews are performed by Quality Nurses and Case Managers and include;
- a. Review aggregate utilization reports to identify opportunities for improvement
  - b. Conduct denial investigations and formulate appeals according to findings
  - c. Perform claims / coding reviews for billing purposes
  - d. Initiate focused reviews to collect additional data on topics of concern, tabulate results and analyze reports.
  - e. Assist with developing / implementing action plans to address unfavorable trends using continuous quality improvement processes.

### **Nursing Staff**

- 1. Conduct admission / ongoing patient assessments to identify short and long-term patient needs
- 2. Communicate / collaborate with healthcare team to ensure patient needs are addressed
- 3. Participate in daily Multidisciplinary Rounds

### **Multidisciplinary Rounding Team**

- 1. Attendees may include Physicians, Nurses, Case Managers, Social Worker, Rehabilitation, Dietary, and other ancillary representatives,
- 2. Discuss current treatment plan, patient progress, assess continued stay needs, and anticipated discharge needs,
- 3. Identify actual and/or potential utilization issues,
- 4. Communicate / collaborate with patients and their families regarding care and post-discharge plans.

## **UTILIZATION MANAGEMENT REPORTING STRUCTURE**

The Utilization Management program will report to the Quality Assurance & Performance Improvement Committee, whose minutes and attachments are forwarded to the Medical Executive Committee, and Governing Board.

## **CONFLICT OF INTEREST**

A Case Manager or physician will not be permitted to participate in the review of any case in which he/she is (1) a relative of the patient receiving care, or (2) the attending or consulting physician, or (3) where their partner, associate, or relative is involved in the care of the patient.

## **CONFIDENTIALITY**

Information and records collected while performing UM activities are maintained in a confidential manner that complies with applicable state, federal, and local laws, rules, and regulations.

## **DEFINITIONS**

**Acute Admissions:** a level of health care in which the patient's severity of illness and intensity of service can only be performed in an inpatient setting.

**Admission Review:** an assessment of medical necessity and appropriateness of a hospital admission. This review is typically performed no later than the first business day following the admission. The use of UR criteria is not mandatory but offers an established, evidence-based reference to determine appropriate level of care as needed.

**Case Management:** a professional and collaborative process that assesses, plans, implements, coordinates, monitors and evaluates the options and services required to meet an individual's health needs.

**Concurrent Review:** an assessment that determines medical necessity or appropriateness of services during a patient's

hospital stay or course of treatment, such as an assessment of the need for continued inpatient care for hospitalized patients. Concurrent reviews include continued-stay authorization and discharge review.

**Denial Management:** a process where all denied claims are appropriately appealed or declared uncollectible and reported in a manner that provides optimal information flow. It includes a consistent approach to track and to appeal denials and a reporting system that measures outcome and appeal status. Non-authorizing decisions may be based on medical appropriateness or benefit coverage.

**Diagnosis Related Group (DRG):** a case-mix classification system that groups patients who are similar clinically in terms of diagnosis and treatment, and in their consumption of hospital resources, thus allowing comparisons of resource use across hospitals with varying mixes of patients.

**Level of Care:** various intensities of service levels such as acute, rehabilitation, sub-acute, Skilled Nursing Facility (SNF), Home Health Care and Outpatient services. The level of care is based on review of an individual patient's severity of illness, resource needs, recuperation progress, co-morbidities, complications, ability for self-care and family support.

**Observation Status:** a level of care comprising short-stay encounters for patients who do not meet medical necessity criteria for acute inpatient status but who require close nursing observation or medical management within the hospital to determine if they need to be admitted to the hospital.

**Over Utilization:** provision of services that exceeds patient needs or standard of care.

**Physician Advisor:** Any available Physician Leader

**Prospective Review:** assessment performed prior to the patients' receiving services. Depending on the payor source reviews may include pre-authorization for inpatient and/or outpatient services.

**Readmission Rate:** the ratio of patients re-admitted to the hospital within 30 days following hospital discharge compared to the total number of patients discharged.

**Retrospective Review:** a review conducted after the patient has been discharged.

**Underutilization:** provision of lower level of services than required to meet patient needs.

**Utilization Management (UM):** the process of evaluating and determining the coverage and the appropriateness of medical care services to ensure the proper use of resources.

**Utilization Review (UR):** evaluation (prospective, concurrent, or retrospective) of the coverage, medical necessity, efficiency, or appropriateness of health care services and treatment plans for an individual patient.

**UR Criteria:** a set of evidence-based clinical indicators that can assist with the determination of appropriate level of care.

## REFERENCES

CMS Conditions of Participation for Critical Access Hospitals, Chapter 42 CFR 485 Subpart F.

The Joint Commission

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<b>Department</b>	Regulatory	<b>Department Director</b>	Hamilton, Monica
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<b>Reviewed</b>	[12/01/2009], [12/01/2012], [01/01/2015], [12/01/2017], [09/01/2019], [03/14/2024 Rev. 0]		

**Attachments:**

**(REFERENCED BY THIS DOCUMENT)**

**Other Documents:**

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## Employee Report of Communicable Diseases & Conditions/Work Restrictions

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### Revision Insight

Document ID:	11951
Revision Number:	0
Owner:	Elizabeth Von Urff, Employee Health Nurse
Revision Official Date:	No revision official date

Revision Note:  
No revision note

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## Policy : Employee Report of Communicable Diseases & Conditions/Work Restrictions

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### PURPOSE & SCOPE

To prevent the spread of infection to patients and other personnel. This policy applies to all healthcare personnel or worker (HCP/HCW) as defined by CDC and CDPH:

"all paid and unpaid individuals who work in indoor settings where (1) care is provided to patients, or (2) patients have access for any purpose. This includes workers serving in health care or other health care settings [...] It includes but is not limited to, nurses, nursing assistants, physicians, technicians, therapists, phlebotomists, pharmacists, students and trainees, contractual staff not employed by the health care facility, and persons not directly involved in patient care, but who could be exposed to infectious agents that can be transmitted in the health care setting (e.g., clerical, dietary, environmental services, laundry, security, engineering and facilities management, administrative, billing, and volunteer personnel)."

### POLICY

The prevention of the spread of a communicable disease or condition is the responsibility of all personnel. HCP who are diagnosed with or have exposure to a potentially communicable disease or have signs and symptoms of a transmissible condition that places patients and other personnel at risk of serious disease are required to report the condition. In accordance with this policy, work restrictions and return-to-work clearance may apply.

### PROCEDURE

- I. All personnel will assume responsibility to report the disease/condition to their manager or designee in a prompt manner.
- II. The Department Manager or designee will assume responsibility to:
  - A. Notify Employee Health Services and the Infection Preventionist via telephone of those diseases/conditions that require immediate Employee Health/Infection Control intervention.
  - B. Notify Employee Health Services and the Infection Preventionist via email and telephone call.
  - C. Implement work restrictions and return-to-work clearance when indicated.
- III. Employee Health Service will assume responsibility for the management of all referrals through:
  - A. Provision of education. Referral to employee's medical provider for further consultation and medical care.
  - B. Coordinating prophylactic treatment of employee post-exposure when indicated.
  - C. Notification of the Infection Control Department as indicated.
- IV. The Infection Preventionist will assume responsibility to assist Employee Health in the management of referrals to ensure effective measures are instituted.

### Reportable Diseases and Conditions, Work restrictions and Employee Health Notification.

A description of the process for carrying out tasks related to the policy implementation. This section should indicate how the requirements of the policy would be carried out.

DISEASE/ CONDITION	WORK RESTRICTION/EMPLOYEE HEALTH (EH ) NOTIFICATION	DURATION OF WORK RESTRICTION/ EMPLOYEE HEALTH (EH) NOTIFICATION
Chickenpox (Varicella)	All persons may not work.  EH referral of all susceptible persons	Until all lesions are dry with crusts. Physician clearance needed; Notify Employee Health prior to return to work as further documentation may be needed.
Chickenpox (Varicella) Post Exposure	EH notification of all susceptible persons	From the 10 <sup>th</sup> through the 21 <sup>st</sup> day after exposure if non-immune or if varicella occurs until all lesions dry and crust. Physician clearance needed; Notify Employee Health prior to return to work, as further documentation may be needed.

DISEASE/ CONDITION	WORK RESTRICTION/EMPLOYEE HEALTH (EH ) NOTIFICATION	DURATION OF WORK RESTRICTION/ EMPLOYEE HEALTH (EH) NOTIFICATION
<b>Conjunctivitis</b> Acute bacterial	Direct patient care givers may not work.	Until drainage ceases 24 hours after starting antibiotics. Notify Employee Health prior to return to work, as further documentation may be needed.
Adenoviral infection	All persons may not work.	Minimum of 14 days post onset. Notify Employee Health prior to return to work, as further documentation may be needed.
Enteroviral infection	All persons may not work.	Minimum of 4 days post onset.  Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Dermatitis</b> Weeping, exudative	All persons may not work.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Diarrhea/Illness</b> Acute onset	Direct patient care givers and food handlers may not work. EH notification of above stated persons if they are symptomatic > 48 hours.	Until Symptoms resolve. Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Campylobacteriosis</b>	Direct patient care givers and food handlers may not work.	Notify Employee Health prior to return to work, as further documentation may be needed.

DISEASE/ CONDITION	WORK RESTRICTION/EMPLOYEE HEALTH (EH ) NOTIFICATION	DURATION OF WORK RESTRICTION/ EMPLOYEE HEALTH (EH) NOTIFICATION
<b>Giardiasis</b>	Direct patient care givers and food handlers may not work.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Salmonellosis</b>	Direct patient care givers and food handlers may not work.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Shigellosis</b>	Direct patient care givers and food handlers may not work.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Enteroviral infections</b> (see conjunctivitis)	Direct patient care givers may not care for newborns and infants.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Febrile illnesses</b>	All employees with significant fever (101° F or >) may not work.	Until fever resolves Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Hepatitis, Viral</b> Hepatitis A  Hepatitis B Acute  Chronic  Hepatitis C	All employees may not work; EH Notification.  EH Notification/counseling of all direct patient care givers. EH Notification/counseling of all direct patient care givers. EH Notification/counseling of all direct patient care givers.	Minimum of 7 days after onset of jaundice.  Notify Employee Health prior to return to work, as further documentation may be needed.

DISEASE/ CONDITION	WORK RESTRICTION/EMPLOYEE HEALTH (EH ) NOTIFICATION	DURATION OF WORK RESTRICTION/ EMPLOYEE HEALTH (EH) NOTIFICATION
<b>Herpes Simplex</b> Genital  Hands (herpetic whitlow)  Orofacial (fever blister)	None  Direct patient care givers may not work; EH Notification  Direct patient care givers may not care for newborns, infants, and immunocompromised patients; EH notification if recurrent and/or severe.	Until lesion(s) healed  Until lesion(s) heal Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Influenza</b>	All persons may not work EH Notification of susceptible persons.	Until symptoms resolve Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Measles (Rubeola)</b> Active  Post exposure	All persons may not work.  EH Notification of susceptible persons.	Physician clearance needed. Minimum of 7 days after rash appears.  21 days post exposure. Physician clearance needed. Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Mumps</b> Active  Post exposure	All persons may not work  EH Notification of susceptible persons.	Minimum of 9 days after onset of parotitis  Notify Employee Health prior to return to work, as further documentation may be needed.

DISEASE/ CONDITION	WORK RESTRICTION/EMPLOYEE HEALTH (EH ) NOTIFICATION	DURATION OF WORK RESTRICTION/ EMPLOYEE HEALTH (EH) NOTIFICATION
<b>Pertussis (Whooping Cough)</b>  Active  Post exposure	All persons may not work.  EH Notification of susceptible persons.	Minimum of 7 days after start of effective therapy.  Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Rubella (German Measles)</b>  Active  Post exposure	All persons may not work  EH Notification of susceptible persons.	Minimum of 5 days after rash appears  Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Scabies</b>	All persons may not work; EH Notification.	24 hours post treatment Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Skin/Soft tissue infection</b> Draining lesion/wound (abscess, boil, ulcer, etc.)	Direct patient care givers and food handlers may not work; EH Notification.	Notify Employee Health prior to return to work, as further documentation may be needed.
<b>Staphylococcal Aureus</b>	Direct patient care givers and food handlers may not work; EH Notification.	Notify Employee Health prior to return to work, as further documentation may be needed.

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<b>Department</b>	Employee Health	<b>Department Director</b>	Von Urff, Elizabeth
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<b>(REFERENCED BY THIS DOCUMENT)</b>			
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[https://www.lucidoc.com/cgi/doc-gw.pl?ref=hmh:11951\\$0](https://www.lucidoc.com/cgi/doc-gw.pl?ref=hmh:11951$0).

## Service Animals, Americans with Disabilities Act - Pets & Animal Therapy

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### Revision Insight

Document ID:	11934
Revision Number:	0
Owner:	Michael Hame,
Revision Official Date:	No revision official date

Revision Note:  
No revision note

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## Policy : Service Animals, Americans with Disabilities Act - Pets & Animal Therapy

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### PURPOSE

To provide guidance on the use and access of service animals within Hazel Hawkins Memorial Hospital (HHMH), in compliance with the Americans with Disabilities Act (ADA).

### DEFINITIONS

#### Pet (also Comfort/Companion Animal)

An animal that provides companionship, comfort, or emotional support to an individual. Emotional Support Animals fall under this category and are not protected by the ADA.

#### Service Animal

Any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability. Other species of animals, whether wild or domestic, trained or untrained, are not service animals; the only exception is a "miniature horse" (24-34 inches in height at the shoulder & between 70-100 pounds, in which case there are separate provisions: the Infection Prevention Department must be contacted). The work or tasks performed by a service animal must be directly related to the individual's disability.

#### **Staff may ask only two questions:**

**Is the animal required because of a disability?**

**What work or task has the animal been trained to perform?**

#### Direct Threat

A significant risk to the health or safety of others that cannot be eliminated or mitigated by a modification of policies, practices, or procedures, or by the provision of auxiliary aids or services.

#### Reasonable Accommodation

To deem that a service animal is a reasonable accommodation for an individual with a disability, the following criteria must be met:

- The individual must have a disability as defined under federal law;
- The animal must meet the definition of Service Animal under federal law and serve a function directly related to the disability; and
- The request to have the animal must be reasonable.

#### Therapy Animal

An animal, and its handler, who are specially trained to provide therapy treatments to patients.

### POLICY

Pets and therapy animals are not permitted in the organization's facilities or sites of care, with the exception of the long term care facilities and compassionate circumstances, for which special provisions will apply.

The organization will undertake reasonable accommodations for individuals with a disability who require a service animal. If a service animal is required, the following shall apply:

- Service animals must be licensed in compliance with state and/or local laws.
- Service animals must be in good health. If a service animal is ill, the animal's partner/handler will be asked to remove the animal from the facility premises.
- Service animals must be on a leash or in a harness at all times. Service animals must be under the full control of their partners/handlers at all times. The care and supervision of the service animal is the responsibility of the partner/handler.
- Service animal partners/handlers must clean up after the animal, unless they are unable to do so because of a disability. If a disability prevents the handler from cleaning up after the service animal, this information must be provided to the hospital at the time of entrance into the facility
- Daily grooming and occasional baths should be utilized to keep animal odor to a minimum. Adequate flea prevention and control must be maintained.
- Service animals must not engage in unacceptable behavior. If an animal does engage in unacceptable behavior, the handler is expected to use proper training techniques to correct the behavior. If the behavior is not corrected, the handler may be asked to leave the facility.
- There is no requirement for documentation to prove that the animal has had particular training or is a "certified" service animal. The animal is not required to wear a certain kind of harness with identification
- Current license and rabies vaccination tags must be worn by service animals.

Any area of the facility that is not open to the public – including semi-restricted or restricted areas shall be off limits to service animals (i.e. Peri-operative, Intensive Care, Sterile Processing). Areas in which special precautions are required, such as wearing masks, gloves, and gowns shall be off limits to service animals.

If the organization determines that a service animal poses a direct threat to the health or safety of others in a building or portion thereof, access to the facility by the service animal will be denied. In determining whether a service animal poses a direct threat to the health or safety of others, the organization shall make an individualized assessment, based on reasonable judgment that relies on current medical knowledge or on the best available objective evidence, to identify:

- The nature, duration, and severity of the risk;
- The probability that the potential injury will actually occur; and
- If there are reasonable modifications of policies, practices, or procedures that will mitigate the risk.

## DEPARTMENT SPECIFIC PROCEDURES

### Diagnostic Imaging

Service animals are permitted in x-ray examination rooms. The patient will be informed of the dangers due to radiation exposure. If patient agrees to proceed and the service animal does not significantly disrupt the services, the service animal will be allowed to accompany the patient.

- A. Service animals are not permitted past MRI Zone 3 examination area.
- B. If the service animal does not accompany the patient into an examination area, the radiology department will require that the patient arrange for a friend or family member to stay with the service animal in any of the available waiting areas.
- C. If at any time the service animal becomes disruptive, the technologists will be notified and the patient will need to reschedule their exam.

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## REFERENCES

Americans with Disabilities Act: U.S. Department of Justice, Civil Rights Division, Disability Rights Section; <https://www.ada.gov/resources/service-animals-2010-requirements/> (updated February 28, 2020)

Association for Professionals in Infection Control; APIC Text: Animals Visiting in Healthcare Facilities; October 2, 2014. <https://text.apic.org/toc/community-based-infection-prevention-practices/animals-visiting-in-healthcare-facilities> (updated October 2, 2014)

California Disabled Persons Act

## ATTACHMENTS

None

## REPLACES

10405-Service Animals, Americans with Disabilities Act, Pet Therapy and Pets - Acute Care

<b>Document ID</b>	11934	<b>Document Status</b>	In preparation
<b>Department</b>	Infection Control	<b>Department Director</b>	Hame, Michael
<b>Document Owner</b>	Hame, Michael	<b>Next Review Date</b>	
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<b>(WHICH REFERENCE THIS DOCUMENT)</b>			

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## Construction, Renovation & Operations - Infection Control Guidelines

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### Revision Insight

Document ID:	10822
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Revision Official Date:	No revision official date

Revision Note:  
Update to ASHE ICRA 2.0 guidelines

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## Policy : Construction, Renovation & Operations - Infection Control Guidelines

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### Summary/Intent

Hospital construction, demolition and remodeling activities can be a risk factor for certain hospital acquired infections in patients, especially those who are immunosuppressed. Activities that disturb dust may be associated with transmission of Aspergillus, a fungus found in ceiling and wall spaces where dust has accumulated, whereby dispersing fungal spores which can be inhaled by a susceptible patient and cause disease.

### Definitions

None Listed

### Affected Departments/Services

1. Engineering
2. Infection Prevention

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### Policy: Compliance: Key Elements

#### PROCEDURE:

Notify the Infection Prevention and Control Department before planning or work begins on any construction project in, or adjacent to, patient care areas to establish with project managers all necessary and appropriate protective measures.

#### 1.0 DEFINITIONS OF CONSTRUCTION ACTIVITY TYPES

- A. The construction activity types are defined by the amount of dust which is generated, the duration of the activity, and the amount of shared HVAC systems. Contact the Infection Prevention Department if any activity is questionable under these guidelines.

Using the following table,

<b>Type A</b>	<p><b>Inspection and non-invasive activities.</b> Includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Removal of ceiling tile for visual inspection-limited to 1 tile per 50 square feet with limited exposure time.</li> <li>• Limited building system maintenance (e.g., pneumatic tube station, HVAC system, fire suppression system, electrical and carpentry work to include painting without sanding) that does not create dust or debris.</li> <li>• Clean plumbing activity limited in nature.</li> </ul>
<b>Type B</b>	<p><b>Small-scale, short duration activities that create minimal dust and debris.</b> Includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Work conducted above the ceiling (e.g., prolonged inspection or repair of firewalls and barriers, installation of conduit and/or cabling, and access to mechanical and/or electrical chase spaces).</li> <li>• Fan shutdown/startup.</li> <li>• Installation of electrical devices or new flooring that produces minimal dust and debris.</li> <li>• The removal of drywall where minimal dust and debris is created.</li> <li>• Controlled sanding activities (e.g., wet or dry sanding) that produce minimal dust and debris.</li> </ul>
<b>Type C</b>	<p><b>Large-scale, longer duration activities that create a moderate amount of dust and debris.</b> Includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Removal of preexisting floor covering, walls, casework or other building components.</li> <li>• New drywall placement.</li> <li>• Renovation work in a single room.</li> <li>• Non-existing cable pathway or invasive electrical work above ceilings.</li> <li>• The removal of drywall where a moderate amount of dust and debris is created.</li> <li>• Dry sanding where a moderate amount of dust and debris is created.</li> <li>• Work creating significant vibration and/or noise.</li> <li>• Any activity that cannot be completed in a single work shift.</li> </ul>
<b>Type D</b>	<p><b>Major demolition and construction activities.</b> Includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Removal or replacement of building system component(s).</li> <li>• Removal/installation of drywall partitions.</li> <li>• Invasive large-scale new building construction.</li> <li>• Renovation work in two or more rooms.</li> </ul>

determine the Patient Risk Group (PRG) that will be affected. If two or more PRGs are affected by the construction, renovation or operation activity, select the higher risk group.

Table 2: Patient Risk Group

LOW RISK NON-PATIENT CARE AREAS	MEDIUM RISK PATIENT CARE SUPPORT AREA	HIGH RISK PATIENT CARE AREA	HIGHEST RISK PROCEDURAL, INVASIVE, STERILE SUPPORT AND HIGHLY COMPROMISED PATIENT CARE AREA
<ul style="list-style-type: none"> <li>• Public hallways and gathering areas not on clinical units.</li> <li>• Office areas not on clinical units.</li> <li>• Breakrooms not on clinical units.</li> <li>• Bathrooms or locker rooms not on clinical units.</li> <li>• Mechanical rooms not on clinical units.</li> <li>• EVS closets not on clinical units.</li> </ul>	<ul style="list-style-type: none"> <li>• Waiting areas.</li> <li>• Clinical engineering.</li> <li>• Materials management.</li> <li>• Sterile processing department - dirty side.</li> <li>• Kitchen, cafeteria, giftshop, coffee shop, and food kiosks.</li> </ul>	<ul style="list-style-type: none"> <li>• Patient care rooms and areas</li> <li>• All acute care units</li> <li>• Emergency department</li> <li>• Employee health</li> <li>• Pharmacy - general work zone</li> <li>• Medication rooms and clean utility rooms</li> <li>• Imaging suites: Diagnostic imaging</li> <li>• Laboratory.</li> </ul>	<ul style="list-style-type: none"> <li>• All transplant and intensive care units.</li> <li>• All oncology units.</li> <li>• OR theaters and restricted areas.</li> <li>• Procedural suites.</li> <li>• Pharmacy compounding.</li> <li>• Sterile processing department-clean side.</li> <li>• Transfusion services.</li> <li>• Dedicated isolation wards/units.</li> <li>• Imaging suites: invasive imaging.</li> </ul>

### 3.0 CONSTRUCTION ACTIVITY/INFECTION CONTROL MATRIX

Match the Patient Risk Group (Low, Medium, High, Highest) from Step Two with the planned Construction Activity Project Type (A, B, C, D) from Step One using Table 3 to find the Class of Precautions (I, II, III, IV or V) or level of infection control activities required. The activities are listed in Table 5 – Minimum Required Infection Control Precautions by Class.

Table 3: Class of Precautions

Construction Activity®	TYPE "A"	TYPE "B"	TYPE "C"	TYPE "D"
<b>RISK LEVEL</b>				
<b>LOW</b>	I	II	II	III*
<b>MEDIUM</b>	I	II	III*	IV
<b>HIGH</b>	I	III	IV	V
<b>HIGHEST</b>	III	IV	V	V

Environmental conditions that could affect human health, such as sewage, mold, asbestos, gray water and black water will require Class of Precautions IV for LOW and MEDIUM Risk Groups and Class of Precautions V for HIGH and HIGHEST Risk Groups.

\*Type C [Medium Risk groups] and Type D [Low Risk Groups] work areas [Class III precautions] that cannot be sealed and completely isolated from occupied patient care spaces should be elevated to include negative air exhaust requirements as listed in Class IV Precautions.

#### 4.0 SURROUNDING AREA ASSESSMENT

Evaluate the area around the project for potential risks and disruptions using table 4, Surrounding Area Assessment.

**Table 4 - Surrounding Area Assessment**

Unit <u>Below</u> :	Unit <u>Above</u> :	Unit <u>Lateral</u> :	Unit <u>Behind</u> :	Unit in <u>Front</u> :
Risk Group:				
Contact:	Contact:	Contact:	Contact:	Contact:
Phone:	Phone:	Phone:	Phone:	Phone:
<b>Additional Controls:</b>				
<ul style="list-style-type: none"> <li>◦ Noise</li> <li>◦ Vibration</li> <li>◦ Dust control</li> <li>◦ Ventilation</li> <li>◦ Pressurization</li> <li>◦ Vertical Shafts</li> <li>◦ Elevators/Stairs</li> </ul>	<ul style="list-style-type: none"> <li>◦ Noise</li> <li>◦ Vibration</li> <li>◦ Dust control</li> <li>◦ Ventilation</li> <li>◦ Pressurization</li> <li>◦ Vertical Shafts</li> <li>◦ Elevators/Stairs</li> </ul>	<ul style="list-style-type: none"> <li>◦ Noise</li> <li>◦ Vibration</li> <li>◦ Dust control</li> <li>◦ Ventilation</li> <li>◦ Pressurization</li> <li>◦ Vertical Shafts</li> <li>◦ Elevators/Stairs</li> </ul>	<ul style="list-style-type: none"> <li>◦ Noise</li> <li>◦ Vibration</li> <li>◦ Dust control</li> <li>◦ Ventilation</li> <li>◦ Pressurization</li> <li>◦ Vertical Shafts</li> <li>◦ Elevators/Stairs</li> </ul>	<ul style="list-style-type: none"> <li>◦ Noise</li> <li>◦ Vibration</li> <li>◦ Dust control</li> <li>◦ Ventilation</li> <li>◦ Pressurization</li> <li>◦ Vertical Shafts</li> <li>◦ Elevators/Stairs</li> </ul>
<b>Systems impacted:</b>				
<ul style="list-style-type: none"> <li>◦ Data</li> <li>◦ Mechanical</li> <li>◦ Med Gases</li> <li>◦ Hot/Cold Water</li> </ul>	<ul style="list-style-type: none"> <li>◦ Data</li> <li>◦ Mechanical</li> <li>◦ Med Gases</li> <li>◦ Hot/Cold Water</li> </ul>	<ul style="list-style-type: none"> <li>◦ Data</li> <li>◦ Mechanical</li> <li>◦ Med Gases</li> <li>◦ Hot/Cold Water</li> </ul>	<ul style="list-style-type: none"> <li>◦ Data</li> <li>◦ Mechanical</li> <li>◦ Med Gases</li> <li>◦ Hot/Cold Water</li> </ul>	<ul style="list-style-type: none"> <li>◦ Data</li> <li>◦ Mechanical</li> <li>◦ Med Gases</li> <li>◦ Hot/Cold Water</li> </ul>

**Noise & Vibration Mitigation Strategies**

- Use diamond drills instead of powder-actuated fasteners.
- Schedule noise-making periods with adjacent spaces.
- Use beam clamps instead of shot.
- Prefab where possible.
- Use tin snips to cut metal studs instead of using a chop saw.
- Install metal decking with vent tabs, then use cellular floor deck hangers.
- Consider compression style fittings instead of soldering, brazing or welding.
- Wet core drill instead of dry core or percussion.
- Instead of jackhammering concrete, use wet diamond saws.
- Use HEPA vacuums instead of standard wet/dry vacuums.
- Use mechanical joining system sprinkler fittings instead of threaded.
- Where fumes are tolerated, use chemical adhesive remover (flooring glue) instead of mechanical.
- To remove flooring, consider abrasive blasting instead of using a floor scraper.
- Use electric sheers instead of reciprocating saw for ductwork cutting.
- Install exterior man/material lifts.

**Ventilation & Pressurization Mitigation Strategies**

- HEPA to exterior.
- Install temporary ductwork.
- Utilize temporary HVAC equipment.
- Vacate the area.
- Install temporary partitions.
- Use carbon filtration to filter odors.

### **Impact to Other Systems Mitigation Strategies**

- Schedule outages.
- Provide temporary systems.
- Back-feed electricity or medical gases.

### **PERFORMANCE REQUIREMENTS:**

- A. Infection prevention and control is critical in all areas of all facilities. Construction activities causing disturbance of existing dust, or creating new dust, must be conducted in tight enclosures cutting off any flow of particles into patient areas.
- B. San Benito Health Care District requires any subcontractor, sub-subcontractors, material suppliers, vendors, employees, or agents to be bound by these same requirements. Before any construction on site begins, the Contractor's on-site management team shall attend a mandatory meeting held by the Engineering and Infection Prevention Departments, for review and instruction on precautions to be taken.
- C. HEPA equipped air filtration machines shall provide air flow into construction area not less than 100 FPM at barricade entrances with doors fully open. HEPA equipped air filtration machines shall be connected to normal power and ganged to a single switch for emergency shutoff and shall run continuously.
- D. The Safety or Infection Prevention Departments may modify performance requirements for certain activities. Any modifications made by San Benito Health Care District personnel do not relieve the Contractor of compliance with proper Infection Prevention procedures.

### **3. SUBMITTALS:**

- A. Submit report of infection prevention and control procedures, including location and details of barrier.
- B. Product Data: Submit product data for products used in Infection Prevention and Control program.

#### 4. QUALITY CONTROL:

- A. San Benito Health Care District Infection Prevention Department will monitor biological counts in vicinity of construction work on an as needed basis. Whenever safe levels are exceeded, contractor will be notified to correct conditions immediately.
  - 1. All work shall be stopped on the project whenever a hazardous infection control deficiency exists.
  - 2. Contractor shall take immediate action to correct all deficiencies.
  - 3. Failure of Contractor to correct such deficiencies will result in corrective action taken by San Benito Health Care District and deducting all costs from the contract.

#### 5. INFECTION CONTROL PERMIT:

- A. An Infection Control Permit is required for Class of Precautions III, IV or V, Project Type D and any activity in the highest PRG. Refer to shaded area in Table 3, Class of Precautions.
- B. When required, obtain an [Infection Control Construction Permit \(ASHE ICRA 2.0\)](#) from the San Benito Health Care District Engineering Department with approval from the Infection Prevention Department before beginning any demolition or construction work.
- C. The Permit shall be displayed at the entrance of the work area during the entire construction period.
- D. The Permit shall be returned to the Infection Prevention Department once the work has been completed.

#### 6. PRODUCTS AND MATERIALS:

- A. Sheet Plastic: Fire retardant polystyrene, 6-mil thickness.
- B. Barrier Doors: Solid core wood in metal frame, painted.
- C. HEPA-Equipped Air Filtration Machines: Forced Air 2000 HEPA equipped air filtration units as manufactured by Advanced Containment systems Inc. Houston, TX 77075. Provide HEPA filter, primary and secondary filters.
- D. Exhaust Hoses: Heavy duty, flexible steel reinforced; Ventilation Blower Hose, WPG as manufactured by Federal Hose Mtg. Co Painsville OH 44077 or equal.
- E. Adhesive Walk-Off Mats: Provide minimum size mats of 24 inches x 36 inches as manufactured by 3M, St. Paul, MN 55144 or equal.
- F. Disinfectant: San Benito Health Care District approved disinfectant or equal.
- G. Control Cube: Portable Ceiling Access Module, "Kontrol Kube Jr." with heavy duty vinyl enclosure as manufactured by Fiberlock Technologies inc. 680 Putnam Ave. Cambridge MA 02139.

#### 7. BARRIERS:

- A. Closed door with masking tape applied over the frame and door is acceptable for projects which can be contained
- B. Construction, demolition or reconstruction not capable of containment within a single room must have the following barriers erected.
  - 1. Airtight plastic barrier that extends from floor to ceiling. Seams must be sealed with duct tape to prevent dust and debris from escaping.
  - 2. Drywall barriers erected with joints covered or sealed to prevent dust and debris from escaping.
  - 3. Seal all penetrations in existing barrier airtight.
  - 4. Barriers at penetration of ceiling envelopes, chases and ceiling spaces to stop movement of air and debris.
  - 5. Anteroom or double entrance openings that allow workers to remove protective clothing or vacuum off existing clothing.
  - 6. At elevator shafts or stairways within the field of construction.
  - 7. Overlapping flap minimum 2 feet wide at polyethylene enclosures for personnel access.

#### 8. INFECTION CONTROL PROCEDURES:

##### ◦ 10.1 General

- A. Maintain manpower and equipment including dust mops, wet mops, brooms, buckets and clean wiping rags for cleaning fine dust from floors in adjacent occupied areas.

- B. Contain work areas outside of construction barriers, including spaces above ceilings, with full height polyethylene sheet barrier, tightly taped.
- C. Cleanup dust tracked outside of construction area immediately.

◦ 10.2 **Implementation**

- A. Temporary construction barriers and closures above ceilings shall be dust tight.
- B. Removal of debris shall be in tightly covered containers.
- C. Adhesive mats or carpets at barricade entrances and in the anteroom shall be kept clean and changed daily, or as necessary, to prevent accumulation of dust.
- D. Any dust tracked outside of barrier shall be removed immediately. Cleaning outside barrier to be by HEPA filtered vacuum or damp mop.
- E. Any ceiling access panels opened for investigation beyond sealed areas shall be replaced immediately when unattended.
- F. Block off all existing ventilation ducts within the construction area. Method of capping ducts shall be dust tight and withstand airflow.
- G. When openings are made into existing ceilings, use Control Cube or provide polystyrene enclosure around ladder sealing off opening, fitted tight to ceiling and floor. Provide thorough cleaning of existing surfaces, which become exposed to dust.
- H. Removal of construction barriers and ceiling protection shall be done carefully, outside of normal work hours. Vacuum and clean all surfaces free of dust after the removal.
- I. When access panels are opened in occupied areas for work above ceilings. Use control Cube or polyethylene enclosure around ladder sealing off opening, fitted tight to ceiling and floor.
- J. All vacuuming outside areas not under negative pressure to be with a certified HEPA filtered vacuum.
- K. Construct anteroom to maintain negative airflow from clean area through anteroom and into work area.

◦ 10.3 **Responsibilities: General and By Activity Class**

- A. The Contractor is responsible for:
  - i. obtaining the Infection Control Permit from the Engineering Department prior to commencing construction and
  - ii. daily completing the Infection Control Construction Activities Inspection form.
- B. The Engineering Department and Infection Prevention Department will evaluate every work order. They reserve the right to add requirements to a project on an individual basis.
- C. The Engineering & Infection Prevention Departments will make periodic visits to the work site to ensure compliance of policy.
- D. Refer to [Table 5 - Minimum Required Infection Control Precautions by Class, Before and During Work Activity](#) to determine which mitigation activities must be implemented before and during the work activity
- E. Refer to [Table 6 - Minimum Required Infection Control Precautions by Class, After Work Activity](#) to determine which mitigation activities must be implemented at the completion of the projected work activity.

◦ 10.4 **Environmental Monitoring**

- A. Contractor is responsible for maintaining equipment and replacement of HEPA and other filters in accordance with manufacturer's recommendations.
- B. The San Benito Health Care District Engineering Department and Infection Prevention Department will perform Field inspection and testing.
- C. Engineering Department will confirm specified air velocity whenever barricades are erected or modified.
- D. Engineering Department personnel will monitor air quality throughout project as needed.

◦ 10.5 **Enforcement**

- A. For breach of this infection prevention and control policy: San Benito Health Care District will stop the work of the Project and the Contractor shall pay for all associated costs incurred by the San Benito Health Care District as well as for correction for the work.
- B. The Engineering Department and Infection Prevention Department will record the following:

1. Document each violation with photographs
2. Extract Contractor or Department information from the work log.
3. Maintain a record of all infection prevention and control violations.
4. Violations of infection prevention and control policies may affect status as a responsible Contractor for bidding future work.

**REFERENCES:**

APIC Construction and Renovation 3rd Edition Toolkit for Professionals in Infection Prevention and Control

The American Institute of Architects (AIA) and Facility Guidelines Institute (FGI)

2022 Guidelines for Design and Construction and Infection Control Risk Assessment (ICRA 2.0)

CDC Guidelines for Environmental Infection Control for Health Care Facilities June 6, 2003 / 52(RR10);1-42

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<b>(WHICH REFERENCE THIS DOCUMENT)</b>			

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RADIOLOGY POLICY APPROVAL PACKAGE (02/01/2024)

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Hazel Hawkins  
MEMORIAL HOSPITAL

To: SBHCD Board of Directors

From: Mark Robinson, CFO

Subject: Medline Industries, LLP

Medline Industries, LLP is the District largest supplier of medical supplies. The expenditure to Medline for medical supplies for FYE June 30, 2024 is estimated to be \$2.5 million. The Eight Amendment for the 5-year extension includes the mark-up table which details the Tier Level requirements for receiving the positive and negative mark-ups. A positive mark-up is an additional percent added to the purchase price of non-Medline products. This is reduced as Medline product purchasing volume increases. Conversely, a negative mark-up is a percentage discount that increases as additional Medline products are ordered and increase by Tier level of purchasing. The District is financially incentivized to use Medline products. In addition, the terms for receiving the two-percent (2%) rebate are included.

**EIGHTH AMENDMENT  
TO  
CORPORATE PROGRAM AGREEMENT**

This Eighth Amendment (“Eighth Amendment”) to the Corporate Program Agreement is entered into between Medline Industries, LP, an Illinois limited partnership, (f/k/a Medline Industries, Inc.) (“Supplier”) and Hazel Hawkins Memorial Hospital (“Provider”) and is dated February 20, 2024 (the “Eighth Amendment Effective Date”).

Whereas, Supplier and Provider are sometimes referred to herein individually as a “Party” and collectively as the “Parties”.

Whereas, Supplier and Provider are Parties to the Corporate Program Agreement dated and effective April 1, 2006 (the “Initial Agreement”), as amended by that certain First Amendment to the Agreement dated April 1, 2009 (the “First Amendment”); further amended by that certain Second Amendment to the Agreement dated October 1, 2010 (the “Second Amendment”); further amended by that certain Third Amendment fully executed on November 7, 2014 (the “Third Amendment”); further amended by that certain Fourth Amendment dated February 4, 2015 (the “Fourth Amendment”); further amended by that certain Fifth Amendment dated February 28, 2018 (the “Fifth Amendment”); further amended by that certain Sixth Amendment dated January 25, 2021 (the “Sixth Amendment”); and further amended by that certain Seventh Amendment dated February 4, 2021 (the “Seventh Amendment”).

The Initial Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment and the Seventh Amendment are collectively, the “Agreement”.

Whereas, Supplier and Provider now desire to enter into this Eighth Amendment in order to modify the terms of the Agreement, as previously amended.

Accordingly, in consideration of the mutual promises set forth in this Eighth Amendment, the Parties agree to amend the Agreement as follows:

1. **Extension of Term of Agreement.** The term of the Agreement, which is scheduled to expire on March 31, 2024, is extended for five (5) years to March 31, 2029. Thereafter, two (2) additional renewal periods of two (2) years in length each are available upon written Agreement of the Parties.
2. **Mark-Up Table.** The mark-ups contained in the Agreement are replaced with the mark-ups contained in the table below:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Tier Requirements</b>				
Medline Brand % of Spend	45% Medline Brand & Medline CPTs	50% Medline Brand & Medline CPTs	55% Medline Brand & Medline CPT’s	60% Medline Brand & Medline CPT’s
<b>Acute Care Distribution</b>				
Medline Brand Contract - Bulk	0.00%	-0.50%*	-1.00%*	-1.50%*
Non-Medline Brand Contract – Bulk	1.50%	1.00%	0.75%	0.50%
<b>Lowest Unit of Measure Distribution (LUM)</b>				
Low-Unit-of-Measure (LUM) in Totes on Pallets Delivered to Dock Line Fee (Additive)	3.25%	3.25%	3.25%	3.25%
<b>Continuum of Care</b>				
Physician Office Contract Products (Additive to Base Mark-Up)	2.50%	2.50%	2.50%	2.50%

Laboratory Mark-Up (Additive to Base Mark-Up)	1.50%	1.50%	1.50%	1.50%
Environmental Service Products Distribution (Additive to Base Mark-Up)	5.00%	5.00%	5.00%	5.00%

*\*The cost minus mark-ups will be paid in the form of a rebate.*

For the first twelve (12) months of the Agreement, Provider will be given access to Tier 3 mark-ups. After the initial twelve (12) months of the Agreement, Supplier will annually review the actual ratio of purchases based on the previous three (3) months of sales, and adjust the Tier achieved accordingly. In the event Provider does not meet Tier 1 Medline Brand Purchase Ratio, Supplier reserves the right to increase the mark-up on all non-Medline Brand Products by three percent (3.00%). The Tier achieved will be reviewed/adjusted annually and Provider will receive a thirty (30) day written notice of any mark-up changes.

3. **Rebate.** The Rebate provisions contained within the Agreement are deleted in their entirety and are replaced with the following:

**Annual Medline Brand Growth Rebate Schedule.** Supplier will pay Provider an annual rebate of two percent (2.00%) on purchases of Medline Brand Product growth in a Contract Year against the previous Contract Year's sales of Medline Brand Products (the "Rebate Baseline"). However, in no instance can a Rebate Baseline decline from any previous Contract Year; whereby if Medline Brand Product sales decline at any time during the life of the Agreement and a growth rebate was previously earned, Provider will not earn on future growth for the same dollars where a previous growth rebate was earned.

**Rebate Exceptions.** Provider's spending on: (i) Medline Renewal reprocessing (Supplier's single-use device reprocessing service), (ii) pharmaceuticals (including but not limited to brand and generic prescription medication, biologics, vaccines, and over-the-counter medication, vitamins, or supplements), and (iii) patient plastics (plastic items used for a patient's well-being, including but not limited to bed pans, urinals, wash basins, medicine cups, water pitchers, drinking cups, and food trays) will be used to calculate Provider's achievement of all rebate goals hereunder, but Supplier shall not pay rebates on such spending.

**Rebate Payment Terms.** Net rebates will be paid within sixty (60) days following the close of a Contract Year in the form of direct payment to Provider via ACH. Supplier reserves the right to pay a rebate via credit to Provider's account.

Supplier will pay rebates through this Agreement and all standard GPO fees of which Provider is a member. Should the GPO offer programs requiring additional administrative fees for standardization or compliance, Supplier will count the sales of those specific Product categories toward the overall sales volume goals. For those categories of Products hereunder for which Supplier is a contracted vendor with Provider's designated GPO, and for which Supplier pays any fee or rebate in addition to the basic administration fee (e.g. GPO "standardization" fees, renewal fees), Supplier shall not pay rebates on such spending.

In order for Provider's purchases to qualify for a rebate, all of Provider's accounts with Supplier must have been current at the end of the Contract Year. Additionally, only invoices timely paid within agreed upon payment terms during the Contract Year (per section below titled: Payment Terms) qualify for the rebate. Invoices in dispute, that Provider notified Supplier about in writing within thirty (30) days of invoice date, will not be counted as past due for rebate purposes. Supplier reserves the right to off-set any rebate against any outstanding and overdue account balance, any sums due Supplier, and surplus

inventory as defined in the Surplus Products Policy section of this Agreement. Additionally, Supplier reserves the right to off-set any rebate to pay for "value added" services, accessories, and software for which a Supplier determines a reasonable charge must be assessed. If no rebate is earned or the rebate is not sufficient to satisfy the value added charges, Provider shall pay Supplier directly for the charges, within thirty (30) days of Supplier's invoice for such charges. At the conclusion of each rebate period, Provider shall receive a statement itemizing any such set offs and charges.

All provisions of the Agreement remain in full force and effect, and unchanged, except the aforementioned.

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Eighth Amendment to be executed by its duly authorized officer.

**ACCEPTED AND AGREED TO:**

**HAZEL HAWKINS MEMORIAL HOSPITAL**

**MEDLINE INDUSTRIES, LP**

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

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

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

Name: Marc A. Phillips

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

Title: Sr. Vice President, Corporate Sales

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

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



Hazel Hawkins  
MEMORIAL HOSPITAL

To: SBHCD Board of Directors

From: Andrea Posey

Subject: Recommendation for Approval of Evergreen Pharmaceutical of California, LLC

Omnicare, an affiliate of Evergreen Pharmaceutical of California, provides a service to long term care facilities with regarding to dispensing medications. This agreement is at no cost to the long term care facility.

Omnicare will provide the medication carts, supporting equipment and medications.

The service interfaces with the SNF EMR. This provides easy and reliable documentation of medications.

## PHARMACY PRODUCTS, SERVICES AND CONSULTANT AGREEMENT

THIS PHARMACY PRODUCTS, SERVICES AND CONSULTANT AGREEMENT (this "Agreement"), dated as of April 17, 2024 (the "Commencement Date") is by and between Evergreen Pharmaceutical of California, LLC doing business as Omnicare of Hayward, located at 20967 Cabot Boulevard, Hayward, CA 94545 ("Pharmacy"), and Hazel Hawkins Memorial Hospital doing business as William & Inez Mabie Skilled Nursing Facility, located at 911A Sunset Drive, Hollister, CA 95023 ("Facility").

### RECITALS

- A. Facility is engaged in the operation of a nursing facility, for which it requires pharmacy products, services, and consultant services in accordance with applicable local, state and federal laws and regulations ("Applicable Law").
- B. Pharmacy, an Affiliate of Omnicare, LLC ("Omnicare"), is qualified, licensed and capable of providing prescription and nonprescription pharmaceutical products, parenteral nutritional products, and intravenous supplies (collectively, "Pharmacy Products"), and related services (collectively, "Pharmacy Services"), and providing consultant services to long-term care facilities and their residents in accordance with Applicable Law ("Consultant Services"). Pharmacy Products, Pharmacy Services, and Consultant Services are collectively referred to herein as "Pharmacy Products, Services, and Consultant Services."
- C. Facility desires to purchase Pharmacy Products and Pharmacy Services from Pharmacy and may also purchase in bulk from Pharmacy nonprescription and prescription medications not for any particular resident which are provided by Facility at its expense ("House Stock"), and desires to utilize Consultant Services provided by Pharmacy.
- D. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Exhibit A to this Agreement.

### AGREEMENT

In consideration of the mutual agreements and promises hereinafter set forth, the sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree and covenant as follows:

#### **1. RESPONSIBILITIES OF PHARMACY**

**1.1 Commencement Date and Delivery Date:** From the Commencement Date through May 1, 2024 (the "Delivery Date"), Pharmacy may undertake preparatory servicing activities which may be necessary for Pharmacy to provide Pharmacy Products, Services, and Consultant Services as of the Delivery Date or as otherwise may be requested by Facility prior to the Delivery Date. Such preparatory servicing activities may include, but are not limited to, preparing cycle fill dispenses for delivery on or about the Delivery Date, profiling residents in Pharmacy's dispensing system and providing fills and deliveries of medications requested by Facility prior to the Delivery Date.

**1.2 General:** During the term of this Agreement, Pharmacy shall:

- (a) provide Pharmacy Products to Facility and its residents in a prompt and timely manner in accordance with Applicable Law;
- (b) render Pharmacy Services to Facility and its residents in accordance with Applicable Law;
- (c) provide House Stock to Facility upon request;
- (d) label all Pharmacy Products in accordance with Applicable Law;
- (e) maintain a drug profile on each Facility resident serviced by Pharmacy;
- (f) make a representative of Pharmacy available for attendance at Facility's quality assurance committee, infection control committee and other committee meetings that relate to Pharmacy Products and Pharmacy Services, with reasonable prior notice and during regularly scheduled visits to Facility;
- (g) conduct, when requested by Facility and as mutually agreed to by Pharmacy and Facility, in-service education programs on subjects related to Pharmacy Products and Pharmacy Services, said programs to be conducted by a pharmacist or his/her designee during regularly scheduled visits to Facility;
- (h) provide drug information and consultation to Facility's licensed professional staff regarding Pharmacy Products ordered;
- (i) furnish to Facility, upon request, reasonable and appropriate information relating to the provision of Pharmacy Products, Services, and Consultant Services, including Pharmacy's policies and procedures;
- (j) collaborate with Facility to coordinate pharmacy documentation processes; and
- (k) appoint an individual or group of individuals (individually, the "Consultant") to provide the Consultant Services set forth in Schedule 1-A hereto, in accordance with Applicable Law and the State Operations Manual, Appendix PP, "Guidance to Surveyors for Long Term Care Facilities" (the "Surveyor Guidance"). At the election of Facility, Pharmacy shall also provide one or more of the optional Consultant Services described in Schedule 1-B hereto. At the option of Pharmacy Consultant Services may be performed off-site if permitted by Applicable Law.

**1.3 Delivery Schedule:** Pharmacy shall deliver Pharmacy Products to Facility pursuant to the delivery schedule set forth in Schedule 3.1 or as otherwise mutually agreed by the parties. In the event that Pharmacy does not make any delivery required hereunder, Facility may obtain such delivery from a third party pharmacy provider, but only as to such failed delivery.

**1.4 Emergency Drug Services:**

- (a) If permitted by Applicable Law and requested by Facility, Pharmacy shall provide, maintain and replenish, in a prompt and timely manner, an emergency drug supply ("E-Kit"). E-Kits shall be the property of Pharmacy as prescribed by Applicable Law. All withdrawals from E-Kits by Facility personnel shall be pursuant to a valid physician order in compliance with Applicable Law.
- (b) Pharmacy shall provide any Pharmacy Product needed on an emergency basis as promptly as is reasonably practicable. In the event Pharmacy cannot furnish a Pharmacy Product ordered on an emergency basis in a reasonably prompt manner, Pharmacy shall use its best efforts to determine whether another pharmacy provider is capable of providing such Pharmacy Product to Facility more promptly than Pharmacy. If so, Pharmacy shall make arrangements with such other pharmacy provider to provide such Pharmacy Product to Facility. Pharmacy shall notify Facility of any such arrangement.

**1.5 Physician Order Sheets, Medication Administration Records and Treatment Records:** Pharmacy shall provide computerized Physician Order Sheets ("POSS"), Medication Administration Records ("MARs") and Treatment Records ("TRs") to Facility upon request.

**1.6 Equipment:**

- (a) Subject to Applicable Law, Pharmacy shall furnish, at its expense, a reasonable number of medication carts, facsimile machines and other equipment for its provision of Pharmacy Products and Services under this Agreement. Pharmacy will furnish an agreed-upon automated dispensing unit ("ADU") to the Facility at Pharmacy's cost and expense; provided, however, Facility shall be responsible for all costs relating to building construction and renovations and electrical, communication or other upgrades which are necessary to install the ADU and render the ADU operational at Facility's premises. Pharmacy and Facility agree the installation and use of an ADU will at all times be subject to Applicable Law, including, without limitation, state board of pharmacy rules and regulations or other applicable rules or regulations that do not permit the use of ADUs or otherwise limit or condition the use of ADUs in the provision of Pharmacy's provision of Pharmacy Products and Services to Facility. To the extent Applicable Law requires a pharmacist or pharmacist's designee to stock the ADU and Pharmacy agrees to stock the ADU, Pharmacy may charge the Facility the hourly rates of the Pharmacy personnel required to stock the ADU and any other costs incurred by Pharmacy for stocking services. To the extent Facility requests that Pharmacy upgrade or modify the ADU after Pharmacy submits the purchase or requisition order for an agreed upon ADU with a vendor or after installation of such ADU at the Facility, Facility shall reimburse Pharmacy for costs associated with such upgrade or modification, including, without limitation, any personnel and equipment costs incurred by Pharmacy. In addition, Pharmacy and Facility agree the

parties' respective roles and responsibilities for installation and use of the ADU at the Facility, including responsibility for costs, will be subject to a "roles and responsibilities" document exchanged between the parties before commencing plans for installation of the ADU.

- (b) Pharmacy shall, at its expense, be responsible for ongoing maintenance and repairs of equipment provided to Facility in accordance with this Section 1.6, unless the need for such maintenance and/or repair is due to the abuse of such equipment by Facility personnel. In such event, the expense for maintenance and repairs, to the extent necessitated by such abuse, will be borne by Facility.
- (c) Pharmacy will not provide any ancillary supplies relating to equipment (e.g., paper, ink, toner cartridges, etc.) unless Facility pays Pharmacy for the fair market value of such supplies.
- (d) All equipment provided pursuant to this Section 1.6 shall remain the property of Pharmacy.
- (e) Facility shall use any equipment furnished by Pharmacy only for Pharmacy-related business.
- (f) Facility and Pharmacy shall work together to instruct Facility's personnel to utilize the equipment properly.

**1.7 Dispensing:** Pharmacy Products shall be dispensed in accordance with Schedule 1.7.

## **2. RESPONSIBILITIES OF FACILITY**

**2.1 General:** During the term of this Agreement, Facility shall:

- (a) implement Pharmacy's policies and procedures;
- (b) make available to Pharmacy adequate working and storage space to allow Pharmacy to perform its obligations under this Agreement including, but not limited to, adequate space for the storage of medication carts, containers, cards and other equipment provided by Pharmacy; and give Pharmacy access to all facilities and supplies reasonably necessary for the performance of Pharmacy's obligations under this Agreement;
- (c) give Pharmacy access to all resident records;
- (d) order exclusively from Pharmacy all Pharmacy Products and Services required for individual residents, subject to Section 2.2 hereof;
- (e) promptly notify Pharmacy of any changes in resident medication upon receipt of physicians' orders;

- (f) promptly notify Pharmacy of any room transfer or the discharge of any resident;
  - (g) provide to each resident, or the resident's responsible party, all applicable Pharmacy notices of privacy practices, policies and procedures; and
  - (h) provide Pharmacy with updated census information on a daily basis for each day during which there is a change in census information.
- 2.2 **Residents' Right to Choose:** Facility shall comply with Applicable Law regarding a resident's right to choose his or her own pharmacy provider. Facility shall require each Electing Resident to specify such election in writing; and Facility shall provide a copy of such election to Pharmacy.
- 2.3 **Admissions Protocol:** Upon the admission of each new resident to Facility, Facility shall provide information to such resident about the Pharmacy Products and Services provided by Pharmacy under this Agreement in accordance with the standard admissions protocol of Omnicare, which shall be provided to Facility by Pharmacy. Additionally, Facility shall provide to each resident, or the resident's sponsor, any applicable policies and procedures of Pharmacy. Facility shall inform its residents upon admission and upon any change in the resident's reimbursement coverage that Pharmacy will not honor any third party payor arrangements whereby Pharmacy receives a payment for Pharmacy Products and Services which is less than the payment Pharmacy would receive for such Pharmacy Products and Services under the applicable state Medicaid program if such resident were covered by such state Medicaid program.
- 2.4 **Billing Data and Reimbursement Status:** Facility shall:
- (a) provide Pharmacy with all necessary resident acknowledgement and billing data including, but not limited to, Medicare and Medicaid numbers, resident name, responsible party, billing address, phone number, physician names and any other pertinent data required by Pharmacy, at time of admission and as changes occur;
  - (b) notify Pharmacy as to the reimbursement source for each resident;
  - (c) be responsible for obtaining appropriate billing consent signatures with respect to each resident for whom Pharmacy performs billing services; and furnish Pharmacy with original copies of such signatures; and
  - (d) obtain and tender to Pharmacy all original consents, acknowledgments or authorizations reasonably requested by Pharmacy.
- 2.5 **Pharmacy Documents:** Facility shall not reproduce or permit the reproduction of Pharmacy's documents, manuals or forms, nor circulate such items to any individual or entity, except as necessary to ensure proper administration of the provision of Pharmacy Products and Services.

- 2.6 **Policies and Procedures for Usage of Outside Pharmacies:** In order to ensure proper medical care, the provision of cost-effective Pharmacy Products and Services, and lower the risk of medication errors and nursing time, Facility shall require all outside pharmacies to comply with Facility's policies and procedures for the provision of Pharmacy Products and Services that are applicable to Pharmacy, including, at a minimum, provisions for reporting, packaging and labeling of all items dispensed in a manner consistent with the dispensing system utilized by Facility.

### 3. BILLING

#### 3.1 Compensation:

- (a) Pricing for Pharmacy Products and Services that are provided at the expense of Facility (e.g., under the Medicare prospective payment system, capitated managed care arrangements, and Non-Covered Medications) ("Facility-Pay Products and Services") and House Stock (if any) shall be at the rates specified in Schedule 3.1.
1. To the extent set forth on Schedule 3.1, Facility will pay Pharmacy a restocking fee for each item returned to Pharmacy for restocking, a compounding fee for each compounded non-infusion Pharmacy Product dispensed by Pharmacy, and a Controlled Substance fee for each Controlled Substance Pharmacy Product dispensed by Pharmacy. To the extent set forth on Schedule 3.1, a minimum charge will be charged for each Pharmacy Product dispensed by Pharmacy.
  2. In the event the Pharmacy determines during the term of this Agreement that the rates and pricing terms for Facility-Pay Products and Services are less than Pharmacy's actual cost of providing such products and services and/or the fair market value of such products and services, Pharmacy may adjust the rates and pricing terms as specified in a written notice from Pharmacy to Facility.
- (b) Pricing for Consultant Services rendered pursuant to this Agreement shall be as set forth in Schedule 3.1 hereto; provided, however, that such fees shall be subject to annual adjustment, as specified in a written notice from Pharmacy to Facility, in the event that Pharmacy's actual cost of providing Consultant Services hereunder and/or the fair market value of such Consultant Services exceeds such fees.

#### 3.2 Billing and Collection:

- (a) Pharmacy shall bill and collect for Pharmacy Products and Services to be reimbursed by third party payors (e.g., Medicare Part D, private insurance and Medicaid).
- (b) Pharmacy shall bill and collect for Pharmacy Products and Services provided to private pay residents.

- (c) Pharmacy shall bill Facility for Facility-Pay Products and Services, Consultant Services, House Stock (if any), and other fees for which Facility is responsible under this Agreement. With respect to IV medications, supplies, and related services ("IV Products and Services"), Pharmacy shall bill from payers as follows: (i) if the IV Products and Services are provided during the Medicare Part A or managed care stay of the resident, all such products and services will be billed to and collected from the Facility; and (ii) if the IV Products and Services are not provided during the Medicare Part A or managed care stay of the resident, (A) third-party payers will be billed by Pharmacy under the "pharmacy format" for claim submission for IV medications and, to the extent accepted by certain third-party payers under the pharmacy format, for certain IV-related supplies and (B) the Facility will be billed for all IV-related infusion services (such as PICC or Midline starts) and all IV supplies related to vascular access insertions which cannot be billed to third-party payers under the pharmacy format and/or are rejected by such third-party payers. The parties acknowledge and agree that Pharmacy cannot bill any payers under the "major medical format" for claim submission and residents will not be billed for any IV-related services and supplies.
- (d) Facility shall assist Pharmacy in collecting payment from private pay residents and from residents whose third-party insurance is not honored by Pharmacy.
- (e) After the first ninety (90) days following the Commencement Date, the Facility at its discretion may request the rates specified in this Agreement be amended to a capitated rate schedule; if the new capitated rate cannot be agreed upon by the parties, or the Facility elects to not amend the rates, then the rates specified in Schedule 3.1 shall remain in effect.

### 3.3 Payment Terms:

- (a) Pharmacy shall submit a monthly invoice to Facility for Facility-Pay Products and Services, Consultant Services, House Stock (if any), and other fees for which Facility is responsible under this Agreement, which were provided during, or relate to, the prior month.
- (b) Facility shall remit payment in full within thirty (30) days of the date of such invoice (the "Payment Terms"). At Pharmacy's option, payments shall be applied to interest and late charge penalties first and then any remainder will be applied to the principal sum.
- (c) All payments by Facility under this Agreement shall be made by check, wire transfer, or electronic funds transfer. Payment by credit card will not be accepted.

### 3.4 Payment Disputes:

- (a) Facility shall notify Pharmacy of any amounts in dispute within thirty (30) days of the date of an invoice (the "Invoice Date"). No charge on an

invoice may be disputed more than thirty (30) days after the Invoice Date.

- (b) Notwithstanding subsection (a), Facility shall pay all charges on the applicable invoice in accordance with the Payment Terms. Any charge that is not paid in accordance with the Payment Terms may not be disputed pursuant to subsection (a). If a dispute is resolved in favor of Facility with regard to a charge that has been paid by Facility, a credit will be issued as soon as is practicable.
- (c) In the event of any dispute arising from a claim or bill submitted by Pharmacy, Pharmacy shall have access to all reasonable and necessary documents and records that would, in the discretion of Pharmacy, tend to sustain its claim. Further, where Facility is an intermediary in the processing of claims, Facility shall promptly furnish to Pharmacy any information regarding the status of the claim; and will grant to any fiscal agency involved the right to discuss the status of the claim with Pharmacy.

**3.5 Non-Covered Medications:** Schedule 3.5 shall be applicable when a third-party payer that is the primary payer denies a claim with regard to a Non-Covered Medication (as defined in Schedule 3.5), and there is no immediate resolution.

**3.6 Medicaid Pending Residents:** The following procedures shall apply to residents (i) for whom a properly completed application has been submitted to the applicable state Medicaid program ("Medicaid"), and (ii) who Facility reasonably believes meet all applicable requirements for Medicaid coverage ("Medicaid-Pending Residents").

- (a) Neither Facility nor any responsible party shall be obligated to pay for Pharmacy Products and Services provided to Medicaid-Pending Residents for a period of ninety (90) days after Pharmacy commences providing such products and services to such resident (the "Suspension Period"); provided, however, that the Suspension Period shall end on the date that Medicaid denies coverage for such resident (if applicable).
- (b) During the Suspension Period charges for Pharmacy Products and Services provided to Medicaid-Pending Residents shall be processed in the same manner as charges for Pharmacy Products and Services provided to private pay residents. Responsible parties will receive a monthly invoice for charges incurred.
- (c) The Suspension Period shall end at the earlier of Pharmacy receiving notification that Medicaid approved pharmacy benefits coverage for a Medicaid-Pending Resident or Facility notifying Pharmacy of pharmacy benefits coverage approval for a Medicaid-Pending Resident. Facility shall promptly notify Pharmacy of any pay status changes for Medicaid Pending Residents, including the effective date of Medicaid coverage for pharmacy benefits (the "Coverage Date").

- (d) If Medicaid approves coverage for a Medicaid-Pending Resident but does not designate a Coverage Date that covers all dates of service, resident or resident's responsible party shall be responsible for charges for Pharmacy Products and Services provided to such resident prior to the Coverage Date (other than charges that are covered by Medicare Part D or another third party payor).
- (e) If Medicaid denies coverage resident or resident's responsible party shall be responsible for all charges for Pharmacy Products and Services provided to the applicable resident (other than charges that are covered by Medicare Part D or another third party payor) effective as of the date that service commenced (the "Service Date").
- (f) If Medicaid has not approved coverage by the last day of the Suspension Period, resident or resident's responsible party shall be responsible for charges for Pharmacy Products and Services provided to such resident since the Service Date (other than charges that are covered by Medicare Part D or another third party payor). If Medicaid subsequently approves coverage then resident or resident's responsible party shall be credited for charges paid by it with regard to the period on and after the Coverage Date.
- (g) If Medicaid denies a claim for the provision of a medication during the Suspension Period Facility shall be responsible for payment of such non-covered medication.
- (h) If Facility is required to pay for charges in accordance with this section, Pharmacy shall invoice Facility for such charges in accordance with Section 3.3(a); and Facility shall pay such charges in accordance with Section 3.3(b).

3.7 **No Available Payer:** Notwithstanding any other provision of this Agreement, Pharmacy shall not be obligated to provide Pharmacy Products and Services for which a payer has not been identified, or if Pharmacy reasonably believes that the identified payer would be unable or unwilling to pay for such products and services.

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

4.1 **Duration:** The term of this Agreement shall commence as of the Commencement Date, and shall continue in effect, unless sooner terminated as herein provided, until the first (1<sup>st</sup>) anniversary of the Delivery Date. Upon the expiration of the initial term and each renewal term, the term of this Agreement shall automatically be renewed for an additional term of one (1) year unless either party shall have given written notice of non-renewal to the other party not less than sixty (60) days prior to the expiration of the initial term or any renewal term then in effect, as applicable; provided, however, that no notice of non-renewal from Facility shall be valid unless it is current in its payments to Pharmacy.

#### 4.2 Default and Termination:

- (a) In the event that Facility fails to pay any invoice on or prior to the due date, Pharmacy, at its option with three (3) days advance written notice to Facility, shall have the right to: (i) declare all of Pharmacy's outstanding invoices to Facility immediately due and payable in full; and (ii) require Facility to pay on a COD or other cash in advance basis for all Facility-Pay Products and Services, Consultant Services, and House Stock provided or delivered to Facility until all of Pharmacy's invoices to Facility are current according to their respective terms. In the event that Facility fails to pay any invoice within ten (10) days of the due date, Pharmacy, at its option with three (3) days advance written notice to Facility, shall have the right to (i) terminate this Agreement, or (ii) charge Default Pricing to Facility for Facility-Pay Products and Services and House Stock until all of Pharmacy's invoices to Facility are current according to their respective terms, notwithstanding Section 3.1 of this Agreement.
- (b) If either party materially defaults in any of its obligations under this Agreement (other than a default to which Section 4.2(a) applies), and such default is not cured within sixty (60) days following delivery of written notice from the non-defaulting party to the defaulting party (i) specifying such breach in reasonable detail, and (ii) expressly stating that such notice is a notice of breach pursuant to this Section 4.2, the non-defaulting party may terminate this Agreement with thirty (30) days advance written notice to the other party. In the case of a default by Pharmacy with regard to any material obligation under Section 1 of this Agreement, if the parties agree on a plan of correction prior to the end of the foregoing cure period then such default shall be deemed to have been cured for purposes of this subsection; provided, however, that any material default under such plan of correction shall be deemed to be a default under this subsection.
- (c) Facility hereby acknowledges that in the event that a resident of Facility is not current in its payments to Pharmacy, Pharmacy shall have the right (in addition to any rights it might have under this Agreement or Applicable Law), to (i) cease the provision of Pharmacy Products and Services to such resident, or (ii) require such resident to pay on a COD or other cash in advance basis for all Pharmacy Products and Services provided to such resident.
- (d) Notwithstanding Section 4.2(b), no notice of termination from Facility shall be valid unless it is current in its payments to Pharmacy.

#### 4.3 Effect of Termination:

- (a) The provisions of this Agreement shall survive the expiration or termination hereof to the extent necessary to protect the rights and remedies of Pharmacy with respect to any unpaid charges or fees relating to the period prior to the effectiveness of such expiration or termination.

- (b) Expiration or termination of this Agreement shall not relieve either party from liability for any breach of this Agreement occurring prior to the effectiveness of such expiration or termination.
- (c) Upon expiration or termination of this Agreement, Facility shall return to Pharmacy, in good working condition, all equipment and other Pharmacy property provided to Facility under this Agreement including, without limitation, all formulary documents, manuals, forms and any other documents, information, or materials belonging to Pharmacy.
- (d) Sections 3.4, 4.3, 6.2, 6.3, 7 and 8 shall survive the expiration or termination of this Agreement.

## 5. REPRESENTATIONS AND WARRANTIES

### 5.1 General:

- (a) Each party represents and warrants to the other party that this Agreement has been duly authorized, executed and delivered by such party and constitutes its valid and binding obligation.
- (b) Each party represents and warrants to the other party that it is a corporation or other recognized legal business entity duly organized, validly existing, and in good standing under the laws of the state in which it is organized, incorporated, and/or operating.
- (c) Each party represents and warrants to the other party that the execution and delivery of this Agreement, and the performance of such party's obligations hereunder do not and will not (i) conflict with or violate any requirement of Applicable Law, or (ii) conflict with, or constitute a default under, any contractual obligation of that party, including contractual obligations with any other healthcare or pharmacy provider.

### 5.2 Regulatory:

- (a) Pharmacy represents and warrants to Facility that it and each of its employees, agents, and contractors that will provide Pharmacy Products and Services under this Agreement holds and shall maintain in good standing throughout the term of this Agreement, all licenses, permits, registrations, certifications and authorizations in all applicable jurisdictions where such licenses, permits, registrations, certifications and authorizations are necessary to provide such Pharmacy Products and Services.
- (b) Facility represents and warrants to Pharmacy that it and each of its employees, agents and contractors holds and shall maintain in good standing throughout the term of this Agreement, all licenses, permits, registrations, certifications and authorizations that are legally required in connection with the operation of Facility and the performance of its obligations under this Agreement.

- (c) Each party represents and warrants to the other party that neither such party, nor any employee, agent or contractor of such party who is expected to perform obligations under this Agreement, has been excluded from participation in any federal health care program (as defined under 42 U.S.C. Section 1320a-7b(f)).

## 6. COVENANTS

- 6.1 **Compliance with Healthcare Laws:** Pharmacy and Facility hereby covenant that in performing their respective obligations under this Agreement, they will comply in all material respects with all applicable statutes, regulations, rules, orders, ordinances and other laws of any governmental entity to which this Agreement and the parties' obligations under this Agreement are subject with respect to healthcare regulatory matters (including, without limitation, Sections 1128, 1128A and 1128B(b) of the Social Security Act, as amended, 42 U.S.C. §§1320a-7, 1320a-7a and 1320a-7b(b), commonly referred to as the "Medicare and Medicaid Exclusion Statute," the "Civil Money Penalties Statute," and the "Federal Anti-Kickback Statute," respectively, and 31 U.S.C. § 3729, as amended, the statute commonly referred to as the "Federal False Claims Act," and all statutes and regulations related to the possession, distribution, maintenance and documentation of controlled substances) ("Healthcare Laws"). Pharmacy and Facility hereby represent and warrant that, to their best knowledge, no circumstances currently exist which can reasonably be expected to result in a material violation of any Healthcare Law by Pharmacy or Facility in connection with, or which can reasonably be expected to affect, their respective performance under this Agreement. Pharmacy and Facility hereby certify that they will not violate the Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)) with respect to their performance under this Agreement.
- 6.2 **HIPAA Compliance:** Pharmacy and Facility hereby covenant that in performing their respective obligations under this Agreement, they will comply in all material respects with the Health Insurance Portability and Accountability Act and its implementing regulations (including, without limitation, the privacy regulations adopted at 45 C.F.R. Parts 160 and 164 and the code set regulations adopted at 45 C.F.R. Parts 160 and 162), as they may be amended from time to time (collectively referred to as "HIPAA").
- 6.3 **Confidentiality:**
  - (a) Pharmacy recognizes and acknowledges that, by virtue of entering into this Agreement and providing Pharmacy Products and Services to Facility hereunder, Pharmacy and its staff will have access to Confidential Information of Facility ("Facility Confidential Information"). Pharmacy agrees that, except as otherwise required by Applicable Law, neither it nor any of its employees, agents or consultants will at any time, either during or subsequent to the term of this Agreement, disclose to others, use, copy or permit to be copied, without the express prior written consent of Facility, any Facility Confidential Information, except as reasonably required to perform its obligations under this Agreement.

- (b) Facility recognizes and acknowledges that, by virtue of entering into this Agreement Facility and its staff will have access to certain Confidential Information of Pharmacy ("Pharmacy Confidential Information"). Facility agrees that, except as otherwise required by Applicable Law, neither it nor any of its employees, agents or consultants will at any time, either during or subsequent to the term of this Agreement, disclose to others, use, copy or permit to be copied, without the express prior written consent of Pharmacy, any Pharmacy Confidential Information, except as reasonably required to perform its obligations under this Agreement.
- (c) Upon termination of this Agreement by either party for any reason whatsoever, each party shall, upon request from the other party, forthwith return to the other party (or destroy), all material constituting or containing Confidential Information of the other party, and the returning party will not thereafter use, appropriate or reproduce such information or disclose such information to any third party.
- (d) If either party is requested or required (by deposition, interrogatories, requests for information or documents in legal proceedings, subpoenas, civil investigative demand or similar process), in connection with any proceeding, to disclose any Confidential Information of the other party, such party seeking to disclose (the "Disclosing Party") will give the other party (the "Protected Party") prompt written notice of such request or requirement so that the Protected Party may seek an appropriate protective order or other remedy or waive compliance with the provisions of this Agreement, and the Disclosing Party will cooperate with the Protected Party to obtain such protective order. If such protective order or other remedy is not obtained or the Protected Party waives compliance with the relevant provisions of this Agreement, the Disclosing Party will furnish only that portion of the Confidential Information that, in the written opinion of its legal counsel, is legally required to be disclosed and, upon the request of the Protected Party, use its best efforts to obtain assurances that confidential treatment will be accorded to such information.
- (e) Failure by either party to strictly comply with the provisions of this section shall be a material breach of this Agreement. Each party acknowledges that this is a continuing obligation, and that such obligations shall survive the termination of this Agreement. Each party further acknowledges that the restrictions contained herein are reasonable and necessary to protect the legitimate business interests of the other party and that any violation thereof by one party would result in irreparable harm to the other party. Accordingly, in the event of an actual or a threatened breach by either party of the provisions of this section, the other party shall be entitled to pursue from any court of competent jurisdiction a preliminary or permanent injunction enjoining the breaching party from disclosing such information. Nothing herein shall be construed as prohibiting either party from pursuing any other remedies available to it whether in equity or at law for such breach or threatened breach, including the recovery of damages.

- (f) Each party shall retain ownership of its respective Confidential Information. Nothing herein shall be construed as a license or grant of rights to the other party to use such information, except in connection with such party's performance under this Agreement.

## 7. INDEMNIFICATION

### 7.1 Right to Indemnification:

- (a) Pharmacy hereby agrees to indemnify and hold harmless Facility and its employees, officers, managers, directors, shareholders, agents and Affiliates (the "Facility Indemnitees"), from and against all charges, claims, causes of action, damages, expenses and liability (including reasonable attorneys' fees), asserted against, imposed upon, or incurred by, any Facility Indemnitee in connection with the death of, or bodily injury to, any Person that arises or results from any breach by Pharmacy of its obligations under this Agreement. Notwithstanding the foregoing, Pharmacy shall not be responsible by indemnity or otherwise to the extent that any injury or death is caused by or results from an act or omission to act by a Facility Indemnitee or others not agents, employees or Affiliates of Pharmacy.
- (b) Facility hereby agrees to indemnify and hold harmless Pharmacy and its employees, officers, managers, directors, shareholders, agents and Affiliates (the "Pharmacy Indemnitees"), from and against all charges, claims, causes of action, damages, expenses and liability (including reasonable attorneys' fees) asserted against, imposed upon, or incurred by, any Pharmacy Indemnitee in connection with the death of, or bodily injury to, any Person that arises or results from any breach by Facility of its obligations under this Agreement. Notwithstanding the foregoing, Facility shall not be responsible by indemnity or otherwise to the extent that any injury or death is caused by or results from an act or omission to act by a Pharmacy Indemnitee or others not agents, employees or Affiliates of Facility.
- (c) Facility hereby agrees to indemnify and hold harmless the Pharmacy Indemnitees from and against any and all charges, claims, causes of action, damages, expenses and liability (including reasonable attorneys' fees) asserted against, imposed upon, or incurred by any Pharmacy Indemnitee in connection with, by reason of, or arising out of, the compliance by Pharmacy with Section 3.5 of this Agreement.

- 7.2 **Procedure for Indemnification:** A Facility Indemnitee or Pharmacy Indemnitee, as applicable (an "Indemnitor") shall give the applicable indemnifying party under Section 7.1 (the "Indemnitee") written notice of any claim for indemnification hereunder within thirty (30) days after the Indemnitee (a) receives notice of a claim for which indemnification is sought, or (b) determines that an event of which it is aware is likely to give rise to a claim for indemnification; and the Indemnitee will give copies to the Indemnitor of all information and documents relating to such claim or potential claim that are received by the Indemnitee within twenty (20) days after the Indemnitee's receipt

thereof or, if applicable, within twenty (20) days after Indemnitee makes the determination referred to in clause (b); provided, however, that the failure of the Indemnitee to give notice or deliver copies of information or documents within the specified time periods shall not limit the Indemnitee's right to claim indemnification hereunder except to the extent that the Indemnitor can demonstrate that it was actually damaged by the failure to give notice or provide information or documents within the specified time periods. The Indemnitor will have the right to defend any action, proceeding, claim, demand or assessment giving rise to a claim for indemnification hereunder, and to select counsel for any third party claim, which counsel shall be reasonably satisfactory to the Indemnitee, all at the sole cost and expense of the Indemnitor; provided, however, that the Indemnitee will be allowed, at its expense, to participate in such defense; provided, further, that no settlement shall be entered into without the approval of the Indemnitee; provided further, that in the event the Indemnitor proposes in good faith to settle a claim on terms acceptable to the third party claimant and the Indemnitor is ready, willing and able to completely satisfy the claim on such terms but the Indemnitee does not consent to the settlement on such terms, the Indemnitee shall be responsible for all liability or expenses (including reasonable legal expenses and costs) with respect to such claim which exceed the proposed settlement amount, including all legal expenses and costs incurred after the date the Indemnitor initially gave notice to the Indemnitee seeking its consent to the proposed settlement. Notice of the Indemnitor's intention to defend any such action, proceeding, claim, demand or assessment shall be given to the Indemnitee within thirty (30) days after the Indemnitee shall have notified the Indemnitor of the claim (but in all events at least five [5] business days prior to the date that an answer or other response is due to be filed or made). In the event the Indemnitor elects not to defend any such action, proceeding, claim, demand or assessment giving rise to an indemnification claim hereunder, Indemnitee shall have the right to so defend at the sole cost and expense of the Indemnitor.

## 8. MISCELLANEOUS

- 8.1 **Material Change in Law:** In the event that, after the date of this Agreement, there is a material change in law, rule or regulation (including, but not limited to, reimbursement levels under any governmental program) which results in this Agreement or the parties' performance of their obligations hereunder being in violation of Applicable Law, or which would result in the parties' continued performance hereunder having a material adverse effect on either party (in either case, a "Material Change"), the parties shall negotiate in good faith with one another to amend this Agreement so as to eliminate the effect of such Material Change, provided that such amendment shall conform as closely as possible to the original terms of this Agreement.
- 8.2 **Successors and Assigns:** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and each of their respective successors and permitted assigns. Except as otherwise provided in this Section 8.2, this Agreement shall not be assigned, in whole or in part by any party hereto, without the prior written consent of the other party.

- (a) Upon the sale or disposition of the assets or operations of Facility (a "Facility Disposition"), which shall be deemed to include, but not be limited to, the assignment or other disposition of any leasehold interest or operating agreement with respect to Facility), Facility shall (i) provide Pharmacy and Omnicare at least thirty (30) days advance written notice of such transaction, and (ii) assign and cause the assumption of this Agreement (or cause any Person that purchases or otherwise acquires Facility to enter into an agreement with Pharmacy in form and substance identical to this Agreement) for the period from the effective date of such Facility Disposition to the date of expiration of the then-current term of this Agreement. Any failure of Facility to comply with this subsection (a) shall constitute a material breach of this Agreement.
- (b) Upon the sale or disposition of the assets or operations of Pharmacy, Pharmacy shall (i) provide Facility at least ten (10) business days advance written notice of such transaction, and (ii) assign this Agreement to the Person that purchases or otherwise acquires Pharmacy.
- (c) Pharmacy may assign its rights and delegate its duties and obligations under this Agreement to any other licensed entity which is owned, directly or indirectly, by Omnicare, provided that Facility is within the geographic service area of such assignee.

**8.3 Relationship Between Parties:** Under this Agreement, Pharmacy is acting solely as a vendor of Pharmacy Products and Services and House Stock (if applicable) to Facility. As such, Pharmacy and each of its employees will, at all times, be independent contractors to Facility. Neither Pharmacy nor Facility is for any purpose an agent, partner or employee of the other; and this Agreement does not constitute a joint venture between the parties, their Affiliates, or any of their respective successors or assigns.

**8.4 Interest:** If any amount is not paid when due under this Agreement, the party owed such amount shall have the right to assess the other party interest on such unpaid amount at the rate of one and five-tenths percent (1.5%) per month, or the maximum rate allowed by Applicable Law, if less. The party owed such interest may accrue the interest from the date the other party's payment is due and may continue to accrue the interest until receipt of payment by the receiving party. Either party's failure to request or demand payment of any interest will not constitute a waiver of that party's right to receive such interest.

**8.5 Force Majeure:** If either party fails to perform its obligations hereunder (except for the obligation to pay money) because of strikes, accidents, acts of God, weather conditions, action or inaction of any governmental or other proper authority, or other causes beyond such party's control, such failure to perform will not be deemed a default hereunder and will be excused without penalty until such time as said party is capable of performing.

**8.6 Notices:** Notices or communications to be given under this Agreement will be given to the respective parties in writing, and shall be deemed given if provided as set forth below to the addresses set forth below or to such other addresses and to such other persons as either party may from time to time designate by notice

given as herein provided. Such notices or communications will be deemed to have been given upon (a) personal delivery, (b) three (3) business days after being sent by registered or certified mail, postage prepaid, or (c) one (1) business day after delivery to a reputable overnight delivery service for overnight delivery, in each case addressed as follows:

**To Facility:**

Hazel Hawkins Memorial Hospital doing business as William & Inez Mabie  
Skilled Nursing Facility  
911A Sunset Drive  
Hollister, CA 95023  
Attn: Administrator

**To Pharmacy:**

Evergreen Pharmaceutical of California, LLC doing business as Omnicare of  
Hayward  
20967 Cabot Boulevard  
Hayward, CA 94545  
Attn: General Manager

**With Required Copy to:**

Omnicare, LLC  
900 Omnicare Center  
201 East Fourth Street  
Cincinnati, OH 45202  
Attn: General Counsel

**8.7 Remedies for Breach:**

- (a) The rights and remedies of the parties hereunder shall be cumulative and shall be enforceable in equity as well as at law; provided, however, that nothing contained herein is intended to, nor shall it, limit or affect any rights at law, by statute or otherwise, of any party aggrieved. The parties acknowledge that in the event of a breach of the provisions hereof, damages at law will be difficult to ascertain and will be an inadequate remedy, and consequently upon any breach or threatened breach hereof the obligations of the parties contained herein shall be enforceable by specific performance, injunction or other equitable remedy.
- (b) Notwithstanding subsection (a), if this Agreement is (i) terminated by Pharmacy for a Facility default, or (ii) terminated by Facility (unless such termination fully complies with Section 4.2(b) and (c)), prior to the stated expiration date of the initial term or any renewal term then in effect under Section 4.1 or, if later, the stated expiration date of any renewal term or terms which take effect unless the parties mutually agree not to renew this Agreement, Pharmacy shall have the right to recover immediately as liquidated damages, and not as a penalty, the sum of (A) all unpaid fees and charges for Pharmacy Products and Services and

House Stock (if applicable) provided hereunder, plus (B) the average monthly profit of Pharmacy under this Agreement multiplied by the number of months (or fraction thereof with regard to partial months) remaining in the term of this Agreement at such time (including any renewal terms which take effect unless the parties mutually agree not to renew this Agreement).

- 8.8 No Solicitation:** During the term of this Agreement neither party nor any Affiliate thereof shall, directly or indirectly, without the prior written consent of the other party, solicit, employ or contract with any employee of such other party or any Affiliate thereof.
- 8.9 Dispute Resolution:** The parties agree to meet and confer in good faith to resolve, through discussions between the parties, any disputes that arise from or are related to this Agreement.
- 8.10 Civil Rights:** Pharmacy will comply with Title VI of the Civil Rights Act of 1964 and §§ 503-504 of the Rehabilitation Act of 1973 and all requirements imposed by or pursuant to the applicable civil rights regulations of the Department of Health and Human Services.
- 8.11 Choice of Law, Choice of Venue, Waiver of Certain Defenses and Service of Process.** Notwithstanding the definition of Applicable Law herein, the rights and obligations of the parties under this Agreement shall be governed by and construed and enforced in accordance with the substantive law of the State of Delaware, without regard to conflicts of law principles. The parties stipulate and agree that the state and federal courts of the State of Delaware shall have exclusive jurisdiction over any dispute or controversy between the parties arising under or relating to this Agreement, to the exclusion of any and all other possible venues; and each party by its execution of this Agreement irrevocably submits to the personal and subject matter jurisdiction of the Delaware courts and waives any defense of lack of jurisdiction, improper venue, or forum non conveniens. Each party hereto further consents to service of process in the manner provided for service of notice set out in Section 8.6 hereof, and waives any defense of improper service if service is effected as provided therein.
- 8.12 Waiver:** Waiver by either party of a breach or violation of any provision of this Agreement will not operate as, or be construed to be, a waiver of any prior, concurrent or subsequent breach. None of the provisions of this Agreement will be considered waived by either party except when such waiver is given in writing.
- 8.13 Access to Records:**
- (a) Pursuant to 42 U.S.C. § 1395x(v)(1)(I), until the expiration of four (4) years after the provision of Pharmacy Products and Services under this Agreement, Pharmacy shall make available, upon written request of the Secretary of the United States Department of Health and Human Services, or upon request to the Comptroller General of the United States Government Accountability Office or any of their duly authorized representatives, a copy of this Agreement, and such books, documents,

and records as are necessary to certify to the nature and extent of the costs of the Pharmacy Products and Services provided under this Agreement.

- (b) Pharmacy agrees that in the event that it carries out any of its duties under this Agreement through a subcontract with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period with a related organization, such contract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of services pursuant to such subcontract, the related organization shall make available, upon written request, to the Secretary of the United States Department of Health and Human Services or upon request of the Comptroller General of the United States Government Accountability Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents, and records of such organization as are necessary to verify the nature and extent of such costs.

- 8.14 **Waiver of Jury Trial:** THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR RELATING TO THIS AGREEMENT AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES' ACCEPTANCE OF THIS AGREEMENT.
- 8.15 **Entire Agreement; Amendment:** This Agreement and any amendments or addenda hereto or thereto constitute the entire agreement between the parties regarding the subject matter hereof, and supersede all prior or contemporaneous discussions, representations, correspondence and agreements, whether oral or written, pertaining thereto. This Agreement may be amended or modified only by a writing duly executed by both parties.
- 8.16 **Severability:** If any term or provision of this Agreement is held invalid or unenforceable to any extent, the remainder of this Agreement will not be affected thereby and each term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law, unless doing so will materially alter the rights or obligations of either party.
- 8.17 **Counterparts:** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one and the same agreement.
- 8.18 **Construction:** Each party acknowledges that it has been represented by legal counsel of its selection in the negotiation of this Agreement, each of which has participated in the drafting and negotiation of this Agreement. Accordingly, any rule of construction which construes this Agreement against the drafting party shall have no application in the interpretation and enforcement of this Agreement.

[Signature page follows]

The undersigned represent that they are duly authorized to execute this Agreement on behalf of the party for whom they sign; and such party shall be bound by the terms of this Agreement.

**Hazel Hawkins Memorial Hospital  
doing business as William & Inez Mabie Skilled Nursing Facility**

Facility Signature (Required): \_\_\_\_\_

Printed Name of Signer (Please Print) (Required): \_\_\_\_\_

Title of Facility Signatory (Please Print) (Required): \_\_\_\_\_

Date of Signature (Required): \_\_\_\_\_

**Evergreen Pharmaceutical of California, LLC doing business as Omnicare of Hayward**

Pharmacy Senior Counsel Signature (Required): \_\_\_\_\_

Name of Pharmacy Senior Counsel  
Signatory (Please Print) (Required): \_\_\_\_\_

Title: Senior Counsel

Date of Signature (Required): \_\_\_\_\_

## EXHIBIT A

### Definitions

Capitalized terms used in this Agreement and not otherwise defined herein shall have the following meanings:

"Affiliate" shall mean, as to any Person, any other Person controlling, controlled by or under common control with such Person. For purposes of the foregoing definition, "control" shall mean the direct or indirect power to direct or cause the direction of the management of a Person, by ownership of equity securities, by contract, or otherwise, and shall be deemed to exist with respect to any entity as to which the Person in question owns, directly or indirectly, twenty percent (20%) or more of the outstanding voting rights.

"AWP" shall mean average wholesale price as reported by such third-party pricing service (e.g., First DataBank or Medi-Span) as Pharmacy may utilize from time-to-time; provided, that if AWP is no longer reported by a third-party pricing service acceptable to Pharmacy, or is modified so as to no longer represent the same percentage of the WAC or equivalent prices published by manufacturers that applied under the third-party pricing service used by Pharmacy prior to such modification or cessation of publication, Pharmacy may amend this Agreement with written notice to Facility to substitute another pricing measure that is then in use generally in the pharmacy industry, and/or make any modifications to the pricing formulas hereunder which Pharmacy reasonably determines may be necessary to prevent such change from having an economic effect on the pricing under this Agreement.

"Confidential Information" shall mean (a) any information communicated by one party (the "Disclosing Party") to the other (the "Receiving Party"), which is identified as proprietary or confidential by the Disclosing Party, or which would be reasonably understood to be the type of information which should be treated as proprietary or confidential, (b) the terms of this Agreement, and (c) non-public information provided by one party to the other in accordance with the terms of this Agreement, or in connection with the performance of this Agreement; provided, that with respect to clauses (a) and (c) the following shall not be deemed Confidential Information: (i) information that is known to the Receiving Party prior to the time of disclosure to it, to the extent evidenced by written records or other competent proof, and not acquired directly or indirectly from the other party; (ii) information that is independently developed by employees, agents, or independent contractors of the Receiving Party without reference to or reliance upon the information furnished by the Disclosing Party, as evidenced by written records or other competent proof; (iii) information disclosed to the Receiving Party by a third party that is not legally prohibited from disclosing such information, provided that such information was not acquired directly or indirectly from the other party; and (iv) any other information that is or becomes part of the public domain through no fault or negligence of the Receiving Party. Without limitation of the foregoing, Pharmacy's Confidential Information shall include, but not be limited to, any and all information made available to Facility by Pharmacy under this Agreement.

"Default Pricing" shall mean one hundred twenty five percent (125%) of the pricing set forth in Section 3.1 of this Agreement as applicable.

"Electing Resident" shall mean a Facility resident who elects to use another pharmacy provider in accordance with Applicable Law.

"Part D Drugs" shall have the meaning set forth at 42 C.F.R. § 423.100, as the same may be modified or supplemented from time to time.

“Part D Plan” shall mean a “Part D Plan” as defined at 42 C.F.R. § 423.4, as well as the “Part D Sponsor” of such Part D Plan as defined at 42 C.F.R. § 423.4, in each case as the same may be modified or supplemented from time to time.

“Person” shall mean any individual, corporation, partnership, limited liability company, governmental authority, or other legal entity of any nature whatsoever.

“WAC” shall mean wholesale acquisition cost as reported by such third-party pricing service (e.g., First DataBank or Medi-Span) as Pharmacy may utilize from time to time; provided that if WAC is no longer reported by a third-party pricing service acceptable to Pharmacy, or is modified so as to result in a change in the parties' relative economic positions under this Agreement, Pharmacy may amend this Agreement with written notice to Facility to substitute another pricing measure that is then in use generally in the pharmacy industry, and/or make any modifications to the pricing formulas hereunder which Pharmacy reasonably determines may be necessary to prevent such change from having an economic effect on the pricing under this Agreement.

## SCHEDULE 1-A

### Required Consultant Services

1. Consultant shall provide consultation regarding all material aspects of providing pharmaceutical services to Facility. A written report regarding the provision of pharmaceutical services will be provided to Facility quarterly (or more frequently if required by Applicable Law).
2. Consultant shall collaborate with Facility and Facility's medical director to:
  - (a) develop, implement, evaluate, and revise (as necessary) procedures for the provision of pharmaceutical services; and
  - (b) strive to assure that medications and/or biologicals are requested, received and administered in a timely manner as ordered by the authorized prescriber (in accordance with Applicable Law).
3. Consultant shall assist Facility in determining that residents' medication therapy is necessary and appropriate.
4. Consultant shall conduct a medication regimen review ("MRR") for each Facility resident at least once a month and an admission medication regimen review ("aMRR").
5. Consultant shall identify any irregularities as defined in the State Operations Manual.
6. Within three (3) business days of conducting an MRR or aMRR, Consultant will provide a summary report to the attending physician and the Facility's director of nursing which (a) documents that no irregularity was identified, or (b) reports any irregularities. Consultant may utilize electronic signatures to create and/or authenticate reports and records relating to all MRRs and may transmit such records and reports to the attending physician and the Facility's director of nursing via electronic means (if such method is determined to be most effective for providing notification), in accordance with the terms of this Agreement, Pharmacy's information security and privacy policies, and any other laws applicable thereto.
8. Consultant and Facility shall develop a procedure to apply when an attending physician does not respond to such report or fails to document the basis for his/her disagreement with such report.
9. Consultant shall attend the Facility's quarterly Quality Assurance Committee meeting.
10. Consultant shall provide Facility staff with two (2) in-service educational programs per year.
11. Consultant shall assist Facility in determining that medications are labeled in accordance with federal and state labeling requirements and accepted standards of practice.
12. Consultant shall assist Facility in reviewing the safe and secure storage of medications in locked compartments under proper temperature controls in accordance with manufacturers' specifications.

13. Consultant shall assist Facility in developing and implementing safeguards and systems to control, account for, and periodically reconcile controlled medications.
14. Where permitted by Applicable Law, pharmacy assistants/technicians and nurse consultants will assist Consultant in determining Facility compliance with Applicable Law with respect to labeling and storage of medications.

## SCHEDULE 1-B

### Optional Consultant Services

The Consultant may collaborate with Facility and/or Facility's medical director to develop, implement, perform, participate in, or advise with respect to, any of the following:

- (a) medication observation evaluations of Facility's capabilities;
- (b) meetings in addition to the quarterly Quality Assurance Committee meeting;
- (c) Facility staff in-service educational programs beyond two (2) per year;
- (d) non-financial audits relating to the provision of medications;
- (e) potential narcotic diversion investigations;
- (f) family and/or resident council activities;
- (g) Facility accreditation assistance;
- (h) drug utilization and/or evaluation activities at the request of Facility;
- (i) assistance in preparing for Facility surveys;
- (j) narcotic and/or drug destruction, regardless of whether such task is required by Applicable Law;
- (k) anticoagulation dosing as requested by a prescriber;
- (l) services provided by Consultant as part of corrective action plans; and/or
- (m) any other service not listed in Schedule 1-A to be performed by Consultant and/or his or her assistants and designees.

## SCHEDULE 1.7

### Dispensing

1. General.
  - (a) Medications will be provided in thirty (30) day or thirty-one (31) day fills, as determined by the Pharmacy.
  - (b) Notwithstanding subsection (a), if Facility or resident is located in a state that does not permit unused drugs to be returned for credit (a "Non-Return State"), fourteen (14) day or fifteen (15) day fills, as determined by Pharmacy will be provided.
  - (c) Fills shorter than those specified in subsections (a) or (b), as applicable, will be provided if the Pharmacy and Facility so agree.
2. Dispensing Fees. To the extent set forth on Schedule 3.1, a dispensing fee shall be payable with respect to each fill.
3. Miscellaneous.
  - (a) Whether a state is a Non-Return State will be determined as of the applicable dispensing date on a prescription by prescription basis.
  - (b) Any failure by Pharmacy to charge a dispensing fee in accordance with this schedule at the time a prescription is filled will not operate as, or be construed to be, a waiver of Facility's obligation to pay, or the Pharmacy's right to charge and collect, such fee.
  - (c) Any returns of medications and related credits, if any, shall be governed by Applicable Law and the Pharmacy's policies and procedures.

## SCHEDULE 3.5

### Procedures with respect to Non-Covered Medications

When a third-party payer that is the primary payer (e.g., Medicare Part D, Medicaid, managed care organizations, HMOs) denies a claim with regard to a medication (a "Non-Covered Medication") and there is not an immediate resolution (e.g., medication is non-formulary or subject to prior authorization), the following procedures shall apply:

- (a) If Pharmacy is unable to obtain a prescription for an alternative medication that is covered by the third-party payer, Pharmacy, in its discretion, shall dispense a seven-day or a ten-day supply of the Non-Covered Medication (a "Temporary Supply"), and Facility shall be responsible for payment with respect to such Temporary Supply. Pharmacy will continue to dispense Temporary Supplies of the Non-Covered Medication until (i) the medication is changed to a medication that is covered by the third-party payer, or (ii) Facility provides written notice to Pharmacy directing it not to dispense any further Temporary Supplies of such Non-Covered Medication.
- (b) Facility shall be responsible for paying Pharmacy's charges for all Temporary Supplies dispensed in accordance with paragraph (a) of this Schedule 3.5 at the rates set forth in Section 3.1 to this Agreement; provided, however, that Facility shall not be obligated to pay any portion of such charges for which Pharmacy has received actual payment from the a third-party payer, the resident, or any other source; and if Pharmacy receives any such payment after billing Facility, Pharmacy shall issue a credit to Facility equal to the amount received by Pharmacy from Facility.
- (c) In the event Facility provides written notice to Pharmacy directing it not to dispense any further Temporary Supplies of a Non-Covered Medication, (i) Facility shall be responsible to pay Pharmacy for any medication that was dispensed prior to Pharmacy's receipt of such notice, and (ii) Pharmacy shall not be obligated to provide the applicable medication for the applicable resident unless and until the administrator of Facility (or his/her authorized designee) expressly accepts responsibility for payment of the given medication in writing. Any such subsequent authorization shall obligate Facility to pay for such medication.
- (d) In the event that Facility has completed and provided to Pharmacy a "Facility Non-Covered Rules" or similar form (the "Facility Instructions"), and there is a conflict between the Facility Instructions and the procedures set forth in this paragraph 1, the Facility Instructions shall be controlling (to the extent of such conflict) with respect to Non-Covered Medications.

**PHARMACY PRODUCTS AND SERVICES**

**NON IV'S AND NON TPN'S**

Facility Pricing Contract Terms (Patient Specific) - Rx Brands (All Except IV & TPN):	WAC -0.4% + \$3.00
Facility Pricing Contract Terms (Patient Specific) - Rx Generics (All Except IV & TPN):	AWP -91% + \$3.00
Facility Pricing Contract Terms (Patient Specific) - OTC Brands (All Except IV & TPN):	WAC + 30% + \$1.99
Facility Pricing Contract Terms (Patient Specific) - OTC Generics (All Except IV & TPN):	WAC + 30% + \$1.99
House Stock:	(B) WAC + 12.5% (G) AWP -35%
Minimums - Rx (Fee per Fill):	None
Minimums - OTC (Fee per Fill):	None
Controlled Substance Fee (Schedules 2,3,4,5) (Fee per Fill (Additional to Dispensing Fee)):	None
Compound Fee Non-Infusion (Fee per Fill (Additional to Dispensing Fee)):	None
Scheduled Deliveries Per Day:	1
Dispensing Fee Application:	Fee for Every Fill
Dispensing Fee on E-Kit/ADU:	Yes (Fee Applies)
Restocking Fee (Rx Specific):	None
Drug Disposal Unit (Med Safe and/or INMAR) Support Fee:	Not Providing

**IV PRICING**

	Medication Fee	Supply Fee	Basis
All IV Push/Injectable Medications & Additives (sent separately):	Same as Oral Price Terms		
Billed to Facility: IV Hydration: All Volumes (including Potassium & Pharmacy Additives):	\$10.00 per day	Invoice Cost + 25%	No Per Diem
Billed to Facility: TPN: 1 Liter (Up to 1000ml): (Includes dextrose, AA, Electrolytes, Trace Elements, Lipids & Pharmacy Additives)	\$90.00 per day	Invoice Cost + 25%	No Per Diem
Billed to Facility: TPN: 2 Liter (1001ml to 2000ml): (Includes dextrose, AA, Electrolytes, Trace Elements, Lipids & Pharmacy Additives)	\$100.00 per day	Invoice Cost + 25%	No Per Diem
Billed to Facility: TPN: 3 Liter (2001ml and greater): (Includes dextrose, AA, Electrolytes, Trace Elements, Lipids & Pharmacy Additives)	\$110.00 per day	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Antibiotics - Infusion (drug, solution & diluents): QD	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Antibiotics - Infusion (drug, solution & diluents): BID	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Antibiotics - Infusion (drug, solution & diluents): TID	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Antibiotics - Infusion (drug, solution & diluents): QID+	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV 24 Hour Hydration/Antibiotic Bag w/ >1 dose per bag Surcharge: (when requested by the facility)		\$7.50	Per Day
Billed to Facility: IV Pain - Infusion (continuous infusion (drug, solution & diluents)):	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Chemo - Infusion (drug, solution & diluents):	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: All Other IV Therapies Not Specified (drug, solution & diluents):	(B) WAC+5%+\$8.00 (G) AWP-40%+\$8.00	Invoice Cost + 25%	No Per Diem
Billed to Facility: IV Flushes:	Same as Oral Price Terms		
Billed to Facility: Specialty Pump (Sigma Spectrum, CADD, Curlin, Gemstar):	Fee For Service Rental Rate	\$8.00	Per Day
Billed to Facility: IV Catheter Care Supplies (Not Including Flush):	Not Applicable	Invoice Cost + 25%	Not Applicable
House Stock: House Stock - IV Supplies:	Invoice Cost + 25%		
House Stock: House Stock - Pump (if applicable):	Fee For Service Rental Rate	\$75.00	Per Month

**INFUSION NURSING SERVICES**

	Service Fee	Service Basis	Supply Fee
Infusion Nurse - Consulting Service:	\$75.00	Per Hour	
Infusion Nurse Services - Third Party Company Utilized: (Offerings Include, but are not limited to: Peripheral IV Insertion; Midline IV Insertion; PICC Insertion; PICC Removal/Non-Tunneled Catheter; Declot/Repair Central Catheter; (De-clotting agents are NOT included in the infusion nursing fee))	All Charges 100% Pass Through of Invoiced Cost		

**CLINICAL SERVICES**

	Service Fee	Service Basis
Pharmacist (Optional Services):	\$87.00	Per Hour
Registered Nurse (RN):	\$65.00	Per Hour
Licensed Practical Nurse (LPN):	\$47.00	Per Hour
Pharmacy Technician:	\$40.00	Per Hour

NURSING EDUCATION/CERTIFICATION PROGRAMS			
	Live Class Fee	Live Class Basis	Live Class Attendance Requirement
Parenteral Nutrition (TPN, PPN):	\$50.00	Fee Per Person Per Day	Minimum 4, Maximum 12
Vascular Access Devices:	\$50.00	Fee Per Person Per Day	Minimum 4, Maximum 12
Pain Management - Patient Controlled Analgesia (PCA):	\$50.00	Fee Per Person Per Day	Minimum 4, Maximum 12
Management of Inotropics in the Heart Failure Resident:	\$50.00	Fee Per Person Per Day	Minimum 6, Maximum 12
Clearing Thrombotic Occlusions in Central Vascular Access Devices:	\$50.00	Fee Per Person Per Day	Minimum 4, Maximum 12
IV Push Administration:	\$25.00	Fee Per Person Per Day	Minimum 6, Maximum 12
Hypodermoclysis:	\$50.00	Fee Per Person Per Day	Minimum 6, Maximum 12
PICC Removal:	\$50.00	Fee Per Person Per Day	Minimum 4, Maximum 12
Documentation/IV POS/MAR Forms:	\$25.00	Fee Per Person Per Day	Minimum 6, Maximum 12
Certifications > 16 Hours (Includes State Specific Programs):	\$75.00	Fee Per Person Per Day	Minimum 8, Maximum 12
Essentials of Infusion Therapy - 2 Day Class:	\$75.00	Fee Per Person Per Day	Minimum 8, Maximum 12
Medication Assistant Courses offered by Nurse - Full Course:	\$75.00	Fee Per Person Per Day	Minimum 8, Maximum 12
Medication Assistant Courses offered by Nurse - Refresher Course:	\$55.00	Fee Per Person Per Day	Minimum 8, Maximum 12
Other Nurse Education Services: (Including, But Not Limited To: Facility Requested Infusion Audit, Facility Survey Preparation or Follow-Up, Other Facility Requested On-Site Infusion Training)	\$75.00	Fee Per Hour (1 Hour Minimum)	Minimum 4, Maximum 12
Infusion Nurse Education/Certification - Third Party Company Utilized:	All Charges 100% Pass Through of Invoiced Cost		

NURSING EDUCATION/CERTIFICATION PROGRAMS - ONLINE COURSES	
	Fee Per Participant
IV Push Administration:	\$15.00
Hypodermoclysis:	\$15.00
Role of the Licensed Nurse in Preventing Bloodstream Infections:	\$15.00
CVAD Removal:	\$15.00
Parenteral Nutrition:	\$25.00
Pain Management - Patient Controlled Analgesia (PCA):	\$25.00
Management of Inotropics in the Heart Failure Resident:	\$25.00
Clearing Thrombotic Occlusions in Central Vascular Access Devices:	\$25.00
Vascular Access Devices:	\$50.00
Essentials of Infusion Therapy-2 Day Class:	\$75.00

All references to states Maximum Allowable Cost (MAC), Federal Upper Limit (FUL), Direct Cost (Direct), Wholesale Acquisition Cost (WAC) and Average Wholesale Price (AWP) refer to values as reported by such third-party pricing service (e.g., First DataBank or Medi-Span) as pharmacy may utilize from time to time.  
 Flu Vaccine pricing is determined on an annual basis. Please contact your local pharmacy provider for the current pricing details.  
 Unless a greater charge is otherwise specified herein, If Pharmacy agrees to repackage patient-owned medications dispensed by a non-Omnicare pharmacy, Pharmacy shall charge Facility \$5.00 per repackaging.

**Field Nursing Services:**

1) Pharmacy may charge the contracted rate for the services if facility cancels the Field Nursing Services less than 7 days prior to schedule date of the class.

**Infusion Supply/Pump Per Diem or Per Dose Charges:**

1) Shall only be applied to a specific resident for each day of use. IV Supply Per Diem charges include all IV Pumps and disposable IV Supplies that are clinically appropriate and necessary to administer IV medications in compliance with Omnicare Infusion Policy, FDA, INS, and OSHA requirements and guidelines. These may include: IV Pumps (unless otherwise specified on Schedule 3.1), Infusion Sets/Tubing, peripheral IV catheters, IV start kits, CVAD dressing change kits, needle-less supplies/connections, etc. Diluents, Prefilled IV Flush Syringes, and Elastomeric Devices are not included in Per Diem or Per Dose charges unless otherwise noted.

2) Per Dose Charges - The Per Dose Fees will be applied to each IV Dose that is dispensed unless noted otherwise.

3) Per Diem Charges - The Per Diem Fees will be applied to each drug dispensed for each day of service unless otherwise noted. (EXAMPLE: If a patient receives 2 different IV Antibiotic drugs for 7 days, with Drug A administered once per day and drug B administered twice per day, the QD Per Diem Fee will be applied to Drug A with a quantity of 7 and the BID Per Diem Fee will be applied to Drug B with a quantity of 7).

**Infusion House Stock - Pump:**

Infusion (IV) Pumps are assigned on a per Patient basis from the Pharmacy; or once removed from House Stock. All IV Pumps shall be returned within seven (7) days after discontinuation of Patient's therapy. In no event shall Facility utilize a Pump for another Patient other than the Patient it is assigned to, without returning the Pump to Pharmacy for cleaning, disinfection, and volumetric testing. In the event that Facility fails to return the Pump within the seven (7) day period, and at Omnicare's discretion, the Facility shall pay Pharmacy the daily pump rental fee or the daily per diem fee for each day the pump is not returned past the 7 day period. If not returned after 30 days, Omnicare reserves the right to bill the facility an amount equal to the replacement value of the Pump determined by Omnicare at that time.

**Infusion Nursing Services:**

1) If IV Nursing or IV Educational Services are contracted by Omnicare to an outside IV Nursing Agency, the rates of the outside vendor will be used by Omnicare to charge the service provided to the Omnicare customer.

**Infusion Nursing Education:**

1) Pharmacy may charge the contracted rate for the program if facility cancels Infusion Education less than 15 days prior to schedule date of the class.

**ATTACHMENT NO. 1 TO SCHEDULE 3.1**

**Special Pricing**

(Supersedes Pricing Specified in Schedule 3.1 for Listed Medications)

Drug Name	GCN Sequence #**	GPI Sequence #**	Brand, Generic or Both?	Price Per Unit* (GM, ML, and Each)	Dispensing Fee
DAPTOMYCIN INJ 500MG	53190	16270030002140	Generic	\$59.000	\$8.00

\*The Prices set forth in this Attachment to Schedule 3.1 shall not be modified during the term of this Agreement unless Omnicare provides written notice and supporting documentation indicating that Omnicare's acquisition cost with respect to a listed medication has increased by more than ten percent (10%) since the later of (i) the Effective Date, or (ii) the date that the then-current Price of the applicable medication became effective. In the event that Omnicare provides such notice, Omnicare and Facility shall negotiate in good faith to increase the Price for the applicable medication; provided, however, that the percentage increase in such Price shall not exceed percentage increase in Omnicare's acquisition cost for the applicable medication since the later of (i) the Effective Date, or (ii) the date that the then-current Price of the applicable medication became effective. Medications may only be added to or deleted from this Attachment to Schedule 3.1 by mutual agreement of the parties.

\*\*Omnicare utilizes varying operating, pricing, and billing systems which rely on different third-party compendia publishers (e.g., First DataBank or MediSpan) to determine the applicable pricing rates for medications and other products. Depending on which compendia is relied upon by the varying systems Omnicare may utilize the GCN Sequence number or the GPI, known herein as the Drug Identifier, for the items listed in this Attachment No. 1.

The Drug Identifier set forth in this Attachment No. 1 reflect the current Drug Identifier, as reported by the compendia publishers. These Drug Identifiers may change as the compendia is revised by the respective publisher. Omnicare will update its varying systems to reflect the revised Drug Identifiers, as appropriate.

\*\*\*Notwithstanding any provision to the contrary in any Pharmacy Products and Services Agreement, a dispensing fee shall be payable with respect to each fill of a medication listed on this Attachment No. 1 to Schedule 3.1; provided, if Schedule 3.1 indicates a dispensing fee will not be payable for dispenses from E-Kits and ADUs then such fees will not apply to the medications in this Attachment No. 1.

**Clinical Services**

	<b>Service Fee</b>	<b>Service Basis</b>
Consulting Pharmacist (Required Services):	\$87.00	Per Hour
Consulting Pharmacist (Optional Services):	\$87.00	Per Hour
iMRR (Interim Medication Regimen Review):	\$14.00	Per Occurrence
Consultant Services - Registered Nurse (RN):	\$65.00	Per Hour
Consultant Services - Licensed Practical Nurse (LPN):	\$47.00	Per Hour
Consultant Services - Pharmacy Technician:	\$40.00	Per Hour



Hazel Hawkins  
MEMORIAL HOSPITAL

To: SBHCD Board of Directors

From: Andrea Posey

Subject: Recommendation for Approval of CareFusion Solutions, LLC

Carefusion provides the medication dispensing machines “Pyxis” for each nursing unit, ED, and OR.

This agreement would allow for a renewal of the agreement for an additional 5 years. We have had no concerns with the Carefusion agreement in the past and recommend continuing.



Customer Order

Customer Order Date: 02/09/2024
Customer Order: 1000258844

Customer Information

Sold To: Legal Name: HAZEL HAWKINS MEMORIAL HOSPITAL
Ship To: HAZEL HAWKINS MEMORIAL HOSPITAL
Bill To: Same as (Circle) Sold To: Ship To:
DBA: HAZEL HAWKINS MEMORIAL HOSPITAL
Street Address: 911 SUNSET DR
City, St., Zip: HOLLISTER, CA 95023-5606
Customer No. 6256900

1. Customer Orders. Effective as of the date of both signatures below ("Effective Date"), this Customer Order is entered by and between CareFusion and Customer as separate and distinct agreements (combined for administrative convenience) for: (i) Rental Equipment and/or Software listed in the Product Schedule attached hereto and incorporated by this reference (each, a "Product" and, collectively, the "Products"); and (ii) Services applicable to the Products (collectively, the "Customer Orders").

2. Configurations. Pricing set forth on the product schedules attached to these Customer Orders is based on the specific configuration, including type and quantities of drawers in the Products, as applicable. Any changes to the products or configurations may result in a change in pricing, subject to the applicable Group Purchasing Organization Agreement or other related pricing agreements between the Parties.

Any one-time shipping, implementation or service fees listed on the Product Schedule attached hereto ("One-Time Fees") will be invoiced on the first day of the month following the date the Agreement is signed by both Parties and shall be due and payable net 30 days from the date of the invoice.

Will a Purchase Order be required for payment of the financial obligation proposed under this Customer Order? (Please Circle)

Yes No Rental PO#:
Support PO#:

Copies of this Customer Order will be sent to Ship To signer listed above. When complete, additional copies will be sent to the following address:

Name:
Street Address:
City, St., Zip:

Each person signing this document represents that he/she intends to and has the authority to bind his/her respective Party to the Rental Customer Order and the separate Support Customer Order.

HAZEL HAWKINS MEMORIAL HOSPITAL

CAREFUSION SOLUTIONS, LLC

ATTN: CONTRACTS, 3750 TORREY VIEW CT, SAN DIEGO, CA 92130
888.876.4287

Sign:
Print:
Title: Date:

Sign:
Print:
Title: Date:

This Customer Order is not valid until executed by both Customer and CareFusion Solutions, LLC.

SALES ASSOCIATE: Matthew Perez
Email: matthew.perez@bd.com



**Customer Order  
Product Schedule**

**Customer Order : 1000258844**

Sold To: HAZEL HAWKINS MEMORIAL HOSPITAL #6256900  
Ship To: HAZEL HAWKINS MEMORIAL HOSPITAL #6256900

GPO: VIZIENT CE7136 DISPENSING CE7136

Product Discounts:  
GPO: 29 %  
Non-Std Disc %: 18 %  
Support Discounts:  
GPO: 20 %  
Support Level: Comprehensive  
Rental and Support Term: 60 months

*The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 05/09/2024*

New Products							Rental Terms			Support Terms		
Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
							List	Net	Extended	List	Net	Extended
ICU	323	Rx	MEDSTATION,ES,MAIN,6DR	6	EXP	1	\$ 1,319.00	\$ 768.00	<b>\$ 768.00</b>	\$ 176.00	\$ 141.00	<b>\$ 141.00</b>
ICU	343		MEDSTATION,ES,AUX,TOWER, SC		EXP	1	\$ 234.00	\$ 136.00	<b>\$ 136.00</b>	\$ 59.00	\$ 47.00	<b>\$ 47.00</b>
ICU	345		MED,SRM,SLIMLINE,12FT,LT		EXP	1	\$ 106.00	\$ 62.00	<b>\$ 62.00</b>	\$ 29.00	\$ 23.00	<b>\$ 23.00</b>
MS	345		MED,SRM,SLIMLINE,12FT,LT		EXP	1	\$ 106.00	\$ 62.00	<b>\$ 62.00</b>	\$ 29.00	\$ 23.00	<b>\$ 23.00</b>
OB	345		MED,SRM,SLIMLINE,12FT,LT		EXP	1	\$ 106.00	\$ 62.00	<b>\$ 62.00</b>	\$ 29.00	\$ 23.00	<b>\$ 23.00</b>
OR CORE	323		MEDSTATION,ES,MAIN,6DR	6	EXP	1	\$ 1,057.00	\$ 615.00	<b>\$ 615.00</b>	\$ 172.00	\$ 138.00	<b>\$ 138.00</b>
OR CORE	345		MED,SRM,SLIMLINE,12FT,LT		EXP	1	\$ 106.00	\$ 62.00	<b>\$ 62.00</b>	\$ 29.00	\$ 23.00	<b>\$ 23.00</b>
PACU	345		MED,SRM,SLIMLINE,12FT,LT		EXP	1	\$ 106.00	\$ 62.00	<b>\$ 62.00</b>	\$ 29.00	\$ 23.00	<b>\$ 23.00</b>
PACU	352		MEDSTATION ES TOWER,1HH,1FH	2	EXP	1	\$ 730.00	\$ 425.00	<b>\$ 425.00</b>	\$ 166.00	\$ 133.00	<b>\$ 133.00</b>
Totals:									<b>\$ 2,254.00</b>			<b>\$ 574.00</b>

Total Monthly Rental & Support Fee: **\$2,828.00**

One-Time Fees: **\$ 1,000.00**

*All fees mentioned are in USD*

65



# BD

**Customer Order**  
**Product Schedule**  
**Customer Order : 1000258844**

Sold To: HAZEL HAWKINS MEMORIAL HOSPITAL #6256900  
Ship To: HAZEL HAWKINS MEMORIAL HOSPITAL #6256900

Shipping/Install products		
Product ID	Product Description	Product Net Price
139401-01	Dispensing Freight Fee	\$ 1,000.00
<b>Total:</b>		<b>\$ 1,000.00</b>

Customer Initials: \_\_\_\_\_



To: San Benito Health Care District Board of Directors  
 From: Amy Breen-Lema, Vice President, Clinic, Ambulatory & Physician Services  
 Date: March 12, 2024  
 Re: All Clinics – February 2024

**Rural Health and Specialty Clinics’ visit volumes**

Clinic Location	Total visits current month	Total visits prior year (February 2023)	Fiscal YTD (July 2023 - February 2024)	Prior Fiscal YTD (July 2022 - February 2023)
<i>Orthopedic Specialty</i>	211	447	2,270	3,685
<i>Multi-Specialty</i>	723	704	5,381	5,540
<i>Sunset</i>	902	737	6,762	7,331
<i>Surgery &amp; Primary Care</i>	144	231	1,210	1,286
<i>San Juan Bautista</i>	266	295	2,038	2,698
<i>1st Street</i>	744	813	6,086	6,001
<i>4th Street</i>	1,148	1,215	9,606	10,698
<i>Barragan</i>	611	667	4,417	5,429
<b>Total</b>	<b>4,749</b>	<b>5,109</b>	<b>37,770</b>	<b>42,668</b>

- We are pleased to announce that board certified orthopedic hand specialist Dr. Stefan Klein officially became a part of our team on February 26, 2024. His expertise and compassionate disposition have been significant assets to our orthopedic group. Dr. Klein started with a full schedule and has been met with positive feedback from staff and patients alike.



# Hazel Hawkins MEMORIAL HOSPITAL

## Mabie Southside/Northside Skilled Nursing Facility Board Report – March 2024

To: San Benito Health Care District Board of Directors

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

### 1. Census Statistics: February 2024

Southside	2024	Northside	2024
Total Number of Admissions	9	Total Number of Admissions	1
Number of Transfers from HHH	9	Number of Transfers from HHH	3
Number of Transfers to HHH	5	Number of Transfers to HHH	3
Number of Deaths	1	Number of Deaths	1
Number of Discharges	10	Number of Discharges	1
Total Discharges	11	Total Discharges	1
<b>Total Census Days</b>	<b>1258</b>	<b>Total Census Days</b>	<b>1,291</b>

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

### 2. Total Admissions: February 2024

Southside	From	Payor	Northside	From	Payor
5	HHMH	Medicare	1	HHH	Medicare
3	HHMH/Re-Admit	Medicare	1	HHH/Re-Admit	CCA
1	HHMH	CCA	1	HHH	Medi-Cal
<b>Total: 9</b>			<b>Total: 3</b>		

### 3. Total Discharges by Payor: February 2024

Southside	2024	Northside	2024
Medicare	8	Medicare	0
Medicare MC	0	Medicare MC	0
CCA	2	CCA	1
Medical	1	Medical	0
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	0	Hospice	0
Private (self-pay)	0	Private (self pay)	0
Insurance	0	Insurance	0
<b>Total:</b>	<b>11</b>	<b>Total:</b>	<b>1</b>

#### 4. Total Patient Days by Payor: February 2024

<b>Southside</b>	<b>2024</b>	<b>Northside</b>	<b>2024</b>
Medicare	233	Medicare	47
Medicare MC	0	Medicare MC	0
CCA	950	CCA	1,038
Medical	46	Medical	147
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	0	Hospice	0
Private (self-pay)	29	Private (self-pay)	58
Insurance	0	Insurance	0
Bed Hold / LOA	7	Bed Hold / LOA	1
<b>Total:</b>	<b>1265</b>	<b>Total:</b>	<b>1,291</b>
<b>Average Daily Census</b>	<b>43.62</b>	<b>Average Daily Census</b>	<b>44.52</b>

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



Updates:

**Laboratory**

1. Service/Outreach
  - Reinforce staff compliance on medicare advance beneficiary notice (ABN) for laboratory tests that does not meet medical necessity.
  
2. Quality Assurance/Performance Improvement Activities
  - Annual reference range verification for coagulation tests completed.
  
3. Laboratory Statistics

	February 2024	YTD
Total Outpatient Volume	3751	7964
Main Laboratory	1140	2377
HHH Employee Covid Testing	7	22
Mc Cray Lab	998	1971
Sunnyslope Lab	344	753
SJB and 4 <sup>th</sup> Street	43	119
ER and ASC	1219	2722
Total Inpatient Volume	213	421

**Diagnostic Imaging**

1. Service/Outreach
  - Actively monitoring procedure schedule wait time to improve patient experience
  
2. Quality Assurance/Performance Improvement Activities
  - Procedure charge master review in process

3. Diagnostic Imaging Statistics

	<b>February 2024</b>	<b>YTD</b>
Radiology	1673	3394
Mammography	673	1446
CT	808	1723
MRI	156	291
Echocardiography	108	215
Ultrasound	709	1456



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

The Hazel Hawkins Hospital Foundation Board of Trustees met on March 14 at Noon the in the Horizon Room. Our guest presenters were INSIGHT’S Dr. Shaw, Nina Smith and Dayne Walling. After the presentation there was a question and answer session.

**Financial Report for February**

1. Income	\$	40,578.96
2. Expenses	\$	0
3. New Donors		0
4. Total Donations		137

**Allocations**

1. \$35,000 for the ED Bridge Program (grant funds dedicated to this purpose)
2. \$325 for 2 additional tall Nurses Station Chairs for the ED
3. \$8,880.10 to install a handicap entrance opener and replace carpet with laminate flooring at the Barragan Diabetes Center
4. \$2400 for Provider Chairs for the Diabetes Center
5. \$2,500 for Med/Surg and ICU Nurses Station Chairs
6. \$26,000 for blinds for Med Surg/ICU from General Fund
7. \$9,232.76 for a Jaundice Meter for OB
8. \$143,500 for Securitas Healthcare Hug Infant Protection (\$287,000 total price and HHMH to pay half)

**Directors Report**

- Kyle Sharpe with Edward Jones will be at our April meeting to review our accounts.
- Our Audit will be presented to the Board at our April Board Meeting.
- With our clean audit, we have started to prepare our taxes.
- Had a Board Orientation and Tour for our new Board Members in February.
- Submitted a FLEX grant for the Hospital to purchase a jaundice meter for OB and got an email yesterday that we are tentatively approved but they had a couple additional questions that we are working on. This was an approved allocations if the grant was not approved.
- Our All for 1 Employee Giving Campaign will start on April 1<sup>st</sup>. We have sent letters to all employees to participate. Last year we had 75 employees with \$53,880 raised for the Hospital. We do need gift cards as prizes, please let me know if you could donate one or two.

## **Foundation Report – Page 2**

### **Directors Report Continued:**

- I am currently on a Committee that is trying to get a Leadership Program back into San Benito County. We are currently operating under the Community Foundation as the San Benito County Leadership Institute. The target class start date is in the fall. I was a part of the first Leadership Class and would love to see this program back in our Community.

### **Dinner Dance Committee:**

We are planning on an in-person sit down gala this year on November 2 at Paicines Ranch. It will be an elegant event to raise funds for the Hospital. Please mark your calendars.

### **Scholarship Committee:**

Our Scholarship Application has been posted on our website and is due by April 1. Scholarships are for students perusing their career in the medical field. We strongly encourage current HHMH employees to apply. Criteria is posted on our website: [www.hazelhawkins.com/foundation](http://www.hazelhawkins.com/foundation)

## MARKETING

- Social Media Posts**

REACH ENGAGEMENTS

	<b>PUBLIC PRESENTATION &amp; DIALOGUE WITH INSIGHT</b> Note location changed to S.D.E.S Portuguese Hall Insight, one of the four interested parties to submit a Letter of Interest/Intent to Hazel Hawkins Memorial Hospital, will host a public presentation on Wednesday, March 13th from 6:00 – 7:30 pm at the S.D.E.S. Portuguese Hall located at 695... Wed, Mar 13	Post reach 355	Engagement 3
	<b>PUBLIC PRESENTATION AND DIALOGUE WITH INSIGHT</b> Note location changed to S.D.E.S. Portuguese Hall. Insight, one of the four interested parties to submit a Letter of Interest/Intent to Hazel Hawkins Memorial Hospital, will host a public presentation on Wednesday, March 13th from 6:00 – 7:30 pm at the S.D.E.S. Portuguese Hall located at 69... Tue, Mar 12	Post reach 337	Engagement 5
	<b>PUBLIC PRESENTATION AND DIALOGUE WITH INSIGHT</b> Location changed to S.D.E.S. Portuguese Hall Insight, one of the four interested parties to submit a Letter of Interest/Intent to Hazel Hawkins Memorial Hospital, will host a public presentation on Wednesday, March 13th from 6:00 – 7:30 pm at the S.D.E.S. Portuguese Hall located at 695... Mon, Mar 11	Post reach 230	Engagement 1
	<b>Public Presentation with Insight</b> LOCATION CHANGED TO: S.D.E.S Portuguese Hall at 695 7th Street, Hollister Mon, Mar 11	Post reach 1,730	Engagement 35
	<b>Welcome Mateo our little Leapster!</b> Mateo was born yesterday on Leap Day. We wish you a lifetime of love and happiness! Fri, Mar 1	Post reach 1,115	Engagement 437
	<b>LETTERS OF INTEREST/INTENT REVIEWED AT THE DISTRICT'S FEBRUARY BOARD MEETING</b> Click link to view full review: <a href="https://www.hazelhawkins.com/images/HHMH-Press-Release-LETTERS-OF-INTEREST-REVIEWED-AT-SAN-BENITO-HEALTH-CARE-DISTRICT-FEBRUARY-BOARD-MEETING.docx.pdf">https://www.hazelhawkins.com/images/HHMH-Press-Release-LETTERS-OF-INTEREST-REVIEWED-AT-SAN-BENITO-HEALTH-CARE-DISTRICT-FEBRUARY-BOARD-MEETING.docx.pdf</a> During its regular board meeting the San... Mon, Feb 26	Post reach 408	Engagement 47
	<b>HHH CEO, Mary Casillas, interviewed with Erin Clark, news anchor with KSBW</b> to discuss information about rural hospitals in California and give an update on Hazel Hawkins Hospital . The segment will air next week on the 6 pm news. Fri, Feb 23	Post reach 208	Engagement 162
	<b>Getting new furniture is always exciting!</b> Our patient/visitor waiting area is a very busy place here at HHH. The current furniture in the waiting area needed to be replaced after being in use for over 8 years. Many thanks to our Foundation for funding new tables and chairs for family and friends to have a comfortable place to wait for their... Thu, Feb 22	Post reach 767	Engagement 161
	<b>Thank you to the Spring Grove School Glorious Kindness Club</b> that made loving placemats for the Mabie Northside and Mabie Southside Skilled Nursing Facility residents to enjoy on Valentine's Day. Fri, Feb 16	Post reach 1,550	Engagement 592
	<b>ACT NOW TO CHOOSE YOUR OWN PROVIDER!</b> Don't wait until you are sick or need to see a provider. NOW is the time for all Medi-Cal patients to enroll with the new Medi-Cal plan provider, California Central Alliance for Health. You can sign up for any one of our clinic sites and pick a Primary Care Provider (PCP). Check out their provider... Fri, Jan 26	Post reach 515	Engagement 16
	<b>THANK YOU TO OUR BLOOD DRIVE DONORS</b> (Shared from a post by Diane Beck, RN at HHH) Thank you for all who donated blood at our last blood drive at Hazel Hawkins Hospital. We welcomed 30 people through the door, there were four deferrals, one double red cell donation, giving us a total of 25 whole blood donations, plus the tw... Mon, Jan 22	Post reach 324	Engagement 5

## COMMUNITY

- Coordinated logistics for Insight's Community Presentation
- Working on coordination of a Health Fair for Twin Oaks

## EMPLOYEE ENGAGEMENT

### Employees:

- Hazel's Headlines
- Employee Forums

## MEDIA

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

### Press Releases

- Insight to Host Public Presentation and Dialogue Regarding their Proposal to HHMH
- Poll Concludes Majority of San Benito County Voters Favor Lease to Own or Sale of HHMH
- Letters of Interest Reviewed at SBHCD February Board Meeting

### Media Requests:

- Mary participated in an exclusive interview with KSBW's Erin Clark on the District's LOI process.
- Erin Clark interviewed Dr. Shah as part of series on the hospital to be aired at a later date.

## COST SAVING MEASURES

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

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

**Thursday, March 21, 2024  
4:00 P.M. – Great Room**

**MINUTES**

**I. CALL TO ORDER/ROLL CALL:**

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

**COMMITTEE MEMBERS:**

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

**II. APPROVAL OF MINUTES:**

The minutes of the District’s Facilities & Service Development Committee of February 15, 2024 were approved with a motion by Jeri H. and second by Bill J.

**III. UPDATE ON CURRENT PROJECTS:**

- HHH Autoclave Replacement (Will P.)  
Will P. reported that this project is currently under HCAI review.
- HHH Boiler Replacement (Will P.)  
Will P. reported that this project has been approved by HCAI and is pending scheduling of installation.
- HHH Respiratory Therapy TJC POC Case Work (Will P.)  
Will P. reported that the casework is scheduled to be installed next week over 2 evenings with no disruption to patient care expected.

**IV. UPDATE ON PENDING PROJECTS:**

- HHH Med Surg Double Door Replacement (Will P.)  
Will P. reported that we have the doors, we are working with our Architect to determine whether we need to do the project as a replacement vs. HCAI project under possible grandfathering.
- HHH Radiology RTU Replacement (Will P.)  
Will P. reported that this project is in the planning stage.

**V. UPDATE ON MASTER PLAN:**

- SPC-4d (Will P.)

Will P. reported that we are currently working on the following:

- 1) Small and Rural Hospital Relief Program Application (PIN 71)

Will P. reported that our plan was accepted, he will schedule a meeting with TreahorHL, HCAI and Leadership to discuss the next steps.

- 2) AB 1882/OSHPD PIN 75 Signage Requirements

Will P. reported that Hospitals are required to post their SPC/NPC status at all of the entrances of the buildings that are not in Seismic Compliance. He is working with TreanorHL and HCAI to get the signage posted.

**VI. PUBLIC COMMENT:**

There was no public comment.

**VII. OTHER BUSINESS:**

There was no other business.

**VII. ADJOURNMENT:**

There being no further business, the meeting was adjourned at 4:18 PM. The next Facilities Committee meeting is scheduled for April 18, 2024.

MEDICAL EXECUTIVE COMMITTEE  
 CREDENTIALS REPORT  
 March 20, 2023

**NEW APPOINTMENTS**

PRACTITIONER	DEPT/SERVICE	STATUS REQUEST	TERM

**REAPPOINTMENTS**

PRACTITIONER	DEPT/SERVICE	STATUS	TERM
Stefan Klein, MD	Surgery/Orthopedic Surgery	Provisional- Granting 3 month extension for proctoring	04/01/24-03/31/26
Michael McGinnis, MD	Surgery/Pathology	Active	04/01/24-03/31/26
Samih El-Akkad, MD	Radiology/Teleradiology	Telemedicine	04/01/24-03/31/26

**RESIGNATIONS/RETIREMENTS**

PRACTITIONER	DEPT/SERVICE	CURRENT STATUS	COMMENT
Ly Do, MD	Medicine/Radiation Oncology	Affiliate	Voluntary Resignation- Did not reapply
Morteza Dowlatahahi, MD	Medicine/Radiation Oncology	Affiliate	Voluntary Resignation- Did not reapply
Clifford Meyers, MD	Medicine/Teleneurology	Telemedicine	Voluntary Resignation- No longer with group



Reviewed:

Revised: 7/13/2018, 08/20/2023, 3/20/2023

## **SUBJECT: NURSE PRACTITIONER STANDARDIZED PROCEDURES AND PROTOCOLS**

The intent of this document is to define the functions and circumstances that are appropriate to the scope of practice for a Nurse Practitioner working in the following setting: Hazel Hawkins Memorial Hospital Rural Health Clinics.

### **POLICY:**

The Nurse Practitioner is a registered nurse who has taken additional training in history and physical examination, diagnostic and treatment modalities, psychosocial assessment, and medical management of acute and chronic illnesses.

This allows the Nurse Practitioner to serve in an expanded role, by diagnosing and implementing treatment plans without direct supervision or approval of a physician except as outlined later in this document. In addition to the above, the holistic emphasis of the psychosocial aspects of a patient's disease process as well as the client's education of their own health management plays an important part in the practice of the Nurse Practitioner.

It is not the intent of this document to provide total independence for the Nurse Practitioner but rather a collegial and collaborative effort between the Nurse Practitioner and the Collaborating Physician.

The Nurse Practitioner agrees to follow the Standardized Procedures/Process Protocols stated below in adherence to the Nurse Practice Act in California Business and Professional Code, Division 2, Chapter 6, Article 8, Sections 2834-2837.

This document is designed to define the Standardized Procedures by which a Nurse Practitioner working at Hazel Hawkins Memorial Hospital Rural Health Clinics may utilize the skills and knowledge gained through experience and education, as well as ongoing education through formal classes or collegial discussions, to provide primary health care services to a wide variety of patients.

### **PROCEDURE:**

#### **A. DEVELOPMENT AND APPROVAL OF STANDARDIZED PROCEDURES**

As a cooperative effort, the Collaborating Physicians and Nurse Practitioners of the San Benito Healthcare District have developed the following Standardized Procedures for use in the clinic setting. Receipt of signature on this document denotes the acceptance of stated procedures and protocols set forth in the Nurse Practitioner Standardized Procedures document.

All Nurse Practitioners and supervising physicians will signify agreement to the Process protocols following the approval process. Signature on the Nurse Practitioner agreement implies the following: approval of all policies and protocols in this document, intent to abide by Process Protocols, and willingness to maintain a collegial and collaborative relationship with all parties. Nurse Practitioners and physicians who join the staff mid-year or who cover the practice must also signify approval of Process protocols. It is the task of the Medical Staff Office to ensure that each clinic has a written agreement by all the above parties is obtained.

All Nurse Practitioners and Collaborating Physicians who join the staff prior to the yearly review/revision must also sign at the time of their employment to signify approval of and intent to follow the Standardized Procedures. Review will take place each year, and may take place more frequently if deemed necessary by a majority of the signing parties

#### **B. SETTING**

The above-named Nurse Practitioner(s) will perform the ensuing Standardized Procedures at Hazel Hawkins Memorial Hospital Rural Health Clinics at the following locations:

- 
- San Benito Community Health Clinic, 930 Sunset Drive, Bldg 3 & Bldg A, Hollister, CA
  - Hazel Hawkins Health Clinic, 301 The Alameda, Space B-3, San Juan Bautista, CA
  - Mabie San Juan Road Healthcare Center, 991 Fourth Street, Hollister, CA
  - Mabie First Street Healthcare Clinic, 321 First Street, Hollister, CA
  - Barragan Family Health Care and Diabetes Center, 930 Sunnyslope Road, Ste A-2, Hollister, CA
  - Hazel Hawkins Primary Care and Surgery Specialty Center, 930 Sunset Drive, Bldg 1, Suite C, Hollister, CA
  - Hollister Orthopedic Specialty Center, 930 Sunnyslope Rd. Suite C-4, Hollister, CA
  - Hollister Multispecialty Clinic, 890 Sunset Dr. Suite A-A2, Hollister, CA

### C. QUALIFICATIONS

1. Possession of a valid California License as a Registered Nurse with Nurse Practitioner certificate in good standing with the Nursing Board of California.
2. Graduation from a certified Nurse Practitioner program.
3. Copies of aforementioned certification to be kept in Human Resources file available for review as needed.
4. Maintain current continuing education standards as required by certifying agencies.
5. Obtain and maintain a current California State Furnishing License.
6. DEA number is required.

### D. EVALUATION OF CLINICAL CARE

Evaluation of the Nurse Practitioner will be provided in the following ways:

#### Initial Evaluation:

Evaluation of the Nurse Practitioner will be provided in the following ways: All newly privileged practitioners appointed to the Allied Health Professional Staff will be subject to an Initial Focused Professional Practice Evaluation (FPPE) plan developed by the Medical Executive Committee. The proctoring period shall be for a period of three (3) to six (6) months. After the initial three-month period, the Proctor will prepare a report indicating the number of cases reviewed, specific cases where care was questioned, and form a recommendation that either the proctoring be discontinued, or that the period of proctoring be continued for an additional three months. If continued for an additional three months, a final report will be issued at the end of the 2nd three-month period.

1. Initial Period – First Two Weeks: Proctor shall review 50% of one (1) day's encounters of each of the initial two weeks by the end of the first two weeks, and discuss any concerns with the new member within a week of completion.
2. Subsequent Four Weeks: Proctor shall review 50% of one (1) day's encounters every 2 weeks.
3. Subsequent Two Months: Proctor shall review 50% of one (1) days' encounters every month.

Outside review of subspecialty areas may be obtained at the discretion of the proctor. If, at any time during the initial three (3) month review period, the Proctor feels that more frequent review is indicated, he/she may review additional encounters.

#### Ongoing Evaluation:

Evaluation may also include:

1. Informal evaluation during consultations
2. Periodic chart review by the Collaborating Physician every other month sampling 5 charts to be reviewed and evaluated and then discussed with the Nurse Practitioner.
3. Review of any concerns that may be brought to the attention of the Collaborating Physician.
4. Ongoing Professional Practice Evaluation (OPPE) is performed yearly for all providers who hold clinical privileges.

### E. SUPERVISION AND CONSULTATION

1. The Standardized Procedures outlined in this document authorize the Nurse Practitioner to function without direct physician observation, supervision or approval. However, consultation, should it be necessary, will be available at all times either by phone, or onsite by a Collaborating Physician.

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2. Consultation or communication may be sought for the following occurrences as well as any other circumstances the Nurse Practitioner perceives as applicable:

- Emergent conditions requiring prompt medical intervention
- Acute de-compensation of patient situation or condition
- Increase in severity of symptoms after initial treatment
- Problems that are not resolving as anticipated
- Unexplained historical, physical, or laboratory findings
- Upon request of patient, Nurse Practitioner(s), or Physician
- Initiation of medication regimes that are currently not defined as “standard of care” dependent upon diagnosis
- Patient contacts and visits not in accordance with standardized practice and/or facility policy.
- Review of specific management guidelines and possible complications related to treatment of disease process less familiar to the Nurse Practitioner
- Ordering unusual diagnostic studies

When a physician is consulted, notations to that effect, including the physician's name, must be entered into the EMR.

### Patient Records

The treating Nurse Practitioner for each patient contact will complete documentation and lock the medical record in the electronic medical record at the end of the shift.

### **Standardized Procedure for assessment and management of patients**

#### **HEALTH PROMOTION EXAMS/SCHEDULED ROUTINE VISITS**

- A. Definition: This procedure provides the management of asymptomatic patients for the purpose of identifying their risk factors for potentially preventable health problems and assisting them in maintaining their optimal level of wellness.
- B. Data Base: (may include, but not limited to):
- Subjective Data:
1. Patient's personal, past medical, family medical, social, and occupational history with emphasis on identification of risk factors
  2. Patient's history of personal health behavior with emphasis on identification of risk factors including smoking, diet, exercise, substance abuse, homelessness, mental health disorders and high risk behaviors.
- Objective Data:
1. Vital signs, including BP, height, weight, and BMI
  2. Physical exam appropriate to history
  3. Laboratory and radiology evaluations, as appropriate for screening according to risk factors
- C. Plan:
1. Assessment:
    - a. Assessment of health and/or risk status consistent with subjective and objective findings.
  2. Treatment (may include one or more of the following):
    - a. vaccinations if needed
    - b. TB test and other health screening tests if indicated
    - c. Patient education and counseling in verbal and/or written format on identification of risk factors and

risk

- d. Referral to system and community resources as needed.
- e. Follow-up appointments for further evaluation and/or treatment as needed

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3. Education and Counseling:
    - a. Risk factors in relation to pathophysiology of acute and chronic diseases
    - b. Lifestyle Modification pertaining to identified risk factors
    - c. Management Plan
    - d. Medication instruction, side effects, signs and symptoms to be monitored at home
  4. Consultation:
    - a. Increase in severity of symptoms after initial treatment
    - b. In emergent conditions requiring prompt medical intervention and/or acute decompensation of

patient

situation

- c. In situations indicating the problem is not resolving as anticipated
- d. In situations where there is an unexplained historical, physical, or laboratory finding
- e. Initiation of medication regime that is currently not defined as “standard of care” dependent upon diagnosis
- f. Upon the request of the patient, nurse practitioner, or physician
- g. Patient contacts and visits not in accordance with standardized practice and/or facility policy
- h. Review of specific management guidelines and possible complications related to treatment of

disease

process less familiar to the Nurse Practitioner

- i. Ordering unusual diagnostic studies

5. Follow-Up:

- a. Telephone contact or provider visits as indicated
- b. Contact with primary care provider as warranted
- c. Assignment to a Primary Care Provider if patient does not have one

D. Documentation:

1. Written documentation of all clinic visits, outreach, and telephone management
2. All patient visits will include written documentation of data base collection and plan as outlined in this protocol
3. Clinic visit documentation includes legible handwritten, dictated or electronic notes

I **III. DISEASE MANAGEMENT – PRIMARY CARE**

A. Description: Primary care problems are common acute conditions such as, but not limited to, abdominal pain, fever, epistaxis, cough, dizziness/vertigo, dehydration or chronic stable conditions including but not limited to established medication regimens, poor appetite, hypertension, diabetes, asthma, COPD, thyroid disorders.

B. The Nurse Practitioner is authorized to diagnose and treat primary care problems under the following protocols:

1. Treatment plan is developed based on the resources listed in this document
2. All other applicable protocols in this document are followed during patient care management
3. All general protocols regarding review, approval, setting, education, evaluation, patient records, and consultation in this document are in force

I **IV. DISEASE MANAGEMENT – SECONDARY CARE**

A. Description: Secondary care problems are unfamiliar, uncommon, or unstable conditions, such as sepsis, nutritional management requiring parenteral or enteral nutrition, acid/base abnormalities, fluid and electrolyte imbalances, respiratory distress, renal, endocrine, hematologic, or cardiac disorders.

B. The Nurse Practitioner is authorized to evaluate and treat secondary care problems under the following protocols:

1. A Collaborative Physician is contacted regarding the evaluation and diagnosis before implementing the treatment plan

2. Management of the patient is either in conjunction with a physician or by complete referral to a physician or secondary care treatment facility

3. The physician is notified if his/her name is used on a referral to an outside physician or agency

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4. The consultation or referral is noted in the patient's chart, including name of the physician
  5. All other applicable protocols/procedures in this document are followed during patient care management
  6. All general protocols regarding review, approval, setting, education, evaluation, patient records, and consultation in this documentation are in force

#### **I V. DISEASE MANAGEMENT – TERTIARY CARE**

A. Description: Tertiary care problems are acute life threatening conditions, such as respiratory arrest, cardiac arrest, or cerebral vascular event.

B. The Nurse Practitioner is authorized to evaluate tertiary care problems under the following protocols:

1. Initial evaluation and stabilization of the patient may be performed with concomitant notification and transfer of care to the physician
2. The referral is noted in the patient's chart, including the name of the physician to whom referred
3. All other applicable protocols/procedures in this document are followed during patient care management
4. All general protocols regarding review, approval, setting, education, evaluation, patient records, and consultation in this document are in force

#### **I VI. ORDERING LABORATORY AND RADIOLOGIC/ DIAGNOSTIC STUDIES**

A. The Nurse Practitioner is authorized to order laboratory or other diagnostic studies under the following protocols:

1. Lab work such as, but not limited to, CBC, chemistry panel, thyroid function tests, lipid panel, hepatitis test, HIV test, HgbA1C, urinalysis, drug levels, serologies, liver function tests, cultures, type and screen or cross match, stool studies, and pregnancy testing, may be ordered as needed for disease management as outlined in this document
2. Radiological studies may be ordered
3. Tests and procedures such as, but not limited to exercise treadmill tests, nuclear imaging studies, holter monitors, EKG's, sonographic exams, EMG/EEG/NCV, PFTs etc. may be ordered as needed for evaluation/disease management as outlined in this document

#### **I VII. ORDERING THERAPIES**

A. The Nurse Practitioner is authorized to order therapies such as respiratory, occupational, and physical therapy or psychological counseling under the following protocols:

1. Therapies are ordered as part of a treatment plan implemented for disease management as outlined in this document
2. All other applicable protocols/procedures in this document are followed during patient care management
3. All general protocols regarding review, approval, setting, education, evaluation, patient records, and consultation in this document are in force

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## F. RESPONSIBILITIES OF THE NURSE PRACTITIONER

As stated previously, because of extended education, the Nurse Practitioner may function in an extended role in collaboration and cooperation with a physician. This includes the delivery of primary health care to infants, children, adults and geriatric patients in an office setting. Responsibilities include, but are not limited to:

1. Complete history and physical examination on all age groups
2. The ordering of appropriate laboratory, radiological and other examinations for diagnosis and/or health care maintenance as necessary for patient welfare
3. Assessing patient's condition for diagnosis, treatment and/or referral for consult if needed
4. Present appropriate patient and family education
5. Managing treatment of diagnosed diseases through pertinent furnishing of medications, counseling, follow-up and appropriate patient and family education
6. Dispensing and prescribing medications in accordance with California state law.
7. Completing examination/studies as requested by insurance companies, schools, state or federal agencies, and employers, when requested and authorized by the patient
8. Charting will be completed by the end of each shift via the Clinic's EHR eClinicalWorks, and in compliance with current billing requirements
9. Initial evaluation and, if possible, stabilization of the patient by the Nurse Practitioner with concurrent notification of the Collaborating Physician that there is an unstable patient in the Clinic
10. Performing appropriate emergency measures (CPR, transport, etc.)
11. Maintaining patient confidentiality within the boundaries of the law
12. Treating all patients and coworkers with respect and professionalism

## G. DISEASE MANAGEMENT PROCESS PROTOCOLS

Examples of diagnosed diseases that Nurse Practitioners will treat according to their medical experience and training.

1. Dermatology: Including, but not limited to the following common conditions:
  - Eczematous dermatitis
  - Acne Vulgaris
  - Pediculosis
  - Candidiasis
  - Seborrheic Dermatitis
  - Psoriasis
  - Dermatophytosis
  - Herpes Simplex
  - Impetigo
  - Cellulitis
2. Eye: Including, but not limited to, the following common conditions:
  - Blepharitis
  - Hordeolum
  - Conjunctivitis
  - Subconjunctival Hemorrhage
  - Red Eye
  - Dry Eye

- 
3. Respiratory: Including, but not limited to the following common conditions:
    - All upper respiratory infections (e.g., sinusitis, otitis, etc.)
    - Allergic Rhinitis
    - Bronchitis
    - Cerumen Impaction
    - Mononucleosis
    - Outpatient Pneumonia
    - Asthma
    - Chronic Obstructive Pulmonary Disease
    - Tuberculosis
    - Tuberculosis follow-up after initial diagnosis
    - Smoking Cessation
  4. Cardiovascular: Including, but not limited to the following common conditions:
    - Hypertension – Other than severe or malignant
    - Stable Angina
    - Stable and controlled arrhythmias
    - Stable and controlled congestive heart failure
    - Hyperlipidemia
  5. Gastrointestinal: Including, but not limited to the following common conditions:
    - Acute gastritis, dyspepsia
    - Gastroesophageal Reflux
    - Gastroenteritis
    - Peptic Ulcer Disease
    - Irritable Bowel Syndrome
    - Constipation
    - Hemorrhoids and anal fissure
    - Diarrhea
    - Abdominal Pain
  6. Genitourinary: Including, but not limited to the following common conditions:
    - Cystitis
    - Acute Urethritis
    - Acute Prostatism
    - Sexually transmitted diseases
    - Evaluation of hematuria
    - Initial infertility evaluation (male)
  7. Gynecology: Including, but not limited to the following common conditions:
    - Routine examination including pap smears and mammography
    - Contraception (including counseling and options)
    - Vulvovaginitis, cervicitis
    - Sexually transmitted diseases (uncomplicated)
    - Dysmenorrhea
    - Menopausal evaluation and hormone replacement
    - Breast Cancer screening
    - Initial infertility evaluation (female)
    - Abnormal uterine bleeding
    - Pelvic pain
  8. Musculoskeletal: Including, but not limited to the following common conditions:
    - Osteoarthritis
    - Rheumatoid arthritis – stable

- 
- Gouty arthritis – stable
  - Low back pain
  - Muscle or ligamentous sprain or strain
  - Joint pain evaluation
9. Hematology: Including, but not limited to the following common conditions:
- Anemia and blood loss evaluation
10. Endocrine: Including, but not limited to the following common conditions:
- Diabetes mellitus – stable
  - Thyroid dysfunction – initial and stable
  - Thyroid nodules
  - Galactorrhea
  - Amenorrhea
11. Neurologic: Including, but not limited to the following common conditions:
- Headaches
  - Dizziness/vertigo
  - Seizure disorders – stable
  - Weakness
12. Psychological: Including, but not limited to the following common conditions:
- Acute situational stress
  - Anxiety disorders
  - Depressive disorders
  - Grief reactions
13. Social: Including, but not limited to the following common conditions:
- Child, adult or elder neglect/abuse
  - Domestic violence
  - Referrals to social agencies for assistance
14. Other: Including, but not limited to the following common conditions:
- Chronic fatigue
  - Weight loss
  - HIV positive, stable AIDS or ARC

#### H. PATIENTS WITH UNCOMMON OR UNSTABLE CONDITIONS

Patients who are found during evaluation to have uncommon or unstable conditions require consultation with a physician.

#### I. ORDERING DIAGNOSTICS AND THERAPIES

1. The ordering of routine lab, x-rays and sonograms may be done without physician consultation. Including, but not limited to:
  - Complete blood count
  - Chemistry profiles
  - Urinalysis
  - Chest and bone x-rays
  - Abdominal/pelvic ultrasounds
  - EKGs
2. Advanced studies such as CT, MRI, etc., may be ordered in consultation with a physician.
3. Therapeutics such as physical therapy, occupational therapy, home health care, etc., may be ordered as part of the treatment plan developed by the Nurse Practitioner.

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## J. PATIENT RECORDS

The Nurse Practitioner will be responsible for utilizing appropriate forms as dictated by Workers Compensation and other state and federal agencies. Physical examinations will be recorded on standard forms used within the department or forms that are provided by a contracting agency.

## K. WORK-RELATED INJURIES

The Nurse Practitioner is authorized to take a history, perform a physical exam, order appropriate tests, diagnose, manage and treat work-related injuries under the following protocols. The Nurse Practitioner is also authorized to educate patients regarding injury prevention and general patient education.

1. A treatment plan is developed in consultation with a physician
2. Existing treatment plans are resulting in patient recovery
3. Examples of these diagnoses would include, but are not limited to:
  - Chronic Stable disc diseases
  - Wound checks
  - Dressing assessments
  - Simple laceration treatments and follow-up
  - Simple fracture follow-up and use of splints
4. A physician is contacted regarding the evaluation, diagnosis and treatment plan unless outpatient management is clear, direct and will likely result in complete resolution of symptoms within a short period.
5. Management of the complicated patient or a patient above and beyond the scope of the Nurse Practitioner will be either in conjunction with a physician or by complete referral to a physician, and the consultation or referral is noted in the patient's chart, including the name of the physician.
6. All other applicable Standardized Procedures in this document are followed during patient care management.
7. All General Protocols regarding review, approval, setting, education, evaluation, patient records, supervision and consultation in these Standardized Procedures are in force.

## L. ORDERING THERAPIES

The Nurse Practitioner is authorized to order ancillary health services such as, but not limited to, physical therapy, occupational therapy, counseling, massage therapy, chiropractic care.

### PROTOCOLS:

1. Therapies are ordered as part of a treatment plan implemented for disease management, health improvement and health maintenance.
2. All other applicable Standardized Procedures in this document are followed during patient care management.
3. All General Protocols regarding review, approval, setting education, evaluation, patient records, supervision and consultation in these Standardized Procedures are in force.

## M. STANDARDIZED PROCEDURE FOR DISPENSING AND FURNISHING OF DRUGS

### A. Definition:

1. This Nurse Practitioner protocol covers the management of drugs for patients presenting to the Hazel Hawkins Rural Health and Specialty Clinics. The Nurse Practitioner may initiate, alter, discontinue, and renew medications included on, but not limited to, the attached formulary. All Schedule I drugs are excluded.

2. Medications covered in this protocol are those that are acceptable as current standards of medical practice and written in collaboration with the attending physician. These medications include ones listed in the Hospital Formulary as well as additional medications covered by the individual specific guidelines. Generic equivalents are covered.

1. Function: The Nurse Practitioner may independently initiate the oral and written transmission of a valid prescription once issued a furnishing number by the California Board of Registered Nursing to furnish or order drugs under the protocols listed below

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B. All general protocols regarding review, approval, setting, education, evaluation, patient records, and consultation in this document are followed.

C. All other applicable protocols/procedures in this document are followed during patient care management.

D. Covers Nurse Practitioner(s) as described in General Policy.

**E. Supervision:** Physician consultation will be available to the Nurse Practitioner either on the premises or by telephone at the time of the patient evaluation and as further outlined by the General Policy. Any consultation with a physician must be noted in the patient's chart including the physician's name. The supervising physician may supervise no more than four nurse practitioners at any one time.

**F. Conditions:**

1. The drug must be ordered in accordance with the Standardized Procedures for Disease Management in this document i.e. as appropriate for health promotion, acute conditions, chronic disease, and primary/ secondary/ tertiary disease management.

2. The drug must be used in an FDA approved fashion.

**G. Database:**

1. Subjective information may include but is not limited to:
  - a. Relevant health history to warrant the use of the drug.
  - b. No allergic health history specific to the drug.
  - c. No past health, family, and/or personal/social history, which is an absolute and/or potential contraindication to the use the drug or device.
2. Objective information may include but is not limited to:
  - a. Physical examination appropriate to indicate/contraindicate the use of the drug and/or device.
  - b. Laboratory tests or procedures to indicate/contraindicate use of drug.
3. Assessment: Subjective and objective data supports the use of the drug and/or device. Contraindications, safety issues, and/or cost concerns have been adequately assessed and documented.

**H. Plan:**

1. Plan of Care to monitor effectiveness of any medication or device. Nurse Practitioners may initiate or alter drug regimens within the guidelines set forth in protocols. In accordance with the protocols, the Nurse Practitioner may:
  - a. Initiate: medications/devices for problems for which they are usually effective; for patients in whom the medication is not contraindicated; in dosages routinely prescribed; for patients/problems routinely managed by Nurse Practitioners in the usual scope of Nurse Practitioner's practice
  - b. Alteration of dosages: under the same conditions as initiation of medications; as indicated by the clinical situation
  - c. Renew medications necessary for resolution, improvement, or stabilization of condition; assess current status, compliance, side effects, and efficacy prior to refill
  - d. Discontinue:
    - (1) Any medication prescribed for an acute condition when problem resolves or after standard duration of treatment, if appropriate
    - (2) Any medication for chronic disease after reasonable trial without improvement or resolution provided an appropriate plan is indicated in the medical record.
    - (3) Any medication when side effects (intolerance or allergy) are experienced with substitution of alternate medication
    - (4) Any medication that is not clinically indicates and/or may cause potential harm to the patient

I. Education: Provide patient with information and counseling in regard to the drug i.e. benefits, risks, relative effectiveness of the drug, directions for taking the drug. Caution patient on pertinent side effects or complications with chosen drug. The patient shall be educated on what to do and whom to contact if intolerable side effects occur.

J. Consultation and/or Referral: Consultation and referral are indicated for cases exhibiting non-responsiveness to appropriate therapeutic interventions, or when unusual or unexpected adverse effects arise.

K. The medications are prescribed only within the context of the EMR. Prescription slips shall be stamped with the Nurse Practitioner's name, furnishing number, transmittal order, DEA number and /or hospital six-digit provider number. The prescription shall include, patient's name, trade or generic name of medication, strength, and quantity of medication dispensed, directions for use, and NP's signature, title, and furnishing number.

L. Documentation: Drug, strength, instructions, quantity, and number of refills will be documented in the progress note of the patient's chart. In addition, documentation is warranted for medication changes especially discontinuation and consultation with physician. Medication refills will also be documented in the patient's chart/record.

**PROTOCOLS:** The Nurse Practitioner will furnish drugs and devices pursuant to the Business and Professions Code, Section 2835.1 and under the following protocols:

- A. The Nurse Practitioner has a current furnishing number as required by the code.
- B. The drugs and devices are incidental to the provisions of routine health care rendered to essentially healthy persons.
- C. The drug or device is being furnished as part of a treatment plan implemented for medical management as outlined in this document.
- D. All regulations governing Nurse Practitioner Furnishing Numbers are followed.
- E. A current furnishing number is written in the transmittal order as required by the code.
- F. A list of all Nurse Practitioners and their furnishing numbers will be maintained.
- G. The ability to furnish will be part of the Nurse Practitioner's annual evaluation.
- H. All other applicable Standardized Procedures in this document are followed during patient care management.
- I. All General Protocols regarding review, approval, setting education, evaluation, patient records, supervision and consultation in these Standardized Procedures are in force.

#### **PRESCRIBING SCHEDULED DRUGS**

The Nurse Practitioner is authorized to furnish scheduled controlled substances per the following protocols:

1. The Nurse Practitioner follows the provisions of the Standardized Procedure for furnishing.
2. The Nurse Practitioner has registered with the DEA for authority to order Schedule III-V OR Schedule II-V controlled substances.
3. The scheduled substances that may be ordered are on the List of Scheduled Drugs in this document.
4. The Nurse Practitioner's Furnishing and DEA numbers are on a secure transmittal order.
5. All practice policies on scheduled drug policies, DEA requirements, etc., are adhered to.
6. Schedule II substances may be ordered by patient-specific protocol, when the patient has the following diagnosis, and under the following conditions:
  - a. Attention Deficit Hyperactivity Disorder (ADHD)
    - i. ADHD diagnosis per DSM-IV criteria and supporting assessment.
    - ii. Treatment plan must be established in conjunction with a specialist (e.g., psychiatrist or neurologist) or Collaborating Physician and using established protocols by the American Academy of Pediatrics.
    - iii. ADHD Medication formulary:
      1. dextroamphetamine/amphetamine (Adderall, etc.)
      2. methylphenidate (Ritalin, Concerta, etc.)
      3. dexmethylphenidate (Focalin, etc.)
      4. lisdexamfetamine (Vyvanse)
      5. guanfacine (Intuniv)
7. Schedule II substances may also be ordered when the patient has the following conditions:
  - a. Acute moderate to severe pain.
  - b. Chronic moderate to severe pain due to gastrointestinal, neuropathic, genitourinary, or musculoskeletal pain unresponsive to or pending other pain management strategies such as physical therapy, topical therapy, epidurals, or pain specialty procedures. Pain medication formulary to include:
    - i. Hydrocodone
    - ii. Oxycodone
    - iii. Fentanyl
    - iv. Morphine
    - v. Hydromorphone

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8. All charts involving the prescription of Schedule II medications are to be sent to the Collaborating Physician for review within seven (7) days.
  9. Prescription of Schedule II medications are to follow the Rural Health Clinic "Pain Management of Schedule II Medications" included in the Clinic's Policy and Procedures Manual.
  10. Schedule III analgesics including Codeine and Tramadol may be prescribed for acute (less than 7 days) diagnosis. When prescribing for chronic pain, the charts will be sent to the Collaborating Physician for review within seven (7) days.
  11. All other applicable Standardized Procedures in this document are followed during patient care management.
  12. All General Protocols regarding review, approval, setting education, evaluation, patient records, supervision and consultation in these Standardized Procedures are in force.

#### D. CONSULTING/COLLABORATING PHYSICIAN RESPONSIBILITIES

The Medical Director of the Hazel Hawkins Memorial Hospital Rural Health Clinics will be available for consultation by telephone at all times while patient care is being provided by the Nurse Practitioner on duty. The Medical Director will be available and willing to:

1. Discuss the medical history, physical exam, laboratory or other test results, and diagnoses of individual patients.
2. Offer opinions and suggestions related to the plan of care.

In the event of lost communication, any other physician who has Clinic privileges may substitute as consulting physician.

#### E. NURSE PRACTITIONER COMPETENCY AND QUALIFICATION EVALUATION:

Through a periodic chart review process based on the standard of care, the Medical Director of the Hazel Hawkins Memorial Rural Health Clinics Practice shall regularly evaluate the competency of the Nurse Practitioner. The Medical Director will conduct random medical chart reviews of five (5) charts, every other month, and discuss the findings with the Nurse Practitioner. San Benito Health Care District will credential and privilege the Nurse Practitioner to ensure that the Nurse Practitioner has the qualifications, training, and experience to perform the medical services, procedures, and drug and device ordering and furnishing authorized under these Standardized Procedures and Protocols. Proctoring for new procedures must meet minimum established standards for each new procedure under a standard protocol.

#### **NURSE PRACTITIONER AVAILABLE REFERENCE MATERIAL**

Both Nurse Practitioner and Collaborating Physician have adopted the following medical textbooks as the protocols and formulary for the Nurse Practitioner practice of medicine. The Nurse Practitioner affirms that the following standard texts will constitute the body of information that they will consult on a regular basis for clarification of medical issues. A consensus derived from these sources will serve as his or her protocols and formulary in the absence of a patient-specific consultation with a Collaborating Physician.

The protocols set forth in these medical books, which shall be kept at the practice site available for reference at all times, shall provide:

1. Guidelines for the subjective and objective data that should be obtained from patients for each of the diseases included within them.
2. Guidelines for the management of patients with any of the included diseases.
3. The formulary of drugs that may be administered or furnished by the Nurse Practitioner. Ordering Schedule II drugs requires that the Nurse Practitioner have their own DEA number. The indications and contraindications for use of the drugs included in the above formulary are found in the Physician's Desk Reference (PDR), which is included in these protocols.

As a collaborator of the Collaborating Physician, the Nurse Practitioner is authorized to provide, administer or furnish a service, drug, device, or procedure specified in these protocols. Except as provided below, the Nurse Practitioner may initiate treatment or orders for the patient care services indicated in the protocols specified in these medical books without prior consultation with the Collaborating Physician.

Physician consultation or referral is indicated for the management of patients that have diseases which are not included in the protocols set forth in these medical books, and regarding any patient, task, procedure, or diagnostic problem that the Nurse Practitioner determines exceeds his/her level of competence. Also, prior approval of the Collaborating Physician is required before issuing or carrying out any drug order for a drug that is not specified in the

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applicable treatment protocol.

Nothing herein shall be deemed as limiting the discretion of the Nurse Practitioner, with input from the Collaborating Physician when needed, to exercise professional judgement in the treatment of patients. Deviation from the protocols and guidelines shall not, by itself, be deemed a deviation from the standard of care.

Unless otherwise indicated, these are the clinical resources to be included in these protocols:

[HTTP://www.uptodate.com](http://www.uptodate.com)

[HTTP://www.emedicine.medscape.com](http://www.emedicine.medscape.com)

[HTTP://www.epocrates.com](http://www.epocrates.com)

Declaration: Our signatures below signify that we fully understand the foregoing Standardized Procedures and Protocols for Nurse Practitioner practice and agree with its terms without reservation.

Signed \_\_\_\_\_ Date \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_  
Nurse Practitioner Collaborating Physician

Signed \_\_\_\_\_ Date \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_  
Nurse Practitioner Collaborating Physician

CEO Report  
March 2024

**Financial Emergency Update**

- Hosted the Ombudsman representatives for a two-day visit. Their next report can be expected at the end of April or beginning of May.
- Hosted site visits for interested parties.
- Met with Congresswoman Zoe Lofgren to update the District status.
- Continue to meet with Ad Hoc committee to review proposals.

**CEO Activities**

- Attended the CHA's Rural Health Symposium in San Diego on March 4-5. Participated on a CEO panel to discuss seismic, finance and other issues facing rural health centers.
- Continue to meet with Rural Health CEO/CFO's to discuss potential legislation
- Met with High School's Health Science Advisory Board to continue to develop curriculum for the health care path.

**HR**

- Turnover rate for February is attached.

**PMO**

- The PMO has started a RFI process to look into upgrading the EMR. This legwork is being done to prepare a project when we receive the loan from the State.

**IT**

- A cyber security event was detected after an outside healthcare organization experienced hacking. We conducted a forensic investigation, which showed we halted infiltration with no significant damage.

## HUMAN RESOURCES DASHBOARD 2024

DEPARTMENTAL METRICS	January	February	March
# Employees	667	676	
# New Hires	15	17	
# Terminations	7	11	
Overall Turnover	1.0%	1.6%	
Nursing Turnover	0.78%	1.53%	

Terms By Union	January	February	March
The California Nurses Association (CNA)	1	2	
National Union of Healthcare Workers (NUHW)	4	8	
California License Vocational Nurses (CLVN)	0	0	
Non-Union	2	1	

Terms By Reason (V=Voluntary & IV= Involuntary)	January	February	March
Personal (V)	2	4	
Retirement (V)	4	2	
Schedule (V)	1	0	
Job Abandonment (V)	0	2	
No Reason Given (V)	0	2	
Performance (IV)	1	1	

## CNO Report

March 2024

### Nursing

- Business Continuity Planning for disaster preparedness
- Quality Director and IP Director search updates
- Evaluating Meditech Expanse as a possible EMR
- Weekly calls with Central Coast Alliance (Medi-cal provider)
- New case management manager, Kim Flaten, started March 4, 2024
- Nurse Leader Rounding

### Regulatory

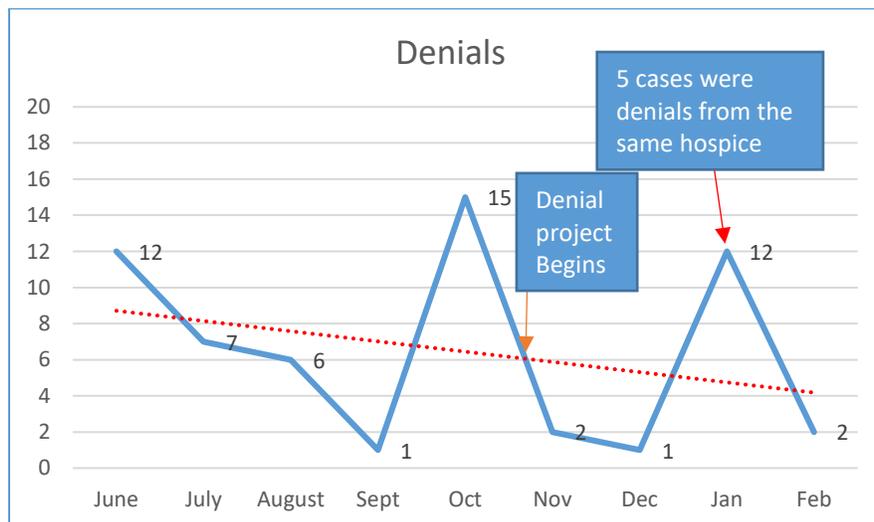
- Working through the Mock Survey findings.
- Promoting interoperability- primarily EMR related indicators.
- Collaborating with the Clinical Informatics to ensure documentation in the computer meets all the regulatory requirements

### Utilization Management

- Continue work with INNOVA on 3 projects- CDI, charge capture, and Business Continuity
- Comparing the prior three months from a cost perspective we have almost a 50% reduction denial costs.

Sept, Oct, Nov \$551,340.89

Dec, Jan, Feb \$223,803.93



## CNO Dashboard 2024

Description	Target	Jan-24	Feb-24	YTD 2024
ED Visits	2370	2249	2093	4619
Admission %	10%	6%	6%	6%
LWBS %	< 2.0%	0.04%	0.06%	0.05%
Door to Provider	10 min	7 min	7 min	7min
MS admissions	120	107	103	313
ICU admissions	22	22	28	50
Deliveries	39	32	28	78
OR Inpatient	40	24	40	64
OR Outpatient	12	8	7	22
ASC	141	104	130	364
GI	94	69	85	163

San Benito Health Care District  
Finance Committee Minutes  
March 21, 2024 - 4:30pm

Present: Jeri Hernandez, Board President  
Rick Shelton, Board Treasurer  
Mary Casillas, Chief Executive Officer  
Mark Robinson, Chief Financial Officer  
Andie Posey, Chief Nursing Officer  
Amy Breen-Lema, Vice President Clinic, Ambulatory & Physician Services  
Sandra DiLaura, Interim-Controller

Public: G.W. Devon Pack, Salomon Mercado, Robert Bies, Suzie Mays

**1. CALL TO ORDER**

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

**2. REVIEW FINANCIAL UPDATES**

**A. February 2024 Financial Statements**

For the month ending February 29, 2024, the District's Net Surplus (**Loss**) is \$1,250,190 compared to a budgeted Surplus (**Loss**) of (\$407,362). The District exceeded its budget for the month by \$1,657,552.

YTD as of February 29, 2024, the District's Net Surplus (**Loss**) is \$8,824,649 compared to a budgeted Surplus (**Loss**) of \$627,504. The District is exceeding its budget YTD by \$8,197,145.

Acute discharges were 159 for the month, slightly exceeding budget by 7 discharges or 5%. The ADC was 16.66 compared to a budget of 16.25. The ALOS was 3.04. The acute I/P gross revenue was under budget by **\$385,514** while O/P services gross revenue was **\$4.86 million** or 22% over budget. ER I/P visits were 136 and ER O/P visits were over budget by 191 visits or 11%. The RHCs & Specialty Clinics treated 3,815 (includes 611 visits at the Diabetes Clinic) and 934 visits respectively.

**Other Operating** revenue was under budget by **\$115,269** due mainly to the nonrenewal of the SHIP program.

**Operating Expenses** were slightly over budget by **\$325,794** due mainly to variances in: Registry \$229,107, Purchase Service \$139,761 and Other Expense \$51,859 being over budget.

**Non-operating Revenue** exceeded budget by **\$18,985** due mainly to higher than budgeted donations.

The SNFs ADC was **87.86** for the month. The Net Surplus (**Loss**) is **\$123,431** compared to a budget of \$213,160. YTD, the Net Surplus (**Loss**) is \$2,916,623, exceeding its budget by \$1,140,276.

#### **B. February 2024 Finance Dashboard**

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

**3. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF SECURITAS HEALTHCARE HUGS INFANT PROTECTION**

Upgrade to our Infant Tags with powerful Mobile View Software platform to manage infants, alerts, and day-to-day tasks. Foundation approved to contribute half of the cost \$287,000 plus tax. The Finance Committee recommends this resolution for the Board approval of \$143,500 plus tax.

**4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF MEDLINE INDUSTRIES, LP EIGHTH AMENDMENT**

Contract renewal for a 5-year term ending 3/31/29. The Finance Committee recommends this resolution to be put into the Consent Agenda.

**5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF EVERGREEN PHARMACEUTICAL OF CALIFORNIA, LLC**

Replacement of skilled nursing Nob Hill Pharmacy for the same cost with more services with a 1-year term. The Finance Committee recommends this resolution to be put into the Consent Agenda.

**6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF CAREFUSION SOLUTIONS, LLC/BD PYXIS**

Med station equipment and software at an annual fee of \$33,936 and a setup fee for \$1,000.00 with a 5-year term. The Finance Committee recommends this resolution to put into the Consent Agenda.

**7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF CLEARWATER SECURITY & COMPLIANCE, LLC**

The cybersecurity threat surface and potential vulnerabilities are increasing rapidly, especially for healthcare organizations. This is a 3-year program at \$268,200 per year during which Clearwater will work together with IT to establish, implement, and mature the hospital's cybersecurity, cyber risk management and HIPAA compliance programs. The Finance Committee recommends this resolution for Board approval.

**8. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF YILMA KEBELO, DPM PROFESSIONAL SERVICES AGREEMENT**

The Professional Services Agreement is for a part-time (up to 16 hours/week) clinic-based podiatry and lower extremity has proposed effective date April 1, 2024, a 1 year term, and 60-day termination clause. The base daily rate will be set within 75<sup>th</sup> percentile of fair market value at \$1,256 per day, estimated monthly cost of \$10,885. The Finance Committee recommends this resolution for Board approval.

**9. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF RUSSELL DEDINI, M.D. ORTHOPEDIC SURGERY COVERAGE AGREEMENT**

Returning to the hospital, the Professional Services Agreement for a full-time Clinic, hospital, & emergency orthopedic call coverage at a minimum of 16 days per month. Effective date of April

15, 2024, a 2-year term, and 60 days termination clause, the base daily rate of \$3,580, estimated monthly cost of \$57,280. The Finance Committee recommends this resolution for Board approval.

**10. ADJOURNMENT**

There being no further business, the Committee was adjourned at 5:22 pm.

Respectfully submitted,

Sandra DiLaura  
Interim-Controller

February 15, 2024

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

For the month ending January 31, 2024, the District's Net Surplus (Loss) is \$644,730 compared to a budgeted Surplus (Loss) of (\$446,599). The District exceeded its budget for the month by \$1,091,329.

YTD as of January 31, 2024, the District's Net Surplus (Loss) is \$7,574,460 compared to a budgeted Surplus (Loss) of \$1,034,866. The District is exceeding its budget YTD by \$6,539,594.

Acute discharges were 166 for the month, slightly exceeding budget by 2 discharges or 1%. The ADC was 16.68 compared to a budget of 17.97. The ALOS was 3.11. The acute I/P gross revenue was under budget by **\$1.3 million** while O/P services gross revenue was **\$4.7 million** or 20% over budget. ER I/P visits were 129 and ER O/P visits were over budget by 310 visits or 17%. The RHCs & Specialty Clinics treated 3,906 (includes 439 visits at the Diabetes Clinic) and 900 visits respectively.

**Other Operating** revenue was slightly under budget by **\$23,638** due mainly to physician collections.

**Operating Expenses** were under budget by **\$110,916** due mainly to variances in: Interest (penalties) exceeding budget by \$190,945 and Registry \$146,603. These overages were offset by Employee Benefits being under budget by \$514,595 (Health Insurance and Sick Leave accounted for \$347,030 and \$98,107 in savings respectively).

**Non-operating Revenue** exceeded budget by **\$48,109** due mainly to higher than budgeted donations.

The SNFs ADC was **88.19** for the month. The Net Surplus (Loss) is **\$325,547** compared to a budget of \$220,746. YTD, the Net Surplus (Loss) is \$2,793,192, exceeding its budget by \$1,230,005.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/24

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE		
	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23
<b>GROSS PATIENT REVENUE:</b>									
ACUTE ROUTINE REVENUE	3,856,434	4,200,275	(343,841)	(8)	3,927,930	32,814,222	(9,730,296)	(30)	30,300,460
SNF ROUTINE REVENUE	2,057,580	2,092,500	(34,920)	(2)	2,132,350	14,512,500	782,968	5	14,432,800
ANCILLARY INPATIENT REVENUE	4,018,365	5,074,077	(1,055,712)	(21)	4,932,843	37,235,290	(9,439,919)	(25)	35,540,246
HOSPITALIST/PEDES I/P REVENUE	210,023	190,834	19,189	10	173,748	1,323,517	(213,424)	(16)	1,309,673
TOTAL GROSS INPATIENT REVENUE	10,142,402	11,557,686	(1,415,284)	(12)	11,166,871	85,885,529	(18,600,672)	(22)	81,583,178
ANCILLARY OUTPATIENT REVENUE	27,941,002	23,232,279	4,708,723	20	23,258,002	167,550,218	21,355,860	13	158,190,525
HOSPITALIST/PEDES O/P REVENUE	81,692	61,400	20,292	33	59,730	425,861	7,831	2	430,996
TOTAL GROSS OUTPATIENT REVENUE	28,022,694	23,293,679	4,729,015	20	23,317,732	167,976,079	21,363,691	13	158,621,521
TOTAL GROSS PATIENT REVENUE	38,165,096	34,851,365	3,313,731	10	34,484,603	253,861,608	2,763,019	1	240,204,700
<b>DEDUCTIONS FROM REVENUE:</b>									
MEDICARE CONTRACTUAL ALLOWANCES	11,233,292	9,976,886	1,256,406	13	9,344,847	73,051,264	(4,215,706)	(6)	70,098,007
MEDI-CAL CONTRACTUAL ALLOWANCES	9,843,477	9,452,178	391,299	4	9,625,389	68,822,863	(531,813)	(1)	60,082,772
BAD DEBT EXPENSE	776,991	389,870	387,121	99	128,865	2,847,945	1,724,202	61	2,490,056
CHARITY CARE	40,879	36,376	4,503	12	45,678	256,020	45,268	17	264,479
OTHER CONTRACTUALS AND ADJUSTMENTS	4,342,167	3,942,064	400,103	10	4,024,386	31,125,117	2,437,607	9	25,200,690
HOSPITALIST/PEDES CONTRACTUAL ALLOW	35,746	12,062	23,684	196	(12,604)	88,175	(39,998)	(45)	76,379
TOTAL DEDUCTIONS FROM REVENUE	26,272,552	23,809,436	2,463,116	10	23,156,560	173,183,337	(580,440)	0	158,212,382
NET PATIENT REVENUE	11,892,544	11,041,929	850,615	8	11,328,043	80,097,831	3,343,459	4	81,992,318
OTHER OPERATING REVENUE	558,861	582,499	(23,638)	(4)	1,010,826	4,077,470	(50,818)	(1)	8,406,861
NET OPERATING REVENUE	12,451,405	11,624,428	826,977	7	12,338,869	84,175,301	3,292,641	4	90,399,180
<b>OPERATING EXPENSES:</b>									
SALARIES & WAGES	4,880,068	4,769,338	110,730	2	4,688,946	32,992,119	(40,047)	0	33,889,643
REGISTRY	362,880	200,000	162,880	81	281,097	1,400,000	655,389	47	3,606,926
EMPLOYEE BENEFITS	1,889,684	2,546,327	(656,644)	(26)	2,316,977	14,279,096	(2,855,972)	(17)	19,497,045
PROFESSIONAL FEES	1,631,360	1,652,446	(21,086)	(1)	1,835,771	11,470,426	3,076	0	11,330,513
SUPPLIES	1,147,096	1,188,604	(41,508)	(4)	1,086,617	7,354,883	(990,578)	(12)	8,713,667
PURCHASED SERVICES	1,097,789	1,093,674	4,115	0	1,183,127	7,585,162	(161,367)	(2)	8,663,927
RENTAL	142,252	131,560	10,692	8	163,794	918,379	37,634	4	1,101,808
DEPRECIATION & AMORT	310,541	320,781	(10,240)	(3)	329,248	2,245,431	33,510	2	2,265,909
INTEREST	216,362	25,417	190,945	751	13,171	177,919	227,770	128	44,784
OTHER	470,274	436,401	33,873	8	457,584	3,028,180	(72,228)	(2)	3,074,577
TOTAL EXPENSES	12,148,305	12,364,548	(216,243)	(2)	12,356,331	85,295,079	(3,162,813)	(4)	92,188,797
NET OPERATING INCOME (LOSS)	303,100	(740,120)	1,043,220	(141)	(17,463)	(1,119,778)	6,455,454	(577)	(1,789,618)

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/24

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	49,966	5,000	44,966	899	214,315	196,488	135,000	61,488	46	373,527
PROPERTY TAX REVENUE	205,711	205,711	0	0	195,915	1,439,977	1,439,974	3	0	1,371,405
GO BOND PROP TAXES	170,388	170,388	0	0	164,964	1,192,714	1,192,716	(2)	0	1,154,749
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	0	(72,048)	(481,048)	(481,047)	(1)	0	(504,333)
OTHER NON-OPER REVENUE	16,987	13,843	3,144	23	14,223	125,030	96,901	28,129	29	90,149
OTHER NON-OPER EXPENSE	(32,700)	(32,700)	0	0	(69,231)	(230,169)	(228,900)	(1,269)	1	(297,314)
INVESTMENT INCOME	0	0	0	0	1,315	(4,209)	0	(4,209)	0	2,010
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	341,630	293,521	48,109	16	449,454	2,238,784	2,154,644	84,140	4	2,190,193
NET SURPLUS (LOSS)	644,730	(446,599)	1,091,329	(244)	431,991	7,574,460	1,034,866	6,539,594	632	400,576
EBIDA	\$ 886,305	\$ (194,785)	\$ 1,081,090	(555.01)%	\$ 737,553	\$ 9,371,903	\$ 2,797,528	\$ 6,574,375	235.00%	\$ 2,313,382
EBIDA MARGIN	7.12%	(1.68)%	8.79%	(524.78)%	5.98%	10.71%	3.32%	7.39%	222.38%	2.56%
OPERATING MARGIN	2.43%	(6.37)%	8.80%	(138.23)%	(0.14)%	6.10%	(1.33)%	7.43%	(558.55)%	(1.98)%
NET SURPLUS (LOSS) MARGIN	5.18%	(3.84)%	9.02%	(234.77)%	3.50%	8.66%	1.23%	7.43%	604.37%	0.44%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/24

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,856,434	4,200,275	(343,841)	(8)	3,927,930	23,083,926	32,814,222	(9,730,296)	(30)	30,300,460
ANCILLARY INPATIENT REVENUE	3,754,384	4,702,187	(947,803)	(20)	4,459,975	25,680,878	34,633,373	(8,952,495)	(26)	32,684,544
HOSPITALIST I/P REVENUE	210,023	190,834	19,189	10	173,748	1,110,093	1,323,517	(213,424)	(16)	1,309,673
TOTAL GROSS INPATIENT REVENUE	7,820,841	9,093,296	(1,272,455)	(14)	8,561,652	49,874,897	68,771,112	(18,896,215)	(28)	64,294,677
ANCILLARY OUTPATIENT REVENUE	27,941,002	23,232,279	4,708,723	20	23,258,002	188,906,078	167,550,218	21,355,860	13	158,190,525
HOSPITALIST O/P REVENUE	81,692	61,400	20,292	33	59,730	433,692	425,861	7,831	2	430,996
TOTAL GROSS OUTPATIENT REVENUE	28,022,694	23,293,679	4,729,015	20	23,317,732	189,339,770	167,976,079	21,363,691	13	158,621,521
TOTAL GROSS ACUTE PATIENT REVENUE	35,843,535	32,386,975	3,456,560	11	31,879,385	239,214,667	236,747,191	2,467,476	1	222,916,198
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,061,424	9,698,906	1,362,518	14	9,046,742	67,348,357	71,105,180	(3,756,823)	(5)	68,160,810
MEDI-CAL CONTRACTUAL ALLOWANCES	9,771,922	9,343,870	428,052	5	9,455,738	67,212,398	68,071,691	(859,293)	(1)	58,908,759
BAD DEBT EXPENSE	716,099	379,870	336,229	89	91,222	4,667,352	2,777,945	1,889,407	68	2,455,490
CHARITY CARE	40,879	36,376	4,503	12	38,528	311,288	266,020	45,268	17	257,329
OTHER CONTRACTUALS AND ADJUSTMENTS	4,301,282	3,875,104	426,178	11	4,000,734	30,843,248	28,223,110	2,620,138	9	24,828,282
HOSPITALIST/PEDS CONTRACTUAL ALLOW	35,746	12,062	23,684	196	(12,604)	48,177	88,175	(39,998)	(45)	76,379
TOTAL ACUTE DEDUCTIONS FROM REVENUE	25,927,352	23,346,188	2,581,164	11	22,620,360	170,430,819	170,532,121	(101,302)	0	154,687,048
NET ACUTE PATIENT REVENUE	9,916,183	9,040,787	875,396	10	9,259,024	68,783,848	66,215,070	2,568,778	4	68,229,151
OTHER OPERATING REVENUE	568,861	582,499	(23,638)	(4)	1,010,826	4,026,652	4,077,470	(50,818)	(1)	8,406,861
NET ACUTE OPERATING REVENUE	10,475,044	9,623,286	851,758	9	10,269,850	72,810,500	70,292,540	2,517,960	4	76,636,012
OPERATING EXPENSES:										
SALARIES & WAGES	3,923,185	3,829,550	93,635	2	3,783,926	26,249,937	26,470,574	(220,637)	(1)	27,430,236
REGISTRY	313,603	167,000	146,603	88	249,749	1,885,303	1,169,000	716,303	61	3,430,108
EMPLOYEE BENEFITS	1,498,417	2,013,012	(514,595)	(26)	1,839,247	11,007,133	13,475,263	(2,468,131)	(18)	15,410,814
PROFESSIONAL FEES	1,629,150	1,650,109	(20,959)	(1)	1,833,561	11,454,956	11,450,993	3,963	0	11,314,533
SUPPLIES	1,044,776	1,099,246	(54,470)	(5)	1,008,340	6,661,615	7,722,055	(1,060,440)	(14)	8,080,655
PURCHASED SERVICES	1,002,066	986,211	15,855	2	1,128,433	6,839,591	6,839,869	(278)	0	7,937,180
RENTAL	141,233	130,516	10,717	8	163,371	948,929	911,109	37,820	4	1,095,177
DEPRECIATION & AMORT	270,764	281,320	(10,556)	(4)	289,797	2,002,321	1,969,240	33,081	2	1,989,104
INTEREST	216,362	25,417	190,945	751	13,171	405,689	177,919	227,770	128	44,784
OTHER	410,111	378,202	31,909	8	397,623	2,605,296	2,624,503	(19,207)	(1)	2,664,141
TOTAL EXPENSES	10,449,667	10,560,583	(110,916)	(1)	10,707,217	70,060,769	72,810,525	(2,749,756)	(4)	79,396,731
NET OPERATING INCOME (LOSS)	25,377	(937,297)	962,674	(103)	(437,367)	2,749,731	(2,517,985)	5,267,716	(209)	(2,760,719)

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
 HOLLISTER, CA 95023  
 FOR PERIOD 01/31/24

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	49,966	5,000	44,966	899	214,315	196,488	135,000	61,488	46	373,527
PROPERTY TAX REVENUE	174,854	174,854	0	0	166,528	1,223,978	1,223,978	0	0	1,165,696
GO BOND PROP TAXES	170,388	170,388	0	0	164,964	1,192,714	1,192,716	(2)	0	1,154,749
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	0	(72,048)	(481,048)	(481,047)	(1)	0	(504,333)
OTHER NON-OPER REVENUE	16,987	13,843	3,144	23	14,223	125,030	96,901	28,129	29	90,149
OTHER NON-OPER EXPENSE	(25,412)	(25,412)	0	0	(60,888)	(179,155)	(177,884)	(1,271)	1	(238,916)
INVESTMENT INCOME	0	0	0	0	1,315	(4,209)	0	(4,209)	0	2,010
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	318,061	269,952	48,109	18	428,409	2,073,799	1,989,664	84,135	4	2,042,883
NET SURPLUS (LOSS)	343,438	(667,345)	1,010,783	(152)	(8,957)	4,823,530	(528,321)	5,351,851	(1,013)	(717,836)

HAZEL HAWKINS SKILLED NURSING FACILITIES  
HOLLISTER, CA  
FOR PERIOD 01/31/24

	CURRENT MONTH		PRIOR YR		YEAR-TO-DATE				
	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 01/31/24	BUDGET 01/31/24	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/23
GROSS SNF PATIENT REVENUE:									
ROUTINE SNF REVENUE	2,057,580	2,092,500	(34,920)	(2)	15,295,468	14,512,500	782,968	5	14,432,800
ANCILLARY SNF REVENUE	263,981	371,890	(107,909)	(29)	2,114,492	2,601,917	(487,425)	(19)	2,855,702
TOTAL GROSS SNF PATIENT REVENUE	2,321,561	2,464,390	(142,829)	(6)	17,409,960	17,114,417	295,543	2	17,288,502
DEDUCTIONS FROM REVENUE SNF:									
MEDICARE CONTRACTUAL ALLOWANCES	171,868	277,980	(106,112)	(38)	1,487,202	1,946,084	(458,882)	(24)	1,937,198
MEDI-CAL CONTRACTUAL ALLOWANCES	71,555	108,308	(36,753)	(34)	1,078,652	751,172	327,480	44	1,174,013
BAD DEBT EXPENSE	60,892	10,000	50,892	509	(95,205)	70,000	(165,205)	(236)	34,566
CHARITY CARE	0	0	0	0	7,150	0	7,150	0	7,150
OTHER CONTRACTUALS AND ADJUSTMENTS	40,885	66,960	(26,075)	(39)	23,652	464,400	(182,532)	(39)	372,407
TOTAL SNF DEDUCTIONS FROM REVENUE	345,200	463,248	(118,048)	(26)	2,752,518	3,231,656	(479,138)	(15)	3,595,334
NET SNF PATIENT REVENUE	1,976,361	2,001,142	(24,781)	(1)	14,657,442	13,882,761	774,681	6	13,763,168
OTHER OPERATING REVENUE									
NET SNF OPERATING REVENUE	1,976,361	2,001,142	(24,781)	(1)	14,657,442	13,882,761	774,681	6	13,763,168
OPERATING EXPENSES:									
SALARIES & WAGES	936,327	939,788	(3,461)	0	6,673,917	6,521,545	152,372	2	6,459,407
REGISTRY	49,277	33,000	16,277	49	170,087	231,000	(60,913)	(26)	176,819
EMPLOYEE BENEFITS	387,699	533,315	(145,617)	(27)	477,729	3,659,805	(392,792)	(11)	4,086,231
PROFESSIONAL FEES	2,210	2,337	(127)	(5)	15,470	16,357	(887)	(5)	15,980
SUPPLIES	102,189	89,358	12,831	14	78,277	623,406	69,535	11	633,012
PURCHASED SERVICES	95,723	107,463	(11,740)	(11)	54,694	745,303	(169,857)	(23)	726,747
RENTAL	1,019	1,044	(25)	(2)	7,085	7,270	(185)	(3)	6,631
DEPRECIATION	39,778	39,461	317	1	276,620	276,191	429	0	276,804
INTEREST	0	0	0	0	0	0	0	0	0
OTHER	60,163	58,199	1,964	3	59,962	403,677	(53,021)	(13)	410,435
TOTAL EXPENSES	1,674,384	1,803,965	(129,582)	(7)	12,029,235	12,484,554	(455,319)	(4)	12,792,066
NET OPERATING INCOME (LOSS)	301,978	197,177	104,801	53	2,628,207	1,398,207	1,230,000	88	971,102
NON-OPERATING REVENUE/EXPENSE:									
DONATIONS	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	30,857	30,857	0	0	215,999	215,996	3	0	205,709
OTHER NON-OPER EXPENSE	(7,286)	(7,288)	2	0	(8,343)	(51,016)	42,673	0	(58,399)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	23,571	23,569	2	0	164,985	164,980	5	0	147,311
NET SURPLUS (LOSS)	325,547	220,746	104,801	48	2,793,192	1,563,187	1,230,005	79	1,118,412

HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 01/31/24

	CURR MONTH 01/31/24	PRIOR MONTH 12/31/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
CURRENT ASSETS					
CASH & CASH EQUIVALENT	18,691,735	19,141,516	(449,781)	(2)	13,649,396
PATIENT ACCOUNTS RECEIVABLE	67,464,984	62,620,823	4,844,160	8	51,674,982
BAD DEBT ALLOWANCE	(7,583,417)	(7,080,605)	(502,812)	7	(5,227,791)
CONTRACTUAL RESERVES	(44,059,682)	(39,903,437)	(4,156,246)	10	(32,708,039)
OTHER RECEIVABLES	9,721,833	8,507,773	1,214,060	14	8,381,301
INVENTORIES	4,045,397	3,991,556	53,842	1	4,057,813
PREPAID EXPENSES	2,079,436	2,688,418	(608,982)	(23)	2,042,543
DUE TO/FROM THIRD PARTIES	1,978,192	1,978,192	0	0	2,784,747
TOTAL CURRENT ASSETS	<u>52,338,478</u>	<u>51,944,236</u>	<u>394,242</u>	<u>1</u>	<u>44,654,951</u>
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	6,366,795	6,099,974	266,821	4	3,825,798
TOTAL LIMITED USE ASSETS	<u>6,366,795</u>	<u>6,099,974</u>	<u>266,821</u>	<u>4</u>	<u>3,825,798</u>
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,370,474
BLDGS & BLDG IMPROVEMENTS	100,098,374	100,098,374	0	0	100,098,374
EQUIPMENT	43,918,877	43,821,068	97,809	0	43,302,208
CONSTRUCTION IN PROGRESS	977,711	956,198	21,513	2	880,124
CAPITALIZED INTEREST	0	0	0	(100)	0
GROSS PROPERTY, PLANT, AND EQUIPMENT	148,365,435	148,246,114	119,322	0	147,651,180
ACCUMULATED DEPRECIATION	(92,738,245)	(92,413,121)	(325,124)	0	(90,362,507)
NET PROPERTY, PLANT, AND EQUIPMENT	<u>55,627,190</u>	<u>55,832,992</u>	<u>(205,802)</u>	<u>0</u>	<u>57,288,673</u>
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	428,502	434,573	(6,071)	(1)	470,999
PENSION DEFERRED OUTFLOWS NET	18,285,289	18,285,289	0	0	18,285,289
TOTAL OTHER ASSETS	<u>18,713,791</u>	<u>18,719,862</u>	<u>(6,071)</u>	<u>0</u>	<u>18,756,288</u>
TOTAL UNRESTRICTED ASSETS	<u>133,046,254</u>	<u>132,597,065</u>	<u>449,189</u>	<u>0</u>	<u>124,525,709</u>
RESTRICTED ASSETS	<u>40,127</u>	<u>67,051</u>	<u>(26,924)</u>	<u>(40)</u>	<u>125,193</u>
TOTAL ASSETS	133,086,381	132,664,116	422,266	0	124,650,902

HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 01/31/24

	CURR MONTH 01/31/24	PRIOR MONTH 12/31/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	5,646,697	6,008,135	361,438	(6)	4,938,613
ACCRUED PAYROLL	5,031,789	4,431,134	(600,654)	14	3,345,253
ACCRUED PAYROLL TAXES	1,583,772	1,541,062	(42,710)	3	1,497,221
ACCRUED BENEFITS	6,155,666	6,345,005	189,339	(3)	6,051,228
ACCRUED PENSION (CURRENT)	4,956,003	4,956,003	0	0	5,061,807
OTHER ACCRUED EXPENSES	79,023	71,559	(7,463)	10	84,460
PATIENT REFUNDS PAYABLE	7,244	1,310	(5,934)	453	961
DUE TO\FROM THIRD PARTIES	(1,506,719)	(1,084,412)	422,307	39	196,789
OTHER CURRENT LIABILITIES	3,518,803	3,362,789	(156,014)	5	3,132,834
TOTAL CURRENT LIABILITIES	<u>25,472,277</u>	<u>25,632,585</u>	<u>160,309</u>	<u>(1)</u>	<u>24,309,166</u>
LONG-TERM DEBT					
LEASES PAYABLE	5,476,119	5,482,831	6,712	0	5,529,504
BONDS PAYABLE	34,584,721	34,613,241	28,520	0	34,784,361
TOTAL LONG TERM DEBT	<u>40,060,840</u>	<u>40,096,072</u>	<u>35,232</u>	<u>0</u>	<u>40,313,865</u>
OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	36,485,864	36,485,864	0	0	36,485,864
TOTAL OTHER LONG-TERM LIABILITIES	<u>36,485,864</u>	<u>36,485,864</u>	<u>0</u>	<u>0</u>	<u>36,485,864</u>
TOTAL LIABILITIES	102,018,980	102,214,521	195,541	0	101,108,895
NET ASSETS:					
UNRESTRICTED FUND BALANCE	23,376,814	23,376,814	0	0	23,376,814
RESTRICTED FUND BALANCE	116,127	143,051	26,924	(19)	165,193
NET REVENUE/(EXPENSES)	7,574,460	6,929,729	(644,730)	9	0
TOTAL NET ASSETS	<u>31,067,401</u>	<u>30,449,595</u>	<u>(617,806)</u>	<u>2</u>	<u>23,542,007</u>
TOTAL LIABILITIES AND NET ASSETS	<u>133,086,381</u>	<u>132,664,116</u>	<u>(422,266)</u>	<u>0</u>	<u>124,650,902</u>

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	17.97	16.68	14.69	18.68
Average Daily Census - SNF	90.00	88.19	93.44	90.00
Acute Length of Stay	3.40	3.11	2.99	2.97
<b>ER Visits:</b>				
Inpatient	163	129	800	1,174
Outpatient	1,810	2,120	14,414	13,986
Total	1,973	2,249	15,214	15,160
Days in Accounts Receivable	45.0	56.2	56.2	45.0
Productive Full-Time Equivalents	500.90	484.06	477.54	500.90
Net Patient Revenue	11,041,929	11,892,544	83,441,290	80,097,831
Payment-to-Charge Ratio	31.7%	31.2%	32.5%	31.6%
Medicare Traditional Payor Mix	30.56%	28.93%	26.53%	30.39%
Commercial Payor Mix	21.20%	22.21%	23.48%	21.48%
Bad Debt % of Gross Revenue	1.12%	2.05%	1.79%	1.12%
EBIDA	-194,785	886,305	9,371,903	2,797,528
EBIDA %	-1.68%	7.12%	10.71%	3.32%
Operating Margin	-6.37%	2.43%	6.10%	-1.33%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	64.65%	57.28%	56.35%	61.21%
by Total Operating Expense	60.78%	58.71%	60.01%	60.41%
<b>Bond Covenants:</b>				
Debt Service Ratio	1.25	8.50	8.50	1.25
Current Ratio	1.50	2.05	2.05	1.50
Days Cash on hand	30.00	50.18	50.18	30.00
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

**Statement of Cash Flows**  
**Hazel Hawkins Memorial Hospital**  
**Hollister, CA**  
**Three months ending January 31, 2024**

	CASH FLOW		COMMENTS
	Current Month 1/31/2024	Current Year-To-Date 1/31/2024	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income (Loss)	\$644,730	\$7,574,460	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	325,124	2,375,743	
(Increase)/Decrease in Net Patient Accounts Receivable	(185,104)	(2,082,734)	
(Increase)/Decrease in Other Receivables	(1,214,060)	(1,345,533)	
(Increase)/Decrease in Inventories	(53,842)	12,415	
(Increase)/Decrease in Pre-Paid Expenses	608,982	(36,894)	
(Increase)/Decrease in Due From Third Parties	0	806,555	
Increase/(Decrease) in Accounts Payable	(361,438)	708,088	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	454,026	1,771,716	
Increase/(Decrease) in Accrued Expenses	7,463	(5,439)	
Increase/(Decrease) in Patient Refunds Payable	5,934	6,282	
Increase/(Decrease) in Third Party Advances/Liabilities	(422,307)	(1,703,508)	
Increase/(Decrease) in Other Current Liabilities	156,014	385,969	
<b>Net Cash Provided by Operating Activities:</b>	<b>(679,208)</b>	<b>892,660</b>	Semi-Annual Interest - 2021 Insured Revenue Bonds
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Property, Plant and Equipment	(119,322)	(714,257)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(266,821)	(2,540,997)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,071	42,497	Amortization
<b>Net Cash Used by Investing Activities</b>	<b>(380,072)</b>	<b>(3,212,757)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase/(Decrease) in Capital Lease Debt	(6,712)	(53,385)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(199,640)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	Refinancing of 2013 Bonds with 2021 Bonds
<b>Net Cash Used for Financing Activities</b>	<b>(35,232)</b>	<b>(253,025)</b>	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	<b>0</b>	<b>41,000</b>	
<b>Net Increase/(Decrease) in Cash</b>	<b>(449,782)</b>	<b>5,042,338</b>	
Cash, Beginning of Period	19,141,516	13,649,396	
<b>Cash, End of Period</b>	<b>\$18,691,734</b>	<b>\$18,691,734</b>	\$0

**\$372,475**

50.18

Cost per day to run the District

Operational Days Cash on Hand

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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Budgeted Gross Revenue	38,236,593	38,468,812	35,049,053	34,999,737	35,870,267	36,385,781	34,851,365	32,060,010	36,752,432	35,946,200	39,112,090	38,876,681	436,609,021
Budgeted Bad Debt Expense	429,889	432,423	393,214	391,626	402,993	407,930	389,870	358,975	412,378	403,932	440,170	438,441	4,901,841
BD Exp as a percent of Gross Revenue	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.13%	1.13%	1.12%
Actual Gross Revenue	34,381,757	36,309,479	36,251,934	37,061,367	36,004,686	37,198,238	37,873,381	-	-	-	-	-	255,080,842
Actual Bad Debt Expense	712,509	663,649	543,514	751,015	695,471	428,999	776,991	-	-	-	-	-	4,572,148
BD Exp as a percent of Gross Revenue	2.07%	1.83%	1.50%	2.03%	1.93%	1.15%	2.05%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1.79%
Budgeted YTD BD Exp	2,847,945	1.12%											266,020
Actual YTD BD Exp	4,572,148	1.79%											311,288
Amount under (over) budget	(1,724,203)	-0.67%											(45,268)
Prior Year percent of Gross Revenue	1.15%												0.12%
Percent of Decrease (Inc) from Prior Year	-55.9%												

Hazel Hawkins Memorial Hospital  
 IRS Employer FICA Liability  
 As of January 31, 2024

Tax Quarter Ending:	Principal	Penalty	Interest	Total
- June 30, 2020 *	433,710.08	43,371.01	32,889.68	509,970.77
- September 30, 2020	380,982.06	38,098.21	26,073.55	445,153.82
- December 31, 2020	329,268.86	32,926.87	25,270.56	387,466.29
Totals	1,143,961.00	114,396.09	84,233.78	1,342,590.87

\* Estimate of Interest pending.

**High-Level Price Estimate - Securitas Healthcare Hugs® Infant Protection**

Client: **Hazel Hawkins Memorial Hospital**  
 Account Number: 1430763  
 Project Number: 447611

Estimate Number: 447611-89731  
 Date: January 31, 2024  
 Valid Until: April 30, 2024

**Contact Information**

**Hazel Hawkins Memorial Hospital**  
 Name: **Doug Mays**  
 Title: **Sr. Director of Support Services**  
 Phone: **831-636-2634**  
 Email: **dmays@hazelhawkins.com**

**Securitas Healthcare**  
 Name: **Stephanie Paustian**  
 Title: **Client Executive**  
 Phone: **530-300-6118**  
 Email: **stephanie.paustian@securitashealthcare.com**

**Address**

Street: **911 Sunset Drive**  
 City, St: **Hollister, California 95023**

**Use Case Detail**

**Securitas Healthcare Hugs® Infant Protection**

The **Hugs Infant Protection - Enterprise Coverage** solution leverages Wi-Fi (802.11) technology to protect Infants throughout the hospital, combined with the powerful MobileView software platform to manage Infants, alerts, and day-to-day tasks. When an Infant Tag detects that it is within range of an intelligent Door Controller located at a doorway, it sends a signal through the data network to the MobileView software application. If the application determines that an "unsafe" condition is present, a security alarm is transmitted. The application can provide a programmable, audible announcement of each alarm that can only be cancelled by password-authorized staff. Door Controllers are capable of monitoring door contacts for door open alarms and can activate magnetic door locks and other security monitoring devices, even if offline from the network.

Deployment Type:	<b>New Business</b>	New Construction:	<b>No</b>
High Availability:	<b>No</b>	Planning Coverage Period:	<b>N/A</b> months
Facilities:	<b>1</b>		
Units:	<b>2</b>	Avg Unit Size:	<b>Medium</b>
Total Licensed Beds:	<b>20</b>	Total Coverage:	<b>60,000</b> sq ft
Protected Tag:	<b>Hugs w/BabySense</b>		
Kisses® Support:	<b>No</b>		
Staff:	<b>65</b>	Discount Level / GPO:	<b>MSRP</b>
Protected Exits:	<b>9</b>		

**Price Estimate**

*Price Estimate Tool Version: v1.3.1*

Includes the purchase, installation and ongoing annual support for the Infant or Patient Protection solution.

<b>SECURITAS PRODUCT &amp; SERVICES</b>	<b>MSRP</b>	<b>DISC/LIMITED</b>
Securitas Product Price:	<b>\$98,840</b>	to <b>\$98,840</b>
Use case Service Price:	<b>\$70,520</b>	to <b>\$70,520</b>
Annual Software Support Price:	<b>\$11,260</b>	to <b>\$11,260</b>
<b>Subtotal:</b>	<b>\$180,620</b>	to <b>\$180,620</b>
<b>SECURITY PRODUCT &amp; SERVICES</b>	<b>FULL</b>	<b>LIMITED <i>Required Equipment</i></b>
Security Equipment & Service Price*:	<b>\$146,250</b>	to <b>\$73,125 <i>Door-Strobe-Alarm Security</i></b>
California OSHPD Submittal Assistance:	<b>\$26,815</b>	to <b>\$19,500</b>
Annual Onsite Support Price*:	<b>\$17,190</b>	to <b>\$13,755</b>
<b>Subtotal:</b>	<b>\$190,255</b>	to <b>\$106,380</b>
<b>Total:</b>	<b>\$370,875</b>	<b>\$287,000</b> ✓ <b>CURRENCY= USD</b>

\* Associated costs will vary per existing conditions, location, local and regional codes, and accessibility



Estimate Number: 447611-89731

This estimated pricing is based on the following product and service assumptions and exclusions.

**Assumptions**

**Product**

- INCLUDES Hugs Infant Protection Tags and Accessories
- INCLUDES Securitas Door Controllers and LF Exciters
- INCLUDES Hugs Infant Protection MobileView software licenses
- INCLUDES Low Voltage peripherals (magnetic locks, sounders, strobes, head end, door contacts, etc.)

**Services**

- INCLUDES Low Voltage peripheral installation services (install, config, tuning, testing)
- INCLUDES AeroScout® Infrastructure installation services (install, config, optimization, tuning, testing)
- INCLUDES Hugs MobileView system configuration services (install, config, tuning, testing)
- INCLUDES Clinical planning, training and go live services
- INCLUDES Project Management services and oversight

**Support**

- INCLUDES First Year onsite support and MobileView software support and maintenance services

**General**

- Securitas Wi-Fi Evaluation was NOT performed to qualify coverage for Hugs/ Patient Protection
- Site Visits were NOT PERFORMED to validate Door Controller and Exciter design and placement
- REQUIRES Remote Access to Application Servers for remote configuration services
- ALL ASPECTS of this project are expected to deploy as one contiguous effort
- All pricing is based on MSRP Discounting Tiers

**Exclusions**

**Infrastructure**

- EXCLUDES Door Controller and Exciter Cat 5e/6 cabling and cabling installation (9 req'd)
- EXCLUDES Door Controller and Exciter POE Ethernet Switch ports (9 req'd)
- EXCLUDES Door Controller and Exciter POE patch cables (18 req'd)
- EXCLUDES Door Controller and Remote Antenna chaining cables and cabling installation (9 req'd)
- EXCLUDES Access Control System and Elevator Control cabling, interfacing and associated programming
- EXCLUDES Head End 110 VAC circuit installation for DC power supply (when needed)

**Permits**

- EXCLUDES CA HCAI (formerly OSHPD) application and recertification costs
- EXCLUDES permit and license fees, and approval submissions (these costs vary per region, job)
- EXCLUDES removal of abandoned wiring and devices from legacy Infant Protection System

**IT Hardware and Software**

- EXCLUDES ALL workstation and server hardware and operating system and MS SQL software
- EXCLUDES ALL MobileView Integrations
- EXCLUDES Wi-Fi Access Points, Wi-Fi Controllers and AP License fees (Client responsibility)
- EXCLUDES Load Balancer required for server High Availability operation (Client responsibility)

4600 Vine Street  
Lincoln, NE 68503  
+1 888 622 8992

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[info@securitashealthcare.com](mailto:info@securitashealthcare.com)

International  
[global@securitashealthcare.com](mailto:global@securitashealthcare.com)

**About Securitas Healthcare**

Securitas Healthcare empowers caregivers to deliver connected, productive and safe care. Its innovative portfolio of healthcare solutions helps over 15,000 hospitals, clinics and senior living organizations worldwide protect people, use assets efficiently and understand their operations for a caring and healing environment. Securitas Healthcare is proud to be part of Securitas, the world's leading intelligent protective services partner.

For more information, visit us at [securitashealthcare.com](http://securitashealthcare.com)

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## 5 Server Requirements

The STANLEY Healthcare AeroScout® RTLS solution(s) employ a number of server-based software applications and integrations. This section details the requirements for each of the new software products included in this solution design.

*The customer is responsible for providing all workstation and server hardware and operating system software.*

### 5.1 AeroScout Location Engine Requirements

#### 5.1.1 Cisco Wi-Fi

The Cisco MSE 8.0 and CMX Wi-Fi network location platform supports a stand-alone AeroScout Location Engine deployed under a VMware OVA distribution. This distribution easily imports onto a VMware server and employs a preinstalled Ubuntu Linux operating system and AeroScout Location Engine software. The following is the minimum server requirement for the Location Engine Server. STANLEY Healthcare will provide the OVA file.

Cisco MSE 8.0 Standalone AeroScout Location Engine (v5.5) – VMware Virtual Server				
Operating System	Hard Disk Size	vCPU (2.0 GHz/CPU.min)	RAM	LAN
Ubuntu 12.04 LTS	200 GB	2 Cores/CPU	4 GB	1 Gbps

#### 5.1.2 AeroScout Engine Manager

The AeroScout Location Engine is managed and controlled with the AeroScout Engine Manager. This application can be installed on a Windows Server, Windows 7 or Windows 8 platform with at least 50 GB of local HDD storage that meets the following requirements:

AeroScout Engine Manager Application (v5.5)				
Operating System	Hard Disk Size	vCPU (2.0 GHz/CPU.min)	RAM	LAN
Windows Server 2012 Standard Windows Server 2012 R2 Standard Windows Server 2012 R2 Datacenter Windows Server 2012 R2 Datacenter with Storage Spaces Windows Server 2012 R2 Datacenter with Storage Spaces and BitLocker Windows Server 2012 R2 Datacenter with Storage Spaces and BitLocker and Hyper-V Windows Server 2012 R2 Datacenter with Storage Spaces and BitLocker and Hyper-V and RemoteFX	50 GB	2 Cores/CPU	6 GB	100 Mbps

### 5.2 MobileView Application Server Requirements

The MobileView application supports two different server platforms, one on dedicated physical server hardware and the other on the VMware virtual server platform. The application performs equally well in either environment so long as the associated requirements are met. The following table outlines the MobileView requirements when deployed on dedicated physical server hardware.

MobileView Server (v5.5) – Physical Hardware			
Size	Operating System	vCPU/CPU (1.5 GHz min)	RAM
Small	Windows Server 2012 (Standard)	2 Cores	12 GB
Medium	Windows Server 2012 (Standard)	4 Cores	12 GB
Extra Large	Windows Server 2012 (Standard)	8 Cores	26 GB

At least 100 GB of HDD space should be allocated for the Operating System partition to support the OS, MobileView application models, and leave sufficient space for log files.

The following table outlines the MobileView requirements when deployed on a VMware virtual server. MobileView supports operation under VMware ESXi server version 4.1 and above. MobileView requires that VM server resource reservation be employed on the virtual image to prevent undesirable resource allocation contention. Without VM resource reservation the MobileView application can suffer from processor or memory resource allocation delays resulting in undesirable event performance, poor User Interface response, and location report loss or error.

MobileView Server (v5.5) – VMWare Virtual Server Instance			
Size	Operating System	vCPU/CPU (1.5 GHz min)	RAM
Small	Windows Server 2012 (Standard)	2 Cores Reserved	12 GB Reserved
Medium	Windows Server 2012 (Standard)	4 Cores (2 of 4 Reserved)	12 GB Reserved
Extra Large	Windows Server 2012 (Standard)	8 Cores Reserved	26 GB Reserved

At least 100 GB of HDD space should be allocated for the Operating System partition to support the OS, MobileView application models, and leave sufficient space for log files.

#### 5.2.1 MobileView Database Server Requirements

The MobileView application requires a separate database server in all but the very smallest of solution deployments. These servers can be deployed on dedicated physical hardware, or on clustered VMware virtual server environments under controlled circumstances. MobileView's use of the database is very transactional, intolerant of database access delays, imposing certain restrictions on the virtual environments supporting them.

Often the MobileView database is created as a schema instance within an existing database server environment and is not always deployed as a stand-alone instance. For this reason the actual database server requirements may greatly exceed the MobileView database requirements listed below, but these requirements attempt to indicate the relative performance loading or overhead required for the application.

The following server requirements are fully supported for physical server hardware deployments. While we could attempt to recommend minimum hard disk storage platform configurations, the high-capacity, high-speed storage environments typically employed for these systems can vary widely in interface, throughput, read/write access rates, but the RAID, SAN and NAS platforms deployed today more than meet the storage requirements.

MobileView Database Server (v5.5) – Physical Hardware					
Size	Database Platform	vCPU/CPU (2.0 GHz:min)	RAM	Database HDD	LAN (min)
Small	SQL Server 2016 SP2 (Enterprise)	2 Cores	8 GB		
Medium	SQL Server 2016 SP2 (Enterprise)	2 Cores	8 GB	53 GB	
Extra Large	SQL Server 2016 SP2 (Enterprise)	2 Cores	32 GB		100 Mbps

\* It is highly recommended to upgrade to SQL Server 2016 SP2 and above, before upgrading MobileView, to take advantage of SP2's partitioning logic. Note: We encountered performance issues during the upgrade when running MobileView on SQL Server 2016 SP1 Standard. To prevent this issue from arising, we recommend the use of SQL Server 2016 SP2 and above which has a more stable partitioning logic

As noted above the MobileView database can be deployed in some instances without concern in Small to Medium server environments so long as the database server meets the minimum resource requirements defined below with an IOP capacity (input/output operations per second) exceeding 600 IOP's guaranteed. Large and Extra-Large database environments will require the review/ approval from STANLEY Technical Services before proceeding with the installation.

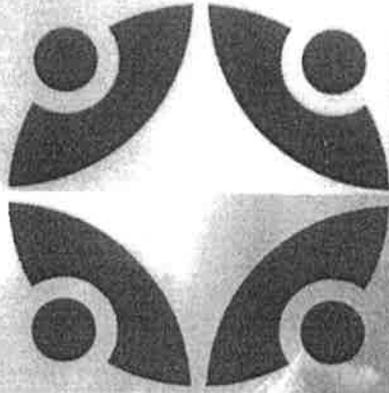
MobileView Database (v5.5) – Clustered Database on Virtual Server Platform					
Size	Database Platform	vCPU/CPU (2.0 GHz:min)	RAM	Database HDD	LAN (min)
Small	SQL Server 2016 SP2 (Enterprise)	2 Cores Reserved	8 GB Reserved		
Medium	SQL Server 2016 SP2 (Enterprise)	4 Cores (2 of 4 Reserved)	8 GB Reserved	53 GB	
Extra Large	SQL Server 2016 SP2 (Enterprise)	8 Cores Reserved	32 GB Reserved		100 Mbps

\* It is highly recommended to upgrade to SQL Server 2016 SP2 and above, before upgrading MobileView, to take advantage of SP2's partitioning logic. Note: We encountered performance issues during the upgrade when running MobileView on SQL Server 2016 SP1 Standard. To prevent this issue from arising, we recommend the use of SQL Server 2016 SP2 and above which has a more stable partitioning logic

The customer is responsible for providing all required SQL Server software and licensing



Hazel Hawkins  
MEMORIAL HOSPITAL



# Clearwater ClearAdvantage®

Cybersecurity and Compliance Program

Hazel Hawkins Memorial Hospital

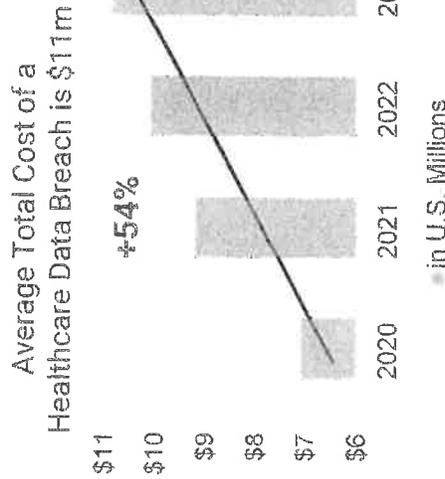
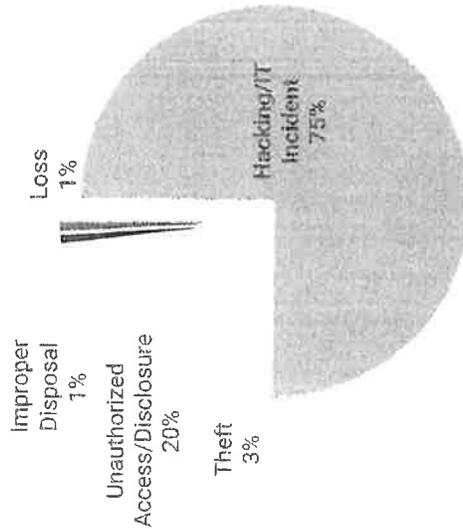
March 28, 2024

# Threats to Healthcare Continue to Grow

211 Actors Targeting US Industries

113 Actors Targeting US Healthcare Industry

Source: Mandiant Threat Intelligence Jan 17, 2024



- 75% of all breaches are from hacking and represent 83% of all breached records LTM 7/31<sup>1</sup>
- For 13 years the Healthcare industry has the highest average cost of a breach, now \$10.9M<sup>2</sup>
- \$15M-\$100M is the average cost of a ransomware attack in US Healthcare Industry<sup>3</sup>
- Phishing/Social Engineering and Ransomware are the top two cybersecurity threats to Healthcare 2022 - HISAC<sup>4</sup>
- 55% of healthcare organizations have suffered a third-party breach in last year.<sup>5</sup>

<sup>1</sup> U.S. Department of Health and Human Services Office for Civil Rights, Breach Portal, Notice of the Secretary of HHS Breach of Unsecured Protected Health Information  
<sup>2</sup> Data Breach Review 2022 (Ponemon)  
<sup>3</sup> BreachScan, Inc. Great Expectations: Healthcare Mastering the Digital Report  
<sup>4</sup> 2022 Health Industry Cybersecurity Practices, Managing Threats and Protecting Privacy  
<sup>5</sup> 55% of Healthcare Organizations Suffered a Third-Party Data Breach in the Past Year (Bluebird)



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# Current vs. Future State

## Current State

Hazel Hawkins is 25-bed community hospital serving San Benito County

Security resources and funding have been limited for Hazel Hawkins due to slim department spending margins and the current potential acquisition status

System tools at the organization don't seem to talk to each other

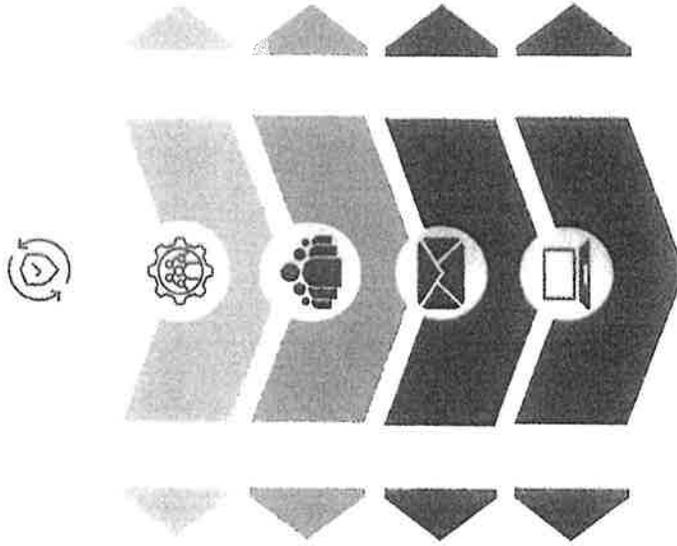
There is currently no logging tool to help with a more systematic approach and overall view and protection within the network

## Future State

Outsourced SOC services monitor the entire IT infrastructure 24/7 to detect cybersecurity events in real-time and address them quickly and as effectively as possible.

Hazel Hawkins has improved security effectiveness while staying ahead of threats and maintaining a good reputation so that the organization can continue to focus on patient care.

Long term, there is a defined cybersecurity strategy that includes annual risk assessments, remediation, and technical testing to be compliant with key HIPAA standards.

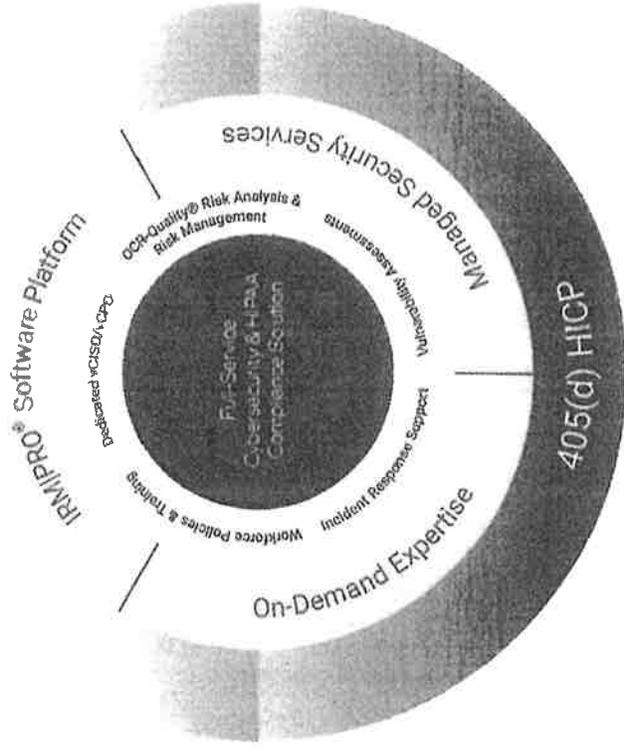


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# The ClearAdvantage® Managed Services Program

- An effective solution to the cybersecurity & HIPAA compliance program challenge
- Executed over a multi-year period and aligned to your strategic objectives, priorities, and resources.
- Developed in collaboration with our clients to design, implement, and operate a cybersecurity and HIPAA compliance program that is:
  - Reasonable and appropriate for your unique organization
  - Aligned with and facilitates your business's strategic goals and objectives
  - Far less expensive than building it yourself



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# Why ClearAdvantage®?

- Reach “mature, reasonable, and appropriate” faster while you effectively deliver care
- Align your cybersecurity strategy with your business strategy
- Reduce the risk of adverse clinical outcomes and potential HIPAA violations/penalties simultaneously
- Make better decisions because you're informed of your cyber risk
- Avoid cyber events and recover when necessary faster, with less impact
- 2-4x ROI over traditional approaches
- Stand out as a leader in the industry



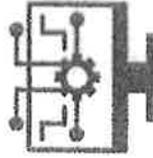
24x7x365 Managed  
Threat Detection &  
Response



Expert  
Consultants



Proven  
Methodology

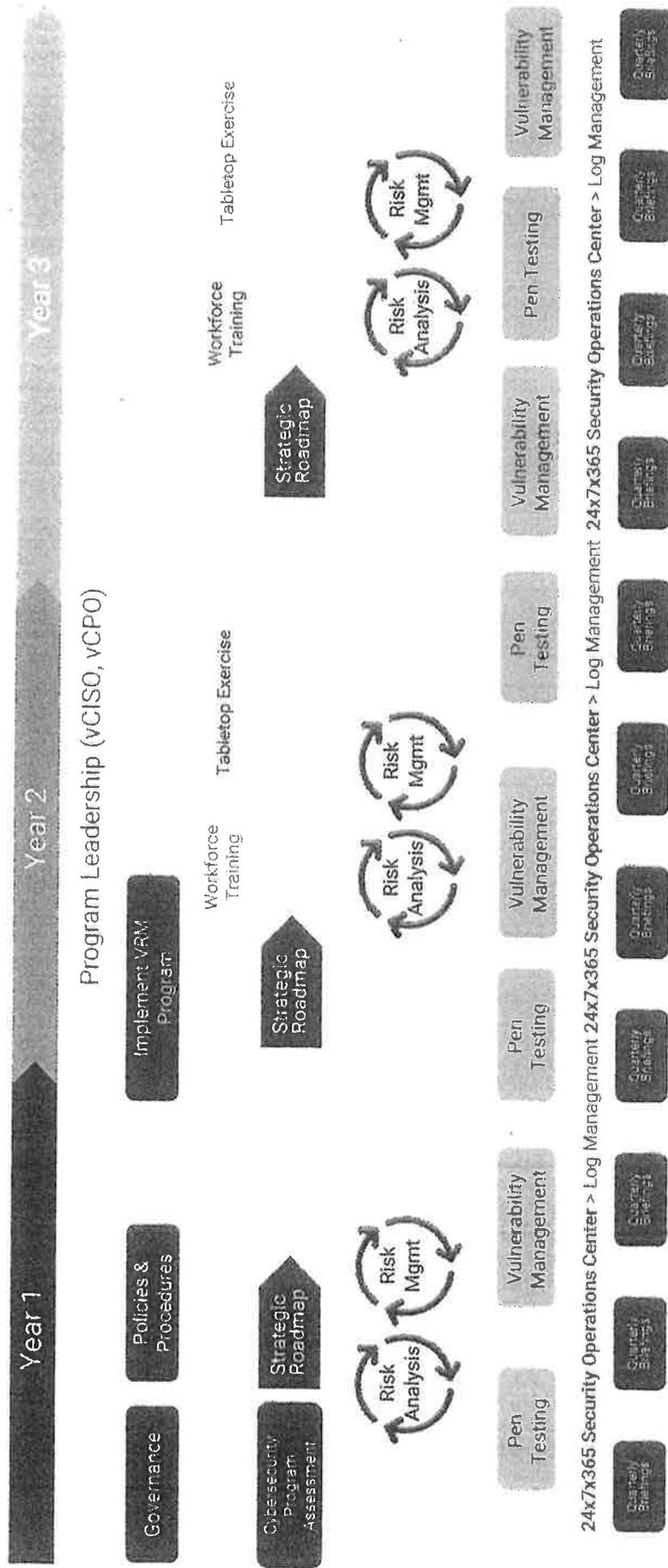


IRM|Pro®  
Software



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# Illustrative project timeline



24x7x365 Security Operations Center > Log Management 24x7x365 Security Operations Center > Log Management 24x7x365 Security Operations Center > Log Management

Program Management  
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Functional Area	Program Components	Project
Program Leadership	VCISO	✓
	On Demand Access to SMEs	✓
Planning	HICP 405(d) Small Organization Assessment	✓
	Strategic Roadmap/Tactical Work Plans	✓
Governance	Establish Program Governance	✓
	Policies, Procedures, Standards and Guidance	✓
Risk Management	OCR-Quality Risk Analysis	✓
	Risk Response/Management	✓
Managed Threat Detection & Response	Establish Vendor Risk Management Program	✓
	Vendor Security Management Service	✓
Personnel and External Relationships	Vulnerability Management	✓
	Endpoint Detection and Response	✓
Emergency Operations & Incident Management	Log Management	✓
	24x7x365 SOC	✓
Security Engineering	Firewall Management	✓
	Workforce Training (HIPAA, Security Awareness)	✓
Security Engineering	Social Engineering/Phishing Assessment	✓
	3rd Party Relationship Management (e.g., law enforcement)	✓
Security Engineering	Incident Response Plan	✓
	Business Impact Assessment	✓
Security Engineering	Tabletop Exercise	✓
	Business Continuity/Disaster Recovery Planning	✓
Security Engineering	Cloud Infrastructure Assessment and Design	✓
	On-Premise Network Assessment and Design	✓
Security Engineering	Pen Testing (Internal/Assumed Breach, External)	✓
		✓

Subtotal ClearAdvantage Base Monthly Fee: \$29,007  
Less Courtesy Discount: (\$6,837)  
ClearAdvantage Monthly Fee: \$22,350

Above fees are valid until midnight on April 1, 2024



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# The Value Of ClearAdvantage

## Protect People

Protects your patients and staff from disruption of services and breaches of privacy.

## Reduce Risk

Avoid unnecessary breaches and associated costs (investigation, response, communications, litigation, customer loss, and the potential monetary penalties and settlements for HIPAA non-compliance).

## Save Time & Money

Save both time and money over trying to build the program yourself or contracting with multiple vendors.

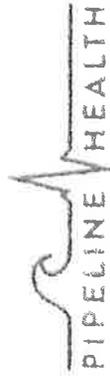


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# Extensive Experience in the Hospital and Health System Sector



Lucile Packard  
Children's Hospital  
Stanford



Martin Luther King, Jr.  
Community Hospital



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**Statement of Work #2**  
**Clearwater's ClearAdvantage® Program**

This Statement of Work #2 ("SOW") is appended to and made a part of the Master Services Agreement entered into between **Hazel Hawkins Memorial Hospital** ("Client"), and **Clearwater Security & Compliance LLC** ("Clearwater") dated **February 29, 2024** ("Agreement"). Except as specifically agreed herein, the terms of the Agreement, shall apply to the Services provided under this SOW.

### **Scope of Work**

#### **Rationale:**

The cybersecurity threat surface and potential vulnerabilities are increasing rapidly, especially for healthcare organizations. The likelihood of a cyberattack, and the level of harm a breach or ransomware event could cause, has become much larger, resulting in significant business risk for the organization. A ransomware attack or breach not only impacts the ability for an organization to deliver services to its patient care, but may also result in regulatory scrutiny, reputational damage, and unplanned expenses. Robust and scalable information privacy and security regulatory compliance and cyber risk management programs to protect the confidentiality, integrity, and availability of its sensitive information can be mission critical for a healthcare organization to achieve its strategic growth objectives and protect enterprise value. Building and executing such programs requires strong leadership, domain expertise, an industry standards-based approach and a broad set of skills, knowledge, and experience. Accomplishing this objective with internal resources is challenging and may distract management's attention from its strategic initiatives.

This engagement is a **three-year program** (the "Program") during which Clearwater and Client will work together to establish, implement, and mature Client's cybersecurity, cyber risk management and HIPAA compliance programs. Together, Client and Clearwater will work to safeguard the privacy and security of electronic protected health information ("ePHI") and other sensitive information held for Client's patients, secure its business operations, reduce business risk, and facilitate Client's satisfaction of various information privacy and security compliance requirements. By providing a virtual Chief Information Security Officer ("vCISO"), Clearwater will eliminate the inherent need for Client to hire a Security Officer, as required in particular by HIPAA regulations at 45 CFR § 164.308(a)(1), to build out and maintain such programs internally. Additionally, the holistic Program will address numerous critical activities Client would otherwise likely need to source separately.

The Security Rule sets out an explicit requirement for risk analysis and risk management at 45 CFR §164.308(a)(1)(ii) ongoing:

- (A) *Risk analysis (Required). Conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of electronic protected health information held by the covered entity or business associate.*
- (B) *Risk management (Required). Implement security measures sufficient to reduce risks and vulnerabilities to a reasonable and appropriate level to comply with § 164.306(a).*

Unlike the Security Rule, there is no explicit HIPAA requirement that organizations complete a periodic evaluation

of either the Privacy or the Breach Notification Rules. However, it is important to note that both the HIPAA Privacy and Breach Notification Rules apply to *all* protected health information (“PHI”) whether electronic, paper or in any format. Due to the magnitude of applicable sanctions and penalties associated with non-compliance with both Rules, it is good business practice to implement a rigorous, periodic assessment of the organization’s compliance with both the HIPAA Privacy and Breach Notification Rules.

The completion of this Program will facilitate Client’s satisfaction of all the above specific requirements established in the HIPAA Security Rule, over a period of a minimum of three years. Perhaps more importantly, the Program will facilitate Client’s provision of reasonable assurances to its patients of its compliance with all requisite regulations/standards, and of the safeguards it has in place to protect the confidentiality, integrity, and availability of ePHI, and other sensitive information entrusted to it.

### **Scope Boundaries:**

Clearwater will provide Client with overall Program leadership and management, guidance, and support for its cybersecurity risk management (“CRM”) Program and will utilize its proprietary Clearwater IRM|Analysis® Software and its proven effective tools, methodology and processes over the three-year Program period. Clearwater’s Software and methodologies are based on careful study of the HIPAA Security Rule and the results of Department of Health and Human Services (“HHS”)/Office for Civil Rights (“OCR”) investigations. In particular, the Software and methodologies underpinning Clearwater’s IRM|Analysis Software and risk analysis/risk management Services are grounded in both the HHS/OCR “*Guidance on Risk Analysis Requirements under the HIPAA Security Rule*” and the National Institute of Standards and Technology (“NIST”) Special Publications (“SP”) describing risk assessments, risk management and controls. Details of Subscription(s) to the IRM|Pro Software: (a) that is/are being provided to Client to facilitate the Services, (b) that will be utilized to complete certain of the Services this Program, and (c) for which the payment of Subscription Fees is included in the Monthly Services Fees for this Program, are set out within Component #23.

The Program will be led by a highly skilled Consultant Clearwater assigned to lead and manage the Program as Program Leader, who will be assisted by specialized HIPAA compliance Consultants, information security risk Consultants and a Clearwater Client Success Representative assigned to support Client and Client’s use of the IRM|Analysis Software both during this Program and ongoing so long as Client retains the Subscriptions. The launch of the Program will begin with an Initial Engagement Meeting between the Clearwater team, Client’s Program Owner and Client’s Program team to make introductions, review the SOW, overview the process to be undertaken, discuss other subject matter experts (“SMEs”) that should be involved in the Program, introduce Client to the secure messaging and file-sharing platform hosted by Clearwater, discuss the desired Services Term Beginning Date (as defined in the **Term of the SOW and Term of the Services** section of this SOW), and schedule one of many Planning Meetings.

During the initial Planning Meeting, the Clearwater-Client Program team will begin the collaboration to discuss Client’s priorities and needs and establish an over-arching Program plan (“Program Plan”) setting out the sequence, cadence, and relative timing for the performance of the Components throughout the Program. Each calendar year of the Program, beginning with the Services Term Beginning Date, will be referenced herein as a “Program Year”, and more specifically, may be referenced as “Program Year X”, where “X” shall be the enumeration of the year.

The **ClearAdvantage Program** includes the following Components:

1. Overall Program Leadership by a Designated Program Leader and Virtual CISO Support
2. On Demand Access to SMEs
3. Ongoing Program Management by a Designated Engagement Coordinator
4. Perform a 405(d) HICP Small Organization Assessment
5. Develop a Strategic Roadmap for Client's CRM program
6. Develop Tactical Work Plan for Client's CRM Program Each Program Year
7. Establish and Implement HIPAA Compliance and CRM Program Governance
8. Update and Implement Tailored HIPAA Security, Privacy and Breach Notification Policies and Procedures, including Clearwater HIPAA Policies and Procedures ToolKits™
9. Annual Remote OCR-Quality Risk Analysis
10. Ongoing OCR-Quality Risk Response Plan and Execution Support
11. Develop and Implement a Strong, Proactive Vendor Risk Management Program
12. Internal Assume Breach Penetration Testing
13. External Network Penetration Testing
14. Develop and Implement a HIPAA Compliance and Security Awareness Workforce Training Program
15. Third Party Relationship Management Support
16. Incident Response Readiness (Tabletop) Exercise
17. Disaster Recovery Planning
18. Business Continuity Planning
19. Breach Response Support
20. Incident Response Support (Not including forensics)
21. Assessment of On-Premises Network Design
22. Log Management
23. Subscription to Clearwater's IRM|Pro® Software

Further details of each Program Component are provided below. A complete list of "Clearwater Deliverables" ("Deliverables") follows the description of all Program Components. During more detailed Planning Meetings and based on the Program Plan, the team(s) responsible for each Component will co-create more detailed project plans and schedules, with tasks to be completed and due dates for completion. While each Program Component is important to the success of an effective CRM program, Clearwater recognizes that Client's needs and priorities may change during the Term of the Services. As such, within any Program Year, the Program Leader may recommend adjustments to the Program Components, which may include an increase, decrease or elimination of a Program Component in exchange for a commensurate increase, decrease or addition of another Program Component to support such changes to Client's needs and priorities.

**This Program Relies on Client Representations.** In performing the Services under this SOW, Clearwater relies on information received in meetings, discussions, interviews, and documentation provided by Client SMEs assigned to participate in the various Components of the Program, which, unless otherwise determined, is assumed to be current and factual.

## ***Component #1 - Overall Program Leadership by a Designated Program Leader and Virtual CISO Support***

Throughout the Program, the Program Leader will augment Client's CRM team, provide Program oversight, guidance, and hands-on support to Client's Program team, as well as to provide direction and oversight for all Clearwater team members assigned to integrate and deliver all Components of the Program and to facilitate the Program's effectiveness to meet Client's objectives.

Additional roles comprising the Clearwater Team assigned to provide Services within this Component #1 and/or within the details of other Component(s) described herein will include the following:

- Client Success Representative – a Client Success Representative assigned to support Client and Client's use of the IRM|Pro Software both during this Program and ongoing
- Additional Clearwater Consultants – The Program Leader will access Clearwater's entire Consulting Services team when specialized expertise or experience is needed to lead specific Components or perform tasks when their expertise will benefit the effectiveness of Client's Program

Clearwater and Client have agreed upon a bundle of Services and Components comprising the Program, and a specified average quantity of hours per month the Program Leader and other Clearwater Consultants will be expected to log while performing oversight or generalized activities during execution of the Program ("Applied Time") each month to perform the various activities associated with Component #1 (the "Monthly Allocation"). The agreed Monthly Allocation for the Program Leadership Component of the Program is **an average of up to twenty-four (24) hours per month** of Applied Time to perform the activities further detailed below.

While it is anticipated that the Services can and will be provided remotely, the Parties agree that should it be determined that a periodic on-site visit would benefit the execution of the Program, the Program Leader may travel to Client's site as needed, up to **two (2)** times each Program Year. Both Parties acknowledge and recognize that priorities and tasks associated with the actual activities performed under this SOW also may change over time as the Parties work together, create detailed work plans, and change or redefine requirements. Examples of tasks and activities Clearwater will log against the Monthly Allocation allotted to this Component #1 may include, but may not be limited to the following:

- Provide ongoing Program Leadership and Guidance
- Coordinate with Client Program Owner to facilitate seamless performance of the Program
- Exercise oversight for development of the Program Plan, project plans for the execution of individual Components and updates
- Establish Client Management and Program team communication strategy
- Communicate Program status to Client and Clearwater executive leadership
- Coordinate and attend regularly scheduled Program team meetings
- Activities related to provision of virtual CISO Services to Client
- Assist with ongoing updates to Client's HIPAA Privacy, Breach Notification and Security policies and procedures and workforce training materials
- Quality review of final Clearwater Deliverables
- Allocate and exercise oversight of additional Clearwater Consultants to lead performance of certain Components or to advance other Program activities as appropriate
- Participate in Client's HIPAA Compliance and/or CRM Governance Council established during Component #7 and assistance with revisions and updates as needed

- Assist Client to set and revise its Program goals
- Assist Client management with establishing and revising CRM program budgets
- Provide Client Team CRM mentoring and education
- Prepare and participate in Executive Team Briefs and Board updates in relation to Client's CRM program

As soon as practical following execution of the SOW, the Program Leader will travel to Client's site for face-to-face introductions to Client's Executives, CRM team and other Program team members, and to discuss and begin development of the Program Plan and determine the Services Term Beginning Date, as defined herein.

### ***Component #2 – On Demand Access to SMEs***

Throughout the Program, the Program Leader will draw on Clearwater's Consulting Services team of security, risk management, HIPAA and technical testing expert Consultants as needed, and will oversee the Services performed under the Program. Clearwater's team of highly experienced and credentialed Consultants possess subject matter expertise across the full scope of cybersecurity and compliance functional areas within the Program. As described above, certain of the Consultants will be assigned to lead or contribute to the performance of specific Components of the Program to which Applied Time of those Consultants will be logged.

At other times, in his/her capacity as CISO, the Program Leader may recognize that the knowledge and experience of other SMEs to address specific Client questions or issues that arise during the Program or to advance activities related to attaining specific Client objectives for its CRM program, or assisting with specific activities, for example, assisting Clients with the completion of privacy and security assessment questionnaires. In such "on demand" cases the Applied Time of the specialized Consultants will be logged to the Monthly Allocation set out in Program Leadership Component #1. It will be the Program Leader's responsibility to coordinate such resourcing and manage the communications with Client about the availability and benefit of engaging additional Clearwater Consultants on such matters.

### ***Component #3 – Ongoing Program Management by a Designated Engagement Coordinator***

Clearwater will also assign a qualified Engagement Coordinator to the Program to support the Program team and facilitate seamless Program communication and execution. Clearwater and Client have agreed upon a Monthly Allocation of **an average of up to six (6) hours per month** of time for the assigned Engagement Coordinator to perform traditional project management tasks and administrative activities related to the Program execution, including but not limited to the following:

- Customization of a Gantt chart and related project management tools for communication of the Program Plan and goals
- On-going review and update of Program/Component milestones, project plans and schedules
- Manage and track Program and/or Component milestones, action items, risks, and Deliverables
- Assist with coordinating scheduling of meetings and interviews, assembling metrics related to the Program, organize, and prepare for Program team meetings
- Develop and customize Program dashboards
- Prepare and deliver routine Program Status Reports on a cadence to be agreed between Client and Clearwater
- Lead and conduct routine Program status meetings

- Manage and track Program/Component milestones, action items, risks to the schedule, and Deliverables
- Update Program dashboards and publish Program Status Reports and other reports, as requested
- Assist with quality review of Program Deliverables
- Coordinate communication related to the scheduling of information system interviews with Client SMEs and follow ups
- Finalize the total number of information systems and/or component groups scheduled for risk analysis
- On-going interview and information system reconciliation to include review of the total number of interviews scheduled, conducted, and/or rescheduled
- Resource capacity updates to internal Clearwater team to confirm Consultant availability and progress
- Follow up with Client SMEs as needed to reschedule information system discovery interviews
- Other coordination and communication activities to facilitate seamless Program execution

While it is anticipated that the Services performed by the Engagement Coordinator will be provided remotely, the Parties agree that if requested by Client, the Engagement Coordinator may travel to Client's site as needed and requested, up to **one (1) time during each Program Year**.

#### ***Component #4 – Perform a 405(d) HICP Small Organization Assessment***

Public Law 116-321 amends the HITECH Act and requires the Department of Health and Human Services (“HHS”) to recognize cybersecurity practice adoption as of January 5, 2021. The Public Law states that the Secretary shall consider whether the business associate has adequately demonstrated that it had, for not less than the previous twelve (12) months, recognized security practices in place. This can potentially mitigate fines, result in the early, favorable termination of an audit, and mitigate the remedies that would otherwise be agreed to in any agreement with respect to resolving potential violations.

Recognized security practices means the standards, guidelines, best practices, methodologies, procedures, and processes developed under section 2(c)(15) of the National Institute of Standards and Technology Act, the approaches promulgated under section 405(d) of the Cybersecurity Act of 2015, and other programs and processes that address cybersecurity and that are developed, recognized, or promulgated through regulations under other statutory authorities.

The 405(d) Health Industry Cybersecurity Practices (“HICP”) examines cybersecurity threats and vulnerabilities that affect the health industry and discusses ten (10) cybersecurity practices for small, medium, and large healthcare organizations. The five (5) most current cybersecurity threats include social engineering, ransomware, loss or theft of equipment or data, insider, accidental, or intentional data loss, and attacks against network connected medical devices.

The 405(d) HICP sets out an explicit framework to document the adoption of recognized security practices for ten (10) Practice Groups and controls based on the size of the organization: Small (22 sub-practices); Medium (41 sub-practices); and Large (72 sub-practices). Each sub-practice describes specific controls that are recommended (descriptive), assesses the controls that are implemented, and is voluntary, but positions the covered entity favorably in the event of an HHS Office for Civil Rights (“OCR”) investigation.

### **Scope Boundaries:**

Clearwater and Client will prepare for and schedule a facilitated assessment of Client's compliance with the requirements of the Health Industry Cybersecurity Practices ("HICP") published by the 405(d) program and workgroup. Clearwater will assign one or two of its Consultants having expert knowledge of the HICP published by the 405(d) program and workgroup to lead the performance of this SOW. All activities related to the completion of this SOW will be conducted remotely.

During the planning for the assessment, Clearwater will provide a Document Request List to Client relevant to this SOW. Also, in preparation for the facilitated assessment, Clearwater will review Client's policies and procedures as it relates to the HICP published by the 405(d) program and workgroup practices, sub-practices, and controls required by the framework, which will be documented within the IRM|405(d) Software in advance of the scheduled assessments.

The facilitated 405(d) HICP assessment will take place in a one-day on-site WorkShop (or if remote, two 4-hour sessions), led by the Clearwater Consultant(s), and Client's Program team. The assessment should be attended by all Client stakeholders involved in managing/executing Client's HICP compliance program. Together, Clearwater's HIPAA Compliance expert(s) and the Client team will step through the IRM|405(d) Software, respond to the questions posed in the Software within the Software, and upload relevant documentation. At the conclusion of the assessment, Client will have a comprehensive baseline assessment of its compliance status in relation to all requirements of the HICP.

Next, Clearwater will work with Client to flesh out the Preliminary Remediation Plan into a full project plan within the IRM|405(d) software, and all remediation activities indicated will be assigned responsibility along with due dates and priority. The execution of all remediation task assignments will be completed with Clearwater's assistance and the result of all remediation activities will be routinely updated within the IRM|405(d) Software. Each update thereafter will also be performed remotely and will serve to document progress and inform Client's HICP published by the 405(d) program and workgroup compliance program revisions to be planned and implemented during the following months.

To ensure compliance with the specific HICP published by the 405(d) program and workgroup, Clearwater will be diligent in maintaining/updating Client's compliance status within the IRM|405(d) Software throughout the Program to reflect any material changes in Client's HICP workgroup program so as to provide appropriate documentation of Client's current and historical compliance with the requirements of the HICP.

### **Key Work Tasks/Process Steps**

- Prepare – Clearwater conducts a kickoff meeting, delivers pre-WorkShop documentation requests, coordinates scheduling of remote WorkShops, provisions the IRM|405(d) HICP software subscription and prepares the workforce for interviews.
- Discover – Clearwater reviews documentation provided by your organization. Following this review, we facilitate interviews and discussion during a Workshop, bringing together various team members from across the organization to discuss each sub-practice. Additional interviews will be conducted with SMEs as needed. Clearwater documents its findings in IRM|405(d) HICP.

- Develop – Following the discovery process, Clearwater develops a comprehensive Findings, Observations, and Recommendations (FOR) Report that will provide additional insights and specific actions that can be taken to strengthen its practice of HICP.
- Deliver – Clearwater provides the FOR Report in draft format, allowing for your review and requests for clarifications or additional detail as needed, The FOR Report is updated and finalized, and, if desired, a board-level presentation is prepared and delivered. Demonstrating that your organization’s cybersecurity practices are aligned with 405(d)HICP positions the organization favorably in the case of an Office for Civil Rights inquiry or investigation as well as questions from investors, cyber insurers, and other interested third parties. Most importantly, it drives better protection of your systems and data.

### ***Component #5 – Develop a Strategic Roadmap for Client’s CRM Program***

A strategic roadmap is a bridge, or link, between an organization’s strategy and execution. A roadmap presents a visualization of the key outcomes that must be delivered over a specified time horizon to achieve an organization's strategic vision. The objective of this Component #5 is to assist Client with the development and maintenance of a strategic roadmap for its CRM program, based on the NIST Cybersecurity Framework and 405(d) HICP. Based on the work completed during Component #4 to identify the Current State of Client’s CRM program, the Program Leader and Client’s team will participate in a collaborative co-creation effort to develop a strategic roadmap for Client’s CRM program. This effort will include assimilation of the results of the CPPA, identification of other requirements for its CRM program, and articulation of its **Target Profile**.

Client’s Executive leadership will need to be engaged and informed about the process so that interim approvals can be obtained at key points in development of a strategic roadmap. Management input and approvals must be obtained concerning the process to be undertaken, the Target Profile, resource and budget considerations, and other factors that should be considered up front so as to provide guidance and governance for the process.

Component #5 will begin with a Kickoff Meeting of the Program Leader and Client’s team. During this Kickoff Meeting, the FOR Report presentation prepared during Component #4 will be presented, reviewed, and discussed. After some preparation and planning, the Clearwater-Client team will then schedule a series of remote, collaborative WorkShops™ to identify Client’s vision, or Target Profile, for its CRM program, and all the projects that will need to be completed to address gaps in its program between the Current Profile and the Target Profile. The assessment tool utilized during the performance of the CPPA in Component #4 can be filtered by performance level, category, team, etc. to facilitate the analysis. The team will discuss the challenges, opportunities, resource investment, intrinsic value to the organization and feasibility of each, and will develop a scoring process and tool to prioritize those projects.

The output from the remote WorkShops will be a management presentation of the process undertaken by the team, a summary of the projects that must be completed to attain the Target Profile and a high-level plan, including projects, proposed budget, and timeline to complete the recommended projects and activities (“Strategic Roadmap”). Upon Client’s leadership approval of the recommended Strategic Roadmap, the specific projects/bodies and work that relate to attaining the Target Profile and other objectives will enter into a more detailed planning process to develop work plans for completing all the identified projects needed to attain the Target Profile.

## ***Component #6 – Develop Tactical Work Plan for Client’s CRM Program Each Program Year***

The objective of this Component #6 is to assist Client with the development of tactical work plans to complete all the projects necessary to attain the Client’s Target Profile as identified during the performance of Component #5. Working in relation to the Strategic Roadmap, the Project Leader and Client will work with the individual IT team assigned to each of the projects/bodies of work identified during development of the Strategic Roadmap in Component #5. Client will designate an individual to schedule working sessions with each of the teams to discuss and develop tasks, activities, deliverables, and project plans for each project. Each project plan will include, but may not be limited to, the following elements:

- Defining/refining the scope of work
- Identifying tasks and activities to be completed
- Responsible and participating parties
- Estimated level of effort of participating parties
- Other resources and budget requirements
- Dependencies between any of the projects
- Estimated elapsed time to complete the tasks and activities

Facilitated by the Program Leader, the Clearwater-Client team will then combine all the individual project plans into a comprehensive Tactical Work Plan for the relevant Program Year. The Parties acknowledge that the Strategic Roadmap developed during Component #5 and the Tactical Work Plan for each Program Year are subject to change during the Program as additional Components of the Program are completed, as Client’s needs and business priorities evolve, or as Client decides to revise its Target Profile for any reason. Clearwater’s Program Leader will remain engaged through refinement of the Strategic Roadmap and the Tactical Work Plans accordingly. The Deliverable(s) for Component #6 will be the presentation of a Tactical Work Plan for the current/upcoming Program Year to Executive leadership or CRM governance Body. Regular updates of progress on the execution of the Tactical Work Plan will be provided from time to time during the Executive briefings for the Program.

## ***Component #7 – Establish and Implement HIPAA Compliance and CRM Program Governance Program***

The success of this Program, or any HIPAA Compliance and CRM program, relies on the degree to which Client’s Executive leadership and Board has clearly communicated its compliance and overall CRM strategy and guidelines for decisions made during the execution of Program activities. The administrative safeguards set out within the HIPAA regulations at 45 CFR § 164.308 indicate the need for HIPAA covered entities to identify responsibility for oversight of its HIPAA Compliance and CRM programs and to document and implement policies and procedures relating to how decisions are made, policies and procedures are approved, program adherence is monitored and enforced, and the sanctions imposed for failure to appropriately adhere to those guidelines.

**Early in Program Year 1**, the Program Leader will conduct interviews with Client Executives and SMEs to understand Client’s organization, culture, business processes and the flow of PHI throughout the organization. Based on the information learned, Clearwater will assist Client with establishing/chartering the HIPAA Compliance and CRM oversight body, or “Governance Council” that will ultimately provide oversight to this Program and ongoing guidance for all priorities, activities and decisions relating to the governance and enforcement of Client’s HIPAA compliance and CRM programs.

The Program Leader will assist Client by facilitating the initial meeting of the Governance Council and if desired, will remain engaged as an active participant in all Governance Council meetings in his/her capacity as virtual Chief Information Security Officer . The Deliverables for this Component #7 include a written HIPAA Compliance/CRM Program Governance Council Charter and an agenda for that initial Governance Council meeting.

Applied Time of the Program Leader and/or other Clearwater Consultant(s) in relation to activities under this Component #7 will be logged against the Program Leader's Monthly Allocation as set out in Component #1. .

### ***Component #8 – Update and Implement Tailored HIPAA Security, Privacy and Breach Notification Policies and Procedures - Including Clearwater HIPAA Policies and Procedures ToolKits™***

While each of the HIPAA Privacy, Breach Notification and Security Rules (the “Rules”) requires HIPAA-covered entities to implement and document policies and procedures, the Rules do not define either “policy” or “procedure.” Generally, policies define an organization’s values and/or approach to demonstrate how it is going about implementing a practice or requirement. Procedures describe how the organization carries out that approach, setting forth explicit, step-by-step instructions that implement the organization’s policies. Clearwater will provision Client with its proprietary templates comprising its HIPAA Policies and Procedures ToolKits™, developed based on years of experience working with hundreds of organizations to develop, review, and /or improve their written HIPAA policy and procedure documentation and will utilize templates from the ToolKits™ as appropriate.

An additional Clearwater Consultant with specific expertise in the Rules will assist with this Component #8. During the planning process, Clearwater will request copies of all of Client’s existing written HIPAA policies and procedures, will review them, and will conduct interviews with Client SMEs to understand the flow of PHI throughout the organization and the processes and business practices employed to the handling of such PHI. Based on the information learned, Clearwater’s Consultants will suggest edits to Client’s existing policy and procedure documentation or will edit and enhance the ToolKit™ templates, as appropriate, to provide customized policies that document Client’s corporate values relating to HIPAA compliance.

Clearwater’s Consultants will work with Client’s team so that the resultant policy and procedure documentation accurately depicts Client’s values, business practices and processes and satisfies the standards and specifications set out in the Rules. Clearwater will also assist Client with obtaining approval of its legal counsel and the Governance Council; publishing the final policies and procedures; providing a policy and practice to regularly review and revise the policies and procedures to ensure they properly reflect the organization’s practices as well as any changes in the Rules; and ensuring communication to its workforce to fully and accurately-implement the policies and procedures within the organization. During the Term of the Services, Clearwater will periodically suggest or provide updates to Client’s HIPAA policies and procedures as appropriate to reflect changes in the HIPAA Rules, in enforcement or in Client’s practices.

### ***Component #9 – Perform a Periodic OCR-Quality® Risk Analysis***

Clearwater will utilize Client’s Subscription to its proprietary Clearwater IRM|Analysis Software and its tried and proven effective methodologies and processes to complete a security risk analysis each Program Year.

All Services related to this Component #9 will be delivered remotely and will be performed by a specialized risk management Consultant Clearwater will assign to the Component. While Client's Subscription to the IRM|Analysis Software will provide complete documentation and reporting of the risk analysis results and risk response actions both during the Program and thereafter, a key Deliverable of the performance of each risk analysis performed during the Program will be Clearwater's preparation and presentation of an Executive Summary of the risk analysis process, results, and prioritized recommendations for remediation next steps in one comprehensive FOR Report.

The completion of each risk analysis performed during the Program will enable Clearwater and Client to identify, rate, prioritize and document all risks to the specific information systems that are used to create, receive, maintain and/or transmit its ePHI as set out in the *"Information System Inventory in Scope"* section below. Deliverables for the performance of this Component include the following:

- Client's Subscription to the IRM|Analysis Software will be fully populated with Client's in-scope information systems, the components of those systems, properties of each component, the volume of ePHI maintained or processed by each component, security controls in place to protect the component and its data, relevant notes, and all risk ratings
- A Risk Response Detail Report (also known as the *"Risk Register"*) within the IRM|Analysis Software describing all risks identified and the numerical Risk Rating assigned during the Risk Determination process
- A Draft and Final FOR Report including an Executive Summary of the completion of the risk analysis and the results

#### **Information System Inventory in Scope:**

The scope of each Risk Analysis will include information systems and their components (referenced in the IRM|Analysis Software as *"Information Assets"*) used by Client to create, receive, maintain, or transmit ePHI/sensitive information. Information system components with materially identical properties, as determined by Clearwater (e.g., desktops/laptops with the same operating systems, technical controls, administrative controls, location, etc.) will be grouped into *"Component Groups"* by the patented *"Component Expert System"* rules engine within IRM|Analysis for more efficient analysis.

The quantity and/or inventory of in-scope information systems and component groups has been discussed and developed by Client and Clearwater during the course of discussions regarding Client's information system environment and needs as of the SOW Effective Date. The fees set out in this SOW are based on the assumption that each risk analysis will be conducted on **essentially the same scope of information systems and/or component groups as the previous risk analysis**. However, it is understood by both Parties that changes in Client's information systems environment are likely to occur during the Program, so Client and Program Leader will collaborate to determine the best means to deal with such changes.

The fees set out in this SOW for this Component #9 are based on a scope comprised of an estimated **up to fifteen (15)** information systems. The actual inventory of the in-scope information systems for each risk analysis will be developed by Client and Clearwater during the early stages of the performance of each risk analysis.

During the preparation and planning for each risk analysis, Clearwater will prepare and provide an *"Information System/Component Group Discovery Meeting Planner"* document to assist Client to identify the business owner(s) most knowledgeable of the information processed or maintained by each in-scope information system and/or technical SME(s) responsible for the relevant technical security controls in place to protect each information

system, and a suggested discovery meeting duration for each interview. Additionally, Clearwater will interview the SME(s) most knowledgeable of the physical controls in place within the physical location from which Client's in-scope information systems are managed or housed.

It will be Client's responsibility to designate an individual that will be responsible for using the *Planner* to guide the performance of the following activities:

- Schedule the appropriate interview sessions with the designated business owners and technical SMEs in advance of the scheduled discovery interview sessions
- Communicate and follow up with each participant with a view to ensuring the participants are prepared and engaged, and that they do attend the interviews on the day and time scheduled. If the participant is not able to attend at the scheduled time, the participant or Client's scheduling coordinator should provide not less than one (1) business week notice to Client's Project Owner and Clearwater's Consultant(s) to facilitate rescheduling of other Client participants at that time, to minimize non-productive time for Clearwater's Consultants, and to reschedule an alternate interview day and time for the original participant
- Make all reasonable efforts to respect the time of the Consultants and ensure the interviews occur as time efficiently as possible for all parties

To maximize efficiency of the discovery process, Client SME interviews should be scheduled to occur in the following sequence:

- Facilities and Physical Security
- Infrastructure (includes network, servers, active directory, data centers, user devices, etc.)
- General System/Network Security and Governance
- Business Owners/Internal Users (ePHI training, Management, Clinical, Administrative Support, etc.)

#### **Remote Physical Site Review:**

During the preparation and planning for each risk analysis, Clearwater and Client will collaborate to develop plans for deployment of technology and protocols to facilitate an effective review of the primary physical location from which Client's in-scope information systems are managed or housed: **[enter address of primary data center location]**. During the remote physical site review time scheduled with Client's facilities and physical security SMEs, all administrative and physical security controls currently implemented at this site to safeguard Client's sensitive information will be discussed and evaluated.

The site reviews and discovery interviews will occur based on a schedule that will be mutually agreed by Clearwater and Client during the planning for each risk analysis. Based on the estimated quantity of in-scope information systems and component groups, and assuming that site review(s) and discovery interviews are effectively scheduled and conducted as set out on the *Information System/Component Group Discovery Meeting Planner*, it is estimated that the remote site reviews and discovery interviews can be completed over the course of two (2) to three (3) business days.

#### **Conduct of Remote Discovery Interviews:**

During these interviews the use of each information system will be discussed, the type, volume, use and importance of the information created, received, maintained, or transmitted by the system will be quantified, the technical security control areas will be interviewed, relevant components of the information system will be

identified and properties characterized, and applicable procedures, processes and practices related to safeguarding the system and its components will be reviewed and discussed within the scope of the discovery. Follow-up, clarifying discussions or interviews may also be conducted via telephone, web meetings, conference calls and email.

It is very typical to learn during the information system discovery interview sessions with Client SMEs during each risk analysis that additional information systems should be included within the scope, and they may be added. Further, at any time during the three-year Program, new information systems and/or components may be implemented in Client's environment. When made aware of such additions, the Program Leader will ensure such additions are added into the IRM|Analysis and risk analysis performed at that time.

If such additions will result in a total inventory of information systems and component groups that exceed the maximum quantity set out above for this Component, the quantity of information systems or component groups can be increased via the execution of a Change Order to this SOW. Or, at its option Client, may opt to perform the risk analysis of the additional information systems/component groups utilizing its own SMEs and the IRM|Analysis Software. Or Client and the Program Leader may decide together to alternate the scope of each risk analysis, including higher-priority information systems and component groups within each risk analysis, but including others less frequently in alternating risk analyses, so as to maintain the scope within the limits stated above.

### ***Component #10 - Ongoing OCR-Quality Risk Response Plan and Execution Support***

Following the completion of each risk analysis described in Component #9 and at the same frequency, Clearwater will utilize the most current Risk Register (Risk Response Detail List) within Client's IRM|Analysis Software to determine Client's response to **each risk that has a risk rating that exceeds Client's risk threshold (e.g., each risk having a "High" or "Critical" risk rating)**. For each such risk, Client and the assigned risk Consultant will follow the workflow process within the Software to select a risk treatment type—accept, avoid, transfer, or mitigate--and then to evaluate and document Client's chosen course of action.

All activities during the performance of Component #10 will be executed utilizing the Clearwater IRM|Analysis Software, populated/updated during the performance of Component #9, as the primary documentation, analysis, reporting and risk management tool. It is Client's responsibility to take ownership of much of the research and implementation work to be accomplished; to engage business and technical SME(s) for each information system or component group associated with an in-scope risk; to assign personnel with the appropriate skills, knowledge and experience to undertake the decision-making, research and implementation (for example, IT security, IT management, risk management, network and/or server administration, facilities security, human resources staff, and internal audit teams); and to assign and manage priorities for its assigned SMEs and personnel to ensure the work contemplated within this Component can be completed promptly, so as to realize a reduction of Client's identified risk.

The Services under Component #10 will be conducted remotely, typically by the same risk Consultant(s) that performed the risk analysis described in Component #9. After planning and preparation, the first step in the process will be Clearwater's facilitation of discussions with Client's risk management Program team to review each in-scope risk during the conduct of remote, collaborative discussions of the risk treatment type. In preparation for each treatment discussion, a *Risk Response Meeting Planner* will be prepared, so that Client's risk management Program team can identify and populate the *Risk Response Meeting Planner* with the risk owner and the appropriate technical SME(s) who should be involved in this phase of the process. Next, Client will schedule the

appropriate participants for the relevant interviews and provide Clearwater with the schedule and participant email addresses so that Clearwater can send a calendar invitation for the discussion.

### **Risk Treatment Determination**

During the risk treatment determination discussions, Clearwater will facilitate a process whereby together, Clearwater and Client will review each risk that exceeds Client's risk threshold, discuss the risk treatment type they collectively recommend – e.g., accept, avoid, mitigate, share or transfer – and will discuss next steps related to each selection. For those risks the Program team is recommending should be mitigated, the team will identify control alternatives that should be considered and, using the IRM|Analysis Software, can review control deficiencies that may address multiple risks. During this discussion, for each of the in-scope risks, the team will populate the IRM|Analysis Software with the Client risk owner, recommended treatment type and any notes which will result in a Risk Treatment Report, which will be produced by the IRM|Analysis Software. This Risk Treatment Report will be presented to Client's Governance Council for approval of the recommended treatment type.

The fees set out in this SOW are based on a scope estimated to be comprised of **Up to twenty-three (23)** risks having a "High" or "Critical" risk rating following each risk analysis. This estimate is based on Clearwater's experience with other Clients, where the risk analysis results in an average of 1.5 risks per information system analyzed will require a response.

The parties acknowledge and recognize that the level of effort and the fees set out for the Program to complete this Component #10 are dependent on the actual quantity of risks rated as "High" or "Critical" during the completion of Component #9. If the actual quantity of risks having a risk rating value of "High" or "Critical" and that require a response is greater than 10% higher than the estimated quantity of in-scope risks set out above, if Client wishes Clearwater's assistance in responding to and taking steps to reduce the risks, the scope of Component #10 may be increased via the execution of a Change Order to this SOW entered into between the Parties.

### **Evaluate Course of Action**

Following Client's Governance Council's approval of the recommended treatment type set out in the Risk Treatment Report, Clearwater will facilitate and support Client's risk management team to evaluate the course of action for each risk, again, utilizing the IRM|Analysis Software workflow to guide the process. The risk management Program team will collaborate to research into alternative controls; gather cost and budget information; investigate time constraints and feasibility of alternatives and will document this information in the Software. Clearwater and Client will rationalize the list of mitigation actions, considering such things as criticality of the system; cost, timing and resource requirements that may impact feasibility; and the potential impact of implementation of the control to Client's overall risk profile. This is often the lengthiest process and Clearwater's Consultant will remain engaged and provide guidance, expertise, and support while Client's SMEs perform the research to facilitate keeping all activities on track.

After completing the evaluation, the risk management Program team will present the alternatives considered and recommended course of action, using the Risk Response Detail Report from the IRM|Analysis Software, to the Governance Council to obtain guidance for next steps in relation to business priorities. The Risk Response Detail Report will include for each risk, the risk treatment type, risk owner, alternative controls considered and the estimated costs, the feasibility/effectiveness of each alternative, the recommended action, projected residual risk,

responsible party, and due date. Based on the feedback and/or approval of the Governance Council, the tasks and activities to implement the appropriate controls will be integrated into the Tactical Work Plans for the Program and Clearwater's Consultant(s) and Program Leader will provide ongoing guidance and support to Client's team as the selected controls are implemented.

The parties acknowledge and recognize that priorities and tasks associated with the actual Services performed under Component #10 may change over time as activities are completed and business requirements potentially change. The Services provided by Clearwater in relation to the provision of ongoing execution guidance and support for this Component #10 might include tasks such as:

- Assist Client with recommendations to improve its CRM strategy, framing or governance processes to facilitate decision making
- Assist Client with identifying next steps and responsibilities for all risks for which the risk treatment type approved is "avoid", "transfer", or "share"
- Assist, as requested, with discussions toward establishing mitigation actions and control alternatives priorities in relation to changes in business priorities
- Provide support in documenting the execution of control implementation in the IRM|Analysis Software
- Provide support in documenting the implemented controls in the IRM|Analysis Software
- Provide assistance in reconciling projected residual risk with actual current risk in the IRM|Analysis Software
- Provide guidance and consulting to support Client's intermediate steps as Client performs its own remediation analysis and implementation work

If Client requests on-site support Services during this portion of Component #10 and approves travel expenses, Clearwater will perform on-site Services as requested and mutually agreed.

### ***Component #11 – Develop and Implement a Strong, Proactive Vendor Risk Management Program***

The Program Leader will engage one of Clearwater's Consultants specializing in vendor management programs to assist Client to strengthen its vendor management program so that Client can understand and manage the risk to the organization arising from its relationships with vendors and satisfy the above standard. All Services during the completion of this Component #11 will be performed remotely, working with the individual that leads Client's third-party vendor/contractor management program. During the planning and preparation for the completion of this Component #11, Clearwater's Consultant will request copies of all written policies, procedures, forms, business associate/subcontractor agreements, and other artifacts relating to Client's current vendor risk management program.

Following are tasks with which Clearwater's Consultant will assist Client, including the provision of templates, where appropriate:

- Review, develop and document Client's vendor management governance policy and charter for approval by the CRM Governance Council
- Assess and recommend improvements in Client's written vendor onboarding, categorization, ongoing assessment, monitoring and offboarding policies and procedures

- Review and recommend improvements in the job descriptions for roles involved in Client’s vendor management processes
- Assess and recommend improvements in the vendor onboarding questionnaires and assessment tools currently in use by Client
- Review and recommend improvements in Client’s vendor inherent risk rating process
- Review and recommend updates to vendor agreement templates, including subcontractor/business associate agreements, for approval by Client’s legal counsel
- Review and recommend improvements in Client’s vendor monitoring and tracking metrics to verify program effectiveness
- Provide guidance and recommendations for creating an inventory of all vendors with which Client actively contracts that create, receive, maintain, or transmit ePHI on behalf of Client

Clearwater will continue to provide ongoing guidance and support for Client’s vendor risk management program throughout the Program. However, it is the responsibility of Client to execute all processes relating to the administration and operation of its vendor risk management program by Client’s own personnel.

### ***Component #12 –Internal Assume Breach Penetration Testing***

Clearwater will conduct an Internal Assume Breach Penetration Test on the customers internal network using Customer provided credentials. This test will simulate what an attacker could accomplish using a set of compromised user credentials. The goals of the penetration test include exploiting vulnerabilities and misconfigurations within Customer’s environment, while attempting to successfully escalate privileges and move laterally to gain access to sensitive, non-public data and other system functionality. The Internal Assume Breach Penetration Test will be performed one (1) time **each Program Year**.

#### **Approach**

Clearwater uses a hybrid methodology compiled from the following well-known and defined penetration testing methodologies to ensure consistent and repeatable testing results and deliverables.

- OSSTMM - Open-Source Security Testing Methodology Manual
- NIST 800-115 - Technical Guide to Information Security Testing and Assessment

In general, the testing framework can be divided into the following attack phases:

- Intelligence gathering (Passive/Active)
- Network Mapping/Service Enumeration
- Initial System Compromise
- Privilege Escalation
- Sensitive Information Gathering/Exfiltration
- Persistence

#### **Deliverables**

- One (1) FOR report available via <https://ttsreports.clearwatersecurity.com>.
- Letter of Attestation (“LOA”) – upon Customer request
  - The LOA provides proof of testing to third parties and only shows that the test was completed with a high-level overview of the results without specifying vulnerability details.

## Logistics

Customer will need to provide the items listed below prior to the start of the engagement. Failure to do may result in a delay.

- A scoping questionnaire will be provided prior to the start of the engagement. One (1) set of access credentials that mirror a low-level Company employee's account permission.

## **Component #13 – External Network Penetration Testing**

Network penetration testing is the process of manual identification, validation, and exploitation of external facing vulnerabilities on network-connected hosts. The External Network Penetration Test has a singular goal of compromising the organization and obtaining sensitive data to include ePHI and PII or access to systems. The External Network Penetration Test will be performed one (1) time **each Program Year**.

Clearwater will test **ten (10)** public-facing URL/IPs during the assessment using Clearwater's proprietary testing methodology intended to identify, categorize, and provide a qualitative risk categorization on a per-vulnerability basis.

## Approach

Clearwater uses a hybrid methodology compiled from the following well-known and defined penetration testing methodologies to ensure consistent and repeatable testing results and deliverables.

- OSSTMM - Open-Source Security Testing Methodology Manual
- NIST 800-115 - Technical Guide to Information Security Testing and Assessment

This methodology can be applied to each of the different levels of service with minor modifications based on the intended goal of each test.

In general, the testing framework can be divided into the following attack phases:

- Intelligence gathering (Passive/Active)
- Network Mapping/Service Enumeration
- Initial System Compromise
- Privilege Escalation
- Sensitive Information Gathering/Exfiltration
- Persistence

## Deliverables

- One (1) FOR report available via <https://ttsreports.clearwatersecurity.com>.
- Letter of Attestation ("LOA") – upon request

## Logistics

Client will need to provide the items listed below prior to the start of the engagement. Failure to do so may result in a delay.

A scoping questionnaire will be provided prior to the start of the engagement.

### **Client Responsibilities Specific to Components #12 and #13**

- Supply target host IP addresses, URLs, and user accounts to be included within scope of the testing activities
- Provide RDP or VPN connection or other type of remote GUI access to a Client host with Internet access for internal network testing. Clearwater will install several tools and virtualization software on this host
- (If applicable) Obtain any approvals for testing activities from any third-party managed hosts identified within the scope (AWS, Azure, Rackspace, etc.)
- (If applicable) Notify any third-party log monitoring services of the planned activities, to avoid extraneous alerts
- Ensure that all identified hosts are online and in a state that is reflective of normal operations at the time of testing
- Ensure that backup/restoration processes are in-place for all in-scope environments
- **CLIENT REPRESENTS AND WARRANTS THAT IT HAS OR WILL OBTAIN ALL NECESSARY CONSENTS, APPROVALS, AND/OR AUTHORITY TO CONDUCT THE SERVICES DESCRIBED HEREIN PRIOR TO THE INITIATION OF THE SERVICES**

**NOTE:** Technical testing Services utilize manual and automated processes and tools that may affect the operation of information systems and the associated data. The activities performed may unintentionally impact production operations and/or cause performance degradation. Clearwater uses appropriate measures, skills, and experience to limit impact to production environments and such events should be rare. Nevertheless, Clearwater strongly recommends that Client perform a full backup of the environment to be tested prior to the commencement of the Services described within this SOW. Systems in scope for this SOW that are at-risk for data loss or service interruption should be identified and special treatment discussed with Clearwater. Planning and timing are also crucial to minimize any potential impact. Schedules and special treatment of mission-critical systems will be discussed and mutually agreed upon by Clearwater and Client when the Rules of Engagement are established.

**CLIENT UNDERSTANDS AND AGREES THAT IT ASSUMES THE RISK OF ANY HARM THAT MAY RESULT FROM THE SERVICES DESCRIBED HEREIN, INCLUDING, WITHOUT LIMITATION: OUTAGES, PERFORMANCE IMPACTS, LOSS OF DATA, LOSS OF USE, AND CLIENT'S PROVISION OF INCORRECT IP ADDRESSES. CLIENT AGREES THAT IT WILL NOT SEEK RECOVERY FROM CLEARWATER FOR ANY SUCH HARM. Client hereby releases, and agrees that it will indemnify, hold harmless, and defend, Clearwater from and against any and all third-party claims, fines, actions, suits, proceedings, costs, liabilities, damages, losses, and expenses (including but not limited to reasonable attorneys' fees) arising out of or related to the Services and not solely attributable to the negligence or willful misconduct of Clearwater, its employees, or contractors.**

### ***Component #14 – Develop and Implement HIPAA Compliance and Security Awareness Workforce Training Program***

All three HIPAA Rules (at 45 CFR §164.530(b), 45 CFR §164.308(a)(5)) and 45 CFR §164.414) require HIPAA-covered entities to train all members of its workforce on the policies and procedures with respect to PHI as necessary and appropriate for all members of the workforce to carry out their job functions in relation to safeguarding such PHI. The HIPAA Security Rule adds a requirement that HIPAA-covered entities implement a security awareness and training program for all members of its workforce (including management). The requirements provide that this workforce training be conducted within a reasonable period of time after the individual joins the workforce; within

a reasonable period of time after any material change takes place in such policies and procedures; and within a reasonable period of time if a material change in the individual's job role or if responsibilities change.

All HIPAA-covered entities must provide ongoing updates of all such training, must document evidence of compliance in written or electronic form and retain it for a minimum of six years. Workforce is defined as: *employees, volunteers, trainees, and other persons whose conduct, in the performance of work for a covered entity, is under the direct control of such entity, whether or not they are paid by the covered entity*, thus contractors, volunteers, part-time employees, temporary employees, and anyone who handles PHI for which Client is responsible for safeguarding should be included in the workforce training program. Other industry standards and certification require similar workforce training requirements.

Even absent the HIPAA or other compliance requirements, research shows that workforce error is the most common cause for a data breach. A robust workforce training program is a prudent, fundamental safeguard to protect the privacy and security of any organization's sensitive information. Clearwater will assist Client to develop, implement and administer a workforce training program that meets the above requirements and will:

- Prepare and regularly update training materials based on Client's HIPAA Policies and Procedures developed and maintained as described in Component #8, in the form of one or more Microsoft PowerPoint© presentations as needed for relevant job roles, which Client may use in the initial and ongoing routine training of its workforce; and
- Implement modules of educational content operated by Client's workforce training platform, via its learning management system ("LMS"). Clearwater will provision access to these modules as described below via a shared portal for up to **three hundred seventy-five (375)** workforce members:
  - Security Awareness – A course and integrated, 10-question assessment that builds awareness of security threats, social engineering threats, understanding and detecting malware, best-practice password guidelines, phishing awareness, data classification, data storage and retention, physical security, mobile device protection, smartphone security, social media threats and security resources.
  - Complying with HIPAA – A course and integrated assessment that explains the importance of HIPAA, outlines the legal requirements related to protecting PHI, and specifies best practices for the handling of such information. Specific topics include overview of HIPAA, using and disclosing PHI, securing PHI, enforcement, and breach notification.

Access to the courses is available online 24x7 through a shared training portal. The LMS will retain training and assessment records for Client's workforce and enable Client to generate reports of the Client's individual workforce members' compliance with requirements of its training program. Clearwater is committed to making routine updates to its educational content to ensure the content remains relevant and up to date with regulatory changes.

Clearwater will continue to provide ongoing guidance and support for Client's HIPAA compliance and security awareness workforce training program throughout the Program. However, it is the responsibility of Client to execute all processes relating to the administration its program by Client's own personnel.

Applied Time to assist with implementation and ongoing administration of Client's CRM workforce training program or to make revisions to Client's workforce training program will be logged against the Program Leadership Monthly Allocation as set out in the description of Component #1.

### ***Component #15 - Third Party Relationship Management Support***

As a key part of developing a robust response plan to minimize the impact of security incidents or breaches on Client's organization, it will be important for Client to develop relationships and communications protocols in advance of such events with third parties that may need to be engaged to support the organization's response activities. Law enforcement, data breach forensics/investigation and support firms, a law firm with specialized expertise in incident/breach response, and public relations firms are all third-party resources which may be needed, depending on the circumstances.

Under this Component #15, the Program Leader will provide guidance and support to Client to research potential partners, consider outreach/selection strategies and develop relationships with such third parties in advance of an incident. Doing so will facilitate the development of a robust breach response plan and assist with a more rapid and effective response to mitigate harm to the organization.

Applied Time of the Program Leader and/or other Clearwater Consultant(s) in relation to activities under this Component #15 will be logged against the Program Leader's Monthly Allocation as set out in Component #1.

### ***Component #16– Incident Response Readiness (Tabletop) Exercise***

As part of the Incident Response Readiness Exercise, Clearwater will perform **one (1) exercise**, including up to **two (2) test scenarios**, during **Program Years 1 and 3**. These scenarios will test Client's ability to identify, respond, and handle incidents following their defined Incident Response processes and procedures. The intent of this exercise is to identify gaps and inefficiencies in current processes throughout the identification and handling of a potential event, incident, or breach.

- An **EVENT** is any observable occurrence in a system or network
- A security **INCIDENT** is a violation or imminent threat of violation of security policies, acceptable use policies, or standard security practices
- A security **BREACH** is any incident that results in unauthorized access of data, applications, services, networks and/or devices by bypassing their underlying security mechanisms

The exercise will be conducted on-site using Client's centralized policies and procedures. Recommendations will be provided by Clearwater to improve the effectiveness and responsiveness of the Client team as well as to address any identified gaps or issues. **One (1) exercise will be performed during Program Years 1 and 3.**

Clearwater will collect associated Incident Response documentation including, policies, procedures, and standards, and review handling activities. This information may then be used to develop tailored test scenarios based on unique practices. The Incident Response Readiness Exercise will be conducted using the tabletop process referenced in the NIST SP 800-84, "Guide to Test, Training, and Exercise Programs for IT Plans and Capabilities." Additionally, the Incident Response Readiness Exercise will include consideration for industry standards including but not limited to the NIST SP 800-61 Revision 2, Computer Security Incident Handling Guide, the NIST Cybersecurity Framework, the NIST SP 800-184, Guide for Cybersecurity Event Recovery, and COBIT.

## ***Component #17 – Disaster Recovery Planning***

Clearwater will assist the Client's IT Project team to develop a comprehensive Disaster Recovery Plan ("DRP") with procedures necessary to maintain network connectivity, including the recovery of critical systems **during Program Year 1**. In the instances where gaps exist between system recovery times and business process recovery times, the business and IT operations of Client will negotiate or cover the difference with continuity procedures or improved system recovery windows. Clearwater's role will be to manage the Project and assist the DRP Project owner in developing the DRP; Clearwater will work with IT SMEs to document procedures for recovery.

The DRP will focus on those systems referenced in business processes that are supported directly by the Client, up to **ten (10) systems**. For systems identified as 3<sup>rd</sup> party, Clearwater recommends a review of 3<sup>rd</sup> party contracts to ensure the service level agreements in said contracts align with the expectations and requirements of the business processes. This review is out of scope for this Component #17.

Components or systems that support access to the network and communications (Internet) are critical to the continuity of Client's business processes. Clearwater will work with Client's Infrastructure team to document recovery procedures and make recommendations concerning recovery options for budgeting purposes.

### **Client Responsibilities**

- Assign a management-level Project Owner/Manager to provide leadership of the Project and to liaise with Clearwater during the Project
- Assign appropriate SMEs to participate fully in all relevant Project/Work Stream planning meetings, interviews, and Deliverable reviews
- Assign appropriate SMEs to create process and procedure documentation for business continuity and disaster recovery purposes

## ***Component #18 – Business Continuity Planning***

Client's Business Continuity Plan ("BCP") will consist of organizational-level information, identified BCP teams, and individual business process procedures for those processes determined to be within scope **during Program Year 1**. Organizational information will include identifying all teams necessary for business continuity (i.e., Crisis Management Team, Recovery Team, Facility Team), their roles and responsibilities, any applicable delegation of authority, and command center operations.

Clearwater will refer to the information obtained in any available Business Impact Analysis ("BIA") plans and work with Client's identified SMEs to document business continuity processes and downtime procedures for those processes that must be recovered within 48 hours (**up to ten (10)** in-scope business processes). These procedures will use a template provided by Clearwater to guide consistency for Client. The template will be pre-populated with business process information from the BIA and will document the following:

- Business process overview
- Process inputs and outputs
- Dependencies and interdependencies
- Process leadership and staffing
- Communications and information systems
- Alternate location requirements (if applicable)

- Process procedures (downtime procedures)

The Clearwater team will provide guidance and support to identified 'process SMEs' in supporting the business process continuity plans.

Clearwater's will schedule weekly meetings with the Project team to develop the organizational components of the plan. Clearwater will distribute the templates for the business processes to the SMEs for completion and schedule follow-up interviews to verify the documented BCP process; this will consist of weekly Project team meetings and separate interview sessions, the number to be determined after reviewing any existing BIA plans.

### **Clearwater Deliverables Specific to Components #17 and #18**

- Written Project Status Reports at a frequency mutually agreed between Clearwater and Client
- Project plan and schedule to meet Project milestones and completion
- Business Continuity Plan
- Disaster Recovery Plan

### ***Component #19 - Breach Response Support***

When a security or privacy incident is reported during the Program, the Program Leader will provide guidance and support to Client's team as it triages and manages the reported incident, with a view to minimizing the impact of incidents and breaches on the organization. Clearwater will participate as requested on investigation of the incident, development of plans to determine Client's response and any mitigating actions to limit harm, and execution of its response. Clearwater will also assist with gathering or creating documentation and reviewing written responses and as requested, Clearwater will assist in preparing and presenting Program team, Governance Council and Board briefings.

To assist Client to prepare for breach response, the Program Leader may also be requested to prepare for and lead the conduct of breach response "tabletop" exercises to practice Client's response, including the engagement of subcontractors, business associates and other third parties so as to rehearse communication protocols. Should a data breach occur during the Program, Clearwater will provide expertise, guidance, and coordinate planning for the appropriate response. However, third party resources may need to be engaged by Client, including legal counsel, technical forensic reviews, communications/public relations, and the like, if Client has not yet taken action to engage such third parties as a follow up to Component #19.

Program Leader time applied to perform the Services related to this Component #19 will be logged to the Monthly Allocation of Applied Time set out in Component #1 for Program Leadership.

### ***Component #20 - Incident Response Support (Not including forensics)***

When a security or privacy incident is reported during the Program, the Program Leader will provide guidance and support to Client's team as it triages and manages the reported incident, with a view to minimizing the impact of incidents and breaches on the organization. Clearwater will participate as requested on investigation of the incident, development of plans to determine its response and any mitigating actions to limit harm, and execution of its response. Clearwater will also assist with gathering or creating documentation and reviewing written responses. Clearwater will also assist, as requested, in preparing and presenting Program team, Executive and Board briefings as requested.

To assist Client to prepare for breach response, the Program Leader may also be requested to prepare for and lead the conduct of breach response exercises. Should a breach occur during the Program, Clearwater will provide expertise, guidance, and coordinate planning for the appropriate response. However, third party resources may need to be engaged by Client, including legal counsel, technical forensic reviews, communications/public relations, and the like. Program Leader time applied to perform the Services described within this Component #20 will be logged to the Monthly Allocation of Applied Time set out in Component #1 for Program Leadership.

### ***Component #21 – Vulnerability Management***

The goal of Vulnerability Management is to provide an ongoing, comprehensive, and insightful vulnerability management program that not only performs routine managed scanning and reporting during the Program, but also enhances the entire process of vulnerability management through the application of real time threat intelligence against Client's current known operating state and vulnerabilities.

Upon performing any initial vulnerability gathering activity, Vulnerability Management continuously monitors threat sources for changes in attack methods, new exploits or zero days that could directly impact Client's operating state or current vulnerabilities. This approach provides a significant advantage over waiting up to ninety (90) days for the next round of scanning to be completed before being informed, and rapidly generates a notification to any new attack that alters a previous risk rating to high or critical based on something being introduced into the wild that wasn't present before.

Vulnerability Management will provide Client with access to the vulnerability data and recommendations on how to best remediate and prioritize the identified security flaws based on risk levels and threat intelligence data. All this information is presented in a way that provides actionable, near real-time intelligence that not only meets any compliance requirements, but dramatically reduces the exposure presented by traditional point in time scanning offerings.

#### **Detailed Work Process Description:**

- **Profiling:** For all vulnerability management activities, each target is profiled to establish as many specifics about that host as possible including hostname, DNS information, open ports and services, versions of services, and underlying operating system.
- **Vulnerability Identification:** Once the organization and targets are profiled, Clearwater will review hosts for system and configuration vulnerabilities at the defined interval. All vulnerability results will be captured and maintained in the Clearwater portal.
- **Near Real-Time Threat Intelligence:** On a 24x7x365 basis Clearwater will continuously monitor for any new, updated, or modified attacks that could have a potential impact to the security and compliance of Client's organization and provide notification and guidance on how to best address these new attacks.

The following areas are considered in scope:

- Minimum of and no more than **ten (10)** hosts for Monthly external vulnerability scanning
- Minimum of and no more than **eight hundred ninety-six (896)** hosts for Monthly internal vulnerability scanning
- Near real-time risk level updating based on threat intelligence data
- Tracking of current vulnerabilities and their associated risk levels
- ASV Scanning and Reporting in accordance with applicable regulatory standards

- Compliance or Regulatory Standards: **HIPAA**

This engagement will be done from both the internet and Client's internal network, in order to focus on the specified targets from the appropriate perspective. The primary mechanism used for reporting vulnerability risk levels, metrics, asset priorities, etc. will be provided by the Vulnerability Management portal. Any specific deliverables required to show compliance with any applicable regulatory standards will be provided in the required format.

#### **Clearwater Deliverables specific to Component #21:**

The compliance and security outcomes of Clearwater's Vulnerability Management Service will include 24x7x365:

- Notification and escalation of incidents in accordance with Client escalation process
- Routine vulnerability management reports indicating current vulnerability status, changes period over period, and trending
- Monitoring of changes within real time threat indicators that could impact client's security posture based changes to active exploits
- Access to the Clearwater portal for ticketing, events, support, and alerts

#### **Component #22 – Assessment of On-Premises Network Design**

Clearwater's Program Leader will assign one of Clearwater's Consultants having specialized network expertise to assess Client's network design at the enterprise level against applicable industry best practices. Best practices used for this assessment will depend on the Client's specific environment and may include NIST SP 800-115 *Technical Guide to Information Security Testing and Assessment*, NIST SP 800-53 *Security and Privacy Controls for Federal Information Systems and Organizations* as well as Center for Internet Security ("CIS") Controls and Sherwood Applied Business Security Architecture ("SABSA"). In addition, Clearwater will provide ongoing network security subject matter expertise as needed by Client.

The focus of the Services provided within Component #22 will be to determine if the network design deployed on-premises follows best practices and standards and if Client should consider implementing additional network controls or processes to reduce the overall security risk. After review of the network design and the identification of potential changes and/or controls, the focus will shift to providing support and guidance to Client on implementation of the network configuration changes and/or implementation of other controls.

The Services within this Component #22 will be performed remotely, and the scope will include, but may not be limited to, the evaluation and provision of guidance and support on review of the following network functions:

- Network architecture design
- Governance structure
- Security products and tools
- Network operations
  - Administration
  - Configuration/patch management
  - Monitoring/logging
  - Access management
  - Change management
  - Incident Response

- Data security
  - Encryption
  - Collection and storage
  - Transmission
  - Destruction
- Business Continuity/Disaster Recovery

Clearwater will provide any recommendations it may find to strengthen Client’s on-premises network design. However, it is the responsibility of Client to implement any recommendations offered by Clearwater. Clearwater will provide ongoing guidance and support for Client’s on-premises network security program throughout the Program. Applied Time of the Program Leader and/or other Clearwater Consultant(s) in relation to ongoing support activities under this Component #22 will be logged against the Program Leader’s Monthly Allocation as set out in Component #1.

### ***Component #23 – Log Management***

The Clearwater Log Management (“LM”) Service is designed to provide Clients with a cloud-based platform that captures and retains their logging information. Beyond just capture and storage, LM meets a Client’s applicable compliance requirements for retention, alerting, review, and notification along with providing critical supporting data and near real-time insights needed for the detection of modern cybersecurity related events.

The LM service provides the mechanism for log normalization across all data sources, event aggregation for common events, suppression for elimination of duplicate events and downstream related artifacts, and correlation of related events across different sources when combined with other Clearwater Managed Security Services.

#### **Detailed Work Process Description:**

- **Source Confirmation:** Prior to beginning any setup or configuration, Clearwater works with the Client to confirm the scope of the logging sources to better understand the types of sources, quantity, and any specific use cases that may align with a certain type of log source such as logs coming from a remote access appliance or application.
- **On-Premises Setup:** Before any logs can be sent to Client’s specific cloud instance, an on-premises virtual appliance needs to be setup that acts as log receiver and forwarder. In this task, Clearwater works with the Client to deploy the appliance and enable the specific features, ports, and security settings followed by testing the configuration to confirm all is working properly.
- **First Source Setup:** In this task, Clearwater and the Client enable the first source for each unique logging source to communicate with the on-premises virtual appliance. This method allows for any customized configuration, testing or other details to be determined for a given source before deploying to the larger set. The result of this stage will be logs from the first sources being forwarded and stored within the Client specific cloud instance of the LM service.
- **Event, Rules, and Content Configuration:** A significant aspect of any logging solution is ensuring that not only are logs being received, but the content and type of logs meet the intent of any compliance requirement while also being effective at helping with threat detection. In this task, Clearwater will evaluate all the first sources for the content of Client’s logging data, work with the Client to align the content for what’s best for compliance and security, and then adjust the rules’ structure to best operate

based on that data. Where needed, Clearwater will also build or modify parsers to be harmonized with other data sources.

- **Complete Source Setup:** After finalizing the content configuration, logs being collected and the rules being triggered, the next task will be to implement log collection to the remaining sources. This process will be primarily performed by the Client, with Clearwater providing any needed configuration or implementation guidance.
- **Escalation and Notification Setup:** When Clearwater identifies an incident, it will be important to follow proper notification and escalation within the Client. This task will establish and test the notification and escalation process with the Client to include handling of incidents afterhours, weekends, and holidays. This task will also address any needed integration options between Clearwater's Security and Threat Operations Center and the Client's ticketing or notification system.
- **Go Live:** Once setup is complete, Client will be migrated to the Security and Threat Operations Center. This is a formal internal process that involves knowledge sharing, Client profile updating, and introductions between the Client's main contacts and the operations center. This will culminate in a formal handoff session with the Client and Clearwater, setting the official go live status for all Service Level Agreements, and any final clarifications or questions.

The following areas are considered in scope:

- Minimum of and no more than **two hundred (200)** servers will be logged
- Minimum of and no more than **two (2)** security devices will be logged
- Minimum of and no more than **six hundred thirty-five (635)** workstations will be logged
- Minimum of and no more than **sixty-one (61)** infrastructure devices will be logged
- Minimum of and no more than **three (3)** cloud services will be logged
- No more than **five (5)** custom log source parsers will be built
- Up to **one (1)** virtual appliance may be deployed per geographic location
- No more than **one (1)** integration to a Client designated ticketing system
- Minimum **thirty (30)** days of active log storage and review
- Minimum of **one (1)** year storage or in accordance compliance needs
- Compliance or Regulatory Standards: **HIPAA**

#### **Clearwater Deliverables specific to Component #23:**

The compliance and security outcomes of Clearwater's Log Management Service will include 24x7x365:

- Active threat detection and response support for incidents
- Evaluation of all sources and destinations against threat intelligence feeds
- Notification and escalation of incidents in accordance with Client escalation process
- Implementation and maintenance of compliance specific rules, reviews, alerting, and notification
- Implementation and maintenance of security centric rules to assist with ongoing threat detection
- Monitoring of log reception from all provisioned sources
- Monitoring of log quality or significant change from all provisioned sources
- Access to the Clearwater portal for ticketing, events, support, and alerts

#### **Component #24 – Subscription to Clearwater's IRM|Pro® Software**

Clearwater's IRM|Analysis Software and methodology are based on the explicit Department of Health and Human Services ("HHS") and the Office for Civil Rights ("OCR") "*Guidance on Risk Analysis Requirements under the HIPAA*

*Security Rule*” and the NIST Special Publications (“SP”) describing *Risk Assessments, Risk Management and Controls*. In addition to the initial training on the functionality of the Software and support and ongoing training on the functionality of the Software by Client’s assigned Client Success Representative, Clearwater will designate one of its risk Consultants to support Client during the Subscription Term to develop, implement and mature a risk analysis/risk management process that aligns with the use of the IRM|Analysis and IRM|405(d) HICP Software. The designated Consultant will provide Client’s SMEs with education, guidance, support and general oversight for process and methodology as requested and if requested, will review Client’s intermediate steps as Client performs its own work.

Product(s)	Quantity	Subscription Term
Silver Edition IRM Analysis	1	Three-Year
IRM 405(d) HICP	1	Three-Year

The delivery of the Subscriptions will be led by a Client Success Representative assigned to support Client and Client’s use of the Software both during the initial provisioning of the Subscription and ongoing. Upon execution of this SOW, Client’s Client Success Representative will schedule a Welcome Call with Client’s Project Owner(s) and Account Owner(s) to make introductions, overview the process to be undertaken, discuss other subject matter experts (“SMEs”) that should receive training on administration of the Subscription and training on the functionality of the Software. Dates for training sessions with the Account Owners will be identified and access to the Subscription will be provisioned prior to the relevant training session.

During its Subscription Term Client may upgrade to another Edition or add any of the optional features as and when its needs may dictate.

**Key Work Tasks/Process Steps:**

- Conduct Welcome Call/Initial Engagement Meeting during which Client is introduced to its assigned Client Success Representative and Consulting Services Support Consultant
- Client designates at least one Account Owner for each IRM|Pro Software product
- Provision of the Subscriptions and Training for Account Owner(s) and other SMEs

**Clearwater Deliverables Specific to Component #24**

- Provisioning and initial training on the functionality and administration of the IRM|Analysis Software
- Ongoing support and training of Client’s Account Owner(s) on the functionality and administration of the IRM|Analysis and IRM|405(d) HICP Software by the Client Success Representative during the term of the Subscription

**Client Responsibilities for the Program:**

- Assign a management-level Client Program Owner to provide leadership of the Program and to liaise with Clearwater and the Governance Council during the Program
- Engage and inform Client’s Executive leadership and CRM governance body as appropriate throughout the Program. Ensure there is dialog with the Program teams to ensure awareness of changes in business priorities, budget constraints or other factors that may impact the Program or any Component
- Assign an experienced project manager or similar resource to the Program to engage with Clearwater’s Program Leader and Engagement Coordinator to develop and update project plans and schedules,

- facilitate communication and coordination of all Program tasks and activities with a view to timely completion of the Program within Client's desired timeframe and as set out in the agreed project plans
- Assign to the Program appropriate SMEs to participate in the Program and in each Component; ensure they have management support, clear expectations and management support for the Program; and that management allots sufficient capacity in participants' work schedules to enable them to participate fully in all relevant Program/Component planning meetings, strategy meetings, the on-site/remote interviews/meetings/discussions, Deliverable reviews and execution of agreed recommendations, actions and work plans
  - Collaborate with Clearwater's assigned Program Leader and Engagement Coordinator to develop an effective communication plan and scheduling protocol to facilitate effective scheduling of discovery interviews, on-site/remote meetings, assessments, and all Program-related meetings with Client SMEs and provide full management support of that protocol
  - Schedule and engage appropriate leaders and SMEs to prepare for and timely attend all relevant interviews, meetings and working sessions
  - Provide technology/audio/video equipment, meeting room and arrange logistics for the conduct of the remote and/or on-site meetings or interviews described in various Component descriptions
  - Assign Program Owner and SMEs to review Program dashboards, metrics, and reports and to participate in relevant periodic Program Status meetings to facilitate clear communication regarding execution of the Program discuss accomplishments during the prior period, plan next period's activities and address Program risks
  - Upload requested documentation related to all Components to the secure Project file-sharing platform hosted by Clearwater
  - Review all draft policy and procedure documents delivered by Clearwater during the performance of Component #8 and provide timely input and feedback toward finalizing the final draft policies and procedures within not more than twenty-one (21) calendar days of receiving the initial draft. Should Client not provide feedback or approval within twenty-one (21) calendar days of receiving draft documents, the latest draft will be considered accepted, and a final version will be issued for presentation to Client's Governance Council
  - Identify one or more individuals to become the Account Owner for the IRM|Analysis Software. The Account Owner(s) will be responsible for attending training sessions related to the Software, mastering the administration of the Software and the use of the functionality provided by the Software, authorizing/de-authorizing Users, and permissions, and training all other Users and Account Owners
  - Based on the *Information System/Component Group Discovery Meeting Planner* prepared for Component #9 or the *Risk Response Meeting Planner* prepared for Component #10, communicate with and obtain buy-in on the Program with appropriate business managers to engage appropriate SMEs to prepare for and timely attend all relevant remote discovery meetings, site reviews, and interviews as scheduled on the *Meeting Planners*
  - Identify responsibility for ongoing administration of the HIPAA Compliance and Security Awareness Workforce Training Program established in the performance of Component #14
  - Identify responsibility for maintaining relationships and ongoing communication with third parties established in Component #15
  - Collaborate with Clearwater during the preparation of each of the Draft FOR Report or other written Deliverable related to each Component for which there is a FOR Report or other written Deliverable, as reasonably requested within certain Components

- Review each Draft FOR Report, Presentation, Plan or other written Deliverable and provide timely input and feedback toward finalizing each FOR Report or written Deliverable within not more than twenty-one (21) calendar days of receiving each initial Draft FOR Report or other written Deliverable. Should Client not provide feedback or approval within twenty-one (21) calendar days of receiving a Draft Deliverable, the latest Draft Deliverable will be considered accepted, a Final Deliverable will be issued, and the relevant Services and the relevant Component will be deemed to have been completed for that year
- Organize presentations of the Final Deliverables and any Clearwater proposal(s) concerning next steps with appropriate Client Executives and/or Governance Council
- Clearwater may discover zero-day vulnerabilities in either third-party applications used by Client or Client-developed applications available for public use during the provision of Services described in Components #12, #13 or #23, and that Clearwater reports to Client within the relevant Deliverables. In coordination with Client, Clearwater reserves the right to responsibly disclose any zero-day vulnerability(ies) it finds and to apply for a Common Vulnerabilities and Exposures ("CVE") to be assigned from the appropriate Root CVE Numbering Authority ("CNA"). Upon the earlier of the expiration of a ninety (90) calendar day period following Clearwater's report of the vulnerability of such vulnerability(ies) or the provision and release of a public fix for the vulnerability(ies), Clearwater will publicly and responsibly disclose such vulnerability(ies)
- Client will be responsible for reimbursing Clearwater for all costs related to additional Consultant time, Consultant travel time, and related travel expenses, which costs are due to extended time on-site or other delays in the provision of the Services due to causes under the sole control of Client. Such delays may include, but are not limited to missed interview attendance, or site visits that require rescheduling and/or conduct of a remote interview as a result of Client SME's failure to attend, or lack of preparation for, such meetings
- Client agrees to provide Clearwater with feedback and input to continually improve Clearwater's solutions and Services. Clearwater may request Client's participation in whitepapers, case studies or other educational or promotional materials; may use Client's logo in marketing materials, sales or other presentations and/or on Clearwater's web site; and/or may request appropriate Client Executives to provide testimonials or serve as a reference in relation to the solutions and Services provided

### **Clearwater Deliverables\*:**

- **Written Program Status Reports** regarding all Program Components delivered at a frequency mutually agreed between Clearwater and Client
- **Quarterly Executive, Governance Council and/or Board Briefing Presentations** on the progress of this Program and Client's CRM Program
- **Development and presentation of a Strategic Roadmap for Client's CRM Program**, as described in Component #5
- **Development of a Tactical Work Plan for completion of projects needed to advance the Strategic Roadmap each Program Year**, as described in Component #6
- A customized **HIPAA Compliance/CRM Program Governance Council charter, a recommended agenda for the initial Council meeting**, and assistance with establishing and facilitating the initial Governance Council meetings as described in Component #7
- Customized **Draft HIPAA policies and procedures** ready for review and approval by Client's legal counsel and HIPAA Compliance Governance Council and assistance with implementation and routine updates as described in Component #8

- **Annual completion and presentation of an OCR-Quality Risk Analysis, performed remotely**, as described in Component #9
- In collaboration with Client SMEs each year, co-creation of a **Risk Treatment Report and Risk Response Detail plan within the IRM|Analysis Software** and ongoing support during execution of the agreed plan as described in Component #10
- Client's fully populated and regularly updated **Clearwater IRM|Analysis Software** that documents Client's risk analysis and risk response progress as described in Components #9 and #10
- **Implementation and ongoing update/support of a robust Vendor and Subcontractor Management program**, including but not limited to, recommendations to strengthen Subcontractor Agreement(s), written documentation, relevant Subcontractor assessment/attestation surveys, employee training, and ongoing program support as described in Component #11
- **Customized workforce training materials in Microsoft PowerPoint® format** for use in training appropriate Client workforce members on the HIPAA policies and procedures necessary for their respective job roles, along with routine updates as described in Component #14
- **Implementation of course(s) to meet general HIPAA and Security Awareness training** for Client's workforce as described in Component #14
- **Training for Client's selected workforce training administrator on LMS Portal administration** and production of management reports and documentation of workforce training occurrences as described in Component #14
- **A Draft and Final FOR Report setting out the results and recommendations for each of the following Components:**
  - #4 – 405(d) HICP Small Organization Assessment
  - #9 – Periodic OCR Quality Risk Analysis, Performed Remotely
  - #12 – Internal Assume Breach Penetration Testing
  - #13 – External Network Penetration Testing
- **Written recommendations to strengthen Client's security**, related to findings from Component #22 - Assessment of On-Premises Network Design
- Incident Response Readiness Exercise Report of Findings - After the exercise has been conducted as described in Component #16, Clearwater will develop and deliver a report of findings that lays out any missed steps, deviations from Client's policies, and suggestions and recommendations for improvements to the processes assessed.
- An automated report setting out the results of the periodic scans as described in each of Component #23, accompanied by a meeting with Clearwater's Program Leader and testing Consultant to discuss the results and any recommended actions
- In combination with Clearwater's Vulnerability Management Service described in Component #23, the Vulnerability Management report will identify vulnerabilities and recommended solutions. Remediated vulnerabilities will be removed from the report and the total number of vulnerabilities will be reflected from week to week to track progress.
- Availability of ongoing **IRM|Analysis Software training and support**
- A **written Clearwater proposal for additional services Clearwater can provide** to assist Client in addressing recommended any next steps not included within the scope of this Program

*\*Delivery of the above Deliverables requires the full engagement and support of Client and Client's Program Teams. Clearwater will not be obligated to these Deliverables if Client does not accept Clearwater's offer for such Deliverable and/or take proactive and deliberate steps to provide Clearwater with the engagement and support to deliver it.*

## Fees, Costs and Payment Terms:

The following are Clearwater's fees for the performance of Services set out in this SOW and for the IRM|Pro Software Subscriptions. Additional services to complete activities out of scope for this SOW are available upon request for additional fees via the execution of a Change Order to this SOW or the completion of a separate statement of work.

<b>Component No./Component Descriptions for ClearAdvantage Program</b>		
1.	Overall Program Leadership by a Designated Program Leader and Virtual CISO Support – Monthly Allocation = <b>Avg up to 24 Hours/Month</b>	
2.	On Demand Access to SMEs	
3.	Ongoing Program Management by a Designated Engagement Coordinator – Monthly Allocation = <b>Avg up to 6 Hours/Month</b>	
4.	Perform a 405(d) HICP Small Organization Assessment	
5.	Develop a Strategic Roadmap for Client's CRM Program	
6.	Develop Tactical Work Plans for Client's CRM Program Each Program Year	
7.	Establish and Implement HIPAA Compliance and CRM Program Governance	
8.	Review and Implement Tailored HIPAA Security, Privacy and Breach Notification Policies and Procedures, including Clearwater HIPAA Policies and Procedures ToolKits™	
9.	Perform Periodic OCR-Quality® Risk Analysis – Scope of <b>up to 15</b> Information Systems; <b>1</b> Site Review; <b>1</b> FOR Report	
10.	Ongoing OCR-Quality® Risk Response Planning and Execution Support – Scope of <b>up to 23</b> Risks	
11.	Develop and Implement a Strong, Proactive Vendor Risk Management Program	
12.	Internal Assume Breach Penetration Testing	
13.	External Network Penetration Testing	
14.	Develop and Implement a HIPAA Compliance and Security Awareness Workforce Training Program – Up to <b>375</b> workforce members	
15.	Third Party Relationship Management Support	
16.	Incident Response Readiness (Tabletop) Exercise	
17.	Disaster Recovery Planning	
18.	Business Continuity Planning	
19.	Breach Response Support	
20.	Incident Response Support (Not including forensics)	
21.	Vulnerability Management – including Managed Security Services - 24x7x365 Monitoring and Management (Appendix A)	
22.	Log Management	
23.	Assessment of On-Premises Network Design	
24.	Subscription to Clearwater's IRM Pro® Software	
		<b>Monthly Services Fees* For 36 Months</b>
		<b>Annual Services Fees*</b>
	<b>Subtotal Consulting Services Fees</b>	<b>\$29,007</b>
	<i>Less Preferred Client Discount</i>	<i>(\$6,837)</i>
	<b>Total Consulting Services Fees</b>	<b>\$22,350</b>
	<i>*All Services Fees for the Program are subject to increase as the quantity of Client Locations increase, as set out below</i>	
	<i>See Appendix A for Service Level Agreement</i>	
	<i>See Appendix B for Add-On Pricing Options</i>	
	<i>Customary reasonable and appropriate travel and other direct out-of-pocket expenses are not included in the amounts above and will be invoiced separately, as incurred</i>	



**Scope Summary for all Components shown above:**

Vulnerability Management Minimum of and No More than:	
Internal Hosts	896
External Hosts	10

Log Management Minimum of and No More than:	
Workstations	635
Servers	200
Security Devices	2
Infrastructure Devices	61
Cloud Services	3

In order to maintain continuity of services, Clearwater will update each monthly invoice to bill for the change in volume from the prior month according to the schedule in Appendix B. Clearwater will review the quantities deployed at the end of every quarter and provide Client a Change Order documenting the updated quantities, the revised Monthly Fees and, if needed, a true up calculation for any unbilled amounts owed from the prior quarter.

Client’s quantities may fluctuate from month to month based on changes in Client’s environment but at no point during the Term of the Services will the quantities fall below the quantities set out above or in a subsequent Change Order.

**Travel and Other Expenses**

All travel will be approved by Client in advance and will be invoiced at actual expense, accompanied by appropriate receipts. Clearwater will minimize any travel expenses by following these travel guidelines:

- Economy best available airfare (7/14-day advance purchase whenever possible)
- 3 star or better hotel at best price
- Mid-Size rental car. Clearwater staff will carpool whenever practical
- Meal expenses at a maximum of \$75 per day, per Consultant

**Payment Terms and Schedule**

- All invoices will be emailed to Client on the date they are eligible to be invoiced (“Invoice Date”).
- Payment is due for all invoices within ten (10) calendar days following the Invoice Date (“Payment Due Date”).
- *Customer may elect to pay the Total Fees Committed on an annual basis with the first invoice and receive a 5% discount subject to timely payment within the agreed upon payment terms. Upon Customer’s request, Clearwater will invoice annually.*
- **\$804,600 Total Consulting Services Fees for Three-Year Program**
  - **\$22,350 Monthly Services Fees** for the first of the thirty-six (36) monthly payments will be invoiced upon execution of this SOW
    - **\$22,350 Subsequent Monthly Services Fees** will be invoiced by the 5<sup>th</sup> calendar day of each month for fees due for the next month’s fees
- Monthly invoices in the amount of **\$22,350**, available by opting into Clearwater’s automatic ACH program. This will give Clearwater permission to automatically draft Client’s account for the monthly SOW amount of **\$22,350** on the first of each month (or a date of Client’s preference) for the SOW term. **Please complete the auto ACH enrollment form provided, along with the New Client Set Up Form and return at your earliest convenience.**

- Quarterly invoices in the amount of **\$67,050** will be required if Client does not elect to opt in for monthly auto ACH payments.
- Travel expenses will be invoiced in arrears, as incurred, accompanied by all appropriate receipts
- Change Orders to increase the quantity of information systems, site reviews or FOR Reports for any periodic risk analysis from those from the quantities set out in the description of Component #9:
  - Services Fees for each information system added to the scope will be **\$1,650** per information system
  - Services Fees for each remote site review added to the scope will be:
    - **\$550** per site
  - Services Fee for each FOR Report added to the scope will be **\$3,300** per FOR Report
- Change Orders to increase the quantity of risks to be included in excess of 10% more than the quantity set out in the description of Component #10 will be **\$375** per additional risk
- Change Orders to increase the quantity of workforce members from the quantity set out in the description of Component #14, inclusive of any additional Locations as described in the paragraph above, will be **\$25** per workforce member per year.
- Change Orders to increase the scope of any Services related to Components #12, #13, or #23 will require a special quotation based on the parameters and the degree of variation
- Invoices for all Change Orders are issued based on the Payment Terms and Schedule agreed in the Change Order
- Monthly Allocation by the Program Leader or other Consultants engaged to perform activities to be logged to Component #1, and/or Engagement Coordinator to provide Services related to the performance of Component #3:
  - Can be increased at any time by mutual agreement of the Parties via execution of a Change Order to this SOW
  - Program Leader, Consultant and Engagement Coordinator Applied Time performing Services to the relevant Components listed above, or to any Component specifying that Applied Time will be logged to the Program Leadership Component #1, shall include time spent performing Services remotely, in transit to Client's site or at Client's site and will be logged to the Program in increments of a minimum of .25 hours. Applied Time during travel to and from Client site will be logged to the relevant Component at one-half (1/2) the typical Applied Time
  - Both Parties recognize that Applied Time required by Clearwater to perform Components #1 and #3 is likely to vary from month-to-month dependent on the scheduled activities and Client's needs. The Monthly Allocation is an expected average over time, with the understanding that should the actual Applied Time to provide Services related to the listed Components exceed the Monthly Allocation on a consistent basis during any four (4) consecutive months of the Program, the parties will discuss the situation and agree to either increase the Monthly Allocation for the remainder of the Term of the Services by execution of a Change Order to this SOW, or if the overage is expected to be temporary, to invoice Client for Applied Time to complete Services described within the Components listed in this paragraph in excess of the Monthly Allocation ("Excess Hours") over the four-month period
  - Excess Hours agreed between the Parties, if any, will be invoiced in arrears, as incurred and agreed will be:
    - **\$315** per hour for the Program Leader or any Consultant
    - **\$150** per hour for the Engagement Coordinator

- Applied Time includes Consultant time spent performing Services whether such Services are performed remotely, in transit to, or at the Client's site and will be logged to the Project in increments of a minimum of 0.25 hours
- Any payment made with a credit card will incur an additional fee of three percent (3%) added upon payment of fees
- In the event Client fails to pay three (3) consecutive invoices, then Clearwater, in its sole discretion, shall be entitled to suspend the Services until Client cures such nonpayment
- Clearwater reserves the right to take any of the following actions as a result of deviations from the agreed project plans and or schedules due to causes that are under Client's sole control:
  - If Client requests and approves an on-site visit, and then cancels or requests that Clearwater reschedule such on-site visit less than two (2) weeks prior to the planned on-site date, and Clearwater is unable to redeploy the Consultant that was traveling to other engagements, Clearwater reserves the right to invoice Client a cancellation/change fee of **\$2,500** per Consultant plus any related non-recoverable travel expenses
  - If the duration of a requested and approved on-site visit must be extended due to rescheduled SME meetings, additions to scope requested by Client, or other delays, to invoice Client for any non-recoverable travel expenses (including any airline change fees), incurred by Clearwater for any extension of days on-site after approved travel has been booked
  - If Client fails to engage in planning or scheduling the completion of any Component, work process or assigned work task so that the Services can be completed as described herein prior to the end of the Term of the Services, Clearwater may consider the work process or Component completed and move forward with the next scheduled Component work process without any offset of fees

### **Term of the SOW and Term of the Services:**

The term of this SOW shall begin on the SOW Effective Date with planning and preparation between the parties and shall remain in effect until the Term of the Services, as defined herein, has expired. The term of the Services provided under this SOW shall begin on a date to be mutually agreed between the parties ("Services Term Beginning Date") and shall remain in effect for a period of **thirty-six (36)** calendar months from the Services Term Beginning Date ("Term of the Services"). The Services Term Beginning Date will be agreed between the parties based on the availability of Client's Program Owner and Program team and the appropriate Clearwater Program Leader. However, both parties shall make reasonable efforts to ensure the Services Term Beginning Date occurs not more than sixty (60) days following the SOW Effective Date. Following the initial thirty-six (36) month Term of the Services, the Program will automatically renew for successive one (1) year periods unless Client notifies Clearwater of its intent not to renew no less than sixty (60) days prior to the expiration of the current SOW Term. The term of the Software Subscriptions provided will also begin on the Services Term Beginning Date and will continue for the Term of the Services.

### **Approvals:**

IN WITNESS WHEREOF, the parties hereto have executed this Statement of Work as of the date last entered below (the "SOW Effective Date") and the parties are bound by its terms.

**Agreed and Accepted By:**

**Clearwater Security & Compliance LLC**

**Hazel Hawkins Memorial Hospital**

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

Name: C. Baxter Lee

Title: Chief Financial Officer

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

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

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

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

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

## Appendix A Service Level Agreement

The following describes Clearwater's Service Level Agreements ("SLA") and Managed Security Service Provider terms and conditions for any organization ("Client") using Clearwater's Managed Security Services ("Services"). This agreement incorporates all terms and conditions from the applicable Statement of Work ("SOW"), but does not reflect any agreed upon work, tasks, or responsibilities provided as part of additional consulting engagements.

### **Section 1. Incident Analysis and Response**

Clearwater is responsible for incident detection, analysis, investigation, and escalation for the services and technologies selected by Client. It is Clearwater's primary responsibility to ensure that security events and incidents are detected and escalated in a timely manner. Clearwater is responsible for incident escalation and response, therefore only Clearwater has the authority to classify events or alerts as incidents to ensure due diligence of investigation and accountability in reporting.

Clearwater will be the focal point for organizational security issues and will be responsible for incident analysis and investigation to determine if events or security alerts warrant incident classification. If an event or alert is classified as an incident by Clearwater resources, then Clearwater will be responsible for tracking the incident with the Client through to final resolution. Clearwater resources will perform incident triage to include determining scope, urgency, and potential impact, and will make recommendations to allow for remediation.

Clearwater will investigate all initial security alerts and incidents and escalate as appropriate in accordance with the agreed upon SLAs. All alerts and incidents will be analyzed and investigated using a structured process and set of defined procedures. Escalations will follow established escalation paths and utilize contact information collected during the on-boarding process, as mutually agreed upon by the Client and Clearwater.

For incidents that are assigned to the Client for additional remediation, internal coordination, external involvement, etc., Client is responsible for escalating incidents back to Clearwater that require further action or analysis by Clearwater.

Additional responsibilities of Clearwater include:

- Produce internal reports on security activity and workload metrics to include tickets opened, events per analyst hour, and open or pending items. Additionally, reporting may be conducted to demonstrate top incident types, top talking sources and destinations and various other pre-determined metrics.
- Assist in identifying potential impact of incidents on Client systems and using provided services/technologies to assist Client in determining if data was exfiltrated.

### **Section 2. Maintenance, Patching and Configuration**

Clearwater is responsible for the maintenance, updating, and Client requested and/or approved changes to the technologies used to support and deliver the Services. During the course of delivery, the underlying technologies will need to have maintenance activities performed, and updates applied to maintain the highest levels of operability, reliability, and security.

In addition, at Client's or Clearwater's request and approved by the Client, changes may be made to those technologies to support business initiatives, improve security, adjust scope, or other various business or technical reasons.

Finally, Clearwater may also be responsible for the patching of Client designated systems and endpoints outside of those technologies used for Service delivery.

In all cases of maintenance, updating, patching or configuration changes the tasks will be done in accordance with Client specific change control procedures, approvals, change windows, and notifications.

**Section 3. Managed Security and Compliance Platform**

Clearwater will provide a cloud-based platform as a mechanism to centralize all events, incidents, reporting, and delivery of the Services. This platform is the aggregation point for orchestration across all Services and includes rules development, machine learning, geo location, and threat intelligence.

**Section 4. Reporting**

Clearwater will provide reporting and metrics as mutually agreed by the Client and Clearwater, monthly to pre-designated Client personnel through the Client portal. This report will contain at a minimum, Event, Incident, Investigation metrics, and Change Details as well as other key indicators in accordance with the provided services and technologies.

**Section 5. Service Levels**

Name	Description	SLA
Platform and Notification Availability	<p>Clearwater will provide access to the Client portal portion of the platform and associated notification systems with the exception of "Scheduled and Emergency Portal Maintenance".</p> <p>This will be measured by the number of minutes in the month minus the number of minutes the portal is unavailable during the month (adjusted for any scheduled downtime) divided by the total number of minutes in the month x 100.</p>	99.9%
Time to Acknowledge (TTA)	<p>Upon generation of an alert, an analyst will be assigned, and initial investigation began within the given timeframe.</p> <p>This is measured by taking the difference between creation of an alert ticket and when the ticket was set to "Acknowledged" upon opening by the analyst.</p>	30 Minutes
Time to Investigate (TTI)	<p>Upon a ticket being acknowledged, an analyst will perform an initial investigation to determine if the alert should be elevated to an incident or not.</p> <p>This is measured by taking the TTA time and adding the time between when the alert ticket was acknowledged, and when the ticket was set to "Incident", "False Positive – Confirmed" or "Alert Hold".</p>	60 Minutes
Time to Notify (TTN)	<p>Upon making the determination that an incident has occurred, the Client notification and escalation process will be triggered.</p> <p>This is measured by taking the difference between the time that a ticket was set to "Confirmed" and the time recorded for when the first Client notification was sent via email, SMS, or other designated method.</p>	5 Minutes
Opened Ticket Receipt Notification	<p>Any time a ticket is opened through the Client portal for support, change request, or other need by the Client a notification will be provided.</p> <p>This is measured as a difference between the time recorded when Client submitted a ticket and the time recorded for when Client notification was sent via email, SMS, or other designated method. Only support requests submitted through the Client portal are subject to this this SLA.</p>	15 Minutes

Change Request Security/Compliance Review	Any request for a change to a Service delivery technologies configuration is put through a security and compliance impact analysis. Any ticketed submitted as a "Change Request" will trigger this SLA.  This is measured as the difference between the time recorded when Client submitted a change request ticket, and when the ticket was set to "Approved" or "Need Client Confirmation"	8 hours
Change Request Completion	This is when an approved changed request has been fully implemented.  This is measured by taking the difference between the time that a change request ticket was set to "Approved" and the time the ticket was set to "Implemented".	24 hours
Notification of Failure	This is when a critical Infrastructure component that is part of the service delivery technologies, or Client provided system or endpoint monitored by Clearwater stops responding, reporting in, or sending data.  This is measured as the difference between when a component, system or endpoint has been recorded as "Down" or "Degraded" and the time recorded for when the first Client notification was sent via email, SMS, or other designated method.	15 Minutes

**Section 6. Service Level Applicability and Credits**

The table below clarifies the applicability and corresponding metric and credit for each SLA, which are calculated monthly.

Name	Applicable Services	Credit	
Platform and Notification Availability	ALL	99.8% - 99.9% 99.5% - 99.79% 99.0% - 99.49% 98.5% - 98.99% Less than 98.5%	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Time to Acknowledge (TTA)	Log Management Incident Management Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Time to Investigate (TTI)	Log Management Incident Management Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Time to Notify (TTN)	Log Management Incident Management Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Opened Ticket Receipt Notification	ALL	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee

Change Request Security/Compliance Review	Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Change Request Completion	Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee
Notification of Failure	Log Management Incident Management Secure Device Secure Endpoint	<5 Incidents 6 – 10 Incidents 11 – 15 Incidents 16-20 Incidents 21 or More Incidents	No Credit 1% of Monthly Service Fee 3% of Monthly Service Fee 10% of Monthly Service Fee 25% of Monthly Service Fee

**Section 7. Effective Date**

Clearwater’s SLA’s establish delivery and response time objectives for security incidents, change management, and overall availability resulting from Managed Security and Compliance Services. The SLA’s become effective when the deployment process has been completed, the devices and services have been set to “Live”, and support and management of the devices and security controls have been successfully transitioned to the Security and Threat Operations Center from deployment. The Client will be notified in writing or via email that services have transitioned from the deployment phase to full production monitoring.

**Section 8. Credit Payment**

Client will receive credit for any failure to meet the Service Level outlined above within thirty (30) days of notification by the Client to Clearwater of such failure. In order for the Client to receive a Service Level credit, the notification of the Service Level failure must be submitted to Clearwater within forty-five (45) days of such failure.

Clearwater will research the request and respond to the Client within thirty (30) days from the date of the request. The total amount credited to Client in connection with any of the above Service Levels in any calendar month will not exceed the monthly Service fees paid by the Client for such Services. Except as otherwise expressly provided hereunder or in the Agreement, the foregoing Service credit(s) shall be Client’s exclusive remedy for failure to meet or exceed the foregoing Service Levels.

If Client pays Service Fees annually in advance, credits due shall be paid to Client in one of the following methods:

1. A Credit to be applied to the next applicable invoice for the annual fees, or
2. In the form of a check to be paid to Client within thirty (30) days after the request by the Client

**Appendix B**  
**Add-On Pricing Options**

Fees shown below are for additional quantities above the amounts listed in the Fees Table of SOW #2.

Workstream / Item Description	Monthly Fees
<b>Managed Security Services – All include 24x7x365 monitoring and management</b>	
Log Management	
Per Server	\$60.00
Per Workstation	\$2.00
Per Cloud Service	\$175.00
Per Security Device	\$100.00
Per Infrastructure Device	\$50.00
Vulnerability Management	
Internal Hosts	\$2.00
External Hosts	\$2.00

**Board of Directors Contract Review Worksheet**

*Agreement for Professional Services with Foot, Ankle & Lower Leg Specialists – Yilma Kebelo, DPM*



**Executive Summary:** Dr. Yilma Kebelo is a board certified foot & ankle specialist with over 5 years' experience. He completed his training at Temple University School of Podiatric Medicine and maintains a private practice in San Jose. Dr. Kebelo provides surgical and non-surgical treatments for a wide range of lower extremity issues including sports-related tendon, ligament & nerve injuries, fractures, and chronic diabetic wounds. As there is a growing demand for podiatry services in our community, he will be a welcome addition to our orthopedic clinic team.

**Recommended Board Motion:** It is recommended the hospital Board approve the Professional Services Agreement with Foot, Ankle & Lower Leg Specialists at a rate of \$1,256 per coverage day.

**Services Provided:** Part-time (up to 16 hours/week) clinic-based podiatry and lower extremity professional services.

**Agreement Terms:**

Contract Term	Effective Date	FMV %ile	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
1 year	4/1/2024	<75th	\$10,885	\$130,624	60 days

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into and effective as of **April 1, 2024** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Foot, Ankle & Lower Leg Specialists** (“Provider”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates rural health clinics as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Service Area”). Clinics operate under the name “Hazel Hawkins Community Health Clinics” (“Clinics”).
- C. Provider is licensed to practice podiatric 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 podiatric foot, ankle and lower extremity services (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a provider 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 Provider is in the best interests of the Hospital and the public health of the residents of the Hospital Service Area, and is an appropriate way to assure availability of rural health clinic and hospital services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Provider in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

### 1. DUTIES AND OBLIGATIONS OF PROVIDER

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

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

## 2. DUTIES AND OBLIGATIONS OF SBHCD

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

## 3. BILLING AND ASSIGNMENT OF REVENUE

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

## 4. COMPENSATION FOR COVERAGE BY PROVIDER

- 4.1 Coverage Fee. As compensation for the provision of professional Services in the Clinics and Hospital, SBHCD shall compensate Provider a rate of **One Thousand Two Hundred Fifty-Six Dollars (\$1,256.00)** per eight (8) hour shift. SBHCD shall pay Provider on a monthly basis in accordance with the normal SBHCD contract payment process, for Services provided by Provider during the immediately preceding

monthly period. Provider shall not bill for facility fees, administrative, supervisory, medical director, or similar services.

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

## 5. TERM AND TERMINATION

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

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

## 6. INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. Provider 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 Provider performs Provider's work and functions, except that Provider shall perform at all times in strict accordance with then currently approved methods and practices of Provider's professional specialty. SBHCD's sole interest is to ensure that Provider 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 Provider pursuant to the terms and conditions of this Agreement shall be construed to make or render Provider, the agent or employee of SBHCD or Hospital. Provider shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit.

## 7. REPRESENTATIONS AND WARRANTIES OF PARTIES

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

## 8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

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

## 9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Provider 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, Provider agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Provider pursuant to this Agreement, in accordance with the requirements of HIPAA. Provider agrees that Provider shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;

- 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Provider becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Provider provides PHI agree to the same restrictions and conditions that apply to Provider 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 Provider's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Provider'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 ("E PHI"). Provider agrees that Provider will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the E PHI that Provider creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to E PHI of which Provider becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Provider provides E PHI agrees to implement reasonable and appropriate safeguards to protect such information.

## 10. GENERAL PROVISIONS

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

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

Provider: Foot, Ankle & Lower Leg Specialists  
660 East Santa Clara Street  
San Jose, CA 95112

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

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

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

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

**SBHCD**  
San Benito Health Care District

**Provider**  
Foot, Ankle & Lower Leg Specialists

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

\_\_\_\_\_  
Yilma K. Kebelo, MD, DPM, CEO for Foot, Ankle & Lower Leg Specialists

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

Date: \_\_\_\_\_ 183

**EXHIBIT A**

**PROVIDER RESPONSIBILITIES  
COMMUNITY HEALTH CLINICS**

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

1. Rendering professional podiatric and lower extremity healthcare/medical services to patients of the Clinics and Hospital.
2. Responsibility for the delivery of podiatric and lower extremity healthcare/medical services at the Clinics and Hospital including:
  - a) Ensuring the quality, availability, and expertise of podiatric services rendered in the Clinics and Hospital, and at Clinic and Hospital-related activities;
  - b) The coordination of podiatric lower extremity medical activities of the Clinics and Hospital as a whole to be accomplished through continuous communication with appropriate District administrative personnel regarding matters relating to the medical administration of the Clinics and Hospital;
  - c) Assisting with the development of a plan for podiatric and lower extremity quality assurance for the Clinics and Hospital.

**Board of Directors Contract Review Worksheet**

*Agreement for Professional Services with Russell Dedini, M.D.*



**Executive Summary:** Dr. Dedini is a board certified and fellowship trained orthopedic surgeon who specializes in foot & ankle injuries and a wide range of general orthopedic conditions. He completed residency in orthopedic surgery at UCSF followed by a fellowship in foot and ankle surgery at the University of Pennsylvania. Dr. Dedini has been on medical staff here since 2014 and served in various medical staff leadership positions.

**Recommended Board Motion:** It is recommended the hospital Board approve the Professional Services Agreement with Russell Dedini, M.D. at a rate of \$3,580 per coverage day.

**Services Provided:** Clinic, hospital & emergency orthopedic call coverage a minimum of 16 days per month.

**Agreement Terms:**

Contract Term	Effective Date	FMV %ile	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
2 years	4/15/2024	<75th	\$57,280	\$687,360	60 days

## SAN BENITO HEALTH CARE DISTRICT

### ORTHOPEDIC SURGERY COVERAGE AGREEMENT

This Orthopedic Surgery Coverage Agreement (“Agreement”) is made and entered into as of **April 15, 2024** (“Effective Date”), by and between **San Benito Health Care District**, a local healthcare district organized and operating pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Russell Dedini, M.D.** (“Physician”).

#### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a general acute care facility (“Hospital”) and multispecialty community medical clinics (“Clinic”), which includes orthopedic surgery services, and requires 24-hour per day coverage by an appropriately privileged physician (“Orthopedic Services”).
- B. Physician is licensed to practice medicine in the State of California, is a member in good standing of the Medical Staff of Hospital, has and maintains the appropriate privileges to provide Coverage Services, and agrees to provide the Orthopedic Services.

The parties hereby agree as follows:

#### 1. SERVICES

- 1.1 Professional Services. Orthopedic Services by Physician shall be provided in accordance with the Hospital Medical Staff Bylaws, Rules and Regulations, and Clinic/Hospital’s policies and procedures, as they may be amended from time to time, in addition to all requirements imposed by federal and California state law and all standards and recommendations of The Joint Commission.
  - 1.1.1 Orthopedic Services. Beginning on the Effective Date of this Agreement, Physician shall be available to provide Orthopedic Services for a minimum of sixteen (16) shifts per month, as further described in Exhibit A of this Agreement. Orthopedic Services will include Hospital services, Hospital call coverage services, and Clinic services.
  - 1.1.2 Reports. Physician shall promptly report the results of Orthopedic Services to the patient's attending physician(s), if any, in accordance with the policies and procedures established by SBHCD and Hospital Medical Staff. Physician shall promptly prepare all written reports and medical records required by SBHCD with reference to such services by Physician. SBHCD retains ownership and right of control of all reports, records, and supporting documents prepared in connection with Orthopedic Services performed by Physician, and SBHCD shall be custodian of all patient records. Physician shall cooperate fully with SBHCD by maintaining and making available all necessary records, or by executing any agreements, in order to assure that SBHCD will be able to meet all requirements for participation and payment associated with public or private third-party payment programs, including but not limited to the Federal Medicare program. Physician shall use Hospital’s/Clinic’s electronic medical record as applicable.
- 1.2 Licensure. Physician shall at all times during the term of this Agreement be licensed to practice medicine in the State of California, shall maintain Federal Drug Enforcement Administration certification, and shall maintain membership in good standing on the Medical Staff of the Hospital with the appropriate privileges to render Orthopedic Services.
- 1.3 Control and Direction. SBHCD shall not exercise any control or direction over the professional (medical) aspects of providing Orthopedic Services, which control and direction shall be the sole

responsibility of Physician; provided, however, that such Orthopedic Services are rendered in accordance with the provisions of this Agreement and the Bylaws, Rules and Regulations, standards, and policies of Hospital, its Medical Staff and Clinic, The Joint Commission, and any other regulatory agency with jurisdiction over one of the parties covering matters subject to this Agreement.

- 1.4 Independent Contractor Status. This Agreement shall not be construed to create any agency or employment relationship between SBHCD or any of its affiliates, and the Physician. Physician is an independent contractor and shall be solely responsible for payment of all wages and salaries, taxes, withholding payments, penalties, fees, contributions to insurance and pension or other deferred compensation plans (including, but not limited to, workers' compensation and Social Security contributions), licensing and registration fees. Physician shall not make any claim that SBHCD is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes, or documents.

## **2. SBHCD RESPONSIBILITIES**

- 2.1 General. SBHCD shall provide the space, furniture, equipment, supplies, personnel, and services that SBHCD deems reasonably necessary for the provision of Orthopedic Services under this Agreement. Physician shall use such space, items, and services only for the performance of the Orthopedic Services required by this Agreement.
- 2.2 Non-Physician Personnel. SBHCD shall be solely responsible for all salaries, other compensation, employer's payroll taxes, workers' compensation coverage, and fringe benefits, for SBHCD employed non-physician personnel associated with the provision of Orthopedic Services and administrative services under this Agreement. SBHCD retains full authority to employ, appoint, discipline, transfer and terminate such non-physician personnel.
- 2.3 Management. SBHCD shall, at all times, retain and exercise ultimate responsibility for and management and operation of the Hospital and the Clinics. Further, SBHCD in its sole discretion shall determine and set hours of operation for the Clinic and operating room.
- 2.4 Professional Liability Coverage. SBHCD and Hospital shall maintain general and professional liability insurance coverage for Physician for Services provided by Physician to SBHCD patients during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that SBHCD and/or Hospital obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD or Hospital, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD or Hospital, as applicable, shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

## **3. COMPENSATION**

- 3.1 Compensation. SBHCD shall compensate Physician for Physician's Orthopedic Services in accordance with Exhibit B of this Agreement. Incorporated into compensation under this Agreement, unless specifically excluded, are all the Physician's sources of practice revenues and income from SBHCD, including medical staff emergency call stipends, other on-call fees, stipends and reading fees.
- 3.2 Payment. Payment for Orthopedic Services will be on a monthly basis, for Orthopedic Services provided in the prior month, based on the final schedule and in accordance with the SBHCD contract payment process.
- 3.3 Billing and Collection. Physician hereby assigns to SBHCD all claims, demands and rights of Physician to bill and collect for all Orthopedic Services rendered to SBHCD patients, regardless of site of service. Physician shall not bill or collect for any services rendered to SBHCD patients, and all SBHCD receivables and billings shall be the sole and exclusive property of SBHCD. Any payments

made pursuant to a payor agreement (including co-payments made by patients) shall constitute revenue of SBHCD. In the event any payment is made to Physician pursuant to any payor agreement, Physician shall promptly remit such payment directly to SBHCD. Physician shall timely complete any documents or forms necessary to document the assignment set forth in this section.

- 3.4 Assignment of Professional Service Revenues. Physician hereby assigns to SBHCD the right to all revenue from all patients, third-party payors, and governmental programs for all Orthopedic Services rendered by Physician at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician Services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 302.7.
- 3.5 Form W-9. Physician shall complete and provide to SBHCD a W-9 form.

#### 4. TERM AND TERMINATION

- 4.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of two (2) years, unless earlier terminated pursuant to the terms of this Agreement.
- 4.2 Termination without Cause. Either party may terminate this Agreement, without stating a cause or reason and without penalty, at any time by giving sixty (60) days' prior written notice of termination to the other party. Should this Agreement be terminated prior to the end of one (1) year from the Effective Date, the parties shall not renegotiate the terms of this Agreement or any other financial arrangement between the parties for the same services for the duration of one (1) year from the Effective Date.
- 4.3 Termination for Default. Either party may terminate this Agreement in the event of a material breach or default under this Agreement by the other party by giving written notice specifying the grounds for such termination. Such termination shall be effective fifteen (15) calendar days after the giving of written notice of termination if the default or breach specified in the notice shall not have been cured.
- 4.4 Termination for Cause. Either party shall have the right to terminate this Agreement if performance of the Agreement violates any applicable law, regulation, bond covenant, licensure requirement, or accreditation standard.
- 4.5 Termination by SBHCD. This Agreement shall terminate immediately, upon notice to Physician, if Physician:
- 4.5.1 Dies or is disabled for more than thirty (30) consecutive days or more than forty-five (45) days in a ninety (90) day period;
  - 4.5.2 Has his or her Medical Staff membership, Medical Staff clinical privileges, or license to practice medicine terminated (whether voluntarily or involuntarily), restricted, or suspended;
  - 4.5.3 Is convicted of any crime punishable as a felony (whether final or on appeal) or is excluded from participation in any state or federal health care program, including but not limited to Medicare or Medicaid;
  - 4.5.4 Fails to meet the requirements of this Agreement; or
  - 4.5.5 Fails to qualify for the required professional liability insurance.

## 5. COMPLIANCE

- 5.1 Applicable Laws. Physician agrees, represents, and warrants that Physician will maintain full compliance with all applicable federal, state, and local laws and regulations, including, without limitation, laws and regulations regarding billing for services. Nothing in this Agreement shall be construed to require SBHCD or Physician to make referrals of patients to one another. No payment is made under this Agreement in return for the referral of patients or in return for the ordering, purchasing, or leasing of products or services from SBHCD. Furthermore, the Parties acknowledge, agree, and warrant to the other that the compensation provided under this Agreement is not in excess of the fair market value of the services rendered.
- 5.2 Compliance Program. Physician acknowledges that SBHCD has implemented a Compliance Program for ensuring that the provision of, and billing for, care at the Hospital and the Clinic complies with applicable federal and state laws ("Compliance Program"). Physician agrees to adhere to, abide by, and support the Compliance Program and policies promulgated therein.
- 5.3 Physician Warranties. Upon execution of this Agreement, Physician agrees, represents and warrants that Physician: (i) has not been convicted of a criminal offense related to healthcare (unless Physician has been officially reinstated into the federal healthcare programs by the Office of Inspector General and provided proof of such reinstatement to SBHCD); (ii) is not currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation; or (iii) is not currently listed on the General Services Administration list of parties excluded from the federal procurement and non-procurement programs. Physician agrees that if Physician becomes involved in a pending criminal action or civil proposed debarment or exclusion related to any federal or state healthcare program, Physician shall immediately notify SBHCD administration and SBHCD shall then have the right to terminate this Agreement.
- 5.4 Patient Confidentiality. As a member of an Organized Health Care Arrangement with Hospital, Physician has access to patient health information, including as necessary to perform services under this Agreement. Federal, State and local laws and regulations, including the California Confidentiality of Medical Information Act, California Privacy Laws, and the Federal Health Insurance Portability and Accountability Act of 1996 and associated regulations (HIPAA), ("collectively "Privacy Regulations"), require providers to implement policies and procedures to protect the privacy and security of individually identifiable patient information ("protected health information" or "PHI") and to afford individuals certain rights with regard to their health information. Physician shall comply with all Privacy Regulations duly implemented by SBHCD in the use and/or disclosure of patient-identifiable health care information that is received from Hospital/Clinic in the course of furnishing services under this Agreement.
- 5.5 Access to Records. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), in the event that any of the services to be performed under this Agreement are compensated to Physician in an amount of \$10,000 or more over a twelve (12) month period, Physician agrees that the books and records related to Physician's compensation under this Agreement 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.

## 6. GENERAL PROVISIONS.

- 6.1 No Requirement to Refer. Nothing in this Agreement, or in any other written or oral agreement, or any consideration in connection with this Agreement contemplates or requires the admission or referral of any patient to SBHCD or Hospital. This Agreement is not intended to influence Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of Physician's patients.

- 6.2 Assignment. Physician shall have no right to assign, delegate or in any manner transfer all or any portion of his interest, obligation or duty under this Agreement, without first obtaining the written consent of SBHCD, which consent shall be in SBHCD' sole and absolute discretion.
- 6.3 Waiver. Any waiver of any terms and conditions of this Agreement shall not be effective unless set forth in writing 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.
- 6.4 Entire Agreement/Amendments. This Agreement, including its attachments and exhibits, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. This Agreement supersedes all prior agreements or 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 and signed by all parties to this Agreement.
- 6.5 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California. Venue shall be in San Benito County, California.
- 6.6 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
- 6.7 Non-Discrimination. Physician represents and warrants that, in providing services hereunder, he or she is, and at all times during this Agreement will be, in full compliance with California Health and Safety Code Section 1317 et seq. Physician further represents and warrants that he or she shall not discriminate against or refuse to provide care and services to any patient on the basis of race, ethnicity, religion, national origin, citizenship, age, sex, pre-existing medical condition, physical or mental handicap, insurance status, economic status or ability to pay for medical services.
- 6.8 Notices. All notices under this Agreement shall be in writing and sufficient if personally delivered, sent by overnight delivery, or sent by certified or registered mail, return receipt requested, postage prepaid, to each parties' current address appearing above the signatures of the parties to this Agreement. All notices shall be deemed given on the date of delivery if delivered personally or by overnight delivery, or three (3) business days after such notice is deposited in the United States mail, addressed, and sent as provided above.

The parties have executed this Agreement as of the Effective Date first written above.

**SBHCD**  
San Benito Health Care District

**PHYSICIAN**  
Russell Dedini, M.D.

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

\_\_\_\_\_  
Russell Dedini, M.D.

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

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

## EXHIBIT A

### ORTHOPEDIC SERVICES

A.1 Professional Services. Physician's Orthopedic Services under this Agreement shall include the usual and typical professional medical activities of a board-certified orthopedic surgeon, including but not limited to Hospital care for Physician's patients, surgical assisting, patient rounds, consultations, Clinic patient services, and on-call coverage for the Hospital and its emergency department and operating rooms. More specifically, Physicians Orthopedic Services shall include:

A.1.1 Hospital Services. Physician shall provide the following Hospital Services:

A.1.1.1 Participation in multi-disciplinary rounds as requested and in coordination with other physicians providing services in his specialty. During the multi-disciplinary rounds, Physician will assist in the evaluation and management of patients, and when necessary, may intervene in the care of patients. Physician shall report information in a timely manner to the attending physician.

A.1.1.2 Consultations, upon request, to members of the Hospital's Medical Staff managing their own patients or concerning the application of the admission or discharge criteria or the admission or discharge of Physician's patients.

A.1.1.3 Assistance with the management and treatment of patients for whom Physician is responsible as part of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision-making and keep such physician informed.

A.1.2 Clinic Services. Physician shall provide the following Clinic Services:

A.1.2.1 Render evaluation, management, surgical and non-surgical services to orthopedic patients.

A.1.2.2 The coordination of medical activities of the Clinic to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding matters relating to the orthopedic medical administration of the Clinic.

A.1.2.3 Provide chart review and audits of appropriate mid-level practitioner staff, as needed.

A.1.3 Hospital Call Coverage Services. During the hours when Physician is providing Hospital Call Coverage Services, Physician must respond by telephone within ten (10) minutes, and Physician must be physically present within thirty (30) minutes. Hospital Call Coverage Services include availability to the emergency department, the operating rooms, and to inpatient units.

A.2 Additional Services

A.2.1 Communication with Referring Physicians. When furnishing care to patients upon the referral by another physician, Physician shall provide the referring physician with appropriate follow-up oral reports and updates on the patient's course of treatment and condition in a manner and frequency consistent with the patient's condition. When Physician discharges any patient referred by another physician, Physician shall provide the referring physician with Physician's recommendations concerning appropriate patient follow-up care if Physician will no longer be following the patient.

- A.2.2 Communication. Physician shall maintain an effective communication process to interface with patients, patients' attending and specialist physicians, staff at the Hospital and Clinic, and the public, with the goal of enhancing patient satisfaction and the quality of care.
- A.3 Schedule. Depending on the needs of SBHCD and the availability of Physician, Physician's scheduled Shift shall consist of a variety of the following types of shifts:
- A.3.1 Day Shift – where Physician is providing services in the Clinic and the Hospital operating room generally between the hours of 7:30 a.m. and 5:00 p.m. Monday through Friday. This shift includes availability for scheduled and walk-in Clinic patients, performance of scheduled and unscheduled surgical procedures, availability for Hospital consults, patient rounds, and assisting in the operating room.
- A.3.2 24-hour Shift – where Physician is scheduled to respond to SBHCD for Hospital inpatients, the emergency department, and the operating room for consultations, assisting in surgery, and performing surgery in accordance with the response times outlined in Section A.1.3. A 24-hour shift begins at 7:00 a.m. and ends at 6:59 a.m. the next morning. A 24-hour shift includes daily patient rounds on all hospitalized orthopedic service patients.
- A.3.3 Combination Shift – where Physician is providing both Day Shift and 24-hour shift activities in the same day.
- A.3.4 Absences - Physician is entitled to five (5) weeks (25 days) of time off for vacation, Clinic observed holidays, illness, continuing education, etc. each contract year without reduction in Base Compensation. Physician must provide forty-five (45) days' notice for vacations and/or desired schedule changes that would leave a gap in any coverage area. SBHCD will honor those requests should acceptable coverage be secured. Physician is responsible for negotiating/scheduling coverage changes.

**EXHIBIT B**

**COMPENSATION, HOUSING & REIMBURSEMENT OF EXPENSES**

- B.1 **Shift Compensation.** As full compensation for each shift worked by Physician, SBHCD shall pay Physician the amount of **Three Thousand Five Hundred Eighty Dollars (\$3,580.00)**.
- B.2 **Housing.** SBHCD will provide Physician with local housing accommodations while Physician is providing Orthopedic Services under this Agreement at a rate consistent with local market occupancy rates. Housing accommodation is to be used from arrival the day before the start of the shift and ending on the last day of shift.
- B.3. **Continuing Medical Education.** For each contract year during the term of this Agreement, Physician shall be entitled reimbursement for continuing medical education (“CME”) expenses incurred during the contract year up to a maximum of two thousand five hundred dollars (\$2,500). Reimbursable expenses include registration fees, books, or other course materials, and specifically excludes travel, lodging or food expenses. Unused CME expense reimbursement funds do not roll over to the following year nor may they be cashed out or paid out upon termination of this Agreement. Payment for reimbursable CME expenses shall be made in accordance with applicable SBHCD policies following receipt of appropriate documentation. Physician shall be responsible for maintaining Physician’s CME documentation.