

**AMENDMENT NO. 8
TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN HFS Consultants AND
THE NATIVIDAD MEDICAL CENTER
FOR
Medical Records Coding & Scanning, Critical Healthcare Strategic Planning and Productivity &
Operations Analysis Services**

This Amendment No. 8 to Professional Services Agreement ("Agreement"), dated July 1, 2005, is entered into by and between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and HFS Consultants (Contractor), with respect to the following:

RECITALS

WHEREAS, the County and Contractor amended the Agreement previously on July 1, 2006 via Amendment No. 1, on July 1, 2007 via Amendment No. 2, on July 1, 2008 via Amendment No. 3, on July 1, 2009 via Amendment No. 4, on March 1, 2010 via Amendment No. 5, on August 1, 2010 via Amendment No. 6, and on July 1, 2011 via Amendment No. 7.

WHEREAS, the County and Contractor wish to amend the Agreement to extend the term end date to allow for existing services to continue.

WHEREAS, the County and Contractor wish to amend the Agreement to increase the amount of the Agreement because of the term extension and the increase in the amount payable for services rendered.

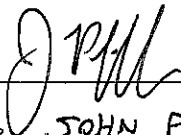
AGREEMENT

NOW, THEREFORE, the parties agree to amend the Agreement as follows:

1. Contractor will continue to provide NMC with the same scope of services as stated in the original Agreement (No. A-10169).
2. Section 1. "PAYMENTS BY COUNTY" shall be amended by removing, "*The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of \$604,000.*" and replacing it with "*The total amount payable by County to CONTRACTOR under Agreement No. (A-10169) shall not exceed the total sum of \$6,354,000 for the full term of the Agreement.*"
3. Section 2. "TERM OF AGREEMENT" shall be amended by removing, "*The term of this Agreement is from July 1, 2005 to June 30, 2006 unless sooner terminated pursuant to this Agreement*" and replacing it with "*The term of this Agreement is from July 1, 2005 to June 30, 2013 unless sooner terminated pursuant to this Agreement.*"
4. Except as provided herein, all remaining terms, conditions and provisions of the Agreement and Amendment Nos. 1, 2, 3, 4, 5, 6, and 7 are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Agreement.
5. A copy of this Amendment and all previous amendment] shall be attached to the original Agreement (No. A-10169).
6. The effective date of this Amendment is July 1, 2012.


IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

CONTRACTOR

Signature 1 
Printed Name JOHN PFEIFFER

Dated APRIL 25, 2012

Title PRINCIPAL

Signature 2 
Printed Name TRAHAN WHISTEN

Dated APRIL 25, 2012

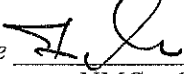
Title PRINCIPAL

***INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement.

NATIVIDAD MEDICAL CENTER

Signature _____
Purchasing Manager

Dated _____

Signature 
NMC - CEO

Dated 5/2/12

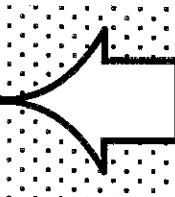
Approved as to Legality and Legal Form:

Charles J. McKee, County Counsel

By _____

Stacy Saetta, Deputy
Attorneys for County and NMC

Dated: _____, 2012



MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	June 28, 2011	AGENDA NO.:
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #7 to the Agreement (A-10169) with HFS Consultants for Medical Records Coding & Scanning, Critical Healthcare Strategic Planning and Productivity & Operations Analysis Services at NMC in an amount not to exceed \$5,354,000 in the aggregate and \$1,020,000 for the period July 1, 2011 to June 30, 2012.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #7 to the Agreement (A-10169) with HFS Consultants for the following services: Medical Records Coding & Scanning, Critical Healthcare Strategic Planning and Productivity & Operations Analysis Services at NMC in an amount not to exceed \$5,354,000 in the aggregate and \$1,020,000 for the period July 1, 2011 to June 30, 2012.

SUMMARY/DISCUSSION

HFS Consultants, (HFS) provides a full complement of health care consulting services. HFS has 12 major practice areas and technical experience in other health care consulting fields. In the past, HFS has provided NMC with a variety of Health Information Management services. The recommendation is for HFS to provide services to NMC that can be categorized into the following three areas: Medical Records Coding & Scanning, Critical Healthcare Strategic Planning and Productivity & Operations Analysis.

Medical Records Coding & Scanning

HFS will provided NMC with offsite-coding services using scanner and web-enhanced technology ensuring accurate code assignment for hospital services. HFS will provide OSHPD correction services on a semiannual basis of inpatient data and quarterly correction of outpatient data. HFS Consultants are compliant with all intermediary payment rules, government and professional standards, as well as the Natividad Medical Center Compliance Plan and will provide evaluation and management coding services for Professional Fee Billing. HFS is a coding industry leader and is also skilled as an education provider in compliance principles and will provide onsite personnel as required throughout the term of the contract. Medical Records contracting with HFS achieves two goals: compliance in coding and streamlining the billing process.

Critical Healthcare Strategic Planning

HFS is currently assisting in the analysis and preparation of a comprehensive Business Plan with NMC. HFS is providing a manager to assist in the planning as well as other hospital operations analyses for critical healthcare strategies. The manager will assist in updating and expanding the NMC 5 Year Plan to reflect current changes in health care reimbursement and safety net hospital initiatives. The manager will work directly with NMC administration to complete the Business Plan. Upon completion of the Business Plan HFS will assist NMC to evaluate potential business opportunities and help mitigate potential business risks. HFS will investigate and document existing systems and processes and develop and document plans to support future needs of Natividad. HFS will also provide feasibility and debt capacity analysis, service line modeling and strategic consulting to help position NMC to respond to health care reform and potential business opportunities. HFS will provide quality management and clinical expertise to help NMC evaluate

and implement quality based pay for performance regulatory requirements in order to maximize payments under the new quality based payment programs. HFS has technical expertise in evaluating the acquisition of physician practices and regulatory requirements for structuring the potential new entity to maximize reimbursement. NMC is anticipating a potential need for this technical expertise. The tasks involved in this work are many but the major deliverables could include: Planning RHC Alternatives, Facility Site Review and Fair Market Valuation, Prepare Rural Health Clinic Application and Prepare Financial Proforma and Cost Report for PPS Rate Setting.

Productivity & Operations Analysis

HFS is currently reviewing and updating NMC's current productivity system. The scope of services will be to review current NMC Revenue and Usage reports to determine accurate counts of productive activity for all departments and identify those areas that may need to change to a more appropriate unit of service measure. HFS will calculate a unit of productivity measure for each cost center working with Managers and Administrators to get buy-in on the new metrics. HFS will compare benchmarking results to known industry standards and calculate the financial impact of meeting staffing targets for each cost center. NMC is requesting additional support to assist department managers to help implement productivity measures for their departments.

Over the next year, the cost estimates for each area are as follows:

- Medical Records Coding & Scanning (30%)
- Critical Healthcare Strategic Planning (60%)
- Productivity & Operations Analysis (10%)

OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$1,020,000 and is included in the 2011/2012 Fiscal Year Recommended Budget. This action will not require any additional General Fund subsidy.

Prepared by:
Jim Fenstermaker, Interim IT Director 796-1647
April 13, 2011

Harry Weis
Chief Executive Officer

Attachments: Amendments #1, 2, 3, 4, 5, 6, Original Agreement, Board Order
Attachments are on file with the Clerk of the Board

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Agreement No. A-10169

Authorize the Purchasing Manager for Natividad Medical)
Center (NMC) to execute Amendment No. 7 to the)
Agreement No. A-10169 with HFS Consultants for Medical)
Records Coding & Scanning, Critical Healthcare Strategic)
Planning and Productivity & Operations Analysis Services)
at NMC in an amount not to exceed \$5,354,000 in the)
aggregate and \$1,020,000 for the period July 1, 2011 to)
June 30, 2012.....

Upon motion of Supervisor Salinas, seconded by Supervisor Calcagno, and carried by those members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 7 to the Agreement No. A-10169 with HFS Consultants for Medical Records Coding & Scanning, Critical Healthcare Strategic Planning and Productivity & Operations Analysis Services at NMC in an amount not to exceed \$5,354,000 in the aggregate and \$1,020,000 for the period July 1, 2011 to June 30, 2012.

PASSED AND ADOPTED on this 28th day of June, 2011, by the following vote, to wit:

AYES: Supervisors Calcagno, Salinas, and Parker

NOES: None

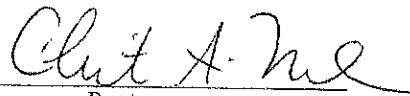
ABSENT: Supervisors Armenta and Potter

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on June 28, 2011.

Dated: June 29, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By


Deputy

**RENEWAL AMENDMENT NO. 7
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN Healthcare Financial Services (HFS) Consultants AND
THE NATIVIDAD MEDICAL CENTER
FOR**

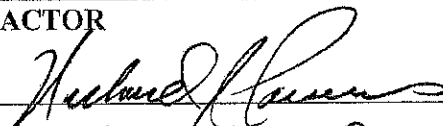
Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services

The parties to Professional Service Agreement, dated July 1, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Healthcare Financial Services (HFS) Consultants (Contractor), hereby agree to renew their Agreement No. (A-10169) on the following terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-10169).
2. This Amendment shall become effective on July 1, 2011 and shall continue in full force until June 30, 2012.
3. The total amount payable by County to Contractor under Agreement No. (A-10169) shall not exceed the total sum of \$5,354,000 for the full term of the Agreement and \$1,020,000 for fiscal year 2011-2012.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-10169).


IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

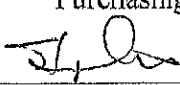
CONTRACTOR

Signature 
 Printed Name Richard J. Parsons

Dated March 22, 2011
 Title Vice President

NATIVIDAD MEDICAL CENTER

Signature 
 Purchasing Manager

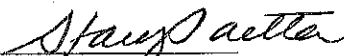
Signature 
 NMC - CEO

Dated 7-22-11

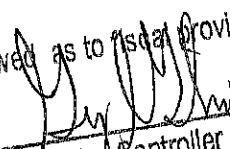
Dated 3/24/11

Approved as to Legal Form:

Charles J. McKee, County Counsel

By 
 Stacy Saetta, Deputy
 Attorneys for County and NMC

Reviewed as to Fiscal Provisions Dated: 3/31, 2011


 Auditor/Controller
 County of Monterey
 4-12-11

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	September 14, 2010	AGENDA NO.:
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #6 to the Agreement with Healthcare Financial Services for Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an increase of \$410,000) for the period September 1, 2010 to June 30, 2011.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #6 to the Agreement with Healthcare Financial Services for Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an increase of \$410,000) for the period September 1, 2010 to June 30, 2011.

SUMMARY/DISCUSSION:

Healthcare Financial Services, (HFS) provides offsite-coding services using scanner and web-enhanced technology ensuring accurate code assignment for hospital services. HFS provides OSHPD correction services on a semi annual basis of inpatient data and quarterly correction of outpatient data. HFS Consultants provides evaluation and management coding services for Professional Fee Billing. HFS Consultants is compliant with all intermediary payment rules, government and professional standards, as well as the Natividad Medical Center Compliance Plan. Healthcare Financial Services is an industry leader in coding in a teaching setting and are also skilled in compliance principles and provider education. HFS Consultants will provide onsite personnel as required throughout the term of the contract. Contracting with HFS Consultants achieves two goals: compliance in coding and streamlining the billing process. There is no change to the contract amount for these services.

HFS also provides a wide variety of high quality healthcare consulting including interim staffing services (i.e. Chief Financial Services). As of March 5, 2010, NMC has been without a permanent CFO as a result of a resignation; therefore NMC is requesting an increase of \$185,000 to the existing agreement to cover additional interim CFO services until an appropriate candidate can be recruited into the Hospital CFO position. The interim CFO has been responsible for various departments and oversight of hospital finances, but has limited signing authority and direct oversight by the CEO. The recommendation is to increase the existing Agreement by \$185,000 as it is expected there will be the need of an additional 4 and half months of interim coverage prior to the start of a full time CFO. NMC is currently working with Quick Leonard Kiefer for the recruitment of the CFO position.

HFS will be providing a qualified Operations Manager to assist the CEO in other hospital operations analyses for the CEO for critical healthcare strategies. The manager will investigate and document existing systems and processes and develop and document plans to support future needs of Natividad Medical Center. This person will report to the CEO and/or other administrators, as assigned by the CEO. NMC is requesting an increase of \$135,000 for these services.

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	September 14, 2010	AGENDA NO.:
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #6 to the Agreement with Healthcare Financial Services for Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an increase of \$410,000) for the period September 1, 2010 to June 30, 2011.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #6 to the Agreement with Healthcare Financial Services for Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an increase of \$410,000) for the period September 1, 2010 to June 30, 2011.

SUMMARY/DISCUSSION:

Healthcare Financial Services, (HFS) provides offsite-coding services using scanner and web-enhanced technology ensuring accurate code assignment for hospital services. HFS provides OSHPD correction services on a semi annual basis of inpatient data and quarterly correction of outpatient data. HFS Consultants provides evaluation and management coding services for Professional Fee Billing. HFS Consultants is compliant with all intermediary payment rules, government and professional standards, as well as the Natividad Medical Center Compliance Plan. Healthcare Financial Services is an industry leader in coding in a teaching setting and are also skilled in compliance principles and provider education. HFS Consultants will provide onsite personnel as required throughout the term of the contract. Contracting with HFS Consultants achieves two goals: compliance in coding and streamlining the billing process. There is no change to the contract amount for these services.

HFS also provides a wide variety of high quality healthcare consulting including interim staffing services (i.e. Chief Financial Services). As of March 5, 2010, NMC has been without a permanent CFO as a result of a resignation; therefore NMC is requesting an increase of \$185,000 to the existing agreement to cover additional interim CFO services until an appropriate candidate can be recruited into the Hospital CFO position. The interim CFO has been responsible for various departments and oversight of hospital finances, but has limited signing authority and direct oversight by the CEO. The recommendation is to increase the existing Agreement by \$185,000 as it is expected there will be the need of and additional 4 and half months of interim coverage prior to the start of a full time CFO. NMC is currently working with Quick Leonard Kiefer for the recruitment of the CFO position.

HFS will be providing a qualified Operations Manager to assist the CEO in other hospital operations analyses for the CEO for critical healthcare strategies. The manager will investigate and document existing systems and processes and develop and document plans to support future needs of Natividad Medical Center. This person will report to the CEO and/or other administrators, as assigned by the CEO. NMC is requesting an increase of \$135,000 for these services.

HFS has technical expertise in evaluating the acquisition of physician practices and regulatory requirements for structuring the new entity to maximize reimbursement. NMC has a potential need for this technical expertise, for an analysis and potential change of ownership of a physician-owned Rural Health Clinic from the physician to NMC. The tasks involved in this work are many, but the major deliverables may include: Planning RHC Alternatives, Facility Site Review and Fair Market Valuation, Prepare Rural Health Clinic Application and Prepare Financial Proforma and Cost Report for PPS Rate Setting. NMC is requesting an increase of \$25,000 for these services, if needed.

HFS will review and update the current productivity system. The scope of services will be to review current Revenue and Usage reports to determine accurate counts of productive activity for all departments and identify those areas that may need to change to a more appropriate unit of service measure. They will calculate a unit of productivity measure for each cost center working with Managers and Administrators to get buy-in on the new metrics. They will compare benchmarking results to know industry standards and calculate the financial impact of meeting staffing targets for each cost center. NMC is requesting an increase of \$65,000 for these services

OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$410,000 and is included in the 2010/2011 FY Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:
Harry Weis, Chief Executive Officer
August 17, 2010

Harry Weis
Chief Executive Officer

Attachments: Amendments #1 - #6, Agreement, Board Order

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Agreement No: A -- 10169

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute)
Amendment No. 6 to the Agreement with Healthcare Financial Services for)
Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis)
and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an)
increase of \$410,000) for the period September 1, 2010 to June 30, 2011.)

Upon motion of Supervisor Potter, seconded by Supervisor Armenta, and carried by those members present, the Board hereby:

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 6 to the Agreement with Healthcare Financial Services for Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing Services at NMC in an amount not to exceed \$4,334,000 (an increase of \$410,000) for the period September 1, 2010 to June 30, 2011.

PASSED AND ADOPTED this 14th day of September, 2010, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, Potter
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on September 14, 2010.

Dated: September 16, 2010

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Paul R...
Deputy

**AMENDMENT NO. 6
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN Healthcare Financial Services (HFS) Consultants AND
THE NATIVIDAD MEDICAL CENTER**

FOR

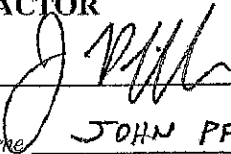
Medical Record Scanning, Coding Abstracting, Productivity, Operations Analysis and Interim Staffing SERVICES

The parties to Professional Service Agreement, dated July 1, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Healthcare Financial Services (HFS) Consultants (Contractor), hereby agree to amend their Agreement No. (A-10169) on the following terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-10169). Additionally, the contractor will provide the services described on Attachment A attached to this Amendment #6.
2. This Renewal Amendment shall become effective on August 1, 2010 and shall continue in full force until June 30, 2011.
3. The total amount payable by County to Contractor under Agreement No. (A-10169) shall not exceed the total sum of \$4,334,000 for the full term of the Agreement and \$1,014,000 for fiscal year 2010-2011.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-10169).

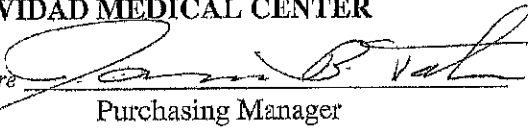
IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

CONTRACTOR

Signature 
 Printed Name JOHN PFEIFFER

Dated 8/3/10
 Title VICE PRESIDENT

NATIVIDAD MEDICAL CENTER

Signature 
 Purchasing Manager

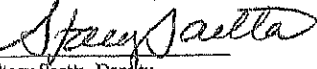
Dated 9/21/10

Signature Andrea Rosenberg
 For Harry Weis NMC - CEO

Dated 8/11/10

Approved as to Legal Form:

Charles J. McKee, County Counsel

By 
 Stacy Saetta, Deputy
 Attorneys for County and NMC

Reviewed as to fiscal provisions

 Auditor/Controller
 County of Monterey 8/13/10

Dated: 8/13, 2010



Attachment A

Agreement # A-10169 Amendment #6

Interim Chief Financial Officer Services:

HFS Consultants (HFS) will continue to fill the Interim Chief Financial Officer position as specified in Amendment #5 to this agreement. An additional \$185,000 will be added for this purpose while NMC continues to recruit for this position. All other terms of Amendment #5 are unchanged.

Productivity Services:

HFS will review and update the current productivity system established by Huron/Wellspring. The scope of services is as follows:

- Review current Revenue and Usage reports to determine accurate counts of productive activity for all departments and identify those areas that may need to change to a more appropriate unit of service measure.
- Calculate a unit of productivity measure for each cost center using updated counts for units of service and/or changes in units of service used.
- Meet with Managers and Administrators to review findings from review of Revenue and Usage reports and to get buy-in on new metrics.
- Compare (benchmark) departments with known industry standards using recently completed OSHPD benchmarking results where applicable. For nursing services, benchmarks will reflect State of California nurse / patient staffing ratios.
- Calculate the financial impact of meeting staffing targets for each cost center, and also hospital wide based on revised productivity standards.
- Summary of recommended metrics by department:
 - Most Appropriate Unit of Service to both measure productivity and to be utilized in a Productivity Monitoring System
 - Accurate Count of Units of Service
 - Current Productivity
 - Target Productivity
 - Potential Opportunity if Target Productivity met/exceeded

HFS will charge NMC professional fees at a 10% discount from HFS's standard rates, plus out-of-pocket expenses. A total of \$65,000 will be added to the agreement to cover professional fees and expenses.

Attachment A

Agreement # A-10169
Amendment #6

Page 2

Operations Manager Services:

HFS will provide a qualified Operations Manager to assist with a feasibility review and analysis of transitioning business services (e.g., fiscal, payroll, etc.) from the current operations to an alternate hospital authority model. This person will provide other hospital operations analyses for the CEO for critical healthcare strategies. The manager will investigate and document existing systems and processes and develop and document plans to support future needs of Natividad Medical Center. This person will report to the CEO and/or other administrators, as assigned by the CEO.

HFS will charge NMC a fixed fee of \$39,000 per month to be prorated based on the number of days worked in a month, inclusive of expenses, for the Operations Manager. The schedule is expected to vary based during the duration of the project. A not to exceed total of \$135,000 will be added to the agreement for these services.

This agreement is not intended to provide "temporary-to-permanent" personnel. If the Operations Manager or any other personnel provided by HFS becomes an employee of, or an independent contractor to, NMC or any affiliated entity from the date of this agreement until one year after the termination of the engagement, NMC will pay HFS a referral fee of \$35,000 or 40% of the first year annual gross salary or professional fees NMC pays, whichever is greater.

The Operations Manager shall have no authority to bind NMC or to sign contracts on behalf of NMC or the County of Monterey. The Operations Manager shall have no authority to hire, train, terminate or otherwise discipline NMC personnel.

Rural Health Clinic Services:

HFS will assist with the change of ownership of a physician-owned Rural Health Clinic from the physician to NMC. The tasks involved in this work are many, but the major phases are as follows:

PHASE I - Planning RHC Alternatives (as needed)

PHASE II - Determine Eligibility Requirements -

- Medically Underserved Area ("MUA") or Health Professional Shortage Area ("HPSA")

Attachment A

Agreement # A-10169 Amendment #6

Page 3

- "Non-urbanized" (rural) area

PHASE III - Facility Site Review and Fair Market Valuation

PHASE IV - Prepare Rural Health Clinic Application

PHASE V - Prepare Completed Federal Application Requirements

PHASE VI - Prepare Additional Applications as Necessary

PHASE VII - Licensing and Certification

PHASE VIII - Prepare Financial Proforma and Cost Report for PPS Rate Setting

During the course of the engagement, we will inform management as to our progress and have meetings at the conclusion of major milestones. We would also be available to discuss our progress at management or board meetings and by phone.

HFS will bill professional fees at a blended, discounted rate of \$250 per hour, plus out-of-pocket expenses at our cost. An additional \$25,000 will be added to the agreement for these services.

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	<i>MMR</i> March 30, 2010	AGENDA NO.:
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #5 to the Agreement (A-10169) with Healthcare Financial Services (HFS) Consultants for Medical Record Scanning, Coding, Abstracting, Healthcare Consulting and Interim Staffing Services at NMC in an amount not to exceed \$3,924,000 (an increase of \$904,000) for the period March 1, 2010 and extending the term date to June 30, 2011.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #5 to the Agreement (A-10169) with Healthcare Financial Services (HFS) Consultants for Medical Record Scanning, Coding, Abstracting, Healthcare Consulting and Interim Staffing Services at NMC in an amount not to exceed \$3,924,000 (an increase of \$904,000) for the period March 1, 2010 and extending the term date to June 30, 2011.

SUMMARY/DISCUSSION:

Healthcare Financial Services, (HFS) provides offsite-coding services using scanner and web-enhanced technology ensuring accurate code assignment for hospital services. HFS provides OSHPD correction services on a semi annual basis of inpatient data and quarterly correction of outpatient data. HFS Consultants provides evaluation and management coding services for Professional Fee Billing. HFS Consultants is compliant with all intermediary payment rules, government and professional standards, as well as the Natividad Medical Center Compliance Plan. Healthcare Financial Services is an industry leader in coding in a teaching setting and are also skilled in compliance principles and provider education. HFS Consultants will provide onsite personnel as required throughout the term of the contract. Contracting with HFS Consultants achieves two goals: compliance in coding and streamlining the billing process. The recommendation is to approve the Amendment and extend the term of the original Agreement through fiscal year 2010/2011 at the previous annual amount of \$604,000.

HFS also provides a wide variety of high quality healthcare consulting including interim staffing services (i.e. Chief Financial Services). As of March 5, 2010, NMC would be without a CFO as a result of a resignation; therefore NMC is requesting an increase of \$300,000 to the existing agreement to cover the added interim CFO services until an appropriate candidate can be recruited into the Hospital CFO position. HFS has worked with NMC in the past to provide such services and has assisted in the recruitment efforts as well. The interim CFO will be responsible for various departments and oversight of hospital finances, but will have limited signing authority and direct oversight by the CEO. The recommendation is to increase the existing Agreement by \$300,000 as NMC uses HFS for a variety of services, it is expected there will be the need of 6 months or roughly \$240,000 prior to hiring a full time CFO, leaving NMC 60K for other ad hoc work that might be needed from HFS.

NMC is currently working with Quick Leonard Kiefer and has reopened the recruitment for the CFO position.

OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$904,000: \$300,000 is included in the approved FY 2009-10 Budget and \$604,000 will be included in the 2010-2011 Recommended Budget. The \$300,000 for interim staffing will be in majority offset by the Salary Wage and Benefit Savings of the permanent Hospital Chief Financial Officer. This action will not require any additional General Fund subsidy.

Prepared by:
Sid Cato, Management Analyst/Contracts
February 24, 2009
Attachments: Agreement, Amendment #5, Board Order



Harry Weis
Chief Executive Officer

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Agreement No: A - 10169

Authorize the Purchasing Manager for Natividad Medical Center to execute)
Amendment No. 5 to the Agreement (A-10169) with Healthcare Financial)
Services (HFS) Consultants for Medical Record Scanning, Coding, Abstracting,)
Healthcare Consulting and Interim Staffing Services at NMC in an amount not to)
exceed \$3,924,000 (an increase of \$904,000) for the period March 1, 2010 and)
extending the term date to June 30, 2011.)

Upon motion of Supervisor Potter, seconded by Supervisor Parker, and carried by those members present, the Board hereby:

Authorized the Purchasing Manager for Natividad Medical Center to execute Amendment No. 5 to the Agreement (A-10169) with Healthcare Financial Services (HFS) Consultants for Medical Record Scanning, Coding, Abstracting, Healthcare Consulting and Interim Staffing Services at NMC in an amount not to exceed \$3,924,000 (an increase of \$904,000) for the period March 1, 2010 and extending the term date to June 30, 2011.

PASSED AND ADOPTED this 6th day of April, 2010, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on April 6, 2010.

Dated: April 6, 2010

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Robert F. [Signature]
Deputy

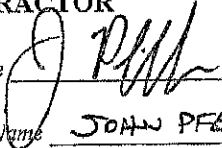
**RENEWAL AMENDMENT NO. 5
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN Healthcare Financial Services (HFS) Consultants AND
THE NATIVIDAD MEDICAL CENTER
FOR
Medical Record Scanning, Coding Abstracting, and Interim Staffing SERVICES**

The parties to Professional Service Agreement, dated July 1, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Healthcare Financial Services (HFS) Consultants (Contractor), hereby agree to renew their Agreement No. (A-10169) on the following amended terms and conditions:


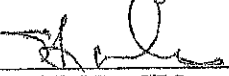
1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-10169). Additionally, the contractor will provide the services described on Attachment A attached to this Amendment #5.
2. This Renewal Amendment shall become effective on March 1, 2010 and shall continue in full force and extending the term date until June 30, 2011.
3. The total amount payable by County to Contractor under Agreement No. (A-10169) shall not exceed the total sum of \$3,924,000 for the full term of the Agreement and \$904,000 for fiscal year 2009-2010.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-10169).

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

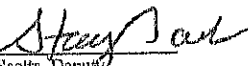
CONTRACTOR

Signature  Dated MARCH 9, 2010
 Printed Name JOHN PFEIFFER Title VICE PRESIDENT


NATIVIDAD MEDICAL CENTER

Signature  Dated 1/8/10
 Purchasing Manager
 Signature  Dated 3/12/10
 NMC - CEO

Approved as to Legal Form:
Charles J. McKee, County Counsel

By 
Stacy Sacitta, Deputy
Attorneys for County and NMC

Dated: 3/16, 2010

Reviewed as to fiscal provisions

 Auditor-Controller
 County of Monterey 3-16-10



Attachment A

Interim Chief Financial Officer Services

Agreement # A-10169 Amendment #5

HFS Consultants (HFS) will provide the services of Nancy Arata, Manager, an employee of HFS, to fill the position of Interim Chief Financial Officer at Natividad Medical Center (NMC). Ms. Arata will assume the position beginning March 1, 2010. She will work under the direction and supervision of NMC's Chief Executive Officer who will provide the quality control and oversight of her work. HFS will charge NMC a fixed fee of \$39,000 per month.

This agreement is not intended to provide "temporary-to-permanent" personnel. If Ms. Arata or any other personnel provided by HFS becomes an employee of, or an independent contractor to, NMC or any affiliated entity from the date of this agreement until one year after the termination of the engagement, NMC will pay HFS a referral fee of \$35,000 or 40% of the first year annual gross salary or professional fees NMC pays, whichever is greater.

The Interim Chief Financial Officer shall have no authority to bind NMC or to sign contracts on behalf of NMC or the County of Monterey. The Interim Chief Financial Officer shall have no authority to hire, train, terminate or otherwise discipline NMC personnel.

**RENEWAL AMENDMENT NO. 4
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN Healthcare Financial Services (HFS) Consultants AND
THE NATIVIDAD MEDICAL CENTER
FOR
Medical Record Scanning, Coding Abstracting SERVICES**

The parties to Professional Service Agreement, dated July 1, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and HFS Consultants (Contractor), hereby agree to renew their Agreement No. (A-10169) on the following amended terms and conditions:

1. Contractor will provide NMC with the scope of service as stated in Attachment A of this Amendment #4.
2. This Renewal Amendment shall become effective on July 1, 2009 and shall continue in full force and extending the term date until June 30, 2010.
3. The total amount payable by County to Contractor under Agreement No. (A-10169) shall not exceed the total sum of \$3,020,000 for the full term of the Agreement and 604,000 for fiscal year 2009-2010.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-10169).

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

CONTRACTOR

Signature

Becky Carroll

Dated

4/16/09

Printed Name

Becky Carroll

Title

Principal

NATIVIDAD MEDICAL CENTER

Signature

[Signature]

Dated

5/28/09

Purchasing Manager

Signature

[Signature]

Dated

4/23/09

NMC - CEO

Approved as to Legal Form:

Charles J. McKee, County Counsel

By

[Signature]
William Litt, Deputy
Attorneys for County and NMC

Dated:

5/11

, 2009

Reviewed as to fiscal provisions
[Signature]
Auditor/Controller
County of Monterey
J-11-09

Complete Solutions for Healthcare Management

505 Fourteenth Street, Fifth Floor | Oakland, CA 94612-1912 | T 510.760.0066 | F 510.760.0044 | HFS@hfsconsultants.com



EXHIBIT A
REVISED 3-27-09
HFS Consultants

Coding and Consulting Services from 7-1-2009 ~ 6-30-2011

Contractor agrees to provide the following services to Natividad Medical Center - County of Monterey:

A.1 Hospital HIM Coding Services

A.1.a HIM Coding with Scanning

The workload includes inpatient discharges, outpatient surgeries, and ED visits.

- Inpatient Discharges - Coding ICD-9-CM diagnosis and procedure coding and abstracting elements - \$23/record
- Outpatient Surgery - ICD-9-CM diagnosis coding, CPT surgical coding and abstracting - \$12/per surgical patient
- ER - ICD-9-CM diagnosis coding and CPT surgical coding and OSHPD abstracting - \$7.50/per visit

A.1.b HIM Coding without Scanning

The workload includes inpatient discharges, outpatient surgeries, and ED visits.

- Inpatient Discharges - Coding ICD-9-CM diagnosis and procedure coding and abstracting elements - \$19/patient
- Outpatient Surgery - ICD-9-CM diagnosis coding, CPT surgical coding and abstracting - \$11/per surgical patient
- ER - ICD-9-CM diagnosis coding, CPT surgical coding and OSHPD abstracting - \$6.50/per visit

A.1.c HIM Consulting Hourly Rate – (See A-3)*

- Proposed Hourly Rate for Consulting and/or Education would be 20% discount of standard billing rates for HFS - excluding out-of-pocket/travel expenses.

On-site Documentation Imaging Technician to scan records to be coded for the off-site coding program. Coding turn-around will be 48 ~ 72 hours with a 95% accuracy rate.

A.2 Professional Service Coding

A.2. a Professional Service Coding

1. 10% minimum sample (may be increased by Natividad Medical Center leadership based on findings) of already scanned inpatient and OP Surgery records for physician professional services of those physicians identified by NMC. A spreadsheet will be submitted to NMC monthly. The charge will be \$6.60 per service line coded and/or verified, plus additional line including up to 4 diagnosis codes. (See Definitions/Procedures exhibit on page 4.)
 - a. All service lines coded and/or verified
 - b. ICD-9-CM codes

2. HFS will be available for consultation related to Professional Service coding. Initially it is estimated there will be 2 ~ 6 hours per month spent in defining the sample, the list of physicians for the sample, follow-up questions and results of review sample. There is estimated to be at least one to two hours per month at 20% discount of standard billing rates for HFS for feedback and communication between NMC professional coding service staff and HFS.

A.2.b Professional Service Retrospective Audit

Retrospective audit of professional service encounters as requested by Natividad Medical Center at \$135 per hour.

- a. Sample based on encounters or CMS 1500 forms submitted for a designated time period and designated number of physicians
- b. Full E/M & ICD-9-CM review
- c. Compare with CMS 1500 and Remittance Advice
- d. Prepare a report of findings
- e. Present graphs and financial impact
- f. Prepare material and conduct an educational session*

A.3 HFS Consulting Service

Perform consulting services in one of the following service areas provided by HFS Consultants.*
The cost would be 20% discount of standard billing rates for HFS.

Our areas of demonstrated expertise in the health care industry include:

1. Health Information Management/Medical Records Services
2. Charge Description Master (CDM) Services
3. Performance Improvement Services
4. Clinical Operations Assessments
5. Compliance Assessment and Planning
6. Quality Improvement Services using CMS and JCAHO standards
7. Merger, Acquisition, and Financing Transactions
8. Acute Care Facility Financing
9. Accounting and Financial Statement Preparation
10. Cost Control & Productivity Management
11. Reimbursement Services
12. Managed Care and Rate Analysis
13. DSH Reimbursement Analysis
14. Revenue Cycle Analysis
15. Healthcare Materials Management Consulting including Non-Labor Expense Reduction Programs
16. Strategic Business Planning including Board Education Programs
17. Interim Staffing
18. Executive Recruiting
19. Market and Financial Feasibility Studies
20. New Product Development and CCRC and RCFE Licensing Assistance
21. Senior Living Industries including IL, ALP, Skilled Nursing Facility, and CCRC Analysis
22. Rural Health Clinic and FQHC Studies
23. HPSA/MUA Designation Research and Preparation
24. Medical Group Services Including Practice and Due Diligence Evaluations
25. Rehabilitation Management Services

*On-site to include travel costs consistent with County of Monterey Policy.

Definitions/Procedures

Procedure for completing the 10% coding sample.

1. Contact NMC Professional service staff to define the 10% sample of inpatient and outpatient surgery cases – monthly from scanned inpatient records. The sample will be selected on a mutually agreed to plan.
2. A service line coded or verified is a complete review of a physician service to determine if an E/M code or other physician CPT service code can be applied and the level of the E/M service or other physician CPT service as appropriate based upon the documentation.
3. The HFS professional service coding staff will complete a spreadsheet with a mutually agreed identification information, E/M code assigned or not, other CPT codes as appropriate and diagnosis codes to link.
4. HFS professional service coding staff will submit the spreadsheet to NMC professional service staff.
5. A conference call about any identified differences will take place within one week of submission of the spreadsheet.
6. Billing will occur once per month and is based on the spreadsheet including E/M codes applied other CPT codes and up to 4 diagnosis codes per line item.

Complete Solutions for Healthcare Management

505 Fourteenth Street, Fifth Floor | Oakland, CA 94612 | T 510.768.0066 | F 510.768.0044 | hfsc consultants.com



March 24, 2010

Mr. Harry Weis
Chief Executive Officer
Natividad Medical Center
1441 Constitution Boulevard
Salinas, CA 93912

RE: PROPOSAL TO PROVIDE PRODUCTIVITY BENCHMARKING CONSULTING SERVICES

Dear Harry,

Thank you for giving HFS Consultants ("HFS" or "Company") this opportunity to continue to provide consulting services for Natividad Medical Center ("NMC"). This engagement letter is the result of discussions with you regarding the need to develop labor benchmarks for the key remaining departments at NMC that were not covered under the original project scope. *We will conduct work, as identified under the prior agreement, to cover the remaining major departments at NMC as follows:*

- o Surgery and Recovery
- o Cardiology Services
- o Cardiac Cath Lab
- o Laboratory-Clinical
- o Laboratory-Pathology
- o Radiology-Diagnostic/CT/MRI/Nuclear Medicine
- o Ultrasound
- o Physical Therapy
- o Occupational Therapy
- o Speech Therapy
- o Respiratory Therapy
- o Dietary Services
- o Laundry & Linen
- o Medical Records
- o Nursing Administration
- o Security and Grounds

Mr. Harry Weis
 Chief Executive Officer
 March 24, 2010
 Page 2 of 6

In addition, there may be a number of smaller departments not identified in the above list that we will benchmark also. The results will be a complete analysis of productive hours per unit of service for all departments, with several being viewed using multiple units of counts (e.g. square footage vs. adjusted patient days). The team will continue to consist of David Kim and Rich Parsons, supported by Nancy Arata and Carroll Hope.

PROFESSIONAL FEES AND EXPENSES

We will bill for professional fees based on hourly rates for a mix of HPS personnel. For this program, our 2009/2010 billing rate structure is as follows:

<u>Staff Level</u>	<u>Hourly Rate</u>
Principal	\$325
Manager	\$225
Senior Consultant	\$175
Consultant	\$150
Administrative	\$100

Since it is difficult to anticipate the actual time needed, we cannot quote a fixed fee for this engagement. The most important variables are the ultimate scope of the program, our ability to utilize less expensive personnel depending on the complexity of services being sought, the pace of the project related to scheduling and communications, and our ability to access appropriate data in a timely manner.

However, given what we know, we have estimated the cost of this program to be \$52,100. This is an approximation only, and we will bill for actual time spent working on the engagement either on or offsite. To help the client manage total expense, we will make every effort to communicate what we are doing so that you can assess your needs and avoid unnecessary fees.

Estimated Hours and Professional Fees

LABOR PRODUCTIVITY BENCHMARKING PROGRAM – PART II

	<u>Principal</u>	<u>Manager</u>	<u>Sr. Consultant</u>	<u>Consultant</u>	<u>Admin.</u>	<u>Total</u>
Hourly rate	\$325	\$225	\$175	\$150	\$100	
Hours	32	180	0	0	12	
Fees	\$10,400	\$40,500	\$0	\$0	\$1,200	\$52,100

Mr. Harry Weis
Chief Executive Officer
March 24, 2010
Page 3 of 6

Please note that we will continue to honor the 10% discount of our hourly fees from the listed rates above. The discount will be taken at time of invoicing. Under this special arraignment, we expect total fees of approximately \$46,890.

In addition to professional fees, we will bill for out-of-pocket expenses we incur such as travel, meals, hotel, car mileage, postage, copies, and faxes. Mileage will be billed at the current rate established by the Internal Revenue Service, which for 2010 is \$0.50 per mile. Travel time will be billed at 50% of hourly professional fees. Our invoices will be submitted monthly for the hours worked and travel expenses incurred on the engagement.

We are prepared to initiate this engagement without delay. In order to begin the program, it is necessary that you sign this engagement letter. Upon your approval of our proposal and the execution of agreement, we will begin this program immediately upon notification to proceed.

Assuming we can begin this program in March 2010, we estimate that the greater part of this program will be completed by the end of May 2010.

We intend to honor the fees, timelines, terms and conditions of this proposal for a period of not more than 45 days from the date of this agreement.

I. STANDARD TERMS AND CONDITIONS

1. Independent Contractor. HFS shall be deemed at all times to be an independent contractor. Nothing in this agreement shall be construed as creating an employment relationship between the client and HFS. Any terms in this agreement referring to direction from the client shall be construed as providing for direction as to policy and the result of HFS' work only, and not to the means by which such a result is obtained.

2. At Will. The client and HFS shall each have the option to terminate this agreement at any time without cause given 30 days advance notice. Either party may exercise this option by giving the other party written notice of termination by US mail, facsimile or overnight delivery service. The notice shall specify the date on which termination shall become effective with a minimum of 30 calendar days after receipt of the notice of termination.

Mr. Harry Weis
Chief Executive Officer
March 24, 2010
Page 4 of 6

3. Collection Costs. The client shall be responsible for any expenses (including attorneys' fees and court costs) incurred by HFS in collecting its fees or expenses billed pursuant to this contract, whether or not legal action is instituted.

4. Arbitration. The parties agree that any dispute arising in connection with this Agreement shall be resolved by arbitration conducted in Alameda County, California in accordance with the commercial arbitration rules of the American Arbitration Association. The prevailing party in such arbitration shall be entitled to an award of reasonable attorneys' fees and costs of arbitration.

5. Hiring of HFS Personnel. If any personnel provided by HFS becomes an employee of, or an independent contractor to the client or any affiliated entity from the date of this letter until one year after the termination of the engagement, the client will pay HFS a referral fee of \$35,000 or 40% of the first year annual gross salary or professional fees the client pays, whichever is greater.

6. Interest. Bills for professional fees and expenses are payable within 30 days of receipt by the client. All amounts unpaid after 90 days shall accrue interest at the rate of 1.5% per month (18% per year) from the date of the invoice.

7. Indemnification from Costs of Subpoenas. Any services we perform at the client's request or are compelled to perform relating to any subpoena, summons or other legally-binding demand (e.g., serving as a witness or providing documents in an investigation) will be billed at our standard hourly rates plus expenses including, where applicable, any attorney fees and expenses.

8. HIPAA. HFS shall abide by all laws, regulations and directives of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as it pertains to services performed by HFS and information received by HFS from the client pursuant to this agreement. Since HFS may, in the course of performing services under this agreement, receive protected health information from client, HFS will be deemed a Business Associate of the client. HFS will sign and execute a Business Associate agreement with the client and will conform thereto.

Mr. Harry Weis
Chief Executive Officer
March 24, 2010
Page 5 of 6

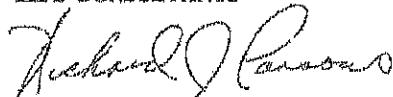
9. Intellectual Property. Any and all forms, reports, designs, training presentations and other materials prepared by HFS Consultants for the client shall be used by the client only for its own internal uses and shall not be divulged to any other party without written consent of HFS. HFS reserves all other rights and interests in these materials.

10. General Provisions. This Agreement constitutes the entire understanding of the parties with regard to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings. This Agreement may only be amended by a written agreement signed by both parties. This Agreement shall be binding on, and inure to the benefit of, the parties and their successors and assignees. This Agreement may be executed in counterparts, by signatures transmitted by telecopier, each of which shall be deemed an original, and which together shall constitute one and the same agreement. California law (without regard to conflicts of law) shall govern the interpretation and enforcement of the Agreement. This Agreement has been approved by the client's governing body, and is signed by a duly authorized officer.

Mr. Weis, please sign your approval below in the designated space. Return one copy to HFS Consultants and keep one for your records. We appreciate this opportunity to serve your needs, and look forward to working with you on this important and challenging assignment.

Sincerely,

HFS CONSULTANTS



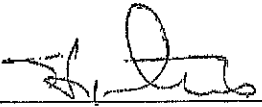
Richard J. Parsons

Vice President / Principal

Management and Operations Group

Mr. Harry Weis
Chief Executive Officer
March 24, 2010
Page 6 of 6

Accepted for Natividad Medical Center:

Name:  _____
Mr. Harry Weis

Date: 3/29/10

(Original Agreement No. (10169))

**RENEWAL AMENDMENT NO. 3
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN HFS Consultants AND
THE COUNTY OF MONTEREY
FOR**

Medical Record Scanning, Coding, Abstracting and OSHPD Correction SERVICES

The parties to Professional Service Agreement, dated September 20, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and HFS Consultants (Contractor), hereby agree to renew their Agreement No. (10169) on the following amended terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (10169).
2. This Renewal Amendment shall become effective on July 1, 2008 and shall continue in full force and extending the term date until June 30, 2009.
3. The total amount payable by County to Contractor under Agreement No. (10169) shall not exceed the total sum of \$2,416,000 for the full term of the Agreement; and \$604,000 for fiscal year 2008-2009.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (10169).

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

CONTRACTOR

Signature *Becky Carroll*
Printed Name Becky Carroll

Dated 5/16/2008
Title Principal

COUNTY OF MONTEREY

Signature *[Signature]*
Purchasing Manager

Dated 7/15/08

Signature *[Signature]*
NMC - CEO

Dated 5/19/08

Approved as to Legal Form:
Charles J. McKee, County Counsel

By *[Signature]*
Allen Bidwell, Deputy
Attorneys for County and NMC

Dated: 5/14, 2008

(Original Agreement No. 10169)

**RENEWAL AMENDMENT NO. 2
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN HEALTHCARE FINANCIAL SERVICES (HFS) CONSULTANTS
AND THE COUNTY OF MONTEREY**

**FOR
MEDICAL RECORD SCANNING, CODING, ABSTRACTING AND OSHPD CORRECTION SERVICES**

The parties to Professional Service Agreement, dated September 20, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and HFS (Contractor), hereby agree to renew their Agreement No. 10169 on the following amended terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. 10169. This Renewal Amendment shall become effective on July 1, 2007, and shall continue in full force and effect until June 30, 2008.
4. The total amount payable by County to Contractor under Agreement No.10169 shall not exceed the total sum of \$1,812,000.
5. All other terms and conditions of the Agreement shall continue in full force and effect.
6. A copy of this Amendment shall be attached to the original Agreement No.10169

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

CONTRACTOR

Signature Judi Schally
 Printed Name Judi Schally

Dated 3/26/07
 Title Principal

COUNTY OF MONTEREY

Signature [Signature]
 Purchasing Manager
 Signature [Signature]
 NMC - CEO

Dated 7-27-07
 Dated 5/22/07

Approved as to Legal Form:
 Charles J. McKee, County Counsel
 By W. Allen Bidwell
 W. Allen Bidwell, Deputy
 Attorneys for County and NMC

Dated: May 21, 2007

Before the Board of Supervisors in and for the County of Monterey, State of California

Agreement No. A-10169

- a. Authorize the Purchasing Manager for Monterey County to execute Amendment No.1 with Healthcare Financial Services Consultants, extending the original Agreement (No. 10169) for the period of July 1, 2006 through June 30, 2007 in an amount not to exceed \$1,208,000 for Natividad Medical Center medical record scanning, coding, abstracting and Office of Statewide Health Planning and Development (OSHPD) correction services.
- b. Authorize the Purchasing Manager to issue a Purchase Order in an amount not to exceed \$604,000 to Healthcare Financial Services Consultants for FY 2006-07.....)

Upon motion of Supervisor Calcagno, seconded by Supervisor Lindley, and carried by those members present, effective July 18, 2006, the Board hereby:

- a. Authorizes the Purchasing Manager for Monterey County to execute Amendment No.1 with Healthcare Financial Services Consultants, extending the original Agreement (No. 10169) for the period of July 1, 2006 through June 30, 2007 in an amount not to exceed \$1,208,000 for Natividad Medical Center medical record scanning, coding, abstracting and Office of Statewide Health Planning and Development (OSHPD) correction services.
- b. Authorizes the Purchasing Manager to issue a Purchase Order in an amount not to exceed \$604,000 to Healthcare Financial Services Consultants for FY 2006-07.

PASSED AND ADOPTED on this 18th day of July, 2006, by the following vote, to wit:

AYES: Supervisors Calcagno, Lindley, and Smith

NOES: None

ABSENT: Supervisors Armenta and Potter

I, Lew C. Bauman, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof Minute Book 73 on July 18, 2006.

Dated: July 21, 2006

Lew C. Bauman, Clerk of the Board of Supervisors, County of Monterey, State of California

By Cynthia Juarez
Cynthia Juarez, Deputy

Before the Board of Supervisors in and for the
County of Monterey, State of California

Approved and authorized the Purchasing Manager for)
Monterey County to sign an agreement with)
Healthcare Financial Services Consultants for)
Natividad Medical Center medical record scanning,)
coding and abstracting and OSHPD correction services)
for \$604,000 through fiscal year 2005-06..)

Upon motion of Supervisor Armenta, seconded by Supervisor Calcagno,
and carried by those members present, effective June 7, 2005 the Board hereby approved and
authorize the Purchasing Manager for Monterey County to sign an agreement with Healthcare
Financial Services Consultants for Natividad Medical Center medical record scanning, coding
and abstracting and OSHPD correction services for \$604,000 through fiscal year 2005-06.
PASSED AND ADOPTED this 7th day of June 2005, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Lindley, Potter

NOES: None

ABSENT: Supervisor Smith

I, Lew C. Bauman, Clerk of the Board of Supervisors of the County of Monterey, State of
California, hereby certify that the foregoing is a true copy of an original order of said Board of
Supervisors duly made and entered in the minutes thereof at page -- of the Minute Book
72, on June 7 2005.

Dated: June 16, 2005

Lew C. Bauman, Clerk of the Board of Supervisors,
County of Monterey, State of California.

By Ann McElroy
Deputy

(Original Agreement No. 10169)

RENEWAL AMENDMENT NO. 1
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN HEALTHCARE FINANCIAL SERVICES CONSULTANTS (HFS)
AND THE COUNTY OF MONTEREY
FOR

MEDICAL RECORD SCANNING, CODING, ABSTRACTING AND OSHED CORRECTION SERVICES

The parties to Professional Service Agreement, dated September 20, 2005 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and HFS (Contractor), hereby agree to renew their Agreement No. 10169 on the following amended terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. 10169. This Renewal Amendment shall become effective on July 1, 2006, and shall continue in full force and effect until June 30, 2007.
4. The total amount payable by County to Contractor under Agreement No. 10169 shall not exceed the total sum of \$504,000.
5. All other terms and conditions of the Agreement shall continue in full force and effect.
6. A copy of this Amendment shall be attached to the original Agreement No. 10169.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

CONTRACTOR

Signature Judith A. Holloway
Printed Name Judith A. Holloway

Dated 6-30-06
Principal
and Director, HIM Dept.

COUNTY OF MONTEREY

Signature _____
Purchasing Manager

Dated _____

Signature _____
NMC - CEO

Dated _____

Approved as to Legal Form:

Charles J. Malces, County Counsel

By W. Allen Bidwell
W. Allen Bidwell, Deputy
Attorneys for County and NMC

Dated: June 20, 2006

COUNTY OF MONTEREY AGREEMENT FOR PROFESSIONAL SERVICES
(MORE THAN \$25,000)

This Professional Services Agreement ("Agreement") is made by and between the County of Monterey, a political subdivision of the State of California (hereinafter "County") and HFS Consultants

(hereinafter "CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

1. **SERVICES TO BE PROVIDED.** The County hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in Exhibit A in conformity with the terms of this Agreement. The services are generally described as follows: Provide Medical Records coding, scanning and abstracting and OSEPD correction services

2. **PAYMENTS BY COUNTY.** County shall pay the CONTRACTOR in accordance with the payment provisions set forth in Exhibit A, subject to the limitations set forth in this Agreement. The total amount payable by County to CONTRACTOR under this Agreement shall not exceed the sum of \$ 604,000.00.

3. **TERM OF AGREEMENT.** The term of this Agreement is from July 1, 2005 to June 30, 2006, unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and County and with County signing last, and CONTRACTOR may not commence work before County signs this Agreement.

4. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A: Scope of Services/Payment Provisions

- Business Associate Agreement
- Insurance Justification

5. **PERFORMANCE STANDARDS.**

5.01. CONTRACTOR warrants that CONTRACTOR and CONTRACTOR's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement.

5.02. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.

5.03. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR

shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6. PAYMENT CONDITIONS.

6.01. CONTRACTOR shall submit to the Contract Administrator an invoice on a form acceptable to County. If not otherwise specified, the CONTRACTOR may submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice as the County may require. The Contract Administrator or his or her designee shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

6.02. CONTRACTOR shall not receive reimbursement for travel expenses unless set forth in this Agreement.

7. TERMINATION.

7.01. During the term of this Agreement, the County may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.

7.02. The County may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If County terminates this Agreement for good cause, the County may be relieved of the payment of any consideration to CONTRACTOR, and the County may proceed with the work in any manner which County deems proper. The cost to the County shall be deducted from any sum due the CONTRACTOR under this Agreement.

8. INDEMNIFICATION. CONTRACTOR shall indemnify, defend, and hold harmless the 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 the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

9. INSURANCE.

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

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

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

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 \$1,000,000 per occurrence.

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

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 \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

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

Professional liability insurance, if required for the professional services being provided, in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

Exemption/Modification (Justification attached; subject to approval). *not needed*

9.02. Other Insurance Requirements. All insurance required by this Agreement shall be with a company acceptable to the County and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. 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 years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that the County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Contractor and additional insureds 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 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.

Prior to the execution of this Agreement by the County, CONTRACTOR shall file certificates of insurance with the County's contract administrator and County's Contracts/Purchasing Division, 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 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 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 County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five 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 County, at its sole discretion, to terminate this Agreement immediately.

10. RECORDS AND CONFIDENTIALITY.

10.01. Confidentiality. CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this Agreement, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out CONTRACTOR's obligations under this Agreement.

10.02. County Records. When this Agreement expires or terminates, CONTRACTOR shall return to County any County records which CONTRACTOR used or received from County to perform services under this Agreement.

10.03. Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.

10.04. Access to and Audit of Records. The County 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 \$10,000, the parties to this Agreement may be subject, at the request of the County or as part of any audit of the County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

10.05. Royalties and Inventions. County shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of County.

11. NON-DISCRIMINATION. During the performance of this Agreement, CONTRACTOR shall not unlawfully discriminate against any person because of race, color, religion, sex, national origin, ancestry, physical disability, medical condition, marital status, age (over 40), or sexual preference, either in CONTRACTOR's employment practices or in the furnishing of services to recipients. CONTRACTOR shall

ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

12. **COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANT.** If this Agreement has been or will be funded with monies received by the County pursuant to a contract with the state or federal government in which the County is the grantee, CONTRACTOR will comply with all the provisions of said contract, to the extent applicable to CONTRACTOR as a subgrantee under said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, County will deliver a copy of said contract to CONTRACTOR, at no cost to CONTRACTOR.

13. **INDEPENDENT CONTRACTOR.** In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent contractor and not as an employee of the County. No offer or obligation of permanent employment with the County or particular County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from County any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of CONTRACTOR's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold County harmless from any and all liability which County may incur because of CONTRACTOR's failure to pay such taxes.

14. **NOTICES.** Notices required under this Agreement shall be delivered personally or by first-class, postage pre-paid mail to the County's and CONTRACTOR'S contract administrators at the addresses listed below:

FOR COUNTY:	FOR CONTRACTOR:
Natividad Medical Center	HFS CONSULTANTS
Name and Title	Name and Title
1441 Constitution Blvd.	505 Fourteenth 5 th Floor
Salinas, CA 93906	Oakland, CA 94612
Address	Address
831-755-4194 Fax: 831-755-4138	510 768 0066
Phone	Phone

15. **MISCELLANEOUS PROVISIONS.**

15.01. **Conflict of Interest.** CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement which would directly or indirectly conflict in any manner or to any degree with the full and complete performance of the professional services required to be rendered under this Agreement.

15.02. **Amendment.** This Agreement may be amended or modified only by an instrument in writing signed by the County and the CONTRACTOR.

15.03. Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by the County and the CONTRACTOR. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.

15.04. Contractor. The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR's officers, agents, and employees acting on CONTRACTOR's behalf in the performance of this Agreement.

15.05. Disputes. CONTRACTOR shall continue to perform under this Agreement during any dispute.

15.06. Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the County. None of the services covered by this Agreement shall be subcontracted without the prior written approval of the County. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.

15.07. Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of the County and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.

15.08. Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.

15.09. Headings. The headings are for convenience only and shall not be used to interpret the terms of this Agreement.

15.10. Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement.

15.11. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.

15.12. Non-exclusive Agreement. This Agreement is non-exclusive and both County and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.

15.13. Construction of Agreement. The County and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.

15.14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

15.15. Authority. Any individual executing this Agreement on behalf of the County or the CONTRACTOR represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such party and bind the party to the terms and conditions of this Agreement.

15.16. Integration. This Agreement, including the exhibits, represent the entire Agreement between the County and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the County and the CONTRACTOR as of the effective date of this Agreement, which is the date that the County signs the Agreement.

15.17. Interpretation of Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

IN WITNESS WHEREOF, County and CONTRACTOR have executed this Agreement as of the day and year written below.

COUNTY OF MONTEREY

By: [Signature]
 Contracts/Purchasing Manager

Date: 9-30-05

By: [Signature]
 Department Head (if applicable)

Date: 5/25/05

By: _____
 Board of Supervisors (if applicable)

Date: _____

Approved as to Form W. Ake Bidwell
 By: _____
 County Council

Date: 05-13-05

Approved as to Fiscal Provisions
 By: [Signature]
 Auditor/Controller

Date: RISK MANAGEMENT-05

COUNTY OF MONTEREY
APPROVED AS TO INDEMNITY/
INSURANCE COVERAGE

By: [Signature]
 Risk Management

Date: 5/25/05

CONTRACTOR

HFS Consultants, Inc.
 Contractor's Business Name*

By: [Signature]
 (Signature of Chair, President, or Vice
 President)*

Judith A. Hovvoway
 Principal and Title

Date: 4/15/05

By: _____
 (Signature of _____, Asst. Secretary,
 CFO, or Asst. Treasurer)*

Date: _____
 Name and Title

County Board of Supervisors' Agreement Number: _____

*INSTRUCTIONS: IF CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.

BUSINESS ASSOCIATE AGREEMENT

This Agreement, hereinafter referred to as "Agreement", is made effective July 1, 2009 by and between the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center, hereinafter referred to as "Covered Entity", and HFS Consultants hereinafter referred to as "Business Associate", (individually, a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as "the Administrative Simplification provisions," direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule"); and

WHEREAS, the State of California has enacted statutes designed to safeguard patient privacy including, without limitation, the Confidentiality of Medical Information Act ("CMIA"), California Civil Code § 56 *et seq.*, Senate Bill 541, enacted September 30, 2008, and Assembly Bill 211, enacted September 30, 2008; and

WHEREAS, the parties acknowledge that California law may include provisions more stringent and more protective of the confidentiality of health information than the provisions of HIPAA; and

WHEREAS, the Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, hereby referred to as the "Service Agreement" and, pursuant to such arrangement, Business Associate may be considered a "business associate" of Covered Entity as defined in the HIPAA Privacy Rule and under California law; and

WHEREAS, Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement;

THEREFORE, in consideration of the Parties' continuing obligations under the Service Agreement, compliance with the HIPAA Privacy Rule, compliance with California law, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Privacy Rule and California law and to protect the interests of both Parties.

I. DEFINITIONS

Except as otherwise defined herein, any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the HIPAA Privacy Rule, as amended, the HIPAA Privacy Rule shall control. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of CMIA or other California law, California law shall control. Where provisions of this Agreement are different than those mandated in the HIPAA Privacy Rule and California law, but nonetheless are permitted by the HIPAA Privacy Rule and California law, the provisions of this Agreement shall control.

The term "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including without limitation, demographic,

medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

Business Associate acknowledges and agrees that all Protected Health Information that is created or received by Covered Entity and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by Covered Entity or its operating units to Business Associate or is created or received by Business Associate on Covered Entity's behalf shall be subject to this Agreement.

II. CONFIDENTIALITY REQUIREMENTS

(a) Business Associate agrees:

(i) to access, use, or disclose any Protected Health Information solely: (1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom Covered Entity is required to disclose such information or as otherwise permitted under this Agreement, the Service Agreement (if consistent with this Agreement the HIPAA Privacy Rule, and California law), the HIPAA Privacy Rule, or California law and (3) as would be permitted by the HIPAA Privacy Rule and California law if such use or disclosure were made by Covered Entity;

(ii) at termination of this Agreement, the Service Agreement (or any similar documentation of the business relationship of the Parties), or upon request of Covered Entity, whichever occurs first, if feasible; Business Associate will return or destroy all Protected Health Information received from or created or received by Business Associate on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, Business Associate will extend the protections of this Agreement to the information and limit further access, uses, and disclosures to those purposes that make the return or destruction of the information not feasible; and

(iii) to ensure that its agents, including a subcontractor, to whom it provides Protected Health Information received from or created by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply to Business Associate with respect to such information. In addition, Business Associate agrees to take reasonable steps to ensure that its employees' actions or omissions do not cause Business Associate to breach the terms of this Agreement.

(b) Notwithstanding the prohibitions set forth in this Agreement, Business Associate may use and disclose Protected Health Information as follows:

(i) if necessary, for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that as to any such disclosure, the following requirements are met:

~~(A) the disclosure is required by law; or~~

(B) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and accessed, 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 Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached, within five calendar days of discovering said breach of confidentiality;

(ii) for data aggregation services, if to be provided by Business Associate for the health care operations of Covered Entity pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of Protected Health Information by Business Associate with the protected health information received by

Business Associate in its capacity as a business associate of another covered entity, to permit data analyses that relate to the health care operations of the respective covered entities.

(c) Business Associate will implement appropriate safeguards to prevent access to, use of, or disclosure of Protected Health Information other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit Business Associate's records and practices related to use and disclosure of Protected Health Information to ensure Covered Entity's compliance with the terms of the HIPAA Privacy Rule. Business Associate shall report to Covered Entity any access, use, or disclosure of Protected Health Information which is not in compliance with the terms of this Agreement of which it becomes aware within five calendar days of discovering such improper access, use, or disclosure. In addition, Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use, disclosure, or access of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

III. AVAILABILITY OF PHI

Business Associate agrees to make available Protected Health Information to the extent and in the manner required by Section 164.524 of the HIPAA Privacy Rule. Business Associate agrees to make Protected Health Information available for amendment and incorporate any amendments to Protected Health Information in accordance with the requirements of Section 164.526 of the HIPAA Privacy Rule. In addition, Business Associate agrees to make Protected Health Information available for purposes of accounting of disclosures, as required by Section 164.528 of the HIPAA Privacy Rule.

IV. TERMINATION

Notwithstanding anything in this Agreement to the contrary, Covered Entity shall have the right to terminate this Agreement and the Service Agreement immediately if Covered Entity determines that Business Associate has violated any material term of this Agreement. If Covered Entity reasonably believes that Business Associate will violate a material term of this Agreement and, where practicable, Covered Entity gives written notice to Business Associate of such belief within a reasonable time after forming such belief, and Business Associate fails to provide adequate written assurances to Covered Entity that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then Covered Entity shall have the right to terminate this Agreement and the Service Agreement immediately, and seek injunctive and/or declaratory relief in a court of law having jurisdiction over Business Associate.

V. MISCELLANEOUS

~~Except as expressly stated herein, in the HIPAA Privacy Rule, or under California law, the parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section shall survive the expiration, termination, or cancellation of this Agreement, the Service Agreement and/or the business relationship of the parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.~~

This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the State of California. No change, waiver or

discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the parties, pursuant to which Business Associate provides services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information.

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule or California law, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall attempt in good faith to address such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, at the conclusion of such thirty-day period, a party believes in good faith that the Agreement still fails to comply with the HIPAA Privacy Rule or California law, then either party has the right to terminate this Agreement and the Service Agreement upon written notice to the other party. Neither party may terminate this Agreement without simultaneously terminating the Service Agreement, unless the parties mutually agree in writing to modify this Agreement or immediately replace it with a new Business Associate Agreement that fully complies with the HIPAA Privacy Rule and California law.

Business Associate acknowledges that Natividad Medical Center (NMC) has established a Corporate Compliance Program, and under this program NMC has developed a Code of Conduct Manual to provide guidance in the ethical and legal performance of our professional services. Business Associate further agrees to abide by all principles stated in the Code of Conduct while conducting business with Natividad Medical Center. A copy of the Code of Conduct & Principles of Compliance is available upon request.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written above.

COVERED ENTITY:

BUSINESS ASSOCIATE:

By: _____

By: 

Title: _____

Title: Principal

Date: _____

Date: 4/15/2009

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/02/2011

PRODUCER
CENTRAL PACIFIC INSURANCE SERVICES
DUKE S. STERLING
480 W. GRAND AVENUE, SUITE A
GROVER BEACH, CA 93433

805-473-0008

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
HFS CONSULTANTS
VALUED CUSTOMER SINCE 2002
505 14TH STREET, 5TH FLOOR
OAKLAND, CA 94612

INSURERS AFFORDING COVERAGE **NAIC #**
INSURER A: TRAVELERS INSURANCE COMPANY
INSURER B:
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X HIRED AUTOS X NON-OWNED AUTOS GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PROJECT LOC	I-680-35F05748-TIL-11	06/01/2011	06/01/2012	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS > COMP/OP AGG \$ 4,000,000
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY > EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC AGG \$
	EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUS: OTH ER TORY LIMITS E.L. EACH ACCIDENT \$ E.L. DISEASE > EA EMPLOYEE \$ E.L. DISEASE > POLICY LIMIT \$

OTHER

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
ADDITIONAL INSURED BLANKET ENDORSEMENT TO TRAVELERS POLICY:
THIS COVERAGE SHALL INCLUDE COUNTY OF MONTEREY, ITS OFFICERS, AGENTS AND EMPLOYEES AS IT WOULD DEFEND THE VENDOR IN THE EVENT OF VENDOR LIABILITY. IT IS FURTHER AGREED THAT THESE INSURANCES WILL BE "PRIMARY" TO THE VENDOR IN THE EVENT OF "VENDOR LIABILITY" WHILE PERFORMING SERVICES FOR THE ADDITIONAL INSURED, ANY OTHER INSURANCE MAINTAINED BY THE ADDITIONAL INSURED SHALL BE EXCESS ONLY AND NOT CONTRIBUTING WITH THIS INSURANCE.

CERTIFICATE HOLDER COUNTY OF MONTEREY NATIVIDAD ATTN: SID CATO 1441 CONSTITUTION BLVD. SALINAS, CA 92906	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE Duke S. Sterling
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/01/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER LOCKTON COMPANIES, LLC 5847 SAN FELIPE, SUITE 320 HOUSTON, TX 77057	CONTACT NAME: _____	
	PHONE (A/C No, Ext): _____	FAX (A/C, No): _____
E-MAIL ADDRESS: _____		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: ACE American Insurance Company		22667
INSURER B: _____		
INSURER C: _____		
INSURER D: _____		
INSURER E: _____		
INSURER F: _____		

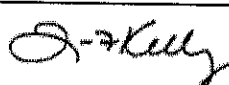
INSURED
 INSPERITY, INC.
 19001 CRESCENT SPRINGS DRIVE
 KINGWOOD, TX 77339
 * SEE BELOW

COVERAGES **CERTIFICATE NUMBER:** NYW4GXSV **REVISION NUMBER:** _____

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below			C47087302	01/01/2012	10/01/2012	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 * HFS CONSULTANTS (3029300) IS INCLUDED AS A NAMED INSURED THROUGH ENDORSEMENT.

CERTIFICATE HOLDER County of Monterey Natlidad Attn: Sid Cato 1441 Constitution Blvd. Salinas, CA 92906	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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