

SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

THIS SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (the “**Amendment**”) is made and entered into as of March 1, 2022, by and between COUNTY OF MONTEREY (“**County**”) on behalf of NATIVIDAD MEDICAL CENTER (“**Hospital**”), and HOSPITALIST MEDICINE PHYSICIANS OF CALIFORNIA, INC., a California professional corporation d/b/a SOUND PHYSICIANS OF CALIFORNIA III, (“**Contractor**”) with respect to the following:

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**”) and an acute rehabilitation unit (the “**ARU**”) under its acute care license.

B. Contractor and Hospital have entered into that certain Professional Services Agreement dated effective as of March 1, 2019, and as amended effective September 16, 2019 (collectively, the “**Agreement**”), pursuant to which Contractor provides hospitalist services provided.

C. Hospital and Contractor desire to amend the Agreement to extend the term by twenty-four months and add \$6,044,424 to the aggregate not to exceed amount.

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.** Section 1.2 of the Agreement is hereby amended and restated in its entirety as follows:

“1.2 Hospitalist Services.

(a) Contractor shall provide a sufficient number of qualified Group Physicians to be immediately available to provide Professional Services to hospitalized patients twenty-four (24) hours per day, seven (7) days per week (the “**Hospitalist Services**”).

(b) Based on inpatient census projections provided by Hospital, it is expected that Contractor shall initially provide on-site physician coverage with at least three (3) Group Physicians on-site from 7:00 a.m. to 7:00 p.m. and at least one (1) Group Physician on-site from 7:00 p.m. to 7:00 a.m. on the Medical Surgical Units; and at least one (1) Group Physician on-site from 7:00 a.m. to 7:00 p.m. in the ARU (the “**Minimum Staffing Requirements**”). Contractor shall ensure that staffing by Group Physicians shall be sufficient to accommodate all presenting Patients requiring care, with coverage and back-up plans in place to cover high-

volume census periods. Contractor may increase or decrease such staffing only with prior written consent from Hospital administration to meet demands of heavy patient volume beyond the control of either Party.

(c) 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.

3. **Section 2.1.** Section 2.1 to the Agreement is hereby amended and restated to read in its entirety as follows:

“2.1 Compensation. Hospital shall pay to Contractor the amount determined in accordance with **Exhibit 2.1** (the **“Compensation”**), upon the terms and conditions set forth therein. The total amount payable by Hospital to Contractor under this Agreement shall not exceed the sum of Fourteen Million One Hundred Forty Thousand and Thirty-Two Dollars (\$14,140,032).”

4. **Section 5.1.** Section 5.1 to the Agreement is hereby amended and restated to read in its entirety as follows:

“5.1 Term. This Agreement shall become effective on March 1, 2019 (the **“Effective Date”**), and shall continue until February 29, 2024 (the **“Expiration Date”**), subject to the termination provisions of this Agreement.”

5. **Exhibit 1.2(a).** Exhibit 1.2(a) to the Agreement is hereby deleted in its entirety.

6. **Exhibit 1.2(b).** Exhibit 1.2(b) to the Agreement is hereby deleted in its entirety.

7. **Exhibit 2.1.** Exhibit 2.1 to the Agreement is hereby deleted and replaced in its entirety with **Exhibit 2.1** attached hereto.

8. **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.

9. **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.

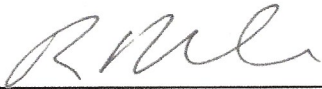
10. **Reference.** After the date of this Amendment, any reference to the Agreement shall mean the Agreement as amended by this Amendment.

[signature page follows]

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., a California
professional corporation d/b/a SOUND
PHYSICIANS OF CALIFORNIA III


By: Robert A. Bessler, M.D.
Its President

Date: January 27, 2022

By: _____
Its _____



NATIVIDAD MEDICAL CENTER

Deputy Purchasing Agent

Date: _____

APPROVED AS TO LEGAL PROVISIONS:


Stacy Saetta, Deputy County Counsel
Chief Deputy County Counsel

Date: 1/27/2022

APPROVED AS TO FISCAL PROVISIONS:


Deputy Auditor/Controller

Date: 1/27/2022

Exhibit 2.1
COMPENSATION

1. **Hospitalist Monthly Stipend.** Hospital shall pay to Contractor the amount of Two Hundred Fifty One Thousand Eight Hundred Fifty One Dollars (\$251,851) 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. 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 One Thousand Nine Hundred Sixty-Five Dollars (\$1,965) per twelve (12) hour shift.

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	Target Performance	Maximum Incentive	
Clinical Standards	CAUTI rate less than 2020 HHS Reduction Target Goal of 25%	Standardized Infection Ratio (SIR) < 0.75	Q1	\$3,750
			Q2	\$3,750
Q3			\$3,750	
Q4			\$3,750	
	Readmission Rate (30 Day, All Cause, Inpatient, Medical DRG)	<9.1%	\$15,000	
Provider Experience	Decision to Admit Time to Order	Aggregate ≤ 60 mins	\$15,000	

Quality Initiative	Measure	Tier One Target Performance	Tier One Incentive		Tier Two Target Performance	Tier Two Incentive	
Patient Experience	HCAHPS: Doctor Respect; Listen; Explain	Aggregate Score ≥ CMS 75th Percentile	Q1	\$1,875	Aggregate Score ≥ CMS 90th Percentile	Q1	\$3,750
		Aggregate Score ≥ CMS 75th Percentile	Q2	\$1,875	Aggregate Score ≥ CMS 90th Percentile	Q2	\$3,750
		Aggregate Score ≥ CMS 75th Percentile	Q3	\$1,875	Aggregate Score ≥ CMS 90th Percentile	Q3	\$3,750
		Aggregate Score ≥ CMS 75th Percentile	Q4	\$1,875	Aggregate Score ≥ CMS 90th Percentile	Q4	\$3,750