

## FOURTH AMENDED AND RESTATED COMMUNITY MEMORIAL HEALTH SYSTEM AFFILIATION AGREEMENT

This Fourth Amended and Restated Community Memorial Health System Affiliation Agreement dated October 1, 2023 ("Agreement") is made and entered into by and between the County of Ventura, a political subdivision of the State of California, ("COUNTY"), and Community Memorial Health System, for the use and benefit of its Department of Resident Services ("CMHS") (collectively, the "Parties").

### RECITALS

WHEREAS, CMHS operates or participates in an Accreditation Council for Graduate Medical Education ("ACGME") accredited residency programs that provide education, training, and clinical experience to participating residents ("Residents") in the family medicine, orthopedic, surgical, and psychiatry residency programs;

WHEREAS, CMHS participates in an agreement with Western University of Health Sciences ("WesternU") to provide clinical experience as a required and integral component for the curriculum and professional preparation for Doctor of Osteopathic Medicine third (3<sup>rd</sup>) year students, and CMHS sponsors fourth (4<sup>th</sup>) year medical students from various medical schools ("Students");

WHEREAS, COUNTY has a long standing Family Medicine Residency training program in place since accreditation by the ACGME in 1968. To ensure the highest level of family physician training, COUNTY has traditionally focused its training program and attending faculty exclusively on teaching family medicine Residents. This has benefited the program through learning opportunities typically not afforded to traditional family medicine training in the areas of emergency, trauma, critical care and hospital based medicine. The absence of other training physicians provides a learning environment where Residents are not competing for educational experiences. Graduates of the program are able to take the skills learned and continue serving the local community and communities beyond. However, in recognition of the curricular demands of the residency programs at CMHS, the Parties wish to share resources at this time;

WHEREAS, CMHS desires to send Residents to COUNTY for clinical instruction and experience, including Residents from the family medicine, orthopedics, surgery, and psychiatry residency programs;

WHEREAS, CMHS desires to send Students that they sponsor to COUNTY for clinical instruction;

WHEREAS, CMHS desires to send family medicine residents to COUNTY for clinical instruction and experience in pediatrics;

WHEREAS, COUNTY desires to send its family medicine Residents to CMHS for clinical instruction and experience, including C-section training;

WHEREAS, COUNTY desires to receive compensation from CMHS for the costs COUNTY incurs training CMHS's surgery, family medicine, psychiatry residents, and CMHS sponsored medical students at COUNTY facilities;

WHEREAS, CMHS agrees to compensate COUNTY for the costs COUNTY incurs

training CMHS's family medicine, surgery, psychiatry residents, and CMHS sponsored medical students on site at COUNTY; and

WHEREAS, CMHS and COUNTY desire to define their respective obligations and duties to the other and amend the written structure for their continued relationship and cooperation.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and agreements hereinafter set forth, CMHS and COUNTY agree that their rights and obligations under this Agreement are hereby amended and restated as follows:

#### **I. RESPONSIBILITIES OF CMHS AND COUNTY**

1. CMHS shall select, in consultation with the cooperating professional staff of COUNTY, learning experiences to which CMHS Residents and Students will be assigned at COUNTY facilities from among those learning opportunities made available by COUNTY. Dates and times for the use of these facilities by such CMHS Residents and Students shall be mutually determined by CMHS and COUNTY. COUNTY reserves the right to reject without cause any CMHS Resident or Student proposed for assignment.
2. COUNTY shall select, in consultation with the cooperating professional staff of CMHS, learning experiences to which COUNTY Residents will be assigned at CMHS facilities from among those learning opportunities made available by CMHS. Dates and times for the use of these facilities by such COUNTY Residents shall be mutually determined by CMHS and COUNTY. CMHS reserves the right to reject without cause any COUNTY Resident proposed for assignment.
3. CMHS, in conjunction with COUNTY, shall orient all CMHS Residents and Students referred to COUNTY to those COUNTY policies, rules and regulations identified by COUNTY and provided to CMHS in writing. COUNTY will provide the CMHS Residents and Students with training on its electronic health record ("EHR") system.
4. COUNTY, in conjunction with CMHS shall orient all COUNTY Residents referred to CMHS to those CMHS policies, rules and regulations identified by CMHS and provided to the respective COUNTY Residents Department Director in writing. CMHS will provide the COUNTY Residents with training on its EHR system
5. CMHS shall require that all individual CMHS Residents and Students utilizing COUNTY facilities carry an adequate amount of professional liability insurance (minimum \$3,000,000 per occurrence / \$5,000,000 aggregate) which will cover any malpractice claim resulting from carrying out their functions at COUNTY, and CMHS shall provide documentation of same to COUNTY.
6. COUNTY shall require that all individual COUNTY Residents utilizing CMHS facilities carry an adequate amount of professional liability insurance (minimum \$3,000,000 per occurrence / \$5,000,000 aggregate) which will cover any malpractice claim resulting from carrying out their functions at CMHS, and COUNTY shall provide documentation of same to CMHS.
7. CMHS and COUNTY shall require that all Residents and Students referred to

their respective institutions pursuant to this Agreement carry health insurance coverage under their respective institutions' health insurance program or under a comparable accident and sickness health insurance plan.

8. CMHS and COUNTY shall provide worker's compensation insurance coverage for all Residents referred to the other institution pursuant to this Agreement to the extent required by law, and CMHS and COUNTY shall provide documentation of same to each other.
9. COUNTY shall provide emergency health care for any Student who becomes sick or injured by conditions arising out of or in the course of said Student's participation in the clinical/field experience at COUNTY. In the case of suspected or confirmed exposure to the human immuno-deficiency virus or hepatitis, such follow-up care shall be consistent with the current guidelines of the Centers for Disease Control and the community's standard of care. The initial care and administration of testing and prophylactic therapy shall be paid for by COUNTY. Costs for subsequent care shall be paid by the Student and/or WesternU.
10. CMHS personnel, CMHS Residents, and Students shall be obligated to adhere to the policies, regulations and procedures of COUNTY provided COUNTY provides notification of such policies, regulations and procedures to CMHS as set forth in paragraph 3 of Section I above, or directly to CMHS personnel, Residents or Students affected.
11. COUNTY personnel and Residents shall be obligated to adhere to the policies, regulations and procedures of CMHS provided CMHS provides notification of such policies, regulations and procedures to COUNTY as set forth in paragraph 4 of Section I above, or directly to COUNTY personnel or Residents affected.
12. CMHS shall immediately upon request from COUNTY remove any CMHS Resident or Student placed at COUNTY's facilities pursuant to this Agreement.
13. COUNTY shall immediately upon request from CMHS remove any COUNTY Resident placed at CMHS's facilities pursuant to this Agreement.
14. CMHS agrees that every CMHS Resident or Student participating in the program at COUNTY shall be subject to (1) criminal background checks, (2) alcohol/drug screening, (3) debarment and sanction checks for federal and state programs (Medicare/MediCal), and (4) "primary source of licensure" (if required for the person) prior to participating in clinical programs at COUNTY, performed by CMHS.
15. COUNTY agrees that every COUNTY Resident participating in the program at CMHS shall be subject to (1) criminal background checks, (2) alcohol/drug screening, (3) debarment and sanction checks for federal and state programs (Medicare/MediCal), and (4) "primary source of licensure" (if required for the person) prior to participating in clinical programs at CMHS, performed by COUNTY.
16. CMHS and COUNTY shall ensure that, prior to clinical placement at either institution, each Resident or Student sent shall (1) be skin tested for tuberculosis with a PPD test yearly, (2) receive annual influenza vaccination or written proof

of declination, and (3) provide documentation of required immunization as follows: Measles, Mumps, and Rubella; Tetanus/Diphtheria booster; Chickenpox and Rubella and/or a positive titer documented by laboratory testing.

17. CMHS and COUNTY shall ensure that prior to clinical placement at either institution, each Resident or Student has taken or declined the Hepatitis B series and has had instruction in occupational exposure to blood borne pathogens, protective practices to avoid contamination, and procedures for decontamination in case of exposure, or potential exposure to infectious materials or potentially infectious materials.
18. COUNTY has the right to audit clinical practice, certifications, and clinical documentation of CMHS as determined by COUNTY, for the term of this Agreement.
19. CMHS has the right to audit clinical practice, certifications, and clinical documentation of COUNTY as determined by CMHS, for the term of this Agreement.
20. The Parties shall have the right to claim and retain entirely for themselves payment for graduate medical education activities from Medicare and other third-party payors in accordance with the applicable rules of Medicare and such other payors.
21. Each Party shall determine the content of, the manner of presentation and all other academic and administrative aspects of the Residents' learning experiences at their institution pursuant to this Agreement, except as otherwise provided herein.
22. Each Party shall have sole responsibility for establishing the policies, regulations and procedures applicable to its operations and activities, and shall notify the other Party of all policies, regulations and procedures, which it expects the other Party's personnel and Residents to adhere to while on their premises or conducting activities in their facilities. Each Party may notify the other's personnel and Residents directly without prior notice to the other Party of policies, regulations and procedures if circumstances prevent such prior notice.
23. Each Party shall maintain its facilities in compliance with applicable local, state and federal laws and regulations.
24. Each Party's administration and personnel recognize the responsibility to maintain a learning environment of high quality in which sound educational experiences can occur.
25. Each Party has the responsibility for adequate direction and supervision of its care staff and the provision of high standards of professional care.
26. Each Party will provide learning opportunities for the assigned Residents at their institution. COUNTY will provide learning opportunities for the assigned Students. The emphasis shall be on education rather than services without disruption of usual institutional activities.

27. The appropriate Institutional Medical Director and the respective Residents Department Director(s) will be the principal contacts between COUNTY and CMHS for purposes of administration of this Agreement.
28. Each Party may at its discretion remove and restrict the other Party's Residents from entry upon its premises. COUNTY may at its discretion remove or restrict any Student from entry upon its premises. Each Party shall exercise reasonable efforts under the circumstances to notify the other Party of its intent to remove or restrict before taking action and shall notify the other Party as soon thereafter as is reasonable.
29. Each Party's personnel shall not be obligated to participate in the learning experiences of Residents referred to the other Party hereunder except to the extent agreed between the Parties. To the extent each Party's personnel are engaged in the supervision of Residents' learning experiences they shall adhere to the learning experience requirements established under this Agreement and shall make such reports and provide such information specified therein.
30. COUNTY'S personnel shall not be obligated to participate in the learning experiences of Students referred to COUNTY hereunder except to the extent agreed between the Parties. To the extent COUNTY's personnel are engaged in the supervision of Students' learning experiences they shall adhere to the learning experience requirements established under this Agreement and shall make such reports and provide such information specified therein.
31. During the course of the learning experience, Residents of one Party shall not be employees of the other Party nor shall they be required to perform work for the other Party not associated with an approved learning experience.
32. During the course of the learning experience, Students shall not be employees of COUNTY nor shall they be required to perform work for COUNTY not associated with an approved learning experience.
33. Both Parties hereby covenant and agree to perform the following throughout the term of this Agreement:
  - a) Provide appropriate supervision of clinical services rendered by Residents during rotations at the other's facility;
  - b) COUNTY will provide appropriate supervision of clinical services rendered by Students during rotations at COUNTY's facility; and
  - c) Ensure that Residents and Students are engaged only in patient care-related activities.
34. Meals: COUNTY shall submit monthly invoices identifying the amount of payment due to COUNTY for CMHS's Residents or Students meals provided in the preceding month. Such invoices shall be submitted for every month in which a Resident or Student receives meals at COUNTY. CMHS will pay such invoices within thirty (30) days of receipt.

The Parties acknowledge that none of the benefits granted to the other Party

hereunder are in any way conditioned on any requirement that each institution make referrals to, be in a position to make referrals to, or otherwise generate business for the other Party. The Parties further acknowledge that each Party's physicians are not restricted from establishing staff privileges at, referring patients to, or otherwise generating business for, any other facility.

## **II. JOINT RESPONSIBILITIES AND GENERAL PROVISIONS**

1. Both Parties recognize the unique nature of having Residents and visiting Students trained at a facility outside of their primary training location. In order to continue to respect and support each other's residency and visiting educational programs, CMHS and COUNTY recognize and agree that this Agreement is limited to the following:
  - a. CMHS Residents training at COUNTY will be limited to training in orthopedic and acute care surgery, including but not limited to trauma cases, and training in psychiatric care, including but not limited to Inpatient Psychiatric Unit, Crisis Stabilization Unit, psychiatric consultation liaison services, and Ventura County Behavioral Health clinics. The CMHS family medicine residents will participate in inpatient pediatric training.
  - b. Students sponsored by CMHS but receiving training at COUNTY will be limited to training in the following locations:
    - a. Psychiatric care, including but not limited to Inpatient Psychiatric Unit, Crisis Stabilization Unit, psychiatric consultation liaison services, and Ventura County Behavioral Health clinics.
    - b. Orthopedic and surgical care while participating in rotations with CMHS residents in COUNTY facilities.
    - c. Pediatric inpatient care while participating in rotations with CMHS residents in COUNTY facilities.
  - c. COUNTY Residents training at CMHS will be limited to C-section training.
  - d. Both CMHS and COUNTY residents shall participate in non-patient care mock training and educational opportunities as mutually agreed by the CMHS and COUNTY Residency Directors.
2. The staffs of both Parties shall serve as resource personnel on a non-compensation basis at the request of either Party with appropriate approval.
3. The personnel of both Parties will cooperate in a manner so as to provide continuous evaluation of the use of the facilities for Resident experiences.
4. This Agreement is subject to receipt of all necessary budgetary approvals by the Ventura County Board of Supervisors, shall be in effect through June 30, 2024. Then, subject to receipt of all necessary budgetary approvals by the Ventura County Board of Supervisors, this Agreement, may, upon mutual agreement, be extended for up to two (2) additional periods of one (1) year each.
5. This Agreement may be terminated by either Party upon ninety (90) days' written notice from either Party to the other, without cause. Furthermore, this Agreement may be terminated by either Party during its term, for cause, provided the Party seeking to terminate the Agreement has provided the other Party written notice of the alleged cause. The alleged breaching Party shall have thirty (30) calendar days after receipt of notice to remove the cause or cure the breach. If the cause is

removed or the breach cured within that thirty (30) calendar day period, this Agreement shall remain in full force and effect. In the event the cause is not removed or the breach is not cured within the thirty (30) day period, the Party providing notice may thereafter terminate the Agreement.

6. Both Parties agree that they shall conduct their activities pursuant to this Agreement in accordance with local, state and federal laws and regulations.
7. Any written notice, communication or payments provided for, required, or permitted herein shall be addressed to the following:

CMHS: Community Memorial Hospital System  
Attn: Mick Zdeblick, President & CEO  
147 N. Brent Street  
Ventura, CA 93003

COUNTY: Ventura County Medical Center  
Attn: John Fankhauser, M.D. & CEO, County Hospitals  
300 Hillmont Avenue  
Ventura, CA 93003

Notice shall be deemed effective upon delivery of written notice to the other Party by U.S. Postal Service mail, private courier, or hand delivery.

8. This Agreement constitutes the entire agreement between the Parties and supersedes all prior written and oral agreements, as to the subject matter hereof. Any changes, modifications, or amendments to this Agreement must be reduced to writing and signed by the Parties.
9. The relationship between the Parties is intended to be that of independent contractors and this Agreement shall be construed to fulfill that intent.
10. Any waiver by either Party of any term or provision in this Agreement at any one time shall not constitute a waiver of any other or all provisions. Any waiver of any part or provision of the Agreement at any one time shall not constitute a waiver for all times.
11. Neither Party to this Agreement waives its sovereign immunity by executing this Agreement, and fully retains all immunities and defenses provided by law with regard to any action based on this Agreement.
12. COUNTY agrees to indemnify and hold harmless CMHS, together with its Residents, faculty, administrators, directors and officers, from and against any and all claims, demands, causes of action, damages and other liabilities asserted against any of them and arising from or proximately caused by the acts or omissions of COUNTY, its owners, officers, directors, employees or agents. CMHS agrees to indemnify and hold harmless COUNTY, together with its owners, officers, directors, employees and agents, from and against any and all claims, demands, causes of action, damages and other liabilities asserted against any of them and arising from or proximately caused by the acts or omissions of CMHS, its Residents, Students, faculty, administrators, directors or officers. Indemnified parties shall have the right to select their attorneys. The indemnities provided

herein shall extend to the payment of reasonable attorneys' fees and expenses incurred by the indemnified parties in defending against claims falling within the scope of the indemnities, provided that the hourly rates do not exceed the hourly rate the indemnifying Party customarily pays to counsel for its professional negligence defense.

13. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of California, and courts of the State of California shall have jurisdiction over any action arising out of this Agreement.

### III. COMPENSATION

1. For each of the one-year periods commencing July 1, 2021, and on each July 1 thereafter (each, an "Academic Year") CMHS shall pay COUNTY the total amount of two hundred forty-six thousand nine hundred seventy-two dollars (246,972) as stated in Exhibit 1 (the "Annual COUNTY Compensation").
2. CMHS shall remit the Annual COUNTY Compensation in equal monthly installments of twenty thousand five hundred eighty-one dollars (\$20,581), payable on or before the tenth(10<sup>th</sup>) day of each month.
3. The intent of the Parties is that the sole purpose of the Annual COUNTY Compensation is to reimburse COUNTY for costs incurred in the training contemplated by this Agreement. The Annual COUNTY Compensation does not, and should not be interpreted to, require the referral of any patient. This Agreement is not intended, and should not be interpreted to, influence the judgment of the Parties to this Agreement or any of their employees or agents, including without limitation, any physician or other health care professional, in selecting the medical facility that is appropriate for the proper care and treatment of patients.

IN WITNESS WHEREOF, the Parties have caused this Amended and Restated Agreement to be executed by their duly authorized representatives:

COUNTY OF VENTURA:

COMMUNITY MEMORIAL HEALTH SYSTEM:

\_\_\_\_\_  
Name/Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
BARRY L. ZIMMERMAN  
Health Care Agency Director

\_\_\_\_\_  
MICK ZDEBLICK  
President & Chief Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



## Exhibit 1

Objective: CMHS to pay the identifiable incremental cost related to training 6 surgical residents at VCMC Goal: Cost should be reasonable and acceptable to both parties (CMHS and VCMC). CMHS proposes break the proposal into 2 pieces: 1. A 3 year agreement to support Fixed and Variable costs at a total of \$201,060 per year or \$16,755 per month. 2. An annual education stipend for Medical Student support time incurred by VCMC for Student Set up (IT,HR,Clerical,etc.). This should be a separate agreement. We suggest a year 3 stipend of \$45,912 for 1,130 hours at \$40.63/hr. That equates to \$3,826 per month using your staff support rate as presented. This would be all inclusive for both the Surgery and Psych programs. Would have to include Psych rotation into Neurology clinics.

	CMHS	Monthly Pmt Comments
Actual loss per resident based on direct costs only:		
Direct cost per resident	\$ 192,389	
Reimbursement per resident	\$ 120,589	
Loss per resident	\$ (71,800)	
<u>Number of residents</u>	<u>9</u>	Gen Surg 4/Ortho 2 (what else is in here??)
Loss incurred by VCMC	(646,196)	
 <b>Cost of medical education office staff support for CMH residents</b>		
Salary	\$ 65,000	
Benefit 30%	\$ 19,500	
<b>Total</b>	<b>\$ 84,500</b>	<b>7,042 Required Staff needed VCMC \$40.63/hr - (1)</b>
 <b>Rent of GME focused space</b>		
<u>Months</u>	<u>12</u>	
Estimated Cost	\$ 2,000	\$ 24,000 \$ 2,000 Fair Market Value for GME Space - (2)
<b>TOTAL FIXED COSTS (Staff and Rent)</b>	<b>\$ 108,500</b>	<b>9,042 Fixed Mos. Fee - 3yrs (1 + 2) (3)</b>
 <b>Impact on VCMC OR</b>		
Cases done with residents per day	4	
Staff cost per case	\$ 500	
Estimated incremental staff cost	20%	
Incremental staff cost per case	\$ 100	
<u>Estimated incremental supply/other cost per case</u>	<u>\$ 30</u>	
Total incremental cost per case	\$ 130	
<u>Annual cases</u> 4 per day 5 days per week	<u>712</u>	<b>Our estimate 13.7 cases per Week - 6 Surgeons</b>
<b>Annual Incremental Variable Cost of Residents (VCMC OR)</b>	<b>\$ 92,560</b>	<b>7,713 Fixed Mos. Fee - 3yrs (4)</b>
 <b>Total Discrete and Identifiable Costs at VCMC for CMHS Residents</b>		
	<b>\$ 201,060</b>	<b>16,755 Fixed Mos. Fee - 3yrs (3 + 4) (5)</b>
Represents % of actual direct loss per resident	31%	
Funding per resident - Annual	\$ 22,340	
 <b><u>Additional Funding for Student Education Support (Separate Agreement)</u></b>		
Stipend for Student Education Support (1,130 hrs at \$40.63/hr.)	\$ 45,912	3,826 Support Onboard Costs (IT,HR,Clerical). 3 yrs (6)
<b>TOTAL Funding CMHS Proposal</b>	<b>\$ 246,972</b>	<b>Annual Cost Reimbursement ( 5 + 6)</b>
<b>TOTAL Monthly Funding</b>	<b>\$ 20,581</b>	<b>Monthly Cost Reimbursement ( 5 + 6)</b>
 <i># Note this is inclusive of the Psych program. Would include Psych Medical Students rotation into Neurology Clinics</i>		