

EXTERNAL PEER REVIEW SERVICES AGREEMENT

THIS EXTERNAL PEER REVIEW SERVICES AGREEMENT is entered into by and between Natividad Medical Center, a general acute care teaching hospital wholly owned and operated by the County of Monterey, ("FACILITY") and ALLMED Healthcare Management ("ALLMED") effective October 1, 2012. In consideration of the mutual agreement set out below, the parties agree as follows:

1. ALLMED will provide external review services to FACILITY (the "Services"). FACILITY shall compensate ALLMED for the Service as provided for in Exhibit A. ALLMED shall provide such peer review services, culminating in a written report of findings and conclusions to FACILITY's medical staff executive committee, the Chief of the Medical Staff, the Medical Director, or to any other medical staff committee with responsibility for carrying out peer review and/or quality improvement activities, as directed by FACILITY, and shall include answers to any questions in follow up to such report. ALLMED shall report verbally to FACILITY'S MEDICAL DIRECTOR before preparing any written reports.

2. FACILITY shall be eligible to participate in ALLMED's Volume Rebate Program, as specified in Exhibit B.

3. ALLMED and all of its directors, officers, agents or employees involved in the matter which is the subject of this Agreement will maintain the information obtained through this engagement in strict confidence. The work product of ALLMED, including but not limited to, any of its reports (whether verbal or written), memoranda, correspondence, and notes shall also be privileged, strictly confidential and used only for the purposes stated in the course of this engagement. ALLMED and all persons within its control including physician reviewers shall not disclose to third parties any information obtained during the course of this engagement except to FACILITY's Medical Director, Chief of Staff, or other authorized medical staff peer review and quality improvement committee personnel, or FACILITY's counsel.

4. ALLMED shall prepare such administrative and business records and reports related to the Services in such format and upon such intervals as FACILITY shall reasonably require. ALLMED shall submit complete and accurate time records documenting all time spent in providing services pursuant to this Agreement. Such time records shall be submitted on such forms as FACILITY may reasonably require. Payment should be made within thirty (30) days of submission of such time records.

5. ALLMED shall furnish any and all information, records and other documents related to the Services provided hereunder which FACILITY may reasonably request in furtherance of its quality assurance, utilization review, risk management, peer review, and any other plans and/or programs adopted by FACILITY to assess and improve the quality and effectiveness of FACILITY'S services. FACILITY shall, in its sole discretion, determine on which programs, cases and practitioners to request review by ALLMED. FACILITY further reserves the right to request ALLMED to review individual programs, cases and/or practitioners using specific standards and benchmarks, whether local, State, national or specific to a particular type of institution.

6. This Agreement shall be effective October 1, 2012 for an initial term of two (2) years beginning on the Effective Date and will automatically renew for successive one year terms thereafter unless terminated. Notwithstanding the foregoing, either party may terminate this Agreement, without cause, by providing thirty (30) days' written notice to the other party. The FACILITY shall pay ALLMED for all Services rendered up to the point of termination. The total amount payable by FACILITY to ALLMED under this Agreement shall not exceed the sum of Twenty Thousand Dollars (\$20,000.00)

7. INSURANCE.

7.1. Evidence of Coverage:

Prior to commencement of this Agreement, ALLMED shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained.

This verification of coverage shall be sent to NMC's Contracts/Purchasing Department, unless otherwise directed. ALLMED shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and NMC has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of ALLMED.

7.2. Insurance Coverage Requirements: Without limiting ALLMED's duty to indemnify, ALLMED shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Workers' Compensation Insurance, If ALLMED employs other in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$500,000 each person, \$500,000 each accident and \$500,000 each disease.

Exemption/Modification (Justification attached; subject to approval).

Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services.

Exemption/Modification (Justification attached; subject to approval).

7.3. Other Insurance Requirements:

ALLMED shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, upon written request by NMC, annual certificates to NMC's Contracts/Purchasing Department. If the certificate is not received by the expiration date, NMC shall notify ALLMED and ALLMED shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by ALLMED to maintain such insurance is a default of this Agreement, which entitles NMC, at its sole discretion, to terminate the Agreement immediately.

8. During the term of this Agreement, FACILITY shall keep and maintain, at its sole cost and expense, professional liability and general liability coverage for the acts and omissions of FACILITY, its officers, directors, employees and agents (excluding ALLMED and its Representatives should it or they be deemed to be agents notwithstanding the contrary intent of the parties). All such insurance shall be issued upon such forms and in such amounts that are customary in the hospital industry.

9. FACILITY agrees to defend ALLMED and its directors, officers, agents and employees, and hold ALLMED and physician reviewers, harmless against any damage, loss or expense incurred by ALLMED or them in connection with any litigation or other proceedings for injunctive relief or damages brought by a third person arising out of work performed in accordance with this Agreement, so long as the conduct of ALLMED or its directors, officers, agents and employees is not willful or wanton ~~and conforms to the standards of good faith and reasonableness contained in the Health Care Quality Improvement Act of 1986~~. In the event of litigation brought by a third party, FACILITY will assume the defense of ALLMED and shall have the discretion to compromise, settle or litigate any suits, claims or proceedings against ALLMED with the written consent of ALLMED. ALLMED shall make available to FACILITY and its counsel, at all reasonable times, all books, records, documents and personnel relative to the work described in this Agreement. ALLMED shall also provide to FACILITY such assistance as may be reasonably required to insure the proper and adequate defense of any such suit, claim or proceeding. ALLMED shall further not compromise or settle any claim without the written consent of FACILITY.

ALLMED agrees to defend FACILITY and its directors, officers, agents and employees, and hold FACILITY and its medical staff and peer review participants, harmless against any damage, loss or expense incurred by FACILITY or them in connection with any litigation or other proceedings for injunctive relief or damages brought by a third person arising out of findings or recommendations made by ALLMED in accordance with this Agreement that are deemed to be incorrect or are challenged as being mistaken or deficient in any manner by a third party, so long as the conduct of FACILITY, or its directors, officers, agents and employees is not willful or wanton ~~and conforms to the standards of good faith and reasonableness contained in the Health Care Quality Improvement Act of 1986~~. In the event of litigation brought by a third party arising out of a claimed error or omission by ALLMED, ALLMED will assume the defense of FACILITY and shall have the discretion to compromise, settle or litigate any suits, claims or proceedings against FACILITY with the written consent of FACILITY. FACILITY shall make available to ALLMED and its counsel, at all reasonable times, all books, records, documents and

personnel relative to the work described in this Agreement. FACILITY shall also provide to ALLMED such assistance as may be reasonably required to insure the proper and adequate defense of any such suit, claim proceeding. FACILITY shall further not compromise or settle any claim defended by ALLMED on behalf of FACILITY without the written consent of ALLMED.

10. Each party represents and warrants to the other that the party, its officers, directors, employees and individuals performing Services hereunder (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "federal healthcare programs"), (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in the party or any such individual being excluded from participation in the federal healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and each party shall immediately notify the other of any change in the status of the representations and warranty set forth in this section. Notwithstanding any provision of this Agreement to the contrary, any breach of this section shall give the other party the right to terminate this Agreement immediately.

11. FACILITY agrees not to engage or contract directly with any of ALLMED's Peer Specialty Panel or employees or any purpose including but not limited to performing medical review services without the expressed written consent of ALLMED. In accordance with and in addition to ALLMED's "Conflict of Interest" Policy, ALLMED agrees that it will not assign any review of one of FACILITY's programs, cases or practitioners to any physician reviewer either employed by the County of Monterey, with medical staff privileges on the medical staff of Natividad Medical Center or any clinic operated by the County of Monterey, or with medical staff privileges on the staff of a clinic or hospital located within 50 miles of Natividad Medical Center.

12. FACILITY is relying on ALLMED for the development of information to be used in peer review and quality improvement activities; however, all decisions made and actions taken by FACILITY and its Medical Staff based on such information shall be made by the Medical Staff of FACILITY and by the Board of Supervisors of the County of Monterey acting as the governing body of FACILITY. ALLMED shall not make or directly participate in making specific decisions or recommendations regarding the determination of credentials, peer review issues, utilization review, or the opening or closing of services, except as specifically requested by FACILITY.

13. As and to the extent required by law, upon the written request of the Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, ALLMED shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the Service is provided. If ALLMED carries out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, ALLMED agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. Section 1395x(v)(1) and the

regulations thereto. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by FACILITY or ALLMED by virtue of this Agreement.

14. The parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d (“HIPAA”), and any current and future regulations promulgated thereunder including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the “Federal Privacy Regulations”), the federal security standards as contained in 45 C.F.R. Part 142 (the “Federal Security Regulations”), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as “HIPAA Requirements.” The parties agree not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. § 164.501) or Individually Identifiable Health Information (as defined in 42 C.F.R. § 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement. The parties will make their internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations. ALLMED shall sign a HIPAA Business Associate Agreement with FACILITY to be prepared by FACILITY in a form that is mutually acceptable to FACILITY and ALLMED.

15. The parties expressly agree that nothing contained in this Agreement shall require ALLMED to refer or admit any patients to, or order any goods or services from FACILITY. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct himself or herself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 USC Section 1320a-7b).

16. ALLMED agrees that all physician reviewers assigned to reviews on FACILITY matters shall be, at a minimum, Board Certified in the specialty field most closely related to the subject of the review, and shall further maintain an active medical practice in that specialty field. All such physician reviewers shall also meet such additional minimum requirements as are imposed by ALLMED.

17. This Agreement shall be governed by the laws of the state of the FACILITY.

18. All notices or communications required or permitted under this Agreement shall be given in writing and delivered personally or sent by United States registered or certified mail with postage prepaid and return receipt requested or by overnight delivery service (e.g., Federal Express, DHL). Notice shall be deemed given when sent, if sent as specified in this Section, or otherwise deemed given when received. In each case, notice shall be delivered or sent to:

If to FACILITY, addressed to:


NATIVIDAD MEDICAL CENTER
1441 Constitution Blvd., Bldg. 300
Salinas, California 93906
Attention: Gary Gray D.O., CMO

If to ALLMED addressed to:

AllMed Healthcare Management, Inc.
621 SW Alder Street, Suite 740
Portland, OR 97205
Attn: Andres Rowe, CEO

IN WITNESS WHEREOF, FACILITY and ALLMED have duly executed this Agreement as of the dates set out beneath their respective signatures.

ALLMED:


By: 
Title: CEO

ALLMED:

By: _____
Title: _____

FACILITY:

By: _____
Title: NMC Contracts/Purchasing Agent

By: 
Title: NMC Chief Executive Officer

By: 
Title: Deputy County Counsel

By: 
Title: Auditor/Controller

829.12

EXHIBIT A
Fee Schedule & Terms

FACILITY agrees to pay ALLMED for services rendered under this Agreement according to the following rates. ALLMED shall be reimbursed for preapproved travel expenses in accordance with the County Travel Policy, attached hereto as Exhibit C.

® Narrative Reviews

Case Material Page Count	Price Per Case
<50	\$400
50-100	\$500
101-200	\$625
201-300	\$725
301-500	\$950
501-750	\$1,175
751-1000	\$1,550
Over 1,000	Billed at \$378 per hour
Radiology Reviews	Non-Mammogram: \$155
	Mammogram: \$185

Exceptions:

1. Cases with more than 3 standard questions will be billed on-the-clock at \$378 per hour.
2. Standard turnaround time for all cases is within 20 business days. All cases requiring an expedited service (7 business days), a 25% surcharge shall be applied to the above pricing.
3. An estimate of total charges shall be quoted on request, based on receipt and review of actual case materials.

MedScore® Scored Reviews

Specialty	Price per Case	Page Count Limit
Cardiovascular Surgery	\$756	300 pages
ER	\$220	200 pages
Interventional Cardiology	\$320	100 pages
Mammography	\$150	200 pages
Neurosurgery	\$395	200 pages
OBGYN	\$395	200 pages
Ophthalmology	\$295	200 pages
Pathology - multi-slide	\$180	200 pages
Pathology - single slide	\$125	200 pages
X Ray	\$125	200 pages
All other specialties	\$295	200 pages

Exceptions:

1. MedScore® Cases which exceed page count limits listed above will be billed on-the-clock at \$378 per hour.
2. MedScore® reviews with more than 3 standard questions will be billed on-the-clock at \$378 per hour.

Payment Terms: 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”.