

CONTRACT FOR HOSPITAL INPATIENT SERVICES

Amendment No. 1

Contract No. 98-83098

Facility: THE COUNTY OF MONTEREY
dba: NATIVIDAD MEDICAL CENTER
1330 Natividad Road
Salinas, CA 93906

CONFIDENTIAL
DO NOT RELEASE
Exempt from Public Records Act
(Government Code Section 6254 [q])

AMENDMENT NO 1 TO CONTRACT NO. 98-83098 BETWEEN THE STATE OF CALIFORNIA AND THE COUNTY OF MONTEREY, doing business as NATIVIDAD MEDICAL CENTER.

WHEREAS, the State of California, hereinafter designated "the State", and THE COUNTY OF MONTEREY, doing business as NATIVIDAD MEDICAL CENTER, hereinafter designated "the Provider", entered into a contract (Contract No. 98-83098) for provision of inpatient hospital services executed December 1, 1998.

NOW THEREFORE, in accordance with the provisions for renegotiation and modification set forth in Article 6, Section 6.11 of said Contract, the Contract is amended as follows:

Paragraph One - Amendment of Appendix D

Appendix D is hereby added to read:

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APPENDIX D

EMERGENCY SERVICES AND SUPPLEMENTAL PAYMENTS FUND

This Appendix D is added to the Contract between the parties for the provision of hospital inpatient services.

Pursuant to the provisions of Welfare and Institutions Code Section 14085.6 relating to negotiations and disbursements from the Emergency Services and Supplemental Payments Fund, the parties hereby additionally agree as follows:

A. Services

In addition to any other promises and services agreed to be provided pursuant to this Contract, Provider agrees:

(1) To remain a contract provider within the Selective Provider Contracting Program and not to issue a notice of termination of this Contract pursuant to Section 6.15 until on or after June 1, 1999.

(2) To maintain its current emergency room licensure status until September 30, 1999.

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B. Payments

In addition to any other payments made to Provider pursuant to this Contract, and in consideration of the agreements set out in Section A above, the State hereby agrees to pay the Provider a total of \$27,000,000 from the Emergency Services and Supplemental Payments Fund for services rendered from December 8, 1998 through June 30, 1999. Payments shall be made in the following amounts on the following dates, or as soon thereafter as practicable:

- (1) on January 15, 1999, the amount of \$13,500,000;
- (2) on February 15, 1999, the amount of \$8,100,000;
- (3) on March 15, 1999, the amount of \$5,400,000.

The above payment to be made to Provider is conditioned upon the Emergency Service and Supplemental Payments Fund having sufficient unencumbered funds to make such payments. Until such time as a sufficient amount of unencumbered funds has been deposited in the Fund to support the non-federal portion of any particular payment(s) and funds are available for the federal portion of the payment(s) the State shall have no obligation to make such payment(s).

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C. Hold Harmless and Right of Set-Off

(1) It is understood that payments made to the Provider pursuant to this Appendix D include State and matching federal funds. The State shall be held harmless from any federal disallowance or withholding resulting from payments made to Provider pursuant to this Appendix D and the Provider shall be liable for any reduced federal financial participation resulting from the payment of funds pursuant to Appendix D. In the event of federal disallowance or withholding of federal financial participation for any payments made to the Provider pursuant to Appendix D, at the time of the federal disallowance or withholding, the State may, in its sole discretion, recover from the Provider the amount of funds disallowed and paid by the State to the Provider. Provider agrees that the amount of any such disallowance may be recouped by the Department by withholding the amount due from what would otherwise be the State's liability to the Provider under this Contract or otherwise, seeking recovery by payment from the Provider, or a combination of these two methods. If after federal disallowance or withholding, and State recovery or set-off of funds paid to the provider, the State regains the federal funds disallowed or withheld, then the funds shall be repaid by the State to the Provider.

(2) Any recoupment by the State pursuant to subsection (1) shall be limited to the amount of federal financial participation recouped from the State by the federal government with respect to actual payments made to the Provider under this Appendix D.

D. Breach

(1) If, subsequent to receiving payments pursuant to the provisions of this Appendix D, Provider breaches any of the service provisions set forth in Section A above, the State may, in its sole discretion, recover from the Provider the amount of funds paid by the State to the Provider pursuant to Appendix D. Provider agrees that the amount of any such payments may be recouped by the Department by withholding the amount due from what would otherwise be the State's liability to Provider under this Contract or otherwise, seeking recovery by payment from the Provider, or a combination of these two methods.

(2) The recovery of funds paid pursuant to this Appendix D, however, shall not preclude the State from pursuing additional damages in the event that the Provider breaches Section A(1) above relating to termination. In the event Provider terminates this Contract in violation of Section A(1) above, the State may, in its sole discretion, pursue all lawful remedies to recover its damages caused by Provider's breach.

Paragraph Two - 6.1 - Integration Clause

Integration Clause is hereby amended to read:

The State and Provider declare that this instrument, including Appendix A and Appendix B, and Appendix D contains a total integration of all rights and obligations of both parties.

There are no extrinsic conditions or collateral agreements or undertakings of any kind. In regarding this instrument as the full and final expression of their Contract it is the express intention of both the State and the Provider that any and all prior or contemporaneous agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter and period of time governed by this instrument which are not expressly set forth herein are to have no force, effect, or legal consequence of any kind.

The foregoing integration clause shall have no effect on relationships between the State and County regarding funding under other State programs under which the County receives health care funding.

Paragraph Three - Effective Date of Contract Amendment

If this Amendment is signed by the Provider and returned to the California Medical Assistance Commission within thirty (30) days of December 8, 1998, then the Contract changes agreed to in this Amendment shall be effective on December 8, 1998. If this Amendment is not signed and returned within thirty days, then the Contract changes agreed to in this Amendment shall be effective on the date the Contract is signed by both parties.

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Paragraph Four - Incorporation of Contract Rights, Duties and Obligations

All other terms and provisions of said Contract shall remain in full force and effect, so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

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EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on December 1, 1998, at

Salinas, California

APPROVED AS TO FORM
W. ALLEN BIDWELL DEC 01 1998
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Natividad Medical Center
Hospital

By Howard H. Classen
Signature

Howard H. Classen, CEO
Type Name and Title

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

By _____
S. Kimberly Belshe', Director
State Department of Health Services

EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on December 1, 1998, at

Salinas, California.

APPROVED AS TO FORM
W. ALLEN BIDWELL DEC 01 1998
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Natividad Medical Center
Hospital

By Howard H. Classen
Signature

Howard H. Classen, CEO
Type Name and Title

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

By _____
S. Kimberly Belshe', Director
State Department of Health Services

EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on December 1, 1998, at

Salinas, California.

APPROVED AS TO FORM
W. ALLEN BIDWELL DEC 01 1998
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Natividad Medical Center
Hospital

By Howard H. Classen
Signature

Howard H. Classen, CEO
Type Name and Title

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

By _____
S. Kimberly Belshe', Director
State Department of Health Services

EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on December 1, 1998, at

Salinas, California.

APPROVED AS TO FORM
W. ALLEN BIDWELL DEC 01 1999
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Natividad Medical Center
Hospital

By Howard H. Classea
Signature

Howard H. Classea, CEO
Type Name and Title

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

By _____
S. Kimberly Belshe', Director
State Department of Health Services

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COPY

DRAFT

CONTRACT FOR HOSPITAL INPATIENT SERVICES

Amendment Number 2

Contract Number 98-83098

Facility:

**Natividad Medical Center
1330 Natividad Road
Salinas, California 93906**

**CONFIDENTIAL
DO NOT RELEASE
Exempt from Public Records Act
(Government Code Section 6254 [q])**

**AMENDMENT NUMBER A-2 TO CONTRACT NUMBER 98-83098 BETWEEN THE
STATE OF CALIFORNIA AND NATIVIDAD MEDICAL CENTER**

DRAFT

RECITALS

WHEREAS, the State of California, hereinafter designated "the State" and Natividad Medical Center hereinafter designated "the Provider", entered into a contract (Contract No.98-83098) for the provision of inpatient hospital services to beneficiaries under the Medi-Cal Program (Welfare and Institutions Code, Sections 14000 et seq.), and

WHEREAS certain benefits to the Medi-Cal Program are or will be achieved from the expansion and/or modernization of the Provider's facilities, and

WHEREAS the State must take into account the situation of hospitals serving a disproportionate number of low-income patients with special needs,

NOW THEREFORE, in accordance with the provisions for renegotiation and modification set forth in Article 6, Section 6.11 of said contract, the contact is amended as follows:

Paragraph One - Amendment of Section 6.1 - Integration Clause

6.1 Integration Clause is hereby amended to read in full as follows:

Except as otherwise provided, all Medi-Cal and Medicaid laws and regulations apply. Further, the State and the Provider declare that this instrument, including all appendices, contains a total integration of all rights and obligations of both parties. There are no extrinsic conditions or collateral agreements or undertakings of any kind. In regarding this instrument as the full and final expression of their contract, it is the express intention of both the State and the Provider that any and all prior or contemporaneous agreements, promises, negotiations, or representations, either oral or written relating to the subject matter and period of time governed by this instrument which are not expressly set forth herein are to have no force, effect, or legal consequences of any kind.

Paragraph Two - Addition of Appendix E

Appendix E is hereby added to read in full as follows:

APPENDIX E

DRAFT

CONSTRUCTION/RENOVATION REIMBURSEMENT PROGRAM

Appendix E is added to this Contract to provide for supplemental reimbursement of certain expenses related to a certain capital expenditure that has been certified by the State as eligible under the terms of the Construction/Renovation Reimbursement Program (CRRP) (Welfare and Institutions Code, Section 14085.5; California Code of Regulation, Title 22, 57000 et seq.).

For the purpose of this contract amendment, that certain capital expenditure, the hospital replacement which is hereinafter referred to as "the Project", is described in detail in a document dated October 6, 1998 and the response dated December 23, 1998 and February 17, 1999.

(A) THE PROVIDER AGREES AND/OR MAKES ASSURANCES THAT:

- (1) Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and to the Office of the State Architect between July 1, 1989, and June 30, 1994, or as otherwise permitted by the Welfare and Institutions Code, Section 14085.5.
- (2) The Project has been funded through the issuance of a new debt.
- (3) It is the intent of the parties that Medi-Cal beneficiaries have continued access to areas of the hospital that are constructed or improved with the CRRP funds provided hereunder to the extent required by Welfare and Institutions Code, Section 14085.5 (b)(3)(A).
- (4) The Project replaces, upgrades or expands the Provider's buildings or fixed equipment that have been financed through new debt to a level required by currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expands service capacity to maintain the current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.

(B) THE STATE AGREES AND/OR MAKES ASSURANCES THAT:

In reliance upon the Provider's assurances, and where the Project (or portion thereof) meets all of the conditions set forth in Section 14085.5 of the Welfare and Institutions Code and Section 57030 of Title 22 of the California Code of Regulations, and where the Provider has obtained a certificate of occupancy or similar document from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will begin payments of the supplemental reimbursement in the amounts and in the manner described below.

For any fiscal year for which the Provider is eligible to receive reimbursement, the State shall reimburse to the Provider the product of the following figures:

- (1) The total amount of debt service on any new debt issued to finance the eligible Project; and,
- (2) The ratio of the Provider's paid Medi-Cal patient days to total paid patient days as determined by the State.

In calculating the number of Provider's total paid Medi-Cal patient days, the State shall use the Medicaid inpatient utilization rate as determined pursuant to Section 4112 of the Omnibus Budget Reconciliation Act of 1987 as implemented by State Plan Amendment 88-25.

In no instance (where Provider is otherwise eligible), will the percentage figure determined pursuant to the ratio derived under subparagraph (2) above be decreased by more than 10 percent of the initial ratio derived under subparagraph (2) prior to retirement of the debt, except that if such percentage figure falls below 90 percent of the initial percentage established at the point of final plan submission, the Provider shall at least maintain the volume of Medi-Cal days that were recorded in the fiscal year during which the provider submitted final plans for the Project to the applicable regulatory agency, unless forces beyond the Provider's control have decreased the total volume of days of care being provided. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the loan. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the new debt or bonds are fully paid or until the supplemental reimbursement is no longer required by law.

The date final plans for the eligible project were submitted to the Office of Statewide Health Planning and Development was November 10, 1993. The Medi-Cal initial ratio for the Provider at the date of final plan submission was 49.72%.

DRAFT

Notwithstanding Section 4.2 or any other provision of this Contract, the supplemental reimbursement under this Appendix E shall be payable in addition to any other amounts paid or payable to the Provider under this Contract. The total amount of supplemental reimbursement under this Appendix E will be paid to the Provider in the following manner:

Supplemental reimbursement payments shall not commence prior to the Department of Health Services receipt of a certificate of occupancy or similar document from the Provider.

The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.

Annually, the State will adjust the reimbursement amount as Medi-Cal final utilization data become available to reflect the changing Medi-Cal utilization.

Where the Provider contracts with a county organized health system, the State will make the supplemental payments directly to the Provider.

The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying loan is paid off, or the Provider is terminated as a Medi-Cal Selective Provider contractor and the Provider does not contract with a county organized health system or participate in a successor program. The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code, Section 14085.5(e).

Consistent with Welfare and Institutions Code Sections 14085.5 (c)(7)(A) and (c)(3)(B)(iii), CMAC and Provider shall negotiate in good faith for contract rates sufficient to ensure continued Provider participation in the Selective Provider Contracting Program and to ensure adequate access to Provider services for Medi-Cal beneficiaries.

Notwithstanding its right to terminate this contract without cause in accordance with the procedures set forth in Section 6.15 of the contract, the State will not terminate the contract for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Appendix E or any amendment hereto.

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In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such costs may be excluded from the supplemental reimbursement that the Department is obligated to pay to the Provider hereunder.

Paragraph Three - Effective Date of Contract Amendment

Contract changes agreed to in this amendment shall be effective on execution by both parties.

Paragraph Four - Incorporation of Contract Rights, Duties and Obligations

All other terms and provisions of said contract shall remain in full force and effect, so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

Paragraph Five - Additional Provision:

To the extent not addressed in the foregoing provisions of this Appendix E, paragraphs (1) to (4), inclusive, of subdivision (c) of Welfare and Institutions Code, Section 14085.5, are hereby incorporated by reference into this Appendix E. Should any provision of this Appendix E be inconsistent with the provisions that are incorporated by reference pursuant to this paragraph, the provisions that are incorporated by reference shall control.

EXECUTION

DRAFT

This Contract amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on _____, **at**
_____.

Hospital _____

By:

Signature

Type Name and Title

Executed on _____, **at**
Sacramento, California

STATE OF CALIFORNIA

By _____

Joseph P. Munso
Chief Deputy Director
State Department of Health Services

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

705/83

770 L STREET, SUITE 1000
SACRAMENTO, CA 95814
(916) 324-2726



December 29, 1999

Howard H. Classen
Chief Executive Officer
Natividad Medical Center
P.O. Box 81611
Salinas, CA 93912

Re: Natividad Medical Center, #98-83098, A-03

Dear Mr. Classen:

The Executive Director intends to recommend the above referenced amendment to the California Medical Assistance Commission for action at its meeting of **January 13, 2000**.

Please return the enclosed amendment by **Monday, January 10, 2000** with an **original** signature in **blue ink** on each of the four (4) execution pages to the address below:

California Medical Assistance Commission
770 L Street, Suite 1000
Sacramento, CA 95814

After execution of the amendment by the Department of Health Services, a fully executed copy will be sent to you. Please call me at (916) 324-2726 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Holland P. Golec".

Holland P. Golec
Senior Hospital Negotiator

HPG/cn
Enclosure

CONTRACT FOR HOSPITAL INPATIENT SERVICES

Amendment No. 3

Contract No. 98-83098

Facility: THE COUNTY OF MONTEREY
dba: NATIVIDAD MEDICAL CENTER
1330 Natividad Road
P.O. Box 81611
Salinas, CA 93912

CONFIDENTIAL
DO NOT RELEASE
Exempt from Public Records Act
(Government Code Section 6254 [q])

AMENDMENT NUMBER A-3 TO CONTRACT NUMBER 98-83098 BETWEEN THE STATE OF CALIFORNIA AND THE COUNTY OF MONTEREY, DOING BUSINESS AS NATIVIDAD MEDICAL CENTER

WHEREAS, the State of California, hereinafter designated "the State" and THE COUNTY OF MONTEREY DOING BUSINESS AS NATIVIDAD MEDICAL CENTER hereinafter designated "the Provider," entered into a Contract (Contract No. 98-83098) for the provision of inpatient hospital services to beneficiaries under the Medi-Cal Program (Welfare and Institutions Code, Section 14000 et seq.), executed November 7, 1998, and subsequently amended; and

WHEREAS, certain benefits to the Medi-Cal Program are or will be achieved from the expansion and/or modernization of the Provider's facilities;

NOW THEREFORE, in accordance with the provisions for renegotiation and modification set forth in Article 6, Section 6.11 of the Contract, the Contract is amended as follows:

Paragraph One - 6.1 Integration Clause

6.1 Integration Clause is hereby amended to read:

The State and Provider declare that this instrument, including Appendix A, Appendix B, Appendix D and Appendix E, contains a total integration of all rights and obligations of both parties. There are no extrinsic conditions or collateral agreements or undertakings of any kind. In regarding this

instrument as the full and final expression of their Contract. it is the express intention of both the State and the Provider that any and all prior or contemporaneous agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter and period of time governed by this instrument which are not expressly set forth herein are to have no force, effect, or legal consequence of any kind.

The foregoing integration clause shall have no effect on relationships between the State and County regarding funding under other State programs under which the County receives health care funding.

Paragraph Two - Addition of Appendix E

Appendix E, in the form attached hereto, is hereby added to the Contract.

Paragraph Three - Effective Date of Contract Amendment

Contract changes agreed to in this amendment shall be effective upon execution by both parties.

Paragraph Four - Other Provisions Unaffected

All other terms and provisions of the Contract shall remain in full force and effect so that all rights, duties, obligations and liabilities otherwise remain unchanged.

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APPENDIX E

CONSTRUCTION/RENOVATION REIMBURSEMENT PROGRAM

Appendix E is added to this Contract to provide for supplemental reimbursement of certain expenses related to a certain capital expenditure that has been certified by the State as eligible under the terms of the Construction/Renovation Reimbursement Program (CRRP) (Welfare and Institutions Code, Section 14085.5; California Code of Regulations, Title 22, Section 57000 et seq.).

For purposes of this Appendix E, the hospital replacement project, which is hereinafter referred to as "the Project," is described in a document dated October 6, 1998, and in responses dated December 23, 1998 and February 17, 1999, hereby incorporated by reference.

(A) THE PROVIDER AGREES AND/OR MAKES ASSURANCES THAT:

- (1) Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and to the Office of the State Architect between July 1, 1989 and June 30, 1994, or as otherwise permitted by the Welfare and Institutions Code, Section 14085.5.

- (2) The Project has been funded through the issuance of new debt.
- (3) It is the intent of the parties that Medi-Cal beneficiaries have continued access to areas of the hospital that are constructed or improved with the CRRP funds provided hereunder to the extent required by Welfare and Institutions Code, Section 14085.5(b)(3)(A).
- (4) The Project replaces, upgrades or expands the Provider's buildings or fixed equipment to a level required by currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expands service capacity to maintain the current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.

(B) THE STATE AGREES AND/OR MAKES ASSURANCES THAT:

In reliance upon the Provider's assurances, and where the Project (or portion thereof) meets all of the conditions set forth in Section 14085.5 of the Welfare and Institutions Code and Section 57030 of Title 22 of the California Code of Regulations, and where

the Provider has obtained a certificate of occupancy or similar document from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will begin payments of the supplemental reimbursement in the amounts and in the manner described below.

For any fiscal year for which the Provider is eligible to receive reimbursement, the State shall reimburse the Provider the product of the following figures:

- (1) The total amount of debt service on any new debt issued to finance the eligible Project; and
- (2) The ratio of the Provider's paid Medi-Cal patient days to total paid patient days as determined by the State.

In calculating the number of Provider's total paid Medi-Cal patient days, the State shall use the Medicaid inpatient utilization rate as determined pursuant to Section 4112 of the Omnibus Budget Reconciliation Act of 1987 as implemented by State Plan Amendment 88-25.

In no instance (where Provider is otherwise eligible), will the percentage figures determined pursuant to the ratio derived under subparagraph (2) above be decreased by more than 10 percent of the

initial ratio derived under subparagraph (2) prior to retirement of the debt, except that if such percentage figure falls below 90 percent of the initial percentage established at the point of final plan submission, the Provider shall maintain at least the volume of Medi-Cal days that were recorded in the fiscal year during which the provider submitted final plans for the Project to the applicable regulatory agency, unless forces beyond the Provider's control have decreased the total volume of days of care being provided. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the loan. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the new debt or bonds are fully paid or until the supplemental reimbursement is no longer required by law.

The date final plans for the eligible Project were submitted to the Office of Statewide Health Planning and Development was May 19, 1994. The Medi-Cal initial ratio for the Provider at the date of final plan submission was 51.68 percent.

Notwithstanding, Section 4.2 or any other provision of this Contract, the supplemental reimbursement under this Appendix E shall be payable in addition to any other amounts paid or payable

to the Provider under this Contract. The total amount of supplemental reimbursement under this Appendix E will be paid to the Provider in the following manner:

- (1) Supplemental reimbursement payments shall not commence prior to the Department of Health Services receipt of a certificate of occupancy or similar document from the Provider.
- (2) The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due to the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.
- (3) Annually, the State will adjust the reimbursement amount as Medi-Cal final utilization data become available to reflect the changing Medi-Cal utilization.
- (4) Where the Provider Contracts with a county organized health system, the State will make the supplemental payments directly to the Provider.

The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying loan is paid off, or the Provider is terminated as a Medi-Cal Selective Provider Contracting Program Contractor, and the Provider does not Contract with a county organized health system or participate in a successor program. The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code, Section 14085.5(e).

Consistent with Welfare and Institutions Code, Sections 14085.5 (c) (7) (A) and (c) (3) (B) (iii), CMAC and Provider shall negotiate in good faith for Contract rates sufficient to ensure continued Provider participation in the Selective Provider Contracting Program and to ensure adequate access to Provider services for Medi-Cal beneficiaries.

Notwithstanding its right to terminate this Contract without cause in accordance with the procedure set forth in Section 6.15 of the Contract, the State will not terminate the Contract for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Appendix E or any amendment hereto.

In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such

costs may be excluded from the supplemental reimbursement that the Department is obligated to pay to the Provider hereunder.

Paragraphs (1) to (4), inclusive, of subdivision (c) of Welfare and Institutions Code, Section 14085.5 (as such paragraphs read on November 1, 1999), are hereby incorporated by reference into this Appendix E. Should any provision of this Appendix E be inconsistent with the provisions that are incorporated by reference pursuant to this paragraph, the statutory provisions that are incorporated by reference shall control.

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EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on _____, at

Natividad Medical Center
Hospital

By Howard H. Classen
Signature

APPROVED AS TO FORM
W. ALLEN BIDWELL JAN 03 2000
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Howard H. Classen, CEO
Type Name and Title

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

By _____
Diana M. Bonta, R.N., Dr. P.H.
Director
Department of Health Services

Amne File

DEPARTMENT OF HEALTH SERVICES

600 NORTH TENTH STREET, SUITE 230-C
P.O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 323-0093



JUN 20 2000

Mr. Howard H. Classen
Chief Executive Officer
Natividad Medical Center
P.O. Box 81611
Salinas, CA 93912

Dear Mr. Classen:

Enclosed is Natividad Medical Center's executed Contract Amendment A-5 to Contract Number 98-83098. The terms, which have been agreed to in this amendment, are effective on June 8, 2000.

If you have any questions regarding the provisions of this contract amendment, please call Ms. Karin M. Johnson, Chief Hospital Contracts Unit, at (916) 323-0035.

Sincerely,

Sandra J. Derr, Chief
Program Monitoring and
Operations Support Section

Enclosures

cc: Mr. Byron Chell
Executive Director
California Medical Assistance Commission
770 L Street, Suite 1000
Sacramento, CA 95814

Ms. Elaine Lawrence
State Controller's Office
Audits - Fifth Floor
300 Capitol Mall
Sacramento, CA 95814

Ms. Karin M. Johnson; Chief
Hospital Contracts Unit
Medi-Cal Operations Division
600 North Tenth Street, Suite 230-C
P.O. Box 942732
Sacramento, CA 94234-7320

*6-30-00
cc: i
ASTON*

CONTRACT FOR HOSPITAL INPATIENT SERVICES

Amendment No. 5

Contract No. 98-83098

Facility: THE COUNTY OF MONTEREY
dba: NATIVIDAD MEDICAL CENTER
1330 Natividad Road
P.O. Box 81611
Salinas, CA 93912

CONFIDENTIAL

CONFIDENTIAL
DO NOT RELEASE
Exempt from Public Records Act
(Government Code Section 6254 [q])

AMENDMENT NO. 5 TO CONTRACT NO. 98-83098 BETWEEN THE STATE OF CALIFORNIA AND THE COUNTY OF MONTEREY, DOING BUSINESS AS NATIVIDAD MEDICAL CENTER.

WHEREAS, the State of California, hereinafter designated "the State", and THE COUNTY OF MONTEREY, DOING BUSINESS AS NATIVIDAD MEDICAL CENTER, hereinafter designated "the Provider", entered into a contract (Contract No. 98-83098) for provision of inpatient hospital services executed November 7, 1998, and subsequently amended;

NOW THEREFORE, in accordance with the provisions for renegotiation and modification set forth in Article 6, Section 6.11 of said Contract, the Contract is amended as follows:

Paragraph One - Amendment of Appendix D

Appendix D is hereby amended to read:

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APPENDIX D

EMERGENCY SERVICES AND SUPPLEMENTAL PAYMENTS FUND

This Appendix D is added to the Contract between the parties for the provision of hospital inpatient services.

Pursuant to the provisions of Welfare and Institutions Code Section 14085.6 relating to negotiations and disbursements from the Emergency Services and Supplemental Payments Fund, the parties hereby additionally agree as follows:

A. Services

In addition to any other promises and services agreed to be provided pursuant to this Contract, Provider agrees:

(1) To remain a Contract provider within the Selective Provider Contracting Program and not to issue a notice of termination of this Contract pursuant to Section 6.15 until on or after July 1, 2000.

(2) To maintain its current emergency room licensure status until October 31, 2000.

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B. Payments

In addition to any other payments made to Provider pursuant to this Contract, and in consideration of the agreements set out in Section A above, the State hereby agrees to pay the Provider a total of \$28,000,000 from the Emergency Services and Supplemental Payments Fund for services rendered from July 1, 1999 through September 30, 2000. Payments have been made or shall be made in the following amounts on the following dates, or as soon thereafter as practicable:

- (1) on October 1, 1999, the amount of \$10,000,000;
- (2) on December 1, 1999, the amount of \$6,000,000;
- (3) on February 1, 2000, the amount of \$4,000,000;
- (4) on March 1, 2000, the amount of \$6,000,000;
- (5) on June 8, 2000, or as soon thereafter as practicable, the amount of \$2,000,000.

The payment to be made to Provider on or about June 8, 2000, is conditioned upon the Emergency Services and Supplemental Payments Fund having sufficient unencumbered funds to make such payments. Until such time as a sufficient amount of unencumbered funds has been deposited into the Fund to support the non-federal portion of this particular payment and funds are available for the federal portion of the payment, the State shall have no obligation to make such payments.

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C. Hold Harmless and Right of Set-Off

(1) It is understood that payments made to the Provider pursuant to this Appendix D include State and matching federal funds. The State shall be held harmless from any federal disallowance or withholding resulting from payments made to Provider pursuant to this Appendix D and the Provider shall be liable for any reduced federal financial participation resulting from the payment of funds pursuant to Appendix D. In the event of federal disallowance or withholding of federal financial participation for any payments made to the Provider pursuant to Appendix D, at the time of the federal disallowance or withholding, the State may, in its sole discretion, recover from the Provider the amount of funds disallowed and paid by the State to the Provider. Provider agrees that the amount of any such disallowance may be recouped by the Department by withholding the amount due from what would otherwise be the State's liability to the Provider under this Contract or otherwise, seeking recovery by payment from the Provider, or a combination of these two methods. If after federal disallowance or withholding, and State recovery or set-off of funds paid to the Provider, the State regains the federal funds disallowed or withheld, then the funds shall be repaid by the State to the Provider.

(2) Any recoupment by the State pursuant to subsection (1) shall be limited to the amount of federal financial participation recouped from the State by the federal government with respect to actual payments made to the Provider under this Appendix D.

D. Breach

(1) If, subsequent to receiving payments pursuant to the provisions of this Appendix D, Provider breaches any of the service provisions set forth in Section A above, the State may, in its sole discretion, recover from the Provider the amount of funds paid by the State to the Provider pursuant to Appendix D. Provider agrees that the amount of any such payments may be recouped by the Department by withholding the amount due from what would otherwise be the State's liability to Provider under this Contract or otherwise, seeking recovery by payment from the Provider, or a combination of these two methods.

(2) The recovery of funds paid pursuant to this Appendix D, however, shall not preclude the State from pursuing additional damages in the event that the Provider breaches Section A(1) above relating to termination. In the event Provider terminates this Contract in violation of Section A(1) above, the State may, in its sole discretion, pursue all lawful remedies to recover its damages caused by Provider's breach.

Paragraph Two - Effective Date of Contract Amendment

Contract changes agreed to in this Amendment shall be effective on June 8, 2000.

Paragraph Three - Incorporation of Contract Rights, Duties and Obligations

All other terms and provisions of said Contract shall remain in full force and effect, so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

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EXECUTION

This Contract Amendment shall be deemed duly executed and binding upon execution by both parties below.

Executed on June 1, 2000, at
Sacramento California.

Natividad Medical Center
Hospital

By Howard H. Classen
Signature

Howard H. Classen, CEO
Type Name and Title

JUN 20 2000

Executed on _____, at
Sacramento, California.

STATE OF CALIFORNIA

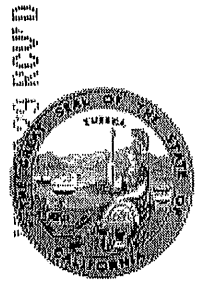
By [Signature]
Diana Bontá, R.N., Dr. P.H.
Director
Department of Health Services



California
Department of
Health Services

SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

Mr. Lionel Chadwick
Chief Executive Officer
Natividad Medical Center
1441 Constitution Boulevard
Salinas, CA 93906

Dear Mr. Chadwick:

CONTRACT NUMBER: 98-83098
PROVIDER NUMBER: HSC00248F

Enclosed is the executed Amendment Number 15 to Contract Number 98-83098, effective October 21, 2004, between the Department of Health Services and Natividad Medical Center for the provision of inpatient hospital care to Medi-Cal beneficiaries.

If you have any questions regarding this contract amendment, please contact Mr. Sammy Alvarado, Hospital Contracts Supplemental Payments Unit, at (916) 552-9208.

Sincerely,

Nancy Hutchison, Chief
Inpatient Contract & Monitoring Section
Medi-Cal Operations Division

Enclosure

cc: See Next Page

Mr. Lionel Chadwick
Page 2

cc: Mr. Keith Berger
Executive Director
California Medical Assistance
Commission
770 L Street, Suite 1000
Sacramento, CA 95814

Mr. Sammy Alvarado
California Department of Health Services
Medi-Cal Operations Division
MS 4506
P.O. Box 997419
Sacramento, CA 95899-7419

Mr. Lorenzo Sifuentes, Administrator
California Department of Health Services
Fresno Medi-Cal Field Office
MS 4508
P.O. Box 6150
Fresno, CA 93703-6150

Mr. Frank Vanacore, Chief
California Department of Health Services
Audit Review and Analysis Section
MS 2109
P.O. Box 997413
Sacramento, CA 95899-7413

CONTRACT FOR HOSPITAL INPATIENT SERVICES

Amendment No. 15

Contract No. 98-83098

Facility: THE COUNTY OF MONTEREY
dba: NATIVIDAD MEDICAL CENTER

Address: 1441 Constitution Boulevard
Salinas, CA 93906-3100

CONFIDENTIAL

CONFIDENTIAL
DO NOT RELEASE
Exempt from Public Records Act
(Government Code Section 6254 [q])

AMENDMENT NO. 15 TO CONTRACT NO. 98-83098 BETWEEN THE STATE OF CALIFORNIA AND THE COUNTY OF MONTEREY, DOING BUSINESS AS NATIVIDAD MEDICAL CENTER.

WHEREAS, the State of California, hereinafter designated "the State", and THE COUNTY OF MONTEREY, doing business as NATIVIDAD MEDICAL CENTER, hereinafter designated "the Provider", entered into a contract (Contract No. 98-83098) for provision of inpatient hospital services effective December 1, 1998 and subsequently amended;

NOW THEREFORE, in accordance with the provisions for renegotiation and modification set forth in Article 6, Paragraph 6.11 of the Contract, the Contract is amended as follows:

Paragraph One - Appendix D

Appendix D is hereby amended to read:

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APPENDIX D

EMERGENCY SERVICES AND SUPPLEMENTAL PAYMENTS FUND

This version of Appendix D governs dates of services and related Medi-Cal supplemental reimbursements for State Fiscal Year (SFY) 2004-05.

Pursuant to the provisions of Welfare and Institutions Code Section 14085.6 relating to negotiations and disbursements from the Emergency Services and Supplemental Payments Fund (SB 1255 Program), the parties agree as follows:

A. Payment

(1) In addition to any other payments made to Provider pursuant to this Contract, and subject to Section B of this Appendix D, the State agrees to pay the Provider a total of \$15,000,000 from the Emergency Services and Supplemental Payments Fund for services rendered from July 1, 2004 through November 30, 2004. Payment shall be made in the following amount on December 1, 2004, or as soon thereafter as practicable:

(a) The amount of \$15,000,000.

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(2) The above payment to Provider is conditioned upon the Emergency Services and Supplemental Payments Fund having received sufficient new funds during SFY 2004-05 to meet all the SB 1255 Program's payment objectives for services rendered from July 1, 2004 through November 30, 2004. Until such time as a sufficient amount of unencumbered funds has been deposited in the Fund to support the non-federal portion of the SB 1255 Program's total payment objectives for this service period, and the coinciding portion of federal financial participation funds are available, the State shall have no obligation to make the above payment.

B. Recovery, Right of Offset, and Hold Harmless

(1) Provider must promptly return to the Department of Health Services (Department) all payments received under this amendment from the Emergency Services and Supplemental Payments Fund (SB 1255 Fund) for the 2004-05 state fiscal year if the Department determines that the Provider fails to meet the criteria for participation, as specified in Welfare and Institutions Code Section 14085.6, at anytime during the 2004-05 state fiscal year. Such criteria includes, but is not limited to, the Provider receiving and maintaining disproportionate share hospital (DSH) status, under Welfare and Institutions Code Sections 14105.98 and 14163, for the 2004-05 DSH payment adjustment year. If the Provider fails to return the funds within 30 calendar days from the time of the Department's notification, the Department may offset the amount to be recovered against any Medi-Cal payments which

otherwise would be payable by the Department to the Provider, pursuant to Welfare and Institutions Code Section 14115.5.

(2) It is understood that payment made to the Provider pursuant to this Appendix D, and all prior versions of Appendix D, include State and federal funds. The State shall be held harmless from any federal disallowance or withholding resulting from payment made to Provider pursuant to this Appendix D, or any prior version(s) of Appendix D, and the Provider shall be liable for any reduced federal financial participation resulting from the payment of funds pursuant to this Appendix D, or any prior version(s) of Appendix D. In the event of federal disallowance or withholding of federal financial participation for any payments made to the Provider pursuant to this Appendix D, or any prior version(s) of Appendix D, at the time of the federal disallowance or withholding the State may, in its sole discretion, recover from the Provider the amount of funds disallowed and paid by the State to the Provider. Provider agrees that the amount of any such disallowance may be recouped by the Department by withholding and offsetting, under Welfare and Institutions Code Section 14115.5, the amount due from what would otherwise be the State's liability to the Provider under this Contract or otherwise, seeking recovery by payment from the Provider, or a combination of these two methods. If, after federal disallowance or withholding and State recovery or offset of funds paid to the Provider, the State regains the federal funds disallowed or withheld, then the funds shall be repaid by the State to the Provider.

(3) Any recoupment by the State pursuant to subsection (2) shall be limited to the amount of federal financial participation recouped from the State by the federal government with respect to actual payment made to the Provider under this Appendix D. All other terms and conditions of Appendix D remain unchanged.

Paragraph Two - Effective Date of Contract Amendment

Contract changes agreed to in this Amendment are effective on October 21, 2004.

Paragraph Three - Incorporation of Contract Rights, Duties and Obligations

All other terms and provisions of the Contract shall remain in full force and effect, so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

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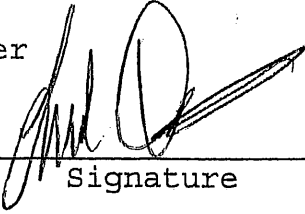
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SIGNATURES

The signatories to this Amendment warrant that they have full and binding authority to make the commitments contained herein on behalf of their respective entities.

Provider



Signature

1. Lionel "Chad" Chadwick
Type Name
Chief Executive Officer
Type Title

Date: 10-29-04

State of California
Department of Health Services



Signature

for Sandra Shewry
Director

Date: 12/16/04

Intent to Participate SB 1255 Program - Round 17B

FILE COPY

Hospital Legal Name	Natividad Medical Center
Contact Person* <small>For negotiations</small>	Lionel K. Chadwick
Title	Chief Executive Officer
Mailing Address	1441 Constitution Blvd. Salinas, CA 93906
Telephone #	(831) 755-4190
Fax #	(831) 755-6254
Email Address	chadwicklk@co.monterey.ca.us
Person Authorized to Sign Contract	Lionel K. Chadwick
Mailing Address <small>(or indicate if same as above)</small>	Same as above.
Emergency Room Status <small>(circle one)</small>	standby / basic / comprehensive / closed / other (explain)

*Contact person must have the authority to contractually bind the hospital to the negotiated terms.

	Yes	No
Copy of License attached? <small>(Not required if submitted for Round 17A and there are no changes)</small>	X	
Proposal or update for funds attached? <small>(Optional if full-year proposal submitted for Round 17A)</small>	X	
Do you anticipate a change to your hospital's legal name or has the hospital's legal name been changed?*		X
Do you anticipate a change in your hospital's ownership and/or operator, or has the hospital's ownership and/or operator changed?*		X

*If yes, please provide all relevant information to your CMAC negotiator.

Please return this form by March 8, 2005 to:

California Medical Assistance Commission
770 L Street, Suite 1000
Sacramento, CA 95814
(916) 324-5597 fax