

NATIVIDAD MEDICAL CENTER
Third Amendment

May 15, 2017

**THIRD AMENDMENT
TO
FEE FOR SERVICE HOSPITAL AGREEMENT**

This Third Amendment (this “Third Amendment”) is entered into by and between California Physicians’ Service, dba Blue Shield of California, a California nonprofit corporation (“Blue Shield”), and County of Monterey (“County”), a political subdivision of the State of California, on behalf of NATIVIDAD MEDICAL CENTER (“Hospital”), and amends and supplements the terms of that certain Fee For Service Hospital Agreement, with an original effective date of December 1, 2004, by and between Blue Shield and Hospital, as amended to date (the “Agreement”). Except as otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Agreement.

RECITALS

- A. Blue Shield is licensed as a prepaid health care service plan under the Knox-Keene Act of 1975, as amended (the "Knox-Keene Act"). Blue Shield contracts with individuals, associations, employer groups, and governmental entities to provide or to arrange for the provision of covered health care services to Members (as defined herein) enrolled in HMO, EPO, and PPO benefit plans.
- B. The parties previously entered into the Agreement, pursuant to which Hospital agreed to furnish certain Covered Services to Blue Shield Members.
- C. Hospital and Blue Shield have agreed to negotiate and reach an agreement on language by May 15, 2018.
- D. Hospital and Blue Shield have reached agreement on new compensation terms and provisions.
- E. Agreement includes an “Exhibit C” that sets forth compensation rates and terms.

AGREEMENT

The parties hereto agree as follows:

- 1. A new Section 1.19 is hereby added to the Agreement and shall read in full as follows:

1.19 Allowed Charges: are charges billed by Hospital, in accordance with Hospital’s Charge Master, for Hospital Services furnished pursuant to this Agreement, less those charges, if any, disallowed by Blue Shield pursuant to Exhibit C hereto.

2. Section 2.10 (b) is hereby deleted and replaced in its entirety to read in full as follows:

(b) In the event of an individual or cumulative increase in Hospital's Charge Master during any Agreement Year that exceeds ~~RATE REDACTED~~ (The Charge Master "Modification Allowance"), Blue Shield may adjust any percentage compensations amounts set forth in Exhibit C, in effect on the effective date of the increase, plus any subsequent Exhibit(s) C added to the agreement after the increase, in proportion to the percentage by which the Charge Master has increased. Such adjustment shall be calculated as follows:

$$\begin{aligned}
 & [(1 + \text{Modification Allowance}) / (1 + \text{Actual Charge Master Increase})] \\
 & \quad \times (\text{Current \% of Allowed Charges}) \\
 & = \text{Adjusted \% of Allowed Charges}
 \end{aligned}$$

3. A new Section 4.3 is hereby added to the Agreement and shall read in full as follows:

4.3 Payment of Premiums. The Member is solely responsible for payment of premiums to Blue Shield for any non-group/individual and family Benefit Program. Blue Shield will not accept direct or indirect payments of such premiums from any person or entity other than the Member, Member's family or legal guardian, or an acceptable third-party payor listed in the Provider Manual ("Acceptable Payors"). In the event a Member's premium is paid by a person or entity other than an Acceptable Payor, Blue Shield may reject said payment as specified in the Provider Manual. Prior processing of any premium payment made by a person or entity other than an Acceptable Payor does not waive Blue Shield's right to reject the current and any future premium payments. Furthermore, payment of Member premiums by Natividad Medical Center shall be deemed a material breach of the Agreement.

4. A new Section 5.1 (e) is hereby added to the Agreement and shall read in full as follows:

(e) Compensation Amounts - Paragraph e. Hospital has agreed that Hospital will not at any time between May 15, 2017 and July 1, 2017 (the "Claims Hold Period") submit to Blue Shield claims for Hospital Services furnished on or after May 15, 2017.

5. A new Section 10.1 is hereby added to the Agreement and shall read in full as follows:

10.1 Term. This Agreement shall become effective as of the Effective Date and shall continue in effect for three (3) years thereafter (the "Initial Term"), unless earlier terminated as set forth in this Agreement. Unless either party notifies the other party at least one hundred twenty (120) days prior to the expiration of the Initial

Term, this Agreement shall automatically renew for additional terms of one (1) year each, unless and until terminated as set forth in this Agreement.

6. A new Section 10.2 is hereby added to the Agreement and shall read in full as follows:

10.2 Termination Without Cause. During the Initial Term, neither party may terminate this Agreement without cause prior to November 15, 2018. Thereafter, either party may terminate this Agreement without cause by giving to the other party at least one hundred twenty (120) days' prior written notice of termination. Any termination pursuant to this Section 10.2 shall become effective the first day of the calendar month following the expiration of the notice period.

7. Exhibit A (Hospital Information) to the Agreement is hereby deleted and replaced in its entirety with Exhibit A (Hospital Information) attached hereto.

8. Exhibit C (Compensation Amounts/Payment Schedule) to the Agreement is hereby deleted and replaced in its entirety with Exhibit C (Compensation Amounts/Payment Schedule) attached hereto.

9. When executed by both parties, this Third Amendment shall be effective as of May 15, 2017. Except as specifically set forth in this Third Amendment, all other conditions contained in the Agreement shall continue in full force and effect. After the effective date of this Third Amendment, any reference to the Agreement shall mean the Agreement as supplemented by this Third Amendment. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the terms and conditions of this Third Amendment and those contained within the Agreement, the terms and conditions of this Third Amendment shall prevail.

10. This Third Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to be executed by their authorized representatives:

BLUE SHIELD OF CALIFORNIA

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

Signature: _____

Signature: _____

Print Name: Arminé Papouchian, MBA,FLMI


Print Name: _____

Title: Senior Vice President, Provider Contracting,
Relations, Compliance and Analytics

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM

DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

**EXHIBIT A
Fee for Service Hospital Agreement**

HOSPITAL INFORMATION

NATIVIDAD MEDICAL CENTER

Effective Date: May 15, 2017

1. Address for Notice:

BLUE SHIELD	HOSPITAL
Blue Shield of California	NATIVIDAD MEDICAL CENTER
6300 Canoga Avenue, 7th Floor	1441 CONSTITUTION BLVD
Woodland Hills, CA 91367	SALINAS, CA 93906-3100
Attn.: Senior Vice President, Provider Contracting, Relations, Compliance and Analytics	Attn.: Administration
Fax No.: 818-228-5101	Fax No.: 831-755-6254

2. Hospital Facility Locations: (Include all facility locations & fictitious business names [DBAs] covered by this Agreement under the Hospital license.)

PROVIDER NAME(S)	BILLING ADDRESS	PHYSICAL ADDRESS	NATIONAL PROVIDER ID (NPI)	TAX ID (TIN)	TAXONOMY CODE (Require for electronic claims)
NATIVIDAD MEDICAL CENTER	1441 CONSTITUTION BLVD SALINAS, California 93906-3100	1441 CONSTITUTION BLVD SALINAS, California 93906-3100	1205863255	946000524	282N00000X

**EXHIBIT C
Fee for Service Hospital Agreement**

COMPENSATION AMOUNTS/PAYMENT SCHEDULE

NATIVIDAD MEDICAL CENTER

Effective Date: May 15, 2017

Except as otherwise specified in this Agreement, Blue Shield shall pay Hospital the reimbursement rates set forth in this Exhibit C.

I. INPATIENT SERVICES

- A. Inpatient Services Reimbursement
- B. INTENTIONALLY LEFT BLANK
- C. Other Acute Inpatient Services Rates
- D. INTENTIONALLY LEFT BLANK
- E. INTENTIONALLY LEFT BLANK
- F. INTENTIONALLY LEFT BLANK
- G. INTENTIONALLY LEFT BLANK

A. Inpatient Services Reimbursement Except when reimbursed in accordance with Section C (1) below, Other Acute Inpatient Services Rates for Inpatient Services provided to a Member, Blue Shield shall pay Hospital *RATE REDACTED* of Allowed Charges.

B. INTENTIONALLY LEFT BLANK

C. Other Acute Inpatient Services Rates

(1) Other Acute Inpatient Services Rates

INPATIENT SERVICE & IDENTIFYING CODES	RATE
Trauma Revenue Code 0681, 0682, 0683, 0684 -or- Admit Code 5 in Form Locator (FL)14	<i>RATE REDACTED</i>) of Allowed Charges for the entire admission

(2) Notes to Other Acute Inpatient Services Rates

- (a) **Trauma Services:** Blue Shield shall pay according to the terms of this Section for inpatient trauma services only if Hospital is certified by the Emergency Medical Services Authority (“EMSA”) as a Level 1, Level 2, or Level 3 Trauma Center. Blue Shield shall make the trauma determination based upon the medical records submitted with the claim, using criteria set forth in the Trauma Triage Criteria adopted by the EMSA for the county or region in which the incident occurred, or, if the county or region has not adopted such criteria, in the then current Trauma Triage Criteria of the American College of Surgeons (Resources for Optimal Care of the Injured Patient “ROCIP”). Blue Shield will not pay a trauma services rate for Inpatient Services provided to Members who do not meet the relevant trauma criteria set forth above; such Inpatient Services shall be paid as set forth in Section I.A (Inpatient Services Reimbursement) of this Exhibit C.
- (b) INTENTIONALLY LEFT BLANK
- (c) **Medical Transportation:** The Rates set forth in this Section I.C include the cost of any medical transportation provided to a Member subsequent to the Member's admission and prior to the Member's discharge from Hospital. Hospital shall timely pay the medical transportation provider for all such services provided during the admission.
- (d) INTENTIONALLY LEFT BLANK
- (e) INTENTIONALLY LEFT BLANK
- (f) **Other Acute Inpatient Services Reimbursement:** For purposes of this Section I.C., the admission for Inpatient Services ends at the time the Member is either discharged or transferred to an acute rehabilitation, skilled nursing, sub-acute, transitional or swing-bed care unit, or other facility. If, after receiving Inpatient Services reimbursable pursuant to this Section I.C., a Member is transferred to an acute rehabilitation, skilled nursing, sub-acute, transitional or swing-bed care unit operated by Hospital, such stay is subject to reimbursement as a separate admission at the rates specified for such services. If a Member transfers to the Hospital's Intensive Care Unit, Intermediate Intensive Care Unit and/or Medical/Surgical beds during the admission, Trauma reimbursement will continue to be reimbursed in accordance with Section I.C(1).
- (g) **Application of Rates:** If during a single admission, Inpatient Services eligible for reimbursement pursuant to this Section I.C are provided, Blue Shield shall pay Hospital the rate applicable to such Inpatient Services for the duration of the admission during which such Inpatient Services are provided.

(3) Submission of Other Acute Inpatient Service Claims

- (a) **Commercial:** Claims for acute Inpatient Services reimbursable pursuant to Section I.C of this Exhibit C and provided to Members enrolled in Commercial Benefit Programs must be submitted directly to:

**Blue Shield of California
Hospital Exception Unit
P.O. Box 629010
El Dorado Hills, CA 95762-9010**

- (b) **Medicare Advantage:** Claims for acute Inpatient Services reimbursable pursuant to Section I.C of this Exhibit C and provided to Members enrolled in Medicare Advantage Benefit Programs must be submitted directly to:

**Blue Shield of California
Medicare Claims
P.O. Box 272640
Chico, CA 95927**

- D. INTENTIONALLY LEFT BLANK
- E. INTENTIONALLY LEFT BLANK
- F. INTENTIONALLY LEFT BLANK
- G. INTENTIONALLY LEFT BLANK

II. OUTPATIENT SERVICES

- A. Outpatient Services Reimbursement
- B. Outpatient Exceptions

A. **Outpatient Services Reimbursement** Except when reimbursed in accordance with Section II.B below. for Outpatient Services provided to a Member, Blue Shield shall pay Hospital **RATE REDACTED** of Allowed Charges.

B. Outpatient Exceptions:

(1) Outpatient Trauma Services:

(i) **Rates:** For outpatient trauma services that are Covered Services, Blue Shield shall pay Hospital the rate set forth below in lieu of any other reimbursement set forth in Section II of this Exhibit C:

OUTPATIENT SERVICE & IDENTIFYING CODES	RATE YEAR 1
Trauma Services Revenue Code 0681, 0682, 0683 or 0684	RATE REDACTED of Allowed Charges for the entire claim

(ii) Trauma Services:

Blue Shield shall pay according to the terms of this Section for outpatient trauma services only if Hospital is certified by the Emergency Medical Services Authority ("EMSA") as a Level 1, Level 2, or Level 3 Trauma Center. Blue Shield shall make the trauma determination based upon the medical records submitted with the claim, using criteria set forth in the Trauma Triage Criteria adopted by the EMSA for the county or region in which the incident occurred, or, if the county or region has not adopted such criteria, in the then current Trauma Triage Criteria of the American College of Surgeons (Resource for the Optimal Care of the Injured Patient "ROCIP"). Blue Shield will not pay a trauma services rate for Outpatient Services provided to Members who do not meet the relevant trauma criteria set forth above; such Outpatient Services shall be paid at the applicable rate set forth in Section II of this Exhibit C.

(2) **Submission of Exception Claims**

- (a) **Commercial Claims:** Commercial: Claims for exception payments reimbursable pursuant to Section II.J of this Exhibit C and provided to Members enrolled in Commercial Benefit Programs must be submitted directly to:

**Blue Shield of California
Hospital Exception Unit
P.O. Box 629010
El Dorado Hills, CA 95762-9010**

- (b) **Medicare Advantage Claims:** Medicare Advantage: Claims for exception payments reimbursable pursuant to Section II.J of this Exhibit C and provided to Members enrolled in Medicare Advantage Benefit Programs must be submitted directly to:

**Blue Shield of California
Medicare Claims
P.O. Box 272640
Chico, CA 95927**

III. GENERAL NOTES

Disallowed Charges Prior to calculating the reimbursement amount, Blue Shield reviews Hospital billed charge invoices to determine which charges are “allowed.” The parties hereto agree, as part of the review process, Blue Shield may disallow the following types of charges:

- Patient comfort/convenience items
- Daily or bundled supply charges
- Incremental nursing charges or personnel charges
- Ventilator/respiratory charges in the ICU setting
- Daily or Per Diem equipment fees, collection charges
- Draw Fees, venipuncture fees, collection charges
- Stat charges, after hour charges, “emergency use of” charges
- Portable fees/transportation charges
- Monitoring fees/charges
- Services/supplies considered as included in a global procedure charge(s) (e.g., Incidental Procedures, as set forth in the Provider Manual)
- Set-up charges
- Duplicate charges
- “Miscellaneous” charges/supplies not specifically identified or described
- Stand-by charges