



Hazel Hawkins
MEMORIAL HOSPITAL

FINANCE COMMITTEE
SAN BENITO HEALTH CARE DISTRICT
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA
THURSDAY, APRIL 20, 2023 - 4:30 P.M.
SUPPORT SERVICES BUILDING, 2ND FLOOR – GREAT ROOM

San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and the community.

1. Call to Order / Roll Call
2. Approve Minutes of the Finance Committee Meeting of March 16, 2023
 - Motion/Second
 - Action by Committee/Roll Call Vote
3. Review Financial Updates
 - Financial Statements – March 2023
 - Finance Dashboard – March 2023
 - Labor to Total Expense
 - Savings Tracker
4. Consider Recommendation for Board Approval of TreanorHL Seismic Compliance Architect Agreement
 - Report
 - Committee Questions
 - Public Comment
 - Motion/Second
 - Action by Committee/Roll Call Vote
5. Consider Recommendation for Board Approval of Vesting Authority to Execute Loan Funding Agreement(s) to Authorized Representatives
 - Report
 - Committee Questions
 - Public Comment
 - Motion/Second
 - Action by Committee/Roll Call Vote
6. Consider Recommendation for Board Approval of Martin M. Bress, M.D. Professional Services Agreement
 - Report
 - Committee Questions
 - Public Comment
 - Motion/Second
 - Action by Committee/Roll Call Vote



Hazel Hawkins
MEMORIAL HOSPITAL

7. Consider Recommendation for Board Approval of Hongguang Liu, M.D. Professional Services Agreement
 - Report
 - Committee Questions
 - Public Comment
 - Motion/Second
 - Action by Committee/Roll Call Vote

8. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board **Committee**, which are not on this agenda.

9. Adjournment

The next Finance Committee meeting is scheduled for **Thursday, May 18, 2023 at 4:30 p.m.**

The complete Finance Committee packet including subsequently distributed materials and presentations is available at the Finance Committee meeting and in the Administrative Offices of the District. All items appearing on the agenda are subject to action by the Finance Committee. Staff and Committee recommendations are subject to change by the Finance Committee.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-636-2673. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.



April 20, 2023

CFO Financial Summary for the Finance Committee:

For the month ending March 31, 2023, the District's Net Surplus (**Loss**) is \$579,017 compared to a budgeted Surplus (**Loss**) of \$892,619. The District is under budget for the month by \$313,602.

YTD as of March 31, 2023, the District's Net Surplus (**Loss**) is \$990,612 compared to a budgeted Surplus (**Loss**) of \$5,728,423. The District is under budget YTD by \$4,737,811.

Acute discharges were 178 for the month, under budget by 17 discharges or 9%. The ADC was 16.55 compared to a budget of 21.23. The ALOS was 2.88. The acute I/P gross revenue was under budget by **\$2.13 million** while O/P services gross revenue was **\$2.23 million** or 9% over budget. ER I/P visits were 137 and ER O/P visits were over budget by 184 visits or 11%. The RHCs & Specialty Clinics treated 4,257 (includes 750 visits at the Diabetes Clinic) and 3,073 visits respectively.

Other Operating revenue exceeded budget by **\$513,904** due to the District recognizing \$407,030 in funding from the American Rescue Plan ARP. In addition, the District received a rebate from Magellan Health for \$159,835.

Operating Expenses were under budget by **\$344,614** due mainly to variances in: Salary and Wages being under budget by \$862,117, Registry under budget by \$209,501 with the savings being offset by Employee Benefits over budget by \$251,872 and professional fees by \$198,267.

Non-operating Revenue exceeded budget by \$106,995 due to larger than budgeted donations.

The SNFs ADC was **92.00** for the month. The Net Surplus (**Loss**) is **\$1,066,241** compared to a budget of \$66,723. Effective August 1, 2022, the SNF received a Medi-Cal per diem increase of **\$79.44** per day through June 30, 2023. YTD, the SNF is exceeding its budget by \$1.82 million. However, the 10% COVID premium of **\$56.96** will expire on June 30, 2023. The ADC is budgeted to be 88 residents each month for the year.

The District is working through various plans in order to avoid filing for Chapter 9 during the remainder of the fiscal year.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,642,241	4,498,356	(856,115)	(19)	4,240,110	37,237,472	40,383,334	(3,145,862)	(8)	37,704,833
SNF ROUTINE REVENUE	2,142,850	2,045,999	96,851	5	2,025,100	18,373,200	18,083,994	289,206	2	15,134,760
ANCILLARY INPATIENT REVENUE	4,650,486	5,713,353	(1,062,867)	(19)	5,688,806	44,140,443	51,267,046	(7,126,603)	(14)	47,843,977
HOSPITALIST\PEDS I\P REVENUE	159,144	227,680	(68,536)	(30)	205,909	1,606,399	2,043,928	(437,529)	(21)	1,897,133
TOTAL GROSS INPATIENT REVENUE	10,594,722	12,485,388	(1,890,667)	(15)	12,159,924	101,357,514	111,778,302	(10,420,788)	(9)	102,580,702
ANCILLARY OUTPATIENT REVENUE	26,399,380	24,143,718	2,255,662	9	21,394,258	206,967,681	194,261,195	12,706,486	7	180,705,096
HOSPITALIST\PEDS O\P REVENUE	43,377	68,094	(24,717)	(36)	55,879	516,889	547,867	(30,978)	(6)	503,911
TOTAL GROSS OUTPATIENT REVENUE	26,442,757	24,211,812	2,230,945	9	21,450,137	207,484,570	194,809,062	12,675,508	7	181,209,007
TOTAL GROSS PATIENT REVENUE	37,037,479	36,697,200	340,279	1	33,610,061	308,842,084	306,587,364	2,254,720	1	283,789,709
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,540,464	8,977,366	2,563,098	29	8,946,351	89,820,597	74,838,217	14,982,380	20	70,380,217
MEDI-CAL CONTRACTUAL ALLOWANCES	7,941,241	8,823,446	(882,205)	(10)	7,936,528	76,199,219	73,380,199	2,819,020	4	69,981,920
BAD DEBT EXPENSE	338,923	355,128	(16,206)	(5)	325,621	3,352,743	2,954,139	398,604	14	2,839,686
CHARITY CARE	25,823	81,022	(55,199)	(68)	156,199	299,400	673,998	(374,598)	(56)	665,111
OTHER CONTRACTUALS AND ADJUSTMENTS	4,288,164	4,382,145	(93,981)	(2)	4,316,496	33,591,476	36,324,610	(2,733,134)	(8)	34,401,574
HOSPITALIST\PEDS CONTRACTUAL ALLOW	15,999	9,708	6,291	65	22,744	72,724	80,769	(8,045)	(10)	101,128
TOTAL DEDUCTIONS FROM REVENUE	24,150,613	22,628,815	1,521,798	7	21,703,939	203,336,159	188,251,932	15,084,227	8	178,369,636
NET PATIENT REVENUE	12,886,866	14,068,385	(1,181,519)	(8)	11,906,123	105,505,925	118,335,432	(12,829,507)	(11)	105,420,072
OTHER OPERATING REVENUE	1,102,868	588,964	513,904	87	1,408,491	10,363,577	5,195,676	5,167,901	100	5,893,149
NET OPERATING REVENUE	13,989,734	14,657,349	(667,616)	(5)	13,314,613	115,869,502	123,531,108	(7,661,606)	(6)	111,313,222
OPERATING EXPENSES:										
SALARIES & WAGES	4,765,086	5,702,384	(937,298)	(16)	4,936,006	42,927,645	47,964,371	(5,036,726)	(11)	42,410,950
REGISTRY	117,977	307,500	(189,524)	(62)	592,018	3,836,750	2,782,500	1,054,250	38	3,786,753
EMPLOYEE BENEFITS	3,441,277	3,030,963	410,314	14	2,570,440	25,423,433	25,530,272	(106,839)	0	22,721,296
PROFESSIONAL FEES	1,849,865	1,651,706	198,159	12	1,520,332	14,906,728	14,598,950	307,778	2	12,909,281
SUPPLIES	1,227,411	1,445,276	(217,865)	(15)	1,285,518	11,030,503	11,944,716	(914,213)	(8)	10,532,340
PURCHASED SERVICES	1,289,398	1,109,631	179,767	16	1,138,082	11,104,900	9,807,704	1,297,196	13	9,044,568
RENTAL	122,419	150,188	(27,769)	(19)	135,705	1,366,463	1,351,560	14,903	1	1,325,930
DEPRECIATION & AMORT	330,276	329,999	277	0	314,619	2,932,835	2,952,004	(19,169)	(1)	2,805,041
INTEREST	170,125	3,750	166,375	4,437	15,766	216,672	33,750	182,922	542	26,136
OTHER	473,848	303,303	170,545	56	345,353	3,968,606	3,318,148	650,458	20	3,098,567
TOTAL EXPENSES	13,787,682	14,034,700	(247,018)	(2)	12,853,839	117,714,534	120,283,975	(2,569,441)	(2)	108,660,861
NET OPERATING INCOME (LOSS)	202,052	622,649	(420,597)	(68)	460,775	(1,845,032)	3,247,133	(5,092,165)	(157)	2,652,360

H

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	108,623	10,000	98,623	986	687	482,079	150,000	332,079	221	146,980
PROPERTY TAX REVENUE	195,915	194,511	1,404	1	185,249	1,763,235	1,750,599	12,636	1	1,667,241
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	1,484,678	1,484,676	2	0	1,440,815
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(648,428)	(648,432)	5	0	(675,815)
OTHER NON-OPER REVENUE	17,157	7,866	9,291	118	7,878	124,636	70,794	53,842	76	88,678
OTHER NON-OPER EXPENSE	(37,647)	(35,323)	(2,324)	7	(38,161)	(372,565)	(326,347)	(46,218)	14	(389,728)
INVESTMENT INCOME	0	0	0	0	0	2,010	0	2,010		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	376,965	269,970	106,995	40	240,653	2,835,644	2,481,290	354,354	14	2,266,858
NET SURPLUS (LOSS)	579,017	892,619	(313,602)	(35)	701,428	990,612	5,728,423	(4,737,811)	(83)	4,919,219
EBIDA	\$ 854,023	\$ 1,165,025	\$ (311,002)	(26.69)%	\$ 969,208	\$ 3,459,762	\$ 8,170,530	\$ (4,710,768)	(57.65)%	\$ 7,348,987
EBIDA MARGIN	6.10%	7.95%	(1.84)%	(23.19)%	7.28%	2.99%	6.61%	(3.63)%	(54.85)%	6.60%
OPERATING MARGIN	1.44%	4.25%	(2.80)%	(66.00)%	3.46%	(1.59)%	2.63%	(4.22)%	(160.57)%	2.38%
NET SURPLUS (LOSS) MARGIN	4.14%	6.09%	(1.95)%	(32.03)%	5.27%	0.85%	4.64%	(3.78)%	(81.56)%	4.42%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,642,241	4,498,356	(856,115)	(19)	4,240,110	37,237,472	40,383,334	(3,145,862)	(8)	37,704,833
ANCILLARY INPATIENT REVENUE	4,271,987	5,472,952	(1,200,965)	(22)	5,308,426	40,584,419	49,142,241	(8,557,823)	(17)	45,770,358
HOSPITALIST I\ P REVENUE	159,144	227,680	(68,536)	(30)	205,909	1,606,399	2,043,928	(437,529)	(21)	1,897,133
TOTAL GROSS INPATIENT REVENUE	8,073,372	10,198,988	(2,125,616)	(21)	9,754,445	79,428,290	91,569,503	(12,141,214)	(13)	85,372,324
ANCILLARY OUTPATIENT REVENUE	26,399,380	24,143,718	2,255,662	9	21,394,258	206,967,681	194,261,195	12,706,486	7	180,705,096
HOSPITALIST O\ P REVENUE	43,377	68,094	(24,717)	(36)	55,879	516,889	547,867	(30,978)	(6)	503,911
TOTAL GROSS OUTPATIENT REVENUE	26,442,757	24,211,812	2,230,945	9	21,450,137	207,484,570	194,809,062	12,675,508	7	181,209,007
TOTAL GROSS ACUTE PATIENT REVENUE	34,516,129	34,410,800	105,329	0	31,204,582	286,912,859	286,378,565	534,294	0	266,581,330
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,282,655	8,805,902	2,476,753	28	8,721,231	87,512,061	73,322,699	14,189,362	19	69,087,325
MEDI-CAL CONTRACTUAL ALLOWANCES	8,810,578	8,664,804	145,774	2	7,653,355	75,833,678	71,978,009	3,855,669	5	69,404,051
BAD DEBT EXPENSE	378,311	355,128	23,183	7	276,474	3,329,226	2,954,139	375,087	13	2,725,698
CHARITY CARE	25,823	81,022	(55,199)	(68)	50,495	292,250	673,998	(381,748)	(57)	557,366
OTHER CONTRACTUALS AND ADJUSTMENTS	4,122,672	4,336,417	(213,745)	(5)	4,296,138	32,939,239	35,920,436	(2,981,197)	(8)	34,110,720
HOSPITALIST\ PEDS CONTRACTUAL ALLOW	15,999	9,708	6,291	65	22,744	72,724	80,769	(8,045)	(10)	101,128
TOTAL ACUTE DEDUCTIONS FROM REVENUE	24,636,038	22,252,981	2,383,057	11	21,020,436	199,979,176	184,930,050	15,049,126	8	175,986,288
NET ACUTE PATIENT REVENUE	9,880,091	12,157,819	(2,277,728)	(19)	10,184,145	86,933,683	101,448,515	(14,514,832)	(14)	90,595,043
OTHER OPERATING REVENUE	1,102,868	588,964	513,904	87	1,408,491	10,363,577	5,195,676	5,167,901	100	5,893,149
NET ACUTE OPERATING REVENUE	10,982,959	12,746,783	(1,763,824)	(14)	11,592,636	97,297,259	106,644,191	(9,346,932)	(9)	96,488,192
OPERATING EXPENSES:										
SALARIES & WAGES	3,857,994	4,720,111	(862,117)	(18)	3,982,345	34,744,231	39,282,362	(4,538,131)	(12)	34,539,709
REGISTRY	90,499	300,000	(209,501)	(70)	579,535	3,618,650	2,700,000	918,650	34	3,691,465
EMPLOYEE BENEFITS	2,691,113	2,439,241	251,872	10	2,006,868	20,063,087	20,300,189	(237,102)	(1)	17,844,949
PROFESSIONAL FEES	1,847,655	1,649,388	198,267	12	1,518,054	14,886,328	14,578,460	307,868	2	12,890,683
SUPPLIES	1,132,986	1,324,298	(191,312)	(14)	1,183,213	10,232,559	10,901,463	(668,904)	(6)	9,741,275
PURCHASED SERVICES	1,202,051	1,044,660	157,391	15	1,023,746	10,229,091	9,233,436	995,655	11	8,450,153
RENTAL	120,459	149,373	(28,914)	(19)	134,891	1,357,656	1,344,357	13,299	1	1,314,680
DEPRECIATION & AMORT	291,128	284,998	6,130	2	274,262	2,577,411	2,564,982	12,429	1	2,446,176
INTEREST	170,125	3,750	166,375	4,437	15,766	216,672	33,750	182,922	542	26,136
OTHER	422,096	254,899	167,197	66	319,850	3,452,708	2,890,249	562,459	20	2,740,575
TOTAL EXPENSES	11,826,104	12,170,718	(344,614)	(3)	11,038,530	101,378,391	103,829,248	(2,450,857)	(2)	93,685,800
NET OPERATING INCOME (LOSS)	(843,145)	576,065	(1,419,210)	(246)	554,106	(4,081,132)	2,814,943	(6,896,075)	(245)	2,802,391

5

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 03/31/23

	-----CURRENT MONTH-----					-----YEAR-TO-DATE-----				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	108,623	10,000	98,623	986	687	482,079	150,000	332,079	221	146,980
PROPERTY TAX REVENUE	166,528	167,085	(557)	0	159,183	1,498,752	1,503,765	(5,013)	0	1,432,647
GO BOND PROP TAXES	164,964	164,964	0	0	160,091	1,484,678	1,484,676	2	0	1,440,815
GO BOND INT REVENUE\EXPENSE	(72,048)	(72,048)	1	0	(75,091)	(648,428)	(648,432)	5	0	(675,815)
OTHER NON-OPER REVENUE	17,157	7,866	9,291	118	7,878	124,636	70,794	53,842	76	88,678
OTHER NON-OPER EXPENSE	(29,305)	(28,035)	(1,270)	5	(29,818)	(297,481)	(252,315)	(45,166)	18	(304,605)
INVESTMENT INCOME	0	0	0	0	0	2,010	0	2,010		(11,313)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	355,921	249,832	106,089	43	222,930	2,646,245	2,308,488	337,757	15	2,117,387
NET SURPLUS (LOSS)	(487,224)	825,897	(1,313,121)	(159)	777,036	(1,434,888)	5,123,431	(6,558,319)	(128)	4,919,779

HAZEL HAWKINS SKILLED NURSING FACILITIES
 HOLLISTER, CA
 FOR PERIOD 03/31/23

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22	ACTUAL 03/31/23	BUDGET 03/31/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 03/31/22
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,142,850	2,045,999	96,851	5	2,025,100	18,373,200	18,083,994	289,206	2	15,134,760
ANCILLARY SNF REVENUE	378,499	240,401	138,098	57	380,380	3,556,025	2,124,805	1,431,220	67	2,073,618
TOTAL GROSS SNF PATIENT REVENUE	2,521,349	2,286,400	234,949	10	2,405,480	21,929,225	20,208,799	1,720,426	9	17,208,378
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	257,809	171,464	86,345	50	225,120	2,308,537	1,515,518	793,019	52	1,292,893
MEDI-CAL CONTRACTUAL ALLOWANCES	(869,337)	158,642	(1,027,979)	(648)	283,173	365,541	1,402,190	(1,036,649)	(74)	577,869
BAD DEBT EXPENSE	(39,388)	0	(39,388)		49,147	23,518	0	23,518		113,987
CHARITY CARE	0	0	0	0	105,704	7,150	0	7,150		107,746
OTHER CONTRACTUALS AND ADJUSTMENTS	165,492	45,728	119,764	262	20,358	652,237	404,174	248,063	61	290,854
TOTAL SNF DEDUCTIONS FROM REVENUE	(485,425)	375,834	(861,259)	(229)	683,503	3,356,982	3,321,882	35,100	1	2,383,349
NET SNF PATIENT REVENUE	3,006,774	1,910,566	1,096,208	57	1,721,977	18,572,243	16,886,917	1,685,326	10	14,825,030
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	3,006,774	1,910,566	1,096,208	57	1,721,977	18,572,243	16,886,917	1,685,326	10	14,825,030
OPERATING EXPENSES:										
SALARIES & WAGES	907,093	982,273	(75,181)	(8)	953,661	8,183,414	8,682,009	(498,595)	(6)	7,871,241
REGISTRY	27,478	7,500	19,978	266	12,483	218,100	82,500	135,600	164	95,287
EMPLOYEE BENEFITS	750,164	591,722	158,442	27	563,572	5,360,346	5,230,083	130,263	3	4,876,347
PROFESSIONAL FEES	2,210	2,318	(108)	(5)	2,278	20,400	20,490	(90)	0	18,598
SUPPLIES	94,425	120,978	(26,553)	(22)	102,305	797,945	1,043,253	(245,308)	(24)	791,066
PURCHASED SERVICES	87,347	64,971	22,376	34	114,336	875,809	574,268	301,541	53	594,412
RENTAL	1,960	814	1,146	141	799	8,807	7,194	1,613	22	11,235
DEPRECIATION	39,148	45,001	(5,853)	(13)	40,357	355,424	387,022	(31,598)	(8)	358,865
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	51,752	48,404	3,348	7	25,503	515,898	427,899	87,999	21	357,993
TOTAL EXPENSES	1,961,578	1,863,981	97,597	5	1,815,294	16,336,142	16,454,718	(118,576)	(1)	14,975,044
NET OPERATING INCOME (LOSS)	1,045,197	46,585	998,612	2,144	(93,316)	2,236,100	432,199	1,803,901	417	(150,014)
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	29,387	27,426	1,961	7	26,066	264,483	246,834	17,649	7	234,594
OTHER NON-OPER EXPENSE	(8,343)	(7,288)	(1,055)	15	(8,343)	(75,084)	(74,032)	(1,052)	1	(85,123)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	21,044	20,138	906	5	17,723	189,399	172,802	16,597	10	149,471
NET SURPLUS (LOSS)	1,066,241	66,723	999,518	1,498	(75,593)	2,425,500	605,001	1,820,499	301	(543)

8



San Benito Health Care District
 Hazel Hawkins Memorial Hospital
 MARCH 2023

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	21.23	16.55	18.16	21.55
Average Daily Census - SNF	88.00	92.00	89.24	88.00
Acute Length of Stay	3.37	2.88	2.96	3.40
ER Visits:				
Inpatient	161	137.00	1,321	1,341
Outpatient	1,715	1,899	17,344	16,463
Total	1,876	2,036	18,665	17,804
Days in Accounts Receivable	45.0	48.5	48.5	45.0
Productive Full-Time Equivalents	529.11	480.41	510.22	529.11
Net Patient Revenue	14,068,385	12,886,866	105,505,925	118,335,432
Payment-to-Charge Ratio	38.3%	34.8%	34.2%	38.6%
Medicare Traditional Payor Mix	30.03%	28.49%	30.49%	30.10%
Commercial Payor Mix	24.67%	22.60%	21.47%	24.43%
Bad Debt % of Gross Revenue	0.97%	0.90%	1.09%	0.96%
EBIDA	1,165,025	854,023	3,450,762	8,170,530
EBIDA %	7.95%	6.10%	2.99%	6.61%
Operating Margin	4.25%	1.44%	-1.59%	2.63%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	61.68%	59.50%	62.30%	61.75%
by Total Operating Expense	64.42%	60.38%	61.12%	63.41%
Bond Covenants:				
Debt Service Ratio	1.25	2.45	2.45	1.25
Current Ratio	1.50	1.57	1.57	1.50
Days Cash on hand	30.00	26.8	26.8	30.00
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

Statement of Cash Flows
Hazel Hawkins Memorial Hospital
Hollister, CA
Nine months ending March 31, 2023

	CASH FLOW		COMMENTS
	Current Month 3/31/2023	Current Year-To-Date 3/31/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$579,017	\$990,612	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	344,960	3,063,017	
(Increase)/Decrease in Net Patient Accounts Receivable	(1,246,302)	(2,453,119)	
(Increase)/Decrease in Other Receivables	3,320,260	(3,065,480)	
(Increase)/Decrease in Inventories	57,266	344,464	
(Increase)/Decrease in Pre-Paid Expenses	137,784	(959,460)	
(Increase)/Decrease in Due From Third Parties	359,232	201,599	
Increase/(Decrease) in Accounts Payable	(893,051)	(2,810,205)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(2,054,317)	2,470,916	
Increase/(Decrease) in Accrued Expenses	3,338	(32,904)	
Increase/(Decrease) in Patient Refunds Payable	(1,339)	(7,596)	
Increase/(Decrease) in Third Party Advances/Liabilities	(579,665)	(798,195)	
Increase/(Decrease) in Other Current Liabilities	(34,069)	175,647	Semi-Annual Interest - 2021 Insured Revenue Bonds
Net Cash Provided by Operating Activities:	(585,903)	(3,871,316)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(106,715)	(2,691,068)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	1,386,632	(1,135,455)	Bond Principal & Int Payment - 2014 & 2021 Bonds
(Increase)/Decrease in Other Assets	6,223	56,007	Amortization
Net Cash Used by Investing Activities	1,286,140	(3,770,516)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Bond/Mortgage Debt	(6,601)	3,033,186	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Capital Lease Debt	(1,448,520)	(1,676,410)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(1,455,121)	1,356,776	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	15,000	
Net Increase/(Decrease) in Cash	(175,867)	(5,279,444)	
Cash, Beginning of Period	11,432,225	16,535,802	
Cash, End of Period	\$11,256,358	\$11,256,358	\$0

Cost per day to run the District

\$420,168

Operational Days Cash on Hand

26.79

Hazel Hawkins Memorial Hospital
 Labor to Total Expense
 As of March 31, 2023

	MTD March	YTD March	FYE June 30, 2022
Salaries & Wages	4,765,086	42,927,645	56,772,326
- As a Percent of Total Op Exp	34.56%	36.47%	38.51%
Benefits	3,441,277	25,423,433	31,391,509
- As a Percent of Total Op Exp	24.96%	21.60%	21.30%
- As a Percent of Salaries & Wages	72.2%	59.2%	55.3%
Registry	117,977	3,836,750	5,447,939
Total S W & B plus Registry	8,324,340	72,187,828	93,611,774
- As a Percent of Total Op Exp	60.38%	61.32%	63.51%
Provider Pro Fees	1,382,656	12,480,417	15,437,856
Total S W & B plus Registry & Pro Fees	9,706,996	84,668,245	109,049,630
- As a Percent of Total Op Exp	70.4%	71.9%	74.0%
Total Operating Expenses	13,787,682	117,714,534	147,407,830
Percnt of Reduction	4.8%	2.8%	
Estimated Savings	492,880	2,414,825	

DRAFT
Estimated Savings

Major Work Group	FYE 6/30/23 Actual	Annualized
Long-term Savings:		
Home Health Department	\$583,000.00	\$1,189,000.00
PCA Agreement	\$63,500.00	\$760,000.00
Deferred 3% COLA increases for Exempt staff	\$272,000.00	\$272,000.00
Contracted Physician Services	\$170,000.00	\$600,000.00
Hospital employees	\$450,000.00	\$1,200,000.00
Call Reduction Strategies	\$36,250.00	\$87,000.00
Registry	\$2,400,000.00	\$4,200,000.00
Support Staff Reduction	\$95,000.00	\$285,000.00
Proposed Savings:		
Purchased services	\$50,000.00	\$200,000.00
TOTAL	\$4,119,750.00	\$8,793,000.00

8 June 2022
 Revised 27 March 2023

Mr. Robert Ortega
 Hazel Hawkins Memorial Hospital
 911 Sunset Dr
 Hollister, CA 95023

Reference: **Hazel Hawkins Memorial Hospital NPC Evaluations**

Dear Mr. Ortega,

TreanorHL is pleased to present you with a fee proposal for the above referenced project. The work will include structural design services and architectural support and coordination.

1. Project Scope

This proposal is for the initial NPC assessment of each of the general acute care hospital buildings on the campus, including on-site investigations, review of existing documentation, and preparation of an NPC evaluation report for submittal to HCAI. The deadline for HCAI evaluation report submittal is January 1, 2024. The evaluation report is a record of the current state and items that are remaining to be completed to reach NPC compliance.

Please note: if the facility commits to a replacement hospital, this scope will not be required, and our team can assist you with the 2024 paperwork under our Master Planning effort.

TreanorHL Key Personnel, Architect
 Principal Tansy Bowermaster
 Associate Principal Chuang-Ming Liu

Buehler Key Personnel, Structural Engineer
 Principal In Charge Warren Pottebaum

Hospital buildings requiring documentation:

Bldg. Num	Bldg. Name	Type	Building Code	NPC	SPC	Stories	Year Built
BLD-01458	Original Hospital Building	D	1955 CBC	2	2	1	1960
BLD-01459	ICU	C	1973 CBC	2	4	1	1980
BLD-01460	Conference	C	1973 CBC	2	4	1	1980
BLD-03063	Emergency Room	C	1973 CBC	2	4	1	1980
BLD-03064	Reception	B	1985 CBC	2	3	1	2002
BLD-05055	Radiology	B	1985 CBC	2	4	1	2002
BLD-03472	Entrance Canopy	B	1985 CBC	2	3	1	2002
BLD-03751	Emergency Department Expansion	A	2001 CBC	4	5	1	2011
BLD-03820	Radiology Wing	B	1998 CBC	2	5	1	2008
BLD-05167	Women's Center	A	2007 CBC	3	5	3	2010

550 MONTGOMERY STREET, SUITE 500
 SAN FRANCISCO, CALIFORNIA 94111
 415 398 6586

Attachments: Buehler proposal dated 3/23/23 and TreanorHL rates



2. Work Plan

Each building requires:

- Collecting and studying existing record drawings
- Review recent projects and NPC work and compile a map of compliant areas
- Attend virtual meetings with the facility and HCAI
- SEOR to visit the site to obtain documents

Some buildings will also require:

- Create inventory of components and compliance status
- SEOR to visit site to view all visible components
- Determine if anchorage or bracing matches documentation
- SEOR to provide above ceiling observation of utilities
- Final report to HCAI

Exclusions:

- Construction documents are not included in this proposal. If the hospital is to remain in operation as acute care beyond 2030, additional design and construction work will be required to upgrade the facility for compliance.
- If the facility decides to pursue a replacement hospital, and the existing hospital is converted to city jurisdiction rather than maintaining HCAI jurisdiction, we recommend negotiating with the city of Hollister during the new building entitlement process. This negotiation should include deferring all city required upgrades such as accessibility to occur when an area of the existing building is remodeled, rather than triggering upgrades to current code immediately. That process not included.

3. Schedule:

Authorization required by May 2023

Inventory work	6 months
Discussions with HCAI	1 month
Reporting	1 month

4. Compensation

We propose a Time and Materials budget of **\$169,826**, broken down as follows:

Structural Engineering Services:	\$116,100
Architectural Services:	\$50,576
Reimbursables:	<u>\$3,150</u>
Total	\$169,826

Our CFO requires a retainer or escrow account for the work.

We appreciate the opportunity to work with Hazel Hawkins Memorial Hospital.

Sincerely,

Accepted By:
Hazel Hawkins Memorial Hospital

Tansy Bowermaster AIA, ACHA, NCARB
PRINCIPAL, HEALTHCARE ARCHITECT
tbowermaster@treanorhl.com
c 415.238.0514

Signature

Date

550 MONTGOMERY STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94111
415 398 6586

Attachments: Buehler proposal dated 3/23/23 and TreanorHL rates





180 Montgomery Street
Suite 1500
San Francisco, CA 94104

P 415 495 1635

Sacramento
Los Angeles
Phoenix
San Diego
San Francisco
Silicon Valley

buehlerengineering.com

~~June 1, 2022~~ March 23, 2023

Ms. Tansy Bowermaster
TreanorHL
550 Montgomery Street, Suite 500
San Francisco, CA 94111
TBowermaster@TreanorHL.com

Subject: Hazel Hawkins Memorial Hospital NPC Evaluations
Buehler Proposal No. 22PRO584 Revised

Dear Tansy,

Thank you for requesting a proposal to provide engineering services for the subject project. The project is to assist with obtaining NPC compliance at the Hazel Hawkins Memorial Hospital campus located in Hollister, California. This proposal is for the initial NPC assessment of each of the general acute care hospital buildings on the campus, including on-site investigations, review of existing documentation and preparation of an NPC evaluation report for submittal to HCAI. The deadline for HCAI evaluation report submittal is January 1, 2024, as required by the California Administration Code (CAC). The evaluation report is a record of the current state and items that are remaining to be completed to reach NPC compliance.

Each building has unique compliance details, primarily related to the age of the initial construction of each of the buildings. The evaluation report will include items required by the CAC Chapter 11. We would identify each building, including indicating its current state, and categorize known deficiencies or items that were not validated. The building current states anticipated to be encountered include the following types:

- A. Fully compliant with NPC 4 with self-certification only. A self-certification letter written by the Owner and presentation of the approved documents to the HCAI Seismic Compliance Unit may be needed with application to obtain NPC4.
- B. NPC 2 or 3 and original construction and all subsequent work was done under HCAI. A self-certification letter of compliance with NPC4 may be provided by the facility. If the fire sprinkler end of line bracing is deficient (if constructed with a version of NFPA 13 prior to 1999) this shall be noted. The evaluation report will be brief and consist of the Owner's self-certification statement and a list of known deficiencies with a statement that the deficiencies will be corrected. Existing drawings will be compiled and reviewed, and a site investigation will be performed for general conformance of equipment and utilities. The site visit will be an observation of equipment anchorage for general compliance with code and above ceiling investigation to validate system bracing meets the

intent of the code. This investigation is in accessible areas and not exhaustive, and is not required for HCAI submittal.

- C. Buildings built under OSA jurisdiction (typically pre-1985). An evaluation report is required. As-built drawings will be compiled and field verification for all components requiring anchorage shown on the drawings is needed. Those identified and verified by the Structural Engineer as acceptable will be noted. Non-verified or alternate conditions will be noted as deficient. An above ceiling investigation to validate system bracing matches the drawings or code requirements of the era of construction will be performed. This above ceiling investigation is not exhaustive, and is intended to show general extent of utility bracing. Where upgrades have been documented in HCA approved drawings it will be noted and these areas will not be reviewed.
- D. Buildings not constructed under OSA or HCAI. The building will require a full evaluation if it is intended to be upgraded. A full inventory and documentation of utilities and components is required. Items not verified will be noted as deficient. An above ceiling investigation to validate system bracing matches the drawings or code requirements of the era of construction will be performed. This above ceiling investigation is not exhaustive, and is intended to show general extent of existing utility bracing. Where upgrades have been documented in HCAI approved drawings it will be noted and these areas will not be reviewed.

The hospital buildings on the Hazel Hawkins Memorial Hospital campus fall into the following categories described above. Please note that these categories apply to the building as a whole. It is likely that there are portions of the building that have been renovated subsequent to the original construction that will have compliant bracing and anchorage for work installed at that later time.

Bldg. Num	Bldg. Name	Type	Building Code	NPC	SPC	Stories	Year Built
BLD-01458	Original Hospital Building	D	1955 UBC	2	2	1	1960
BLD-01459	ICU	C	1973 CBC	2	4	1	1980
BLD-01460	Conference	C	1973 CBC	2	4	1	1980
BLD-03063	Emergency Room	C	1973 CBC	2	4	1	1980
BLD-03064	Reception	B	1985 CBC	2	3s	1	2002
BLD-03065	Radiology	B	1985 CBC	2	4	1	2002
BLD-03472	Entrance Canopy	B	1985 CBC	2	3	1	2002
BLD-03761	Emergency Department Expansion	A	2001 CBC	4s	5s	1	2011
BLD-03820	Radiology Wing	B	1998 CBC	2	5	1	2008
BLD-05467	Women's Center	A	2007 CBC	4s	5s	3	2016

For each building, the following tasks may be required as part of the information gathering and initial assessment:

- Collect the available record drawings, compile a comprehensive list of the drawings, and study the existing documents including all prior SB1953

reports, current HCAI data, and as-built drawings for the original construction and subsequent remodels.

- Review recent projects and NPC work documented in HCAI approved projects and compile a map of areas of compliant work.
- Identify areas of the facility that are compliant.
- Attend meeting in person or virtually with the facility, consultants or HCAI.
- Visit the site as needed to obtain documents for review.

For each building that requires additional documentation and evaluation, the following tasks may be required:

- Create an inventory, including location, of discrete components and note if anchored or braced, as well as compliance status. This is intended to be documented in a spreadsheet. This is not required for NPC4 buildings or for buildings determined to have fire sprinkler only deficiencies.
- Visit the site and view all floor and wall mounted accessible and visible components and anchorage. This review is not exhaustive for NPC4 buildings or buildings determined to have fire sprinkler only deficiencies.
- Determine if the anchorage or bracing matches what was documented under OSA permit. Applies to buildings constructed under OSA, or pre OSA projects, and will be documented as part of the inventory spreadsheet.
- Provide above ceiling observation of the utilities to determine general bracing.
- Produce a final evaluation report or letter for review and submittal to HCAI.

The following is a list of assumptions we've made for the preparation of this proposal:

- The facility will self-certify for NPC4 compliance in fully compliant buildings and areas of buildings. This is due to the original construction being done under HCAI and all work done at the facility would have been done under HCAI permit. Validation with visual inspection of equipment is to be provided, as requested, to supplement the self-certification letter.
- Regular meetings will be held with Architect and the Owner throughout the project through the deadline of January 1, 2024. These meetings will assist in identifying available documents from past projects, scheduling necessary on-site investigations and access, and related issues. Meetings with HCAI may be beneficial and are included, if necessary. Meetings will be held virtually when feasible.
- Construction Documents and detailing for deficient conditions are not anticipated or included. Testing criteria for validation of anchors is not anticipated in this phase, however this can be done in future phases.
- Exhaustive above ceiling investigations are not included. This is anticipated to be done during a later phase. We will access areas to validate conditions and confirm assumptions made from the review of drawings. If conditions are inaccessible and cannot be validated, they will be noted as deficient and will need to be addressed at a later time.
- Work will be done sequentially throughout the project duration.

Our compensation for these services will be on an hourly basis plus expenses to a maximum amount of \$116,100.00. Hours and mileage for travel to the site for investigations and meetings will be considered billable.

Our hourly rates are as follows:

Senior Principal	\$290.00
Principal	\$260.00
Senior Professional	\$220.00
Professional	\$190.00
Senior Technician.....	\$160.00
Technician.....	\$135.00

If you have any questions, please do not hesitate to contact me, otherwise please sign and return a copy of this proposal as your authorization to proceed with the work and your acceptance of this proposal. If you do not sign the proposal but provide verbal authorization to proceed with the work, it is our understanding that you have accepted this proposal as written including the terms and conditions.

Sincerely,

Accepted:



Warren R. Pottenaum, SE
For Buehler Engineering, Inc.
wpottebaum@buehlerengineering.com

For TreanorHL

Date

Terms and Conditions

Access to Site: Unless otherwise stated, the Consultant will have access to the site for activities necessary for the performance of the services. The Consultant will take reasonable precautions to minimize damage due to these activities, but has not included in the fee the cost of restoration of any resulting damage and will not be responsible for such costs.

Indemnification: The Client shall, to the fullest extent permitted by law, indemnify and hold harmless the Consultant, his or her officers, directors, employees, agents and sub-consultants from and against all damage, liability and cost, including reasonable attorney's fees and defense costs, arising out of or in any way connected with the performance of the services under this Agreement, excepting only those damages, liabilities or costs attributable to the sole negligence or willful misconduct of the Consultant.

Information for the Sole Use and Benefit of the Client: All opinions and conclusions of the Consultant, whether written or oral, and any plans, specifications or other documents and services provided by the Consultant are for the sole use and benefit of the Client and are not to be provided to any other person or entity without the prior written consent of the Consultant. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of any third party against either the Consultant or the Client.

Compensation: The Consultant shall be compensated by the Client, and payment to the Consultant shall be made within thirty days of the receipt of the Consultant's invoice. Payment of invoices is in no case subject to unilateral discounting or set-offs by the Client and payment is due regardless of suspension or termination of this agreement. The Client shall exert all reasonable and diligent effort to collect payment from the Owner until the Consultant has been paid in full. In the event the Client must take legal action to collect any amount owed by the Owner, the Consultant agrees to assist in that effort unless the Consultant has collected all fees owing or is not seeking to collect outstanding amounts owed.

Certifications, Guarantees and Warranties: The Consultant shall not be required to execute any document that would result in the Consultant certifying, guaranteeing or warranting the existence of any conditions.

Limitation of Liability: In recognition of the relative risks, rewards and benefits of the project to both the Client and the Consultant, the risks have been allocated such that the Client agrees that, to the fullest extent permitted by law, the Consultant's total liability to the Client for any and all injuries, damages, claims, losses, expenses or claim expenses arising out of this Agreement from any cause or causes, shall not exceed \$250,000.00. Such causes include, but are not limited to, the Consultant's negligence, errors, omissions, strict liability, or breach of contract, indirect, incidental, special, or consequential damages.

Ownership of Documents: All documents produced by the Consultant under this Agreement are instruments of the Consultant's professional service and shall remain the property of the Consultant and may not be used by the Client for any other purpose without the prior written consent of the Consultant.

Dispute Resolution: Any claims or disputes between the Client and the Consultant arising out of the services to be provided by the Consultant or out of this Agreement shall be submitted to non-binding mediation. The Client and the Consultant agree to include a similar mediation agreement with all contractors, sub-consultants, subcontractors, suppliers and fabricators, providing for mediation as the primary method for dispute resolution among all parties.

Termination and Suspension of Services: This Agreement may be terminated at any time by either party should the other party fail to perform its obligations hereunder. In the event of termination for any reason whatsoever, the Client shall pay the Consultant for all services rendered to the date of termination and all reimbursable expenses incurred prior to termination and reasonable termination expenses incurred as the result of termination. If the project does not commence within 60 days of executing this agreement through no fault of the Consultant, the Consultant's compensation may be subject to adjustment. If the proposed project schedule is extended by more than 60 days through no fault of the Consultant, the Consultant's compensation may be subject to adjustment.

It is agreed the above terms and conditions are incorporated into and made a part of the Agreement on the reverse side of this sheet.

Initialed: WRP Consultant _____ Client

TREANORHL

To our valued clients: The standard hourly rates quoted below are effective from February 1, 2023. Rates are subject to change based on annual review of market conditions, labor, and overhead costs. These rates apply only to projects and efforts billed on an hourly basis.

Standard Billing Rates

Effective February 1, 2023

Category	Hourly Rate
Senior Principal	\$360
Principal II	\$340
Principal I	\$280
Project Lead IV	\$255
Project Lead III	\$225
Project Lead II	\$205
Project Lead I	\$195
Designer IV	\$160
Designer III	\$145
Designer II	\$120
Designer I	\$110
Landscape Architect	\$195
Civil Engineer II	\$155
Civil Engineer I	\$115
Intern I	\$90
Admin III	\$190
Admin II	\$145
Admin I	\$110

RESOLUTION NO. 2022-26

**OF THE BOARD OF DIRECTORS OF
SAN BENITO HEALTH CARE DISTRICT**

**AUTHORIZING THE DISTRICT TO ENTER INTO A LINE OF CREDIT
WITH A COMMERCIAL LENDER IN AN AMOUNT NOT TO EXCEED
\$10,000,000**

RECITALS

WHEREAS, the San Benito County Health Care District (“District”) is a local health care district organized under the terms of the California Local Health Care District Law (California Health and Safety Code, Division 23, Sections 32000-32492), pursuant to Section 32104 of the California Health and Safety Code;

WHEREAS, the District operates certain health care facilities in the County of San Benito, California (“County”), including Hazel Hawkins Memorial Hospital (“Hazel Hawkins”), a full service, 25-bed not-for-profit hospital, five rural health clinics, two community health clinics, two skilled nursing facilities, and four satellite lab/draw stations;

WHEREAS, through its facilities, the District is the sole provider of certain health care services in the County, including the emergency and related hospital services provided at Hazel Hawkins;

WHEREAS, the District has responsibly and proactively managed its limited finances in order to operate its facilities, including the continued provision of excellent, high quality patient care without compromise to patient safety, despite a sustained reduction in net revenue;

WHEREAS, despite the continuing efforts of the District’s management and Board to take significant steps to reduce expenses, uncontrollable inflationary increases combined with reimbursement declines has created an operating gap and cash flow deficit that could threaten the District’s fiscal viability and, if allowed to continue, could threaten patient care and patient safety;

WHEREAS, after considering staff analysis of the District’s financial condition, the Board of Directors has determined that it is in the best interests of the District to have the option to secure a line of credit with a commercial lender not to exceed ten million dollars (\$10,000,000), on the terms most favorable to the District, for District purposes should the need arise;

WHEREAS, California Health and Safety Code section 32130.6(a) provides that the District may, by resolution adopted by a majority of the District Board of Directors (“Board”) enter into a line of credit with a commercial lender that is secured, in whole or in part, by the

accounts receivable, and thereafter borrow funds against the line of credit to be used for any district purpose;

WHEREAS, the State of California Department of Health Care Access and Information (“HCAI”) on behalf of the Secured Creditor under the San Benito Health Care District Insured Refunding Revenue Bonds, Series 2021, (the “2021 Bonds”), has confirmed that it is willing to review and consider subordinating its interest in the District’s Accounts Receivable to a loan that would be secured by a senior position on the District’s Accounts Receivable. A sample subordination agreement is attached hereto as Exhibit A;

WHEREAS, in accordance with California Health and Safety Code section 32130.6(a)(1)(2) any money borrowed under this line of credit pursuant shall be repaid within five (5) years from each separate borrowing or draw upon the line of credit;

WHEREAS, this Resolution is not defined as a project under the California Environmental Quality Act (“CEQA”), set forth at Public Resources Code Section 21065, Section 15378 of the State CEQA Guidelines, because adoption will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment; and

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD AS FOLLOWS:

SECTION 1. The foregoing recitals are true, correct and a substantive part of this Resolution.

SECTION 2. The District interim Chief Executive Officer or designee is directed to negotiate the terms and conditions most favorable to the District for a line of credit with a commercial lender.

SECTION 3. The District interim Chief Executive Officer or designee is are hereby authorized and directed to execute any and all documents and take any actions necessary to carry out the intent of this Resolution for and on behalf of this Board of Directors.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

This Resolution was adopted at a Regular Meeting of the Board of Directors of the District on April 27, 2023, by the following vote.

Dated: _____, 2023

AYES: ____

NOS: ____

ABSENTIONS: ____

ABSENT: _____

Jeri Hernandez
President of the Board of Directors

ATTEST:

Rick Shelton
Treasurer of the Board of Directors

EXHIBIT A

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (as amended, restated, supplemented or otherwise modified, this "*Agreement*") is made as of this ___ day of ___, 20___, by and among (i) _____, as the borrower under that certain [DEBT INSTRUMENT] (as hereinafter defined) (in such capacity, with its successors, the "*Borrower*"), (ii) _____, the lender under that certain [DEBT INSTRUMENT] (as hereinafter defined) (in such capacity, including its successors and assigns, the "*Lender*"), and (iii) the DEPARTMENT HEALTH CARE ACCESS AND INFORMATION OF THE STATE OF CALIFORNIA, fka the Office of Statewide Health Planning and Development (the "*Subordinating Lender*" and collectively with the Borrower and the Lender, the "*Parties*"). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the hereinafter defined Agreement and hereinafter defined Regulatory Agreement, as applicable.

RECITALS

A. WHEREAS, the Borrower and the Subordinating Lender previously entered into that certain Regulatory Agreement dated as of _____ (as amended, modified, or otherwise restated, the "*Regulatory Agreement*"), insuring the Borrower's payment of its \$[dollar amount] [Bond Series Title] (the "*Bonds*"), which Bonds are secured by a pledge of the Revenues of the Borrower;

B. WHEREAS, pursuant to the terms of the Regulatory Agreement, the Borrower may incur Parity Debt.

C. WHEREAS, on even date herewith, the Borrower and the Lender entered into that certain [DEBT INSTRUMENT] (as amended, modified, or otherwise restated, the "[*DEBT INSTRUMENT*]"), as permitted by Section IX(A)(___) of the Regulatory Agreement.

D. WHEREAS, the Borrower's obligations under the [DEBT INSTRUMENT] are secured by a first-priority lien on and security interest in the Accounts Receivable of the Borrower in an amount not to exceed \$[dollar amount] (the "*Collateral*").

E. WHEREAS, the Parties wish to enter into this Agreement to establish among themselves the priority of their respective liens on, and application of, proceeds of the Collateral.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties here agree as follows:

SECTION 1. SUBORDINATION

1.1. The Subordinating Lender hereby agrees that all liens, pledges and security interests granted or made by the Borrower or any other party in the Collateral, whether directly or indirectly, to the Subordinating Lender, now existing or hereafter arising and howsoever

evidenced or acquired, and securing any obligations owing to the Subordinating Lender (such liens, pledges and security interests hereinafter called "*Subordinate Liens*"), shall be and remain junior and subordinate to all liens, pledges and security interests granted or made or purportedly granted or made, directly or indirectly, in favor of the Lender in the Collateral, now existing or hereafter arising and howsoever evidenced or acquired, and securing any of the Obligations arising under or in connection with the [DEBT INSTRUMENT] (such liens, pledges and security interests hereinafter called the "*Senior Lien*").

Without limiting the generality of Section 1.1 hereof, the Parties further agree as follows:

1.2. The Subordinating Lender agrees that any security interests in and/or lien on the Collateral that the Subordinating Lender may have or hereafter acquire in is and shall be absolutely and unconditionally subject and subordinate in all respects to any security interest and/or lien which the Lender may have or hereafter acquire in the Collateral, notwithstanding the time of attachment of any security interest therein or the filing of any mortgage, assignment of leases and rents, financing statement or any other priority provided by law or by agreement; and the Subordinating Lender hereby agrees (i) not to foreclose or realize upon, or assert any rights as to the Collateral until the Lender has confirmed to the Subordinating Lender in writing that the Senior Lien has been terminated and released, and (ii) without demand or request being made upon the Subordinating Lender, to turn over to the Lender the Collateral. The Subordinating Lender agrees that it will not at any time contest the validity, perfection, priority or enforceability of the Senior Lien. The Subordinating Lender waives any claims against the Lender based on marshalling of assets or any other equitable grounds as to the Collateral.

1.3. The Subordinating Lender agrees that in the ordinary course of administering extensions of credit and other financial accommodations to the Borrower the Lender may from time to time in its sole discretion release proceeds of the Collateral to the Borrower or otherwise deal with the Collateral, without in any event any notice or accounting to the Subordinating Lender whatsoever.

1.4. In the event of any distribution or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Collateral, or of any other party that secure the respective Obligations, or of the proceeds thereof, to the creditors of the Borrower, or by reason of any execution sale, receivership, reorganization, arrangement, insolvency, liquidation or foreclosure proceeding of or for the Borrower or involving its property, no distribution or application shall be made, and the Subordinating Lender shall not be entitled to receive or retain any distribution or application on or in respect of any proceeds of the Senior Lien, unless and until the Lender has confirmed to the Subordinating Lender in writing that the Senior Lien has been terminated and released, and in any such event any distribution or application otherwise payable in respect of proceeds of the Collateral shall be paid to the Lender.

1.5. The Lender may at any time and from time to time, without the consent of or notice to the Subordinating Lender, without incurring responsibility to the Subordinating Lender, and without impairing or releasing the obligation of the Subordinating Lender under this Agreement (i) renew, refund or extend the maturity of, or decrease the amount of, any obligation owed to the Lender, or any part thereof (ii) exercise or refrain from exercising any rights against the

Borrower. The Subordinating Lender further agrees that the Lender has complete discretion in, and shall not be liable in any manner to the Subordinating Lender for determining how, when and in what manner the Lender administers extensions of credit to the Borrower or exercises any rights or remedies with respect to, or forecloses or otherwise realizes upon, the Senior Lien. Without in any way limiting the foregoing, the Subordinating Lender specifically acknowledges and agrees that the Senior Lender may take such actions as it deems appropriate to enforce the Senior Lien, whether or not any such action is beneficial to the interest of the Subordinating Lender. Also, without in any way limiting the foregoing, the Subordinating Lender hereby agrees that, in connection with any foreclosure, sale, or other disposition of the Collateral (or any portion thereof), (a) the liens of the Subordinating Lender on the Collateral shall automatically be released if, when and to the same extent that the Lender releases its lien on the Collateral (provided the Lender shall retain its lien on any proceeds thereof to the extent not applied to obligations owing to the Lender, subject to the terms of this Agreement) and (b) the Subordinating Lender hereby irrevocably authorizes the Lender to prepare and record or otherwise execute and deliver any releases and terminations of the security interests and liens in favor of the Subordinating Lender on the Collateral at any time and to the extent that this Agreement requires such security interests or liens be released or terminated. In order for the Lender to enforce rights in the Collateral, there shall be no obligation on the part of the Lender, at any time, to resort for payment of the obligations owing to the Lender to any obligor thereon or guarantor thereof, or to any other person or entity, their properties or estates, or to resort to any other rights or remedies whatsoever, and the Lender shall have the right to foreclose or otherwise realize upon the Collateral irrespective of whether or not other proceedings or steps are pending seeking resort to or realization upon or from any of the foregoing.

1.6. No payment or any distribution received by the Lender in respect of the Senior Lien pursuant to any of the terms hereof shall entitle the Subordinating Lender to any right, whether by virtue of subrogation or otherwise, in and to the Collateral unless and until the Senior Lien has been released and terminated. The Subordinating Lender hereby agrees that the Agreement shall be in favor of the Lender and no other party.

SECTION 2. TERMINATION.

This Agreement shall remain in full force and effect until all Obligations under the Agreement are repaid in full and the Agreement is terminated. The Parties hereby agree to execute such documents as are reasonably requested by the other Parties hereto in connection with any termination of this Agreement.

SECTION 3. MISCELLANEOUS.

3.1. Each and all of the promises contained herein shall be binding on the Parties, their legal representatives, successors, and permitted assigns, and shall inure to the benefit of the Lender and the benefit of their respective successors and assigns. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without regard to principles of conflicts of law. Any provision of this Agreement held invalid, illegal, or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without affecting the validity, legality, and

enforceability of the remaining provision hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

3.2. Any of the parties hereto may execute this Agreement by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of a counterpart hereof by facsimile transmission or by e-mail transmission of an Adobe portable document format file (also known as a "PDF" file) shall be effective as delivery of a manually executed counterpart hereof. Each of the Parties further agree that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic Signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures, pursuant to the California Uniform Electronic Transactions Act (Cal. Civ. Code §§ 1633.1 to 1633.17) as amended from time to time.

3.3. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

[SIGNATURE PAGES TO FOLLOW]

In WITNESS WHEREOF, the undersigned have caused this Subordination Agreement to be executed by their respective duly authorized officers as of the day and year first written above.

[BANK NAME], as Lender

By: _____
Name: _____
Title: _____

DEPARTMENT OF HEALTH CARE ACCESS AND
INFORMATION OF THE STATE OF CALIFORNIA,
as Subordinating Lender

By: _____
Name: _____
Title: _____

[BORROWER NAME], as Borrower

By: _____
Name: _____
Title: _____



Board of Directors Contract Review Worksheet

Agreement for Pulmonary Function Test Interpretation with **Martin M. Bress, M.D.**

Executive Summary: With the recent departure of pulmonologist Dr. Narinder Gill and in order to continue offering important pre-operative and diagnostic pulmonary function tests (PFT) at the hospital, there must be a qualified physician in place to interpret the tests. The hospital performs approximately 240 PFTs per year. Local physician Dr. Martin Bress has the training and experience as a Board certified internist to perform this function. The hospital will perform the global billing for the tests and interpretations.

Recommended Board Motion: It is recommended the hospital Board approve the Pulmonary Function Test Interpretation Agreement at a rate of \$25.00 per exam.

Services Provided: Pulmonary Function Test interpretation.

Agreement Terms:

Contract Term	Effective Date	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
1 year with auto-renew	4/1/2023	\$500	\$6,000	30 days

Contract Rate: \$25.00 per interpreted exam.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into and effective as of **April 1, 2023** (“Effective Date”), by and between **SAN BENITO HEALTH CARE DISTRICT**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Martin M. Bress, M.D.** (“Physician”).

RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates rural health clinics as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Clinics”). Clinics operate under the name “Hazel Hawkins Community Health Clinics”.
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital, and is experienced and qualified to provide professional medical services in the field of pulmonology (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of the Hospital and the public health of the residents of the Hospital Service Area, and is an appropriate way to assure availability of rural health clinics’ services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

1. DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Professional Services. Physician shall provide pulmonary function test (“PFT”) interpretation services (“Services”) on an as-needed basis for SBHCD, including Spirometry and Lung Volumes. All PFT exam results will be interpreted by Physician and an evaluation rendered within five (5) business days’ of receipt.
- 1.2 Qualifications of Physician. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be an active member in good standing of the Hospital’s medical staff; (iii) have levels of competence, experience and skill comparable to those prevailing in the community; and (iv) not be excluded from any governmental healthcare program.
- 1.3 Compliance. In connection with the operation and conduct of the Clinics and rendition of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, and will at all times be aware of and participate in meeting the District Corporate Compliance program goals and objectives.
- 1.4 Credentialing. In order to be efficiently credentialed with payors contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare (“CAQH”) credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.

- 1.5 Use of Premises. No part of the Clinics premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide appropriate and necessary documentation for each patient's medical record for all PFT exam results interpreted.
- 1.7 Coding. Physician shall properly code all professional services rendered to patients for all visits to the Clinics. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.

2. DUTIES AND OBLIGATIONS OF SBHCD

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, all space and equipment as may be reasonably required for the provision of Services.
- 2.2 Eligibility. At all times during the term of this Agreement, Clinics shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to the Clinics' patient medical and business records for quality of care and compliance purposes.

3. BILLING AND ASSIGNMENT OF REVENUE

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD and shall use his best efforts to bill and collect for services in a diligent, timely, competent, effective, lawful and commercially reasonable manner, maximizing the revenue to which Physician is legally and ethically entitled.
- 3.2 Assignment of Professional Service Revenues. Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all Services rendered. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

4. COMPENSATION FOR COVERAGE BY PHYSICIAN

- 4.1 Coverage Fee. As compensation for the provision of Services in the Clinics, SBHCD shall pay Physician **twenty five dollars (\$25.00) per exam result interpreted** under this Agreement. Physician shall, within fifteen days after the last day of each calendar month, submit to SBHCD a statement reflecting the Services furnished to Client during the previous calendar month. SBHCD shall pay Physician on a monthly basis in accordance with the normal SBHCD contract payment process, for Services provided by Physician during the immediately preceding monthly period (but in no instance later than 60 days after receipt of the statement of Service). Physician shall not bill for facility fees, administrative, supervisory, medical director or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinics. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinics to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

5. TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of one (1) year, unless terminated earlier as provided in this Agreement, and shall automatically renew for

successive one (1) year periods until terminated. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon 30 days' written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.

- 5.2 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

6. INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. Physician is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties and obligations pursuant to this Agreement. Neither SBHCD nor Hospital shall exercise any control or direction over the methods by which Physician performs Physician's work and functions, except that Physician shall perform at all times in strict accordance with then currently approved methods and practices of Physician's professional specialty. SBHCD's sole interest is to ensure that Physician performs and renders services in a competent, efficient and satisfactory manner in accordance with high medical standards.
- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD or Hospital. Physician shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit.

7. REPRESENTATIONS AND WARRANTIES OF PARTIES

- 7.1 SBHCD for itself, and its directors, officers, employees and agents (collectively, "Agents"), and Physician (for Physician and Physician's Agents) hereby warrants and represent as follows:
- 7.1.1 Neither it nor any of its Agents (i) is excluded, suspended or debarred from, or otherwise ineligible for, participation in any federal or state health care program including, without limitation, Medicare or Medi-Cal, or (ii) has been convicted of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program including, without limitation, Medicare or Medi-Cal; and
- 7.1.2 It shall, and it shall ensure that each of its Agents shall, notify the other parties thereto immediately in writing of (i) any threatened, proposed or actual exclusion, suspension or debarment, and/or (ii) any conviction of a criminal offense related to conduct that would or could trigger an exclusion, of it or any of its Agents from any federal or state health care program.

8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

- 8.1 SBHCD and Hospital shall maintain general and professional liability insurance coverage during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that SBHCD and/or Hospital obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD or Hospital, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD or Hospital, as applicable, shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information (“PHI”) in accordance with all applicable federal, state and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder (“HIPAA”). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees that Physician shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
 - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
 - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
 - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
 - 9.1.5 Make Physician’s internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital’s and Physician’s compliance with HIPAA;
 - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- 9.2 Electronic Protected Health Information (“EPHI”). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

10. GENERAL PROVISIONS

- 10.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the following addresses, or to such other address or addresses as the parties may hereafter designate in writing to each other.

SBHCD

San Benito Health Care District
Attn: Chief Executive Officer
911 Sunset Drive
Hollister, CA 95023

Physician

Martin M. Bress, M.D.
930 Sunnyslope Road, Suite B-1
Hollister, CA 95023 _____

- 10.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 10.4 Ownership of Patient Records. All Clinics' patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 10.5 Exclusive Property of SBHCD. All data, files, records, documents, specifications, promotional materials and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 10.6 No Referrals. Nothing in this Agreement is intended to obligate or induce any party to this Agreement to refer patients to any other party.
- 10.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of District, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 10.8 Binding Agreement; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors and permitted assigns. No party may assign this Agreement or any rights hereunder, or may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 10.9 Dispute Resolution. If any dispute, controversy or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.
- 10.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If regulations are issued at a later time which would determine that Section 952 of PL 96-499 is not applicable to this Agreement, this Section shall automatically be repealed.
- 10.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of

the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

10.12 Counterparts. This Agreement may be executed in a number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

The parties hereby execute this Agreement effective as of the Effective Date first set forth above.

SBHCD
San Benito Health Care District

Physician
Martin M. Bress, M.D.

By: _____
Mary Casillas, Interim Chief Executive Officer

Martin M. Bress, M.D.

Date: _____

Date: _____



Board of Directors Contract Review Worksheet

Agreements for Professional Services with Hongguang Liu, M.D.

Executive Summary: To expand onsite gastroenterology coverage for the community and with the upcoming departure of gastroenterologist Dr. Luke Bi, Dr. Hongguang Liu will partner with the existing 3 physician panel to provide emergency call and up to three (3) days per week of clinic coverage beginning April 2023.

Recommended Board Motion: It is recommended the hospital Board approve the Professional Services Agreement with Hongguang Liu, M.D. at a rate of \$3,000 per 24-hour shift.

Physician Panel Services Provided: Dr. Liu will be a part of the panel that provides Gastroenterology clinic (up to three (3) days per week) & emergency call coverage 5 days per week x 52 weeks per year.

Agreement Terms:

Contract Term	Effective Date	FMV %ile	Estimated Base Monthly Cost	Estimated Annual Cost Up To	Term clause
3 years	4/1/2023	75th	\$15,000 + travel (flight/rental car)	\$180,000 + travel (flight/rental car)	60 days

Contract Rate: \$3,000 per shift + reimbursement of travel (*flight/rental car*) expenses.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is made, entered into and effective as of **April 1, 2023** (“Effective Date”), by and between **San Benito Health Care District**, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and **Hongguang Liu, M.D.** (“Physician”).

RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“Hospital”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“Hospital Service Area”).
- B. SBHCD owns and operates a rural health clinic as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“Clinic”). Clinic operates under the name “Hazel Hawkins Community Health Clinic.”
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital and is experienced and qualified to provide gastroenterology services (“Services”).
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of the Hospital and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of rural health clinic services to patients in the Hospital Service Area. SBHCD has established a gastroenterology coverage panel (“GI coverage panel”) of qualified physicians which shall ensure the availability of physician coverage for gastroenterology services as needed.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

1. DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Physician shall (“Physician”), provide professional health care services in Physician’s medical specialty to patients at Clinic and Hospital, as more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“Services”). Professional health care services include Medicare services, Medi-Cal services, services pursuant to any other federal health care program or a state health care financial program (“Governmental Programs”), workers’ compensation services, and charity care. Physician shall cooperate to enable Clinic’s and Hospital’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of Hospital and Clinic.
- 1.2 Qualifications.
 - 1.2.1 Qualifications of Physician. Physician: (i) shall be duly licensed to practice medicine by the State of California; and (ii) is in good standing and fully qualified to do business in the State of California; (iii); be qualified to perform the services required under this Agreement by having levels of competence, experience, (iv) have skill comparable to those prevailing in the community and (v) not be excluded from participation in any governmental healthcare program.

(vi) be approved for and maintain active membership and/or clinical privileges on the Hospital's medical staff in accordance with medical staff bylaws, rules and regulations, and other medical staff governing directives; (vii) be certified as a participating physician in the Medicare, Medi-Cal programs; and (viii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 **Compliance.** In connection with the operation and conduct of the Clinic and Hospital and rendition of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the SBHCD Corporate Compliance program goals and objectives.
- 1.4 **Credentialing.** In order to be efficiently credentialed with payors contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.
- 1.5 **Use of Premises.** No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 **Medical Records/Chart Notes.** Physician shall provide appropriate and necessary documentation for each patient's medical record for all patient encounters in the Clinic and Hospital in compliance with the hospital's and clinics' policies and procedures.
- 1.7 **Coding.** Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.8 **Hospital Call Coverage.** Physician shall be available to take hospital emergency department and unassigned patient call on a rotational basis, as determined in accordance with the standards set forth in Exhibit A without additional compensation or stipend except as indicated in Exhibit A of this Agreement.

2. DUTIES AND OBLIGATIONS OF SBHCD

- 2.1 **Duties.** SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinic and Hospital, the following:
 - 2.1.1 **Space and Equipment.** Space and Equipment as may be reasonably required for the operation of the Clinic and Hospital as approved by SBHCD.
 - 2.1.2 **Services and Supplies.** Maintenance, repair, and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Clinic and Hospital.
 - 2.1.3 **Non-physician Personnel.** All non-physician personnel with appropriate education, training and experience required to operate the Clinic and Hospital, including a qualified administrative manager. SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the scheduling of non-physician Clinic and Hospital personnel.
- 2.2 **Eligibility.** At all times during the term of this Agreement, Clinics and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 **Contracts.** SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinic and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 **Access to Records.** Physician shall have access to the SBHCD patient medical and business records for quality of care and compliance purposes.

3. BILLING AND ASSIGNMENT OF REVENUE

- 3.1 **Billing and Collection.** SBHCD shall perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD and shall use his/her best efforts to furnish appropriate documentation of patient care services provided by Physician to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 **Assignment of Professional Service Revenues.** Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all Services rendered by Physician and its Physicians at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician's services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

4. COMPENSATION FOR SERVICES BY PHYSICIAN

- 4.1 **Compensation.** As compensation for the provision of Services in the Clinic and Hospital, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided by Physician. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 **Schedule of Charges.** SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinic and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinic and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

5. TERM AND TERMINATION

- 5.1 **Term.** The term of this Agreement shall commence on the Effective Date and continue for a period of three (3) years, unless terminated earlier as provided in this Agreement, and shall renew for successive one (1) year periods upon mutual agreement. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon sixty (60) days' prior written notice to the other party. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.
- 5.2 **Termination for Cause.** Either party shall have the right to terminate the Agreement for cause upon not less than thirty (30) days written notice; provided, however, that in the case of (i) Sections 5.3.1, 5.3.4, and 5.3.5, no additional notice beyond that specified therein shall be required, (ii) Section 5.3.6, no notice shall be required and this Agreement will terminate effective as of the date of such exclusion, suspension, debarment from, or ineligibility for, any federal or state health care program, and/or of such conviction of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program, (iii) Section 5.3.7 this Agreement will terminate immediately upon written notice from SBHCD, and (iv) insolvency or bankruptcy described in Section 5.3.2, as of the date of such insolvency or declaration of bankruptcy, as applicable).
- 5.3 **Definition of Cause.** For purposes of this Agreement, "cause" shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following notice of such breach.
- 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
- 5.3.3 The license to practice medicine or to prescribe controlled substances of Physician is revoked or suspended.
- 5.3.4 SBHCD fails to carry or reinstate the insurance required in Article 8 of this Agreement or such coverage is cancelled or revoked within ten (10) days following notice of revocation from its insurance carrier.

- 5.3.5 Upon the determination that Physician has violated a material term of Article 9 of this Agreement.
 - 5.3.6 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital's participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital's full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital's bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
 - 5.3.7 The loss of or reduction in Physician's medical staff privileges at any hospital where Physician provides professional health care services, whether voluntary or involuntary.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

6. INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. Physician is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties, and obligations pursuant to this Agreement. Neither SBHCD nor Hospital shall exercise any control or direction over the methods by which Physician performs work and functions, except that Physician shall perform at all times in strict accordance with then currently approved methods and practices of Physician's professional specialty. SBHCD's sole interest is to ensure that Physician performs and renders services in a competent, efficient, and satisfactory manner in accordance with high medical standards.
- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD or Hospital. Physician shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit.

7. REPRESENTATIONS AND WARRANTIES OF PARTIES

- 7.1 SBHCD for itself, and its directors, officers, employees, and agents (collectively, "Agents"), and Physician for itself, its Physician(s), its Agents, and Physicians' Agents hereby warrants and represent as follows:
 - 7.1.1 Neither it nor any of its Agents or Physician(s) (i) is excluded, suspended, or debarred from, or otherwise ineligible for, participation in any federal or state health care program including, without limitation, Medicare or Medi-Cal; (ii) has been convicted of a criminal offense related to conduct that would or could trigger an exclusion from any federal or state health care program including, without limitation, Medicare or Medi-Cal; or (iii) have had their medical staff privileges at any health care facility denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; and
 - 7.1.2 It shall, and it shall ensure that each of its Agents shall, notify the other parties thereto immediately in writing of (i) any threatened, proposed, or actual exclusion, suspension, or debarment; (ii) any conviction of a criminal offense related to conduct that would or could trigger an exclusion, of it or any of its Agents from any federal or state health care program; or (iii) any anticipated or actual breach of any term or condition of this Agreement.

8. LIABILITY/MALPRACTICE INSURANCE COVERAGE

- 8.1 SBHCD and Hospital shall maintain general and professional liability insurance coverage for Physician for Services provided by Physician to SBHCD patients during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that SBHCD and/or Hospital obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD or Hospital, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD or Hospital, as applicable, shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

9. PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees that Physician shall:
- 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
 - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
 - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;
 - 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
 - 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Physician's compliance with HIPAA;
 - 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- 9.2 Electronic Protected Health Information ("EPHI"). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

10. GENERAL PROVISIONS

- 10.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the following addresses, or to such other address or addresses as the parties may hereafter designate in writing to each other.

SBHCD: San Benito Health Care District
Office of the Chief Executive Officer
911 Sunset Drive
Hollister, CA 95023

Physician: Hongguang Liu, M.D.
1825 Sonoma Street
Redding, CA 96001

- 10.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 10.4 Ownership of Patient Records. All Clinic and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 10.5 No Referrals. Nothing in this Agreement is intended to obligate or induce any party to this Agreement to refer patients to any other party.
- 10.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 10.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. Such breach will result in immediate termination of this Agreement.
- 10.8 Binding Agreement; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors, and permitted assigns. No party may assign this Agreement or any rights hereunder, or may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 10.9 Dispute Resolution. If any dispute, controversy, or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy, or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.
- 10.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period,

Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.

10.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

The parties hereby executed this Agreement as of the Effective Date first set forth above.

SBHCD
San Benito Health Care District

Physician
Hongguang Liu, M.D.

By: _____
Mary T. Casillas, Interim Chief Executive Officer

Hongguang Liu, M.D.

Date: _____

Date: _____

EXHIBIT A

PHYSICIAN SERVICES AND COMPENSATION

A.1 **Further Description of Medical Services.** Physician shall provide professional medical services in Physician's specialty at locations specified by SBHCD, which will be within the SBHCD healthcare district boundaries, or at facilities within thirty (30) miles of the SBHCD Hospital.

A.1.1 **GI Coverage Panel.** Physician shall serve as a member of the GI Coverage Panel. Physician shall provide services as mutually agreed by SBHCD and Physician, but at minimum level such that the GI Coverage Panel can provide services to SBHCD patients on a full-time basis (Friday beginning at 5:00 PM to Wednesday at 5:00 PM) on a five (5) day per week schedule. Group agrees to work cooperatively with other members of the GI Coverage Panel to ensure continuity of care to SBHCD patients.

A.1.2. **Professional Services.** Physician shall provide Services in the Clinic and Hospital beginning on the Effective Date. Physician shall provide such services in coordination with other physicians who are contracted with SBHCD to provide similar services to patients and pursuant to a mutually agreed-upon schedule. If Physician and other physicians cannot agree on such a schedule, SBHCD shall determine the schedule.

A.1.3 **Specialty Services.** Physician shall provide the following **Gastroenterology** Services:

Management of Physician's own admitted patients; management of the care of patients admitted at the request of and with the attending or referring physician, and thereafter managing the care rendered to such patients; family conferences as requested in consultation with social services; consultations, upon request, for members of the Hospital's Medical Staff, including the hospitalist Physician; and assistance with the management and treatment of patients for whom Physician is responsible as head of a multi-disciplinary team. When the patient has an attending/referring physician, Physician shall include such physician in decision making and keep such physician informed.

A.1.4 **Clinic Services.** Clinic operating hours are Monday through Friday, from 8:00 a.m. to 5:00 p.m. Physician shall provide the following Clinic Services in the Clinics in accordance with the schedule set forth in Section A.2 of this Exhibit A:

A.1.4.1 New and follow-up office visits;

A.1.4.2 Consultations;

A.1.4.3 Post discharge follow-up visits;

A.1.4.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;

A.1.4.5 Supervising physician assistants and nurse practitioners (collectively referred to as "Mid-Level Practitioners") as necessary for reimbursement or consult in the absence of the Medical Director;

A.1.4.6 Coordination of medical activities of the Clinic as a whole to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding medical administration of the Clinic;

A.1.4.7 Assisting with the development of a plan for quality assurance for the Clinic;

A.1.4.8 Provide required chart review and audits of care provided by Mid-Level Practitioners

A.1.4.9 Other services as are mutually agreed to be appropriate and appropriately provided in an outpatient setting by a Physician specializing in Gastroenterology.

A.2 **Schedule.** Physician shall serve as a member of the GI Coverage Panel that provides Medical Services to SBHCD patients five (5) days per week, every Friday through Wednesday, fifty-two (52) weeks per year

from Friday at 5:00 PM to Wednesday at 5:00 PM (which includes Clinic time, scheduled operating room time, inpatient rounding, and operating room add-on time) in the Hospital or Clinic setting.

A.3 **Hospital Call Coverage.** Physician shall provide emergency department and unassigned patient call coverage (“Hospital Call”) to support the needs of the Hospital, in accordance with Hospital Medical Staff Bylaws; provided, however, that Physician may not discontinue providing Hospital Call pursuant to any provision in the Hospital Medical Staff Bylaws. Hospital Call includes responding to the emergency department, inpatient units, and the operating room.

A.3.1 **Hospital Call Requirements.** GI Coverage Panel on a schedule of five (5) days per week, Friday through Wednesday, for an annual total of two hundred sixty (260) days per contract year. Hospital Call Coverage begins at 7:00am and ends at 6:59am the next morning.

A.3.2 **Hospital Call Days Included in Base Compensation.** Compensation amounts include provision of two hundred sixty (260) days of Hospital Call coverage per contract year.

A.3.3 **Excess Hospital Call Days.** If Physician provides Hospital Call coverage in excess of two hundred sixty (260) days per contract year (“Excess Hospital Call Days”), Physician shall be compensated as described in outlined in Section A.4.2.

A.3.4 **Payment for Excess Hospital Call Days.** The number of days Physician provides Hospital Call coverage shall be reported to SBHCD. Payment of any Excess Hospital Call days due to Physician will be made in accordance with the normal SBHCD payment process.

A.4 **Compensation.**

A.4.1 **Compensation Methodology Compliance.** In order to maintain continuity in the Compensation Methodology under this Agreement and to ensure commercial reasonableness and fair market value compensation to Physician for Services provided under this Agreement in compliance with Stark Law and Anti-Kickback regulations, SBHCD and Physician agree that SBHCD retains the right to continue, for the term of this Agreement, application of the compensation formula in this Agreement.

A.4.2 **Compensation.** Physician’s Compensation, which includes professional services, supervision, and Hospital Call activities (“Compensation”), shall be paid on a monthly basis on SBHCD’s standard payment cycle for similar agreements and shall be in the amount of Three Thousand Dollars and No Cents (\$3,000.00) per 24-hour shift. If Physician shall provide less than twenty-four (24) hour coverage during any shift, SBHCD shall compensate Physician on a pro-rated basis for coverage provided.

A.4.3 **Payment on Termination.** On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.

A.4.4 **Agreement Includes All Compensation from SBHCD.** Incorporated into compensation under the Agreement, unless specifically excluded, are all the Physician’s sources of practice revenues and income, including Hospital Call coverage stipends, other hospital on-call fees, hospital stipends, and reading fees; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.

A.4.5 **Housing.** SBHCD will provide Physician Physician(s) with local housing accommodations while said Physician is providing Services under this Agreement.

- A.4.6 **Expenses.** SBHCD will reimburse Physician for: (a) round-trip mileage (payable at the current standard Internal Revenue Service rate) from/to Physician's practice location to/from Hospital, or (b) standard rental car and flight expenses.
- A.5 **Services and Activities in Support of SBHCD.** SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD and Clinic to ensure a continuing high level of patient care. To that end, Physician shall participate in functions/events from time to time, in support of the SBHCD Clinics and the SBHCD facilities. In addition, to assist in the recruitment and retention of highly skilled practitioners, upon SBHCD's request, Physician shall participate in recruitment meetings with SBHCD physician candidates. SBHCD shall reimburse Physician for reasonable meal expenses incurred as part of meeting with physician candidates hosted at the request of SBHCD.
- A.6 **Practice Guidelines/Best Quality Practices.** Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices will be evidenced based, and include at minimum the following:
- A.6.1 Attendance at regular monthly meetings with SBHCD Clinic and Hospital leadership when requested to review any operational or quality issues.
- A.6.2 Timely completion of all incomplete inpatient records, including completion of all admission and discharge medication reconciliation.
Goal: As specified by Medical staff rules and regulations or hospital policy.
- A.6.3 Completion of all office visit notes within seven (7) days of visit.
- A.6.4 Timely signing of orders.
Goal: As specified by Medical staff rules and regulations or hospital policy.
- A.6.5 Timely discharges summaries.
Goal: As specified by Medical staff rules and regulations or hospital policy.
- A.6.6 Commitment to use of SBHCD supported electronic health/medical record platforms.
- A.6.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.
- A.6.8 Timely arrival at Hospital for scheduled procedures and Clinic for scheduled patient visits.

DOCTOR:

FOR THE MONTH OF:

Fax to: (831)636-2695 or email to: lpamell@hazelhawkins.com

Instructions:

Please record the hours spent in each clinic on the proper line of the productivity log. The total hours worked on any given day must equal the sum of the hours spent in each clinic. These hours will be used to meet the Medicare Regulations for productivity standards for Rural Health Clinics. If you were on Emergency call for the day, place a check mark in the ER CALL column on the appropriate day.

*****This log must be submitted to the Finance Department prior to the release of your payment. Thank you!*****

DAY IN MONTH	SUNSET	SJB	1ST ST	4TH ST	MSC	BARRAGAN	ORTHO	OR/ASC/HMH	TOTAL	ER CALL
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
TOTAL										

Signature: _____ Date: _____