FIRST AMENDMENT TO THE
PRIMARY CARE PHYSICIAN SERVICES AGREEMENT

This First Amendment to the Primary Care Physician Services Agreement ("Amendment") is effective January 1, 2012 ("Effective Date of Amendment"), by and between the Santa Cruz-Monterey-Merced Managed Medical Care Commission, a public entity organized under the laws of California, doing business as the Central California Alliance for Health, hereinafter referred to as "Plan", and the County of Monterey, a political subdivision of the State of California, doing business as Natividad Medical Center, on behalf of its Natividad Medical Center Specialty Clinic, hereinafter referred to as "Provider," with reference to the following facts:

WHEREAS, Plan is a public entity organized pursuant to Welfare and Institutions Code section 14087.54, Santa Cruz County Code Chapter 7.58, Monterey Municipal Code section 2.45.010, and Merced County Code Chapter 9.43;

WHEREAS, Plan and Provider entered into the Primary Care Physician Services Agreement effective as of the Commencement Date (the "Agreement"), as amended, for the provision of health care services;

WHEREAS, both Plan and Provider desire to change certain compensation terms of the Agreement;

WHEREAS, subject to any necessary approval by the State, this Amendment shall be effective on the Effective Date of Amendment; and

WHEREAS, references to Sections and Exhibits below are references to sections and exhibits, respectively, of the Agreement.

NOW, THEREFORE, the parties hereby amend the terms of the Agreement as follows:

1. Addendum 3, Primary Care Physician Care Based Incentive Program, shall be amended and replaced with the attached Addendum 3, Primary Care Physician Care Based Incentive Program.

All other terms and provisions of the Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern. Terms used in this Amendment shall have the meanings assigned to them in the Agreement, unless otherwise specified in this Amendment.

Plan Central California Alliance for Health	Provider Natividad Medical Center, on behalf of its Natividad Medical Center Specialty Clinic
By: Jane Parker	By:
Print Name: Jane Parker	Print Name: Henry Mejia
Title: Chair, CCAH	Title: CEO
Date: March 7, 2012	Date: 1/5/12

ADDENDUM 3

PRIMARY CARE PHYSICIAN CARE BASED INCENTIVE PROGRAM

1. Introduction.

This Addendum sets forth the terms of care based incentives offered to PCPs by Plan. The program is designed to compensate PCPs for efforts undertaken to improve the care provided to Eligible Members as reflected by data measured by Plan, all as described herein (the "Care-Based Incentive" or the "CBI").

The CBI consists of two components: (1) the CBI Incentive Program and (2) the CBI Fee-for-Service Incentive. The CBI continues for a limited term, as described in Section 7 of this Addendum 3, unless it is specifically extended by mutual written agreement of the parties hereto. The budget for the CBI Incentive Program is separate for the Medi-Cal and Healthy Families Programs. The budget and allocation for the CBI Fee-for-Service Incentive are separate for the Medi-Cal, Healthy Families, Healthy Kids, Alliance Care IHSS, Alliance Care AIM and Alliance Care Individual Conversion Programs.

2. Definitions.

In addition to other terms defined in this Addendum 3 or in the Agreement, the following terms shall have the meanings set forth below:

2.1 Available Points is the maximum number of points available under each Measurement Component as determined in the sole discretion of Plan.

2.2 CBI Fee-for-Service Incentives are fee-for-service payments, in addition to those payments described elsewhere in the Agreement, which PCPs are eligible to receive in exchange for performing specific activities as described in Section 5 to this Addendum 3.

2.3 CBI Incentive Payments are the annual or quarterly payments, as described in Section 4 to this Addendum 3, which are based upon a PCP's performance under the CBI Incentive Program.

2.4 CBI Incentive Program is a program whereby PCPs are measured against Performance Targets and against a Comparison Group and are eligible for incentive payment based upon their performance.

2.5 CBI Table means the table set forth in Attachment 1 to this Addendum 3 specifying the Available Points, Member Requirement, Performance Target/Relative Ranking Measures, Measurement Period, Measurement Data Source and Methodology for each Measurement Component.

2.6 Comparison Group is the group of PCPs to which Provider is compared to determine Provider's percentile ranking within the group. PCPs are divided into three (3) Comparison Groups: 1) family practice/general practice (FP/GP), 2) pediatrics (PED) and 3) internal medicine (IM). Any obstetrician/gynecologist that is a Primary Care Physician will be included in the FP/GP Comparison Group.

2.7 Dual Coverage Members are Members who are eligible for either Medi-Cal or Healthy Families and for coverage from another source, such as Medicare or a commercial health plan.

2.8 Eligible Members

2.8.1 Eligible Members for the CBI Incentive Program measures are the Santa Cruz, Monterey or Merced Medi-Cal Members and the Santa Cruz or Monterey Healthy Families Members, excluding Dual Coverage Members.

2.8.2 Eligible Members for the CBI Fee-For Service Incentives are the Santa Cruz, Monterey or Merced Medi-Cal Members; the Santa Cruz or Monterey Healthy Families Members; the Santa Cruz or Merced Healthy Kids Members; the Monterey County IHSS Members, Monterey County AIM Members, and the Monterey County Individual Conversion Plan Members, excluding Dual Coverage Members.

2.9 Eligible Member Months. Eligible Member Months for the CBI Incentive Program is the total number of member months each Eligible Member is linked to the PCP during the measurement period, except that member months for a PCP's Linked Medi-Cal Members who are in the Aged, BCCTP, Disabled and Long Term Care Medi-Cal aid code categories are multiplied by four (4) to determine the Eligible Member Months applicable to those Linked Members. Member months are determined by identifying the total number of Linked Members linked to the PCP during each month of the Measurement Period.

2.10 Measurement Component shall mean the measures as described in the CBI Table.

2.11 Measurement Period is the period for which Plan shall measure data in order to calculate the applicable CBI Incentive Payment.

2.12 Methodology is the internally developed methodology, or the source of data utilized by Plan, to measure Provider's performance for each Measurement Component under the CBI.

2.13 PCP is the individual or group of PCPs to whom Linked Members are assigned.

2.14 Performance Targets are the targets established in the sole discretion of Plan. Performance Targets are set forth in the CBI Table.

2.15 Performance Target Measures are those Measurement Components for which the PCP receives points based upon meeting a specified Performance Target.

2.16 Plan Goal is the percentage of Eligible Members for whom the PCP provided the applicable Measurement Component of the Quality of Care (HEDIS) measures. The Plan Goal for all Quality of Care Measures is ninety percent (90%).

2.17 Relative Ranking Measures are those Measurement Components for which a PCP receives points based on its ranking relative to performance of other PCPs within the PCP's Comparison Group

3. CBI Incentive Program.

PCPs are eligible to receive an incentive payment from a set budget or pool ("CBI Pool"). Funding of the CBI Pools shall be at the sole discretion of Plan. The CBI Pools are divided into three (3) sub-pools: (1) the FP/GP CBI Pool, (2) the PED CBI Pool, and (3) the IM CBI Pool. Amounts paid under each category correlate to each PCP's rank within its Comparison Group for each measure or for the PCP meeting a specific Performance Target. The CBI Incentive Program consists of the Measurement Components as set forth in Sections 3.1 through 3.8 below.

3.1 Member Reassignment Threshold is the Plan mean of Member reassignments per 1,000 members per Fiscal Year as determined by the Plan and if exceeded by more than two standard deviations, the points awarded to Provider for the Relative Ranking and Performance Target Measures will be

reduced by fifty-percent (50%). The Member Reassignment Threshold is not applied to PCPs with less than one hundred (100) Linked Members.

3.2 Rate of Ambulatory Care Sensitive Admissions. This Measurement Component measures the rate of ambulatory care sensitive admissions for PCP's Linked Members as determined by a review of claims data. The rate is reported by the number of ambulatory care sensitive admissions per 1,000 Linked Members per Fiscal Year. To qualify for this measure, a PCP must have a minimum of one hundred (100) Linked Members as of December 31, 2012.

3.3 Rate of Generic Prescriptions. This Measurement Component measures the percent of generic prescriptions filled for PCP's Linked Members among all prescriptions filled for PCP's Linked Members as determined by a review of claims data.

3.4 Quality of Care Measures. The Quality of Care Measures Component are HEDIS or IHA P4P defined clinical performance measures that follow the applicable methodology and are based on claims and encounter data, not on chart review. In order for a PCP to receive points for a Quality of Care Measure, there must be a minimum of five (5) Eligible Members that qualify for the measure based on HEDIS specifications. The total points available for the Quality of Care Measures will be allocated across only those measures for which the PCP has five (5) Eligible Members that qualify for the Measure.

3.4.1 There are nine (9) clinical performance measures, as follows: (1) well child visit 3 - 6 years, (2) well adolescent visit 12 - 21 years, (3) breast cancer screening, (4) cervical cancer screening, (5) diabetes LDL-C screening, (6) diabetes HbA1c screening (7) diabetes medical attention for nephropathy, (8) body mass index (BMI) percentile calculated, and (9) asthma medication ratio.

3.5 Rate of Preventable Emergency Department (ED) Visits. This Measurement Component measures the rate of preventable emergency department visits for PCP's Linked Members as determined by a review of claims data. The rate is reported by the number of preventable emergency department visits per 1,000 Linked Members per Fiscal Year. To qualify for this measure, a PCP must have a minimum of one hundred (100) Linked Members as of December 31, 2012.

3.6 Rate of Primary Care Visits. This Measurement Component measures the rate of primary care visits provided to PCP's Linked Members on an annual basis. The target for this measure is more than three (3) PCP visits per Linked Member, per Fiscal Year. Partial points may be earned by Provider for visits per Linked Member per Fiscal Year between two and one-quarter (2.25) and three (3) visits per Member per Fiscal Year.

3.7 Electronic Claims/Encounter Data Submittal. This Measurement Component measures the percentage of PCP's eligible claims and encounter data submitted to the Plan electronically. Eligible claims include those that are not for CHDP services, Medicare-Medi-Cal crossover claims, or claims with attachments. The target for this measure is ninety-five percent (95%) of all eligible claims submitted electronically.

3.7.1 Claims/Encounter Data Submittal. This Measurement Component measures the percentage of PCP's eligible claims and encounter data submitted to the Plan electronically. Eligible claims/encounter data include those that are not for CHDP services, Medicare-Medi-Cal crossover claims, or claims with attachments. The target for this measure is ninety-five percent (95%) of all eligible claims/encounter data submitted electronically.

3.7.2 Referral Submittal: This Measurement Component measures the percentage of PCP's eligible referrals submitted to the Plan through the Plan's web portal. The target for this

measure is 75% of all eligible referrals submitted through the web portal. Eligible referrals are those referrals that providers may submit through the web portal

4. Calculation and Payment of CBI Incentive Payments. An accounting of CBI Incentive Payments shall be made annually four (4) months after the conclusion of each Fiscal Year and shall be certified by the Plan's Chief Financial Officer. The accounting will be based only on claims and data submitted for dates of service within the CBI Term and received by Plan no later than January 31, 2013. Distributions are made to PCPs following Plan approval of such accounting and are made no later than one hundred eighty (180) days after the conclusion of each Fiscal Year.

4.1 Relative Ranking Measures. Except as stated below in 4.1.1, PCPs shall be awarded the maximum number of points for each measure in which the PCP is ranked at or above the 76th percentile. PCP shall be awarded one-half the maximum number of points for each measure in which the PCP is ranked between the 51st and 75th percentile. PCP shall receive zero (0) points for any measure in which the PCP is ranked at the 50th percentile or below.

4.1.1 Quality of Care Measures. For the Quality of Care Measures for which the PCP qualifies, if the PCP meets or exceeds the Plan Goal, the PCP shall be awarded the maximum number of points for the measure even if the PCP is not in the top quartile for the measure.

4.2 Performance Target Measures. PCP shall be awarded the full amount of points if the PCP meets the Performance Target for the Electronic Claims/Encounter Data Submittal Measure. If the PCP falls below the Performance Target for this measure, the PCP earns zero (0) points. PCP shall be awarded the full amount of points if the PCP meets or exceeds the Performance Target for the Rate of Primary Care Visits Measure. PCPs shall be awarded partial points if they provide between two and one-quarter (2.25) and three (3) visits per Linked Member per Fiscal Year. If the PCP falls below two (2) visits per Linked Member per Fiscal Year, it will earn zero (0) points.

4.3 After the assignment of points for the Relative Ranking Measures and the Performance Target Measures, the total CBI Incentive Program points are determined for each PCP. In the event that the PCP exceeded the Member Reassignment Threshold by more than two standard deviations, PCP's total CBI Incentive Program points will be reduced by fifty-percent (50%). The total points are multiplied by the number of Eligible Member Months for the PCP during the Fiscal Year to determine the PCP's "Weighted Points". Percentages are then determined by comparison to the totals for PCPs of the same Comparison Group, as follows: Weighted Points for PCP divided by total Weighted Points for all PCPs of the same Comparison Group equals the PCP's "CBI Distribution Percentage".

4.4 PCPs will receive a portion of the applicable CBI Pool (e.g. IM CBI Pool, PED CBI Pool or FP/GP CBI Pool) by multiplying the PCP's CBI Distribution Percentage by the total amount of funds in such CBI Pool.

5. Fee-for-Service Incentives

5.1 Increased preventive and disease management actions. Plan shall pay a fee-for-service incentive for performance of the following:

5.1.1

5.1.2 Healthy Weight for Life Program (HWL).

5.2 Increased prevalence of extended hours. Plan shall pay Provider five percent (5%) of capitation or the fee-for-service equivalent for non-capitated Programs for holding office hours for at least eight (8) hours per week beyond Monday through Friday, 8:00 a.m. to 5:00 p.m. during the quarter. Plan shall pay Provider the enhanced payment for all PCPs under Provider's contract located within a 5 mile radius of the location with extended hours availability if Linked Members may access care during the extended hours at the extended hours location.

5.3 Payment of Fee-for-Service Incentives. An accounting of Fee-for-Service Incentives shall be made each quarter within forty five (45) calendar days after the conclusion of each quarter. PCP should submit all Fee-for-Service Incentives within 30 days of the close of each quarter and will not receive payment for any Fee-for-Service Incentives submitted to Plan after January 31, 2013. Distributions are made to PCPs following Plan approval of such accounting. Distributions for the first, second and third quarters are made no later than ninety (90) calendar days after the conclusion of the quarter. The distribution for the fourth quarter Fee-for-Service Incentives shall be made with the distribution of the CBI Incentive Payments no later than one hundred eighty (180) days after the conclusion of the Fiscal Year.

6. CBI Payments Determination Final. Plan's calculation of payments under the CBI shall be final. Provider recognizes that the measurement of the CBI data is subject to variation and reasonable statistical and operational error. Provider acknowledges that Plan would not be willing to offer the CBI if Plan's calculation of payments under the CBI would expose Plan to increased risk of disputes and litigation arising out of Plan's calculation. Accordingly, in consideration of Plan's agreement to offer the CBI to Provider, Provider agrees that Provider will have no right to dispute Plan's determination of payments due under the CBI, including determination of any data or the number of Eligible Members.

7. Term of CBI. The term of this CBI shall begin on January 1, 2012 and end on December 31, 2012 (the "CBI Term").

8. CBI Programs for Future Periods. Plan, in its sole and absolute discretion, may implement care-based incentive programs for periods after completion of the CBI Term. Any such programs shall be on terms determined by Plan. Until Plan and Provider enter into a written agreement with respect to any such new program extending beyond the CBI Term, no such program shall be binding upon Plan.

9. Effect of Termination of Agreement. In the event of the termination of the Agreement for any reason prior to the expiration of the CBI Term, no CBI Incentive Payments shall be earned or made hereunder.

ATTACHMENT 1 – CBI Table						
CBI Program Measurement Components	**Available Points**	**Member Requirement**	**Performance Target/Relative Ranking**	**Measurement Period**	**Measurement Data Source**	**Methodology**
Health and Cost Management:	***40 total***					
Rate of Ambulatory Care Sensitive Admissions Number of ambulatory care sensitive admissions per 1,000 Linked Members per Fiscal Year.	30	≥ 100 Linked Members as of 12/31/12.	Relative Ranking[3]	FY 2012	Claims	AHRQ[1]
Rate of Generic Prescriptions Percent of Generic prescriptions among all prescriptions, regardless of prescriber.	10	None.	Relative Ranking[3]	FY 2012	Claims	IHA P4P[2]
Quality of Care (HEDIS):	**30 total**					
Well Child Visit 3-6 Years	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Well Adolescent Visit 12-21 Years	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Breast Cancer Screening	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Cervical Cancer Screening	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Diabetes LDL-C Screening	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Diabetes HbA1c Screening	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Diabetes Medical Attention for Nephropathy	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
BMI Percentile Calculated	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	HEDIS
Asthma Medication Ratio	Per §4.1	≥ 5 continuously Linked Members[4]	Relative Ranking[3]	FY 2012	Claims	IHA P4P[2]

ATTACHMENT 1 – CBI Table						
Appropriate Access to Care	*25 total*					
Rate of Preventable Emergency Department Visits Number of preventable emergency department visits per 1,000 Linked Members per Fiscal Year.	20	≥ 100 Linked Members as of 12/31/12	Relative Ranking[3]	FY 2012	Claims	Medi-Cal ER Collaborative definition based on NYU study
Rate of Primary Care Visits Greater than three (3) Primary Care visits provided by Provider to Linked Members per Fiscal Year. Partial points will be awarded for 2.25 to 3 visits PMPY.	5	None	>3.0 PMPY Performance Target	FY 2012	Claims	Plan developed
Information Technology	*5 total*					
Electronic Claims/Encounter Data Submittal 95% of eligible claims/encounter data submitted electronically to the Alliance.	3	None	95% Performance Target	FY 2012	Claims	# eligible electronic claims / All eligible claims
Referral Submittal 75% of eligible referrals submitted through Alliance web portal.	2	None	75% Performance Target	FY 2012	Referrals	# eligible referrals / All eligible referrals
CBI FFS Incentive Measurement Component			**Amount (All paid quarterly)**	**Member Requirement**	**Measurement Period**	**Measurement Data Source**
Extended Office Hours Provider available to provide services to Linked Members for 8 hours per week beyond Monday through Friday, 8:00 a.m. to 5:00 p.m. Additional payment is to be paid per PCP covered by the Provider's agreement within a 5 mile radius if Linked Members may access care during the extended hours at the extended hours location.			5% of Capitation or Case Management Fee-for-Service	None	FY 2012	Administrative Data
Diabetes Services Provider to ensure provision of all of the following services for Linked Members with diabetes: HbA1c, LDL-C, retinal exam, diabetes medical attention for nephropathy[5] during the Fiscal Year. The Member must be linked to the Provider on the date(s) all such services are provided for Provider to receive payment.				:rs ages older, :o :r at date ice for rvice.	FY 2012	Claims
Healthy Weight for Life (HWL) Program Referral Provider to refer Member aged 2 – 18 y/o with BMI at or above the 85th percentile to Plan's HWL by Plan's referral form. Incentive paid to the PCP who first notifies the Plan in Fiscal Year and who has counseled Member about nutrition, physical activity and Plan's HWL.				:rs aged	FY 2012	HWL Referral Form

ATTACHMENT 1 – CBI Table			
Healthy Weight for Life Program Follow Up Visit Provider to notify Plan by follow up form of the first six month follow up visit and further BMI percentile determination for a member previously referred for the HWL.	ırs aged	FY 2012	HWL Follow Up Form
Asthma Action Plans (AAP) Provider to submit AAP to Plan for Members with Asthma. Incentive paid to the PCP who first submits the AAP in the Fiscal Year and is paid only once per Fiscal Year.	ırs ages	FY 2012	Plans Submitted by Providers
Medication Management Agreements (MMA) Provider to submit MMA for members to Plan. Incentive paid to the PCP who first submits the MMA to the Plan in the Fiscal Year and is paid only once per Fiscal Year.		FY 2012	Plans Submitted by Providers

[1] http://www.ahrq.gov/data/safetynet/billappb.htm

[2] http://www.iha.org/pdfs_documents/p4p_california/MY%202010%20Proposed%20Measure%20Set%2012%2009.pdf

[3] For relative ranking measures, PCPs ranked at 100th to 76th percentile amongst peers earn maximum available points, ranked at 75th to 51st percentile earn one-half available points, ranked below 50th percentile earn no points for the measure.

[4] For HEDIS Measures, the continuously Linked Members must be qualified per HEDIS specifications.

[5] Diabetes medical attention for nephropathy includes: claim/encounter data with relevant CPT or ICD-9 code evidencing treatment of nephropathy, claim submitted by a nephrologist, positive urine macroalbumin test documented by claim/encounter data, evidence of ACE inhibitor/ARB therapy during measurement year.

Note: If a Provider has 100 or more Linked Members, and the Provider's rate of member reassignment per 1,000 Linked Members exceeds the Plan mean of member reassignment rate per 1,000 Linked Members by more than two standard deviations, the points awarded to Provider for the Relative Ranking and Target Measures will be reduced by 50%.