



# Monterey County

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1st Floor  
Salinas, CA 93901  
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## Board Order

**Agreement No.: A-12780**

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

Approved and directed the Purchasing Manager for Natividad Medical Center (NMC) to execute the Master Agreement with Med Assets Performance Management Solutions Inc. (Med Assets) for Group Purchasing Organization (GPO) services, which includes an annual Committed Purchases Requirement of \$6,000,000 for the period July 1, 2014 to June 30, 2019.

**PASSED AND ADOPTED** on this 29th day of July 2014, by the following vote, to wit:

**AYES:** Supervisors Armenta, Calcagno, Salinas, Parker and 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 77 for the meeting on July 29, 2014.

Dated: July 30, 2014  
File Number: A 14-201

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

By  Deputy

**MASTER AGREEMENT  
BETWEEN COUNTY OF MONTEREY, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA  
(HEREINAFTER "THE COUNTY"), ON BEHALF OF NATIVIDAD MEDICAL CENTER  
AND PERFORMANCE MANAGEMENT SOLUTIONS, INC.**

This MASTER AGREEMENT (the "Agreement") between MedAssets Performance Management Solutions, Inc., a Delaware corporation ("MedAssets") and the County of Monterey, a political subdivision of the State of California (hereinafter "the County"), on behalf of Natividad Medical Center ("NMC"), a general acute teaching hospital wholly owned and operated by the County, and is effective the next 1<sup>st</sup> of the month after the last date signed below and after approval by the Monterey County Board of Supervisors (the "Effective Date").

MedAssets and its affiliate, MedAssets Net Revenue Systems, LLC ("NRS") offer services which assist customers in improving business processes and cash flow. In the event NMC enters into a binding Statement of Work with NRS, MedAssets and NRS shall collectively be referred to as "MedAssets". MedAssets and NMC shall each be deemed a "Party" and collectively, the "Parties".

MedAssets represents and warrants that it has full authority to bind NRS to this Agreement and that this Agreement is fully binding on NRS. NMC represents and warrants that it has full authority to bind each Covered Facility to this Agreement and that this Agreement is fully binding on each Covered Facility.

NMC is a general acute teaching hospital wholly owned and operated by the County and wishes to enter into an agreement for the Services.

In consideration of the mutual agreements and promises contained herein, and for other valuable consideration, receipt of which is acknowledged, MedAssets and NMC agree as follows:

**1. Definitions.**

Administrative Fee means a payment from Participating Suppliers to MedAssets based upon purchases by the Covered Facilities listed in the Statement of Work ("SOW") for the Group Purchasing Program.

Background Technology means all designs, drawings, models, prototypes, information, reports, and technology proprietary to MedAssets, which: (i) MedAssets has acquired or acquires from third-parties; (ii) MedAssets creates outside of its performance of the Services; or (iii) relates to skills and knowledge of a general nature acquired by MedAssets in the course of performance of Services.

Committed Purchases means the annual Manufacturer Contract Purchases.

Committed Purchases Requirement is \$6,000,000 of Committed Purchases.

Covered Facilities shall mean those entities participating under an SOW which are listed in the Covered Facilities section of such SOW.

Customer Data means any data or information uploaded, provided, sent, transferred or otherwise transmitted by NMC to MedAssets in connection with the Services.

Deliverables means the work, reports or other deliverables (except to the extent that such deliverable incorporated MedAssets Background Technology) that MedAssets or a Participating Affiliate is obligated to deliver to NMC, as set forth in the applicable SOW.

Error means a verifiable programming error, logic error, or "bug" within Software, or other defect in the Software that causes it to operate incorrectly or otherwise not in conformity with its applicable specifications.

Intellectual Property Rights means the patent rights, copyright rights (including, but not limited to, moral rights), trademarks, trade secret rights, and any other intellectual property rights recognized by the law of any applicable jurisdiction.

Manufacturer Contract Purchases means purchases by a Covered Facility from a Participating Supplier who is not acting in the capacity of a distributor.

Participating Supplier means any manufacturer, service provider, wholesaler or distributor which has executed a Supplier Agreement to sell products or services through the Group Purchasing Program and which pays MedAssets an Administrative Fee.

Proprietary Information means: (i) the terms of this Agreement and its Exhibits, SOWs and Schedules; (ii) each Party's business processes and plans; (iii) Customer Data provided to MedAssets; (iv) MedAssets Background Technology and its software; and (v) any other information which is disclosed to the other Party, and which by its nature should reasonably be considered as confidential or proprietary except when disclosure is required by law.

Services means the services to be provided by MedAssets to a Covered Facility pursuant to any attached or subsequently executed SOW.

Software means any software provided by MedAssets to NMC or a Covered Facility including any related interfaces and any custom software.

Statement of Work ("SOW") means the document(s) MedAssets and NMC have attached to this Agreement, or may subsequently execute, that incorporate(s) a description of the Deliverables and other applicable terms.

Supplier Agreement means the contracts executed between MedAssets and Participating Suppliers which are part of the Group Purchasing Program.

Term commences on the Effective Date and remains in effect for 5 years (the "Initial Term").

**2. Agreement Attachments.** The following attachments are to be considered an integral part of this Agreement and are incorporated by reference:

- Exhibit A: Natividad Travel Policy
- Exhibit B: Request for Sales Tax Exemption Certificate
- SOW for the Group Purchasing Program
- SOW for Contract Catalog
- SOW for Spend Analytics - Advanced
- SOW for Item Master Services

**3. Scope of Services.** The scope of services shall be as defined in each SOW.

**4. Compensation.**

4.1 Payment for Services. NMC shall pay to MedAssets the fees set forth in the SOW(s), as consideration for the Services. The Parties agree and acknowledge that any modification to the "Covered Facilities" set forth in any SOW may require a change in fees charged. Any such change in fees shall be mutually agreed to by the Parties hereto.

Notwithstanding the forgoing, the Spend Analytics - Advanced and the Item Master Services shall be provided by MedAssets in consideration of the Administrative Fees retained by MedAssets until the expiration or termination of such SOW provided NMC meets or exceeds the Committed Purchase Requirement during each 12 month period commencing 6 months following the Effective Date. If NMC fails to meet the Committed Purchases Requirement during any twelve-month period commencing 6 months following the Effective Date, then any future Fees for Spend Analytics - Advanced and for Item File Services shall not be provided by MedAssets in consideration of the Administrative Fees retained by MedAssets and instead shall be invoiced to NMC.

Unless specifically excluded in the SOWs attached to this Agreement, the fee for all other Services, including Contract Catalog, shall be paid by NMC pursuant to Section 4.2 below. In the event such Administrative Fees are insufficient to pay for the Services provided for in the SOWs, MedAssets shall issue an invoice to NMC for any Fees which remain due hereunder. Terms of payment are net 30 days from the date of receipt of the certified invoice in the Auditor-Controller's office.

The Parties agree and acknowledge that any modification to the "Covered Facilities" set forth in any SOW may require a change in Fees charged. Any such change in Fees shall be mutually agreed to by the Parties hereto in writing.

4.2 Terms of Payment. MedAssets may submit monthly invoices for Services performed for the prior month. The invoice shall set forth the amounts claimed by MedAssets for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. NMC shall certify the invoice, either in the requested amount or in such other amount as NMC 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. The Parties agree and acknowledge that it typically takes approximately two weeks for an invoice to be certified by NMC. MedAssets may deduct from NMC's earned Shareback (as defined in the SOW for the Group Purchasing Program) any unpaid, undisputed fees due under any agreement between NMC and MedAssets or any Affiliate.

MedAssets reserves the right to suspend any Service being provided under this Agreement in the event any unpaid, undisputed Fee becomes 90 days or more past-due.

4.3 Expenses. NMC agrees to reimburse MedAssets for all reasonable business expenses incurred by MedAssets in rendering Services, including reasonable travel and lodging expenses. All travel and expenses shall be paid per the Monterey County Travel Policy. All such expenses shall be approved by NMC in advance and such approval shall not be unreasonably withheld.

4.4 Taxes Excluded. The fees do not include any foreign, federal, state or local sales, use or other similar taxes, however designated, levied on the Services. Except for any taxes based on MedAssets' net income, NMC shall pay MedAssets for all such taxes imposed on NMC or MedAssets. All sales of tangible personal property or taxable services are presumed to be subject to tax unless NMC provides an executed Sales Tax Exemption Certificate or a Direct Pay Permit. If NMC is exempt from sales tax, the foregoing provisions shall not apply and NMC shall provide MedAssets an executed Request for Sales Tax Exemption Certificate, attached hereto as Exhibit B, within 30 days of the Effective Date.

4.5 Consumer Price Index ("CPI"). Prices shall remain firm for the Initial Term of the Agreement and thereafter may be adjusted annually as provided in the following paragraph.

The fees may be revised by MedAssets upon notice to NMC on an annual basis on each anniversary of the Effective Date provided any such annual fee changes will be capped at the lesser of: (i) the annual CPI; or (ii) 5%. The annual CPI means the percentage change for the applicable one year period of the "All Items Figure" of the CPI - All Urban Consumers - U.S. City Average (1982-84 = 100) issued by the Bureau of Labor Statistics of the United States Department of Labor.

## **5. Change Requests and Cooperation.**

5.1 Project Changes. All statements concerning time are good faith estimates based upon information available and circumstances existing at the time made. Each SOW is subject to equitable adjustment upon any material change in such information or circumstances, the occurrence of an excusable delay (as provided in Section 5.2 and 5.3 respectively) or upon any modification of the scope, timing or level of Services that is agreed to by the Parties in writing. Any change in scope may modify the fees and/or the project schedule and such modification must be agreed to by the Parties in writing.

5.2 Failure to Cooperate. If NMC's failure or delay in furnishing necessary information, equipment or access to facilities to MedAssets, and/or in completing required tasks or in otherwise performing its obligations under this Agreement, for any reason, impedes or delays completion of the Services, then such failure or delay by MedAssets will be considered an excusable failure to perform. Any information provided by NMC that is materially untrue or incorrect may impede or delay completion of the Services and such delay or failure to perform by MedAssets will be considered an excusable failure to perform. Any modification to the fees that may reasonably result from any such excusable failure to perform must be agreed to by the Parties in writing.

5.3 Force Majeure. The performance by either Party of any obligations to be performed under this Agreement (other than an obligation to pay money or issue credit) is excused to the extent that performance is prevented by an act of God or the public enemy, terrorism, insurrections, riots, fire, explosion, flood, government order, or other reasonably unforeseeable causes beyond the control and without fault or negligence of the Party so affected and if, by the exercise of due diligence, the Party is unable to prevent or overcome the event. The Party so affected must give prompt written notice to the other Party of the cause and take whatever reasonable steps are necessary to relieve the effect of the cause as rapidly as possible.

**6. Ownership.** The Background Technology and Software shall be the exclusive property of MedAssets unless otherwise expressly specified in an SOW. All Customer Data and all Deliverables shall be the property of NMC to the extent they do not incorporate the Background Technology or Software.

**7. NMC Commitments.** NMC agrees to: (i) begin implementing all Services within five days of the Effective Date; (ii) complete implementation of all Services within the six month period commencing with the Effective Date; and (iii) to annually meet the Committed Purchases Requirement beginning with the 12 month period commencing 6 months following the Effective Date.

NMC will ensure that all data required for the Services is provided within 30 days of the Effective Date (unless otherwise provided for in a specific SOW) and its personnel who are necessary for the successful implementation of the Services will, on reasonable notice: (i) be available to assist MedAssets' personnel by answering questions and promptly providing requested documents; (ii) participate in Service related meetings; (iii) contribute to system and data integrity testing; and (iv) assist MedAssets with any activities or tasks required to complete the Services.

**8. Confidentiality.**

**8.1 Restrictions on Proprietary Information.** Each Party, as a recipient ("Recipient"), agrees that with respect to any Proprietary Information that is disclosed to it during the Term: (i) such Proprietary Information shall not be disclosed to any person outside of the Recipient's business organization (except to contractors and consultants of the Recipient who are provided access to the Proprietary Information by agreement of the Parties, and who are subject to appropriate nondisclosure obligations consistent with the obligations herein), and shall only be disclosed within the Recipient's organization on a "need-to-know" basis to individuals who have been apprised of the confidential nature of the Proprietary Information except when required by law; (ii) such Proprietary Information shall be treated with the same degree of care regarding its secrecy and confidentiality as similar information of the Recipient is treated within the Recipient's business organization; and (iii) such Proprietary Information shall remain the property of the disclosing Party, and its disclosure to the Recipient creates only a limited right to use such information in furtherance of Recipient's obligations under this Agreement.

NMC grants to MedAssets and its Affiliates, a non-exclusive, fully-paid, royalty-free and irrevocable right and license to use, reproduce, display, modify, create derivative works and disclose Customer Data (including the right to prepare and provide comparative pricing benchmarks). Other than in connection with the performance of the Services, MedAssets is prohibited from (and such right and license specifically excludes) the right: (i) to disclose the Customer Data other than on a non-identifying (anonymous) basis which is in full compliance with the Department of Justice Guidelines on the aggregation of pricing data; and (ii) to use or otherwise disclose any protected health information or any other personally identifiable information.

**8.2 Exceptions.** Recipient's confidentiality and nondisclosure obligations will not apply to any information which:

- (i) is or becomes publicly available by other than a breach of this Agreement (including any information filed with any governmental agency and available to the public);
- (ii) is disclosed to Recipient by a third-party that is legally entitled to disclose such information;
- (iii) Recipient demonstrates through documented records was known by it prior to its receipt from disclosing party;
- (iv) is developed by Recipient independently of any disclosures made by the disclosing party of such information, as demonstrated by disclosing party's documented records; or
- (v) is required to be disclosed by subpoena, court order, or other legal or regulatory requirement provided Recipient provides the disclosing party with prompt written notice so that it may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.

**8.3 HIPAA.** The Parties agree to comply with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") including all State of California HIPAA regulations.

The Parties are also committed to complying with the California Confidentiality of Medical Information Act, Ca. Civil Code §§ 56 *et seq.* ("CMIA"), where applicable. Business Associate acknowledges that the CMIA prohibits Business Associate from further disclosing the PHI it receives from Covered Entity where such disclosure would be violative of the CMIA.

8.4 Duration of Obligations. This Section 8 shall govern any disclosures made during the Term. The nondisclosure obligations of the Recipient under Section 8.2 shall remain in effect until three years after the disclosure, and for as long thereafter as the information may qualify as a trade secret of the disclosing party under applicable law.

## 9. WARRANTY.

9.1 Warranties of MedAssets. MedAssets warrants: (i) the Services provided hereunder will be performed in a professional manner in compliance with all applicable laws and regulations and the employees performing the services are not employees of NMC (ii) any work provided hereunder will reasonably conform in all material respects to the specifications agreed to by the Parties in writing for a period of one year following the completion of such Services. NMC may only notify MedAssets during such one year period of any material deficiency in the Services. 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. MedAssets 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. MedAssets shall not use NMC premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement. NMC's sole and exclusive remedy, and MedAssets' sole and exclusive liability, for a breach of the foregoing representations and warranties shall be: (i) the specific support services in the applicable SOW; (ii) repeating or reprocessing of the Services by MedAssets at no additional charge; or (iii) termination pursuant to Section 10. EXCEPT FOR THE WARRANTIES SET FORTH IN THIS AGREEMENT, MEDASSETS DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED REGARDING THE WORK AND SERVICES PROVIDED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE.

9.2 Right to Use. Each Party warrants that it owns all right, title, and interest in, or has full and sufficient right and authority to use in the manner contemplated by this Agreement, any programming, materials, or data furnished in connection with MedAssets' performance of the Services.

9.3 Limitation of Liability. NMC acknowledges that MedAssets' work is advisory in nature, and that should it desire to implement any recommendations made, NMC is solely responsible for the results therefrom. NMC shall be solely responsible for its compliance with state and federal statutes, laws, regulations, policies or other governmental regulations including Medicare reimbursement, and accurate and complete code assignment. MedAssets will not be liable for claims attributable to any errors, omissions, or other inaccuracies in the information or material contained in the Customer Data or data MedAssets receives from third parties. Except for NMC's failure to pay for the Services, the maximum liability of either Party arising out of or related to this Agreement, regardless of legal theory (WHETHER IN CONTRACT, TORT OR OTHERWISE), SHALL NOT EXCEED THE LIMITS SET FORTH BELOW IN SECTION 13.3.

**IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE FOR INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE SERVICES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES FOR LOST OR DAMAGED FILES OR DATA, LOST PROFITS, LOST SAVINGS, OR LOSS OF BUSINESS OPPORTUNITY OR GOODWILL), EVEN IF INFORMED OF THE POSSIBILITY IN ADVANCE.**

Except for NMC's failure to pay for the Services, neither NMC nor MedAssets shall be liable to the other for any damages exceeding the aggregate insurance coverage limits set forth under this Agreement, including but not limited to, any and all legal and regulatory actions, alleged damages, claims, liabilities, costs, expenses or financial loss, in any way arising from or relating to the performance of this Agreement. The provisions of this Paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort or otherwise.

**THIS LIMITATION OF LIABILITY IS FUNDAMENTAL TO THIS AGREEMENT AND HAS BEEN REVIEWED AND BARGAINED FOR BY THE PARTIES, AND NEITHER PARTY WOULD BE WILLING TO ENTER INTO THIS AGREEMENT WITHOUT SUCH LIMITATION.**

## 10. TERM AND TERMINATION.

10.1 Term of Agreement. This Agreement shall continue for the Term unless terminated earlier by either Party pursuant to this Section.

10.2 Termination of Agreement for Breach. If either Party breaches any material provision of this Agreement (excluding any SOW), the non-breaching Party shall provide written notice of such breach to the other Party. If the breaching Party has failed to cure the breach within 30 days after receiving written notice, the non-breaching Party may, in its sole discretion, terminate the Agreement and all attached SOWs by providing a letter of termination to the breaching Party which shall specify the exact date of termination.

10.3 Termination of any SOW for Breach. If either Party breaches any material provision of any SOW, the non-breaching Party to the SOW shall provide written notice of such breach to the other party to the SOW and the breaching Party shall have 30 days to cure the breach. If the breaching Party fails to timely cure the breach, the non-breaching Party may, in its sole discretion, terminate only the applicable SOW by providing a letter of termination to the breaching Party which shall specify the exact date of termination of such SOW.

10.4 Termination Without Cause. Each of NMC and MedAssets reserve the right to cancel this Agreement, or an extension of this Agreement, without cause, upon thirty (30) days' prior written notice to the other Party. Notwithstanding the foregoing, in the event NMC cancels this Agreement prior to the conclusion of the first 36 months of the Term, then NMC shall reimburse MedAssets for the Spend Analytics - Advanced Implementation Fee and the Phase I - Initial Item Master Cleansing Fees (as set forth in the applicable SOWs) within 15 days of such cancellation and pay any other fees due immediately.

10.5 Conflicting Expiration of Termination Dates. Expiration of an SOW's term or termination of any SOW shall not terminate this Agreement or any remaining SOWs unless the terminating or expiring SOW is the last remaining SOW in effect in which case its termination or expiration will terminate the Agreement.

## 11. Software Terms.

11.1 Limited License. During the applicable SOW Term, MedAssets grants to NMC, and NMC accepts, a non-transferable, non-exclusive limited license to access any Software provided under an SOW for its internal business purposes subject to the terms of the applicable SOW.

11.2 Limitations and Exclusions. MedAssets shall have no obligation to provide support services for (i) any professional services provided by MedAssets outside of the scope of the Agreement or this SOW; (ii) any non-MedAssets computer programs, technology or hardware; (iii) any data conversion, template construction or interface design, other than as specifically set forth solely with respect to NMC's systems and data as provided on the date of the completion of the applicable Setup Services; (iv) any data conversion, template construction or interface design arising out of or relating to a change in NMC's system and data at any time during the SOW Term; and/or (v) any MedAssets software that is not the most recent version or release. NMC acknowledges that interfaces to or exporting data from the Services for upload into NMC's system or other use, whether to the NMC directly or to a third-party is not part of the scope of this Agreement and is available for an additional fee.

11.3 Limited Rights. Except as expressly authorized by any SOW, NMC has no right to provide access to the Software or Services offered in any Statement of Work or to transfer, sublicense or otherwise distribute the MedAssets' proprietary content of any Services to any third-party. NMC is not authorized to access the Software in any manner to provide service bureau, time sharing or other computer services to third parties. NMC shall not remove any copyright, trademark, proprietary rights, disclaimer or warning notice included on or embedded in any part of Services (including any screen displays, etc.) or any other products or materials delivered by MedAssets. NMC shall not copy, use, analyze, reverse engineer, decompile, disassemble, translate, convert, or apply any procedure or process to the Software in order to ascertain, derive, and/or appropriate for any reason or purpose, the source code for the Software or any trade secret information contained in the Software. Licensee does not have the right to alter, maintain, enhance or otherwise modify the Software. MedAssets is the owner of all modifications and enhancements to the Software. Except for the express license granted herein, no other licenses are granted by MedAssets by implication or otherwise.

11.4 Software Maintenance. MedAssets shall use its commercially reasonable efforts to correct Errors the Software which are reported in writing or via email by NMC by issuing either: (a) correction information, such as correction or corrected documentation, if the Error is reasonably classified by MedAssets as an error in the documentation; or (b) maintenance modifications, if the error resides in the operation of the code of the Software itself. As used herein, a "Maintenance Modification" to the Software means a revision or modification thereto which provides Error correction or which otherwise is intended to remedy the reported and verifiable non-conformity of the Software with its applicable

specifications. Any modifications to the Software that may be proposed by NMC are subject to agreement on the terms and specifics of the work product, and MedAssets shall be under no obligation to make any requested modifications.

11.5 No Viruses. All software/hardware purchased must be free of malicious code such as viruses, Trojan horse programs, worms, spyware, etc. Malicious code or malware (short for malicious software) is defined as software (or firmware) designed to damage or do other unwanted actions on a computer system. Common examples of malware include viruses, worms, Trojan horses and spyware. Viruses, for example, can cause havoc on a computer's hard drive by deleting files or directory information. Spyware can gather data from a user's system without the user knowing it. This can include anything from the web pages a user visits to personal information, such as credit card numbers.

11.6 Data Requests. For systems hosted or stored on equipment not owned by NMC, MedAssets shall furnish all data received from NMC to NMC upon written request by NMC at any time during the Term in a useable format as reasonably specified by NMC and at no additional cost to NMC. MedAssets will have 5 business days from the formal NMC request to provide the requested data.

## 12. General Provisions.

12.1 Access to Records. MedAssets acknowledges that applicable portions of the Social Security Act require NMC to include in this Agreement a provision requiring MedAssets to allow the Secretary of the Department of Health and Human Services ("HHS"), and other authorized federal officials, access to MedAssets' books and records as they relate to services and procedures provided pursuant to this agreement. Therefore, if the value or cost of services rendered to NMC pursuant to this agreement is \$10,000 or more over a 12 month period, MedAssets agrees as follows:

- (i) until the expiration of four years after the furnishing of any service or procedure pursuant to this agreement, MedAssets shall, upon written request, make available to the Secretary of HHS, the Secretary's duly authorized representatives, the Controller General, or the Controller General's duly authorized representatives, this agreement and such books, documents and records as many be necessary to certify the nature and extent of the cost or value of services performed by MedAssets hereunder;
- (ii) if MedAssets performs any of its duties hereunder by way of a subcontract with a related organization, and the value or cost of such subcontracted duties is \$10,000 or more over a 12 month period, such subcontract shall contain a clause to the same effect as subparagraph (1), immediately above; and
- (iii) the availability of MedAssets books, documents and records shall be subject at all times to such criteria and procedures for seeking and obtaining access as may be promulgated by the Secretary of HHS by regulation and other applicable laws.

12.2 Compliance with Law. Throughout the Term each Party's respective performance under this Agreement shall be, and shall remain, in compliance with all applicable federal, state and local laws and regulations.

12.3 Discount Disclosure. NMC understands that any discounted pricing provided as part of the Services, may be regarded as a "discount" within the meaning of 42 U.S.C. Section 1320a-7b(3)(A) of the Social Security Act and the regulations promulgated hereunder at 42 C.F.R. Section 1001.952(h) and that NMC may have an obligation to report this discount to any state or federal program which provides cost or charge-based reimbursement to NMC, as the case may be, for the items to which the discount applies.

12.4 Entire Agreement and Amendment. This Agreement, together, with all attached Exhibits, Schedules and SOWs, contains the entire understanding between the Parties hereto with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, with respect to the subject matter of this Agreement including but not limited to the Participation Agreement between MedAssets HSCA, Inc. and Natividad Medical Center dated July 1, 2003. The express terms of this Agreement, together with all attached Exhibits, Schedules and SOWs, control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement, any Exhibit, any Schedule or any SOW may not be modified or amended other than by an agreement in writing signed by both Parties.

12.5 Facsimile/Electronic Mail. This Agreement and any SOW may be executed by the exchange of faxed executed copies, certified electronic signatures or copies delivered by electronic mail in Adobe Portable Document Format or similar format, and any signature transmitted by such means for the purpose of executing this Agreement or any SOW shall be deemed an original signature for purposes of this Agreement or any SOW. This Agreement or any SOW may be executed



in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

12.6 Governing Law. This Agreement will be governed by, and construed and interpreted according to, the substantive laws of the State of California.

12.7 Indemnification. Each Party agrees to indemnify, defend, and hold the other harmless against any and all claims, liability or losses (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) resulting from any action brought by a third party in connection with any act, omission, or breach of warranty or obligation under this Agreement by the indemnifying Party or by any of such Party's employees, officers, or agents. Neither Party shall be responsible for losses incurred by reason of the other Party's negligence or willful misconduct.

12.8 Independent Contractor. The Parties agree that the relationship of MedAssets to NMC created by this Agreement is that of an independent contractor; there is no relationship of agency, partnership, joint venture, employment or franchise between the Parties. Neither Party has the authority to bind the other or to incur any obligation on its behalf. In this regard, MedAssets acknowledges that NMC shall not be responsible for withholding any income taxes, paying any payroll taxes, providing other benefits or fulfilling other employer-type obligations for MedAssets' personnel.

12.9 Information Disclaimer. NMC acknowledges and agrees that certain information within the Services may be provided to MedAssets by third parties or is developed using information provided to MedAssets by third parties, and as such MedAssets is not responsible for the accuracy or completeness of the information within the Services. Nothing contained in the Services is intended to replace the independent medical judgment of a health care professional and MedAssets shall not be liable for any damages arising out of reliance on the information contained herein.

12.10 Intellectual Property Indemnification.

12.10.1 Exclusive Remedy. The provisions of this Section state the sole and exclusive obligations and liability of MedAssets and its licensors and suppliers for any patent, copyright, trademark, trade secret or other intellectual property rights infringement arising out of or relating to the Services and any SOW. The provisions of this Section are in lieu of any implied warranties of non-infringement, all of which are disclaimed.

12.10.2 Indemnity. MedAssets agrees to defend at its expense and pay any final judgment or settlement in connection with any third-party claim based on infringement or misappropriation of U.S. copyrights, U.S. patents, trade secrets, or other proprietary rights of any third party (the "Intellectual Property") arising out of the Services provided pursuant to this Agreement or any SOW. The foregoing indemnification obligations of MedAssets are contingent upon MedAssets being promptly notified of such claim, having the sole authority to defend or settle such claim, and receiving the reasonable assistance of NMC in connection therewith at MedAssets' expense.

12.10.3 Indemnity Exclusions. Notwithstanding the foregoing, MedAssets has no obligation with respect to any claim of infringement that is based upon or arises out of: (i) NMC's unauthorized use or combination of the Services with any hardware, software, products, data or other materials not specified or provided by MedAssets; or (ii) NMC's use of the Software other than in accordance with MedAssets' written directions or policies.

12.10.4 Right to Procure or Modify. If a claim of infringement under this Section occurs, or if MedAssets determines that a claim is likely to occur, MedAssets shall have the right, in its sole discretion, to either: (i) procure for NMC the right or license to continue to use the Intellectual Property free of the infringement claim; or (ii) modify the Intellectual Property to make it non-infringing. If these remedies are not reasonably available to MedAssets, MedAssets may, at its option, terminate the applicable SOW and return any fees that have been paid by NMC pursuant to such SOW.

12.11 License. MedAssets hereby grants NMC a non-exclusive, non-assignable, and non-transferable license to access and use the Services. NMC may not download, upload, copy, print, display, reproduce, publish, post, distribute, or transmit any of the Properties or Confidential Information except as set forth herein.

12.12 MedAssets' Authority. MedAssets represents and warrants that it has full authority to bind each Participating Affiliate to this Agreement and that this Agreement is fully binding on each Participating Affiliate.

12.13 Non-Solicitation/No-Hire. Neither Party may, directly or indirectly, solicit, recruit, or otherwise encourage any employee of the other Party to leave his or her employment with that other Party for any reason. This restriction applies during the term of this Agreement and for a period of 12 months after the termination or expiration of this Agreement. Notwithstanding the forgoing, the preceding sentence does not, however, prohibit either Party from: (i) soliciting employment by placement of general advertisements for employees on any internet site, in newspapers, or via other media of general circulation not specifically directed at the employees of the other Party; (ii) soliciting persons identified through employment search firms that have not been specifically directed at the employees of the other Party; or (iii) soliciting or hiring any such person who contacts the hiring Party on his or her own initiative without any prior solicitation or recruitment (other than advertisements of the type contemplated by the preceding clauses). In addition, Customer must not hire any of MedAssets' software programmers, software engineers, database architects, or other information technology personnel during the term of this Agreement and for a period of 12 months after the termination or expiration of this Agreement. Customer acknowledges and agrees that this restriction is necessary and appropriate to protect MedAssets' proprietary interests in the products licensed under this Agreement.

12.14 Notices. Any notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by personal delivery, overnight courier service, or registered or certified mail (return receipt requested, postage prepaid). Notices shall be deemed to have been given on the later of: (i) the date when personally delivered; (ii) the date which immediately follows the date of delivery to such overnight courier service; or (iii) the date which is seven days from the date of deposit in the United States Postal Service in the manner described above. Notices shall be addressed as indicated below, and either Party may change such address in accordance with this Section.

**If to: Attn: Legal/Contracting  
MedAssets Performance Management  
Solutions, Inc.  
5543 Legacy Drive  
Plano, TX 75024**

**If to: Attn: Contracts Manager  
Natividad Medical Center  
1441 Constitution Boulevard  
Salinas, CA 93906**

12.15 Publicity/Use of Marks. NMC agrees that MedAssets may include NMC in its listing of clients. Except as otherwise agreed to by the Parties in writing, neither Party shall: (i) use each other's trademarks or service marks; or (ii) make any press release or other public disclosure regarding this Agreement or the transactions contemplated hereby without the other Party's express prior written consent, except as required under applicable law or by any governmental agency, in which case the Party required to make the press release or public disclosure shall use commercially reasonable efforts to obtain the approval of the other Party as to the form, nature and extent of the press release or public disclosure prior to issuing the press release or making the public disclosure.

12.16 Severability. In the event that any provision of this Agreement shall be held to be illegal, or otherwise unenforceable, such provision shall be severed and the entire Agreement shall not fail on account thereof and the balance of the Agreement shall continue in full force and effect; provided, however, that if the severing of such provision results in a material alteration of this Agreement, the remaining provisions of this Agreement shall be adjusted equitably so that no Party benefits disproportionately.

12.17 Successors and Assigns; Assignment. MedAssets shall not assign this Agreement without NMC's consent, except that it may freely assign it to MedAssets, Inc. as the parent entity, or any other subsidiary of MedAssets, Inc., or as part of a change of control transaction. NMC shall not assign this Agreement without MedAssets' consent

12.18 Survival. The provisions of Sections 6, 8, 9, and 12 hereof shall survive the termination or expiration of this Agreement. Additionally, undisputed obligations to pay for goods or services provided prior to the expiration or termination of this Agreement, or expiration or termination of an SOW, shall survive the effective date of such expiration or termination and be payable in accordance with Section 4.5 above.

12.19 Waiver. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving Party.

### **13. Insurance.**

13.1 Evidence of Coverage. Prior to commencement of this Agreement, the MedAssets shall provide a "Certificate of Insurance" evidencing that coverage as required herein has been obtained. Pages from the policies and/or endorsements specific to additional insured status and primary and non-contributory language shall accompany the certificate. Insurance policies and endorsements are considered confidential and shall not be released to any third-parties without prior written consent from MedAssets.

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

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

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

- (i) Commercial general liability insurance, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, 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).
- (ii) Commercial 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).
- (iii) Workers' Compensation Insurance, If MedAssets employs others in the performance of this Agreement, in accordance with statutory requirements 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).
- (iv) Professional Liability Insurance coverage to cover technology-related errors and omissions with minimum limits of \$1,000,000 each occurrence, \$3,000,000 aggregate. If any such insurance is written on a claims-made policy form, the policy shall have a retroactive date prior to or coinciding with the effective date of this Agreement and shall continue for three (3) years following termination of this Agreement. In the event that a claims-made policy is canceled, terminated or non-renewed, MedAssets shall obtain an extended reporting period endorsement for the remainder of the three (3) year period.  
 Exemption/Modification (Justification attached; subject to approval).

13.4 Other Requirements. All insurance required by this Agreement shall be 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 MedAssets completes its performance of services under this Agreement.

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

The Commercial general liability policy shall be primary and non-contributory, and shall name the County of Monterey, its officers, agents, and employees as Additional Insureds with respect to liability arising out of MedAssets' work, including ongoing and completed operations.

Prior to the execution of this Agreement by NMC, MedAssets shall file certificates of insurance with NMC's Contracts/Purchasing Department, showing that the MedAssets has in effect the insurance required by this Agreement. The MedAssets shall file a new or amended certificate of insurance within thirty (30) 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.


MedAssets shall at all times during the Term maintain in force the insurance coverage required under this Agreement and shall send certificates of insurance to NMC's Contracts/Purchasing Department upon request. If the certificate is not received by the expiration date, NMC shall notify MedAssets and MedAssets shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by MedAssets to maintain such insurance is a default of this Agreement, which entitles NMC, at its sole discretion, to terminate the Agreement for breach pursuant to Section 10.2.

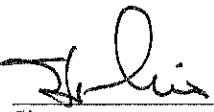
IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized representatives as of the Effective Date

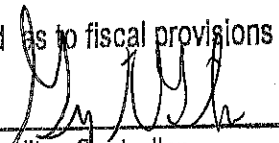
**MEDASSETS PERFORMANCE MANAGEMENT SOLUTIONS, INC.**

**NATIVIDAD MEDICAL CENTER**

On behalf of itself and its Covered Facilities

  
\_\_\_\_\_  
Signature  
Keith Thompson  
\_\_\_\_\_  
Printed Name  
Pres SCM 5-21-2014  
\_\_\_\_\_  
Title Date

  
\_\_\_\_\_  
Signature  
Harvey Wei  
\_\_\_\_\_  
Printed Name  
\_\_\_\_\_  
Title Date

Reviewed as to fiscal provisions  
  
\_\_\_\_\_  
Auditor-Controller  
County of Monterey 6-6-14

APPROVED AS TO FORM AND LEGALITY

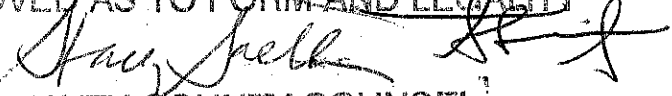
  
\_\_\_\_\_  
DEPUTY COUNTY COUNSEL  
COUNTY OF MONTEREY

EXHIBIT A  
NATIVIDAD TRAVEL POLICY



**TRAVEL AND BUSINESS  
EXPENSE  
REIMBURSEMENT  
POLICY**

Revised December 11, 2012

**TABLE OF CONTENTS**

	Page
I. PURPOSE.....	1
II. SCOPE.....	1
III. DEFINITIONS.....	1
IV. AUTHORIZATION TO TRAVEL.....	2
A. General Conditions.....	2
B. In-County Travel.....	3
C. Out-of-County Travel.....	3
D. Travel Requests.....	3
V. TRAVEL EXPENSES.....	4
A. General Conditions.....	4
B. Transportation Expenses.....	4
C. Meal Expenses.....	10
D. Lodging Expenses.....	12
E. Registration Fees.....	14
F. Other Travel Expenses.....	14
VI. OTHER COUNTY BUSINESS EXPENSES	
VII. CLAIMING PROCEDURES FOR OUT-OF-COUNTY TRAVEL.....	14
A. Travel Advance Claims.....	14
B. Prepaid Vendor Claims.....	16
C. Travel Reimbursement Claims.....	17
D. Mileage Claims.....	18
E. Reimbursement by Outside Source.....	18
F. Late Claims.....	19
G. Travel Card Usage.....	19
VIII. INTERPRETATIONS.....	19
IX. EXCEPTIONS.....	19
X. CONFLICT WITH RULES.....	19

**I. PURPOSE**

The purpose of this policy is to establish uniform travel and business expense reimbursement policies, rules and claim procedures for persons authorized to conduct County business.

**II. SCOPE**

The County travel and business expense reimbursement policy applies to all County employees, members of legislative bodies established by the Board (salaried or not), non-County employees (such as contractors who receive travel and/or business expense reimbursements) and volunteers traveling on County business.

**III. DEFINITIONS**

Unless the context otherwise requires, the definitions contained in this part govern the construction of this policy. They do not necessarily apply in other County contexts.

**A. Accountable Expense Reimbursement Plan**

Reimbursements of travel and other business expenses to a County employee, contractor or volunteer will be considered to be made under an "Accountable Expense Reimbursement Plan" if the following three requirements are met:

- The person substantiates his or her expenses by submitting an expense report with
  - 1) the amount of the expenditure,
  - 2) the time and place of the travel or business entertainment,
  - 3) the business purpose of the expenditure, and
  - 4) the names and business relationship of any persons entertained.
- The person documents the expenses with supporting receipts, paid bills, etc. within 60 days after the expense is paid or incurred, and
- Excess advances, if any, are repaid to the County within 120 days after the expense is paid or incurred.

"County" means the County of Monterey.

**B. County Business**

"County business" means the activity directly related to the ordinary, necessary and/or required business functions of the County of Monterey ("County"). It does not include travel or expenses related to an employee's participation in the County's Educational Assistance Program or commuting expenses (a non-reimbursable expense).

**C. County Employee**

"County employee" means any County officer or employee, whether elected or appointed, filling a budgeted position approved by the Board of Supervisors.

Independent contractors and their employees are not County employees.

**D. County Traveler**

"County traveler" means any County employee, authorized non-County employee (such as a contractor) or volunteer traveling on County business. Agency temporary employees are not covered by this policy and are not reimbursable for travel.

**E. County Volunteer**

"County volunteer" means a person, other than a County employee, who performs volunteer work authorized by a department or the Board of Supervisors for the County, such as a department volunteer, a commissioner or a member of an interview panel. It does not include agency temps, inmates, wards or probationers working for the County.

**F. Home**

"Home" means the actual dwelling place of the County traveler without regard to any other legal or mailing address.

**G. Main or Regular Place of Work**

"Main or regular place of work" means the principal place of business for the County employee or the principal location to which the County volunteer/contractor is assigned to work for the County. This may be the place at which s/he spends the largest portion of his/her regular County workday or working time or, in the case of field workers, the assigned location/headquarters to which s/he returns upon completion of regular or special assignments.

**H. Meals**

Meals that are 1) directly related or associated with bona fide County business matters and 2) approved for reimbursement by a member of the Board of Supervisors or a department head (or his or her designee) will be considered a reimbursable County business expense, if incurred in connection with out-of-County business travel or while conducting in-County business. Also, reimbursement for the provision of in-kind meals to employees on the business premises of the County will only be allowed if there is a substantial non-compensatory business reason for providing such meals to employees.

**I. Temporary Work Location**

"Temporary work location" means the place where the County employee, volunteer or contractor is assigned on an irregular or short-term basis. If an employee is assigned to a work location for no more than 35 work days during a calendar year, then the location is considered temporary. Attending conferences, meeting or training sessions away from the main or regular place of work by County employees or volunteers, or field



workers conducting fieldwork at off-site locations, does not normally constitute assignment to another site. If the employee is assigned for more than 35 work days during the calendar year, the new location has become the main or regular place of work.

**J. Vehicle**

"Vehicle" means a motor vehicle, which can be legally operated on public highways.

**IV. AUTHORIZATION TO TRAVEL**

**A. General Conditions**

1. Travel will be authorized only when the travel is necessary and in the best interest of the County.
2. Advance authorization is required for all County travel, as specified in B & C.
3. Advance written authorization from the County Administrative Officer is required for all County travel by County volunteers, except as follows:
  - a) Travel by appointed members of County boards, commissions, or advisory committees to and from the official meetings of their respective boards.
  - b) Travel to and from the County for members of personnel interview panels, subject to authorization by the Human Resources Department.
  - c) Travel to and from meetings, conferences and training covered by the County MHSA plan, subject to authorization by the Behavioral Health Program Manager or designee.

**B. In-County Travel**

County employees are authorized to travel within the County when said travel is required by the department and is considered a part of the routine, day-to-day official duties of the employee as defined and authorized by the department head or his/her designee. All other in-County travel requires advance authorization by the department head or his/her designee.

**C. Out-of-County Travel**

1. All travel outside of the County, but within the State of California, requires advance authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.

2. All travel outside of the State of California requires advance written authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.
3. Authorization for out-of-state travel by current members of the Board of Supervisors is subject to the guidelines established by the Board.

#### D. Travel Requests

Travel requests that require department head authorization shall be submitted to the department head pursuant to department policy. If the traveler is requesting a travel advance, an approved "County of Monterey Travel Request" form (usually in the form of a "white claim" or "GAX"), accompanied by all documentation relative to the request, shall be forwarded to the Auditor-Controller.

### V. TRAVEL EXPENSES

#### A. General Conditions

1. County travelers are entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals for authorized travel, subject to the conditions set forth in this Travel and Business Expense Reimbursement Policy ("Policy"), whenever the expenses are incurred as part of his/her official duties and authorized because the County traveler is required to work, attend a school, training, meeting or convention overnight at a location sufficiently distant from main or regular place of work to qualify under this policy for meal per diem and overnight lodging.
2. Notwithstanding Section 1 above, claims shall be paid subject to the rules set forth in this Policy and statutory law. Eligibility to submit a claim does not automatically entitle the claimant to reimbursement for any and all expenses.
3. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the County Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources to travel. Said travelers shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the conditions set forth in this travel policy.
4. Arrangements for transportation, lodging or registration fees that have cancellation or change penalties shall be carefully monitored by the department. If cancellation/change occurs due to direction by the County traveler's department head, or his/her designee, or the County Administrative Officer, the County department will cover the penalty cost. If the cancellation/change occurs due to a traveler's personal request or obligations, the traveler will be required to pay the

penalty. Exceptions shall be made when a traveler is unable to travel because of hospitalization, serious sickness or death of self or an immediate family member or when the department head certifies that the reason for the employee's absence was legitimate and authorized.

## B. Transportation Expenses

### 1. General Conditions

- a) Transportation expenses are the direct costs related to movement of the County traveler from authorized point of departure to destination of travel and back to the authorized point of return.
- b) All transportation expenses incurred shall be based upon the most efficient, direct, and economical mode of transportation required by the occasion.
- c) Whenever a time frame is established as criteria for eligibility for claiming, such as the requirements set forth for meals in Section V, subsection C. 1. d., estimated travel time shall be based upon legal vehicle speed limits, volume of traffic, and weather conditions in effect at the time of travel.

### 2. Vehicle Transportation

Vehicle use (both County-owned and private) by authorized County travelers during the conduct of official County business is subject to the County Vehicle Use Policy.

#### a) Private Vehicle

- (1) Travel by private vehicle will be reimbursed at the IRS rate for business use of a personal vehicle in effect in the County at the time of travel.
- (2) Authorized County travelers who travel in a vehicle other than their own may not claim mileage for business use of a private vehicle but may claim reimbursement of actual fuel expenses necessary for the trip and expended by the traveler. Receipts are required and should be claimed by the employee actually paying the expense.
- (3) Authorized County travelers may not claim mileage for business use of a private vehicle in the following instances:
  - (a) when the County traveler is riding with someone who will be claiming reimbursement for the vehicle's use from the County or another source;
  - (b) when the County traveler is traveling in a County or other government

2. All travel outside of the State of California requires advance written authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.
3. Authorization for out-of-state travel by current members of the Board of Supervisors is subject to the guidelines established by the Board.

**D. Travel Requests**

Travel requests that require department head authorization shall be submitted to the department head pursuant to department policy. If the traveler is requesting a travel advance, an approved "County of Monterey Travel Request" form (usually in the form of a "white claim" or "GAX"), accompanied by all documentation relative to the request, shall be forwarded to the Auditor-Controller.

**V. TRAVEL EXPENSES**

**A. General Conditions**

1. County travelers are entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals for authorized travel, subject to the conditions set forth in this Travel and Business Expense Reimbursement Policy ("Policy"), whenever the expenses are incurred as part of his/her official duties and authorized because the County traveler is required to work, attend a school, training, meeting or convention overnight at a location sufficiently distant from main or regular place of work to qualify under this policy for meal per diem and overnight lodging.
2. Notwithstanding Section 1 above, claims shall be paid subject to the rules set forth in this Policy and statutory law. Eligibility to submit a claim does not automatically entitle the claimant to reimbursement for any and all expenses.
3. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the County Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources to travel. Said travelers shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the conditions set forth in this travel policy.
4. Arrangements for transportation, lodging or registration fees that have cancellation or change penalties shall be carefully monitored by the department. If cancellation/change occurs due to direction by the County traveler's department head, or his/her designee, or the County Administrative Officer, the County department will cover the penalty cost. If the cancellation/change occurs due to a traveler's personal request or obligations, the traveler will be required to pay the

penalty. Exceptions shall be made when a traveler is unable to travel because of hospitalization, serious sickness or death of self or an immediate family member or when the department head certifies that the reason for the employee's absence was legitimate and authorized.

## B. Transportation Expenses

### 1. General Conditions

- a) Transportation expenses are the direct costs related to movement of the County traveler from authorized point of departure to destination of travel and back to the authorized point of return.
- b) All transportation expenses incurred shall be based upon the most efficient, direct, and economical mode of transportation required by the occasion.
- c) Whenever a time frame is established as criteria for eligibility for claiming, such as the requirements set forth for meals in Section V, subsection C. I. d., estimated travel time shall be based upon legal vehicle speed limits, volume of traffic, and weather conditions in effect at the time of travel.

### 2. Vehicle Transportation

Vehicle use (both County-owned and private) by authorized County travelers during the conduct of official County business is subject to the County Vehicle Use Policy.

#### a) Private Vehicle

- (1) Travel by private vehicle will be reimbursed at the IRS rate for business use of a personal vehicle in effect in the County at the time of travel.
- (2) Authorized County travelers who travel in a vehicle other than their own may not claim mileage for business use of a private vehicle but may claim reimbursement of actual fuel expenses necessary for the trip and expended by the traveler. Receipts are required and should be claimed by the employee actually paying the expense.
- (3) Authorized County travelers may not claim mileage for business use of a private vehicle in the following instances:
  - (a) when the County traveler is riding with someone who will be claiming reimbursement for the vehicle's use from the County or another source;
  - (b) when the County traveler is traveling in a County or other government

agency vehicle;

- (c) when the County traveler is traveling in a rented vehicle (paid by County);
  - (d) when the County traveler has been assigned a County Vehicle for home retention, is receiving an allowance or lump sum for mileage, unless specifically provided for in the terms of their agreement or contract with the County or by Board resolution.
- (4) County employee mileage to the regular or main place of work from home, and back, is considered commuting and may not be claimed.
  - (5) County employee mileage to the temporary work location from home, and back, is considered commuting and may not be claimed except in the following cases:
    - (a) if the County employee is required to report to the regular or main place of work before reporting to the temporary work location, s/he is eligible for mileage from the regular or main place of work to the temporary work location;
    - (b) if the County employee is required to report to the regular or main place of work after working at the temporary work location and before going home, s/he is eligible for mileage from the temporary work location to the regular or main place of work.
  - (6) Mileage in conjunction with authorized County travel to and from a school, training, convention or meeting shall be based on the distance to the destination from the traveler's home or the regular or main place of work, whichever is less, except in the following cases:
    - (a) if the traveler is required to report to his/her work location before leaving, s/he is eligible for mileage to the school, training, convention/meeting from the work location.
    - (b) if the traveler is required to report to his/her work location before returning home, s/he is eligible for mileage based on the distance from the school, training, convention/meeting to the work location.
  - (7) Appointed volunteer members of County boards, commissions, or advisory committees may claim mileage to the official meetings of their respective boards from home, and back.
  - (8) Members of personnel interview panels may claim mileage to the panel location from their regular or main place of work, and back.

- (9) When two or more County travelers from the same department are traveling to the same site by vehicle, they should use only as many vehicles as are required to accommodate the number of travelers and business needs of the County. If a County traveler chooses to use a separate private vehicle because of personal preferences or obligations, h/she shall not be eligible for mileage or fuel reimbursement for the travel unless the department head determines that reimbursement is appropriate and justified.
- (10) If a County traveler chooses to use a private vehicle instead of an alternative mode of transportation chosen by the department head because of personal preferences or obligations, his/her mileage reimbursement shall not exceed the cost of using the alternative mode of transportation unless the department head determines that the additional reimbursement is appropriate and justified.

b) County Vehicle Transportation

- (1) County travelers using a County vehicle for traveling shall not be eligible for reimbursement for mileage.
- (2) County travelers required to fuel a County vehicle at their own expense should claim the actual fuel costs expended by them. Receipts must accompany the claim. Vehicle license number and the odometer reading should be written on the receipts.
- (3) If the County vehicle experiences mechanical failure, the County traveler shall follow the rules set forth in the "Mechanical Failure" section of the "Vehicle Operator's Handbook" located in the glove compartment of each County vehicle.

c) Rental Vehicle Transportation

- (1) Vehicles may be rented for transportation at the destination point when the County traveler travels to the destination via commercial common carrier and the cost of the rental will be less than the charge for shuttle or taxi service to and from the carrier termination point to the function or hotel accommodations.
- (2) Vehicles may be rented for transportation to the destination point when the cost of the rental will be less than other reasonable and available modes of transportation.
- (3) If more than one County traveler from the same department is traveling to the same function, only one rental vehicle may be claimed and then only if

it is available for use by all of the County travelers.

- (4) The County traveler shall choose the least expensive size and mileage limits appropriate to the use required. Rental expenses for luxury cars, motorcycles and recreational vehicles may not be claimed.
- (5) Rental cars shall be refueled prior to return to the rental agency to reduce cost to the County. Rental cars should be returned to the renting location and on time to avoid additional charges.
- (6) When traveling domestically the County traveler shall waive additional vehicle insurance (except for additional driver and coverage for drivers under 25 years of age), provided that the employee has his/her own vehicle insurance coverage. When traveling internationally additional insurance should be accepted if the traveler lacks other similar coverage.
- (7) An original car rental receipt showing the number of days and type of vehicle rented is required for vehicle rental claims. A copy of the receipt or a credit card receipt alone is insufficient.

d) Commercial Carrier Transportation

- (1) County travelers shall seek and attempt to use the lowest rates available for the type of commercial carrier service being utilized. Whenever possible, travelers should take advantage of flight arrangements that minimize County cost (for example, purchasing a round trip ticket may be less expensive than two one-way tickets). Reservations should be made as far in advance as possible to take advantage of available discounts and special offers. Travel agents that have added ticket handling charges should be avoided.
- (2) Claims for travel via commercial carrier shall be limited to the cost of travel at economy rates for the same day and time of travel or actual cost, whichever is less. County travelers may upgrade tickets, provided that the traveler and not the County pay for the difference in cost for such upgrade. The County will not reimburse any type of travel insurance unless the Department Head requests the traveler to purchase cancellation coverage. Reasonable baggage charges, if imposed by the airline, on the first checked bag are reimbursable.
- (3) Claims for commercial carrier tickets shall be substantiated by an original ticket document (such as an e-ticket or passenger receipt ticket copy) showing the price, date, date/time of travel and class of travel. A copy of the credit card receipt or statement from a travel agency alone is insufficient.



- (4) County business traveler may retain frequent flyer/hotel rewards and similar program benefits. However, participation in these programs must not influence flight/hotel/etc. selection, which would result in incremental cost to the County beyond the lowest available airfare/hotel cost unless the difference is paid by the traveler. Free tickets or cash allowances for volunteering to be denied timely boarding may be retained by the traveler but no additional cost to the County or interruption of County work is allowed and any additional time required to complete the trip is to be personal time.
- (5) Should a Saturday night stay reduce the cost to the County of a ticket more than the total of any additional hotel/meal/parking cost, the costs to do so are reimbursable to the traveler but should be well-documented with a clear savings to the County.

e) Private Aircraft Transportation

- (1) Traveling by private aircraft which is flown by a County employee may be authorized if it will be the most efficient means of travel and the flight is incidental to the purpose of the County travel. Said use shall require the advance written approval of the County Administrative Officer. If approved, the following must be provided to the Auditor-Controller's Office in advance of the travel:
  - (a) a copy of the pilot's Federal Aviation Administration (FAA) pilot's certificate and instrument rating for the category and class of aircraft to be flown and the type of flying to be performed;
  - (b) a copy of the pilot's current medical certificate;
  - (c) a copy of the FAA Pilot Proficiency Award Program certificate issued to the pilot within the twelve months prior to the flight;
  - (d) a copy of the pilot's flight log showing a minimum of 250 hours of flight time within the twelve months prior to the flight;
  - (e) a certificate of public liability and property damage insurance of not less than \$1,000,000 naming the County as an additional insured.
- (2) Traveling by private aircraft, which is flown by a non-County employee, except for flights conducted by members of the Sheriff's Air Squadron in the performance of their official duties, is normally prohibited.
- (3) County travelers who operate a private aircraft in connection with approved County travel may be reimbursed the actual cost paid by the

traveler for fuel used by the aircraft on the trip or the County's mileage rate for each air mile at the traveler's option.

**f) Other Transportation Expenses:**

- (1) The following necessary transportation expenses may be claimed at actual cost (receipt required) when directly related to transporting the County traveler to and from the business destination point:
  - (a) taxi, shuttle, or public transit fares;
  - (b) parking fees (airport long-term parking is required for travel exceeding 24 hours);
  - (c) bridge, road or ferry tolls;
  - (d) other actual transportation expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.
- (2) The following transportation expenses may not be claimed:
  - (a) traffic and parking violations;
  - (b) emergency repairs or non-emergency repairs on non-County vehicles;
  - (c) personal travel while at an out-of-County location;
  - (d) other actual transportation expenses determined to be unreasonable or unnecessary by the department head or the Auditor-Controller.

**C. Meal Expenses**

**1. Eligibility for Meals**

- a) County employees, contractors and volunteers may be reimbursed for in-County meal costs that are 1) ordinary (not extravagant) and necessary, 2) directly related or associated with bona fide County business matters and 3) approved by a member of the Board of Supervisors or a department head (or his or her designee). County business discussions associated with a meal must be conducted in a "clear business setting".
- b) County travelers involved with in-County travel that does not require an overnight stay away from their home are not eligible to claim for meals taken outside the County, unless the requirements of paragraph a) above are met, or unless provided for in a Board of Supervisor-approved written County policy.

- e) County travelers on out-of-County business travel that requires an overnight stay away from their home are eligible to claim for meals taken out-of-County.
- d) County travelers are eligible to claim the meal reimbursements noted below for travel requiring overnight lodging if the total travel time (work time, plus the lunch period plus round-trip travel time) is estimated to equal or exceed 12 hours.
  - (1) Breakfast may be claimed if the County traveler must reasonably be away from home because of County business travel at or before 7:00 a.m.
  - (2) Lunch may be claimed if the County traveler must reasonably be away from home because of County business travel at or before Noon.
  - (3) Dinner may be claimed if the County traveler must reasonably be away from home because of County business travel at 7:00 p.m. or after.
- e) Snacks are a personal expense, not reimbursable.
- f) Claims for meals purchased by a County employee or volunteer on behalf of federal, state or local public officials or employees is prohibited, including any other Monterey County employees, unless provided for under other Board of Supervisor approved written County policies.
- g) County travelers are not eligible to claim meals or other expenses for those persons who are not otherwise eligible to file a claim themselves for County reimbursement.
- h) County travelers are not eligible to keep or claim per diem allowances for anyone other than themselves.

2. Meal Claims

- a) The County maximum full day meal and incidental expenses rate shall be equal to the maximum federal per diem meal and incidental expenses (M&IE) rate established by the GSA. Said maximums include taxes and gratuities.
- b) Meal expense amounts shall be calculated by the Auditor-Controller for first and last partial days of travel based on the maximum federal per diem meal rate for the appropriate meal(s).
- c) Claims for out-of-County meals taken in conjunction with travel that includes an overnight stay away from the traveler's home shall be reimbursed in the form of a "per diem allowance", which means the traveler is eligible to be reimbursed at the maximum rate allowed and receipts are not required (except for Board of

Supervisor Members). Partial days shall be reimbursed at the appropriate meal rate.

- d) Allowable meal costs may only exceed the prescribed per diem rates if the meal is being served at a conference or workshop and the costs of the speaker, conference, and/or registration are included in the price. The agenda/brochure or other documentation describing the event and the price must accompany the claim to the Auditor-Controller's Office.
- e) A County traveler may not claim a per diem allowance or reimbursement for any meal which is provided, or otherwise available, to the County traveler with the lodging or function, whether or not there is an actual charge for the meal. For example, if lunch is provided at the function or breakfast is included in the cost of lodging, the traveler may not claim a per diem allowance or request reimbursement for eating elsewhere. For purposes of this section, continental breakfast and meals provided during airline or other commercial carrier travel do not constitute provided meals and do not need to be deducted from the per diem allowance. A County traveler may not claim a per diem allowance for a meal that was paid for by someone else.
- f) If a breakfast is included in the cost of lodging, the traveler may not claim for a breakfast meal; however, s/he may apply the next day's breakfast allowance amount towards the maximum lodging amount. For example, if the maximum lodging amount is \$79.00 and the breakfast allowance is \$8.00, the employee may claim up to a maximum of \$87.00 for lodging which includes a continental breakfast. (For purposes of this section, continental breakfast does not constitute a provided breakfast meal.)
- g) Claiming for alcoholic beverage expenses are prohibited in all cases.
- h) As required by California Government Code 53232.2 Board of Supervisors members must provide receipts for all meals and will be reimbursed at the lower of the appropriate per diem amount or the actual expense.

#### D. Lodging Expenses

##### 1. Eligibility for Lodging

- a) County travelers are not eligible to claim for lodging for in-County functions.
- b) For out-of-County business that is conducted on one business day, if the County traveler's actual time for the day is estimated to equal or exceed 12 hours (including work time, the lunch period and round-trip travel time), then the County traveler will have the option of securing one night's lodging at either the

front-end or back-end of the trip. Illustration: A member of the County Board of Supervisors who resides in Monterey County is required to attend a one-day business meeting in Sacramento. The Board member estimates that his total time for the day without obtaining lodging would be 14 hours (8 hours of meetings, 1 hour for lunch and 5 hours for round-trip travel). The Board member will have the option of securing one night's lodging in Sacramento, either the night before the meeting, or after conclusion of the meeting.

- c) For out-of-County business that requires multiple business days, if County travelers are eligible to claim lodging for the first and last evenings of an out-of-County trip, they are also eligible to claim lodging for any evenings that fall in between the first and last evenings of the trip.
- d) County travelers are not eligible to claim reimbursement of lodging costs when staying overnight as a guest of friends or relatives.

## 2. Lodging Claims

- a) Lodging expenses shall be claimed at either the actual cost of the lodging (limited to the single occupancy rate for a single room) or the County's maximum lodging rate (Federal Per Diem Rate), whichever is less. Receipts are required. Taxes are in addition to the Federal Per Diem Rate.
- b) Lodging costs may exceed the County's maximum lodging rate only when a conference, meeting or convention is being sponsored by an organization of which the County, the department or employee is a member, the lodging may be claimed at the actual cost if seminars or meetings are to be held at the particular hotel and/or events are scheduled for evening hours, and the department head has given advance written authorization.
- c) An original room folio receipt, showing the number of days and the number of occupants, is required for lodging claims. A copy of the receipt, travel agency statement or a credit card receipt alone is insufficient.
- d) When a room is shared with a fellow County traveler, the expense may either be prorated, and the prorated amount claimed by each County traveler, or one County traveler may claim the total expense at the multiple occupancy rate.
- e) When a room is shared with a person other than a County traveler and said person will also be claiming reimbursement from the County or another source, the amount shall be prorated between the two travelers.
- f) Lodging expense may not be claimed for guests of the County traveler. Where expense for a family member or friend is included in the receipt, the claim must not exceed the single occupancy rate.

- g) Special lodging, such as accommodations in apartments, RV parks, campgrounds or other semi-permanent lodgings, shall require advance written authorization of the County Administrative Officer and the Auditor-Controller.
- h) County travelers should inquire when making lodging arrangements whether the County is exempt from Transient Occupancy Taxes (TOT) in the locale where they are staying and should provide the necessary form to the lodging facility, if required to do so to obtain the waiver.
- h) Except when registering for lodging at a pre-arranged group rate in conjunction with a conference or meeting, County travelers shall request the government rate or lowest available eligible rate when making lodging arrangements.
- i) Travelers are responsible for canceling hotel rooms before the cancellation period ends and should record the cancellation number in case of disputes. Travelers will not be reimbursed for "no-show" hotel charges unless there are unavoidable reasons for not canceling the room.
- j) When multiple county travelers are traveling together and the rooms are put on one invoice, one traveler may take care of the invoice but should provide the details on who stayed in each room on the invoice.

#### E. Registration Fees

Conference, convention and seminar registration and tuition fees may be claimed at the actual cost, provided that the agenda/brochure or other documentation describing the event, including the price, accompanies the approved claim to the Auditor-Controller's.

#### F. Other Travel Expenses

1. County travelers are eligible to claim a per diem incidental allowance, limited to the maximum federal per diem incidental rate established by the IRS, for each day of travel requiring an overnight stay away from the traveler's home. Said allowance covers fees and gratuities for persons who provide services, such as food servers and luggage handlers, and does not require receipts (Except for Board of Supervisors Meals). If applicable (such as a Board of Supervisor meal), gratuities are limited to not exceed 15% of the service costs unless billed by a provider's standard policy at a higher rate.
2. County travelers are eligible to claim the following expenses at actual cost, even if they also qualify for a per diem incidental allowance. Receipts are required.
  - a) County business calls (traveler must annotate purpose of call on the bill)
  - b) fax machine charges incurred to send or receive documents for County use.

- c) copy machine charges incurred to copy documents for County use.
- d) Internet access connection and/or usage fees away from home not to exceed \$15.00 per day, if Internet access is necessary for county related business.
- e) other business related expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.

## **VI. OTHER COUNTY BUSINESS EXPENSES**

### **A. General Guidelines**

In the course of conducting County business, employees, contractors or volunteers may incur business expenses (including meal expenses pursuant to Section V.C) on behalf of the County. Such expenses will be approved for reimbursement if the disbursement meets the following requirements:

- The disbursement is for an ordinary (not extravagant) and necessary expense of conducting County business, or is an expense that is required by the County,
- The expense is approved by a member of the County Board of Supervisors, or a County department head (or his or her designee), and
- The payee accounts for the expense in accordance with the rules for a "Accountable Expense Reimbursement Plan", as set forth in the Internal Revenue Code and related regulations.

### **B. Taxation of Business Expense Reimbursements**

If a reimbursement to an employee, contractor or volunteer meets the requirements of an "Accountable Expense Reimbursement Plan", then such reimbursement will not be reportable for federal or California income tax purposes.

## **VII. CLAIMING PROCEDURES FOR OUT-OF-COUNTY TRAVEL**

### **A. Travel Advance Claims**

#### **1. Authorizations and Eligibility**

- a) Travel advances are strongly discouraged and are only available to County employees. The issuance of travel advances creates double work for departmental and auditor-controller staff and should only be used if a County travel card cannot be used or the employee does not have a personal credit card. Board of Supervisors Members are not eligible for travel advances.

The first choice is for travelers to use their personal credit cards to pay for their

travel expenses and be reimbursed before their monthly statement arrives. Secondly, the County has arranged for the use of the Travel Card to pay many travel related expenses. Departments may use their Travel Cards to pay for airline tickets and conference registration expenses for all of their employees, not just the cardholder. Commercial carrier and conference registration expenses should not be considered in the advance calculation. The third choice would be a cash advance, if necessary.

- b) Travel advances require the authorization of the department head or his/her designee, and the Auditor-Controller or his/her designee.
- c) The net amount of the travel advance shall not exceed the following:
  - (1) 75% of the total estimate for the following travel expenses, exclusive of payments made payable directly to the vendor:
    - (a) lodging (documentation, including at least the confirmation number and hotel name should be provided), including hotel parking
    - (b) rental vehicle transportation;
    - (c) per diem meal allowances;
    - (d) long-term airport parking;
    - (e) other out-of-pocket expenses deemed necessary and reasonable by the Auditor-Controller.
  - (2) 50% of the total estimate of reimbursement for mileage for business use of a private vehicle.
- d) A travel advance shall not be issued for a net amount less than \$100.00 nor more than \$2,000.00.
- e) A travel advance shall not be issued more than thirty (30) calendar days in advance of the commencement of travel.
- f) Travelers are not eligible for an additional travel advance if they have an unsettled advance, unless the advances are for travel taken consecutively. In such case, the sum total of the travel advances shall not exceed \$2,000.00.

2. Travel Advance Requests

- a) Requests for travel advances involving travel shall be submitted by the department head to the Auditor-Controller's Office on a completed and signed



"County of Monterey Travel Request" form, accompanied by all documentation relative to the request, at least ten (10) working days in advance of the commencement of travel.

- b) After a completed and approved "County of Monterey Travel Request" form is received by the Auditor-Controller's Office, a warrant payable to the County traveler for the amount requested shall be issued, up to the 100% maximum amount allowed pursuant to this County travel policy.

### 3. Travel Advance Settlements

- a) Within five (5) working days of completion of travel, the County traveler shall submit all receipts for allowable travel expenses to the Department and within fifteen (15) working days of completion of travel to the Auditor-Controller's Office on a completed County claim form. Credit for the travel advance shall be subtracted from the amount owed to the County traveler.
- b) In the event that allowable expenses are less than the amount of the travel advance, the County traveler shall submit the difference in the form of a check or money order made out to the "County of Monterey" with the claim form.
- c) County travelers who cannot provide a required receipt shall reimburse the County for the amount of the money advanced to them for that expense.
- d) Travelers who do not submit the required documentation by the time frames set forth above may lose their eligibility for future travel advances.
- e) Department heads are responsible for ensuring that their employees settle their travel advance claims within the time frames set forth in subsection a) above. Non-compliance may jeopardize advances for the entire department.

## B. Prepaid Vendor Claims

### 1. Vendor Claim Requests

- a) Once travel has been authorized, claims to the vendor may be submitted for lodging and registration fees when there is sufficient time for the check to be processed before the authorized County traveler commences travel.
- b) If the travel requires a "County of Monterey Travel Request" form, the approved form shall be submitted with the claim. If the original has been submitted with a previous claim, then that shall be noted on the claim form and a copy of the form attached.
- c) Whenever possible, the County shall be named as registrant for events to allow

transfer of attendance privilege when conflicts prevent the original registrant from attending.

- d) The County will mail the warrant directly to the vendor unless the traveler requests that the warrant be returned to them to hand carry to the vendor.

## 2. Vendor Claim Settlements

- a) Each vendor claim must have an original receipt attached in order to settle the claim. The required receipts for vendor claims that have been prepaid shall be forwarded to the Auditor-Controller's Office within thirty (30) calendar days after completion of travel.
- b) Claims paid directly to vendors that are not substantiated by receipts within thirty (30) calendar days of the completion of travel shall be considered to be unsettled travel advances to the County traveler.
- c) Department heads are responsible for ensuring that their employees return their receipts within the time frames established by this policy. Non-compliance may jeopardize the department's ability to have travel expenses paid in advance.
- d) In the event that all or a portion of the prepaid cost to a vendor is reduced after the check has been processed, the County traveler is responsible for ensuring that the entire difference is returned to the County within the time frames established for settling the claim.

## C. Travel Reimbursement Claims

- 1. After completion of travel, the County traveler shall submit a completed County claim form to the department head for authorization. After review and authorization, the department head shall submit the authorized claim, together with any required receipts, to the Auditor-Controller's Office. Said claim shall be received by the Auditor-Controller's Office within thirty (30) calendar days of the completion of travel.
- 2. The traveler shall not be reimbursed until s/he has signed the certification for the claim that is required by the Auditor-Controller's Office.
- 3. The Auditor-Controller's Office shall review the claim for compliance with applicable County policies and procedures. If approved by the Auditor-Controller's Office, the claim shall be processed and a check sent to the claimant within ten (10) working days. If denied, or denied in part, the department's contact person will be notified immediately. The Auditor-Controller has the final decision on allowable expenses.
- 4. No reimbursement for travel shall be paid to the employee until all required receipts

for the travel claim have been filed with the Auditor-Controller's Office.

5. Travel reimbursements are to be paid via checks and not to be paid via petty cash.

#### D. Mileage Claims

1. Whenever travel requires advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the same claim form as the other expenses that apply to that travel. The only exception is if mileage is the only expense of the trip, in which case the traveler may claim the mileage on the monthly "Mileage Reimbursement" claim form.
2. Whenever travel does not require advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the "Mileage Reimbursement" claim form.
3. Mileage claims shall be submitted monthly, unless the total for the month is less than \$50.00, in which case the claim may be held for an additional month. However, the claim must not be held over to the next month more than twice, regardless of the dollar amount.
4. All mileage claims for the last month of the fiscal year must be processed by year-end close.
5. Mileage Claims are to be paid via warrants and not to be paid via petty cash.

#### E. Reimbursement by Outside Source

1. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources, including a County vehicle, to travel. In such cases, the traveler shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the claiming conditions set forth in this travel policy. Said reimbursement shall be delivered to the Auditor-Controller's Office within thirty (30) days of the receipt of the funds.
2. If a County volunteer or non-employee will be receiving a per diem or other reimbursement of travel expenses from a source outside of the County, the volunteer shall not be eligible to claim or receive any additional reimbursement from the County for the same expenses.

#### F. Late Claims

If a claim for reimbursement or settlement of a travel claim is submitted after the allowed time frames, the payment to the employee shall not be made until the claim has

been reviewed and approved by the Auditor-Controller or his/her designee.

**G. Travel Card Use**

Subject to the rules contained in the Travel Card Policy, travel expenses (airline, hotel, vehicle rental, gas, emergency repair of county vehicles and airport parking) may be charged to County of Monterey Travel Cards. Prohibited items include employee meals, room service, movies, cash advances, gift cards of any kind, liquor, tobacco and other items prohibited by the Travel Card Policy. Under no circumstances should personal items (even if reimbursed to the county) be charged to the travel card. Expenses paid on the travel card should not be included on a claim for reimbursement.

**VII. INTERPRETATIONS**

The Auditor-Controller, or his/her designee, shall be responsible for interpretations of this policy.

**VIII. EXCEPTIONS**

Exceptions to this policy require the approval of the Auditor-Controller or his/her designee.

**IX. CONFLICT WITH RULES**

In the event that this County Travel policy is in conflict with another County policy, the policy with the strictest application shall prevail.

**EXHIBIT B**

**REQUEST FOR SALES TAX EXEMPTION CERTIFICATE**

Pursuant to state law, all sales of tangible personal property or taxable services are presumed to be subject to tax unless a properly completed Exemption Certificate or a Direct Pay Permit is provided.

Facility Name:

Natividad Medical Center (County of Monterey, California)

Facility Street Address:

1441 Constitution Blvd

P.O. Box:

City:

Salinas

State:

CA

ZIP Code:

93906

- My facility is not exempt from sales tax. (Sales Tax will be applied to purchases where applicable.)
- My facility has a Direct Pay Permit. Please provide the direct pay permit to one of the addresses below.

**OR:**

- I claim an exemption for the following reason (Check applicable box or boxes):

**PURCHASE FOR RESALE:**

- Purchase of tangible personal property or taxable services for resale or for use in performing taxable services where such property becomes a component part of the property upon which the services are performed and will be actually transferred to the purchasers.

**TAX EXEMPT ORGANIZATIONS:**

- GOVERNMENT** – Purchases by governmental agencies and institutions of (1) the United States; (2) the State (including local governments); and (3) other instrumentality of the state (i.e. hospital districts) which are exempted from sales tax. An exemption certificate from the state is required.

- NONPROFIT ORGANIZATIONS** – Purchases by a corporation or organization which has a current registration certificate and which is exempt from federal income taxes under section 501(c)(3) or (c)(4) of the Internal Revenue Code. An exemption certificate from the state is required.

I declare that the information above on my sales tax exemption status is true to the best of my knowledge and belief.

Signature of Authorized Party

Print Name

Date

**Please forward your valid Exemption Certificate and/or Direct Pay Permit to MedAssets via:**

**E-mail:** [Exemptioncert@medassets.com](mailto:Exemptioncert@medassets.com)

**Fax:** (866) 493-3236

**Mail:** MedAssets Managed Tax Services  
C/O Vertex  
40 Shuman Blvd Ste 218  
Naperville, IL 60563

## SOW FOR THE GROUP PURCHASING SERVICES

THE UNDERSIGNED PARTIES ACKNOWLEDGE AND AGREE THAT THIS SOW IS MADE PART OF THE MASTER AGREEMENT BETWEEN NATIVIDAD MEDICAL CENTER AND MEDASSETS PERFORMANCE MANAGEMENT SOLUTIONS, INC. DATED \_\_\_\_\_, 2014 (THE "AGREEMENT").

### 1. Term and Termination.

1.1 **SOW Term.** The Group Purchasing Services (the "GPO Program") provided under this SOW commences on the Effective Date (the "GPO Program Effective Date") and continues for the remainder of the Term of the Agreement (the "GPO Program Term").

1.2 **SOW Termination.** In the event NMC or MedAssets breaches any material provision of this SOW, the non-breaching Party shall provide written notice of such breach to the other Party. If the breaching Party has failed to cure the breach within 30 days after receiving written notice, the non-breaching Party may, in its sole discretion, terminate this SOW by providing a letter of termination to the breaching Party which shall specify the exact date of termination.

2. **Covered Facilities.** Individual sites covered by this SOW (each a "Covered Facility" or "Covered Facility" for the purposes of this SOW) are listed on Schedule 1 attached hereto. Each site shall be listed individually (i.e. multiple sites shall not be grouped under a common name). MedAssets shall have no obligation to provide the GPO Program to any site not specifically listed on Schedule 1. NMC shall provide demographic information (including complete name, address, phone and DEA number, if applicable) (the "Required Information") regarding any additional owed sites (including, but not limited to warehouses, administrative offices, physician offices, clinics, surgery centers, etc.) within 5 days of the GPO Program Effective Date in order to update Schedule 1 and provide access to the GPO Program (including access to the MedAssets Group Purchasing Portfolio) for such sites. NMC represents and warrants it has the legal authorization to execute this SOW on behalf of itself and the Covered Facilities.

If NMC adds additional owned sites after the GPO Program Effective Date (each a "New Site"), then NMC may add the New Site to Schedule 1 with written notice to and approval of MedAssets, which such approval shall not be unreasonably withheld. Required Information about New Sites must be provided to MedAssets at least 45 days before the month in which the New Site begins purchasing from the GPO Program.

Each Covered Facility and New Site must comply with the terms hereof including providing a valid DEA number in order to access the pharmacy Group Purchasing Portfolio.

3. **Definitions.** Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement. In addition, the following definitions shall apply to the GPO Program:

**Capital Equipment** shall mean any high-cost equipment requiring regular maintenance. Examples include but are not limited to digital or computerized radiography equipment, digital mammography equipment, magnetic resonance imaging equipment, nuclear medicine equipment, CT and PET-CT equipment, endoscopes, physiologic monitors, and intravenous therapy equipment.

**Custom Agreements** shall mean agreements for products or services that MedAssets executes specifically on behalf of NMC or certain Covered Facilities.

**Direct Agreements** are any arrangements that NMC or any Covered Facility enters into directly with any supplier.

**GPO Competitor** means any third-party agent, including but not limited to any Group Purchasing Organization and its subsidiaries and affiliates. For purposes of clarity, GPO Competitor does not include any Participating Affiliate or division.

**GPO Safe Harbor** means the regulatory safe harbor of the Anti-Kickback Statute for group purchasing organizations set forth at 42 C.F.R. § 1001.952(j), as amended.

**Group Purchasing Organization** shall mean a business, company, enterprise, joint venture, association, partnership, limited partnership, limited liability company or corporation; organized as a cooperative, for profit or not-for-profit, owned separate and apart of its Covered Facilities; to provide commodity group purchasing services and/or programs, group

contract negotiations and/or ancillary professional, technical or managerial services, or some similar combination of services thereof to its Covered Facilities.

Group Purchasing Portfolio shall mean those Supplier Agreements entered into between a Participating Supplier and MedAssets.

Live Group Buy shall mean a live event, facilitated by MedAssets, in which the Live Group Buy participants convene to analyze the value of a specified Capital Equipment modality for the purpose of determining, via ad hoc committee consensus, which supplier's Capital Equipment to select for purchase.

LOC shall mean a letter of commitment or other commitment form that suppliers which may, from time to time, require NMC to execute to access a Supplier Agreement.

Rebate shall refer to any payment by a Participating Supplier to MedAssets based upon a reduction in price of a product or service sold through the Group Purchasing Program identified specifically as a rebate by the Participating Supplier, and not as an Administrative Fee.

Report shall mean a report of Administrative Fees received by MedAssets. An example of the Report is attached as Exhibit A.

**4. Fees.** The GPO Program shall be provided in consideration of the Administrative Fees retained by MedAssets under the Terms of this SOW.

**5. Description, Deliverables and Obligations of the Parties.**

5.1 The GPO Program. MedAssets negotiates and executes Supplier Agreements at the discretion of various operating committees. MedAssets shall provide access to the Group Purchasing Portfolio to NMC and the Covered Facilities.

5.2 Direct Agreements. During the GPO Program Term, NMC and Covered Facilities shall not enter into any new (or extend the term of any existing) Direct Agreement for any product or service available through a Supplier Agreement. If NMC or Covered Facility desires to enter into a Direct Agreement for any product or service that is not available through a Supplier Agreement, then NMC or the applicable Covered Facility must first give MedAssets the option to write a Custom Agreement for that product or service. Nothing in this Section 5.2 prohibits NMC or any Covered Facility from accessing any Direct Agreement that is in effect as of the Effective Date. MedAssets has no obligation to assist in the preparation, negotiation, or management of any Direct Agreement. NMC and Covered Facility shall not refer to or otherwise use any Supplier Agreement in any manner that is adverse to MedAssets' interests. For example, NMC and Covered Facilities shall not use any Supplier Agreement as leverage to negotiate any Direct Agreement. If MedAssets determines that NMC or any Covered Facility has exploited a Supplier Agreement in violation of this Section 5.2, then MedAssets may terminate this Agreement as provided in the above Section 1.2.

5.3 Custom Agreements. To request that MedAssets create a Custom Agreement, NMC or the applicable Covered Facility shall transmit the request using MedAssets' standard request form, including any proposed business criteria to MedAssets at [customcontracting@broadlane.com](mailto:customcontracting@broadlane.com). MedAssets has 30 days after it receives any request for a Custom Agreement to accept or reject that request.

5.4 Live Group Buys.

5.4.1 Scheduling of Live Group Buys. MedAssets generally conducts one Live Group Buy per year per designated Capital Equipment modality. MedAssets employs commercially reasonable efforts to schedule Live Group Buys that meet the Live Group Buy participants' needs, but MedAssets may determine not to conduct a Live Group Buy, or to cancel, reschedule, or relocate a planned Live Group Buy at any time if necessary in MedAssets' discretion. Once executed, the Live Group Buy Agreement is a Supplier Agreement.

5.4.2 Election to Participate in a Live Group Buy. To participate in a Live Group Buy, NMC or the applicable Covered Facility shall register for the Live Group Buy by: (a) notifying the appropriate MedAssets representative of its intent to participate; and (b) executing any ancillary documents that MedAssets or the participating Live Group Buy suppliers may require. Each Live Group Buy Participant shall send to the Live

Group Buy a representative with the requisite authority to make the applicable purchasing decisions on its behalf.

5.5 Electronic Catalog. MedAssets shall provide NMC and the Covered Facilities access to an electronic catalog which contains information regarding products and services offered through the GPO Program.

5.6 Purchasing Decisions. NMC and Covered Facilities determine whether and how much to purchase through Supplier Agreements. NMC and Covered Facilities are bound to the terms and conditions of each Supplier Agreement if they: (a) purchase products or services under that agreement; or (b) agree to be bound to that agreement in an ancillary document (such as an LOC). NMC and Covered Facilities warrant that any purchase made under any Supplier Agreement will not cause NMC or any Covered Facility to breach any third-party agreement or obligation. MedAssets bears no responsibility for interpreting, negotiating, or managing ancillary agreements in standard forms that suppliers may provide to NMC.

5.7 Duties under Supplier Agreements and Other Agreements. MedAssets is not a supplier of products offered under any Supplier Agreement, and does not own, control, or invest in any suppliers. Duties under Supplier Agreements and other agreements are as follows:

5.7.1 Participating Supplier's Duties to NMC and Covered Facilities. The Participating Supplier: (a) delivers, installs, warrants, and insures any products or services offered through any Supplier Agreement; (b) invoices and collects payment from NMC and Covered Facilities for products and services offered through any Supplier Agreement; and (c) publishes recall or safety-related notices and coordinates any other recall or safety-related activities for any products offered through any Supplier Agreement. MedAssets has no duty or liability for the performance of a supplier.

5.7.2 NMC's Duties to Participating Suppliers. Any purchases NMC or a Covered Facility makes through any Supplier Agreement are made pursuant to the terms and conditions set forth in that agreement. NMC or the applicable Covered Facility: (a) requisitions, pays for, receives and takes title to, insures, installs, and pays any taxes for products and services offered through any Supplier Agreement; and (b) monitors product recall or safety-related notices, and determines product recall or safety-related responses for any products offered through any Supplier Agreement. NMC acknowledges and agrees that MedAssets provides no medical or other patient care, and that NMC and suppliers bear ultimate responsibility for products purchased through Supplier Agreements. NMC and each Covered Facility understand that each supplier has the right to seek a remedy for breach directly against NMC and each Covered Facility under any Supplier Agreement.

5.7.3 Supplier Disputes. If there is a dispute that involves a Supplier Agreement, then MedAssets may, in its discretion, provide reasonable assistance to attempt to resolve the dispute. MedAssets provides no legal analysis or legal counseling to NMC or any Covered Facility, and provides no dispute-resolution assistance requiring legal expertise.

5.7.4 Survival. This Section 5.7 survives expiration or other termination of this SOW.

## 6. Agency and Own Use.

6.1 Designation as Agent. As provided in the GPO Safe Harbor, NMC designates MedAssets as NMC's, and each Covered Facility's agent to perform the services set forth in this SOW.

If any Participating Supplier permits NMC (or any Covered Facility) to purchase under any Supplier Agreement after expiration of this SOW or any Covered Facilities' participation under this SOW, then MedAssets continues to be that entity's agent with respect to those purchases for the limited purposes of: (i) collecting and forwarding supplier rebates; (ii) collecting Administrative Fees; and, (iii) managing Supplier Agreements (in MedAssets' discretion). This paragraph survives expiration or other termination of this SOW.

6.2 Scope of Agency. NMC and Covered Facilities shall not engage any GPO Competitor to provide any services substantially similar to the services MedAssets provides under this SOW, or to handle collection and transmittal Rebates.

6.3 Own Use. NMC hereby represents to and covenants with MedAssets that all purchases made through the GPO Program by NMC shall be made for NMC "own use" and consumption. NMC shall comply with the restrictions on use and resale of products set forth in Abbott Laboratories vs. Portland Retail Druggists Assn., Inc. 425 U.S. 1 (1976) and its



successor line of cases and further shall comply with the Prescription Drug Marketing Act of 1987, as applicable. NMC shall indemnify and hold MedAssets harmless from any and all manner of liability including, but not limited to, costs of defense resulting from any breach by NMC of this Section 6.3.

## **7. Administrative Fees and Payments.**

7.1 Administrative Fee Disclosure. MedAssets discloses and NMC acknowledges that during the term of this Agreement MedAssets will receive Administrative Fees from Participating Suppliers which are based on purchases made by NMC. NMC acknowledges that this Administrative Fee is not fixed at the same amount in each Supplier Agreement, and that the Supplier Agreements provide for Administrative Fees equal to three percent or less of the purchase price of the goods or services purchased by NMC under the Supplier Agreements.

MedAssets will report to NMC, in writing, on a basis not less frequently than annually, and to the Secretary of Health and Human Services, on request, the amount received from Participating Suppliers with respect to purchases made by or on behalf of NMC, sorted by Participating Supplier.

NMC and each Covered Facility understands that the discounted pricing and any Shareback provided as part of the Agreement or the GPO Program, as well as the value of any Services provided at less than full price, is a "discount" within the meaning of 42 U.S.C. Section 1320a-7b(b)(3)(A) of the Social Security Act and the regulations promulgated hereunder at 42 C.F.R. Section 1001.952(h) and that NMC may have an obligation to report this discount to any state or federal program which provides cost or charge-based reimbursement to NMC for the items to which the discount applies.

7.2 Rebate(s). MedAssets shall remit to NMC 100% of all Rebate(s) received on purchases made by NMC. MedAssets shall pay any such Rebate(s) within 60 days of the cumulative value of such Rebate(s) exceeding \$100, but in no event more frequently than on a quarterly basis.

7.3 Reporting. MedAssets shall provide the Report to NMC with the Shareback. MedAssets will maintain a sales information database that is based on reports received from Participating Suppliers. The database, and all data within it, shall be and remain the property of MedAssets.

7.4 Revenue Sharing. For purchases made subsequent to the GPO Effective Date, MedAssets shall pay NMC 30% of the Administrative Fees MedAssets receives from Participating Suppliers (the "Shareback") provided that (i) NMC has not breached a material term of the Agreement that remains uncured; and (ii) the aggregate Shareback due for the period being calculated is in excess of \$500. In the event that MedAssets has withheld Shareback for breach by NMC, MedAssets agrees to pay such withheld Shareback upon the cure of any such breach as reasonably determined by MedAssets. In the event that the aggregate Shareback is less than \$500 (an "Unvested Shareback Amount"), MedAssets shall have no obligation to pay such amount, but it shall add the Unvested Shareback Payment to subsequent period's Shareback calculation until such time as the aggregate Unvested Shareback Amounts and the Shareback for the period then being calculated exceeds, in the aggregate, \$500. At such time as the aggregated amount exceeds \$500, the Shareback payment right shall vest and be due to NMC. MedAssets shall pay any earned and vested Shareback within 60 days following the end of each semi-annual period. MedAssets shall have no obligation to make a Shareback payment after an early termination of the Agreement for any reason whatsoever.

Notwithstanding anything to the contrary stated herein, MedAssets shall not be obligated to pay Shareback to NMC in the event that: (i) a Participating Supplier contractually prohibits MedAssets from sharing Administrative Fees with MedAssets' members; (ii) Administrative Fees are received for which a supplier has failed to provide sufficient detail to determine whether they are derived from purchases made by NMC; or, (iii) a change in law or regulation occurs which MedAssets' legal counsel reasonably believes prohibits MedAssets from sharing such Administrative Fees with its members.

**8. Additional Limitation of Liability.** MedAssets shall have no obligation to provide support services for: (i) any professional services provided by MedAssets outside of the scope of this SOW (ii) any non-MedAssets computer programs, technology or hardware; (iii) any data conversion, template construction or interface design, other than as specifically set forth solely with respect to NMC's systems and data as provided on the date of the completion of the applicable Setup Services; (iv) any data conversion, template construction or interface design arising out of or relating to a change in NMC's system and data at any time during the SOW Term; and/or, (iv) any MedAssets software that is not the most recent version or release. Any failure of NMC to pay all applicable fees for the Services as they come due shall, at MedAssets' sole option, immediately discharge MedAssets of any obligation to provide support services hereunder.

**9. Schedules and Exhibits.** The following Schedules and Exhibits are attached thereto and are to be considered an integral part hereof and are incorporated into the Agreement by this reference:

Exhibit A: Shareback Report

Schedule 1: List of Covered Facilities

**EXHIBIT A TO THE  
SOW FOR THE GROUP PURCHASING PROGRAM  
SAMPLE SHAREBACK REPORT**

**Manufacturer Report**

01/22/2008 08:57 AM  
ID: XXXXXXXXXXXX

Report No: 2201

Fac #	Facility Name	City	ST	IN	All Purchases Through 9/2006			Purchases Made 10/2006 - 12/2006			Purchases Made 1/2007 - 3/2007			Purchases Made 4/2007 - 6/2007			Purchases Made 7/2007 - 9/2007			Purchases Made 10/2007 - 12/2007				
					Volume	New Fees	Total Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees
XXXX	Avon	Indianapolis	IN	0	0	0	8	577	14	198	8	1,028	16	1,019	0	16	2,271	0	30	267	0	272		
XXXX	Indianapolis	IN	0	0	0	0	497	7,910	158	3,812	1	56	1	56	0	0	0	0	0	0	0	0		
Grand Total of Manufacturer Purchases:				1,006	8,148	28,975,589	681,683	679,827	1,506	30,826,115	730,570	686,489	64,081	32,705,376	792,428	134,944	657,484	28,449,938	840,197	0	640,197	11,111,147	179,869	1,546,576

**Distributor Report**

01/22/2008 08:57 AM  
ID: XXXXXXXXXXXX

Report No: 2201

Fac #	Facility Name	City	ST	IN	All Purchases Through 9/2006			Purchases Made 10/2006 - 12/2006			Purchases Made 1/2007 - 3/2007			Purchases Made 4/2007 - 6/2007			Purchases Made 7/2007 - 9/2007			Purchases Made 10/2007 - 12/2007			
					Volume	New Fees	Total Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume
XXXX	Avon	Indianapolis	IN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grand Total of Manufacturer Purchases:				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Facility Report**

01/22/2008 08:57 AM  
ID: XXXXXXXXXXXX

Report No: 2201

Fac #	Facility Name	City	ST	IN	All Purchases Through 9/2006			Purchases Made 10/2006 - 12/2006			Purchases Made 1/2007 - 3/2007			Purchases Made 4/2007 - 6/2007			Purchases Made 7/2007 - 9/2007			Purchases Made 10/2007 - 12/2007			
					Volume	New Fees	Total Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume
XXXX	Avon	Indianapolis	IN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XXXX	Indianapolis	IN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grand Total of Manufacturer Purchases:				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Program Fee Summary**

01/22/2008 08:57 AM  
ID: XXXXXXXXXXXX

Report No: 2201

Fac #	Facility Name	City	ST	IN	Purchases Made 10/2006 - 12/2006			Purchases Made 1/2007 - 3/2007			Purchases Made 4/2007 - 6/2007			Purchases Made 7/2007 - 9/2007			Purchases Made 10/2007 - 12/2007						
					Volume	New Fees	Total Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees	New Fees	Volume	Total Fees		
XXXX	Avon	Indianapolis	IN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
XXXX	Indianapolis	IN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Totals:				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

34838

Doc ID 00064014

**SCHEDULE 1 TO THE  
SOW FOR THE GROUP PURCHASING PROGRAM**

**LIST OF COVERED FACILITIES**

<i>ID</i>	<i>NAME</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>ST</i>	<i>ZIP</i>	<i>PHONE NUMBER</i>	<i>DEA NUMBER</i>
34838	Natividad Medical Center	1441 Constitution Boulevard	Salinas	CA	93906		
415114	County of Monterey	168 West Alisal St.	Salinas	CA	93901		

NMC shall provide information regarding any additional owned sites (including, but not limited to warehouses, administrative offices, physician offices, clinics, surgery centers, etc.) within 5 days of the GPO Program Effective Date in order to update Schedule 1 and provide access to the GPO Program (including access to the MedAssets Group Purchasing Portfolio) for such sites.

**SOW FOR CONTRACT CATALOG**

THE UNDERSIGNED PARTIES ACKNOWLEDGE AND AGREE THAT THIS SOW IS MADE PART OF THE MASTER AGREEMENT BETWEEN NATIVIDAD MEDICAL CENTER AND MEDASSETS PERFORMANCE MANAGEMENT SOLUTIONS, INC. DATED \_\_\_\_\_, 2014 (THE "AGREEMENT").

**1. Term and Termination.**

1.1 SOW Term. The Contract Catalog (the "Catalog") provided under this SOW commences upon the Effective Date (the "Catalog Effective Date") and continues for the remainder of the Term of the Agreement (the "GPO Program Term").

1.2 SOW Termination. In the event Natividad or MedAssets breaches any material provision of this SOW, the non-breaching Party shall provide written notice of such breach to the other Party. If the breaching Party has failed to cure the breach within 30 days after receiving written notice, the non-breaching Party may, in its sole discretion, terminate this SOW by providing a letter of termination to the breaching Party which shall specify the exact date of termination.

2. **Covered Facilities.** Individual sites covered by this SOW (each a "Covered Facility" for the purposes of this SOW) are listed below. Each site must be listed individually (i.e. multiple sites shall not be grouped under a common name). MedAssets shall have no obligation to provide the Catalog to any site not specifically listed below. During the Catalog Term, Natividad may request MedAssets to add a site to the list of Covered Facilities through an amendment and at an additional cost. Natividad represents and warrants it has the legal authorization to execute this SOW on behalf of itself and the Covered Facilities.

<i>ID</i>	<i>NAME</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>ST</i>	<i>ZIP</i>
34838	Natividad Medical Center	1441 Constitution Boulevard	Salinas	CA	93906

2. **Covered Facilities.** Individual sites covered by this SOW (each a "Covered Facility" for the purposes of this SOW) are listed below. Each site must be listed individually (i.e. multiple sites shall not be grouped under a common name). MedAssets shall have no obligation to provide the Catalog to any site not specifically listed below. During the Catalog Term, NMC may request MedAssets to add a site to the list of Covered Facilities through an amendment and at an additional cost. NMC represents and warrants it has the legal authorization to execute this SOW on behalf of itself and the Covered Facilities.

<i>ID</i>	<i>NAME</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>ST</i>	<i>ZIP</i>
34838	Natividad Medical Center	1441 Constitution Boulevard	Salinas	CA	93906
415114	County of Monterey	168 West Alisal St.	Salinas	CA	93901

**4. Fees, Payment Terms and Expenses.**

4.1 Fees.

<b>Name: Contract Catalog</b>					
<b>Covered Facility Number</b>	<b>Covered Facility Name</b>	<b>Setup Fee</b>	<b>Annual Maintenance Fee</b>	<b>Term of SOW</b>	<b>Billing Frequency</b>
See Section 2.	See Section 2.	\$9,150	\$30,500	60 Months	Annually

4.2 Payment Terms and Invoicing. The setup fee for the Catalog provided hereunder shall be due upon the Catalog Effective Date. The annual maintenance fee for the Catalog provided hereunder shall be due in full each year commencing on the Catalog Effective Date.

4.3 Expenses. Travel and reasonable lodging expenses are not included in the above fees and shall be paid by Natividad pursuant to the terms set forth in Section 4.3 of the Agreement.

4.4 Sales Tax Exemption Certificate. In the event that NMC is a tax-exempt entity, NMC shall provide its tax-exempt certificate to MedAssets within 30 days of the Catalog Effective Date, in accordance with Section 4.4 of the Agreement.

4.5 Consumer Price Index. During the Catalog Term, the fees set forth above may be revised by MedAssets, in its sole discretion, on an annual basis on each anniversary of the applicable extension provided, however, that any such annual price changes will be capped at the lesser of (i) the annual Consumer Price Index, or (ii) 5%. As used herein, the annual Consumer Price Index means the percentage change for the applicable one-year period of the "All Items Figure" of the Consumer Price Index - All Urban Consumers - U.S. City Average (1982-84 = 100) issued by the Bureau of Labor Statistics of the United States Department of Labor.

**5. Deliverables and Obligations of the Parties.** MedAssets shall build a Catalog containing MedAssets' and Natividad's contracts in order to enable and enhance Natividad's usage of Natividad's contracts with vendors in accordance with the terms of the Agreement (the "Purpose").

5.1 Natividad's Responsibilities. Natividad agrees and acknowledges that the functionality and accuracy of the Catalog depends on the integrity of Natividad's contract files and MedAssets' interaction with personnel from Natividad. Natividad further agrees that the accuracy of the Catalog is dependent upon their ability to electronically transmit updated information concerning contract changes and additions to MedAssets in a timely manner in accordance with the scheduled Catalog updates. As a result, the following lists of responsibilities may not be all-inclusive, but generally outline the responsibilities required to implement and maintain the Catalog. Natividad's responsibilities are as follows:

5.1.1 Development Phase. The development phase is defined as the period after the Catalog Effective Date until the initial load of Natividad's contracts into the Catalog (the "Development Phase"). During the Development Phase, Natividad shall:

- (i) provide a specific Natividad designate to act as the MedAssets liaison;
- (ii) review and work with MedAssets to revise the phases of implementation;
- (iii) work with the designated MedAssets Catalog administrator to add all applicable GPO contracts;
- (iv) meet specified timelines as mutually agreed upon by the Parties hereto;
- (v) provide all pertinent Natividad custom contract information to the Catalog administrator using the specified contract maintenance worksheet, standard electronic price file format and other electronic documents by the mutually agreed upon timelines;
- (vi) follow the established contract input process when providing information to the MedAssets Catalog administrator;
- (vii) meet the necessary contract input deadline as mutually agreed upon by the Parties hereto;
- (viii) provide sufficient technical information and support in the event there are issues related to internet access or system issues that may be related to Natividad's information systems; and
- (ix) set aside sufficient time to be trained during implementation based on a mutually agreed upon schedule, location and method.

5.1.2 Maintenance Phase. The maintenance phase is defined as the period after the initial load of Natividad's data into the Catalog until the end of the Catalog Term (the "Maintenance Phase"). During the Maintenance Phase, Natividad shall:

- (i) provide a designated liaison to interact with the Catalog administrator;
- (ii) provide designated user(s);
- (iii) provide all pertinent Natividad custom contract information including contract changes to the Catalog administrator using the specified contract maintenance worksheet, standard electronic price file format and other electronic documents;
- (iv) follow the established contract input process when providing information to the Catalog administrator;
- (v) provide Natividad custom contracts and line item pricing with contract changes to the Catalog administrator based on established contract management timelines and formats;
- (vi) maintain locally negotiated contract information within a mutually agreed upon timeframe;
- (vii) review the list of expiring contracts on a monthly basis and provide MedAssets with updated information, changes, and/or cancellations on expiring contracts prior to the contract expiration date;
- (viii) proactively notify MedAssets of upcoming price changes, new contracts, and tiers;
- (ix) load price changes into their host MMIS and/or ERP system;
- (x) maintain correct distributor mark ups and tier settings;

- (xi) utilize the Catalog as part of their daily contract change or item add process;
- (xii) work with the Catalog administrator to remove any MedAssets' contracts that should be excluded from the Catalog based on this SOW; and
- (xiii) provide updated promotional and alerts information to the Catalog administrator based on a schedule agreed to by the Parties hereto.

5.2 MedAssets' Responsibilities.

5.2.1 Development Phase. During the Development Phase, MedAssets shall:

- (i) provide a MedAssets designate to manage the development and implementation process;
- (ii) communicate the phases of Catalog development and maintenance;
- (iii) include all or eliminate any GPO contracts as requested by Natividad in writing or as specified in the Agreement;
- (iv) input Natividad's custom contracts and line item pricing into the Catalog based on the established timelines and electronic document formats;
- (v) establish a contract load schedule for the Development Phase;
- (vi) provide sufficient technical and contract administrative support to meet mutually agreed upon development and implementation timelines;
- (vii) provide Help Desk support Monday-Friday from 7AM-6PM Central Time;
- (viii) provide Catalog training during implementation based on a mutually agreed upon training schedule, location and method; and
- (ix) work with Natividad to establish user(s) to act as the catalog liaison to Natividad.

5.2.2 Maintenance Phase. During the Maintenance Phase, MedAssets shall:

- (i) provide a designated Catalog administrator;
- (ii) act as a resource for Natividad's user(s);
- (iii) provide sufficient Catalog administration support to properly maintain the contract management process for Natividad;
- (iv) establish a contract load schedule for the Maintenance Phase of this SOW;
- (v) update contract information based on the established schedule;
- (vi) include all or eliminate any GPO contracts as requested by Natividad in writing or as specified in this SOW;
- (vii) input Natividad's custom contracts and line item pricing into the Catalog based on the established contract management timelines and electronic formats;
- (viii) develop and provide a customized contract maintenance worksheet and standard price file format document to Natividad;
- (ix) maintain catalog availability except for unforeseen events and special circumstances; and
- (x) provide Help Desk support Monday-Friday from 7AM-6PM Central Time.

**6. Additional Terms and Conditions.**

6.1 License. MedAssets hereby grants Natividad a non-exclusive, non-assignable, and non-transferable license to access and use the properties and Confidential Information (as defined in the Agreement) of the Catalog. Natividad may not download, upload, copy, print, display, reproduce, publish, post, distribute, or transmit any of the properties or Confidential Information except as necessary.

6.2 Information Disclaimer. Natividad acknowledges and agrees that certain information within the Catalog is provided to MedAssets by third parties or is developed using information provided to MedAssets by third parties, and as such MedAssets is not responsible for the accuracy or completeness of the information within the Catalog. Nothing contained in the Catalog is intended to replace the independent medical judgment of a health care professional and MedAssets shall not be liable for any damages arising out of reliance on the information contained herein.

6.3 Discount Disclosure. Natividad understands that the discounted pricing provided as part of the Catalog, as well as the value of any services provided at less than full price, may be regarded as a "discount" within the meaning of 42 U.S.C. Section 1320a-7b(3)(A) of the Social Security Act and the regulations promulgated hereunder at 42 C.F.R. Section

1001.952(h) and that Natividad may have an obligation to report this discount to any state or federal program which provides cost or charge-based reimbursement to Natividad, as the case may be, for the items to which the discount applies.

6.4 Limitations and Exclusions. MedAssets shall have no obligation to provide support services for: (i) any professional services provided by MedAssets outside of the scope of this SOW; (ii) any non-MedAssets computer programs, technology or hardware; (iii) any data conversion, template construction or interface design, other than as specifically set forth solely with respect to Natividad systems and data as provided on the date of the completion of the applicable setup services; (iv) any data conversion, template construction or interface design arising out of or relating to a change in Natividad's system and data at any time during the Catalog Term; and/or, (iv) any MedAssets software that is not the most recent version or release. Any failure of Natividad to pay all applicable fees for the Catalog as they come due shall, at MedAssets' sole option, immediately discharge MedAssets of any obligation to provide support services hereunder.



**SOW FOR SPEND ANALYTICS - ADVANCED**

THE UNDERSIGNED PARTIES ACKNOWLEDGE AND AGREE THAT THIS SOW IS MADE PART OF THE MASTER AGREEMENT BETWEEN NATIVIDAD MEDICAL CENTER AND MEDASSETS PERFORMANCE MANAGEMENT SOLUTIONS, INC. DATED \_\_\_\_\_, 2014 (THE "AGREEMENT").

**1. Term and Termination.**

1.1 SOW Term. Spend Analytics - Advanced (the "SA Services") commences on the Effective Date ("SA Effective Date") and continues for the remainder of the Term of the Agreement (the "SA Services Term").

1.2 SOW Termination. If NMC or MedAssets breaches any material provision of this SOW, then the non-breaching Party shall provide written notice of the breach to the other Party. If the breaching Party fails to timely cure the breach within 30 days after receiving written notice, then the non-breaching Party may, in its sole discretion, terminate this SOW by providing a letter of termination to the breaching Party specifying the exact date of termination.

**2. Covered Facilities.** Individual sites covered by this SOW (each a "Covered Facility" for the purposes of this SOW) are listed below. The Parties must list each site individually (i.e., the parties may not group multiple sites under a common name). MedAssets has no obligation to provide the SA Services to any site not specifically listed below. During the SA Services Term, NMC may request that MedAssets add a site to the list of Covered Facilities through an amendment and at an additional cost. NMC represents and warrants it has the legal authorization to execute this SOW on behalf of itself and the Covered Facilities.

<i>ID</i>	<i>NAME</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>ST</i>	<i>ZIP</i>
34838	Natividad Medical Center	1441 Constitution Boulevard	Salinas	CA	93906
415114	County of Monterey	168 West Alisal St.	Salinas	CA	93901

**3. Definitions.** Any capitalized term not otherwise defined in this Section 3 has the meaning given to that term in the Agreement.

**4. Fees, Payment Terms and Expenses.**

4.1 Fees.

<b>Name: Spend Analytics - Advanced</b>					
<b>Covered Facility Number</b>	<b>Covered Facility Name</b>	<b>SA Services Implementation Fee</b>	<b>SA Services Annual Maintenance Fee</b>	<b>Initial Term of SOW</b>	<b>Billing Frequency</b>
See Section 2.	See Section 2.	\$9,240	\$30,800	60 Months	Annually

4.1.1 SA Services Implementation Fee. Although the standard implementation fee for the SA Services equals \$9,240 (the "SA Services Implementation Fee") **IN THIS CASE THE SA SERVICES SHALL BE PROVIDED IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED UNDER SECTION 7.4 OF THE SOW FOR THE GROUP PURCHASING PROGRAM AND THE SA SERVICES IMPLEMENTATION FEE IS SET FORTH HEREUNDER FOR DISCLOSURE PURPOSES ONLY PROVIDED NMC MEETS OR EXCEEDS THE COMMITTED PURCHASES REQUIREMENT DURING EACH 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE.**

4.1.2 SA Services Annual Maintenance Fee. Although the standard annual maintenance fee for the SA Services equals \$30,800 (the "SA Services Annual Maintenance Fee") **IN THIS CASE THE SA SERVICES SHALL BE PROVIDED IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED UNDER SECTION 7.4 OF THE SOW FOR THE GROUP PURCHASING PROGRAM AND THE SA SERVICES ANNUAL MAINTENANCE FEE IS SET FORTH HEREUNDER FOR DISCLOSURE**

**PURPOSES ONLY PROVIDED NMC MEETS OR EXCEEDS THE COMMITTED PURCHASES REQUIREMENT DURING EACH 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE.**

4.2 Payment Terms and Invoicing. **IN THE EVENT NMC DOES NOT MEET OR EXCEED THE COMMITTED PURCHASES REQUIREMENT DURING ANY 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE THEN MEDASSETS SHALL NO LONGER PROVIDE THE SA SERVICES TO NMC IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED BY MEDASSETS AND SHALL INVOICE FUTURE SA SERVICES ANNUAL MAINTENANCE FEES TO NMC. NMC MUST PAY ALL INVOICES IN ACCORDANCE WITH SECTION 4.2 OF THE AGREEMENT.**

4.3 Expenses. Travel and reasonable lodging expenses are not included in the above fees. NMC shall pay the expenses according to the terms listed in Section 4.3 of the Agreement. All travel and expenses will be paid per the Monterey County Travel Policy.

**5. Description, Deliverables and Obligations of the Parties.**

5.1 Description. NMC has identified the need for consultative services and SA Services management tools to aggregate, analyze and recommend action on purchase order or closed receipt or detailed invoice data for the Covered Facilities. The purpose of the data aggregation is to provide a data repository for all Enterprise Resource Planning (the "ERP") system purchases from the Covered Facilities. The purpose of the analysis is to indicate possible savings and contracting opportunities found in moving non-contracted purchases to MedAssets or NMC's negotiated contracts. The analysis also provides information that aids in the maintenance of NMC's database(s), aggregates spend by category, and shows price variation for each Covered Facility.

5.2 Obligations of NMC. The Parties agree and acknowledge that the success of the SA Services implementation and monthly reporting process depends on the timely receipt and routine delivery of NMC's purchase order, closed receipt or detailed invoice data to MedAssets and active interaction between MedAssets and NMC's personnel. The following list of responsibilities is not all-inclusive, but generally outlines the responsibilities required to implement and utilize the SA Services. Accordingly, the responsibilities of NMC are as follows:

5.2.1 Data Submission. NMC will provide MedAssets its data on a mutually agreed upon and consistent schedule in the specific standardized formats outlined in the provided MedAssets data requirements. All data shall be delivered to a dedicated FTP site. NMC agrees and acknowledges that all data must be submitted on schedule, include all requested data elements, and reflect accurate and agreed upon time periods in order for MedAssets to fulfill its responsibilities herein. Furthermore, MedAssets is under no obligation to provide the SA Services described herein or credit monies to NMC if NMC fails to supply data necessary to implement the SA Services within 90 calendar days of the SA Services Effective Date during the implementation phase or after the established monthly data receipt date during the maintenance phase. In addition, the file layout of all data submissions shall remain consistent with the initial data submission unless agreed upon in advance and in writing by MedAssets. If standard reports or files do not exist and NMC Information Systems personnel create a data extraction process (i.e., scripts, etc.), MedAssets requires documentation of this data extraction process.

5.2.2 Date Range of Data. NMC will provide MedAssets with one month of data for the implementation phase described below. This month of data will be no earlier than either 1) the first complete month after the SA Services Effective Date, or 2) the first complete month after implementation of the GPO Program described in the SOW for the GPO Program, whichever is later. During the subsequent maintenance phase described below, NMC will provide MedAssets with data monthly thereafter until the last the complete month 30 days prior to the SA Services Term.

5.2.3 Implementation Phase. The implementation phase is defined as the period after SA Services Effective Date until the initial load NMC's data into the SA Services Portal (the "Implementation Phase"). During the Implementation Phase, NMC shall:

- (i) provide a designate to act as the MedAssets liaison;
- (ii) review and agree to work with MedAssets to revise the phases of SA Services work flow;
- (iii) provide MedAssets' technical and support staff contacts and contact information at Covered Facilities;

- (iv) provide MedAssets the necessary purchase order, closed receipt or detailed invoice data in sufficient time (as mutually determined by NMC and MedAssets);
- (v) provide data in MedAssets' specified electronic formats or other mutually agreed upon formats;
- (vi) collaborate with the designated MedAssets SA Services support staff in the event that data is problematic and does not facilitate the implementation time frame;
- (vii) meet specified timelines as mutually agreed upon by MedAssets and NMC;
- (viii) provide sufficient technical support in the event there are issues related to internet access or system issues that may be related to NMC's information systems;
- (ix) develop NMC's custom catalog per the terms of the SOW for the Contract Catalog, if applicable;
- (x) set aside sufficient time to be trained in the use of NMC's SA Services portal and functionality based on a mutually agreed upon training schedule, location and method;
- (xi) provide MedAssets a list of SA Services portal users and contact information;
- (xii) coordinate at least one initial meeting between MedAssets' team members and all end users;
- (xiii) remove any data NMC does not want analyzed by MedAssets before sending files for analysis; and

5.2.4 SA Spend Validation. The "SA Spend Validation" is defined as the process that verifies NMC data and concludes the Implementation Phase. During the SA Spend Validation, NMC shall:

- (i) conduct an internal review of the first extract of data provided to MedAssets or provide MedAssets with a third party source of spend data such as AP or GL;
- (ii) if a third party data source is provided for verification, review a spend comparison and summary provided by MedAssets;
- (iii) identify segments of supply spend not processed through the MMIS electronic system;
- (iv) sign off via the SA Spend Validation Acceptance Certificate or the SA Spend Validation Waiver as more fully described in Exhibit A and Exhibit B, respectively as attached hereto. If the SA Spend Validation Acceptance Certificate or SA Spend Validation Waiver is accepted by NMC, but issues are identified at a later date, NMC may be subjected to additional fees for rework of data; and
- (v) assist in ongoing periodic spend validation to the assigned account manager which will ensure the quality of extracts are not compromised.

5.2.5 Maintenance Phase. The maintenance phase is defined as the period after the initial load of NMC's data into the SA Services portal until the end of the SA Services Term (the "Maintenance Phase"). During the Maintenance Phase, NMC shall:

- (i) provide a designated liaison to interact with the MedAssets SA Services analyst;
- (ii) provide a designated user(s) for NMC;
- (iii) provide all pertinent NMC purchase order, closed receipt or detailed invoice data to MedAssets using the specified file formats within five days of the close of the month;
- (iv) remove any data they do not want analyzed by MedAssets before sending files for analysis;
- (v) maintain the accuracy of NMC's custom catalog per the terms of the SOW for Catalog, if applicable;
- (vi) commit to attend and participate in a recurring schedule of monthly SA Services review conference calls; and
- (vii) act on all opportunities within 30 days or a mutually agreed upon time frame and provide MedAssets with a formal disposition and sign off on each opportunity and its associated value. If no disposition of each opportunity is provided within 30 days of delivery, then MedAssets will assume that the savings opportunity has been realized.

### 5.3 Obligations of MedAssets.

5.3.1 Implementation Phase. During the Implementation Phase, MedAssets shall:

- (i) implement the SA Services;
- (ii) develop and maintain a hosted extranet SA Services inquiry website for NMC;
- (iii) perform monthly data aggregation and analysis services;
- (iv) post the results of the aggregation and analysis services on the hosted SA Services portal;
- (v) communicate the phases of SA Services implementation and maintenance to NMC's designates;
- (vi) provide a specific MedAssets designate to manage the development and implementation process;

- (vii) provide sufficient technical and administrative support to meet mutually agreed upon development and implementation goals and timelines;
- (viii) work with Covered Facilities' materials managers and/or IT departments to explain the data requirements;
- (ix) establish a data requirements schedule for the Implementation Phase;
- (x) analyze transactional information from each Covered Facility;
- (xi) import analyzed information into the SA Services portal;
- (xii) provide Help Desk support Monday-Friday from 7AM-6PM Central Time;
- (xiii) provide SA Services training during the Implementation Phase based on a mutually agreed upon training schedule, location and method (standard training is web-based and travel expenses are an additional cost per Section 4.3);
- (xiv) work with NMC to establish a NMC user(s) to act as the SA Services liaison to the Covered Facilities; and
- (xv) load data for purchases made before the SA Services Effective Date at a cost of 1/12 of the SA Services annual maintenance fee per month of history loaded.

5.3.2 Maintenance Phase. During the Maintenance Phase, MedAssets shall:

- (i) establish a monthly reporting schedule for the Maintenance Phase. Monthly reporting is dependent on the date of data receipt and validation and scheduling may vary;
- (ii) provide analyst support to meet the monthly reporting schedule and timelines;
- (iii) act as a SA Services resource for NMC's user(s);
- (iv) process Covered Facility-reported purchase order, closed receipt or detailed invoice data within 30 days of receipt of complete and accurate data through the SA Services program;
- (v) provide access to the SA Services portal based on the terms and conditions of this SOW;
- (vi) aggregate purchase order, closed receipt or detailed invoice data such that it can be posted on the SA Services portal and can be viewed in an aggregated fashion by contract, facility, group and/or region;
- (vii) provide standard reports hosted on the SA Services portal;
- (viii) provide a report generator on the SA Services portal;
- (ix) conduct a monthly SA Services conference call with NMC to discuss the presentation of savings opportunities that may include the following reports: Contract Price Audit, Price Standardization Analysis, Non-Contract to Contract Conversions, Supply Vendor Contract Conversions, Supply Manufacturer Contract Conversions, and Standardization and Consolidation Opportunities;
- (x) provide SA Services training during the Maintenance Phase based on a mutually agreed upon training schedule, location and method (standard training is web-based and travel expenses are an additional cost per Section 4.3);
- (xi) maintain website availability except for unforeseen events and special circumstances; and
- (xii) provide Help Desk and analyst support Monday-Friday from 7AM-6PM Central Time.

## 6. Additional Terms and Conditions.

6.1 Additional Terms. NMC hereby grants to MedAssets, and any Participating Affiliate which executes a valid SOW, a non-exclusive, fully-paid, royalty-free and irrevocable right and license to use, reproduce, display, modify, create derivative works and disclose in any manner (including the right to prepare and provide comparative pricing benchmarks) any data or information uploaded, provided, sent, transferred or otherwise transmitted by NMC to MedAssets in connection with the SA Services (the "NMC Data"); provided, however, that, other than in connection with the performance of the SA Services, MedAssets is prohibited from (and such right and license specifically excludes) the right: (i) to disclose the NMC Data other than on a non-identifying (anonymous) basis, and (ii) to use or otherwise disclose any protected health information or any other personally identifiable information.

6.2 License. MedAssets hereby grants NMC a non-exclusive, non-assignable, and non-transferable license to access and use the Properties (as defined herein) and Confidential Information (as defined in the Agreement) of the SA Services in furtherance of the purpose. NMC may not download, upload, copy, print, display, reproduce, publish, post, distribute, or transmit any of the Properties or Confidential Information except as necessary to effectuate the Purpose.

6.3 Information Disclaimer. NMC acknowledges and agrees that certain information within the SA Services is provided to MedAssets by third parties or is developed using information provided to MedAssets by third parties, and as such MedAssets is not responsible for the accuracy or completeness of the information within the SA Services. Nothing

contained in the SA Services is intended to replace the independent medical judgment of a health care professional and MedAssets shall not be liable for any damages arising out of reliance on the information contained herein.

6.4 Limitations and Exclusions. MedAssets shall have no obligation to provide support services for: (i) any professional services provided by MedAssets outside of the scope of this SOW; (ii) any non-MedAssets computer programs, technology or hardware; (iii) any data conversion, template construction or interface design, other than as specifically set forth solely with respect to NMC's systems and data as provided on the date of the completion of the applicable setup services; (iv) any data conversion, template construction or interface design arising out of or relating to a change in NMC's system and data at any time during the SA Services Term; and/or, (iv) any MedAssets software that is not the most recent version or release. Any failure of NMC to pay all applicable fees for the SA Services as they come due shall, at MedAssets' sole option, immediately discharge MedAssets of any obligation to provide support services hereunder.

6.5 Discount Disclosure. NMC and each Covered Facility understands that any discounted pricing provided under the Agreement or this SOW, as well as the value of any Services provided at less than full price, may be a "discount" within the meaning of 42 U.S.C. Section 1320a-7b(b)(3)(A) of the Social Security Act and the regulations promulgated hereunder at 42 C.F.R. Section 1001.952(h) and that NMC may have an obligation to report this discount to any state or federal program which provides cost or charge-based reimbursement to NMC for the items to which the discount applies.

6.6 Exhibits. The following exhibits are attached thereto and are to be considered an integral part hereof and are incorporated into this SOW by reference:

Exhibit A: Strategic Information Spend Validation Acceptance Certificate

Exhibit B: Strategic Information Spend Validation Waiver

**EXHIBIT A TO THE  
SOW FOR SPEND ANALYTICS - ADVANCED**

**STRATEGIC INFORMATION SPEND VALIDATION ACCEPTANCE CERTIFICATE**

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**ACCEPTANCE OF SA SPEND VALIDATION:**

NMC hereby acknowledges and agrees that, as of the date set forth below, the SA Spend Validation has been reviewed and accepted. By accepting below, NMC agrees that the data provided to MedAssets is complete and wholly representative of the spend volume for NMC to include all relevant time periods for the baseline, Covered Facilities, general ledger accounts and sub-accounts. If NMC elects to make material changes to the data sets at any future point, MedAssets is only responsible for processing data refreshes from the time of such election forward. Additionally, if NMC asks MedAssets to rework any previously submitted data sets due to changed, missing, inaccurate, or incomplete data, NMC will be subject to additional fees.

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*Accepted and Agreed to by:*

**NATIVIDAD MEDIAL CENTER**

Signature: Exhibit Only

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

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

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

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**EXHIBIT B TO THE  
SOW FOR SPEND ANALYTICS - ADVANCED**

**STRATEGIC INFORMATION SPEND VALIDATION WAIVER**

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**STRATEGIC INFORMATION SPEND VALIDATION WAIVER:**

Per NMC's request, NMC hereby acknowledges that a spend validation to a third party data source was not performed on the SA Services data extract per the MedAssets data standards. As a result, NMC agrees to the following

- NMC certifies that the data is accurate and complete to the best of their knowledge.
- NMC acknowledges that MedAssets cannot validate that the information contained in the data extract is accurate and complete which may impact the integrity of the SA Services.
- MedAssets is under no obligation to reprocess data for errors or omissions in the data extract.
- If NMC asks MedAssets to reprocess any data extract at a later date due to missing, inaccurate, or incomplete information, NMC will be subject to additional fees.

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*Accepted and Agreed to by:*

**NATIVIDAD MEDIAL CENTER**

Signature: Exhibit Only

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

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

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

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## SOW FOR ITEM MASTER SERVICES

THE UNDERSIGNED PARTIES ACKNOWLEDGE AND AGREE THAT THIS SOW IS MADE PART OF THE MASTER AGREEMENT BETWEEN NATIVIDAD MEDICAL CENTER AND MEDASSETS SUPPLY CHAIN SYSTEMS, LLC DATED \_\_\_\_\_, 2014 (THE "AGREEMENT").

### 1. Term and Termination.

1.1 **SOW Term.** The Item Master Services ("Item Master Services") commences on the Effective Date (the "Item Master Services Effective Date") and continues for the remainder of the Term of the Agreement (the "Item Master Services Term").

1.2 **SOW Termination.** In the event NMC or MedAssets breaches any material provision of this SOW, the non-breaching Party shall provide written notice of such breach to the other Party. If the breaching Party has failed to cure the breach within 30 days after receiving written notice, the non-breaching Party may, in its sole discretion, terminate this SOW by providing a letter of termination to the breaching Party which shall specify the exact date of termination.

3. **Covered Facilities.** Individual sites covered by this SOW (each a "Covered Facility" for the purposes of this SOW) are listed below. Each site must be listed individually (i.e. multiple sites shall not be grouped under a common name). MedAssets shall have no obligation to provide the Item Master Services to any site not specifically listed below. During the Item Master Services Term, NMC may request MedAssets to add a site to the list of Covered Facilities through an amendment and at an additional cost. NMC represents and warrants it has the legal authorization to execute this SOW on behalf of itself and the Covered Facilities.

<i>ID</i>	<i>NAME</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>ST</i>	<i>ZIP</i>
34838	Natividad Medical Center	1441 Constitution Boulevard	Salinas	CA	93906
415114	County of Monterey	168 West Alisal St.	Salinas	CA	93901

3. **Definition.** Capitalized terms not otherwise defined herein shall have the meaning assigned thereto in the Agreement. In addition, the following definitions pertain to the Item Master Services:

**Automated Matching** shall mean the process of identifying records in NMC's item master that exactly match a record in the MedAssets Master Item File ("MIF") on vendor and vendor catalog number or manufacturer and manufacturer catalog number.

**Automated Matching Report** shall mean a report identifying 1) each inbound Covered Facility record that exactly matched to a record in the MIF via Automated Matching; 2) the records that were excluded; and 3) the records that are eligible for Manual Matching.

**Excluded** shall mean the designation for records that MedAssets is unable to process.

**Final Item Master Cleansing Deliverable** shall mean the project report from Phase I identifying each inbound Covered Facility record that matched to a record in the MIF and the associated MedAssets Item Master content.

**Final Item Master Pricing Deliverable** shall mean the project report from Phase I identifying each inbound Covered Facility record and the associated contract information if the inbound record matched to a record in the MIF and the contract catalog.

**Manual Matching** shall mean the process of identifying records in NMC's item master that match a record in the MIF based on a review by a MedAssets data analyst.

**Record** shall mean any horizontal row of data submitted to MedAssets for processing and includes all item duplicates and all data MedAssets is unable to process.

### 4. Fees, Payment Terms and Expenses.

4.1 **Fees.**



- 4.1.1 Phase I - Initial Item Master Cleansing Fees. Although the standard fee for Phase I equals \$10,180 (the "Item Master Implementation Fee") **IN THIS CASE THE ITEM MASTER SERVICES SHALL BE PROVIDED IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED UNDER SECTION 7.4 OF THE SOW FOR THE GROUP PURCHASING PROGRAM AND THE ITEM MASTER IMPLEMENTATION FEE IS SET FORTH HEREUNDER FOR DISCLOSURE PURPOSES ONLY PROVIDED NMC MEETS OR EXCEEDS THE COMMITTED PURCHASES REQUIREMENT DURING EACH 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE.**

Number of item master files: One

Candidate records: Up to 1,072 records

Per record fee for additional records shall equal \$2.50 per record. Processing of additional records is not included in the services being provided by MedAssets in consideration of the Administrative Fees retained under Section 7.4 of the SOW for the Group Purchasing Program and any applicable fee for additional records will be invoiced to NMC if incurred.

- 4.1.2 Phase II - Item Master Maintenance Fees. Although the standard annual fee for Phase II equals \$670 (the "Item Master Maintenance Service Fee") **IN THIS CASE THE ITEM MASTER SERVICES SHALL BE PROVIDED IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED UNDER SECTION 7.4 OF THE SOW FOR THE GROUP PURCHASING PROGRAM AND THE PHASE II - ITEM MASTER MAINTENANCE FEE IS SET FORTH HEREUNDER FOR DISCLOSURE PURPOSES ONLY PROVIDED NMC MEETS OR EXCEEDS THE COMMITTED PURCHASES REQUIREMENT DURING EACH 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE.**

New records per year cap shall equal 268 records

Per record fee for additional records shall equal \$2.50 per record. Processing of additional records is not included in the services being provided by MedAssets in consideration of the Administrative Fees retained under Section 7.4 of the SOW for the Group Purchasing Program and any applicable fee for additional records will be invoiced to NMC if incurred.

4.2 Payment Terms and Invoicing. **IN THE EVENT NMC DOES NOT MEET OR EXCEED THE COMMITTED PURCHASES REQUIREMENT DURING ANY 12 MONTH PERIOD COMMENCING SIX MONTHS FOLLOWING THE EFFECTIVE DATE THEN MEDASSETS SHALL NO LONGER PROVIDE THE ITEM MASTER SERVICES TO NMC IN CONSIDERATION OF THE ADMINISTRATIVE FEES RETAINED BY MEDASSETS AND SHALL INVOICE FUTURE PHASE II - ITEM MASTER MAINTENANCE FEES TO NMC. NMC MUST PAY ALL INVOICES IN ACCORDANCE WITH SECTION 4.2 OF THE AGREEMENT.**

4.3 Expenses. Travel and reasonable lodging expenses are not included in the above fees and shall be paid by NMC pursuant to the terms set forth in Section 4.3 of the Agreement. All travel and expenses will be paid per the Monterey County Travel Policy.

## 5. Description, Deliverables and Obligations of the Parties.

5.1 Description. A standard Item Master cleanse will be performed on the host MMIS/ERP system item master file extract data provided by NMC using a tiered matching approach.

- 5.1.1 Phase I: Initial Item Master Cleansing. A standard Item Master cleanse will be performed on the host MMIS/ERP system item master file extract data provided by NMC using a tiered matching approach. Initially, MedAssets will attempt to match the inbound Covered Facility records to the MIF database and will provide the Covered Facilities with a list of records that matched to the MIF utilizing the Automated Matching process. NMC will then have the opportunity to review the records that did not match during the Automated Matching process and select the records for MedAssets to manually review and match utilizing the Manual Matching process. Records matched to the MIF during either Automated or Manual Matching will inherit best practices naming convention, attributes, and coding described in Section 5.2.4. MedAssets will return the data to NMC in a Was-Is format in either a PDF, TEXT, EXCEL, or ACCESS file.

5.1.2 Phase II: Item Master Maintenance. MedAssets will conduct maintenance of the Item Master on a periodic basis to ensure the quality and accuracy of changed items and create best practices item attributes for newly-added items. The goal is to maintain a consistent and accurate standard for item master record data elements including item descriptions, manufacturer names and catalog numbers, and to support scheduled host system updates. Maintenance of NMC's item file shall commence within 30 calendar days after MedAssets delivery of the Final Item Master Cleansing Deliverable.

5.2 Deliverables.

5.2.1 Phase I – Automated Matching. Phase I – Automated Matching includes:

- (i) Automated Matching of NMC's item master file records to the MIF.
- (ii) inclusion report of item-adds from closed receipts analysis (Optional). This report displays potentially included records that meet the set of business rules defined by NMC.
- (iii) content review file for NMC's review and acceptance.
- (iv) Automated Matching Report for NMC's review. MedAssets will provide NMC with an Automated Matching Report.
  - 1) Records that matched to the MIF via Automated Matching will contain the standard MedAssets Item Master content outlined in Section 5.2.4 below. NMC will be expected to review these records and sign off on their content.
  - 2) Excluded records will not have any MedAssets content. Excluded records are typically "missing critical information" or "unqualified" which means that they contain insufficient information to process the record. MedAssets requires that each record have either a vendor/vendor catalog number pair or a manufacturer/manufacturer catalog number pair. If the record does not have either type of complete pair, it is designated as missing critical information and excluded from processing. A table showing the type of records designated as missing critical information is shown below. Unqualified records have the minimum field requirements but cannot be verified as a valid medical-surgical product.

Records Missing Critical Information:

MFR Name	MFR Catalog	Vendor Name	Vendor Catalog
Null	Null	Null	Null
Populated	Null	Null	Null
Null	Populated	Null	Null
Null	Null	Populated	Null
Null	Null	Null	Populated
Populated	Null	Populated	Null
Populated	Null	Null	Populated
Null	Populated	Populated	Null
Null	Populated	Null	Populated

- 3) Records that were not Excluded but that are eligible for Manual Matching may still be in the MIF, but the records did not match to the MIF exactly and must be reviewed by a MedAssets data analyst. The Covered Facility will have the opportunity to review the records eligible for Phase I – Manual Matching and select which records they would like to move forward.

MedAssets will pause item processing at this point until NMC reviews the Automated Matching Report. After review, the Covered Facility will be required to sign off on the content provided within 30 calendar days of delivery per Section 5.3.4 and select which records will move forward into Manual Matching.

5.2.2 Phase I – Manual Matching. Phase I – Manual Matching includes:

- (i) Manual Matching of NMC's item master file records to the MIF based on the records selected by NMC from the Automated Matching Report. Manual Matching is the process of identifying records in NMC's item master that match a record in the MIF based on a review by a MedAssets data analyst.

- (ii) Final Item Master Cleansing Deliverable for NMC's review. MedAssets will provide a Final Item Master Cleansing Deliverable to NMC. Records that matched to the MIF via Automated Matching or Manual Matching will contain the standard Item Master content outlined in Section 5.2.4 below. NMC will be expected to review these records and sign off on their content within 30 calendar days of delivery per Section 5.3.4.

5.2.3 Intentionally Omitted.

5.2.4 MedAssets Item Master Cleansing Content. MedAssets Item Master Cleansing Content will be delivered in a Was-Is format and in a PDF, TEXT, EXCEL or ACCESS file. The following content will be provided for records that match to the MIF:

- (i) Full Description – up to 255-character length and unabbreviated descriptions in the MedAssets standardized format for medical surgical records;
- (ii) Standard MedAssets Compressed Description – Full Descriptions abbreviated to 1 Covered Facility-specified character limit for medical surgical records utilizing the MedAssets standard abbreviation dictionary. During the implementation phase, the Standard MedAssets Compressed Descriptions will be provided for both the Automated Matches and Manual Matches in the Final Item Master Cleansing Deliverable. No Standard MedAssets Compressed Descriptions are provided in the Automated Matching Report;
- (iii) Manufacturer Name – standardized manufacturer name;
- (iv) Manufacturer Catalog Number – standardized manufacturer catalog number;
- (v) UOMs – An ANSI standard packaging string of units of measure as found in the MIF. Due to varying distributor packaging strings, UOMs are provided for reference only and not guaranteed;
- (vi) UNSPSC Code and Description – each medical surgical record (UNSPSC segments 41 and 42) will be assigned a UNSPSC code and description to the greatest level of specificity achievable from the information available about the record. Non medical surgical records will be assigned a UNSPSC code at the first tier (highest level); and
- (vii) Aspen Generic Implantable Code (GIC) and Description – each medical surgical record will receive an Aspen Generic Implantable Code and Description, if applicable.

5.2.5 Intentionally Omitted.

5.2.6 Phase II. Item Master Maintenance includes:

- (i) on a quarterly basis, MedAssets will perform a comprehensive refresh (item master file extract) to detect and cleanse records added or changed in the item file and not previously processed by MedAssets. Previously processed records are defined as records that have a vendor, vendor catalog number, manufacturer, and/or manufacturer catalog number combination seen in a prior extract. Records that have not been previously processed will be identified as new items, matched to the MIF, and standardized to the specification of the original Item Master deliverable;
- (ii) at NMC's option, MedAssets can review the closed receipt data on a quarterly basis to determine if an item not present in the item file footprint has been purchased in sufficient frequency to warrant inclusion into the item file database. Based on business rules developed by NMC, MedAssets will develop an item candidate inclusion list for NMC's review. Items selected by NMC for inclusion will be processed as new items, matched to the MIF, and standardized to the specification of the original Item Master deliverable; and
- (iii) MedAssets will deliver a standardized item file to NMC in a was-is format and in either a PDF, TEXT, EXCEL or ACCESS file with separate tables for both item file records and closed receipt records (in the event this option is selected by NMC).

5.2.7 Intentionally Omitted.

5.3 Obligations of NMC.

5.3.1 Data Submission. NMC will provide MedAssets its data on a mutually agreed upon and consistent schedule in the specific standardized formats outlined in the MedAssets data requests provided. All data shall be delivered to a dedicated FTP site. NMC agrees and acknowledges that all data must be submitted on

schedule, include all requested data elements, and reflect accurate and agreed upon time periods in order for MedAssets to fulfill its responsibilities herein. Furthermore, MedAssets is under no obligation to provide the Item Master Services described herein or credit monies to NMC if NMC fails to supply data necessary to implement the Item Master Services within 90 calendar days of the Item Master Services Effective Date during the implementation phase or after the established monthly data receipt date during the maintenance phase. In addition, the file layout of all data submissions shall remain consistent with the initial data submission unless agreed upon in advance and in writing by MedAssets. If standard reports or files do not exist and NMC information systems personnel create a data extraction process (i.e., scripts, etc.), MedAssets requires documentation of this data extraction process.

5.3.2 Changes to Data Formats and/or System Architecture. Any changes to NMC data formats during the Item Master Services Term will require MedAssets to modify the maintenance to accommodate the changed format. Subject to availability, MedAssets will use commercially reasonable efforts to provide data conversion and other additional services under a separately agreed to SOW, on a time and materials basis, as necessary to accommodate the changed format. Moreover, in the event NMC undergoes a future system conversion or major MMIS/ERP restructuring that results in material changes in its item master file, additional fees may be necessary for setup, linking to the MIF, or other procedures, and the related additional services may be provided by MedAssets pursuant to a separately agreed to SOW. Material changes are those changes which require additional efforts beyond the scope of this SOW on the part of MedAssets to insure that the data can be processed.

5.3.3 Data Requirements. The data files listed below are examples of what will be needed to be submitted as part of the setup and thereafter for the remainder of the Item Master Services Term.

- (i) Complete Item File (for Phase I – Automated Matching, Phase I – Manual Matching, and Item Master Maintenance); and
- (ii) Closed Receipt File (Optional for Phase I – Automated Matching, Phase I – Manual Matching, and Item Master Maintenance).

A data request form with sample formats of electronic data requirements will be emailed to NMC at the outset of the project.

5.3.4 Implementation Phase. During the implementation phase, NMC will:

- (i) meet all delivery timelines as specified by MedAssets. Any delay in delivering key information will result in project delays and an extension added to the delivery date;
- (ii) designate 1 individual to serve as NMC's project manager for the project. The responsibilities of the project manager include, but are not limited to, serving as a liaison between MedAssets and NMC, providing data for analysis, and coordinating the scheduling of conference calls and meetings as necessary;
- (iii) extract all required item master and closed receipt data fields from NMC legacy systems and prepare data in required TEXT, EXCEL or ACCESS format;
- (iv) remove any data that NMC does not want analyzed by MedAssets before sending files for analysis. Data that is not removed is considered a "line" of data and is charged at the per line rate agreed upon in this SOW;
- (v) deliver the required data to MedAssets via a secure FTP site;
- (vi) allocate content subject matter expert resources to review the Content Review File;
- (vii) sign off via the Content Review File Acceptance Certificate as more fully described in Exhibit C as attached hereto prior to MedAssets commencing item cleansing and prior to delivery of the Automated Matching Report as described in Section 5.2.1 of this SOW.
- (viii) review the Automated Matching Report and select record candidates for Manual Matching;
- (ix) sign off via the Automated Matching Report Acceptance Certificate as more fully described in Exhibit E attached hereto. If neither the Automated Matching Report Acceptance Certificate nor Valid Issues above the Valid Issue Rate per the MedAssets Performance Standards as more fully described in Exhibit B attached hereto are received by MedAssets from NMC within 30 calendar days of the delivery of the Automated Matching Report, acceptance of the Automated Matching Report will be automatically granted by NMC;

- (x) review the inclusion report and indicate which items NMC wants included for the Final Item Master Cleansing Deliverable (Optional);
- (xi) review the Final Item Master Cleansing Deliverable and request in-scope modifications (if required);
- (xii) sign off via the Final Item Master Cleansing Deliverable Acceptance Certificate as more fully described in Exhibit F attached hereto. If neither the Final Item Master Cleansing Deliverable Acceptance Certificate nor valid issues above the Valid Issue Rate per the MedAssets Performance Standards are received by MedAssets from NMC within 30 calendar days of the delivery of the Final Item Master Cleansing Deliverable, acceptance of the Final Item Master Cleansing Deliverable will be automatically granted by NMC;
- (xiii) Intentionally Omitted
- (xiv) upload the Final Item Master Cleansing Deliverable to the NMC legacy system.

**The success of the project depends on the timely delivery of NMC's item file and closed receipts data to MedAssets as well as NMC's interaction with MedAssets' personnel.**

5.3.5 Maintenance Phase. During the maintenance phase, NMC will:

- (i) provide a designated liaison to interact with the MedAssets designate;
- (ii) remove any data they do not want analyzed by MedAssets before sending files for analysis;
- (iii) deliver all required NMC item file and closed receipts data to MedAssets using the specified file formats by the 10th day of each quarter via a secure FTP site;
- (iv) review inclusion reports and approve candidate items for inclusion in quarterly maintenance (Optional); and
- (v) upload the standardized maintenance files to NMC's legacy system.

This list may not be all-inclusive and provides a general outline for the responsibilities required to implement and maintain the Item Master Services. Other responsibilities may be developed for both MedAssets and/or NMC if determined necessary.

5.4 Obligations of MedAssets. MedAssets' responsibilities during the implementation and maintenance phases are:

5.4.1 Implementation Phase. During the implementation phase, MedAssets will:

- (i) provide a specific MedAssets project manager to manage the project;
- (ii) communicate the phases of the project to NMC's project manager;
- (iii) work with NMC's Materials and/or IT departments to explain the data requirements that are required for the project;
- (iv) receive and analyze item file information from NMC;
- (v) receive and analyze transactional information from NMC (optional);
- (vi) provide a content review file;
- (vii) provide an Automated Matching Report for client sign-off;
- (viii) complete the development of the Final Item Master Cleansing Deliverable based on the criterion in Section 5.2.4;
- (ix) Intentionally Omitted;
- (x) make in-scope modifications prior to final sign off (if required). In Scope modifications include correction of errors detected in the deliverable where the deliverable does not meet the minimum MedAssets Performance Standards.

5.4.2 Maintenance Phase. During the maintenance phase, MedAssets will:

- (i) establish a quarterly reporting schedule for the maintenance phase of this SOW;
- (ii) provide support to meet the quarterly maintenance schedule and timelines;
- (iii) collect an updated item master file on a quarterly basis to detect and repair records added or changed in the file but not previously processed by MedAssets;
- (iv) collect a closed receipts file to detect records that meet the Covered Facility-specified rules for inclusion into the item master (Optional). These records will be provided back to NMC for review and acceptance for processing; and

- (v) return the newly processed item file records from (iii) and the included purchase transaction records from (iv) for upload on a quarterly basis.

**6. Additional Terms and Conditions.**

6.1 Performance Standards. MedAssets shall meet the Performance Standards as more fully described in Exhibit B attached hereto. In the event MedAssets fails to materially satisfy the Performance Standards, MedAssets will re-work the data until the minimum requirements are met.

6.2 Additional Terms. NMC hereby grants to MedAssets, and any Participating Affiliate which executes a valid SOW, a non-exclusive, fully-paid, royalty-free and irrevocable right and license to use, reproduce, display, modify, create derivative works and disclose in any manner (including the right to prepare and provide comparative pricing benchmarks) any data or information uploaded, provided, sent, transferred or otherwise transmitted by NMC to MedAssets in connection with the Item Master Services (the "NMC Data"); provided, however, that, other than in connection with the performance of the Item Master Services, MedAssets is prohibited from (and such right and license specifically excludes) the right: (i) to disclose the NMC Data other than on a non-identifying (anonymous) basis, and (ii) to use or otherwise disclose any protected health information or any other personally identifiable information.

6.3 License Grant. MedAssets hereby grants NMC a non-exclusive, non-assignable, and non-transferable license to access and use the properties and Confidential Information (as defined in the Agreement) of the Item Master Services. NMC may not download, upload, copy, print, display, reproduce, publish, post, distribute, or transmit any of the properties or Confidential Information except as necessary.

6.4 Use Restrictions. Except as otherwise permitted by this SOW, NMC may not and may not allow any other person to do or attempt to do any of the following: (a) download, upload, copy, print, display any of the Item Master Services or deliverables except to the extent necessary to access and use the Item Master Services or deliverables for NMC's internal business purposes; (b) license, assign, transfer, grant, sell, resell, rent, distribute, transmit, trade, or otherwise commercially exploit or make available to any third party any part of the Item Master Services or Deliverables for any purpose; or (c) use the Item Master Services or Deliverables to benefit any party other than the Covered Facilities.

6.5 Information Disclaimer. NMC acknowledges and agrees that certain information within the Item Master Services is provided to MedAssets by third parties or is developed using information provided to MedAssets by third parties, and as such MedAssets is not responsible for the accuracy or completeness of the information within the Item Master Services. Nothing contained in the Item Master Services is intended to replace the independent medical judgment of a health care professional and MedAssets shall not be liable for any damages arising out of reliance on the information contained herein.

6.6 Discount Disclosure. NMC and each Covered Facility understands that any discounted pricing provided under the Agreement or this SOW, as well as the value of any Services provided at less than full price, may be a "discount" within the meaning of 42 U.S.C. Section 1320a-7b(b)(3)(A) of the Social Security Act and the regulations promulgated hereunder at 42 C.F.R. Section 1001.952(h) and that NMC may have an obligation to report this discount to any state or federal program which provides cost or charge-based reimbursement to NMC for the items to which the discount applies.

6.7 Limitations and Exclusions. MedAssets shall have no obligation to provide support services for: (i) any professional services provided by MedAssets outside of the scope of this SOW; (ii) any non-MedAssets computer programs, technology or hardware; (iii) any data conversion, template construction or interface design, other than as specifically set forth solely with respect to NMC systems and data as provided on the date of the completion of the applicable setup services; (iv) any data conversion, template construction or interface design arising out of or relating to a change in NMC's system and data at any time during the Item Master Services Term; and/or, (iv) any MedAssets software that is not the most recent version or release. Any failure of NMC to pay all applicable fees for the Item Master Services as they come due shall, at MedAssets' sole option, immediately discharge MedAssets of any obligation to provide support services hereunder.

6.8 Exhibits. The following exhibits are attached thereto and are to be considered an integral part hereof and are incorporated into this SOW by reference:

- Exhibit A: MedAssets Item Description Standards
- Exhibit B: MedAssets Performance Standards
- Exhibit C: Content Review File Acceptance Certificate

Exhibit D: MedAssets Item File Standard Fields  
Exhibit E: Automated Matching Report Acceptance Certificate  
Exhibit F: Final Data File Acceptance Certificate

**EXHIBIT A TO THE  
SOW FOR ITEM MASTER SERVICES**

**MEDASSETS ITEM DESCRIPTION STANDARDS**

The MedAssets data standards are the industry best practice standards and follow the data structure outlined below. No exceptions can be made to the data standards based on customer preferences.

Below are the common attributes associated with cleansed descriptions:

**NOUN, PRIMARY ADJECTIVE, ADJECTIVE, TRADE NAME, SIZE, DIMENSION, OTHER FACTOR, MATERIAL, POWDER STATUS, COLOR, STERILITY, REUSABILITY.**

- **NOUN:** Good or service; e.g. suture, dressing, tape.
  - If the item contains multiple components (SET, KIT, TRAY, PACK, ASSEMBLY, SYSTEM) the noun will be compound and include the major type of item. For example: catheter kit, infusion set, and drape pack.
  - Nouns (first or later in the description) will always be in the singular except when they would not exist separately; e.g. scissors, pants, drape with wings.
- **PRIMARY ADJECTIVE:** Describes the type of good or service; e.g. absorbable/nonabsorbable.
- **ADJECTIVE:** If needed as a further descriptor. Some products may contain more than two (2) adjectives.
- **TRADE NAME:** Manufacturer trade name; e.g. Chromic. If this descriptor clearly identifies the item's attributes it will be used instead of the adjective. For instance, Chromic is always an absorbable suture therefore the abbreviation, abs, is not included in the convention. Also used if it will help to further describe the item or if the name is widely used to identify the item.
- **SIZE:** e.g. small, medium, large, adult, pediatric
- **DIMENSION:** e.g. length, width, height (18 X 24 IN) or capacity (1 GA)
  - Standard abbreviations will be used in writing dimensions including: IN, GA (gallon), G (gauge), MM, ML, FR.
  - For liquid measurements, ML (Milliliter) is used in all cases to remain consistent with Joint Commission recommendation.
  - For all dimensions, an X is used between the dimensions for instance 2 X 3. Spaces will be left between the number and the X. The sequence will follow the manufacturer's packaging, but is typically length X width.
  - More is indicated with +; e.g. 3+ MM.
  - The decimal is used to indicate common fractions ( $\frac{1}{4}$ ,  $\frac{1}{2}$  and  $\frac{3}{4}$ ), e.g. 0.25, 0.5, 0.75, in all instances unless it is standard for the fraction to be used; e.g. suture circle size will always be in fractions. When the fraction is not a common one, the fraction is used; e.g. 3/8.
  - Generally 1.0 will only be indicated as 1. Tenths are designated as 0.1 not as .1. to remain consistent with Joint Commission recommendation for pharmaceuticals.
  - To indicate span or size range, use a – without spaces on either side.
  - Equivalent dimensions are not included. The most prominent units on the packaging are used.
- **OTHER DEFINING FACTOR:** e.g. suture needle type. DA is used here for double armed.
- **MATERIAL:** e.g. latex, silicone. Some standard abbreviations may be used (e.g. latex-free is LF).
- **POWDER STATUS:** Written as **POWDER** or **PF** (powder-free)
- **COLOR:** e.g. red, green, clear
- **STERILITY:** If known, written as **STERILE** or **NS** (non-sterile)
- **RESUSABILITY:** e.g. disposable, reusable, reprocessed, single use
- **OTHER DESCRIPTION RULES:**



- Descriptions are written in all capitals
- All words will be separated by a space except symbols and the number/letter that proceeds or follows them. In the instance of the number and a dimension, a space will be left between them;
  - e.g. 10% and 1 IN
- Similarly, if a product is for a particular system, this will be abbreviated, F/<SYSTEM>
- Abbreviations will not contain periods
- Common abbreviations/acronyms are used in the description, e.g. EKG, PICC, LF, GA
- Common organisms, frequently encountered in the laboratory, will be abbreviated;
  - e.g. H PYLORI, STAPH, STREP, E COLI
  - When using /, no space is used between the words or numbers.
  - When available, packaging information will be included in the description for drugs and solutions;
    - e.g. bag or bottle

**EXHIBIT B TO THE  
SOW FOR ITEM MASTER SERVICES**

**MEDASSETS PERFORMANCE STANDARDS**

MedAssets will deliver item file content to the standards listed in Sections 5.2.4 and 5.2.5. NMC will have 30 calendar days after the delivery of item file content to review the data to determine if NMC contends that any records do not meet these standards. For records identified by NMC after this 30 calendar day review period, MedAssets will not be required to review and/or correct any potential problems identified by NMC unless it is part of NMC's normal maintenance data submission process.

If potential data issues are identified by NMC, NMC must communicate those issues to MedAssets by copying the line of data in question and providing it to MedAssets in a separate EXCEL spreadsheet. NMC must assign each record a status code and explanation identifying the type of issue. MedAssets will provide NMC with a list of status codes. The explanation will be the reason why the client contends that the status code should be applied to each record in question. Examples of status codes may include the following:

Item Matched to Incorrect Item Number or Supplier

Inaccurate Abbreviated Description based on Compression Dictionary--Examples:

- CATH GASTSTMY MAGNA-PORT 14FR
- CATH GASTSTMY MAGNA-PORT 16FR
- CTH GASTSTMY MAGNA-PORT 18FR (Item has a wrong abbreviation)

Inaccurate UNSPSC Code based on Product Family--Examples:

- GLOVE EXAM MICRO-TOUCH PLUS XSMALL LATEX PF
  - 42 13 22 03 MEDICAL EXAM OR NON SURGICAL PROCEDURE GLOVES
- GLOVE EXAM MICRO-TOUCH PLUS SMALL LATEX PF
  - 42 13 22 03 MEDICAL EXAM OR NON SURGICAL PROCEDURE GLOVES
- GLOVE EXAM MICRO-TOUCH PLUS MEDIUM LATEX PF
  - 42 13 22 05 SURGICAL GLOVES (Item has wrong UNSPSC code)

Once the list of potential issues is submitted to MedAssets, MedAssets will review the list to determine if each record has a valid issue or if the record is in compliance with the standards in Sections 5.2.4 and 5.2.5. A valid issue is a record where both NMC and MedAssets agree that record does not meet the standards listed in Sections 5.2.4 and 5.2.5.

If MedAssets agrees that a record has a valid issue, MedAssets will rework the record and return it to NMC.

MedAssets will guarantee that its data content will have a Valid Issue Rate of less than of 5%. The Valid Issue Rate will be calculated as follows:

$$\text{Valid Issue Rate} = \frac{\text{Records with Valid Issue}^*}{\text{Total Number of Records Submitted}}$$

\*Each record is counted

If the Valid Issue Rate calculated 30 calendar days after the delivery of MedAssets item file content is equal to or below 5%, then acceptance of the MedAssets item file content will be automatically granted by NMC. If the Valid Issue Rate calculated 30 calendar days after the delivery of MedAssets item file content is greater than 5%, then acceptance of the MedAssets content will be automatically granted by NMC once the records with valid issues are reworked by MedAssets and returned to NMC.

**EXHIBIT C TO THE  
SOW FOR ITEM MASTER SERVICES**

**CONTENT REVIEW FILE ACCEPTANCE CERTIFICATE**

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**ACCEPTANCE OF CONTENT REVIEW FILE:**

NMC hereby acknowledges and agrees that, as of the date set forth below, the content review file has been reviewed and accepted. By accepting below, NMC agrees that NMC content subject matter resources have reviewed the data and MedAssets item descriptions meet the standards as set forth in Exhibit A. NMC accepts that the content to be provided by MedAssets will meet the contractual obligations set forth in this SOW. If neither the Content Review File Acceptance Certificate nor any documented requests for content changes are received by MedAssets from NMC within 30 calendar days of the delivery of the content review file, acceptance of the content review file will be automatically granted by NMC.

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*Accepted and Agreed to by:*

**NATIVIDAD MEDIAL CENTER**

Signature: Exhibit Only

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

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

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

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**EXHIBIT D TO THE  
SOW FOR ITEM MASTER SERVICES**

**MEDASSETS ITEM FILE STANDARD FIELDS**

Field Name	Source	Notes
Facility Name	Client Extract	All fields received from the client extract
ITEM_NO	Client Extract	All fields received from the client extract
Item Description	Client Extract	All fields received from the client extract
Manufacturer Catalog Nbr	Client Extract	All fields received from the client extract
Manuf Code	Client Extract	All fields received from the client extract
Manuf Name	Client Extract	All fields received from the client extract
Vendor Name	Client Extract	All fields received from the client extract
Vendor Code	Client Extract	All fields received from the client extract
Vend Catalog Nbr	Client Extract	All fields received from the client extract
PO Price	Client Extract	All fields received from the client extract
UM	Client Extract	All fields received from the client extract
OHBY	Client Extract	All fields received from the client extract
<b>ID</b>	<b>Client Extract</b>	<b>MedAssets ID of the record in the extract received from the client</b>
Input Item ID	MedAssets	Internal MedAssets Field
Master Item ID	MedAssets	MedAssets Unique Master Item ID Number
Manufacturer Name	MedAssets	PDU Master Mfr Conglomerate or mapped input Mfr ID
Master Mfr Catnum	MedAssets	Cleansed Manufacturer Catalog Number
Mfr ID	MedAssets	Internal MedAssets Manufacturer Code (Master or mapped input)
UOM1	MedAssets	Packaging stored at level 1 for the item
UOM2	MedAssets	Packaging stored at level 2 for the item
UOM3	MedAssets	Packaging stored at level 3 for the item
UOM4	MedAssets	Packaging stored at level 4 for the item
UOM1 Conversion	MedAssets	Units in package level 1
UOM2 Conversion	MedAssets	Units in package level 2
UOM3 Conversion	MedAssets	Units in package level 3
UOM4 Conversion	MedAssets	Units in package level 4
MedAssets Item Description	MedAssets	Full two hundred fifty-five (255) Character Standardized Item Description
MedAssets Abbreviated Description	MedAssets	Abbreviated Item Description
UNSPSC Code	MedAssets	Full eight (8) character UNSPSC CODE
UNSPSC Code Description	MedAssets	Full UNSPSC Code Description
UNSPSC Segment	MedAssets	Two (2) Character UNSPSC Segment Code
UNSPSC Segment Description	MedAssets	UNSPSC Segment Description
UNSPSC Family	MedAssets	Two (2) Character UNSPSC Family Code

UNSPSC Family Description	MedAssets	UNSPSC Family Description
UNSPSC Class	MedAssets	Two (2) Character UNSPSC Class Code
UNSPSC Class Description	MedAssets	UNSPSC Class Description
UNSPSC Commodity	MedAssets	Two (2) Character UNSPSC Commodity Code
UNSPSC Commodity Description	MedAssets	UNSPSC Commodity Description
Aspen Category Code	MedAssets	Aspen Category Code
Aspen Category Code Description	MedAssets	Aspen Category Code Description
Excluded Item Flag	MedAssets	Record has been excluded from cleansing
Exclude Reason	MedAssets	Reason the record has been excluded
Duplicate Flag	MedAssets	Populated for Duplicate Items

**EXHIBIT E TO THE  
SOW FOR ITEM MASTER SERVICES**

**AUTOMATED MATCHING REPORT ACCEPTANCE CERTIFICATE**

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**ACCEPTANCE OF AUTOMATED MATCHING REPORT:**

NMC hereby acknowledges and agrees that, as of the date set forth below, the Automated Matching Report has been reviewed and accepted. By accepting below, NMC agrees that the content provided by MedAssets in the Automated Matching Report meets the contractual obligations set forth in this SOW. If neither the Automated Matching Report Acceptance Certificate nor any documented requests for container changes are received by MedAssets from NMC within 30 calendar days of the delivery of the Automated Matching Report, acceptance of the Automated Matching Report will be automatically granted by NMC.

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*Accepted and Agreed to by:*

**NATIVIDAD MEDICAL CENTER**

Signature: \_\_\_\_\_

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

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

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

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**EXHIBIT F TO THE  
SOW FOR ITEM MASTER SERVICES**

**FINAL ITEM MASTER CLEANSING DELIVERABLE ACCEPTANCE CERTIFICATE**

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**ACCEPTANCE OF FINAL Item Master CLEANSING DELIVERABLE:**

NMC hereby acknowledges and agrees that, as of the date set forth below, the Final Item Master Cleansing Deliverable has been reviewed and accepted. By accepting below, NMC agrees that the content provided by MedAssets in the Final Item Master Cleansing Deliverable meets the contractual obligations set forth in this SOW. If neither the Final Item Master Cleansing Deliverable Acceptance Certificate nor any documented requests for container changes are received by MedAssets from NMC within 30 calendar days of the delivery of the Final Item Master Cleansing Deliverable, acceptance of the Final Item Master Cleansing Deliverable will be automatically granted by NMC.

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*Accepted and Agreed to by:*

**NATIVIDAD MEDIAL CENTER**

Signature: Exhibit Only

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

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

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

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