



Hazel Hawkins
MEMORIAL HOSPITAL

**REGULAR MEETING OF THE FINANCE COMMITTEE
SAN BENITO HEALTH CARE DISTRICT
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA
MONDAY, MARCH 24, 2025 - 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

2. Review Financial Updates
 - Financial Statements – February 2025
 - Finance Dashboard – February 2025
 - Supplemental Payments – February 2025

3. Consider Recommendation for Board Approval of Professional Services Agreement with Lorilee Sutter, M.D.
 - Report
 - Committee Questions
 - Motion/Second

4. 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.

5. Adjournment

The next Finance Committee meeting is scheduled for **Monday, April 21, 2025 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



Hazel Hawkins

MEMORIAL HOSPITAL

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.



San Benito Health Care District

San Benito Health Care District

A Public Agency

911 Sunset Drive

Hollister, CA 95023-5695

(831) 637-5711

March 24, 2025

CFO Financial Summary for the District Board:

For the month ending February 28, 2025, the District's Net Surplus (**Loss**) is \$3,912,058 compared to a budgeted Surplus (**Loss**) of \$1,181,338. The District exceeded its budget for the month by \$2,730,720.

YTD as of February 28, 2025, the District's Net Surplus (**Loss**) is \$15,358,843 compared to a budgeted Surplus (**Loss**) of \$4,870,031. The District is exceeding its budget YTD by \$10,488,812.

Acute discharges were 156 for the month, slightly under budget by 3 discharges or 2%. The ADC was 16.39 compared to a budget of 17.28. The ALOS was 2.94. The acute I/P gross revenue was under budget by **\$301,228 (4%)** while O/P services gross revenue exceeded budget slightly by **\$389,341** or 1% over budget. ER I/P visits were 138 and ER O/P visits were over budget by 175 visits or 9%. The RHCs & Specialty Clinics treated 3,419 (includes 691 visits at the Diabetes Clinic) and 849 visits respectively.

Adding to the District's recorded earnings this month are the following supplemental revenue programs:

- 1) **\$1,311,259.68** final settlement for QIP PY6 CY2023.
- 2) **\$710,852.61** District Hospital Direct Payment (DHDP) for June 1st – June 30, 2023.
- 3) **\$459,882** final accrual of CY 2023 Rate Range settlement of \$1,339,140.97.

Other Operating revenue exceeded budget by **\$2,047,640** due to the aforementioned items 1 & 2.

Operating Expenses were over budget by **\$338,150** due mainly to: Registry of \$260,257 (partially offset by savings in Salaries & Wages of \$135,993 and Benefits of \$80,150), Supplies of \$86,429 and Purchase Services of \$267,048. These overages are partly attributable to an increase in orthopedic surgeries (implants) and other medical supplies. In addition, an increase for the month in repairs and maintenance.

Non-operating Revenue exceeded budget by \$767.

The SNFs ADC was **87.61** for the month. The Net Surplus (**Loss**) is \$83,794 compared to a budget of \$73,364. YTD, the Net Surplus (**Loss**) is \$1,028,792 exceeding its budget by \$318,755.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
HOLLISTER, CA 95023
FOR PERIOD 02/28/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,015,985	3,205,234	(189,249)	(6)	3,205,233	26,712,740	26,289,166	423,574	2	26,289,159
SNF ROUTINE REVENUE	1,846,410	1,831,113	15,297	1	1,917,720	15,780,720	15,471,671	309,049	2	17,213,188
ANCILLARY INPATIENT REVENUE	4,249,115	4,311,085	(61,970)	(1)	4,355,819	34,466,098	32,242,698	2,223,400	7	32,151,190
HOSPITALIST\PEDS I\P REVENUE	0	0	0	0	190,967	0	0	0	0	1,301,060
TOTAL GROSS INPATIENT REVENUE	9,111,510	9,347,432	(235,922)	(3)	9,669,739	76,959,558	74,003,535	2,956,023	4	76,954,596
ANCILLARY OUTPATIENT REVENUE	27,678,552	27,289,211	389,341	1	26,754,117	231,621,865	219,973,390	11,648,475	5	215,660,195
HOSPITALIST\PEDS O\P REVENUE	0	0	0	0	70,146	0	0	0	0	503,838
TOTAL GROSS OUTPATIENT REVENUE	27,678,552	27,289,211	389,341	1	26,824,263	231,621,865	219,973,390	11,648,475	5	216,164,033
TOTAL GROSS PATIENT REVENUE	36,790,062	36,636,643	153,419	0	36,494,002	308,581,423	293,976,925	14,604,498	5	293,118,629
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	10,189,537	9,989,886	199,651	2	9,457,791	81,352,689	79,907,955	1,444,734	2	78,293,349
MEDI-CAL CONTRACTUAL ALLOWANCES	9,146,801	9,862,365	(715,564)	(7)	9,489,109	78,833,009	78,984,045	(151,036)	0	77,780,159
BAD DEBT EXPENSE	425,981	523,630	(97,649)	(19)	1,086,296	5,652,854	4,187,928	1,464,926	35	5,658,443
CHARITY CARE	129,710	39,034	90,676	232	19,159	300,068	312,192	(12,124)	(4)	330,447
OTHER CONTRACTUALS AND ADJUSTMENTS	3,949,405	4,309,866	(360,461)	(8)	4,165,481	36,698,514	34,572,519	2,125,995	6	35,290,598
HOSPITALIST\PEDS CONTRACTUAL ALLOW	0	0	0	0	6,137	0	0	0	0	54,314
TOTAL DEDUCTIONS FROM REVENUE	23,841,434	24,724,781	(883,347)	(4)	24,223,972	202,837,133	197,964,639	4,872,494	3	197,407,309
NET PATIENT REVENUE	12,948,628	11,911,862	1,036,766	9	12,270,030	105,744,290	96,012,286	9,732,004	10	95,711,320
OTHER OPERATING REVENUE	2,595,521	547,881	2,047,640	374	467,230	7,531,356	4,383,048	3,148,308	72	4,493,882
NET OPERATING REVENUE	15,544,149	12,459,743	3,084,406	25	12,737,260	113,275,646	100,395,334	12,880,312	13	100,205,202
OPERATING EXPENSES:										
SALARIES & WAGES	4,614,553	4,783,156	(168,603)	(4)	4,418,679	39,738,669	40,790,634	(1,051,965)	(3)	37,370,751
REGISTRY	501,160	226,951	274,209	121	460,241	4,106,213	1,833,900	2,272,313	124	2,515,630
EMPLOYEE BENEFITS	2,064,249	2,191,132	(126,883)	(6)	2,219,885	17,341,057	18,381,083	(1,040,026)	(6)	16,498,981
PROFESSIONAL FEES	1,469,252	1,496,355	(27,103)	(2)	1,522,520	12,523,822	12,983,278	(459,456)	(4)	12,992,946
SUPPLIES	1,076,491	1,004,715	74,776	8	1,068,443	8,820,784	7,953,189	867,595	11	8,423,325
PURCHASED SERVICES	1,330,110	1,040,185	289,925	28	1,152,306	10,653,324	9,027,255	1,626,069	18	8,576,111
RENTAL	172,628	135,655	36,973	27	142,832	1,286,361	1,177,254	109,107	9	1,098,845
DEPRECIATION & AMORT	317,940	318,477	(538)	0	320,896	2,537,532	2,547,816	(10,285)	0	2,599,837
INTEREST	5,632	27,824	(22,192)	(80)	30,089	299,231	223,961	75,270	34	435,778
OTHER	425,943	402,053	23,890	6	463,687	3,559,339	3,467,717	91,622	3	3,419,639
TOTAL EXPENSES	11,977,956	11,623,503	354,453	3	11,799,577	100,866,331	98,386,087	2,480,244	3	93,931,843
NET OPERATING INCOME (LOSS)	3,566,193	836,240	2,729,953	327	937,684	12,409,315	2,009,247	10,400,068	518	6,273,359

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED
 HOLLISTER, CA 95023
 FOR PERIOD 02/28/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	0	5,000	(5,000)	(100)	18,795	213,451	140,000	73,451	53	215,283
PROPERTY TAX REVENUE	241,122	241,122	0	0	205,711	1,928,976	1,928,976	0	0	1,645,688
GO BOND PROP TAXES	175,915	175,915	0	0	170,388	1,407,320	1,407,320	(2)	0	1,363,102
GO BOND INT REVENUE\EXPENSE	(65,081)	(65,081)	0	0	(68,721)	(520,651)	(520,648)	(3)	0	(549,769)
OTHER NON-OPER REVENUE	17,445	15,908	1,537	10	19,033	131,007	127,264	3,743	3	144,063
OTHER NON-OPER EXPENSE	(27,767)	(27,766)	(1)	0	(32,700)	(222,950)	(222,128)	(822)	0	(262,869)
INVESTMENT INCOME	4,231	0	4,231	0	0	12,377	0	12,377	0	(4,209)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	345,865	345,098	767	0	312,506	2,949,527	2,860,784	88,743	3	2,551,290
NET SURPLUS (LOSS)	3,912,058	1,181,338	2,730,720	231	1,250,190	15,358,843	4,870,031	10,488,812	215	8,824,649
EBIDA	\$ 4,146,931	\$ 1,416,747	\$ 2,730,184	192.70%	\$ 1,502,119	\$ 17,232,658	\$ 6,753,303	\$ 10,479,355	155.17%	\$ 10,874,022
EBIDA MARGIN	26.68%	11.37%	15.31%	134.62%	11.79%	15.21%	6.73%	8.49%	126.15%	10.85%
OPERATING MARGIN	22.94%	6.71%	16.23%	241.83%	7.36%	10.95%	2.00%	8.95%	447.38%	6.26%
NET SURPLUS (LOSS) MARGIN	25.17%	9.48%	15.69%	165.44%	9.82%	13.56%	4.85%	8.71%	179.51%	8.81%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
HOLLISTER, CA 95023
FOR PERIOD 02/28/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE						
	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 02/29/24	BUDGET 02/29/24	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24
GROSS PATIENT REVENUE:													
ROUTINE REVENUE	3,015,985	3,205,234	(189,249)	(6)	3,205,233	26,712,740	26,289,166	423,574	2	26,289,159	26,289,166	0	0
ANCILLARY INPATIENT REVENUE	3,896,966	4,008,945	(111,979)	(3)	4,008,938	31,599,735	29,689,816	1,909,919	6	29,689,816	29,689,816	0	0
HOSPITALIST I\N REVENUE	0	0	0	0	190,967	0	0	0	0	0	0	0	0
TOTAL GROSS INPATIENT REVENUE	6,912,951	7,214,179	(301,228)	(4)	7,405,138	58,312,476	55,978,982	2,333,494	4	57,280,035	57,280,035	0	0
ANCILLARY OUTPATIENT REVENUE	27,678,505	27,289,211	389,294	1	26,754,117	231,621,818	219,973,390	11,648,428	5	215,660,195	215,660,195	0	0
HOSPITALIST O\N REVENUE	47	0	47	47	70,146	47	0	47	47	503,838	503,838	0	0
TOTAL GROSS OUTPATIENT REVENUE	27,678,552	27,289,211	389,341	1	26,824,263	231,621,865	219,973,390	11,648,475	5	216,164,033	216,164,033	0	0
TOTAL GROSS ACUTE PATIENT REVENUE	34,591,503	34,503,390	88,113	0	34,229,401	289,934,340	275,952,372	13,981,968	5	273,444,068	273,444,068	0	0
DEDUCTIONS FROM REVENUE ACUTE:													
MEDICARE CONTRACTUAL ALLOWANCES	9,961,164	9,792,840	168,324	2	9,221,627	79,375,383	78,243,047	1,132,336	1	76,569,984	76,569,984	0	0
MEDI-CAL CONTRACTUAL ALLOWANCES	9,065,978	9,747,290	(681,313)	(7)	9,311,190	78,046,014	78,011,741	34,273	0	76,523,588	76,523,588	0	0
BAD DEBT EXPENSE	371,770	518,630	(146,860)	(28)	1,074,113	5,658,010	4,147,928	1,510,082	36	5,741,465	5,741,465	0	0
CHARITY CARE	68,272	39,034	29,238	75	16,502	238,630	312,192	(73,562)	(24)	327,790	327,790	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	3,938,598	4,279,907	(341,309)	(8)	4,149,133	36,448,448	34,319,380	2,129,068	6	34,992,382	34,992,382	0	0
HOSPITALIST\PEDES CONTRACTUAL ALLOW	0	0	0	0	6,137	0	0	0	0	54,314	54,314	0	0
TOTAL ACUTE DEDUCTIONS FROM REVENUE	23,405,781	24,377,701	(971,920)	(4)	23,778,703	199,766,485	195,034,288	4,732,197	2	194,209,522	194,209,522	0	0
NET ACUTE PATIENT REVENUE	11,185,722	10,125,689	1,060,033	11	10,450,698	90,167,855	80,918,084	9,249,771	11	79,234,546	79,234,546	0	0
OTHER OPERATING REVENUE	2,595,521	547,881	2,047,640	374	467,230	7,531,356	4,383,048	3,148,308	72	4,493,882	4,493,882	0	0
NET ACUTE OPERATING REVENUE	13,781,243	10,673,570	3,107,673	29	10,917,929	97,699,211	85,301,132	12,398,079	15	83,728,428	83,728,428	0	0
OPERATING EXPENSES:													
SALARIES & WAGES	3,691,312	3,827,305	(135,993)	(4)	3,507,862	31,569,351	32,779,849	(1,210,498)	(4)	29,786,017	29,786,017	0	0
REGISTRY	460,257	200,000	260,257	130	396,107	3,742,222	1,600,000	2,142,222	134	2,281,409	2,281,409	0	0
EMPLOYEE BENEFITS	1,619,643	1,699,793	(80,150)	(5)	1,759,146	13,482,814	14,255,641	(772,828)	(5)	12,771,229	12,771,229	0	0
PROFESSIONAL FEES	1,467,042	1,494,203	(27,161)	(2)	1,520,310	12,506,142	12,964,608	(458,466)	(4)	12,975,266	12,975,266	0	0
SUPPLIES	994,089	907,660	86,429	10	974,304	8,054,918	7,185,806	869,112	12	7,636,248	7,636,248	0	0
PURCHASED SERVICES	1,226,585	959,537	267,048	28	1,062,349	9,857,457	8,327,363	1,530,094	18	7,910,707	7,910,707	0	0
RENTAL	156,595	134,668	21,917	16	141,580	1,228,717	1,168,679	60,038	5	1,090,509	1,090,509	0	0
DEPRECIATION & AMORT	278,689	278,940	(251)	0	281,221	2,225,347	2,231,520	(6,173)	0	2,283,542	2,283,542	0	0
INTEREST	5,632	27,824	(22,192)	(80)	30,089	299,231	223,961	75,270	34	435,778	435,778	0	0
OTHER	369,031	350,784	18,247	5	407,140	3,112,652	3,024,655	87,997	3	3,012,436	3,012,436	0	0
TOTAL EXPENSES	10,268,864	9,880,714	388,150	4	10,080,107	86,078,850	83,762,082	2,316,768	3	80,183,138	80,183,138	0	0
NET OPERATING INCOME (LOSS)	3,512,379	792,856	2,719,523	343	837,822	11,620,361	1,539,050	10,081,311	655	3,545,291	3,545,291	0	0

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY
 HOLLISTER, CA 95023
 FOR PERIOD 02/28/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	0	5,000	(5,000)	(100)	18,795	213,451	140,000	73,451	53	215,283
PROPERTY TAX REVENUE	204,954	204,954	0	0	174,854	1,639,632	1,639,632	0	0	1,398,832
GO BOND PROP TAXES	175,915	175,915	0	0	170,388	1,407,318	1,407,320	(2)	0	1,363,102
GO BOND INT REVENUE\EXPENSE	(65,081)	(65,081)	0	0	(68,721)	(520,651)	(520,648)	(3)	0	(549,769)
OTHER NON-OPER REVENUE	17,445	15,908	1,537	10	19,033	131,007	127,264	3,743	3	144,063
OTHER NON-OPER EXPENSE	(21,578)	(21,578)	0	0	(25,412)	(173,444)	(172,624)	(820)	1	(204,567)
INVESTMENT INCOME	4,231	0	4,231	0	0	12,377	0	12,377	0	(4,209)
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	315,885	315,118	767	0	288,937	2,709,690	2,620,944	88,746	3	2,362,736
NET SURPLUS (LOSS)	3,828,264	1,107,974	2,720,290	246	1,126,759	14,330,051	4,159,994	10,170,057	245	5,908,027

HAZEL HAWKINS SKILLED NURSING FACILITIES
 HOLLISTER, CA
 FOR PERIOD 02/28/25

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24	ACTUAL 02/28/25	BUDGET 02/28/25	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 02/29/24
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	1,846,410	1,831,113	15,297	1	1,917,720	15,780,720	15,471,671	309,049	2	17,213,188
ANCILLARY SNF REVENUE	352,149	302,140	50,009	17	346,881	2,866,362	2,552,882	313,480	12	2,461,374
TOTAL GROSS SNF PATIENT REVENUE	2,198,559	2,133,253	65,306	3	2,264,601	18,647,082	18,024,553	622,529	4	19,674,561
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	228,373	197,046	31,327	16	236,164	1,977,306	1,664,908	312,398	19	1,723,366
MEDI-CAL CONTRACTUAL ALLOWANCES	80,824	115,075	(34,252)	(30)	177,918	786,995	972,304	(185,309)	(19)	1,256,571
BAD DEBT EXPENSE	54,211	5,000	49,211	984	12,182	(5,157)	40,000	(45,157)	(113)	(83,022)
CHARITY CARE	61,438	0	61,438	(64)	2,657	61,438	0	61,438	(1)	2,657
OTHER CONTRACTUALS AND ADJUSTMENTS	10,807	29,959	(19,152)	(64)	16,348	250,066	253,139	(3,073)	(1)	298,216
TOTAL SNF DEDUCTIONS FROM REVENUE	435,653	347,080	88,573	26	445,270	3,070,648	2,930,351	140,297	5	3,197,787
NET SNF PATIENT REVENUE	1,762,906	1,786,173	(23,267)	(1)	1,819,332	15,576,434	15,094,202	482,232	3	16,476,774
OTHER OPERATING REVENUE	0	0	0	0	0	0	0	0	0	0
NET SNF OPERATING REVENUE	1,762,906	1,786,173	(23,267)	(1)	1,819,332	15,576,434	15,094,202	482,232	3	16,476,774
OPERATING EXPENSES:										
SALARIES & WAGES	923,241	955,851	(32,610)	(3)	910,817	8,169,318	8,010,785	158,533	2	7,584,735
REGISTRY	40,904	26,951	13,953	52	64,134	363,991	233,900	130,091	56	234,221
EMPLOYEE BENEFITS	444,607	491,339	(46,732)	(10)	460,739	3,858,243	4,125,442	(267,199)	(7)	3,727,752
PROFESSIONAL FEES	2,210	2,152	58	3	2,210	17,680	18,670	(990)	(5)	17,680
SUPPLIES	82,402	94,055	(11,653)	(12)	94,139	765,866	767,383	(1,517)	0	787,080
PURCHASED SERVICES	103,524	80,648	22,876	28	89,957	795,867	699,892	95,975	14	665,404
RENTAL	16,043	987	15,056	1,525	1,252	57,644	8,575	49,069	572	8,337
DEPRECIATION	39,251	39,537	(287)	(1)	39,675	312,184	316,296	(4,112)	(1)	316,295
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	56,912	51,269	5,643	11	56,547	446,686	443,062	3,624	1	407,203
TOTAL EXPENSES	1,709,092	1,742,789	(33,697)	(2)	1,719,470	14,787,480	14,624,005	163,475	1	13,748,705
NET OPERATING INCOME (LOSS)	53,814	43,384	10,430	24	99,862	788,954	470,197	318,757	68	2,728,069
NON-OPERATING REVENUE/EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	36,168	36,168	0	0	30,857	289,344	289,344	0	0	246,856
OTHER NON-OPER EXPENSE	(6,188)	(6,188)	0	0	(7,288)	(49,506)	(49,504)	(2)	0	(58,302)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	29,980	29,980	0	0	23,569	239,838	239,840	(2)	0	188,554
NET SURPLUS (LOSS)	83,794	73,364	10,430	14	123,431	1,028,792	710,037	318,755	45	2,916,623

HAZEL HAWKINS MEMORIAL HOSPITAL
 HOLLISTER, CA
 For the month ended 02/28/25

	CURR MONTH 02/28/25	PRIOR MONTH 01/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/24
CURRENT ASSETS					
CASH & CASH EQUIVALENT	26,201,019	27,314,301	(1,113,282)	(4)	35,145,624
PATIENT ACCOUNTS RECEIVABLE	73,229,894	65,766,315	7,463,580	11	67,848,785
BAD DEBT ALLOWANCE	(7,481,092)	(7,750,215)	269,124	(4)	(9,487,617)
CONTRACTUAL RESERVES	(49,214,233)	(44,058,764)	(5,155,469)	12	(46,279,766)
OTHER RECEIVABLES	7,589,992	6,255,337	1,334,655	21	5,931,344
INVENTORIES	4,485,091	4,490,095	(5,004)	0	4,496,070
PREPAID EXPENSES	2,254,721	2,288,168	(33,447)	(2)	1,775,026
DUE TO\FROM THIRD PARTIES	80,119	272,832	(192,713)	(71)	200,709
TOTAL CURRENT ASSETS	57,145,513	54,578,069	2,567,443	5	59,630,175
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	8,190,862	7,914,767	276,096	4	3,512,919
TOTAL LIMITED USE ASSETS	8,190,862	7,914,767	276,096	4	3,512,919
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,370,474
BLDGS & BLDG IMPROVEMENTS	100,098,374	100,098,374	0	0	100,098,374
EQUIPMENT	45,551,631	45,522,947	28,684	0	44,435,024
CONSTRUCTION IN PROGRESS	3,096,230	2,975,110	121,121	4	1,393,964
GROSS PROPERTY, PLANT, AND EQUIPMENT	152,116,709	151,966,904	149,805	0	149,297,836
ACCUMULATED DEPRECIATION	(97,064,504)	(96,731,822)	(332,682)	0	(94,409,166)
NET PROPERTY, PLANT, AND EQUIPMENT	55,052,205	55,235,082	(182,877)	0	54,888,670
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	350,859	356,770	(5,911)	(2)	398,148
PENSION DEFERRED OUTFLOWS NET	7,038,149	7,038,149	0	0	7,038,149
TOTAL OTHER ASSETS	7,389,008	7,394,919	(5,911)	0	7,436,297
TOTAL UNRESTRICTED ASSETS	127,777,588	125,122,837	2,654,751	2	125,468,061
RESTRICTED ASSETS	128,802	128,754	49	0	127,119
TOTAL ASSETS	127,906,390	125,251,591	2,654,799	2	125,595,180

HAZEL HAWKINS MEMORIAL HOSPITAL
 HOLLISTER, CA
 For the month ended 02/28/25

	CURR MONTH 02/28/25	PRIOR MONTH 01/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/24
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	5,959,776	6,797,957	838,182	(12)	8,572,685
ACCRUED PAYROLL	1,517,447	1,582,525	65,078	(4)	5,824,977
ACCRUED PAYROLL TAXES	1,371,845	1,252,455	(119,390)	10	1,608,471
ACCRUED BENEFITS	4,977,565	5,350,807	373,242	(7)	6,695,829
OTHER ACCRUED EXPENSES	58,596	51,854	(6,742)	13	89,559
PATIENT REFUNDS PAYABLE	1,470	1,470	0	0	12,920
DUE TO\FROM THIRD PARTIES	(1,216,208)	(974,028)	242,180	25	2,355,584
OTHER CURRENT LIABILITIES	724,805	554,184	(170,621)	31	611,755
TOTAL CURRENT LIABILITIES	13,395,295	14,617,224	1,221,928	(8)	25,771,780
LONG-TERM DEBT					
LEASES PAYABLE	4,662,847	4,669,706	6,859	0	5,107,486
BONDS PAYABLE	31,513,961	31,542,481	28,520	0	31,742,121
TOTAL LONG TERM DEBT	36,176,807	36,212,186	35,379	0	36,849,607
OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	23,814,514	23,814,514	0	0	23,814,514
TOTAL OTHER LONG-TERM LIABILITIES	23,814,514	23,814,514	0	0	23,814,514
TOTAL LIABILITIES	73,386,617	74,643,924	1,257,307	(2)	86,435,901
NET ASSETS:					
UNRESTRICTED FUND BALANCE	39,064,686	39,064,686	0	0	39,064,686
RESTRICTED FUND BALANCE	96,276	96,228	(49)	0	94,593
NET REVENUE/(EXPENSES)	15,358,811	11,446,753	(3,912,058)	34	0
TOTAL NET ASSETS	54,519,774	50,607,667	(3,912,107)	8	39,159,279
TOTAL LIABILITIES AND NET ASSETS	127,906,390	125,251,591	(2,654,799)	2	125,595,180



San Benito Health Care District
Hazel Hawkins Memorial Hospital
FEBRUARY 2025

Description	MTD Budget	MTD Actual	YTD Actual	YTD Budget	FYE Budget
Average Daily Census - Acute	17.28	16.39	14.57	15.00	14.90
Average Daily Census - SNF	86.13	87.61	86.35	83.73	85.00
Acute Length of Stay	3.04	2.94	2.68	3.00	2.90
<u>ER Visits:</u>					
Inpatient	137	138	1,096	936	1,444
Outpatient	1,996	2,171	17,408	16,701	25,269
Total	2,133	2,309	18,504	17,637	26,713
Days in Accounts Receivable	50.0	57.9	57.9	50.0	50.0
Productive Full-Time Equivalents	521.33	527.01	512.62	521.33	521.33
Net Patient Revenue	11,911,862	12,948,628	105,744,290	96,012,286	144,649,605
Payment-to-Charge Ratio	32.5%	35.2%	34.3%	32.7%	32.7%
Medicare Traditional Payor Mix	29.56%	32.07%	28.52%	28.95%	28.51%
Commercial Payor Mix	21.78%	22.52%	23.40%	21.72%	21.88%
Bad Debt % of Gross Revenue	1.42%	1.20%	1.83%	1.42%	1.42%
EBIDA	1,416,747	4,146,931	17,232,658	6,753,303	9,671,943
EBIDA %	11.37%	26.68%	15.21%	6.73%	6.40%
Operating Margin	6.71%	22.94%	10.95%	2.00%	1.72%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	57.80%	46.19%	54.02%	60.77%	61.10%
by Total Operating Expense	61.95%	59.94%	60.66%	62.01%	62.15%
<u>Bond Covenants:</u>					
Debt Service Ratio	1.25	13.84	13.84	1.25	5.18
Current Ratio	1.50	4.27	4.27	1.50	2.00
Days Cash on hand	30.00	64.60	64.60	30.00	100.00
Met or Exceeded Target					
Within 10% of Target					
Not Within 10%					

Statement of Cash Flows
Hazel Hawkins Memorial Hospital
Hollister, CA
Eight months ending February 28, 2025

	CASH FLOW		COMMENTS
	Current Month 2/28/2025	Current Year-To-Date 2/28/2025	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$3,912,058	\$15,358,843	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	332,682	2,655,340	
(Increase)/Decrease in Net Patient Accounts Receivable	(2,577,233)	(4,453,167)	
(Increase)/Decrease in Other Receivables	(1,334,655)	(1,658,648)	
(Increase)/Decrease in Inventories	5,004	10,979	
(Increase)/Decrease in Pre-Paid Expenses	33,447	(479,697)	
(Increase)/Decrease in Due From Third Parties	192,713	120,590	
Increase/(Decrease) in Accounts Payable	(838,182)	(2,612,910)	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(318,930)	(6,262,420)	
Increase/(Decrease) in Accrued Expenses	6,742	(30,964)	
Increase/(Decrease) in Patient Refunds Payable	0	(11,449)	
Increase/(Decrease) in Third Party Advances/Liabilities	(242,180)	(3,571,792)	
Increase/(Decrease) in Other Current Liabilities	170,621	113,051	Semi-Annual Int. - 2005 GO & 2021 Revenue Bonds
Net Cash Provided by Operating Activities:	(4,569,971)	(16,181,087)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(149,805)	(2,818,874)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(276,096)	(4,677,943)	Bond Principal & Int Payment - 2014 (2005) & 2021 Bonds
(Increase)/Decrease in Other Assets	5,911	47,288	Amortization
Net Cash Used by Investing Activities	(419,990)	(7,449,529)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Capital Lease Debt	(6,859)	(444,640)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(228,160)	2014 GO Principal & Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Other Long Term Liabilities	0	0	
Net Cash Used for Financing Activities	(35,379)	(672,800)	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	(32)	
Net Increase/(Decrease) in Cash	(1,113,282)	(8,944,605)	
Cash, Beginning of Period	27,314,301	35,145,624	
Cash, End of Period	\$26,201,019	\$26,201,019	\$0
Cost per day to run the District	\$405,559	\$26,265,981	Budgeted Cash on Hand
Operational Days Cash on Hand	64.60	(\$64,962)	Variance

Hazel Hawkins Memorial Hospital
 Supplemental Payment Programs
 As of February 28, 2025, FYE June 30, 2025

	Payor	Actual FY 2025	Actual FY 2024	Notes:
Intergovernmental Transfer Programs:				
- AB 113 Non-Designated Public Hospital (NDPH)				
- SFY 2022/2023 Final Payment SFY 2023/2024	DHCS	425,000	407,785	Requires District to fund program and wait for matching return.
- SFY 2023/2024 Interim SFY 2024/2025	DHCS	389,100	434,472	Paid on 04/17/24, \$156,525.63, funds rec'd in June. Exp. June 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2022	Anthem	-	2,405,548	Paid on 04/24/24, \$506,883.51, funds rec'd in June. Exp. June 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2023	Anthem	-	2,432,278	Net amount rec'd on November 1, 2023 check for CY 2022.
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2024	CCAH	2,425,000	-	IGT by March 22, 2024 of \$1,257,738, funds expected in May/June. Expected in May 2025.
- Rate Range Jan. 1, 2022 through Dec. 31, 2022	Anthem	-	1,025,179	IGT by Feb. 23, 2024 of \$472,508, funds expected in April/May.
- Rate Range Jan. 1, 2022 through Dec. 31, 2023	Anthem	1,339,141	-	Received in February 2025.
- QIP PY 5 Settlement	Anthem	-	3,459,757	IGT by Feb. 16, 2024 of \$1,891,350.65, funds expected in April/May.
- QIP PY 6 Settlement	DHCS	4,311,260	-	Expected in May 2025.
- District Hospital Directed Payments (DHDP) CY 2023	DHCS	710,853	-	Expected in May 2025. New Program created by the DHLF.
- QIP PY 4 1st Loan Repayment	District	-	(1,253,000)	Paid on 02/26/2024.
- QIP PY 4 2nd Loan Repayment	District	-	(1,222,438)	Paid on 04/08/2024.
- QIP PY 5 Loan Repayment	District	(3,090,086)	-	Due January 3, 2025. Paid on December 9, 2024.
IGT sub-total		6,510,267	7,689,581	
Non-Intergovernmental Transfer Programs:				
- AB 915 SY 2023-24	DHCS	4,100,000	4,143,717	Received on March 11, 2024. Exp. June 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF)	DHCS	1,069,577	1,069,577	Rec. Sep. 4, 2024.
- SB 239 Hospital Quality Assurance Fund (HQAF)	DHCS	-	3,208,731	1st, 2nd & 3rd Qtrs rec'd on 03/19/2024, 05/23/2024 & 06/27/2024.
- SB 239 Hospital Quality Assurance Fund (HQAF) VIII	DHCS	1,081,621	-	Expected to Rec. 4th qtr payment by June 30, 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF) VIII	DHCS	3,244,863	-	Rec'd 1st, 2nd, & 3rd Qtr payments YTD.
- Distinct Part, Nursing Facility (DP/NF)	-	-	-	Based on actual cost difference.
- Medi-Cal Disproportionate Share (DSH)	DHCS	767,627	1,452,877	Expected quarterly through June 30, 2025.
Non-IGT sub-total		10,263,688	9,874,903	
Program Grand Totals		16,773,955	17,564,484	
Total Received		6,421,208	18,970,344	
Total Pending		13,442,833	1,069,577	
Total Paid		(3,090,086)	(2,475,438)	
Net Supplemental Payments		16,773,955	17,564,484	

Board of Directors Contract Review Worksheet

Agreement for Professional Services with Lorilee Sutter, M.D.



Executive Summary: Dr. Lorilee Sutter is a board-certified rheumatologist with extensive experience who originally joined the District in 2012, then moved out of the area in 2022. She will play a vital role in the orthopedic clinic serving patients with both common and complex rheumatology conditions. Her return will help strengthen access to specialized care for the community.

Recommended Board Motion: It is recommended the hospital Board approve the Professional Services Agreement with Lorilee Sutter, M.D. at a rate of \$195 per hour up to 80 hours per month.

Services Provided: Part-time rheumatology professional services.

Agreement Terms:

Contract Term	Effective Date	Estimated Base Monthly Cost	Estimated Annual Cost	Term clause
2 years	4/10/2025	\$15,600	\$187,200	60 days

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of **April 10, 2025** (“**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 Lorilee Sutter, 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 specialty and 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**”).
- 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 rheumatology 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 specialty and rural health clinic 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:

ARTICLE 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/or Hospital and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference (“**Services**”). 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.** Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any governmental healthcare program; (v) 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; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) 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 **Professional Standards.** In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information and render services in a manner which assures continuity of care.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 5 - TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of two (2) years, ending on **April 9, 2027 at 11:59 PM**, unless terminated earlier as provided in this Agreement, and shall renew for successive one (1) year periods upon mutual written agreement of the parties.
- 5.2 Termination. 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. Notwithstanding, either party shall have the right to terminate the Agreement for cause upon written notice to the other party as set forth below. 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.
- 5.3 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 written 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 fifteen (15) 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 facility where Physician provides professional health care services, whether voluntary or involuntary.
- 5.3.8 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
- 5.3.9 Physician's engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) sexual harassment or abuse, or (vi) or any other action or omission that could materially affect SBHCD's business or reputation in an adverse manner.
- 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.

ARTICLE 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. Physician shall be solely responsible for paying when due all income, employment and withholding taxes and employment benefits, if any, including estimated taxes, incurred as a result of the compensation paid by SBHCD to Physician for Services under this Agreement. Physician is responsible for providing, at his/her

own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
 - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
 - 7.1.3 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
 - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate and provisions of, or constitute a default under, and contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform the its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the Services;
 - 7.2.2 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
 - 7.2.3 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
 - 7.2.4 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they every been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
 - 7.2.5 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at Facility;
 - 7.2.6 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
 - 7.2.7 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms; and
 - 7.2.8 The parties have bargained at arms' length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and

7.2.9 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate and provisions of, or constitute a default under, and contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE

8.1 Coverages. SBHCD 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 obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD 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.

ARTICLE 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 ("E PHI"). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the E PHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to E PHI 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.

ARTICLE 10 - REQUIRED DISCLOSURES

- 10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:
- 10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms or probation or other restriction;
 - 10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
 - 10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;
 - 10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
 - 10.1.5 Physician's Drug Enforcement Agency registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;
 - 10.1.6 An event occurs that substantially interrupts all or a portion of Physician's professional practice, that materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or which could likely cause Physician to be in breach of this Agreement; or
 - 10.1.7 Physician's conviction of a criminal offense related to health care or any Physician's listing by a federal agency as being debarred, excluded or otherwise ineligible for federal program participation.

ARTICLE 11 - GENERAL PROVISIONS

- 11.1 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 addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.

SBHCD: San Benito Health Care District
911 Sunset Drive
Hollister CA, 95023

Physician: Lorilee Sutter, M.D.
3596 Savanna Way
Palm Springs CA, 92262

- 11.2 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.

- 11.3 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.
- 11.4 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.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD community. The parties recognize and affirm the importance of individual patient choice in selection of medical services. Nothing contained in this Agreement shall be interpreted to obligate, encourage, or solicit, in any way, the referral of any individual patient to any health care facility, including the Facility, contrary to that patient's choice of another provider of medical services. Further, nothing in this Agreement shall be interpreted to prevent, restrict, or discourage the Physician from referring patients to any other provider of health care services.
- 11.6 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.
- 11.7 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.
- 11.8 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.
- 11.9 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.
- 11.10 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.

11.11 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
Lorilee Sutter, M.D.

By: _____
Mary T. Casillas, Chief Executive Officer

By: _____
Lorilee Sutter, M.D.

Date: _____

Date: _____

EXHIBIT A

PHYSICIAN SERVICES AND COMPENSATION

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 **Professional Services.** Physician shall provide Services in the Clinic 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.1.2 **Specialty Services.** Physician shall provide the following **Rheumatology Services.**
- A.1.3 **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.1.3.1 New and follow-up office visits;
 - A.1.3.2 Consultations;
 - A.1.3.3 Post discharge follow-up visits;
 - A.1.3.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;
 - A.1.3.5 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.1.3.6 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.1.3.7 Assisting with the development of a plan for quality assurance for the Clinic;
 - A.1.3.8 Provide required chart review and audits of care provided by Mid-Level Practitioners
- A.2 **Schedule.** Physician's schedule shall include Professional Services to SBHCD patients on a part-time basis consisting of eighty (80) hours per month, 48 weeks per year. Schedule to be mutually agreed upon between SBHCD and Physician.
- A.3 **Hospital Call Coverage.** There is no Hospital Call Coverage provision associated with this Agreement.
- 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 Group 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 and supervision ("Compensation"), shall be paid on a monthly basis on SBHCD's standard payment cycle for similar agreements and shall be in the amount of One Hundred Ninety-Five Dollars and No Cents (\$195.00) per hour for Rheumatology Professional Services.

- 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 Group any amounts due to Group 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.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 Group 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.