

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

THIS FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (the "Amendment") is made and entered into as of August 1, 2019, by and between COUNTY OF MONTEREY ("County") on behalf of NATIVIDAD MEDICAL CENTER ("Hospital"), and HOSPITALIST MEDICINE PHYSICIANS OF CALIFORNIA, INC., DBA SOUND PHYSICIANS OF CALIFORNIA III, a California corporation, ("Contractor") with respect to the following:

7/16/19
RB

RECITALS

- A. County owns and operates Hospital, a general acute care teaching hospital facility located in Salinas, California and operates a hospitalist program (the "Program") under its acute care license.
- B. Contractor and Hospital have entered into that certain Professional Services Agreement dated effective as of March 1, 2019 (the "Agreement") pursuant to which Contractor provides Professional Services, Chief Hospitalist Services, Teaching Services, HRN FTE Services, Management Services and Additional Services.
- C. Hospital and Contractor desire to amend the Agreement to modify the ARU Staffing.

AGREEMENT

IN CONSIDERATION of the foregoing recitals and the mutual promises and covenants contained herein, Hospital and Contractor agree as follows:

- 1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.
- 2. Section 1.2(b). Section 1.2(b) of the Agreement is hereby amended and restated to read in its entirety as follows:

"(b) ARU Staffing. Contractor shall provide a sufficient number of qualified Group Physicians to be immediately available to provide Professional Services to hospitalized patients in the ARU, consistent with the staffing model described in Exhibit 1.2(b). The Group Physician will be the primary Attending Physician of record for all Patients admitted to the ARU. Responsibilities include without limitation admission orders, history and physicals, appropriate progress notes and discharge summaries. Contractor may increase or decrease such staffing with prior written consent from Hospital administration to meet demands of heavy patient volume beyond the control of either Party."
- 3. Exhibit 1.2(b). Exhibit 1.2(b) to the Agreement is hereby deleted and replaced in its entirety and attached hereto as Exhibit 1.2(b).
- 4. Exhibit 2.1. Exhibit 2.1 to the Agreement is hereby deleted and replaced in its entirety and attached hereto as Exhibit 2.1.

5. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.


6. **Continuing Effect of Agreement.** Except as herein provided, all of the terms and conditions of the Agreement remain in full force and effect from the Effective Date of the Agreement.

7. **Reference.** After the date of this Amendment, any reference to the Agreement shall mean the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, Hospital and Contractor have executed this Amendment as of the day and year first written above.

CONTRACTOR

HOSPITALIST MEDICINE PHYSICIANS
OF CALIFORNIA, INC., DBA SOUND
PHYSICIANS OF CALIFORNIA III, a
California corporation


Robert A. Swiler, M.D., President

Date: _____, 20__

Date: August 19, 2019

NATIVIDAD MEDICAL CENTER

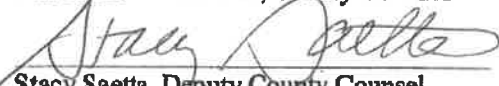
By: 
Deputy Purchasing Agent

Date: 7/16, 2019

By: 
Auditor-Controller's Office

Date: 9/10, 2019

APPROVED AS TO LEGAL FORM:
CHARLES J. McKEE, County Counsel


Stacy Saetta, Deputy County Counsel

Date: 9/9, 2019

  8/19/19
Reviewed By Legal

Exhibit 1.2(b)

ARU STAFFING

1. Contractor shall provide at least one (1) Group Physician to cover the ARU, seven (7) days per week, three hundred sixty-five (365) days per year (and on February 29 if a leap year). For the purpose of this Agreement, a "clinical shift" is twelve (12) clinical hours worked. In the event Contractor is unable to provide the Services to the ARU on a temporary or permanent basis, Contractor's coverage obligations shall be reduced accordingly until such time as Contractor provides notice to Hospital that Contractor has obtained Group Physicians employed by Contractor to provide such Services. In such instances of a reduction in Contractor's coverage, the Monthly Stipend shall be reduced accordingly in accordance with Section 1 of Exhibit 2.1.

2. To enhance quality and efficiency of care of patients in the Department, Contractor may, at its expense, hire or otherwise engage with allied health professionals, including physician assistants and nurse practitioners (collectively, the "AHPs" and each, a "AHP") who are duly licensed and/or certified to assist Group Physicians at the Hospital for the provision of care. Such AHP shall be under the direct and exclusive supervision of Group Physicians. AHP must have and maintain all clinical privileges and be a member in good standing and active Hospital's Medical Staff. For the avoidance of doubt, Group may not use AHPs to meet the staffing requirements set forth in this Agreement.

Exhibit 2.1

COMPENSATION

1. **Hospitalist Monthly Stipend.** Hospital shall pay to Contractor the amount of Two Hundred Twenty Nine Thousand Three Hundred Thirty Eight Dollars and Twenty Cents (\$229,338.20) per month for those Services rendered by Contractor under this Agreement (the "Monthly Stipend"); provided, however, that Contractor is in compliance with the terms and conditions of this Agreement. The Monthly Stipend reflects 8.0 Hospitalist FTEs to cover the service which may be adjusted monthly based on patient volumes up to 9.0 Hospitalist FTEs with notification to prior written consent by Hospital administration and shall be calculated at the rate of Twenty Eight Thousand Six Hundred Sixty Seven Dollars (\$28,667) per 1.0 Hospitalist FTE per month, or such prorated amount if less than 1.0 FTE. In the event that Contractor does not meet the minimum staffing requirements set forth in this Agreement, the Monthly Stipend shall be reduced by a proportionate pro-rata reduction of the Monthly Stipend.

2. **Timing.** Hospital shall pay the compensation due for Services performed by Contractor after Contractor's submission of the monthly invoice of preceding month's activity and time report in accordance with this Agreement; provided, however, that if Contractor does not submit an invoice and time sheet within sixty (60) days of the end of the month during which Services were performed, Hospital shall not be obligated to pay Contractor for Services performed during that month. The County of Monterey Standard Payment Terms for contracts/PSAs and paying invoices is "30 days after receipt of the certified invoice in the Auditor-Controller's Office".

3. **Incentive Compensation.** In addition to the Monthly Stipend, Contractor shall be eligible for an incentive bonus of Sixty Thousand Dollars (\$60,000) each year (the "Incentive Compensation"). Such Incentive Compensation shall be paid on an annual basis commencing twelve (12) months from the Effective Date and shall be calculated as follows:

Quality Initiative	Measure	Tier 1	Annual Incentive Amount	Tier 2	Annual Incentive Amount	Tier 3	Annual Incentive Amount
Clinical Standards (data collected from Hospital Core Measures, shared quarterly and paid annually)	PC-STK	≥90%	\$5,000	≥95%	\$10,000	100%	\$15,000
	PC-VTE	≥90%	\$5,000	≥95%	\$10,000	100%	\$15,000
Patient Satisfaction Top box Doctor Communication Aggregate (data collected from Hospital's third party vendor Professional Research Consultants (PRC), shared quarterly and paid annually)	Courtesy & Respect Listen Carefully Explain Things	≥82-84	\$5,000	84.1-86	\$10,000	≥86.1	\$15,000
Provider Satisfaction Aggregate scores** of "good" response or better (data collected by Hospital survey's three questions, survey administered annually and paid annually)	Communication Responsiveness Satisfaction with Patient Care	x + 2 or >	\$5,000	x + 3.1-6	\$10,000	x + 6.1 or >	\$15,000

**baseline = "x", baseline is data collected for hospitalists in July 2013 based on interactions and observations during the prior 6 months (January 1 to June 30, 2013)