

**FIRST AMENDMENT TO
THE PRIMARY HOSPITAL
SERVICES AGREEMENT**

This First Amendment to the Primary Hospital Services Agreement ("Amendment") is entered into and is effective this first day of October, 2008 ("Effective Date of Amendment"), by and between the Santa Cruz/Monterey Managed Medical Care Commission, doing business as the Central Coast Alliance for Health, a public entity organized under the laws of the State of California, hereinafter referred to as "Plan", and Natividad Medical Center, a County Hospital, hereinafter referred to as "Contractor".

RECITALS

- A. Plan and Contractor entered into the Primary Hospital Services Agreement effective July 1, 2007 (the "Agreement").
- B. Both Plan and Contractor desire to change certain terms of the Agreement.
- C. Subject to any necessary approval by the State, this Amendment shall be effective on the Effective Date of Amendment set forth above.
- D. References to Sections and Exhibits below are to Sections and Exhibits, respectively, of the Agreement.

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

- 1. Delete Exhibit 2 Section A. in its entirety and replace it with the following Exhibit 2 Section A.:

"A. Hospital Inpatient Services Reimbursement Effective 10/1/08.

(1)

*This payment (net of the amounts held in reserve by Contractor) is payment in full for all such Covered Services that are provided to Medi-Cal Members, as well as any necessary administrative services; provided, however, Plan shall pay the Laparoscopic Gastric Banding Implant kit at the invoice cost in addition to the Laparoscopic Gastric Banding Surgery Day One per diem. Payment may be subject to adjustment as described in Section 3.3 of this Agreement, and is subject to the Coordination of Benefits rules set forth in Section 3.5 of this Agreement. Ten percent (10%) of the payment set forth above shall be held in reserve by Contractor to absorb possible cost overruns in Risk Group Medi-Cal risk sharing pools affiliated with Contractor as set forth below in Section C.


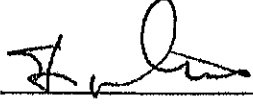
(2) Definitions of Days of Service

- (a) 'Acute Medical/Surgical Day' shall mean an Inpatient Day approved by Plan in a Hospital for the provision of medical or surgical Inpatient Hospital Services not specifically designated as another Day of Service category set forth in this Section (2) (b) through (i).
- (b) 'Acute Pediatric Day' shall mean an Inpatient Day approved by Plan in a Hospital for the provision of pediatric Inpatient Hospital Services not specifically designated as another Day of Service category set forth in this Section (2) (a) or (c) through (i).
- (c) 'Maternity Day' shall mean an Inpatient Day approved by Plan in a Hospital for a mother delivering a baby(ies), through normal or C-Section delivery. The related per diem rate includes payment for Covered Services for mother only.
- (d) 'Nursery Level I Day' shall mean an Inpatient Day approved by Plan in a Hospital for a baby(ies), delivered by a mother through normal or C-Section delivery when the newborn child (children) is an inpatient at Contractor and is receiving Level I Nursery care. The related per diem rate includes payment for Covered Services for newborn child (children) only.
- (e) 'Nursery Level II Day' shall mean an Inpatient Day approved by Plan in a Hospital for a baby(ies), delivered by a mother through normal or C-Section delivery when the newborn child (children) is an inpatient at Contractor and is receiving Level II Nursery care. The related per diem rate includes payment for Covered Services for newborn child (children) only.

- (f) 'ICU/NICU III/Cardiac Surgery Day' shall mean an Inpatient Day approved by Plan in a Hospital for ICU/NICU III/Cardiac Surgery Services.
- (g) 'Acute Rehabilitation Day' shall mean an Inpatient Day approved by Plan in a Hospital for acute rehabilitation Services.
- (h) 'Administrative Day' shall mean an Inpatient Day approved by Plan in a Hospital for which acute inpatient care is not required.
- (i) 'Laparoscopic Gastric Banding Surgery Day One' shall mean an Inpatient Day approved by Plan in a Hospital for the first day of laparoscopic gastric banding surgery (lap banding) Services. These Services shall be billed using inpatient revenue code 126. Inpatient Days approved by Plan for laparoscopic gastric banding surgery (lap banding) Services beyond the first Inpatient Day shall be defined as an Acute Medical/Surgical Day and reimbursed at the Acute Medical/Surgical per diem rate."

2. In all other respects, the provisions of the Agreement are ratified and reconfirmed. In the event there is any inconsistency between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control. The Agreement, as amended, is the entire agreement of the parties and supersedes all prior negotiations, proposals or understandings relating to the subject matter of the Agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective duly authorized representatives.

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| Plan | Contractor |
| Central Coast Alliance for Health | |
| By: <u></u> | By: <u></u> |
| Print Name: <u>Ellen Pirie</u> | Print Name: <u>HARRY WELLS</u> |
| Title: <u>Chairperson</u> | Title: <u>CFO</u> |
| Date: <u>10-29-08</u> | Date: <u>10/07/08</u> |