

**PROFESSIONAL SERVICES AGREEMENT**

**by and between**

**NATIVIDAD MEDICAL CENTER (“Hospital”)**

**and**

**SOUND INPATIENT PHYSICIANS MEDICAL GROUP, INC. (“Contractor”)**

## PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (this “**Agreement**”) is entered into as of August 1, 2015, by and between COUNTY OF MONTEREY (“**County**”) on behalf of NATIVIDAD MEDICAL CENTER (“**Hospital**”), and SOUND INPATIENT PHYSICIANS MEDICAL GROUP, INC., a professional corporation (“**Contractor**”). County, Hospital and Contractor are sometimes referred to in this Agreement as a “**Party**” or, collectively, as the “**Parties.**”

### RECITALS

A. County owns and operates Hospital, a general acute care teaching hospital facility located in Salinas, California, in which it operates a hospitalist program (the “**Program**”) under its acute care license.

B. Contractor is a professional corporation consisting of employees and contractors (those engaged to work at the Hospital under this Agreement collectively referred to as “**Group Physicians**” and each, a “**Group Physician**”), each of whom is a physician duly licensed and qualified to practice medicine in the State. Each Group Physician is board certified for the practice of medicine in the specialty of internal medicine (the “**Specialty**”).

C. Hospital must arrange for the provision of professional consultation and treatment of Program patients who are admitted as Hospital inpatients in need of medical care or treatment in the Specialty (the “**Patients**”), without regard to any consideration other than medical condition.

D. Hospital has determined that contracting with Contractor for the provision of the Services (as defined below) is an appropriate and effective means to facilitate the administration of the Program.

### AGREEMENT

THE PARTIES AGREE AS FOLLOWS:

#### ARTICLE I. CONTRACTOR’S OBLIGATIONS

##### 1.1 Professional Services.

(a) Contractor, through its Group Physicians, shall provide the professional services in Specialty (the “**Professional Services**”) to Patients, upon the terms and subject to the conditions set forth in this Agreement.

(b) 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, consistent with the staffing model described in Exhibit 1.1(b). 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.

**1.2 Chief Hospitalist Services.**

(a) Contractor shall designate, from time to time, a chief hospitalist (the “**Chief Hospitalist**”), of the Program, initially identified in **Exhibit 1.24(1)**, as Chief Hospitalist and shall continue to serve as Chief Hospitalist until Hospital directs or consents to his or her replacement. Chief Hospitalist shall perform the duties set forth on **Exhibit 1.2(a)** (the “**Chief Hospitalist Services**”) and shall perform all Chief Hospitalist Services in accordance with the Hospital Rules and upon the terms and subject to the conditions set forth in this Agreement.

(b) Chief Hospitalist shall devote whatever time is necessary to ensure the operation of a high-quality Program; provided, however, that Chief Hospitalist shall perform Chief Hospitalist Services a minimum of seventeen (17) hours per month. Chief Hospitalist shall allocate time to Chief Hospitalist Services as reasonably requested by Hospital from time to time.

**1.3 Teaching Services.** Contractor shall provide to Hospital those teaching services set forth in **Exhibit 1.3** (the “**Teaching Services**”). Contractor shall not be separately compensated for the provision of Teaching Services under this Agreement.

**1.4 HRN Services.** Contractor shall provide one (1) dedicated registered nurse full-time equivalent experienced in providing hospitalist services, working at Hospital Monday through Friday, from approximately 8 a.m. to 5 p.m. each day (“**HRN FTE**”). The HRN FTE shall perform the administrative duties set forth on **Exhibit 1.4** (the “**HRN FTE Services**”).

**1.5 Management Services.** Contractor shall provide to Hospital those Management Services set forth in **Exhibit 1.5** (the “**Management Services**”), upon the terms and subject to the conditions set forth in this Agreement.

**1.6 Additional Services.** Contractor shall provide to Hospital those additional services set forth in **Exhibit 1.6** (the “**Additional Services**”), upon the terms and subject to the conditions set forth in this Agreement. The Professional Services, Teaching Services, Chief Hospitalist Services, HRN FTE Services and Additional Services are sometimes referred to collectively in this Agreement as the “**Services.**”

**1.7 Time Commitment.** Contractor shall allocate time among the Professional Services, Teaching Services and Additional Services as reasonably requested by Hospital from time to time.

**1.8 Availability.** On or before the first (1st) day of each month, Contractor shall inform Hospital of Group Physicians’ schedule of availability to perform the Services during the following month. Group Physicians shall use their best efforts to adjust such schedule of availability if reasonably requested by Hospital in order to meet Hospital’s needs for the Services.

**1.9 Time Reports.** Contractor shall maintain and submit to Hospital monthly time sheets that provide a true and accurate accounting of time spent on a daily basis providing the Services. Such time sheets shall be on the then-current form provided by Hospital attached hereto as **Exhibit 1.9**. Contractor shall submit all such time sheets to Hospital no later than the tenth (10th) day of each month for Services provided during the immediately preceding month.

**1.10 Medical Staff.** Each Group Physician shall be a member in good standing and active on the Hospital's Medical Staff and have and maintain all clinical privileges at Hospital necessary for the performance of Group Physician's obligations under this Agreement. If, as of the Effective Date (as defined in Section 5.1), any Group Physician is not a member in good standing or active on the Medical Staff or does not hold all clinical privileges at Hospital necessary for the performance of Group Physician's obligations hereunder, such Group Physician shall have a reasonable amount of time, which in no event shall exceed sixty (60) calendar days from the Effective Date, to obtain such membership and/or clinical privileges; provided, however, that such Group Physician diligently pursues such membership and/or clinical privileges in accordance with the normal procedures set forth in the Medical Staff bylaws; and provided, however, that, at all times, Group Physician has been granted privileges to perform the Services. Any Group Physician may obtain and maintain medical staff privileges at any other hospital or health care facility at Group Physician's sole expense.

**1.11 Professional Qualifications.** Each Group Physician shall have and maintain an unrestricted license to practice medicine in the State. Each Group Physician shall be board certified in the Specialty by the applicable medical specialty board approved by the American Board of Medical Specialties. Each Group Physician shall have and maintain a valid and unrestricted United States Drug Enforcement Administration ("DEA") registration.

**1.12 Review of Office of the Inspector General ("OIG") Medicare Compliance Bulletins.** The OIG from time to time issues Medicare compliance alert bulletins. To the extent applicable to Contractor's performance under this Agreement, Contractor and each Group Physician shall undertake to review, be familiar with and comply with all applicable requirements of such OIG compliance bulletins.

**1.13 Performance Standards.** Contractor and each Group Physician shall comply with all bylaws, Medical Staff policies, rules and regulations of Hospital and the Medical Staff (collectively, the "Hospital Rules"), and all protocols applicable to the Services or the Hospital (the "Protocols").

**1.14 Code of Conduct.** Contractor hereby acknowledges receipt of Hospital's Code of Conduct which is attached to this Agreement as **Exhibit 1.14** (the "Code"), and agrees that Contractor and each Group Physician has been given ample opportunity to read, review and understand the Code. With respect to Contractor's and the Group Physicians' business dealings with Hospital and their performance of the Services described in this Agreement, neither Contractor nor any Group Physician shall act in any manner which conflicts with or violates the Code, nor cause another person to act in any manner which conflicts with or violates the Code. Contractor and each Group Physician shall comply with the Code as it relates to their business relationship with Hospital or any Affiliate, subsidiaries, employees, agents, servants, officers, directors, contractors and suppliers of every kind.

**1.15 Continuing Medical Education.** Contractor shall ensure that each Group Physician participates in continuing medical education as necessary to maintain licensure, professional competence and skills commensurate with the standards of the medical community and as otherwise required by the medical profession.

**1.16 Use of Space.** Contractor and each Group Physician shall use Hospital's premises and space solely and exclusively for the provision of the Services, except in an emergency or with Hospital's prior written consent.

**1.17 Notification of Certain Events.** Contractor shall notify Hospital in writing within twenty-four (24) hours after the occurrence of any one or more of the following events:

(a) Contractor or any Group Physician becomes the subject of, or materially involved in, any investigation, proceeding, or disciplinary action by: Medicare and Medicaid programs or any other Federal health care program, as defined at 42 U.S.C. Section 1320a-7b(f) (collectively, the "**Federal Health Care Programs**") or state equivalent, any state's medical board, any agency responsible for professional licensing, standards or behavior, or any medical staff;

(b) the medical staff membership or clinical privileges of any Group Physician at any hospital are denied, suspended, restricted, revoked or voluntarily relinquished, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(c) any Group Physician becomes the subject of any suit, action or other legal proceeding arising out of Contractor's professional services;

(d) any Group Physician voluntarily or involuntarily retires from the practice of medicine;

(e) any Group Physician's license to practice medicine in the State is restricted, suspended or terminated, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(f) Contractor or any Group Physician is charged with or convicted of a criminal offense;

(g) Contractor changes the location of Contractor's office;

(h) any act of nature or any other event occurs which has a material adverse effect on Contractor's or any Group Physician's ability to provide the Services; or

(i) Contractor or any Group Physician is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program or state equivalent.

**1.18 Representations and Warranties by Contractor.** Contractor represents and warrants that: (a) no Group Physician's license to practice medicine in any state has ever been suspended, revoked or restricted; (b) neither Contractor nor any Group Physician has ever been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (c) neither Contractor nor Group Physician has ever been excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program; (d) no Group Physician has ever been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) no Group Physician's medical staff membership or clinical privileges at any hospital or health care facility have ever been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) no Group Physician has ever been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

**1.19 Nondiscrimination.** Neither Contractor nor any Group Physician shall differentiate or discriminate in performing the Services on the basis of race, religion, creed, color, national origin, ancestry, sex, physical disability, mental disability, medical condition, marital status, age, sexual orientation or payor, or on any other basis prohibited by applicable law.

**1.20 Exclusive Services.**

(a) During the term of this Agreement, Hospital shall not employ or contract with any person or entity other than Contractor to provide the Services (excluding any family medicine services sometimes referred to as Hospitalist Services) described in this Agreement. Nothing in this Section is intended or shall be construed to preclude Hospital from granting clinical privileges to any other physician or physicians consistent with the Hospital Rules that would permit such physician or physicians to provide professional services.

(b) In the event Contractor fails to or notifies Hospital that it is reasonably anticipated to be unable to provide staffing and/or coverage in accordance with the terms and conditions of this Agreement, Hospital shall have the right, at its option and notwithstanding any provision of this Agreement to the contrary, to make alternative arrangements for the provision of the Services, as applicable. Hospital's rights under this Section shall not (i) relieve Contractor of its obligations under this Agreement, (ii) affect Hospital's right to terminate this Agreement, or (iii) adversely affect Hospital's right to seek indemnity as a result of the breach of this Agreement by Contractor.

**1.21 Compliance with Grant Terms.** If this Agreement has been or will be funded with monies received by Hospital or County pursuant to a contract with the state or federal government or private entity in which Hospital or County is the grantee, Contractor and Group Physicians shall comply with all the provisions of said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, Hospital shall deliver a copy of said contract to Contractor at no cost to Contractor. Notwithstanding anything to the contrary, the Hospital shall provide to Contractor a copy of any and all changes to such grant terms and Contractor shall have a period of ninety (90) days to determine whether such changes are acceptable, and if not, to terminate this Agreement with one hundred twenty (120) days written notice to the Hospital.

**1.22 Medical Records and Claims.**

(a) Contractor shall ensure that each Group Physician prepares complete, timely, accurate and legible medical and other records with respect to the services and treatment furnished to patients, in accordance with the Hospital Rules, federal and state laws and regulations, and standards and recommendations of such nationally recognized accrediting organization as Hospital designates from time to time. All such information and records relating to any patient shall be: (i) prepared on forms developed, provided or approved by Hospital; (ii) the sole property of Hospital; and (iii) maintained at Hospital in accordance with the terms of this Agreement and for so long as is required by applicable laws and regulations.

(b) Contractor shall maintain and upon request provide to patients, Hospital, and state and federal agencies, all financial books and records and medical records and charts as may be necessary for Contractor and/or Hospital to comply with applicable state, federal, and local laws and regulations and with contracts between Hospital and third party payors. Contractor shall cooperate with Hospital in completing such claim forms for patients as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors. Contractor shall retain all such records and information for at least ten (10) years following the expiration or termination of this Agreement. This Section 1.22 (b) shall survive the expiration or termination of this Agreement.

**1.23 Records Available to Contractor.** Both during and after the term of this Agreement, Hospital shall permit Contractor and Contractor's agents to inspect and/or duplicate, at Contractor's sole cost and expense, any medical chart and record to the extent necessary to meet Contractor's professional responsibilities to patients, to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent, and/or to fulfill requirements pursuant to provider contracts to provide patient information; provided, however, such inspection or duplication is permitted and conducted in accordance with applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Contractor shall be solely responsible for maintaining patient confidentiality with respect to any information which Contractor obtains pursuant to this Section.

**1.24 Group Physicians.**

(a) Contractor shall employ, contract with, or otherwise engage Group Physicians. Contractor has initially engaged those Group Physicians listed (and identified by NPI number) on **Exhibit 1.24(a)** to provide the Services, which Group Physicians are hereby approved and accepted by Hospital.

(b) Contractor may from time to time engage one (1) or more additional Group Physicians (including locum tenens physicians) to provide the Services under this Agreement, subject to Hospital's prior written approval, which approval may be given, withheld or conditioned by Hospital in its sole discretion. In the event Hospital withholds approval with respect to any additional Group Physician, such Group Physician shall not be entitled to any "fair hearing" or any other hearing or appellate review under any provision of the Medical Staff Bylaws, unless Hospital determines that the withholding of approval is reportable to any state's medical board or other agency responsible for professional licensing, standards or behavior.

(c) Contractor shall ensure that, during the term of this Agreement, any and all Group Physicians (including locum tenens physicians) providing the Services satisfy the professional standards and qualifications set forth in this Article I of this Agreement.

(d) Contractor shall provide prompt written notice to Hospital in the event any Group Physician resigns, is terminated by Contractor, or otherwise ceases to provide the Services.

(e) Contractor shall ensure that the Services are performed only on the Hospital's premises by Group Physicians who have been approved and accepted by Hospital, and have not been removed in accordance with this Agreement.

(f) Contractor shall cause each Group Physician providing the Services to comply with all obligations, prohibitions, covenants and conditions imposed on Contractor pursuant to this Agreement. Contractor shall cause each Group Physician to execute and deliver to Hospital a letter of acknowledgment in the form attached as **Exhibit 1.24(f)** prior to providing any Services under this Agreement.

## **ARTICLE II. COMPENSATION**

**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 Six Million Nine Hundred Twenty-Three Thousand Seven Hundred and Twenty- Four Dollars (\$6,923,724).

**2.2 Billing and Collections.** Contractor shall be solely responsible for billing and collecting for all Professional Services rendered to Patients pursuant to this Agreement ("Physician Services"). Contractor agrees that such collections shall be Contractor's sole compensation for Physician Services. All billing shall be in compliance with applicable laws, customary professional practice, the Medicare and Medicaid Programs and other third party payor programs, whether public or private.

(a) **Billing Compliance.** Contractor shall comply with all applicable Laws, including those of the Federal Health Care Programs, customary professional practice, and other third party payor programs, whether public or private, in connection with billing and coding for Physician Services provided pursuant to this Agreement. Contractor shall adopt and maintain billing and coding compliance policies and procedures to ensure Contractor's compliance with applicable Laws, including those of the Federal Health Care Programs. Hospital shall have reasonable access to Contractor's records in order to assure Contractor's compliance with this Agreement.

(b) **Patient Information.** Hospital shall take all necessary and reasonable steps to provide Contractor appropriate patient information to facilitate Contractor's billing for the Physician Services rendered pursuant to this Agreement.



(c) **Separate Billing.** Neither Contractor nor Hospital shall bill for, guarantee the ability to collect, or have any claim or interest in or to the amounts billed or collected by the other Party. Contractor shall cooperate with Hospital in completing such claim forms for Patients as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors.

(d) **Debt Collection Practices.** Contractor shall comply, and shall ensure that any collection agency engaged by Contractor complies, with the Fair Debt Collection Practices Act (15 U.S.C. 1692, et seq.) and Section 1788, et seq. of the California Civil Code (collectively, the “**Debt Collection Acts**”). Contractor shall not, and shall ensure that any collection agency engaged by Contractor does not, with respect to any Hospital patient who is not enrolled in any HMO, PPO, POS or other third party payor plan or program, or Medicare, Medicaid or any other government funded health care benefit plan or program: (i) use wage garnishments or liens on primary residences as a means of collecting unpaid bills for Physician Services rendered by Contractor pursuant to this Agreement, or (ii) report adverse information to a consumer credit reporting agency or commence civil action against any such patient for nonpayment at any time prior to one hundred fifty (150) days after initial billing for Physician Services rendered by Contractor pursuant to this Agreement.

(e) **Collection Agencies.** Hospital shall have the right to object to Contractor’s use of any collection agency that engages in conduct that violates the Debt Collection Acts or Section 2.2(d) of this Agreement, or that results in the unreasonable annoyance or harassment of patients. Contractor shall either cure this problem or discharge the collection agency within thirty (30) days following written notice of objection by Hospital. If this problem occurs a second time, Contractor shall discharge the collection agency within thirty (30) days following written notice of objection by Hospital.

### **2.3 Third Party Payor Arrangements.**

(a) Contractor shall cooperate in all reasonable respects necessary to facilitate Hospital’s entry into or maintenance of any third party payor arrangements for the provision of services under Federal Health Care Programs or any other public or private health and/or hospital care programs, including insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations.

(b) To enable Hospital to participate in any third party payor arrangement, Contractor shall initiate, not more than ten (10) business days following Hospital’s request:

- (i) Initiate enrollment as a provider (if required by the third party payor), separate from Hospital, with any third party payor or intermediate organization (including any independent practice association) (each, a “**Managed Care Organization**”) designated by Hospital for the provision of Professional Services to Hospital patients covered by such Managed Care Organization;

- (ii) Complete any documents (e.g., CAQH Universal Provider Datasource form) as may be reasonably necessary or appropriate to effectuate enrollment;
- (iii) Enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of Professional Services to Hospital patients covered by such Managed Care Organization; and/or
- (iv) Enter into a written agreement with Hospital regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of Professional Services to Hospital patients covered by such Managed Care Organization.

**ARTICLE III.**  
**INSURANCE AND INDEMNITY**

**3.1 Evidence of Coverage.** Prior to commencement of this Agreement, the Contractor shall provide a “Certificate of Insurance” certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the Contractor upon request shall provide a certified copy of the policy or policies. This verification of coverage shall be sent to Hospital’s Medical Staff Office, unless otherwise directed. The Contractor shall not receive a “Notice to Proceed” with the work under this Agreement until it has obtained all insurance required and Hospital has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

**3.2 Qualifying Insurers.** All coverages except surety, shall be issued by companies which hold a current policy holder’s alphabetic and financial size category rating of not less than A-VII, according to the current Best’s Key Rating Guide or a company of equal financial stability that is approved by Hospital’s Contracts/Purchasing Director.

**3.3 Insurance Coverage Requirements.** Without limiting Contractor’s or Group Physician’s duty to indemnify, Contractor shall maintain in effect throughout the term of this Agreement, at Contractor’s sole cost and expense, a policy or policies of insurance with the following minimum limits of liability:

(a) **Professional liability insurance,** covering Contractor and each Group Physician with coverage of not less than One-Million Dollars (\$1,000,000) per physician per occurrence and Three-Million Dollars (\$3,000,000) per physician in the aggregate; or such other amount(s) of professional liability insurance as may be required by Article 2.2-1 of Hospital’s Medical Staff Bylaws from time to time, to cover liability for malpractice and/or errors or omissions made in the course of rendering services under this Agreement. If any professional liability insurance covering Contractor and Group Physician is procured on a “Claims Made” rather than “Occurrence” basis, then Contractor and Group Physician shall either continue such coverage or obtain extended reporting coverage (“**Tail Coverage**”), as appropriate, upon the occurrence of any of the following: (i) termination or expiration of this Agreement; (ii) change of

coverage if such change shall result in a gap in coverage; or (iii) amendment, reduction or other material change in the then existing professional liability coverage of Contractor if such amendment, reduction or other material change will result in a gap in coverage. Any Tail Coverage shall have liability limits in the amount set forth above and shall in all events continue in existence until the greater of: (a) three (3) years or (b) the longest statute of limitations for professional and general liability for acts committed has expired. All insurance required by this Agreement shall be with a company acceptable to County and issued and executed by an admitted insurer authorized to transact insurance business in the State.

(b) **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 One Million Dollars (\$1,000,000) per occurrence.

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

(c) **Business automobile liability insurance**, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than One Million Dollars (\$1,000,000) per occurrence.

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

(d) **Workers' Compensation Insurance**, if Contractor employs others in the performance of this Agreement, in accordance with California Labor Code Section 3700 and with Employer's Liability limits not less than One Million Dollars (\$1,000,000) each person, One Million Dollars (\$1,000,000) each accident and One Million Dollars (\$1,000,000) each disease.

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

**3.4 Other Insurance Requirements.** All insurance required by this Agreement shall be with a company acceptable to Hospital and issued and executed by an admitted insurer authorized to transact insurance business in the State. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three (3) years following the date Contractor and Group Physicians complete their performance of services under this Agreement.

Each liability policy shall provide that Hospital shall be given notice in writing at least thirty (30) days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Contractor, Group Physicians, and additional insured with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds with respect to liability arising out of the Contractor's work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the Contractor's insurance. The required endorsement from for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement from for Automobile Additional Insured Endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by Hospital, Contractor shall file certificates of insurance with Hospital's Medical Staff Office, showing that the Contractor has in effect the insurance required by this Agreement. The Contractor shall file a new or amended certificate of insurance within five (5) calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

Contractor and each Group Physician shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by Hospital, annual certificates to Hospital's Medical Staff Office. If the certificate is not received by the expiration date, Hospital shall notify Contractor and Contractor shall have five (5) calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by Contractor to maintain such insurance is a default of this Agreement, which entitles Hospital, at its sole discretion, to terminate the Agreement immediately.

### **3.5 Right to Offset Insurance Costs.**

(a) In the event that Contractor does not purchase or otherwise have the liability insurance set forth in this Section at any time during the term of this Agreement, and without limiting any rights or remedies of County, County may at its option and within its sole discretion provide the liability insurance required by this Section and continue to pay the premiums therefor. If Contractor does not promptly reimburse all such amounts, then County shall have the right to withhold and offset the compensation due to Contractor under this Agreement, in addition to such other rights or privileges as County may have at law or in equity.

(b) The County's option to provide such insurance and to offset the compensation otherwise due to the Contractor shall also apply to the "Tail Coverage" referenced in Section 3.3, including for general liability if during the term of the Agreement such coverage has been written on a claims made basis, which is required to remain effective after the expiration or termination of this Agreement for any reason.

**3.6 Indemnification.**

(a) **Indemnification by Contractor.** Contractor and each Group Physician shall indemnify, defend, and hold harmless County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with Contractor's or Group Physicians' performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of County. "Contractor's performance" includes Contractor's and Group Physicians' acts or omissions and the acts or omissions of Contractor's officers, employees, agents and subcontractors.

(b) **Indemnification by County.** County agrees to defend, indemnify, and hold harmless Contractor and Group Physicians, to the extent permitted by applicable law, from and against any and all claims and losses whatsoever accruing or resulting to any person, firm or corporation for damages, injury or death arising out of or connected with any negligent act or omission or willful misconduct of County or any of its agents or employees.

**3.7 Indemnification for Timely Payment of Tax Contributions.** It is expressly agreed by the Parties hereto that no work, act, commission or omission of Contractor or any Group Physician shall be construed to make or render Contractor or any Group Physician the agent, employee or servant of County. Contractor and each Group Physician agrees to indemnify, defend and hold harmless County and Hospital from and against any and all liability, loss, costs or obligations (including, without limitation, interest, penalties and attorney's fees in defending against the same) against County or Hospital based upon any claim that Contractor has failed to make proper and timely payment of any required tax contributions for itself, its employees, or its purported agents or independent contractors.

**3.8 Hospital Services.** Hospital shall retain professional and administrative responsibility for the operation of the Hospital, as and to the extent required by Title 22, California Code of Regulations, Section 70713. Hospital's retention of such responsibility is not intended and shall not be construed to diminish, limit, alter or otherwise modify in any way the obligations of Contractor under this Agreement, including, without limitation, the obligations under the insurance and indemnification provisions set forth in this Article III.

**3.9 Survival of Obligations.** The Parties' obligations under this Article III shall survive the expiration or termination of this Agreement for any reason.

**ARTICLE IV.**  
**RELATIONSHIP BETWEEN THE PARTIES**

**4.1 Independent Contractor.**

(a) Contractor and each Group Physician is and shall at all times be an independent contractor with respect to Hospital in the performance of Contractor's and Group Physician's obligations under this Agreement. Nothing in this Agreement shall be construed to create an employer/employee, joint venture, partnership, lease or landlord/tenant relationship between Hospital and Contractor or Hospital and any Group Physician. No Group Physician shall hold himself or herself out as an officer, agent or employee of Hospital, and shall not incur any contractual or financial obligation on behalf of Hospital without Hospital's prior written consent.

(b) If the Internal Revenue Service ("IRS") or any other governmental agency should inquire about, question or challenge the independent contractor status of Contractor or any Group Physician with respect to County, the Parties hereto mutually agree that: (i) each shall inform the other Party hereto of such inquiry or challenge; and (ii) County and Contractor shall each have the right to participate in any discussion or negotiation occurring with the taxing agency, regardless of who initiated such discussions or negotiations. In the event the taxing agency concludes that an independent contractor relationship does not exist, County may terminate this Agreement effective immediately upon written notice. In the event of such termination, the Parties remain free to negotiate an employer/employee contract with any Group Physician.

**4.2 Limitation on Control.** Hospital shall neither have nor exercise any control or direction over Contractor's or any Group Physician's professional medical judgment or the methods by which Contractor or any Group Physician performs professional medical services; provided, however, that Contractor and Group Physicians shall be subject to and shall at all times comply with the Protocols and the bylaws, guidelines, policies and rules applicable to other members of the Medical Staff.

**4.3 Practice of Medicine.** Contractor and Hospital acknowledge that Hospital is neither authorized nor qualified to engage in any activity which may be construed or deemed to constitute the practice of medicine. To the extent that any act or service required of, or reserved to, Hospital in this Agreement is construed or deemed to constitute the practice of medicine, the performance of such act or service by Hospital shall be deemed waived or unenforceable, unless this Agreement can be amended to comply with the law, in which case the Parties shall make such amendment.

**4.4 No Benefit Contributions.** Hospital shall have no obligation under this Agreement to compensate or pay applicable taxes for, or provide employee benefits of any kind (including contributions to government mandated, employment-related insurance and similar programs) to, or on behalf of, Contractor or any other person employed or retained by Contractor. Notwithstanding the foregoing, if Hospital determines or is advised that it is required by law to compensate or pay applicable taxes for, or provide employee benefits of any kind (including contributions to government mandated, employment-related insurance and similar programs) to, or on behalf of, Contractor or any other person employed or retained by Contractor, Contractor shall reimburse Hospital for any such expenditure within thirty (30) calendar days after being notified of such expenditure.

**4.5 Referrals.** Contractor and the Group Physicians shall be entitled to refer patients to any hospital or other health care facility or provider deemed by Contractor or the Group Physicians best qualified to deliver medical services to any particular patient; provided; however, that neither Contractor nor any Group Physician shall refer any Hospital patient to any provider or health care services which either Contractor or any Group Physician knows or should have known is excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program or state equivalent. Nothing in this Agreement or in any other written or oral agreement between Hospital and Contractor or Hospital and the Group Physicians, nor any consideration offered or paid in connection with this Agreement, contemplates or requires the admission or referral of any patients or business to Hospital or any Affiliate. In the event that any governmental agency, any court or any other judicial body of competent jurisdiction, as applicable, issues an opinion, ruling or decision that any payment, fee or consideration provided for hereunder is made or given in return for patient referrals, either Party may at its option terminate this Agreement with three (3) days' notice to the other Party. Contractor's rights under this Agreement shall not be dependent in any way on the referral of patients or business to Hospital or any Affiliate by Contractor, Group Physician or any person employed or retained by Contractor.

**4.6 Form 1099 or W-2.** If required to do so under applicable law, Hospital shall issue an Internal Revenue Service Form 1099 or Form W-2 to Contractor.

**4.7 Contractor Compensation Arrangements.** Contractor represents and warrants to Hospital that the compensation paid or to be paid by Contractor to any physician is and will at all times be fair market value for services and items actually provided by such physician, not taking into account the value or volume of referrals or other business generated by such physician for Hospital or any Affiliate. Contractor further represents and warrants to Hospital that Contractor has and will at all times maintain a written agreement with each physician receiving compensation from Contractor.

#### **4.8 Cooperation.**

(a) The Parties recognize that, during the term of this Agreement and for an undetermined time period thereafter, certain risk management issues, legal issues, claims or actions may arise that involve or could potentially involve the Parties and their respective employees and agents. The Parties further recognize the importance of cooperating with each other in good faith when such issues, claims or actions arise, to the extent such cooperation does not violate any applicable laws, cause the breach of any duties created by any policies of insurance or programs of self-insurance, or otherwise compromise the confidentiality of communications or information regarding the issues, claims or actions. As such, the Parties hereby agree to cooperate in good faith, using their best efforts, to address such risk management and legal issues, claims, or actions.

(b) The Parties further agree that if a controversy, dispute, claim, action or lawsuit (each, an “**Action**”) arises with a third party wherein both the Parties are included as defendants, each Party shall promptly disclose to the other Party in writing the existence and continuing status of the Action and any negotiations relating thereto. Each Party shall make every reasonable attempt to include the other Party in any settlement offer or negotiations. In the event the other Party is not included in the settlement, the settling Party shall immediately disclose to the other Party in writing the acceptance of any settlement and terms relating thereto, if allowed by the settlement agreement.

(c) Contractor shall cooperate with the individual designated by Hospital to have principal responsibility for the administration and operation of the Hospital. Such cooperation shall include supervision, selection, assignment, and evaluation of personnel; management and direction of equipment maintenance; development of budgets; and oversight of the acquisition of materials, supplies, and equipment.

(d) Contractor shall assist Hospital, as reasonably requested by Hospital, in Hospital’s compliance with applicable laws and the standards, requirements, guidelines and recommendations of any governing or advisory body having authority to set standards relating to the operation of Hospital, or any nationally recognized accrediting organization that Hospital designates from time to time.

**4.9 Contractor’s Performance.** County or Hospital, at its option and within its sole discretion, may seek evaluation of contractual performance by requesting input from Hospital’s Medical Director/Chief Medical Officer and from other professionals within Hospital.

**4.10 Right of Inspection.** Upon reasonable prior written notice, Hospital and County officials and their designees may inspect the books and records of Contractor which are necessary to determine that work performed by Contractor or any Group Physician to patients hereunder is in accord with the requirements of this Agreement. Such inspection shall be made in a manner so as not to disrupt the operations of Hospital or Contractor.



**4.11 Access to and Audit of Records.** Hospital shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the Contractor and its subcontractors related to services provided under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of Ten Thousand Dollars (\$10,000), the Parties may be subject, at the request of Hospital or as part of any audit of Hospital, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three (3) years after final payment under the Agreement.

**ARTICLE V.**  
**TERM AND TERMINATION**

**5.1 Term.** This Agreement shall become effective on August 1, 2015 (the “**Effective Date**”), and shall be implemented with Services provided hereunder beginning on such date as mutually agreed upon by the parties but no later than November 4, 2015 (the “**Go-Live Date**”), and shall continue for a period of thirty-six (36) months from the Go-Live-Date, but no later than November 3, 2018 (the “**Expiration Date**”), subject to the termination provisions of this Agreement.

**5.2 Termination by Hospital.** Hospital shall have the right to terminate this Agreement upon the occurrence of any one or more of the following events:

(a) breach of this Agreement by Contractor or any Group Physician where the breach is not cured within thirty (30) calendar days after Hospital gives written notice of the breach to Contractor;

(b) neglect of professional duty by Contractor or any Group Physician in a manner that poses an imminent danger to the health or safety of any individual, or violates Hospital’s policies, rules or regulations;

(c) there is a “substantial change”, as defined herein, in Contractor which has not received prior written approval or subsequent ratification by Hospital. The retirement, withdrawal, termination, or suspension of one (1) or more Group Physicians of Contractor at any time during the term of this Agreement shall be considered to be a “substantial change” in Contractor only if there is a reduction in hours equivalent to in excess of one full-time Group Physician. Notwithstanding anything in the foregoing to the contrary, the retirement, withdrawal, termination, or suspension of any single Group Physician of Contractor shall not constitute a “substantial change” in Contractor as that term is used herein;

(d) breach by Contractor or any Group Physician of any HIPAA Obligation (as defined in **Exhibit 6.3**);

(e) Contractor makes an assignment for the benefit of creditors, admits in writing the inability to pay its debts as they mature, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution liquidation or other similar law of any jurisdiction;

(f) the insurance required to be maintained by Contractor under this Agreement is terminated, reduced below the minimum coverage requirements set forth in this Agreement, not renewed or cancelled (whether by action of the insurance company or Contractor) for any reason, and Contractor has not obtained replacement coverage as required by this Agreement prior to the effective date of such termination, reduction, non-renewal or cancellation;

(g) Contractor is rendered unable to comply with the terms of this Agreement for any reason; or

(h) upon a sale of all or substantially all assets comprising Hospital's acute care hospital facility, any change of control in Hospital's organization, or any change in control of its day to day operations, whether through a membership change or by management contract. Hospital shall notify Contractor in writing of such sale or change of control at least thirty (30) days prior to the closing date of any such sale or the effective date of any such change of control.

**5.3 Termination by Contractor.** Contractor shall have the right to terminate this Agreement upon breach of this Agreement by Hospital where the breach is not cured within thirty (30) calendar days after Contractor gives written notice of the breach to Hospital.

**5.4 Termination or Modification in the Event of Government Action.**

(a) If the Parties receive notice of any Government Action, the Parties shall attempt to amend this Agreement in order to comply with the Government Action.

(b) If the Parties, acting in good faith, are unable to make the amendments necessary to comply with the Government Action, or, alternatively, if either Party determines in good faith that compliance with the Government Action is impossible or infeasible, this Agreement shall terminate ten (10) calendar days after one Party notifies the other of such fact.

(c) For the purposes of this Section, "**Government Action**" shall mean any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body or any private agency, or any notice of a decision, finding, interpretation or action by any governmental or private agency, court or other third party which, in the opinion of counsel to Hospital, because of the arrangement between the Parties pursuant to this Agreement, if or when implemented, would:

- (i) revoke or jeopardize the status of any health facility license granted to Hospital or any Affiliate of Hospital;
- (ii) revoke or jeopardize the federal, state or local tax-exempt status of Hospital or any Affiliate of Hospital, or their respective tax-exempt financial obligations;
- (iii) prevent Contractor or any Group Physician from being able to access and use the facilities of Hospital or any Affiliate of Hospital;

- (iv) constitute a violation of 42 U.S.C. Section 1395nn (commonly referred to as the Stark law) if Contractor or any Group Physician referred patients to Hospital or any Affiliate of Hospital;
- (v) prohibit Hospital or any Affiliate of Hospital from billing for services provided to patients referred to by Contractor or any Group Physician;
- (vi) subject Hospital or Contractor, any Group Physician, or any Affiliate of Hospital, or any of their respective employees or agents, to civil or criminal prosecution (including any excise tax penalty under Internal Revenue Code Section 4958), on the basis of their participation in executing this Agreement or performing their respective obligations under this Agreement; or
- (vii) jeopardize Hospital's full accreditation with any accrediting organization as Hospital designates from time to time.

(d) For the purposes of this Agreement, "**Affiliate**" shall mean any entity which, directly or indirectly, controls, is controlled by, or is under common control with Hospital.

**5.5 Termination without Cause.** Either Party may terminate this Agreement without cause, expense or penalty, effective one hundred twenty (120) calendar days after written notice of termination is given to the other Party.

**5.6 Effect of Termination or Expiration.** Upon any termination or expiration of this Agreement:

(a) all rights and obligations of the Parties shall cease except: (i) those rights and obligations that have accrued and remain unsatisfied prior to the termination or expiration of this Agreement, (ii) those rights and obligations which expressly survive termination or expiration of this Agreement; and (iii) Contractor's obligation to continue to provide services to Hospital patients under Contractor's and Group Physicians' care at the time of expiration or termination of this Agreement, until the patient's course of treatment is completed or the patient is transferred to the care of another physician; provided, however, upon Contractor's request, Hospital shall ensure that there is an accepting physician or group of physicians available to assume care of patients to be transferred at the termination of this Agreement;

(b) upon Hospital's request, Contractor and any Group Physician shall immediately vacate the premises, removing any and all of Contractor's and Group Physicians' personal property, and Hospital may remove and store, at Contractor's expense, any personal property that either Contractor or any Group Physician has not so removed;

(c) Contractor and Group Physicians shall immediately return to Hospital all of Hospital's property, including Hospital's equipment, supplies, furniture, furnishings and patient records, in Contractor's or Group Physicians' possession or under Contractor's or Group Physicians' control;

(d) Contractor and Group Physicians shall not do anything or cause any other person to do anything that interferes with Hospital's efforts to engage any other person or entity for the provision of the Services, or interferes in any way with any relationship between Hospital and any other person or entity who may be engaged to provide the Services to Hospital;

(e) The expiration or termination of this Agreement shall not entitle Contractor or Group Physicians to the right to a "fair hearing" or any other similar rights or procedures more particularly set forth in the Medical Staff bylaws or otherwise; and

(f) This Section 5.6 shall survive the expiration or termination for any reason of this Agreement.

**5.7 Immediate Removal of Group Physicians.** Contractor shall immediately remove any Group Physician from furnishing Services under this Agreement who:

(a) has his or her Medical Staff membership or clinical privileges at Hospital terminated, suspended, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(b) has his or her license to practice medicine in the State, DEA registration denied, suspended, restricted, terminated, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(c) is convicted of a felony, a misdemeanor involving fraud, dishonesty, or moral turpitude, or any crime relevant to Professional Services or the practice of medicine;

(d) is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program or state equivalent;

(e) fails to satisfy any of the standards and qualifications set forth in Sections 1.10, 1.11, 1.13 and 1.15 of this Agreement; or

(f) fails to be covered by the professional liability insurance required to be maintained under this Agreement.

**5.8 Removal of Group Physicians upon Hospital Request.** Upon written request by Hospital, Contractor shall immediately remove any Group Physician from furnishing Services under this Agreement who:

(a) engages in conduct that, in Hospital's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person or damages the reputation of Hospital;

(b) fails to comply with any other material terms or conditions of this Agreement after being given written notice of that failure and a reasonable opportunity to comply;

(c) is unable to perform services as required under this Agreement for more than thirty (30) days in the aggregate over any three (3) month period; or

(d) within a twelve (12) month period, has two (2) or more medical malpractice judgments filed against him or her, or he or she becomes the subject of two (2) or more proceedings by the Medical Staff regarding the performance of professional medical services.

**5.9 Effect of Removal.** Upon the removal of a Group Physician pursuant to Section 5.7 or Section 5.8 of this Agreement, Contractor shall employ, contract with, or otherwise engage, at its cost and expense, a qualified substitute for the removed Group Physician, or shall demonstrate to Hospital's satisfaction Contractor's ability to continuously perform the Services without such a substitute. Failure to take such action shall constitute a material breach of this Agreement, subject to Section 5.2. Nothing herein shall be construed to limit Hospital's rights under Section 5.2 or any other provision of this Agreement.

**5.10 Return of Property.** Upon any termination or expiration of this Agreement, Contractor shall immediately return to Hospital all of Hospital's property, including Hospital's equipment, supplies, furniture, furnishings and patient records, which is in Contractor's or any Group Physician's possession or under Contractor's or any Group Physician's control.

**5.11 Termination or Amendment in Response to Reduction of Government Funding.** Notwithstanding any other provision of this Agreement, if Federal, State or local government terminates or reduces its funding to the County for services that are to be provided under this Agreement, County, in its sole and absolute discretion after consultation with the Contractor, may elect to terminate this Agreement by giving written notice of termination to Contractor effective immediately or on such other date as County specifies in the notice. Alternatively, County and Contractor may mutually agree to amend the Agreement in response to a reduction in Federal, State or local funding.

## **ARTICLE VI.** **GENERAL PROVISIONS**

**6.1 Amendment.** This Agreement may be modified or amended only by mutual written agreement of the Parties. Any such modification or amendment must be in writing, dated and signed by the Parties and attached to this Agreement.

**6.2 Assignment.** This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Contractor. Contractor shall be solely responsible for providing the Services and otherwise fulfilling the terms of this Agreement, except as specifically set forth in this Agreement. Except for assignment by Hospital to an entity owned, controlled by, or under common control with Hospital, neither Party may assign any interest or obligation under this Agreement without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns.

**6.3 Compliance with HIPAA.** Contractor and Group Physicians shall comply with the obligations under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and all rules and regulations promulgated thereunder (collectively, “HIPAA,” the obligations collectively referred to herein as “HIPAA Obligations”), as set forth in **Exhibit 6.3**. The HIPAA Obligations shall survive the expiration or termination of this Agreement for any reason.

**6.4 Compliance with Laws and Accreditation.** Contractor and Group Physicians shall comply with all applicable laws, ordinances, codes and regulations of federal, state and local governments (collectively, “Laws”) applicable to Contractor and Group Physicians, the provision of the Services, or the obligations of Contractor and Group Physicians under this Agreement, including without limitation laws that require Contractor or any Group Physician to disclose any economic interest or relationship with Hospital. Contractor shall perform and handle all patient transfers and reports in accordance with applicable Laws. Contractor and Group Physicians shall take actions necessary to ensure that the Hospital is operated in accordance with: all requirements of a nationally recognized accrediting organization that Hospital designates from time to time, all applicable licensing requirements, and all other relevant requirements promulgated by any federal, state or local agency.

**6.5 Compliance with Medicare Rules.** To the extent required by law or regulation, Contractor shall make available, upon written request from Hospital, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, a copy of this Agreement and Contractor’s books, documents and records. Contractor shall preserve and make available such books, documents and records for a period of ten (10) years after the end of the term of this Agreement, or the length of time required by state or federal law. If Contractor is requested to disclose books, documents or records pursuant to this Section for any purpose, Contractor shall notify Hospital of the nature and scope of such request, and Contractor shall make available, upon written request of Hospital, all such books, documents or records. Contractor shall indemnify and hold harmless Hospital if any amount of reimbursement is denied or disallowed because of Contractor’s failure to comply with the obligations set forth in this Section. Such indemnity shall include, but not be limited to, the amount of reimbursement denied, plus any interest, penalties and legal costs. This Section shall survive the expiration or termination for any reason of this Agreement.

If Contractor carries out any of the duties of the contract through a subcontract, with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such Services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary, or upon request by the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

## 6.6 Confidential Information.

(a) During the term of this Agreement, Contractor and Group Physicians may have access to and become acquainted with Trade Secrets and Confidential Information of Hospital. “**Trade Secrets**” includes information and data relating to payor contracts and accounts, clients, patients, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data. “**Confidential Information**” includes Trade Secrets and any information related to the past, current or proposed operations, business or strategic plans, financial statements or reports, technology or services of Hospital or any Affiliate that Hospital discloses or otherwise makes available in any manner to Contractor or Group Physicians, or to which Contractor or Group Physicians may gain access in the performance of the Services under this Agreement, or which Contractor or any Group Physician knows or has reason to know is confidential information of Hospital or any Affiliate; whether such information is disclosed orally, visually or in writing, and whether or not bearing any legend or marking indicating that such information or data is confidential. By way of example, but not limitation, Confidential Information includes any and all know-how, processes, manuals, confidential reports, procedures and methods of Hospital, any Hospital patient’s individually identifiable health information (as defined under HIPAA), and any information, records and proceedings of Hospital and/or Medical Staff committees, peer review bodies, quality committees and other committees or bodies charged with the evaluation and improvement of the quality of care. Confidential Information also includes proprietary or confidential information of any third party that may be in Hospital’s or any Affiliate’s possession.

(b) Confidential Information shall be and remain the sole property of Hospital, and shall, as applicable, be proprietary information protected under the Uniform Trade Secrets Act. Neither Contractor nor any Group Physician shall use any Confidential Information for any purpose not expressly permitted by this Agreement, or disclose any Confidential Information to any person or entity, without the prior written consent of Hospital. Contractor and Group Physicians shall protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as Contractor and any Group Physician protects his, her, or its own confidential or proprietary information of a similar nature and with no less than reasonable care. All documents that Contractor and Group Physicians prepare, or Confidential Information that might be given to Contractor in the course of providing Services under this Agreement, are the exclusive property of Hospital, and, without the prior written consent of Hospital, shall not be removed from Hospital’s premises.

(c) Contractor and Group Physicians shall return to Hospital all Confidential Information and all copies thereof in Contractor’s and Group Physicians’ possession or control, and permanently erase all electronic copies of such Confidential Information, promptly upon the written request of Hospital, or the termination or expiration of this Agreement. Neither Contractor nor any Group Physician shall copy, duplicate or reproduce any Confidential Information without the prior written consent of Hospital.

(d) This Section shall survive the expiration or termination of this Agreement.

**6.7 Counterparts.** This Agreement 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.

**6.8 Disclosure of Interests.** Contractor or any Group Physician shall provide to Hospital, as requested by Hospital from time to time, information sufficient to disclose any ownership, investment or compensation interest or arrangement of Contractor, or any of Contractor's or any Group Physician's immediate family members, in any entity providing "designated health services" (as such term is defined in the Stark Law (42 U.S.C. Section 1395nn) and its regulations) or any other health care services. This Section shall not impose on Hospital any disclosure or reporting requirements or obligations imposed on Contractor or any Group Physician under any governmental program or create an assumption of such disclosure obligations by Hospital. Contractor and Group Physicians shall have the sole responsibility to fulfill any such federal and/or state reporting requirements or obligations.

**6.9 Dispute Resolution.** In the event of any dispute, controversy, claim or disagreement arising out of or related to this Agreement or the acts or omissions of the Parties with respect to this Agreement (each, a "Dispute"), the Parties shall resolve such Dispute as follows:

(a) **Meet and Confer.** The Parties shall, as soon as reasonably practicable, but in no case more than ten (10) days after one Party gives written notice of a Dispute to the other Party (the "Dispute Notice"), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the Parties (the "Meet and Confer"). The obligation to conduct a Meet and Confer pursuant to this Section does not obligate either Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable Laws protecting statements, disclosures or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such Laws.

(b) **Arbitration.** If any Dispute is not resolved to the mutual satisfaction of the Parties within ten (10) business days after delivery of the Dispute Notice (or such other period as may be mutually agreed upon by the Parties in writing), the Parties shall submit such Dispute to arbitration conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS"), or other arbitration and/or mediation services company as agreed to by the Parties, in accordance with the following rules and procedures:

- (i) Each Party may commence arbitration by giving written notice to the other Party demanding arbitration (the "Arbitration Notice"). The Arbitration Notice shall specify the Dispute, the particular claims and/or causes of actions alleged by the Party demanding arbitration, and the factual and legal basis in support of such claims and/or causes of action.



- (ii) The arbitration shall be conducted in the County in which the Hospital is located and in accordance with the commercial arbitration rules and procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) to the extent such rules and procedures are not inconsistent with the provisions set forth in this Section. In the event of a conflict between any rules and/or procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) and the rules and/or procedures set forth in this Section, the rules and/or procedures set forth in this Section shall govern.
- (iii) The arbitration shall be conducted before a single impartial retired member of the JAMS panel of arbitrators (or panel of arbitrators from such other arbitration company as mutually agreed to by the Parties) covering the County in which the Hospital is located (the “Panel”). The Parties shall use their good faith efforts to agree upon a mutually acceptable arbitrator within thirty (30) days after delivery of the Arbitration Notice. If the Parties are unable to agree upon a mutually acceptable arbitrator within such time period, then each Party shall select one arbitrator from the Panel, and those arbitrators shall select a single impartial arbitrator from the Panel to serve as arbitrator of the Dispute.
- (iv) The Parties expressly waive any right to any and all discovery in connection with the arbitration; provided, however, that each Party shall have the right to conduct no more than two (2) depositions and submit one set of interrogatories with a maximum of forty (40) questions, including subparts of such questions.
- (v) The arbitration hearing shall commence within thirty (30) days after appointment of the arbitrator. The substantive internal law (and not the conflict of laws) of the State shall be applied by the arbitrator to the resolution of the Dispute, and the Evidence Code of the State shall apply to all testimony and documents submitted to the arbitrator. The arbitrator shall have no authority to amend or modify the limitation on the discovery rights of the Parties or any of the other rules and/or procedures set forth in this Section. As soon as reasonably practicable, but not later than thirty (30) days after the arbitration hearing is completed, the arbitrator shall arrive at a final decision, which shall be reduced to writing, signed by the arbitrator and mailed to each of the Parties and their respective legal counsel.

- (vi) Any Party may apply to a court of competent jurisdiction for entry and enforcement of judgment based on the arbitration award. The award of the arbitrator shall be final and binding upon the Parties without appeal or review except as permitted by the Arbitration Act of the State.
- (vii) The fees and costs of JAMS (or other arbitration company as mutually agreed to by the Parties) and the arbitrator, including any costs and expenses incurred by the arbitrator in connection with the arbitration, shall be borne equally by the Parties, unless otherwise agreed to by the Parties.
- (viii) Except as set forth in Section 6.9 (b)(vii), each Party shall be responsible for the costs and expenses incurred by such Party in connection with the arbitration, including its own attorneys' fees and costs; provided, however, that the arbitrator shall require one Party to pay the costs and expenses of the prevailing Party, including attorneys' fees and costs and the fees and costs of experts and consultants, incurred in connection with the arbitration if the arbitrator determines that the claims and/or position of a Party were frivolous and without reasonable foundation.

(c) **Waiver of Injunctive or Similar Relief.** The Parties hereby waive the right to seek specific performance or any other form of injunctive or equitable relief or remedy arising out of any Dispute, except that such remedies may be utilized for purposes of enforcing this Section and sections governing Confidential Information, Compliance with HIPAA, Compliance with Laws and Accreditation and Compliance with Medicare Rules of this Agreement. Except as expressly provided herein, upon any determination by a court or by an arbitrator that a Party has breached this Agreement or improperly terminated this Agreement, the other Party shall accept monetary damages, if any, as full and complete relief and remedy, to the exclusion of specific performance or any other form of injunctive or equitable relief or remedy.

(d) **Injunctive or Similar Relief.** Notwithstanding anything to the contrary in this Section, the Parties reserve the right to seek specific performance or any other form of injunctive relief or remedy in any state or federal court located within the County in which the Hospital is located for purposes of enforcing this Section and sections governing Confidential Information, Compliance with HIPAA, Compliance with Laws and Accreditation and Compliance with Medicare Rules of this Agreement. Contractor hereby consents to the jurisdiction of any such court and to venue therein, waives any and all rights under the Laws of any other state to object to jurisdiction within the State, and consents to the service of process in any such action or proceeding, in addition to any other manner permitted by applicable Law, by compliance with the notices provision of this Agreement. The non-prevailing Party in any such action or proceeding shall pay to the prevailing Party reasonable fees and costs incurred in such action or proceeding, including attorneys' fees and costs and the fees and costs of experts and consultants. The prevailing Party shall be the Party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction), whether or not the action or proceeding proceeds to final judgment or award.

(e) **Survival.** This Section shall survive the expiration or termination of this Agreement.

**6.10 Entire Agreement.** This Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Agreement.

**6.11 Exhibits.** The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated by reference into this Agreement, wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

**6.12 Force Majeure.** Neither Party shall be liable for nonperformance or defective or late performance of any of its obligations under this Agreement to the extent and for such periods of time as such nonperformance, defective performance or late performance is due to reasons outside such Party's control, including acts of God, war (declared or undeclared), terrorism, action of any governmental authority, civil disturbances, riots, revolutions, vandalism, accidents, fire, floods, explosions, sabotage, nuclear incidents, lightning, weather, earthquakes, storms, sinkholes, epidemics, failure of transportation infrastructure, disruption of public utilities, supply chain interruptions, information systems interruptions or failures, breakdown of machinery or strikes (or similar nonperformance, defective performance or late performance of employees, suppliers or subcontractors); provided, however, that in any such event, each Party shall use its good faith efforts to perform its duties and obligations under this Agreement.

**6.13 Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State.

**6.14 Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

**6.15 Litigation Consultation.** Contractor shall ensure that no Group Physician accepts consulting assignments or otherwise contract, agree, or enter into any arrangement to provide expert testimony or evaluation on behalf of a plaintiff in connection with any claim against Hospital or any Affiliate named, or expected to be named as a defendant. Contractor shall ensure that no Group Physician accepts similar consulting assignments if (a) the defendants or anticipated defendants include a member of the medical staff of Hospital or any Affiliate, and (b) the matter relates to events that occurred at Hospital or any Affiliate; provided, however, the provisions of this Section shall not apply to situations in which a Group Physician served as a treating physician.

**6.16 Master List.** The Parties acknowledge and agree that this Agreement, together with any other contracts between Hospital and Contractor, will be included on the master list of physician contracts maintained by Hospital.

**6.17 Meaning of Certain Words.** Wherever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns shall include the plural and vice versa. Unless otherwise specified: (i) “days” shall be considered “calendar days;” (ii) “months” shall be considered “calendar months;” and (iii) “including” means “including, without limitation” in this Agreement and its exhibits and attachments.

**6.18 New Group Physicians.** Each new Group Physician shall agree in writing to be bound by the terms of and conditions of this Agreement by way of the letter of acknowledgment in the form attached as **Exhibit 1.24(f)** prior to providing any Services under this Agreement.

**6.19 No Conflicting Obligations.** Contractor represents and warrants that the execution and delivery of this Agreement and the performance of its obligations hereunder do not and will not: (a) present a conflict of interest or materially interfere with the performance of Contractor’s duties under any other agreement or arrangement; or (b) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice and/or lapse of time, would constitute a default) under, terminate, accelerate the performance required by, or result in a right of termination or acceleration under any of the terms, conditions or provisions of any other agreement, indebtedness, note, bond, indenture, security or pledge agreement, license, franchise, permit, or other instrument or obligation to which Contractor is a party or by which Contractor is bound. Contractor shall immediately inform Hospital of any other agreements to which Contractor is a party that may present a conflict of interest or materially interfere with performance of Contractor’s or Group Physicians’ duties under this Agreement.

**6.20 No Third Party Beneficiary Rights.** The Parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the Parties.

**6.21 Notices.** 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 Hospital, addressed to:

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

If to Contractor, addressed to:

SOUND PHYSICIANS  
1123 Pacific Avenue  
Tacoma, WA 98402

**6.22 Participation in Federal Health Care Programs.** Contractor hereby represents that neither it nor any Group Physician is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program.

**6.23 Representations.** Each Party represents with respect to itself that: (a) no representation or promise not expressly contained in this Agreement has been made by any other Party or by any Parties' agents, employees, representatives or attorneys; (b) this Agreement is not being entered into on the basis of, or in reliance on, any promise or representation, expressed or implied, other than such as are set forth expressly in this Agreement; and (c) Party has been represented by legal counsel of Party's own choice or has elected not to be represented by legal counsel in this matter.

**6.24 Severability.** If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and such severance shall have no effect upon the enforceability of the remainder of this Agreement.

**6.25 Statutes and Regulations.** Any reference in this Agreement to any statute, regulation, ruling, or administrative order or decree shall include, and be a reference to any successor statute, regulation, ruling, or administrative order or decree.

**6.26 Waiver.** No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be in writing to be effective, and shall apply solely to the specific instance expressly stated.

**6.27 Non-Interference.** Hospital understands that the Group Physicians and HRNs are important assets of Contractor. During the term of this Agreement and for a period of one (1) year following termination of this Agreement, Hospital agrees not to coerce, recruit, employ, contract with, or engage as an independent contractor, either directly or indirectly, any individual employed or otherwise associated with Contractor, to include the Group Physicians and the HRNs, who has provided services for/to Hospital. This Section 6.27 will not apply to the recruitment of a Group Physician or HRN employed by Contractor and credentialed to work at Hospital on the Effective Date that was already a practicing hospitalist or nurse, respectively, at the Hospital immediately prior to the Effective Date.


*[signature page follows]*

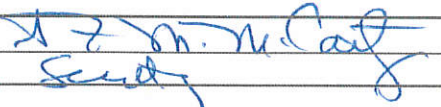
The Parties have executed this Agreement on the date first above written, and signify their agreement with duly authorized signatures.

**CONTRACTOR**

SOUND INPATIENT PHYSICIANS  
MEDICAL GROUP, INC., a professional  
corporation

Date: 7/13, 2015

By:   
Its: Robert Bessler  
President

By:   
Its: Sandy


  
7/13/15  
Reviewed By Legal

**NATIVIDAD MEDICAL CENTER**

\_\_\_\_\_  
Deputy Purchasing Agent


Date: \_\_\_\_\_, 20\_\_

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

  
Stacy Saetta, Deputy County Counsel

Date: 7/15, 2015

APPROVED AS TO FISCAL PROVISIONS:

  
Gary Giboney, Auditor/Controller's Office

Date: 7-15, 2015

## Exhibit 1.1

### STAFFING

Contractor shall implement a staffing model that fosters quality patient care, efficiency, effective partnership with Hospital on administrative matters, and physician retention. Accordingly, Contractor shall provide staffing as follows:

(a) Based on inpatient census projections provided by Hospital, it is expected that Contractor shall initially provide at least 6.0 Hospitalist FTEs (including the Chief Hospitalist) to cover Hospital in-house twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year (and on February 29 if a leap year). Staffing will be sufficient as to accommodate all presenting patients requiring care, with coverage and back-up plans in place to cover high-volume census periods. Each **“Hospitalist FTE”** covers 15.2 clinical shifts per month, or 182 clinical shifts per year. For the purpose of this Agreement, a clinical shift is twelve (12) clinical hours worked.

(b) Generally, each Hospitalist FTE is expected to be assigned on average fifteen (15) patients at approximately 7 a.m. (the **“Target Patient Load”**). Contractor shall provide a sufficient number of qualified Hospitalist FTEs and Mid-level Provider FTEs in order to provide the foregoing coverage in accordance with Hospital’s projections with regard to patient volume. Contractor shall engage locum tenens physicians to provide the coverage if there are an insufficient number of qualified Hospitalist FTEs and Mid-level Provider FTEs to maintain the Target Patient Load consistent with the Hospital’s standards for quality care. When patient volumes change, provided such changes have persisted, on average, over two (2) consecutive months, Contractor may, in its reasonable discretion, adjust the number of Hospitalist FTEs up or down to maintain the Target Patient Load, provided that such staffing changes will continue to permit Hospital to meet its quality of care obligations under applicable laws and accreditation standards.

(c) Patient volumes and actual forecasted activity trends will determine shift start and stop times, which will be adjusted as necessary to best provide quality care.

(d) Hospitalist FTEs and Mid-level Provider FTEs, if any, will rotate as necessary to cover all shifts adequately.

(e) The Hospitalist FTEs and Mid-level Providers FTE assigned to Hospital are collectively referred to as the **“Site Team.”**

**Exhibit 1.2(a)**

**CHIEF HOSPITALIST SERVICES**

Chief Hospitalist shall:

1. provide general administration of the day-to-day operations of the Program;
2. advise and assist in the development of protocols and policies for the Program;
3. schedule, coordinate and supervise the provision of medical services within the Program;
4. ensure the maintenance of consistently high quality service, and advise Hospital in the development and implementation of an appropriate quality assurance program with respect to the Program;
5. coordinate and consult with Hospital and Medical Staff regarding the efficiency and effectiveness of the Program, and make recommendations and analyses as needed for Hospital to improve services provided in the Program and reduce costs;
6. develop, review, and provide teaching service programs to support duties described in Exhibit 1.3;
7. prepare such reports and records as may be required by this Agreement, Hospital or the Medical Staff;
8. participate in Hospital and Medical Staff committees upon request by Hospital;
9. participate in continuing medical education and teaching activities as relates to duties described in Exhibit 1.4, as reasonably requested by Hospital;
10. participate in utilization review programs, as reasonably requested by Hospital;
11. participate in risk management and quality assurance programs, as reasonably requested by Hospital; and
12. assist Hospital management with preparation for, and conduct of, any inspections and on-site surveys of Hospital or the Program conducted by governmental agencies, accrediting organizations, or payors contracting with Hospital.



**Exhibit 1.3**

**TEACHING SERVICES TO BE PROVIDED BY CONTRACTOR**

Contractor shall:

1. supervise patient care in a constructive and supportive way;
2. demonstrate effective interviewing, physical examination, procedures, use of diagnostic and therapeutic interventions, and medical records documentation;
3. create a professional role model; and
4. evaluate resident performance in a meaningful, objective fashion.

## Exhibit 1.4

### **HRN FTE SERVICES**

During the term of this Agreement, the responsibilities of the HRN shall be:

1. Serve as a member of the hospitalist team who is responsible for delivery of Sound Core Processes designed to improve quality and efficiency in the care of hospitalized patients;
2. Work closely with the Chief Hospitalist to engage and educate the physician team, ensure performance of Sound Core Processes and support the hospitalist practice (excluding the provision of any direct patient care by the HRN FTE);
3. Report to the Regional Nurse Manager (“RNM”) or the Chief Medical Officer (“CMO”) in regions without an RNM. The RNM or CMO, as applicable, shall support the HRN FTE in the implementation of Sound’s Core Processes and daily operations, and manage performance to ensure outcomes;
4. Participate in development of tools and workflows under the RNM’s direction;
5. Work with the Chief Hospitalist to implement Sound Core Processes under the direction of the Regional Team and the Clinical Operations Team;
6. Support and adhere to defined processes and participate in optimization;
7. Provide timely status updates and respond to requests in a timely manner;
8. Understand, clearly articulate and promote adoption of Sound’s Core Processes to physician team and Hospital departments;
9. Collect and report Program metrics (e.g., communication/query tools placed, recommendations accepted/declined);
10. Attend required meetings on time and as scheduled, including:
  - a. Regular meetings with the RNM and CMO;
  - b. Quarterly performance reviews and quarterly business reviews with Chief Hospitalist and Regional team;
  - c. Hospitalist team meetings;
  - d. HRN FTE educational sessions and workgroups;
  - e. Coordinate and facilitate Efficiency Forum meetings; and
  - f. Other meetings as defined by the Chief Hospitalist, RNM or CMO;
11. Engage and educate hospitalist team, including the following duties:

- a. Daily communication with hospitalist team to identify patients approaching discharge, to address pending queries and missing quality measures;
  - b. Work with Chief Hospitalist to educate physicians on Sound's Core Processes and other opportunities to improve team or Hospital performance;
  - c. Assist Chief Hospitalist and CMO in providing performance data to the physician team for continuous improvement; and
  - d. Support Regional Team in presentation of Sound's Core Processes results during Quarterly Business Reviews;
12. Identify opportunities for improvement in tools and workflows;
13. Facilitate Sound's Core Processes - Coordination of Patient Care, including the following duties:
- a. Manage hospitalist registered nurses' ("HRNs") patient rounding list;
  - b. Monitor/maintain an accurate and up-to-date HRN patient rounding list;
  - c. Facilitate distribution of rounding list to appropriate departments/units;
  - d. Coordinate care of selected patients with hospitalist team and Hospital departments (e.g., nursing, quality, case management, clinical documentation, pharmacy);
  - e. Drive Core Measure performance;
  - f. Communicate anticipated discharges and participate in discharge facilitation;
  - g. Facilitate timely physician response to documentation queries;
  - h. Participate in efforts to improve the patient experience;
  - i. Coordinate educational sessions for nursing and other Hospital care team staff; and
  - j. Identify opportunities for improvement and collaborate with Hospital, Chief Hospitalist, Regional Team and COT.

## Exhibit 1.5

### MANAGEMENT SERVICES

1. **Management Services.** Contractor shall provide management services and oversight of the Program. Such management services will support the following goals for the Program:

- a. Ensuring that Professional Services are available seven (7) days per week, twenty-four (24) hours per day, including all holidays;
- b. Promptly responding to the emergency department, medical and nursing staff, case management, and other departments or individuals when services are requested;
- c. Practicing medicine using evidence-based practices; standardized protocols and order sets; appropriate utilization of resources; and coordination of care to achieve the highest quality of care;
- d. Planning and coordinating care with all members of the health care team to assure maximum quality and efficiency. This includes daily coordination with the multi-disciplinary care team, including case management and nursing; and
- e. Participating in care-related activities designed to improve quality, ensure compliance, and support programmatic efficiencies.

2. **Participation in Hospital Programs and Functions.** Contractor shall actively participate in Hospital's overall patient satisfaction program and assist Hospital in the performance of utilization review, quality management, cost containment, and risk management functions, as reasonably requested by Hospital. Contractor will assist Hospital in the identification and resolution of problems arising from or related to the design and implementation of the Program. Contractor shall assist Hospital in analyzing acuity, clinical guidelines, and outcome data identified by the quality assurance and utilization review programs established for the Program or maintained by the Hospital in compliance with federal and state legal requirements, Hospital licensure requirements, the standards of The Joint Commission or purchasers of hospital and medical services with which the Hospital has contracts for the provision of services. Contractor and Hospital agree to meet no less frequently than quarterly to evaluate performance data reported by both Contractor and Hospital at Program oversight meetings.

3. **Performance Reporting and Recordkeeping.** Contractor shall develop and monitor a comprehensive quarterly dashboard of core metrics (the "**Dashboards**") within one hundred twenty (120) days following the Go-Live Date.

4. **Performance Management Group.** Contractor shall conduct onsite evaluation of current clinical processes and workflows, and meet regularly with Hospital as part of the project implementation plan prior to the Go Live Date. Contractor's Performance Management Group will track performance quarterly of ten Standard Outcome Metrics affecting quality, satisfaction and efficiency. Performance Management Group will analyze drivers that affect these outcomes, and coordinate with Contractor's Regional Management Team to develop action plans to improve areas of weakness. Contractor shall report outcomes to Hospital in Quarterly Business Review meetings.

5. **Program Leadership.** Contractor shall name individuals to serve as administrative and clinical contacts representing Contractor's operations to Hospital's management team. The Chief Hospitalist will serve as Contractor's on-site team leader and representative in clinical matters. The Chief Hospitalist shall be responsible for the overall quality of the Program and for ensuring that the Site Team performs according to the terms of this Agreement. Hospitalist FTEs will report to the Chief Hospitalist.

6. **Training.** Contractor shall provide initial and ongoing training to Hospitalist FTEs and Mid-level Provider FTEs through the Sound Institute. Such training includes, as appropriate, training on professional fee coding, documentation, risk management, communication skills, customer service training, leadership development and select clinical topics. Contractor will provide such training through Contractor's trainers through live meetings on site, webinars, and/or regional meetings.

7. **Leadership Development.** Contractor shall develop leadership skills of the Chief Hospitalist and other selected physicians through offsite, facilitated annual leadership courses conducted regionally and nationally. Contractor shall coach and mentor such physicians, provide 360 degree leadership feedback, use monthly chief calls and employ other methods to develop leadership proficiency of the Chief Hospitalist and other selected physicians.

8. **Patient Experience Program.** Contractor shall implement a patient experience program to include physician and hospitalist nurse training, use of AIDET and managing up techniques, auditing of physician-patient interaction to provide feedback to physicians, and use of supplemental materials to improve patient satisfaction. Contractor shall conduct efforts through its physician Vice President of Patient Experience and development team.

## Exhibit 1.6

### ADDITIONAL SERVICES TO BE PROVIDED BY CONTRACTOR

Contractor shall:

1. provide teaching, educational or training services, as reasonably requested by Hospital as described in Exhibit 1.3;
2. participate in utilization review programs, as reasonably requested by Hospital;
3. participate in risk management, quality assurance and peer review programs, as reasonably requested by Hospital;
4. accept third party insured patients and referrals of patients which are made by members of the Medical Staff, subject only to the limitations of scheduling and Contractor's professional qualifications;
5. assist Hospital in monitoring and reviewing the clinical performance of Group Physicians; including reviewing incident reports and patient satisfaction studies relevant to such Group Physicians, and assisting Hospital in implementing any necessary corrective actions to address any issues identified during the course of such review;
6. assist in monitoring the performance of Group Physicians who are not meeting Hospital quality and/or performance standards, including, without limitation, direct observation of the provision of care by such Group Physicians, and in disciplining any Group Physicians who continue poor performance, recognizing that the Hospital Board of Directors is ultimately responsible for maintaining the standards of care provided to patients;
7. assist Hospital management with all preparation for, and conduct of, any inspections and on-site surveys of Hospital conducted by governmental agencies or accrediting organizations, including those specific obligations set forth in Attachment A;
8. cooperate with Hospital in all litigation matters affecting Contractor or Hospital, consistent with advice from Contractor's legal counsel;
9. cooperate and comply with Hospital's policies and procedures which are pertinent to patient relations, quality assurance, scheduling, billing, collections and other administrative matters. All business transactions related to the Services provided by Contractor, such as enrollment, shall be conducted by and in the name of Hospital; and
10. assist Hospital in developing, implementing and monitoring a program by which quality measures are reportable to Hospital with respect to the Specialty. The quality program shall include at the least those characteristics set forth in Attachment A.

## Attachment A

### ADDITIONAL OBLIGATIONS

The quality program developed, implemented and monitored by Hospital and Contractor shall require quality improvement initiatives in the areas listed below for the Program. Contractor must be able to provide detailed accurate and timely reports to Hospital on a quarterly basis, provided, however, that Hospital has provided patient level data for the sections marked with an asterix (\*) below:

1. Clinical Standards
  - a. Core Measures\*
2. Performance Improvement
  - a. Productivity
3. Customer Satisfaction
  - a. Patient Satisfaction\*
  - b. Provider Satisfaction (this metric provided annually, rather than quarterly)
4. Professional Development
  - a. Ongoing Professional Practice Evaluation (OPPE)\*
  - b. Focused Professional Practice Evaluations (FPPE)\* – in collaboration with Medical Staff leadership

## Exhibit 1.9

### CONTRACTOR'S MONTHLY TIME REPORT



Accurately document all time in quarter hour (.25 hour) increments. Do not exceed 24 hours in a single day.  
Directions and examples are located on back of timesheet.

		Direct Patient Care Services		Hospital Administration and Teaching Services							Other Admin		Non-Billable Activities			TOTAL HOURS
		00001	00002	00003	00004	00005	00006	00007	00008	00009	00010	00011	00012			
Name:		Direct Patient Care Services		Supervision & Training of Nurses, etc.	Utilization Review and Other Committee Meetings	Quality Control, Medical Review, Autopsy	Supervision of Interns and Residents	Teaching of Interns & Residents	Teaching & Supervision of Allied Health Professionals	Other Administrative (specify)	CME (PR)	Conferences and Training (PR)	Non-Productive Hrs		Other Non-Billable Activities (specify)	TOTAL HOURS
Employee #:		Sched. P/ OP Care (PR)	In House On-Call (PR)	Off-Site Call (PR)								Paid Time Off (Sick/Vacation) (PR)	Holiday (PR)	Research		
Dept Name:																
Cost Center:																
Period Ending:																
1	Date:															
2	Date:															
3	Date:															
4	Date:															
5	Date:															
6	Date:															
7	Date:															
8	Date:															
9	Date:															
10	Date:															
11	Date:															
12	Date:															
13	Date:															
14	Date:															

SIGN IN BLUE INK

SIGN IN BLUE INK

I certify that the above information is a true and accurate statement of the hours and locations indicated.

Provider: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Date: \_\_\_\_\_

I certify that the hours and types of service shown below are correct and that the employee performed satisfactorily, meeting all requirements.

Service Director: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Date: \_\_\_\_\_



**Exhibit 1.14**



**MEDICAL STAFF POLICY**

<b>Title:</b> Practitioner Code of Conduct	<b>Effective:</b> 05/09 <b>Reviewed/Revised:</b> 08/11
<b>Standard:</b> MSP004-2	<b>Approved:</b> MEC 08/11 BOT 09/11

As a member of the Medical Staff or an Allied Health Professional (AHP) of Natividad Medical Center (NMC) (collectively Practitioners), I acknowledge that the ability of Practitioners and NMC employees to jointly deliver high quality health care depends significantly upon their ability to communicate well, collaborate effectively, and work as a team. I recognize that patients, family members, visitors, colleagues and NMC staff members must be treated in a dignified and respectful manner at all times.

**POLICY**

In keeping with the accepted standards of the health care profession as evidenced by the Hippocratic Oath, the Code of Ethics of the American Medical Association (AMA) and other professional societies, and the values of NMC, Practitioners are leaders in maintaining professional standards of behavior. In keeping with this responsibility to maintain professional standards of behavior at NMC, Practitioners:

1. Facilitate effective patient care by consistent, active, and cooperative participation as members of the NMC health care team.
2. Recognize the individual and independent responsibilities of all other members of the NMC health care team and their right to independently advocate on behalf of the patient.
3. Maintain respect for the dignity and sensitivities of patients and families, as well as colleagues, NMC employees, and all other health care professionals.
4. Participate in the Medical Staff quality assessment and peer review activities, and in organizational performance improvement activities.
5. Contribute to the overall educational mission of NMC.
6. Reflect positively upon the reputation of the health care profession, the Medical Staff, and NMC in their language, action, attitude, and behavior.

Behaviors of Practitioners which do not meet the professional behavior standards established in this Code of Conduct (Code) shall be referred to as Disruptive or Unprofessional Behavior. Disruptive or Unprofessional Behavior by Practitioners exhibited on the premises of NMC, whether or not the Practitioner is on duty or functioning in his/her professional capacity, are subject to this Code.

### **EXAMPLES OF PROFESSIONAL BEHAVIOR**

Practitioners are expected to exhibit professional behavior at NMC, consistent with this Code, as follows:

1. Be consistently available with cooperative and timely responsiveness to appropriate requests from physicians, nurses, and all other members of the NMC health care team in patient care and other professional responsibilities.
2. Provide for and communicate alternate coverage arrangements to assure the continuity and quality of care.
3. Demonstrate language, action, attitude and behavior which consistently convey to patients, families, colleagues, and all other members of the NMC health care team a sense of compassion and respect for human dignity.
4. Understand and accept individual cultural differences.
5. Maintain appropriate, timely, and legible medical record entries which enable all NMC professionals to understand and effectively participate in a cohesive plan of management to assure continuity, quality, and efficiency of care and effective post-discharge planning and follow-up.
6. Respect the right of patients, families or other designated surrogates to participate in an informed manner in decisions pertaining to patient care.
7. Treat patients and all persons functioning in any capacity within NMC with courtesy, respect, and human dignity.
8. Conduct one's practice at NMC in a manner that will facilitate timely commencement of medical/surgical procedures at NMC, including but not limited to, timely arrival at the hospital, pre-ordering all needed special equipment and/or supplies, and timely notification of required staff.

### **EXAMPLES OF DISRUPTIVE OR UNPROFESSIONAL BEHAVIOR**

Disruptive or Unprofessional Behavior, as characterized in this Code, includes but is not limited to:

1. Misappropriation or unauthorized removal or possession of NMC owned property.
2. Falsification of medical records, including timekeeping records and other NMC documents.

3. Working under the influence of alcohol or illegal drugs.
4. Working under the influence of prescription or over-the-counter medications when use of such medications significantly affects the practitioner's level of cognitive functioning.
5. Possession, distribution, purchase, sale, transfer, transport or use of illegal drugs in the workplace.
6. Possession of dangerous or unauthorized materials such as explosives, firearms, or other weapons in the workplace.
7. Writing derogatory and/or accusatory notes in the medical record which are not necessary for the provision of quality patient care services. Concerns regarding the performance of other Practitioners or NMC employees should be reported on a NMC Quality Review Report form and submitted pursuant to NMC policy and should not be entered into the patient's medical record.
8. Harassment
  - a. Harassment is verbal or physical contact that denigrates or shows hostility or aversion toward an individual based on race, religion, color, national origin, ancestry, age, disability, marital status, gender, sexual orientation, or any other basis protected by federal, state, or local law or ordinance, and that:
    1. Has the purpose or effect of creating an intimidating, hostile, or offensive working environment, or;
    2. Has the purpose or effect of unreasonably interfering with an individual's work performance, or;
    3. Otherwise adversely affects an individual's employment opportunity.
  - b. Harassing conduct includes, but is not limited to:
    1. Epithets, slurs, negative stereotyping, threatening, intimidating, or hostile acts that relate to race, religion, color, national origin, ancestry, age, disability, marital status, gender, or sexual orientation.
    2. Written material or illustrations that denigrate or show hostility or aversion toward an individual or group because of race, religion, color, national origin, ancestry, age, disability, marital status, gender, or sexual orientation, and is placed on walls; bulletin boards, or elsewhere on NMC's premises or circulated in the workplace.
9. Physical behavior that is harassing, intimidating, or threatening, from the viewpoint of the recipient, including touching, obscene or intimidating gestures, or throwing of objects;

10. Passive behaviors, such as refusing to perform assigned tasks or to answer questions, return phone calls, or pages;
11. Language that is a reasonable adult would consider to be foul, abusive, degrading, demeaning, or threatening, such as crude comments, degrading jokes or comments, yelling or shouting at a person, or threatening violence or retribution;
12. Single incident of egregious behavior, such as an assault or other criminal act.
13. Criticism of NMC staff in front of patients, families, or other staff.

#### **PROCEDURE**

1. Any person who functions in any capacity at NMC who observes Practitioner language, action, attitude, or behavior which may be unprofessional, harassing, or disruptive to the provision of quality patient care services should document the incident on a NMC Quality Review Report form.
2. Identified incidents involving Practitioners shall be reviewed pursuant to the current Road Map for Handling Reports of Disruptive or Unprofessional Behavior or the County Sexual Harassment Policy, as determined by the nature of the behavior and the person who exhibits it.

I acknowledge that I have received and read this Practitioner Code of Conduct. I acknowledge that hospitals are required to define and address disruptive and inappropriate conduct to comply with The Joint Commission standards for accreditation. I agree to adhere to the guidelines in this Code and conduct myself in a professional manner. I further understand that failure to behave in a professional fashion may result in disciplinary actions set forth in the Road Map for Handling Reports of Disruptive or Unprofessional Behavior or as determined by the Medical Executive Committee pursuant to the Medical Staff Bylaws.

**Exhibit 1.24(a)**

**GROUP PHYSICIANS/GROUP PROVIDERS**

[List Approved Group Physicians Below]

<b>Group Physician</b>	<b>NPI Number</b>

**Exhibit 1.24(f)**

**LETTER OF ACKNOWLEDGEMENT**

NATIVIDAD MEDICAL CENTER  
1441 Constitution Blvd., Bldg. 300  
Salinas, California 93906

Medical Staff Office:

I acknowledge that NATIVIDAD MEDICAL CENTER ("*Hospital*") and SOUND INPATIENT PHYSICIANS MEDICAL GROUP, INC. ("*Contractor*") have entered into a Professional Services Agreement ("*Agreement*") under which Contractor shall perform specified Services (as defined in the Agreement), and that I have been engaged by Contractor to provide Professional Services as a "*Group Physician*" (as defined in the Agreement). In consideration of Hospital's approval of me as a Group Physician eligible to furnish the Services, I expressly:

1. Acknowledge that I have read those portions of the Agreement referenced in this Letter of Acknowledgement, and agree to abide by and comply with all of the requirements of the Agreement applicable to Group Physicians;

2. Acknowledge that I have read the Code, and agree to abide by and comply with the Code as they relate to my business relationship with Hospital or any Affiliates, subsidiaries, employees, agents, servants, officers, directors, contractors and suppliers of every kind;

3. Acknowledge that I have no employment, independent contractor or other contractual relationship with Hospital, that my right to practice at Hospital as a Group Physician is derived solely through my employment or contractual relationship with Contractor;

4. Acknowledge that upon the expiration or termination of the Agreement for any reason, or the termination of my employment or other affiliation with Contractor for any reason under this, my right to continue to provide Professional Services under this Agreement will each immediately be relinquished, without any action on the part of Hospital and/or the Medical Staff;

5. Acknowledge that, with regard to all of the foregoing, I will not be entitled to any “fair hearing” or any other hearing or appellate review under any provision of the Medical Staff Bylaws, unless Hospital determines that my removal, or the termination of my right to provide Professional Services, as applicable, is reportable to any state’s medical board or other agency responsible for professional licensing, standards or behavior, and hereby waive any right to demand or otherwise initiate any such hearing or appellate review under any provision of the Medical Staff Bylaws.

Sincerely,

---

Name of Group Physician

---

Signature of Group Physician / Date

**Exhibit 2.1**

**COMPENSATION**

Compensation shall commence on the Go-Live Date calculated on a pro rata basis for any partial month of services. The Go-Live Date shall be determined by Hospital and Contractor and defined as the first date that the Contractor's Group Physicians are credentialed members of Hospital's Medical Staff and providing Services according to the terms of this Agreement.

1. **Monthly Stipend.** Hospital shall pay to Contractor the amount of One Hundred Sixty-Five Thousand Six Hundred Fifty-Nine Dollars (\$165,659) 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 6.0 Hospitalist FTEs to cover the service which may be adjusted monthly based on patient volumes up to 7.0 Hospitalist FTE with prior written consent by Hospital administration.

2. **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 "Go-Live Date" and shall be calculated as follows.

<b>Incentive Compensation Table*</b>							
<b>Quality Initiative</b>	<b>Measure</b>	<b>Tier 1</b>	<b>Annual Incentive Amount</b>	<b>Tier 2</b>	<b>Annual Incentive Amount</b>	<b>Tier 3</b>	<b>Annual Incentive Amount</b>
<b>Clinical Standards</b> (data collected from Hospital Core Measures, shared quarterly and paid annually)	PC-STK PC-VTE	≥90% ≥90%	\$5,000 \$5,000	≥95% ≥95%	\$10,000 \$10,000	100% 100%	\$15,000 \$15,000
<b>Patient Satisfaction</b> 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
<b>Provider Satisfaction</b> 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 2015 based on interactions and observations during the prior 6 months (January 1 to June 30, 2015)*

\*The above Incentive Compensation Table applies to the first year of the Agreement and may be replaced annually. Core Measure, Patient Satisfaction and/or Provider Satisfaction questions may be deleted and replaced with new questions in order to comply with the quality program and Hospital's quality and/or performance standards. Any such changes shall be in writing, dated and signed by the Parties and attached to this Agreement.



3. **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".

**Exhibit 2.7**

**DASHBOARD DATA REQUIREMENTS**

*Sound Physicians (Sound) utilizes data to measure and drive our performance in the areas of quality, efficiency and patient experience. In partnering with your hospital, Sound defines our hospital data needs as a part of the contracting process. The following are examples of the data we will work with you to obtain on either a monthly or quarterly basis to the extent possible. Data may be submitted via FTP site or other arrangements with Sound's data contact.*

**Hospital Patient-Level Records for Hospitalist Patients**

Sound data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

Hospital data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

- 1) **Baseline**: Please provide one year of data for the subgroup of patients to be covered by Sound hospitalist program. This data set should include items marked with a "Y" in the Baseline column in the table below. Note: Based on our experience, it will take up to 8 hours of resource to create this baseline data set.

Baseline period: From \_\_\_\_\_ to \_\_\_\_\_

Baseline definition:

\_\_\_\_\_  
*(Note: Same group of patients to be cared for under the planned Sound Physicians program)*

- 2) **Ongoing**: On an ongoing basis, please assign a **single person** to provide **monthly** data for patient discharges (inpatient and observation) where the Sound physician team was admitting, attending, consulting, or discharging physician.

The data elements for the baseline and ongoing monthly data files **must be in the below order and format**. The expectation is that **all fields** will be provided. At minimum, all **Required** fields must be populated to meet contract terms. If you are not providing data for a field, leave that column blank but do not eliminate the column from the header.

Field Name (Header)	Description	Format	Baseline Data	Required
Med_Rec_No	Hospital's unique patient identifier	Text		Y
Acct_No	Hospital's unique admission identifier	Text	Y	Y
Date_of_Birth	Patient's date of birth	mm/dd/yyyy		Y
Gender	Patient's gender (e.g., M/F)	Text		Y
FinancialClass_Code	Patient's primary insurance code	Text	Y	Y
FinancialClass_Definition	Patient's primary insurance definition	Text	Y	Y
Admiss_Date	Date of admission	mm/dd/yyyy	Y	Y
Admiss_Time	Time of admission	Numeric – military time or include am/pm	Y	Y
Admiss_From_Code	Location patient admitted from code (e.g., home, SNF)	Text	Y	Y
Admiss_From_Definition	Location patient admitted from (e.g., home, SNF)	Text		
Discharge_Date	Date of discharge	mm/dd/yyyy	Y	Y
Discharge_Time	Time of discharge (patient leaving the hospital)	Numeric – military time or include am/pm	Y	Y
Admitting_Phys	NPI/Name of admitting physician	Text		Y
Attending_Phys	NPI/Name of attending physician	Text		Y
Discharging_Phys	NPI/Name of physician writing discharge order	Text		Y
DC_Order_Date	Date discharge order was written	mm/dd/yyyy	Y	Y
DC_Order_Time	Time discharge order was written	Numeric – military time	Y	Y

### Hospital Patient-Level Records for Hospitalist Patients (continued)

Field Name (Header)	Description	Format	Baseline Data	Required
DC_Dispo_Code	Patient discharge location Code (e.g., home, SNF)	Text	Y	Y
DC_Dispo_Definition	Patient discharge location (e.g., home, SNF) definition	Text	Y	Y
Discharge_Unit	Unit patient was discharged from	Text	Y	N
MSDRG_Code	Hospital assigned final MS-DRG	Numeric	Y	Y
MSDRG_Descript	Hospital assigned final MS-DRG description	Text	Y	Y
APRDRG_Code	Hospital assigned final APR-DRG	Numeric	Y	N
APRDRG_Descript	Hospital assigned final APR-DRG description	Text	Y	N
ICD_1	Principle discharge diagnosis code	Numeric	Y	Y
ICD_2	Secondary discharge diagnosis code	Numeric	Y	Y

ICD_3	Tertiary discharge diagnosis code	Numeric	Y	Y
LengthofStay	Total length of stay in days	Numeric, 2 decimal	Y	Y
PtStatus_Admiss	Inpatient or Observation Status on Admission	Text	Y	Y
PtStatus_Discharge	Inpatient or Observation Status on Discharge	Text	Y	Y
ICU_Stay	Patient was in the ICU during this stay	Y/N	Y	N
ConsultPhys1	NPI/Name of consulting physician	Text		N
ConsultPhys1_Spec	Consulting Physician1 Speciality	Text		N
ConsultPhys2	NPI/Name of consulting physician	Text		N
ConsultPhys2_Spec	Consulting Physician2 Speciality	Text		N
ConsultPhys3	NPI/Name of consulting physician	Text		N
ConsultPhys3_Spec	Consulting Physician3 Speciality	Text		N
Cost_Total	Total direct cost for stay	Currency	Y	Y
Cost_Direct_Radiol	Radiology only direct cost for stay	Currency	Y	Y
Cost_Direct_Pharm	Pharmacy only direct cost for stay	Currency	Y	Y
Cost_Direct_Lab	Lab only direct cost for stay	Currency	Y	Y

### Patient Level Data File Naming Convention

*Facility ID\_Abbreviated Facility Name\_ptlvl\_MMY*

14. File Name Definition	15. Notes
16. Facility ID	17. To be provided by Sound Physicians
18. Abbreviated Facility Name	
19. Ptlvl	20. Used to differentiate type of data file (e.g., patient level)
21. MMY	22. Month and Year data represents (e.g., 0414 = Apr 2014)
23. Example	24. 0234_SRMC_ptlvl_0414.xls

### Quality Measures

Sound data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

Hospital data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

Below are the measures which can be impacted by Sound hospitalists. Please provide either monthly or quarterly performance results specific to the Sound hospitalist team.

Diagnosis	Measure	Intervention	Numerator	Denominator	Percent	Required
STK	STK-1	VTE Prophylaxis				Y
	STK-2	Antithrombotic at discharge				Y
	STK-3	Anticoagulation for Afib/flutter				Y
	STK-5	Antithrombotic by end of day 2				Y
	STK-6	Statin at discharge				Y
	STK-8	Stroke education				Y
	STK-10	Rehab assessment				Y
VTE	VTE-1	VTE prophylaxis				Y
	VTE -2	ICU VTE prophylaxis				Y
	VTE-3	VTE patients with anticoagulation overlap therapy				Y
	VTE-5	VTE discharge instructions				Y
	VTE-6	Incidence of potentially preventable VTE				Y
Surgical Care Improvement Project (SCIP) (for co-mgmt sites)	SCIP INF-3	Prophylactic antibiotics discontinued within 24 hours after surgery end time (48 hours for cardiac surgery)				N
	SCIP INF-4	Cardiac surgery patients with controlled 6AM postoperative serum glucose				N
	SCIP INF-9	Postoperative urinary catheter removal on post operative day 1 or 2 with day of surgery being day zero				N
	SCIP Card-2	Surgery Patients on a Beta Blocker prior to arrival who received a Beta Blocker during the perioperative period				N
	SCIP-VTE-2	Surgery patients who received appropriate VTE prophylaxis within 24 hours pre/post surgery				N

Exhibit 2.7-4

## Healthcare-Acquired Conditions

For the following healthcare-acquired conditions, please provide the hospital's overall performance and Sound Physician team's specific numerator.

Measure	Sound Specific HAC	Hospital Overall (Exclude Peds/OB)			Required
		Numerator	Denominator	Rate per 1,000	
Central line associated bloodstream infection	# Sound pts with CLABSI	# pts with CLABSI	Total Central Line Days		Y
Catheter-associated urinary tract infection	# Sound pts with CAUTI	# pts with CAUTI	Total Urinary Catheter Days		Y
MRSA bacteremia	# Sound pts with MRSA	# pts with MRSA	Total Patient Days		Y
Clostridium difficile	# Sound pts with C-Dif	# pts with C-Dif	Total Patient Days		Y

Number of total Sound discharges for time period being measured. Excludes Pediatric and Obstetric patients.

### Data File Naming Conventions (QM and HAC)

Monthly:     *Facility ID\_Abbreviated Facility Name\_QM\_MMY*  
                   *Facility ID\_Abbreviated Facility Name\_HAC\_MMY*

Quarterly:   *Facility ID\_Abbreviated Facility Name\_QM\_#QYY*  
                   *Facility ID\_Abbreviated Facility Name\_HAC\_#QYY*

25. File Name Definition	26. Notes
27. Facility ID	28. To be provided by Sound Physicians
29. Abbreviated Facility Name	
30. QM or HAC	31. Used to differentiate type of data file. QM = Quality Measures and HAC = Healthcare-Acquired Conditions
32. MMY	33. Use for monthly file sends. Indicates Month and Year data represented in the data set (e.g., 0414 = Apr 2014)
34. #QYY	35. Use for quarterly file sends. Indicates Quarter and Year represented in the data set (e.g., 2Q14 = Quarter 2 of 2014)
36. Examples	37. 0234_SRMC_QM_0414
	38. 0234_SRMC_HAC_2Q14

## Patient Experience of Care (HCAHPS)

Sound data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

Hospital data contact: \_\_\_\_\_

\_\_\_\_\_  
Name Email Phone

Patient experience research vendor: \_\_\_\_\_

Is Sound able to have login/access to this vendor's site to access reports?  Yes  No

Please provide the following data on a monthly or quarterly basis for the Sound hospitalist team. Filter by Discharging Physician if possible, Attending Physician only if Discharging Physician is not available.

*Note: As an alternative, you may simply provide the vendor report filtered by Sound Physicians with these indicators (e.g., top box % for each, sample size) included in the report, or provide an account for Sound Physicians to access the vendor database to pull the reports.*

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Questions	Percent	Sample Size	Quarter and Year	Required
Communication with doctors (% Always)				Y
How often did doctors treat you with courtesy and respect? (% Always)				Y
How often did doctors listen carefully to you? (% Always)				Y
How often did doctors explain things in a way you could understand? (% Always)				Y
Overall Rating of Hospital (combined % of 9 or 10)				N





File Transfer Method:

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### **Sending files via Sound Physicians' Secure FTP Site**

*Data may be transferred to Sound's secure FTP site using any appropriate software package. Sound will create a username and password for use with site. The following is the basic setup information.*

1. Site name: *(defined by Sound)*
2. Host : securefiles.soundphysicians.com
3. Protocol : FTP-ES File Transfer Protocol
4. Encryption: Require explicit FTP over TLS
5. Logon Type : Normal
6. User : <Your username received from Sound>
7. Password : <Your password received from Sound>

*Please coordinate the method of transfer with Sound's data contact identified below.*

Sound data contact: \_\_\_\_\_

_____	_____	_____
Name	Email	Phone

Hospital data contact: \_\_\_\_\_

_____	_____	_____
Name	Email	Phone

### Setting up FileZilla:

*Note: FileZilla is optional. If other software is used, it must support the protocol and encryption noted under steps 3 and 4 above.*

1. Click on the Open Site manager button in the upper left hand corner

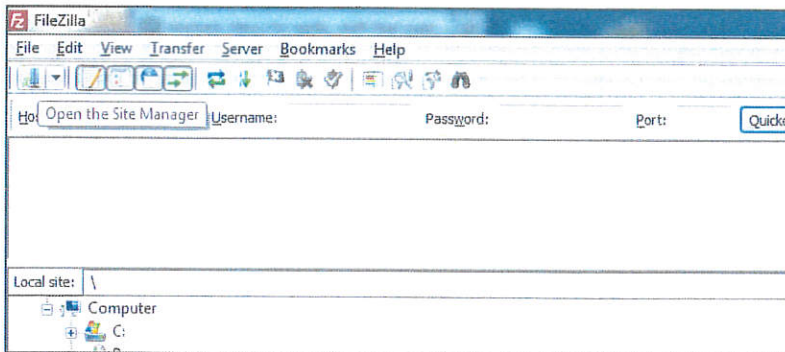
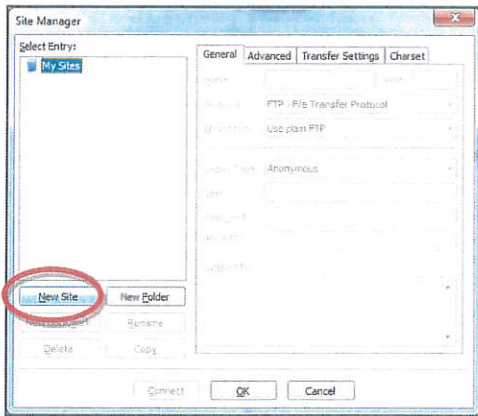
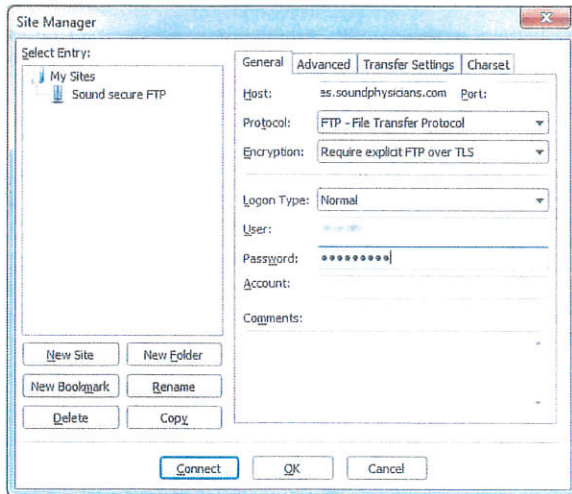


Exhibit 2.7-8

2. Click New Site Button



3. Enter in the following on the General tab:
  - a. Site name: *(defined by Sound)*
  - b. Host : securefiles.soundphysicians.com
  - c. Protocol : FTP – File Transfer Protocol
  - d. Encryption: Require explicit FTP over TLS
  - e. Logon Type : Normal
  - f. User : <Your username received from Sound>
  - g. Password : <Your password received from Sound>



4. Click Connect to be connected to the FTP server.

### **Exhibit 6.3**

#### **BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (“Agreement”), effective **August 1, 2015** (“Effective Date”), is entered into by and among the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center (“Covered Entity”) and **SOUND PHYSICIANS MEDICAL GROUP, INC.** (“Business Associate”) (each a “Party” and collectively the “Parties”).

Business Associate provides certain services for Covered Entity (“Services”) that involve the use and disclosure of Protected Health Information that is created or received by Business Associate from or on behalf of Covered Entity (“PHI”). The Parties are committed to complying with the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Part 164, Subparts A and E as amended from time to time (the “Privacy Rule”), and with the Security Standards, 45 C.F.R. Part 160 and Part 164, Subpart C as amended from time to time (the “Security Rule”), under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations (“HITECH”). Business Associate acknowledges that, pursuant to HITECH, 45 C.F.R. §§ 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards), 164.316 (policies and procedures and documentation requirements) and 164.502 *et. seq.* apply to Business Associate in the same manner that such sections apply to Covered Entity. The additional requirements of Title XIII of HITECH contained in Public Law 111-005 that relate to privacy and security and that are made applicable with respect to covered entities shall also be applicable to Business Associate. The Parties are also committed to complying with the California Confidentiality of Medical Information Act, Ca. Civil Code §§ 56 *et seq.* (“CMIA”), where applicable. Business Associate acknowledges that the CMIA prohibits Business Associate from further disclosing the PHI it receives from Covered Entity where such disclosure would be violative of the CMIA. The Parties are also committed to complying with applicable requirements of the Red Flag Rules issued pursuant to the Fair and Accurate Credit Transactions Act of 2003 (“Red Flag Rules”). This Agreement sets forth the terms and conditions pursuant to which PHI, and, when applicable, Electronic Protected Health Information (“EPHI”), shall be handled. The Parties further acknowledge that state statutes or other laws or precedents may impose data breach notification or information security obligations, and it is their further intention that each shall comply with such laws as well as HITECH and HIPAA in the collection, handling, storage, and disclosure of personal data of patients or other personal identifying information exchanged or stored in connection with their relationship.

The Parties agree as follows:

#### **1. DEFINITIONS**

All capitalized terms used in this Agreement but not otherwise defined shall have the meaning set forth in the Privacy Rule, Security Rule and HITECH.

**2. PERMITTED USES AND DISCLOSURES OF PHI**

2.1 Unless otherwise limited herein, Business Associate may:

(a) use or disclose PHI to perform functions, activities or Services for, or on behalf of, Covered Entity as requested by Covered Entity from time to time, provided that such use or disclosure would not violate the Privacy or Security Rules or the standards for Business Associate Agreements set forth in 45 C.F.R. § 164.504(e), exceed the minimum necessary to accomplish the intended purpose of such use or disclosure, violate the additional requirements of HITECH contained in Public Law 111-005 that relate to privacy and security, or violate the CMIA;

(b) disclose PHI for the purposes authorized by this Agreement only: (i) to its employees, subcontractors and agents; (ii) as directed by this Agreement; or (iii) as otherwise permitted by the terms of this Agreement;

(c) use PHI in its possession to provide Data Aggregation Services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B);

(d) use PHI in its possession for proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate as permitted by 45 C.F.R. § 164.504(e)(4)(i);

(e) disclose the PHI in its possession to third parties for the proper management and administration of Business Associate to the extent and in the manner permitted under 45 C.F.R. § 164.504(e)(4)(ii); provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the persons to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached;

(f) use PHI to report violations of law to appropriate Federal and state authorities, consistent with 45 C.F.R. § 164.502(j)(1);

(g) de-identify any PHI obtained by Business Associate under this Agreement for further use or disclosure only to the extent such de-identification is pursuant to this Agreement, and use such de-identified data in accordance with 45 C.F.R. § 164.502(d)(1).

**3. RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PHI**

3.1 Responsibilities of Business Associate. With regard to its use and/or disclosure of PHI, Business Associate shall:

(a) use and/or disclose the PHI only as permitted or required by this Agreement or as otherwise Required by Law;

(b) report to the privacy officer of Covered Entity, in writing, (i) any use and/or disclosure of the PHI that is not permitted or required by this Agreement of which Business Associate becomes aware, and (ii) any Breach of unsecured PHI as specified by HITECH, within two (2) days of Business Associate's determination of the occurrence of such unauthorized use and/or disclosure. In such event, the Business Associate shall, in consultation with the Covered Entity, mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of such improper use or disclosure. The notification of any Breach of unsecured PHI shall include, to the extent possible, the identification of each individual whose unsecured PHI has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, used or disclosed during the Breach.

(c) use commercially reasonable safeguards to maintain the security of the PHI and to prevent use and/or disclosure of such PHI other than as provided herein;

(d) obtain and maintain an agreement with all of its subcontractors and agents that receive, use, or have access to, PHI pursuant to which agreement such subcontractors and agent agree to adhere to the same restrictions and conditions on the use and/or disclosure of PHI that apply to Business Associate pursuant to this Agreement;

(e) make available all internal practices, records, books, agreements, policies and procedures and PHI relating to the use and/or disclosure of PHI to the Secretary for purposes of determining Covered Entity or Business Associate's compliance with the Privacy Rule;

(f) document disclosures of PHI and information related to such disclosure and, within ten (10) days of receiving a written request from Covered Entity, provide to Covered Entity such information as is requested by Covered Entity to permit Covered Entity to respond to a request by an individual for an accounting of the disclosures of the individual's PHI in accordance with 45

C.F.R. § 164.528, as well as provide an accounting of disclosures, as required by HITECH, directly to an individual provided that the individual has made a request directly to Business Associate for such an accounting. At a minimum, the Business Associate shall provide the Covered Entity with the following information: (i) the date of the disclosure, (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person; (iii) a brief description of the PHI disclosed; and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure. In the event the request for an accounting is delivered directly to the Business Associate, the Business Associate shall, within two (2) days, forward such request to the Covered Entity. The Business Associate shall implement an appropriate recordkeeping process to enable it to comply with the requirements of this Section;

(g) subject to Section 4.4 below, return to Covered Entity within twenty-one (21) days of the termination of this Agreement, the PHI in its possession and retain no copies, including backup copies;

(h) disclose to its subcontractors, agents or other third parties, and request from Covered Entity, only the minimum PHI necessary to perform or fulfill a specific

function required or permitted hereunder;

- (i) if all or any portion of the PHI is maintained in a Designated Record Set:
  - (i) upon ten (10) days' prior written request from Covered Entity, provide access to the PHI in a Designated Record Set to Covered Entity or, as directed by Covered Entity, the individual to whom such PHI relates or his or her authorized representative to meet a request by such individual under 45 C.F.R. § 164.524; and
  - (ii) upon ten (10) days' prior written request from Covered Entity, make any amendment(s) to the PHI that Covered Entity directs pursuant to 45 C.F.R. § 164.526;
- (j) maintain policies and procedures to detect and prevent identity theft in connection with the provision of the Services, to the extent required to comply with the Red Flag Rules;
- (k) notify the Covered Entity within five (5) days of the Business Associate's receipt of any request or subpoena for PHI. To the extent that the Covered Entity decides to assume responsibility for challenging the validity of such request, the Business Associate shall cooperate fully with the Covered Entity in such challenge;
- (l) maintain a formal security program materially in accordance with all applicable data security and privacy laws and industry standards designed to ensure the security and integrity of the Covered Entity's data and protect against threats or hazards to such security.

The Business Associate acknowledges that, as between the Business Associate and the Covered Entity, all PHI shall be and remain the sole property of the Covered Entity.

3.2 Additional Responsibilities of Business Associate with Respect to EPHI. In the event that Business Associate has access to EPHI, in addition to the other requirements set forth in this Agreement relating to PHI, Business Associate shall:

(a) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of EPHI that Business Associate creates, receives, maintains, or transmits on behalf of Covered Entity as required by 45

C.F.R. Part 164, Subpart C;

(b) ensure that any subcontractor or agent to whom Business Associate provides any EPHI agrees in writing to implement reasonable and appropriate safeguards to protect such EPHI; and

(c) report to the privacy officer of Covered Entity, in writing, any Security Incident involving EPHI of which Business Associate becomes aware within two (2) days of Business Associate's discovery of such Security Incident. For purposes of this

Section, a Security Incident shall mean (consistent with the definition set forth at 45 C.F.R. § 164.304), the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system. In such event, the Business Associate shall, in consultation with the Covered Entity, mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of such improper use or disclosure.

3.3 Responsibilities of Covered Entity. Covered Entity shall, with respect to Business Associate:

(a) provide Business Associate a copy of Covered Entity's notice of privacy practices ("Notice") currently in use;

(b) notify Business Associate of any limitations in the Notice pursuant to 45 C.F.R. § 164.520, to the extent that such limitations may affect Business Associate's use or disclosure of PHI;

(c) notify Business Associate of any changes to the Notice that Covered Entity provides to individuals pursuant to 45 C.F.R. § 164.520, to the extent that such changes may affect Business Associate's use or disclosure of PHI;

(d) notify Business Associate of any changes in, or withdrawal of, the consent or authorization of an individual regarding the use or disclosure of PHI provided to Covered Entity pursuant to 45 C.F.R. § 164.506 or § 164.508, to the extent that such changes may affect Business Associate's use or disclosure of PHI; and

4. notify Business Associate, in writing and in a timely manner, of any restrictions on use and/or disclosure of PHI as provided for in 45 C.F.R. § 164.522 agreed to by Covered Entity, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

5. TERMS AND TERMINATION

5.1 Term. This Agreement shall become effective on the Effective Date and shall continue in effect unless terminated as provided in this Article 4. Certain provisions and requirements of this Agreement shall survive its expiration or other termination as set forth in Section 5.1 herein.

5.2 Termination. Either Covered Entity or Business Associate may terminate this Agreement and any related agreements if the terminating Party determines in good faith that the terminated Party has breached a material term of this Agreement; provided, however, that no Party may terminate this Agreement if the breaching Party cures such breach to the reasonable satisfaction of the terminating Party within thirty (30) days after the breaching Party's receipt of written notice of such breach.

5.3 Automatic Termination. This Agreement shall automatically terminate without

any further action of the Parties upon the termination or expiration of Business Associate's provision of Services to Covered Entity.

5.4 Effect of Termination. Upon termination or expiration of this Agreement for any reason, Business Associate shall return all PHI pursuant to 45 C.F.R. § 164.504(e)(2)(ii)(I) if, and to the extent that, it is feasible to do so. Prior to doing so, Business Associate shall recover any PHI in the possession of its subcontractors or agents. To the extent it is not feasible for Business Associate to return or destroy any portion of the PHI, Business Associate shall provide Covered Entity a statement that Business Associate has determined that it is infeasible to return or destroy all or some portion of the PHI in its possession or in possession of its subcontractors or agents. Business Associate shall extend any and all protections, limitations and restrictions contained in this Agreement to any PHI retained after the termination of this Agreement until such time as the PHI is returned to Covered Entity or destroyed.

## 6. MISCELLANEOUS

6.1 Survival. The respective rights and obligations of Business Associate and Covered Entity under the provisions of Sections 4.4, 5.1, 5.6, and 5.7, and Section 2.1 (solely with respect to PHI that Business Associate retains in accordance with Section 4.4 because it is not feasible to return or destroy such PHI), shall survive termination of this Agreement until such time as the PHI is returned to Covered Entity or destroyed. In addition, Section 3.1(i) shall survive termination of this Agreement, provided that Covered Entity determines that the PHI being retained pursuant to Section 4.4 constitutes a Designated Record Set.

6.2 Amendments; Waiver. This Agreement may not be modified or amended, except in a writing duly signed by authorized representatives of the Parties. To the extent that any relevant provision of the HIPAA, HITECH or Red Flag Rules is materially amended in a manner that changes the obligations of Business Associates or Covered Entities, the Parties agree to negotiate in good faith appropriate amendment(s) to this Agreement to give effect to the revised obligations. Further, no provision of this Agreement shall be waived, except in a writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.

6.3 No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the Parties and the respective successors or assigns of the Parties, any rights, remedies, obligations, or liabilities whatsoever.

6.4 Notices. Any notices to be given hereunder to a Party shall be made via U.S. Mail or express courier to such Party's address given below, and/or via facsimile to the facsimile telephone numbers listed below.



If to Business Associate, to:

SOUND INPATIENT PHYSICIANS MEDICAL GROUP, INC.  
1123 Pacific Avenue  
Tacoma, WA 98402

If to Covered Entity, to:

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

Each Party named above may change its address and that of its representative for notice by the giving of notice thereof in the manner hereinabove provided. Such notice is effective upon receipt of notice, but receipt is deemed to occur on next business day if notice is sent by FedEx or other overnight delivery service.

6.5 Counterparts; Facsimiles. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.


6.6 Choice of Law; Interpretation. This Agreement shall be governed by the laws of the State of California; as provided, however, that any ambiguities in this Agreement shall be resolved in a manner that allows Business Associate to comply with the Privacy Rule, and, if applicable, the Security Rule and the CMIA.

5.7 Indemnification. Contractor shall indemnify, defend, and hold harmless the County of Monterey (hereinafter County), its officers, agents, and employees from any claim, liability, loss, injury, cost, expense, penalty or damage, including the County's reasonable cost of providing notification of and of mitigating any acquisition, access, use or disclosure of PHI in a manner not permitted by this BAA, arising out of, or in connection with, performance of this BAA by Contractor and/or its agents, members, employees, or sub-contractors, excepting only loss, injury, cost, expense, penalty or damage caused by the negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this BAA to provide the broadest possible indemnification for the County. Contractor shall reimburse the County for all costs, attorneys' fees, expenses, and liabilities incurred by the County with respect to any investigation, enforcement proceeding or litigation in which Contractor is obligated to indemnify, defend, and hold harmless the County under this BAA. This provision is in addition to and independent of any indemnification provision in any related or other agreement between the Covered Entity and the Business Associate.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf as of the Effective Date.

**BUSINESS ASSOCIATE**

**COUNTY OF MONTEREY, ON BEHALF  
OF NATIVIDAD MEDICAL CENTER**

By: 

By: \_\_\_\_\_

Print Name: Steven McCarly

Print Name: \_\_\_\_\_

~~Print Title:~~ <sup>Date:</sup> 7/13/15

Print Title: \_\_\_\_\_

~~Date:~~ <sup>Title:</sup> Secretary, Genl Council

Date: \_\_\_\_\_