

**PROFESSIONAL SERVICES AND OPERATIONS AGREEMENT**  
**WITH SANTA PAULA MEDICAL CLINIC, INC.**  
**FOR THE OPERATION OF SANTA PAULA MEDICAL CLINIC**

This Agreement, hereinafter referred to as "Agreement," is entered into and shall become effective on July 1, 2012, by and between the County of Ventura ("AGENCY"), a legal subdivision of the State of California, and Santa Paula Medical clinic, Inc., based on the following recitals, terms and conditions:

**ARTICLE 1**  
**INTRODUCTORY RECITALS**

- 1.1 AGENCY, as owner and operator of a general hospital known as Ventura County Medical Center, operating with campuses in the cities of Ventura County, hereinafter collectively referred to as HOSPITAL and its clinic system hereinafter referred to as AMBULATORY CARE, hereby contracts for the professional services of CONTRACTOR. Within the AMBULATORY CARE system is a satellite outpatient medical clinic at 1334 E. Main Street, Santa Paula, CA 93060, commonly known as Santa Paula Medical Clinic, hereinafter referred to as "CLINIC" and "PREMISES."
- 1.2 Santa Paula Medical Clinic, Inc., (hereinafter referred to as "CONTRACTOR"), is a professional corporation, owned and controlled by Connell Davis, M.D., and is qualified to provide the medical and management services contemplated herein.
- 1.3 HOSPITAL and CONTRACTOR desire to enter into this Agreement in order to provide a full statement of their respective rights and responsibilities in connection with the operation of CLINIC and the provision of professional services pursuant to this Agreement.

WHEREFORE, in consideration of the promises and mutual covenants and agreements herein contained, the parties hereby agree as follows:

**ARTICLE 2**  
**CONTRACTOR'S DUTIES**

- 2.1 CONTRACTOR's Professional and Operations Services Generally:
  - a. Commencing on July 1, 2012 for an initial period of twelve months, through June 30, 2013, CONTRACTOR shall operate CLINIC and shall provide medical services for CLINIC and its patients.
  - b. CONTRACTOR shall manage CLINIC's day-to-day activities. CONTRACTOR shall provide, on PREMISES, a sufficient number of physicians and staff to provide outpatient medical services.

- c. CONTRACTOR shall provide, through a system of shared call with other HOSPITAL affiliated medical clinics, physician coverage and inpatient hospital services, including newborn delivery and care, for CLINIC patients admitted to HOSPITAL.

## 2.2 Specific CONTRACTOR Duties:

- a. CONTRACTOR shall prepare or have prepared and file with HOSPITAL all reports and statistical data listed below, as required by HOSPITAL and by due dates required by HOSPITAL, provided however, that reasonable expenses incurred in connection with complying with above requirements shall be treated as allowable expenses:
  - 1) Payroll reports;
  - 2) Monthly reports on the number of CLINIC patient visits, CLINIC procedures, and gross revenues, all by financial class;
  - 3) Monthly physician time studies for Medicare;
  - 4) Monthly financial statements as defined in Section 7.3c;
  - 5) Monthly account statement(s) from financial institutions;
  - 6) An annual operating budget with monthly projections of planned allowable operating expenses.
  - 7) Any other reports reasonably requested by HOSPITAL.
- b. CONTRACTOR shall ensure that an effective peer review of medical services at CLINIC is conducted according to Medical Staff guidelines of HOSPITAL. CONTRACTOR's physicians shall be proctored by CONTRACTOR with direct observation, other proctoring, as well as chart review, as required by the Medical Staff of HOSPITAL.
- c. CONTRACTOR shall monitor and evaluate the quality and appropriateness of patient care provided at CLINIC in accordance with the Quality Assurance Plan of HOSPITAL.
- d. CONTRACTOR shall pay allowable CLINIC expenses, other than those paid directly by HOSPITAL, from CLINIC operating funds.
- e. CONTRACTOR shall provide any other tasks as required for operation of CLINIC.

### 2.3 Compliance with Applicable Laws, Regulations and Standards:

- a. CONTRACTOR agrees to cooperate with HOSPITAL as necessary so that HOSPITAL and CLINIC may meet all requirements imposed by law or ordinance or established by the rules and regulations of any federal, state or local agency, department, commission, association or other governing or advisory body having authority to set standards governing the operation of HOSPITAL and CLINIC. CONTRACTOR further agrees to fully cooperate with any compliance-related activities of HOSPITAL, whether initiated by HOSPITAL or required by any federal, state, or local agency, including, without limitation, attending training sessions and providing appropriate certifications as requested by HOSPITAL.
- b. CONTRACTOR shall operate CLINIC in accordance with the accreditation standards of the Joint Commission for hospital-sponsored ambulatory care services, the licensing standards of the State Department of Health Services for acute care hospitals, applicable standards of the U.S. Department of Health and Human Services, any other standards of any accrediting agency and HOSPITAL's policies and procedures. CONTRACTOR shall at all times during the term of this Agreement and any extensions thereof, do nothing to interfere with or cause CLINIC to be maintained and used other than in accordance with such regulatory requirements or with the requirements of private health insurers, healthcare services plans, or any other third party payor programs in which HOSPITAL participates.
- c. CONTRACTOR agrees to cooperate with HOSPITAL as may be required for HOSPITAL to meet all requirements imposed on it by law or by the rules, regulations and standards of applicable federal, state or local agencies, by agreement between HOSPITAL and any applicable federal, state or local agency, and all public and private third party payors, including, without limitation, Medicare and Medi-Cal. CONTRACTOR has received HOSPITAL's Code of Conduct and will execute a certification to that effect. CONTRACTOR shall cooperate with all compliance-related activities of the HOSPITAL which includes, without limitation, sending one or more representatives to the appropriate compliance training session(s) and providing certification of attendance. Failure to adhere to this provision shall be considered a material breach and/or default under this Agreement.
- d. CONTRACTOR represents and warrants that CONTRACTOR and all of its owners, officers, directors, physicians and managing employees are not and during the term of this Agreement shall not be: (1) suspended or excluded from participation in any federal or state health care program (including, without limitation, Medicare, Medi-Cal, or CHAMPUS/Tricare), or (2) convicted of any criminal offense related to the delivery of any good or service paid for by a federal or state health care program or to the neglect or abuse of patients, or (3) suspended, excluded or sanctioned under any other federal

program, including the Department of Defense and the Department of Veterans Affairs. CONTRACTOR shall notify HOSPITAL immediately if any event occurs which would make the foregoing representations untrue in whole or in part. Notwithstanding any other provision of this Agreement, HOSPITAL shall have the right to immediately terminate this Agreement for any breach of any of the foregoing representations and warranties.

#### 2.4 CLINIC Employees and Providers:

- a. CONTRACTOR shall provide physicians and other staff for CLINIC. CONTRACTOR shall be responsible for arranging for a sufficient number of providers required to meet the requirements of CLINIC patient load and to meet increased patient demand.
- b. CONTRACTOR shall cooperate with other HOSPITAL-affiliated clinics to ensure minimum physician and support staffing at those outpatient facilities. When reasonably requested to supply staff from CONTRACTOR's facility to another HOSPITAL-affiliated clinic, CONTRACTOR shall make efforts to comply and may produce an inter-company billing for the cost of the labor provided plus thirty percent (30%) to reimburse CONTRACTOR for wages and benefits of any staff supplied.
- c. CONTRACTOR shall ensure that all of its employees, agents and contractors are qualified for their responsibilities through appropriate education and experience and CONTRACTOR shall ensure that all professionals and other persons who provide services for CONTRACTOR are at all times appropriately licensed and credentialed and that all such professionals participate in sufficient education programs or activities to maintain their credentials. CONTRACTOR shall maintain copies of all licenses for physicians and staff and further ensure that all equipment is used and procedures are performed only by staff that are trained and have demonstrated competence in said equipment and procedures. All physicians, nurse practitioners, and physician assistants shall have attained HOSPITAL medical staff privileges prior to their first day of work.
- d. CONTRACTOR shall ensure that all individuals who provide services at CLINIC regularly participate in relevant educational programs or activities, including, without limitation, new employee orientation, and annual renewal of cardiopulmonary resuscitation training, TB test, Fire and Safety and Material Safety Data Sheets for all patient care personnel.
- e. CONTRACTOR shall provide HOSPITAL with a list of its initial physicians under this Agreement, and shall inform HOSPITAL of any change in such physicians. CONTRACTOR in compensating any sub-contractors shall comply with all federal and state laws.



- f. CONTRACTOR agrees to pay all payroll taxes and any benefits promised agents and employees of CONTRACTOR and shall hold HOSPITAL harmless from any such payments and for any labor related claims which may arise between CONTRACTOR and its employees.
- g. Unless otherwise agreed by HOSPITAL, physicians shall be currently certified by the American Board of Family Practice, the American Board of Pediatrics or the American Board of Internal Medicine, or shall be eligible for such certification and shall attain such certification within thirty-six (36) months after CONTRACTOR contracts with such physician for the provision of services under this Agreement. Physicians shall have no record of medical license suspension or criminal convictions.

## 2.5 CLINIC Patients and Records:

- a. CONTRACTOR agrees that all patients served by CONTRACTOR at CLINIC are patients of HOSPITAL. CONTRACTOR acknowledges and agrees that the names of HOSPITAL's patients obtained by CONTRACTOR under this or any previous agreement, and particularly HOSPITAL's patient list, constitute proprietary information and are subject to the provisions of Article 9.
- b. CONTRACTOR shall be responsible for the correct and timely documentation of services, including supervision thereof, provided to each patient in accordance with HOSPITAL's policies and procedures and applicable federal and state requirements; assure that legible patient records are appropriately and accurately maintained and are properly signed by the treating physician and placed in the patient record; be responsible for assuring that in cases where evaluation and management (E&M) services are provided, the patient's medical record includes appropriate documentation of the applicable key components of the E&M service provided or supervised by CONTRACTOR (including, but not limited to, patient history, physician examination, and medical decision making), and documentation to reflect the procedure or portion of the service performed; and shall document the treating physician's presence during the appropriate portion of any service or procedure requiring such presence.
- c. All patient medical records housed at CLINIC are the property of HOSPITAL. CONTRACTOR agrees to safeguard these records and to return them to HOSPITAL at the termination of this Agreement. CONTRACTOR agrees to maintain medical records in accordance with HOSPITAL's policies and procedures and to forward to HOSPITAL all copies of patient medical records as may be requested by HOSPITAL or as may be necessary to meet the standards of the Joint Commission on Accreditation of Healthcare Organizations standards for hospital-sponsored ambulatory care services and to make available records to HOSPITAL for audit, review, or use in patient care, at no charge to HOSPITAL.
- d. CONTRACTOR will not use or disclose protected health information other than as permitted or required by the Agreement or as required by law. For

the purposes of this section, "protected health information" means information transmitted or maintained in any medium that (1) relates to the past, present or future physical or mental health condition of an individual; the provision of health care to an individual; or the past, present or future payment for health care; and (2) either identifies the individual or reasonably could identify the individual.

1. Permitted Uses and Disclosures - CONTRACTOR may use or disclose protected health information as follows: (1) for the proper management and administration of CONTRACTOR or to carry out the legal responsibilities of CONTRACTOR, and (2) to provide data aggregation services to AGENCY. CONTRACTOR will document any disclosures of protected health information not permitted by law.
2. Safeguarding Protected Health Information - CONTRACTOR will use appropriate safeguards to prevent use or disclosure of protected health information other than as provided for by this Agreement, including ensuring that any agent, including a subcontractor, to whom it provides protected health information received from, or created or received by, CONTRACTOR on behalf of AGENCY agrees to the same restrictions and conditions that apply through this Agreement to CONTRACTOR with respect to such information. Such safeguards shall include compliance with the requirements of the HIPAA Security Rule (45 C.F.R. part 160 and part 164, subparts A and C), including the administrative, physical, and technical safeguards and documentation requirements set forth in 45 C.F.R. sections 164.308, 164.310, 164.312, and 164.316. CONTRACTOR shall, within 2 (two) calendar days of the discovery of such disclosure, report to AGENCY any use or disclosure of protected health information not provided for by this Agreement of which it becomes aware and will, to the extent practicable, mitigate any harmful effect that is known to CONTRACTOR of a use or disclosure of protected health information in breach of the requirements of this Agreement. At the termination of the contract, CONTRACTOR will return or destroy all protected health information received from, or created or received by, CONTRACTOR on behalf of AGENCY and retain no copies of such information.
3. Persons or Entities Allowed Access to Records - Except as otherwise prohibited by law, CONTRACTOR will allow an individual who is the subject of the protected health information to inspect and obtain a copy of protected health information and to receive an accounting of any disclosures of protected health information by CONTRACTOR occurring six years prior to the date on which the accounting is requested. CONTRACTOR will make protected health information available to AGENCY for inspection, amendment and copying. CONTRACTOR will make its internal practices, books and records relating to the use and disclosure of protected health information available to the Secretary, U.S. Department of Health and Human Services, for purposes of determining CONTRACTOR's compliance with this provision.

4. Unless otherwise permitted by law, CONTRACTOR shall not directly or indirectly receive remuneration in exchange for any protected health information concerning an individual unless CONTRACTOR obtains from the individual a valid authorization that includes a specification of whether the protected health information can be further exchanged for remuneration by CONTRACTOR.

2.6 Use and Name of PREMISES:

- a. CONTRACTOR shall use the name "Santa Paula Medical Clinic, Inc.", to conduct business on behalf of CLINIC. CLINIC must at all times be identified as a clinic affiliated with the Ventura County Medical Center. CONTRACTOR shall maintain identity of CLINIC as a treatment site for County-sponsored and Medi-Cal patients in all marketing materials and representations, which materials and representations shall be subject to HOSPITAL's prior approval.
- b. PREMISES shall be used and occupied solely for the operation of CLINIC for the treatment of CLINIC patients and uses incidental thereto. No other use shall be made of PREMISES without the prior consent of HOSPITAL. CONTRACTOR shall not use or occupy PREMISES in violation of any law, regulation, the certificates of occupancy issued for HOSPITAL or HOSPITAL's applicable licenses. Immediately upon notice from HOSPITAL, CONTRACTOR shall discontinue any use of PREMISES which is declared by a governmental authority having jurisdiction, or determined by HOSPITAL, to be in violation of any law, regulation, certificate of occupancy, or applicable licenses.
- c. CONTRACTOR shall not use, or knowingly permit any person who is under its direction or control to use, any part of PREMISES for any purpose other than the performance of services or other duties and obligations set forth in this Agreement.
- d. CONTRACTOR shall not do anything in or about PREMISES which will in any way obstruct or interfere with the rights of HOSPITAL, its employees, medical staff, patients or invitees. With regard to CONTRACTOR's association in the public's mind with HOSPITAL, CONTRACTOR shall ensure that the personal conduct of CONTRACTOR, and its other agents, servants and employees, while at or representing CLINIC, is complementary to and not in conflict with the guiding principles and moral and ethical standards of HOSPITAL. CONTRACTOR shall not use or allow PREMISES to be used for any improper or objectionable purpose, or in any manner that will tend to create waste or a nuisance.
- e. CONTRACTOR shall not, without HOSPITAL's prior written consent and the approval of all regulatory agencies and other appropriate governmental bodies, make any alterations, improvements or additions in, on or about PREMISES.

2.7 Acceptance of PREMISES:

By executing this Agreement, CONTRACTOR accepts PREMISES as being in good working order, condition and repair. HOSPITAL shall repair and maintain the structural portion of PREMISES, including the basic plumbing, air-conditioning and electrical systems installed or furnished by HOSPITAL, unless such maintenance and repairs are caused in whole or in part by the intentional act of CONTRACTOR, in which case CONTRACTOR shall pay to HOSPITAL, within ten (10) business days of receipt from HOSPITAL a statement of charges, the actual cost to HOSPITAL of such maintenance and repairs.

2.8 Access to PREMISES:

- a. CONTRACTOR covenants to permit HOSPITAL or its authorized representatives, agents, employees or independent contractors, prospective purchasers or lessees to enter PREMISES at such time as HOSPITAL may deem to be appropriate for any purpose. CONTRACTOR acknowledges that PREMISES may be used by HOSPITAL for any purpose, including, without limitation, to maintain licenses and permits, to assure compliance with this Agreement, to coordinate patient care, to coordinate and review medical records, to review financial and statistical records, to take inventory, to administer any HOSPITAL programs, to provide any services to be provided by HOSPITAL to CLINIC, to submit PREMISES to inspection by prospective purchasers or lessees, to alter, improve or repair PREMISES or any other purpose of HOSPITAL, and to take any action as HOSPITAL deems appropriate, whether or not necessary to comply with the requirements of any government agency or any third party payor program in which HOSPITAL participates.
- b. CONTRACTOR agrees that all licensing, accrediting, certifying or other agents or employees of agencies or bodies which regulate HOSPITAL or CLINIC or administer programs in which HOSPITAL or CLINIC participates shall have the right to enter and inspect PREMISES at such times as HOSPITAL deems appropriate.
- c. CONTRACTOR agrees to facilitate the service of HOSPITAL's eligibility worker supplied according to Section 3 d. and to provide suitable work space within CLINIC.

2.9 Supplies:

HOSPITAL has conducted a physical inventory of all supplies located in CLINIC prior to the start of operations in CLINIC and thus established par levels for commencement and termination of this Agreement. Such inventory was signed off by both parties. CONTRACTOR shall replace all items necessary to bring physical inventory levels up to established par levels at termination of this

Agreement. Inventory replacement (supply) costs shall be an allowable cost and shall be included in monthly reports of revenues and expenses.

2.10 CONTRACTOR's Principal Managing Agent:

Connell Davis, M.D., or her designee, is CONTRACTOR's principal managing agent and person authorized to act on behalf of CONTRACTOR. All business transactions between CONTRACTOR and HOSPITAL shall be conducted by and through such person. Any designee of such person must be approved by HOSPITAL and any change in designee is subject to approval of HOSPITAL.

2.11 Nondiscrimination:

- a. CONTRACTOR agrees to treat all patients for whom services are requested by HOSPITAL or patient, without regard to patient's race, ethnic background, religion, national origin, citizenship, age, sex, sexual preference, preexisting medical condition, status, or ability to pay for medical services, except to the extent that a circumstance such as age, sex, preexisting medical condition, or physical or mental handicap is medically significant to the provision of appropriate medical care to the patient.
- b. CONTRACTOR and its physicians reserve the right to refuse to serve patients who display intolerable or illegal behavior and reserve the right to refuse to treat patients when, in their judgment, such treatment may be harmful or endanger life or health of the patient or other patients or would be futile or unethical or would not be in the best interests of the patient.

2.12 Books and Records:

CONTRACTOR agrees to maintain such records and provide such information regarding CLINIC to HOSPITAL, to any third party payor which contracts with HOSPITAL, and to applicable state and federal regulatory agencies for compliance, as may be required. Such obligations shall survive termination of this Agreement. CONTRACTOR agrees to permit HOSPITAL, any third party payor which contracts with HOSPITAL, or HOSPITAL's authorized representative, at all reasonable times to have access upon request to books, records and other papers relating to CONTRACTOR's services hereunder. To the extent necessary to avoid disallowances of reimbursement pursuant to Section 1395x(v)(1)(I) of Title 42 of the United States Code, and regulations promulgated by the United States Health Care Financing Administration to implement Section 1395x(v)(1)(I), until the expiration of four (4) years after the termination of this Agreement, CONTRACTOR shall make available to the Secretary of HHS upon written request, and to the Comptroller General of the United States General Accounting Office ("Comptroller General") upon written request, or to any of their duly authorized representatives, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the costs of the services provided by CONTRACTOR

under this Agreement. If any Medicare reimbursable services provided by CONTRACTOR under this Agreement are carried out by means of a subcontract with an organization related to CONTRACTOR, and such related organization provides the services at a value or cost of Ten Thousand Dollars (\$10,000.00) or more over a twelve (12) month period, then the subcontract between CONTRACTOR and the related organization shall contain a clause which requires such related organization to allow the Comptroller General, the Secretary of HHS, and their duly authorized representatives, access to such subcontract and to the related organization's books, documents and records as necessary to certify the nature and extent of costs of Medicare reimbursable services provided under the subcontract, until the expiration of four (4) years after the furnishing of Medicare reimbursable services under the subcontract. The cost of preparing copies of CONTRACTOR's books, records or other documents requested by HOSPITAL, third party payor contracting with HOSPITAL, or their authorized representatives, shall be paid by the party or parties requesting said copies. With respect to HOSPITAL's inspection rights hereunder, CONTRACTOR shall comply with HOSPITAL's inspection demands subject to, and in accordance with, all applicable and relevant laws pertaining thereto, including, without limitation, those governing the confidentiality of patient records.

### ARTICLE 3 HOSPITAL DUTIES

#### 3. HOSPITAL Obligations:

- a. HOSPITAL may provide, and directly pay for, weekly biohazardous trash removal at CLINIC, general liability insurance (including those additional coverage endorsements that are customarily obtained by medical clinic operators), telephone services, and computer access and capital equipment considered by HOSPITAL and CONTRACTOR to be necessary for operations. Should the cost of these items and services be allocated to the CLINIC monthly financial statements, they shall continue to be considered allowable expenses.
- b. HOSPITAL shall arrange for the lease/purchase of all facilities to be used as PREMISES and pay monthly lease payments to the lessor. HOSPITAL may, by mutual consent pay monthly professional liability insurance premiums to its vendor in order to provide coverage on behalf of CONTRACTOR and HOSPITAL. All such insurance premium payments and lease payments shall be treated as an allowable CLINIC expense. Said expenses may be either directly expensed or allocated for inclusion in the monthly CLINIC financial statements as part of the operating expense of CLINIC. HOSPITAL shall forward to CONTRACTOR copies of the above-described CLINIC lease and professional liability insurance policy.



c. HOSPITAL may, by mutual consent, provide or arrange for the following types of support items and services for CLINIC:

1. Housekeeping;
2. Laundry and linen;
3. Utilities;
4. Forms for medical records;
5. Admissions office services;
6. Billing and data entry services related to cash receipts and adjustments
7. Equipment;
8. Repair and maintenance of equipment and PREMISES;
9. Facsimile services;
10. Computer systems and software including the implementation and training services for new or upgraded systems;
11. Utilization review and quality assurance;
12. Ancillary services ("Ancillary Services") as needed by CLINIC patients, including:
  - a) Laboratory services;
  - b) Radiology services;
  - c) Physical therapy services;
  - d) Occupational therapy services;
  - e) Pharmaceuticals; and Medical supplies;
13. AGENCY administrative staff services in support of CLINIC.

The cost of such items and services will be treated as allowed CLINIC expenses and may be directly expensed or allocated for inclusion in the monthly CLINIC financial statements as part of the operating expenses of CLINIC.

d. HOSPITAL may place an eligibility worker at CLINIC for the time necessary to serve patients at CLINIC.

e. HOSPITAL shall provide educational opportunities which meet in-service education requirements defined in Section 2.4 c. for a fee charged to the CLINIC or its employees that is no higher than that charged to Health Care Agency employees. HOSPITAL shall waive fees of less than \$50.00 per workshop.

#### ARTICLE 4 INDEPENDENT CONTRACTORS AND RELATED OBLIGATIONS

##### 4.1 Independent Contractor:



In the performance of the work, duties, and obligations and in the exercise of the rights granted under this Agreement, it is understood and agreed that CONTRACTOR is at all times an independent contractor of HOSPITAL.

#### 4.2 Claims by CONTRACTOR and its Personnel:

Neither CONTRACTOR nor any of the physicians, nursing personnel, administrative support personnel or other persons performing services for CONTRACTOR pursuant to this Agreement, whether said person be an employee of CONTRACTOR, subcontractor, or otherwise, shall have any claim under this Agreement or otherwise against HOSPITAL for sick leave, vacation pay, retirement benefits, social security, workers' compensation, disability, unemployment insurance benefits, or employee benefits of any kind.

#### 4.3 Supervision of CONTRACTOR Personnel:

- a. All persons employed by CONTRACTOR shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. All terms of hiring and discharging or any other terms of employment or requirements of law shall be determined by CONTRACTOR, and HOSPITAL shall not have any right or authority over such persons or their terms of such employment, except as provided in this Agreement.
- b. HOSPITAL shall not have any control or direction over the method by which CONTRACTOR shall give these services, provided, however, that CONTRACTOR shall cause the obligations, responsibilities, and functions to be performed at all times in compliance with this Agreement and in accordance with approved methods and practice in the professional specialty of Family Practice, Internal Medicine or Pediatrics.
- c. It is understood and agreed that CONTRACTOR is to assure that the work and services covered by this Agreement shall be performed and rendered in a competent, efficient, and satisfactory manner and in accordance with all applicable laws and community standards.

#### 4.4 Indemnity of HOSPITAL for Tax Claims:

CONTRACTOR agrees to hold HOSPITAL harmless and compensate HOSPITAL for any tax claims against HOSPITAL for payment of state or federal income tax obligations relating to CONTRACTOR or its employees compensation. CONTRACTOR and its employees shall be solely responsible for all income taxes or other such taxes related to any compensation received by CONTRACTOR or its employees from HOSPITAL.

ARTICLE 5  
RIGHT AND RESPONSIBILITY TO OPERATE CLINIC

5.1 CONTRACTOR's Rights and Responsibilities as to CLINIC Generally:

It is the intent of the parties hereto to promote and enhance the quality of patient care and the quality of the delivery of care at CLINIC through the establishment of known standards for its operation in accordance with this Agreement. Accordingly, during the term of this Agreement and any extensions thereof and subject to its terms, CONTRACTOR shall have the right and responsibility to operate CLINIC and to determine the professional services to be provided at CLINIC and related scheduling, provided however, that this Agreement does not grant any exclusive right to CONTRACTOR to serve any specific group of patients or any patients from any geographic area or any prior patients of CLINIC. HOSPITAL makes no warranty or assurance that CONTRACTOR will have any number of patients or any amount of business.

ARTICLE 6  
EQUIPMENT AND FURNISHINGS

6.1 Inventory:

HOSPITAL may periodically conduct a physical inventory of all equipment and furnishings located in CLINIC. CONTRACTOR shall have full use of HOSPITAL's equipment and furnishings as located at PREMISES, for CLINIC business only, throughout the term of this Agreement. Such equipment and furnishings shall remain the property of HOSPITAL.

6.2 Acquisition of Equipment and Furnishings:

- a. CONTRACTOR shall inform HOSPITAL as to increased needs for or replacement of equipment or furnishings for CLINIC. HOSPITAL shall make reasonable efforts to purchase additional necessary items for CLINIC and to replace equipment which becomes worn out through normal use or obsolescence within a reasonable time frame, subject to budgetary approvals.
- b. CONTRACTOR may purchase or otherwise obtain equipment or furnishings which, in the opinion of CONTRACTOR, are necessary for the provision of patient care services as described herein. It is agreed that such items, when provided by CONTRACTOR, shall remain the property of, and the responsibility of, CONTRACTOR, who shall provide for the upkeep and maintenance of said equipment. CONTRACTOR's equipment and furnishings shall be clearly marked to distinguish them from HOSPITAL's equipment. Expenses related to purchase or upkeep of CONTRACTOR's equipment and furnishings are non-allowable expenses. At the termination of this

Agreement, HOSPITAL may, at its option, purchase any such equipment from CONTRACTOR at the net book value.

**6.3 Maintenance of Equipment and Furnishings:**

CONTRACTOR agrees to safeguard and maintain HOSPITAL equipment and furnishings. CONTRACTOR shall reimburse HOSPITAL for any losses resulting from the negligent or careless use of HOSPITAL equipment, furnishings, and PREMISES by CONTRACTOR's personnel.

**ARTICLE 7  
ACCOUNTING, FINANCIAL OPERATIONS AND COMPENSATION**

**7.1 Payment to CONTRACTOR:**

HOSPITAL shall compensate CONTRACTOR for services rendered under this Agreement as set forth in Exhibit "A" attached hereto.

**7.2 Billing and Collections:**

- a. HOSPITAL shall establish fee levels for services rendered by CONTRACTOR pursuant to the terms of this Agreement. All revenues and accounts receivable generated from any professional services provided by CONTRACTOR to patients of HOSPITAL, regardless of location, will be the sole property of HOSPITAL. CONTRACTOR irrevocably assigns exclusively to HOSPITAL any rights CONTRACTOR may have to bill and collect from patients and third-party payors (including, but not limited to, the Medicare and Medi-Cal programs) with respect to services rendered pursuant to this Agreement. Notwithstanding the previous sentence, HOSPITAL may segregate the responsibilities of accounts receivable management into smaller components such as charge entry, billing, preparation of monthly patient account statements, collections, cash handling, posting of cash and adjustments and the like and delegate portions to CONTRACTOR. Such delegation would occur as mutually acceptable to both HOSPITAL and CONTRACTOR in order to operate as efficiently as possible. CONTRACTOR shall execute any and all documents necessary to secure and protect HOSPITAL's interest in such revenues and accounts receivable, and shall cooperate with HOSPITAL in any reasonable manner to effectuate an efficient billing process and to obtain allowable reimbursement consistent with the care provided. HOSPITAL and CONTRACTOR acknowledge and agree that HOSPITAL and CONTRACTOR shall be responsible for compliance with applicable laws in the submission of bills to payors for services provided by CONTRACTOR hereunder, and that CONTRACTOR shall be responsible for the completeness and the accuracy of the billing information submitted to HOSPITAL.

- b. All accounts receivable generated by CONTRACTOR, and any outstanding accounts receivable for which CONTRACTOR has assumed collection responsibility, shall remain the property of HOSPITAL and shall be turned over to HOSPITAL on the termination date of this Agreement. All HOSPITAL funds held by CONTRACTOR or received by CONTRACTOR after the termination of this Agreement shall be forwarded to HOSPITAL. On the termination date of this Agreement, all unbilled and/or open accounts, with supporting documentation necessary for billing, shall be turned over to HOSPITAL. HOSPITAL will use such efforts, as it deems appropriate, to collect any outstanding sums.
- c. CONTRACTOR agrees to work with HOSPITAL in a cooperative fashion in the on-going billing and collection efforts associated with outstanding accounts receivable for services provided at CLINIC prior to the commencement of the current contract. HOSPITAL will work closely with CONTRACTOR in these efforts and will determine the point at which collection efforts will be turned over to outside collection agencies and/or the Centralized Billing Office. All sums collected as a result of these efforts shall be retained by HOSPITAL.
- d. CONTRACTOR shall retain summaries of individual remittance advices associated with outstanding accounts receivable for which CONTRACTOR has assumed collection responsibility for seven (7) years after receipt of same. These shall be filed by fiscal year and shall identify amount billed, allowable amount (approved charges), payments, and date of remittance advice. Upon termination of this Agreement, said items will be delivered to HOSPITAL.
- e. Charges for services provided at CLINIC shall be consistent with HOSPITAL charges; and, CONTRACTOR shall have the right to offer discounts to patients in accordance with any discount policy adopted by HOSPITAL.
- f. CONTRACTOR shall qualify and identify patients by financial class in a manner consistent with policies and procedures of HOSPITAL. The five major financial classes are: Self Pay, Medi-Cal, Medicare, Insurance, and Other.
- g. CONTRACTOR shall adhere to the internal control procedures for cash management established by HOSPITAL. HOSPITAL shall have the right to audit or review CONTRACTOR's billing and collections practices or financial records on reasonable notice to CONTRACTOR or to make such records available to entities auditing HOSPITAL.

### 7.3 Accounting:

- a. CONTRACTOR shall maintain accounting records in compliance with the "Accounting and Reporting Manual for California Hospitals" as published by the Office of Statewide Health Planning and Development. This manual dictates the system of accounts to be used and requires the accrual basis of accounting. HOSPITAL shall provide CONTRACTOR access to a copy of this manual.
- b. CONTRACTOR shall maintain a separate bank account(s) and separate financial records for CLINIC. No other funds or activities shall be commingled with these accounts and financial records, provided, however, if CONTRACTOR operates more than one CLINIC on behalf of HOSPITAL, CONTRACTOR may consolidate payroll bank accounts for such operations so long as sufficient separate financial records are maintained. CONTRACTOR shall provide a copy of monthly statement(s) from financial institutions to HOSPITAL.
- c.
  - (1) CONTRACTOR shall provide HOSPITAL monthly financial statements, including balance sheet, income statement and statement of cash flows, in a format acceptable to HOSPITAL, within thirty (30) days of the end of each month. CONTRACTOR shall also provide semi-annual financial statements, ending on every June 30th, and December 31st, compiled by a certified public accountant ("CPA") in accordance with standards established by the American Institute of Certified Public Accountants.
  - (2) CLINIC revenues shall include inpatient professional fees collected by or on behalf of HOSPITAL for services rendered by CONTRACTOR's physicians. CLINIC expenses shall include amounts paid, or expenses incurred, by HOSPITAL on behalf of CLINIC plus allowable expenses incurred and reported by CONTRACTOR as approved by HOSPITAL.
  - (3) All revenues received by CLINIC in excess of allowable expenses paid by CLINIC are considered property of HOSPITAL and may be withheld from third party remittance transfers or shall be paid by CONTRACTOR to HOSPITAL as and when requested by HOSPITAL.
  - (4) Fixed assets of \$5,000 or more shall be capitalized and depreciated using the straight-line depreciation basis and the American Hospital Association list of depreciable lives.
- d. HOSPITAL shall notify CONTRACTOR of payments made for CLINIC operations, including lease and professional liability insurance payments, supplies and services paid by HOSPITAL, for inclusion in the monthly financial report required from CONTRACTOR. CONTRACTOR shall separately report "allowable" and "non-allowable" expenses as defined in

HOSPITAL policy. Any changes in HOSPITAL's policy concerning allowable expenses shall be made by mutual consent and become effective thirty (30) days after notice of such changes is provided to CONTRACTOR. CONTRACTOR's reports shall adjust gross revenue based on actual collection experience.

- e. Compensation received for any services rendered by CONTRACTOR or CONTRACTOR's physicians outside this Agreement, such as by way of example, but without limitation, providing services or call coverage for other medical offices, is not compensation under this Agreement and shall not be treated as revenues of CLINIC for CONTRACTOR's reporting requirements under this Agreement.

#### 7.4 Financial Operations:

- a. As part of providing operation funds for CLINIC, HOSPITAL will pay over to CONTRACTOR, no less frequently than monthly, any third party cash receipts received by HOSPITAL relating to CLINIC operations. HOSPITAL will also provide additional operating capital as necessary to meet CLINIC operating expenses. Additional operating capital shall be issued by HOSPITAL to CONTRACTOR upon the receipt of the appropriate documentation and approval signatures. Operating capital needs will be addressed as timely as possible to ensure cash on hand for time critical expenses. In order to meet such operational needs, operating funds will occasionally be received by the CONTRACTOR in advance of the actual need. All such operating funds shall be accounted for via the "Operating Capital / Advances" line of the clinic financial statements and the figures reconciled by HOSPITAL fiscal staff on a monthly basis. The maximum additional annual operating capital paid during any year of operation shall not exceed \$1,000,000. If CONTRACTOR's average cash balance exceeds the average CLINIC monthly operating cash requirements, HOSPITAL may recoup such excess cash. Recoupment may be accomplished either by HOSPITAL withholding cash transfers to CONTRACTOR or by CONTRACTOR paying amounts to HOSPITAL as requested by HOSPITAL.
- b. At the end of each fiscal year, HOSPITAL shall reconcile total operating capital paid and revenues with expenses. Appropriate adjustments in the level of operating capital will be made. Such reconciliations are not part of any compensation to CONTRACTOR under this Agreement.

### ARTICLE 8 TERM AND TERMINATION

#### 8.1 Term of Agreement and Termination:

- a. This Agreement shall be effective July 1, 2012, and, subject to receipt of all necessary budgetary approvals by the Ventura County Board of Supervisors, shall be for an initial period of twelve (12) months, that is, until June 30, 2013.

Then, unless either party provides written notice of its intent not to renew at least thirty (30) days prior to the renewal date, and subject to receipt of all necessary budgetary approvals by the Ventura County Board of Supervisors, this Agreement shall then be extended for up to four (4) additional periods of one year each.

- b. Other than as stated above, the parties hereto may terminate this Agreement only by mutual written agreement or upon the occurrence of the following:
  - 1) In the event of a material breach of its terms by the other party, provided, however, that as to any breach that can be cured, no such termination shall occur unless the party who desires to terminate gives the other party at least thirty (30) days' written notice of such material breach, or such longer notice as may be reasonable under the circumstances pertaining thereto, and such breach is not cured within said thirty (30) days or longer period. Such notice shall specify with reasonable particularity the nature and extent of the material breach complained of. This cure provision of this Section shall not apply to any breach that cannot be cured.
  - 2) The revocation or suspension of the license to practice medicine, in the State of California, of Connell Davis, M.D.
  - 3) The loss of, or suspension from, membership on the Medical Staff of HOSPITAL of Connell Davis, M.D., after appropriate hearing procedures in accordance with the bylaws of the Medical Staff of HOSPITAL and other applicable Rules and Regulations and other applicable law.

#### 8.2 Survival of Medical Staff Privileges on Termination:

The termination of this Agreement of itself shall not cause the termination of medical staff privileges at HOSPITAL for any of CONTRACTOR's physicians. Said privileges shall be subject to the relevant provision(s) of HOSPITAL's Medical Staff Bylaws.

#### 8.3 Compensation on Termination:

- a. The compensation earned by CONTRACTOR for services rendered under this Agreement shall be prorated on a monthly basis upon termination of this Agreement per the amounts in Exhibit A attached hereto.
- b. Within ninety (90) days of termination of this Agreement, advances and Revenues will be reconciled by HOSPITAL with expenses. Such reconciliation is not part of any compensation to CONTRACTOR under this agreement.



## ARTICLE 9 CONFIDENTIALITY

### 9.1 Ownership and Control of Confidential Information:

As used in this Agreement, "Proprietary Information" means any information that derives independent economic value, whether actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use. Proprietary Information includes, without limitation, all of HOSPITAL's and CLINIC's policy and procedure manuals, plans, software, computer processing programs, payroll, and other trade secrets. All such Proprietary Information is owned by the HOSPITAL. In order to preserve the confidentiality and value of the Proprietary Information of HOSPITAL and CLINIC, CONTRACTOR agrees, on behalf of itself and its agents and employees, not to disclose Proprietary Information of the other party to any person or entity, or to use Proprietary Information for any purpose other than as authorized by HOSPITAL. CONTRACTOR further agrees not to disclose Proprietary Information to others for any purpose, including without limitation the soliciting of patients for treatment, other than as permitted by the terms of this Agreement. This Section 9.1 shall survive the termination of this Agreement.

## ARTICLE 10 GENERAL PROVISIONS

### 10.1 Insurance:

- a. CONTRACTOR shall provide professional liability (malpractice) insurance which will cover all participating physicians, nurse practitioners, physician assistants, and employees for all medical care provided under the terms of this Agreement, irrespective of the time at which such claim(s) may be filed or settled, and irrespective of the status of CONTRACTOR or any subcontracted physicians at said time. Such insurance shall be equal to coverage being provided other physicians at HOSPITAL. Section 3.b of this Agreement describes the method in which malpractice premium payments shall be paid. Alternatively, in lieu of the professional liability insurance available through HOSPITAL, CONTRACTOR may elect to purchase separate professional liability insurance for its participating physicians, nurse practitioners, physician assistants and staff. The coverage limits and other terms of such separate policy shall be subject to prior approval by the AGENCY Director and the County of Ventura Risk Management Division. Any excess in the cost of such policy over the cost of the professional liability insurance available through HOSPITAL will not be an allowed expense.
- b. HOSPITAL shall provide general liability coverage, insuring against liability for personal injury, bodily injury, and property damage occurring at CLINIC. Alternatively, in lieu of the general liability insurance available through

HOSPITAL, CONTRACTOR may elect to purchase separate general liability insurance. The coverage limits and other terms of such separate policy shall be subject to prior approval by the AGENCY Director and the County of Ventura Risk Management Division. Any excess in the cost of such policy over the cost of the professional liability insurance available through HOSPITAL will not be an allowed expense.

- c. As an allowable expense, CONTRACTOR shall provide Workers' Compensation coverage insurance for CONTRACTOR's employees. CONTRACTOR agrees to hold harmless and indemnify HOSPITAL for any and all claims arising out of any injury, disability or death of any of CONTRACTOR's employees. Such coverage shall be in full compliance with California statutory requirements in the minimum amount of one million dollars (\$1,000,000.00).
- d. If CONTRACTOR opts to obtain liability coverage insuring against the wrongful termination of an employee at CLINIC or to cover other potential employee claims, the cost of such insurance shall be an allowed CLINIC expense.

#### 10.2 Dispute Resolution:

The parties agree that disputes between them as to the interpretation of this Agreement shall be settled in conformance with the following procedures:

- a. The aggrieved party shall notify the other party (i.e., the responding party), in writing in sufficient detail so as to clearly identify the problem(s) giving rise to the dispute. The responding party shall respond to the writing within a reasonable time.
- b. If the dispute involves a department of HOSPITAL, each of the parties shall consult with the appropriate members of said department and provide for input from said members so as to facilitate a complete discussion and proposed solution(s) of the problem(s).
- c. If the parties are unable to reach a resolution of the problem within a reasonable time, not to exceed sixty (60) days, unless a longer time is agreed to by CONTRACTOR and HOSPITAL's Administrator, the matter shall be submitted to a resolution committee comprised of one (1) member from the Medical Executive Committee of the medical staff chosen by CONTRACTOR, one (1) member chosen by HOSPITAL, and a third person mutually chosen by the first two, or if they are unable to agree, designated by the presiding judge of the Ventura County Superior Court.
- d. Each party shall bear its own attorney's fees and legal expenses related to any action involving this Agreement.

10.3 Illegality:

Notwithstanding anything to the contrary herein, in the event performance by any of the parties hereto of any term, covenant, condition, or provision of this Agreement shall be reasonably determined to jeopardize the license of HOSPITAL or CONTRACTOR, or the accreditation of HOSPITAL by the Joint Commission on Accreditation of Health Organizations or for any other reason said performance is or would be in violation of applicable statutes or ordinances, such term, covenant, condition, or provision shall be renegotiated by parties. In the event the parties are unable to renegotiate said term or terms within a reasonable time, either party may terminate this Agreement upon thirty (30) days' written notice to the other party.

10.4 Assignment:

Neither party may assign its rights or obligations hereunder without consent of the other party.

10.5 Amendment:

This Agreement may be amended at any time, only by mutual written agreement of the parties.

10.6 Notice:

Whenever, under the terms of this Agreement, written notice is required or permitted to be given by any party to any other party, such notice shall be deemed to have been sufficiently given if personally delivered or deposited in the United States mail in a properly stamped envelope, certified or registered mail, return receipt requested, addressed to the party to whom it is to be given, at the addresses hereinafter set forth:

If to HOSPITAL:

Administrator  
Ventura County Medical Center  
3291 Loma Vista Road  
Ventura, CA 93003

and

Administrator  
Ambulatory Care  
2323 Knoll Drive  
Ventura, CA 93003

If to CONTRACTOR:

Connell Davis, M.D.  
Santa Paula Medical Clinic  
1334 E. Main Street  
Santa Paula, CA 93060

Any party may change its address to which notices shall be given by notice provided in accordance with this paragraph.

10.7 Miscellaneous:

- a. This Agreement contains the sole and entire agreement between the parties and shall supersede any and all prior agreements, either oral or in writing between the parties hereto with respect to CONTRACTOR providing the services specified in this Agreement. This Agreement shall completely supersede any prior agreement between the parties as to CLINIC and shall govern any such work or operations of CLINIC under any such prior agreement. This Agreement contains all the covenants and agreements between the parties with respect to such services in any manner whatsoever as of the effective date hereof. The parties acknowledge and agree that neither of them has made any representations, inducements, promises or agreements, orally or otherwise, with respect to the subject matter of this Agreement, or any representations other than as are specifically set forth herein, and each of the parties hereto acknowledges that it or he or she has relied on its or his or her judgment in entering into this Agreement.
- b. Failure by either party to insist upon strict performance of each and every term and condition and covenant of this Agreement shall not be deemed a waiver of or a relinquishment of their respective right to enforce any term, condition or covenant.
- c. This Agreement shall be governed and construed in accordance with the laws of the State of California.
- d. All parties to this Agreement shall comply with all applicable laws and regulations. Specifically, but without limiting the generality of the foregoing, there is no intention on behalf of HOSPITAL in connection with this Agreement or otherwise, to induce or to influence referrals by or from CONTRACTOR. In dealing with patients and in connection with any patient referrals or hospital admissions CONTRACTOR may make, CONTRACTOR is expected and required to act in accordance with the highest professional ethical standards, in accordance with applicable laws, and in the best interests of the patient. Neither CONTRACTOR's compensation, nor any other consideration or remuneration, to CONTRACTOR or any member of CONTRACTOR's family, currently or in the future, is or will be based on any expectation of referrals, or on CONTRACTOR's making or not making referrals to any particular person, entity or facility.
- e. This Agreement shall be binding upon the respective successors and assigns of the parties.

- f. As used here, the masculine, feminine, or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates.
- g. As this Agreement has been mutually negotiated and all elements mutually agreed, it shall be deemed that neither party was the author of this contract, within the meaning of Civil Code Section 1654.
- h. If any term of the Agreement is held by a court of competent jurisdiction to be void or unenforceable the remainder of the contract terms shall remain in full force and effect and shall not be affected.
- i. Should CONTRACTOR be sued based upon actions of HOSPITAL, through no fault of and not due to actions of CONTRACTOR or of CONTRACTOR's subcontractors, employees, or agents, HOSPITAL shall indemnify, defend and hold harmless CONTRACTOR from any loss, cost, damage, expense or liability which may arise from any such suit.


10.8 Administration:

This Agreement shall be administered on behalf of HOSPITAL by HOSPITAL Administrator or his or her designee. The Administrator is authorized to take such actions in administering this Agreement on behalf of HOSPITAL as may be necessary or appropriate including by way of example but without limitation, agreeing to minor modifications of this Agreement that do not change the financial aspects of this Agreement, giving termination notices and approving extensions of this Agreement subject to all necessary budgetary approvals by the Ventura County Board of Supervisors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year indicated below:

Santa Paula Medical Clinic, Inc.

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

By:   
Connell Davis, M.D.  
President

County of Ventura

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

By:    
Administrator  
Ventura County Medical Center

**EXHIBIT "A"**  
**COMPENSATION OF CONTRACTOR –**  
**PAYMENT TO CONTRACTOR FUND**

1. HOSPITAL shall pay CONTRACTOR for its services under this Agreement an Administration Fee of a total sum of four thousand eighty dollars (\$4,080.00) per month. Monthly Administration Fee payments shall be issued by Hospital to CONTRACTOR upon the receipt of the appropriate forms with all required approval signatures. Administration Fee payments shall be prorated for any partial months of operation.
2. On or before August 1, 2010, AGENCY shall make available to CONTRACTOR funding up to a maximum of \$85,000 to be advanced to CONTRACTOR in amounts and increments at CONTRACTOR's discretion and upon specific written request in a format defined by AGENCY. Said funds shall be made available for draw down until February 1, 2011, after which no additional draws may be made. At that time, when total amounts drawn are known, AGENCY shall work with CONTRACTOR to develop an appropriate amortization and repayment schedule such that the full amount advanced to CONTRACTOR plus interest shall be repaid to AGENCY no later than March 31, 2014. It is mutually agreed and understood that interest of 3.25% shall accrue effective with the date of each draw and that re-payments of total amounts advanced including principal and interest shall commence effective March 1, 2011 with the first repayment due by March 31, 2011 and then monthly thereafter. There shall be no penalty for earlier payment of amounts due. Should this Agreement terminate prior to completion of repayment, and in the event that no replacement agreement is made defining a new repayment plan, the remaining principal and interest shall be due and payable in full within six months of the date of the termination. In the event of death or permanent disability of CONTRACTOR, any balance remaining to be repaid shall be discharged against receivables from the CLINIC operations
3. HOSPITAL shall pay CONTRACTOR a maximum monthly performance based bonus of three thousand nine hundred and twenty dollars (\$3,920.00) if CONTRACTOR meets or exceeds the following goals. Bonuses shall be calculated and paid on a quarterly basis. Prorated bonuses shall be paid for partial contract months, and/or in the event that partial goals are attained. All calculations will be based on the quarterly average attainment of the goals defined below:
  - a. Up to sixteen percent (16%) of the bonus will be paid if the CONTRACTOR achieves a Press Ganey Patient Satisfaction Survey score at or above the thresholds and guidelines described below:
    - 100% of bonus for this section for Mean Overall scores  $\geq 80$
    - 90% of bonus " "  $\geq 75$
    - 80% of bonus " "  $\geq 70$
    - 50% of bonus " "  $\geq 65$
    - 0% of bonus " "  $< 65$



- b. Up to twenty four percent (24%) of the bonus will be paid provided that CONTRACTOR is in compliance with HOSPITAL's Joint Commission requirements. Said compliance shall be measured via CONTRACTOR's completion of quarterly submission of the Ambulatory Care Joint Commission Checklist. Failure to submit this required reporting within 15 days of the end of each quarter shall result in no bonus being paid under this contract element for the quarter. Said reporting shall be directed to Ambulatory Care Administration via email by the 15<sup>th</sup> working day and followed up with hard copy and original signatures via grey mail.
- c. Up to sixteen percent (16%) of the bonus will be paid if the CONTRACTOR maintains provider availability for routine visits such that a patient is able to secure an appointment for non-urgent needs within ten days of calling to schedule a primary care appointment and ensures that patients have access to needed urgent care services within 48 hours. Achievement of this goal shall be measured via review of open appointments as shown in the PLUS Scheduling system as polled and reported centrally by Ambulatory Care Administration at the end of each quarter. This bonus element shall be fully attained if the review shows an available appointment within ten days of the poll. Urgent visit availability shall be determined via phone inquiry by Ambulatory Care Administration.
- d. Up to sixteen percent (16%) of the bonus will be paid if the CONTRACTOR maintains average CLINIC volumes that meet Medicare productivity guidelines. These guidelines call for 4,200 visits per year per 1.0 FTE of MDs (including specialists) and 2,100 visits per year per 1.0 FTE for mid level providers. It is mutually understood that FTE calculation is based upon actual hours spent in clinic providing medical care. Should CONTRACTOR's performance fail to meet these standards no bonus shall be paid for this element. CONTRACTOR may exclude new providers from this calculation for up to the first six months of service, at CONTRACTOR's discretion.
- e. Up to eleven percent (11%) of the bonus will be paid if audits provide documentation that a minimum of 90% of children between the ages of six months and two years have been appropriately immunized and that those immunizations have been recorded in the California Immunization Information Registry (CAIR). CAIR is a collaboration of immunization registries that ensures the secure, electronic exchange of immunization records to support the elimination of vaccine preventable diseases. CONTRACTOR shall audit fifteen charts per month, examining them for documentation of appropriate immunizations. Said charts shall be randomly selected from patients seen during the current month.
- f. Up to eleven percent (11%) of the bonus will be paid for CONTRACTOR's participation and support of the implementation of AGENCY's chosen Electronic Health Record system within CLINIC. CONTRACTOR shall provide

AMBULATORY CARE ADMINISTRATOR with a quarterly report documenting progress in this implementation. Percentage attainment of this goal shall be determined by the Ambulatory Care Administrator.

- g. Up to six percent (6%) of the bonus shall be paid to CONTRACTOR for implementation and use of an e-prescribing program at CLINIC. CONTRACTOR shall provide AMBULATORY CARE ADMINISTRATOR with a quarterly report documenting progress in this implementation. Percentage attainment of this goal shall be determined by the Ambulatory Care Administrator.

Any available bonus amount that remains because of CONTRACTOR's failure to meet any of the criteria above will be retained by HOSPITAL.

Quarterly performance bonus payments shall be issued by HOSPITAL to CONTRACTOR upon the receipt of the appropriate forms with required approval signatures. Additionally, CONTRACTOR shall submit detailed quarterly performance bonus calculations to HOSPITAL for review and approval. Complete documentation in support of those calculations shall be retained at the CLINIC and be made available for review and/or audit upon the request of HOSPITAL.

The criteria for performance bonuses may be modified by mutual written consent of the parties at any time during this Agreement.