

HOSPITAL SERVICES AGREEMENT
BETWEEN
KAISER FOUNDATION HOSPITALS,
THE PERMANENTE MEDICAL GROUP, INC.
AND
THE COUNTY OF SAN MATEO

This Hospital Services Agreement (“Agreement”) is entered into and is effective as of this first day of November, 2002 (“Effective Date”) between Kaiser Foundation Hospitals, a California nonprofit public benefit corporation (“KFH”), The Permanente Medical Group, Inc., a California professional medical corporation (“TPMG”), and The County of San Mateo, which owns and operates San Mateo Medical Center, an acute hospital (“Contractor”).

RECITALS

- A. Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation (“Health Plan”), operates health care benefit plans and provides or arranges for the provision of medically necessary health care services to Members entitled to receive such services under the terms of their Membership Agreements.
- B. Health Plan has entered into an agreement with TPMG under which TPMG agrees to provide or arrange for certain medically necessary professional and outpatient services for Members.
- C. Health Plan has entered into an agreement with KFH, under which KFH agrees to provide or arrange for certain medically necessary hospital services for Members.
- D. KFH desires to arrange for the provision of some hospital services to Members by contracting with hospitals, such as Contractor. Contractor desires to provide hospital services to Members in accord with the terms of this Agreement.
- E. For purposes of this Agreement, the term Kaiser Permanente or “KP” means Health Plan, KFH, and TPMG, collectively. KFH and TPMG are sometimes, hereinafter, referred to together as “KFH/TPMG”.
- F. Kaiser Permanente understands that San Mateo County General Hospital operates under the direction of the San Mateo County Board of Supervisors and pursuant to Welfare and Institutions Code Section 17000 as a provider of last resort to the residents of San Mateo County. With the understanding that San Mateo County General Hospital has a mission to provide services to the residents of San Mateo County, Kaiser Permanente enters into this Agreement.

NOW THEREFORE, the parties agree as follows:

1.0 DEFINITIONS

1.1 **AUTHORIZATION; AUTHORIZED.** Authorization means the process of prior written approval for the provision of Hospital Services that are not Emergency Services as set forth in Section 2.3 and pursuant to KFH’s Utilization Management Programs. Authorized means provided pursuant to and in compliance with an Authorization.

1.2 **COPAYMENTS** are amounts payable by a Member for Covered Services pursuant to the Member’s Membership Agreement.

1.3 COVERED BENEFITS are health care services and benefits provided by and through Health Plan's commercial, Medicare+ Choice, Medi-Cal managed care and other plans, and under employers' self-funded plans as set forth in the applicable Membership Agreement, including any amendment thereto which the Member is entitled to receive.

1.4 COVERED SERVICES refers to those Hospital Services rendered by Contractor to Members that are (a) Covered Benefits and (b) Authorized or Approved.

1.5 EMERGENCY SERVICES are those Hospital Services that are immediately required because of unforeseen illness or injury in accordance with generally accepted standards of medical practice. Emergency Services are subject to Approval as set forth in Section 2.3.

1.6 HOSPITAL SERVICES refers to those services and supplies Contractor is licensed to provide, and does customarily provide, for the delivery of medical, surgical, pediatric, obstetrical, and sub-specialty care. Hospital Services do not include the services of hospital-based physicians, except where such services are specifically listed in Exhibit B, attached hereto and incorporated herein by reference. Hospital Services include all administrative services provided by Contractor pursuant to this Agreement and all services that are provided directly by Contractor or indirectly by Contractor through another entity, such as laboratory services provided by a subcontractor to Contractor.

1.7 INPATIENT SERVICES are Hospital Services provided to a Member who is admitted as a registered bed patient, with the expectation of staying overnight.

1.8 INPATIENT DAY is a twenty-four (24) hour period or portion thereof, in which a Member is receiving Inpatient Services, ending at midnight, including the day of admission, but excluding the day of discharge or death.

1.9 MEMBER refers to a covered individual and his or her eligible family dependents entitled to health care services under a Membership Agreement with Health Plan or with health plans in other geographic regions that are part of the KP Medical Care Program or its affiliated payors as defined in Exhibit A-1, attached hereto and incorporated herein by this reference. Members include the following categories:

(a) Medicare +Choice Members are Members (i) enrolled under a Medicare + Choice contract between Health Plan (or an affiliated health plan as described above) and the Centers for Medicare and Medicaid Services ("CMS") and (ii) for whom Health Plan (or an affiliated health plan) is the primary payor for purposes of this Agreement;

(b) Medicare Cost Members are Members enrolled under a Medicare Cost contract between Health Plan (or an affiliated health plan as described above) and CMS;

(b) Regular Medicare Members are Members entitled to coverage under Part A only or Part B only, or Parts A and B of Medicare but who are not Medicare + Choice Members or Medicare Cost Members.

(c) Medi-Cal Members are Members enrolled in Health Plan under a prepaid Medi-Cal program contract between Health Plan and the State of California or between Health Plan and an organization under contract to the State of California.

(d) Other Members (or Commercial Members) are Members who are not Medicare + Choice Members, Medicare Cost Members, Regular Medicare Members, or Medi-Cal Members.

1.10 MEMBERSHIP AGREEMENT refers to the Health Plan Medical and Hospital Services Agreement, and the Evidence of Coverage, as amended from time to time, under which covered individuals and their covered dependents are entitled to receive services. Membership Agreement also refers to other agreements

under which Health Plan has agreed to provide or arrange health care services to covered individuals and their covered dependents, including but not limited to employers' self-insured plan arrangements and prepaid Medi-Cal program contracts.

1.11 **OUTPATIENT SERVICES** are Hospital Services that are not Inpatient Services.

1.12 **PROVIDER MANUAL** refers to a manual developed by KFH which sets forth operational policies and procedures including but not limited to, utilization management, quality assurance and improvement, Member grievances, billing, and credentialing requirements.

2.0 SERVICE OBLIGATIONS

2.1 SERVICES TO BE PROVIDED.

(a) Contractor shall, through licensed professionals and other staff, provide to Members Hospital Services that are Authorized or are Emergency Services. Contractor shall be available to provide Hospital Services twenty-four (24) hours per day, seven (7) days per week. Contractor shall make its services available to Members in the same manner, in accordance with the same standards, and with the same availability, as to its other patients. Contractor shall ensure that Hospital Services provided under this Agreement are readily available and accessible, provided in a prompt manner without delays in terms of wait times or scheduling of appointments and consistent with KP practice guidelines and professionally recognized standards of practice.

(b) Contractor shall provide Hospital Services at its facility(ies) listed in Exhibit A ("Facility(ies)") attached hereto and incorporated herein by this reference.

2.2 **IDENTIFICATION CARDS.** Health Plan shall issue identification cards to Members. Production of such identification card shall be indicative of a person's status as an eligible Member but shall not be conclusive of such status.

2.3 **APPROVAL OF EMERGENCY SERVICES.** Subject to applicable law, Contractor shall notify KP of any Emergency Services provided to Members as set forth in the Provider Manual. Contractor shall make such notification no later than twenty-four (24) hours after stabilization of the Member's emergency condition or by the following Monday if the Member is admitted on Saturday or Sunday. Claims for payment of Emergency Services are subject to the review and approval of KP, as set forth in the Provider Manual ("Approval"). Compensation for the provision of Emergency Services is payable to Contractor only if the services are determined by KP to be Covered Benefits and are Approved.

2.4 **PRIOR AUTHORIZATION OF NON-EMERGENCY HOSPITAL SERVICES.** As set forth in the Provider Manual, Contractor must obtain Authorization from KFH before Contractor provides a Hospital Service (other than an Emergency Service) to a Member. The Authorization is documented in a written referral form ("Referral"). The Referral outlines the scope of Hospital Services to be provided and the time period for which the Referral is applicable. Any change in the Hospital Services described in a Referral must be Authorized. Except when Hospital Services are Emergency Services, compensation for Hospital Services provided to Members is payable to Contractor only if such services are Covered Benefits and have been Authorized prior to provision.

2.5 UTILIZATION MANAGEMENT.

- (a) Contractor hereby acknowledges that KP shall conduct utilization management and review ("UM") programs regarding the care provided to Members. The pertinent policies and procedures of KP's UM programs are set forth in the Provider Manual. Contractor shall participate, cooperate and comply with the provisions of KP UM program, including prospective, concurrent and retrospective review by KP's UM committees and staff. Upon reasonable notification, Contractor shall allow KP UM personnel, or their designees, physical and telephone access to review, observe, and monitor Member care and Contractor's performance of its obligations under this Agreement.
- (b) Contractor shall participate in and abide by KP's notification and transfer obligations as set forth in the Provider Manual.
- (c) Contractor shall provide discharge planning services for Members. Contractor shall cooperate with KP to assure timely and appropriate discharge of Members. Discharge planning services shall begin upon the Member's admission and shall be completed by the medically appropriate discharge date. Contractor shall provide to KP, upon request, documentation of the discharge planning process.

2.6 QUALITY ASSESSMENT AND IMPROVEMENT.

- (a) Contractor hereby acknowledges that the quality assessment and improvement programs of KP require KP to monitor the quality assessment and improvement activities of contracting providers. Contractor agrees (i) to participate in KP's quality assessment and improvement programs, including review by KP's quality assurance and improvement committees and staff, (ii) to abide by KP's quality assessment and improvement plan as set forth in the Provider Manual, and (iii) to cooperate with KP to objectively monitor and evaluate the quality of Hospital Services provided by Contractor hereunder, including, but not limited to, the availability, accessibility, acceptability, and continuity of care.
- (b) Contractor shall maintain at all times during the term hereof a quality assessment and improvement program which meets all state and federal licensure, accreditation and certification requirements, including, but not limited to, accreditation standards of the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"). Contractor shall maintain a Quality Assurance Committee, which develops and implements a Quality Assurance Plan. Contractor shall provide KP with Contractor's Quality Assurance Plan and a copy of all updates and revisions, upon request. Contractor shall ensure that if appropriate, care of Members is reviewed by the Quality Assurance Committee.
- (c) Contractor shall investigate and respond immediately to all quality issues and work with KP to resolve any quality and accessibility issues related to Hospital Services provided to Members. Contractor will remedy, as soon as reasonably possible, any condition related to patient care that has been determined by KP, or any governmental or accrediting agencies to be unsatisfactory. The parties shall work together to continuously improve the services provided to Members and to resolve problems related to the provision of Hospital Services. Contractor will provide KP access to all patient care protocols, policies, and procedures, and any modifications, upon request.
- (d) Contractor will provide information relating to Members for use in quality assessment and improvement activities conducted by KP, including provider and patient specific information, as set forth in the Provider Manual. KP will protect the confidentiality of such information to the extent required under State and Federal law. Upon request, Contractor shall provide data, information and records which Health Plan must review for accreditation by the National Commission on Quality Assurance ("NCQA") and for credentialing activities that meet NCQA standards.

(e) Contractor shall permit, at reasonable times with reasonable notice, inspection of its facilities by NCQA and other accrediting organizations. Contractor shall permit KP and Government Officials (defined in Section 5.5) to conduct periodic site evaluations of Contractor's facilities. Contractor shall participate in all utilization management, quality assessment and improvement, credentialing, recredentialing, and peer review activities required of KP by regulatory and accreditation agencies.

(f) Contractor will assume, for each Member to whom Hospital Services are rendered by or on behalf of Contractor, full responsibility for the manner in which Hospital Services are rendered. KP's duty hereunder does not relieve Contractor of any duty of care to provide Members with Hospital Services in accord with the appropriate standard of care.

2.7 NOTIFICATION OF CHANGES. If Contractor decides to cease providing or suspend any Hospital Service at any of its Facilities, then Contractor shall notify KFH in writing at least ninety (90) days prior to any such cessation or suspension. Contractor will notify KFH immediately of any changes in operation, emergency conditions or factors that may significantly affect Hospital Services provided to any Member. Contractor shall also notify KFH promptly of any material change in ownership, control, corporate status, name, location, tax identification number, Medicare or Medi-Cal number. Any material change of ownership or control is subject to the requirements of Section 9.3.

2.8 STAFF PRIVILEGES OF TPMG PHYSICIANS. Contractor shall expeditiously review, consider and reach a conclusion on any applications from physicians employed by or contracted with TPMG who are not members of Contractor's medical staff, in accordance with the Contractor's Medical Staff Bylaws and all applicable rules and regulations, and on the same substantive basis as applications by other licensed physicians.

2.9 CREDENTIALS OF PROVIDERS

(a) Contractor warrants that all physicians who are members of Contractor's medical staff and all health care practitioners who provide Hospital Services to Members (collectively "Providers") are, and shall be at all times during the term hereof, properly certified, licensed, qualified, and in good standing in accord with all applicable local, state and federal laws and in accord with Contractor's medical staff bylaws pertaining to the provision of healthcare services within its Facility(ies). Providers shall meet applicable requirements under the Medicare and Medi-Cal programs. Providers shall only provide Hospital Services within the scope of their training and experience. Upon request, Contractor shall provide satisfactory documentary evidence of such licensure, certification and qualifications.

(b) Contractor shall cooperate with TPMG's credentialing process. Prior to execution of this Agreement, Contractor will provide to TPMG all requested credentialing information, in such form as reasonably requested by TPMG. Contractor shall also provide all re-credentialing information as requested by TPMG. Contractor shall immediately notify KP if (i) the license, certifications or hospital privileges of any TPMG physician are revoked, suspended, restricted or not renewed, or if they expire, (ii) any peer review action, inquiry or formal corrective action proceeding, or investigation is initiated against a TPMG physician, (iii) a TPMG physician is the subject of legal (malpractice) action or governmental action, inquiry or formal allegation concerning his or her qualifications or ability to perform medical or hospital services (including any allegation of malpractice), or (iv) there is any formal report submitted to the Medical Board of California, the Board of Registered Nursing or the National Practitioner Data Bank of adverse credentialing or peer review action regarding a TPMG physician.

(c) If at any time during the term hereof, the license, certifications, or privileges of any Provider are suspended, revoked, restricted or not renewed, or if they expire, Contractor shall ensure that such Provider shall not thereafter provide services to Members. If during the term hereof, any of the events listed in subsection (b) above occur with respect to a Provider, or there is conduct by such Provider that could

adversely affect the health or welfare of a Member, upon the written request of TPMG or KFH, such Provider shall not thereafter render Services to Members until the matter has been resolved to the satisfaction of TPMG and KFH and TPMG or KFH consents in writing to the provision of Hospital Services by such Provider.

2.10 PROVIDER MANUAL COMPLIANCE AND MODIFICATION. KFH shall provide to Contractor and Contractor shall comply with the administrative requirements set forth in the Provider Manual. KFH may modify the Provider Manual in its sole discretion from time to time by reasonable written notice to Contractor prior to implementation. The Provider Manual, as amended, is incorporated herein by reference. In the event the provisions in the Provider Manual, as amended from time to time, are inconsistent with the terms of this Agreement, the terms of this Agreement shall prevail.

2.11 SUBCONTRACTS. If Contractor arranges for the provision of some Hospital Services from other health care providers, Contractor shall obtain written agreements from such providers, ensuring that the providers shall (i) seek payment only from Contractor, not from KP and not from the Member as set forth in Section 3.5, (ii) maintain and disclose records and other information as set forth in Article 5, (iii) abide by the confidentiality of information and nondiscrimination provisions set forth in Sections 5.7 and 7.3, respectively, (iv) comply with the arbitration provisions (with respect to KP and Members) set forth in Article 8 and (v) conform to any other provisions of this Agreement as set forth in the Provider Manual. Upon request, Contractor shall make such written agreements available to the California Department of Health Services (“DHS”) or Medi-Cal plans with which Health Plan contracts for the provision of services to Medi-Cal Members (“Medi-Cal Plans”) for review and approval.

3.0 BILLING AND PAYMENT

3.1 INVOICE FORMAT AND SUBMITTAL. Contractor shall submit to KFH all invoices for Hospital Services rendered to Medicare + ChoiceMembers, Medi-Cal Members and Other Members. Invoices shall be submitted in accordance with the billing procedures set forth in the Provider Manual, as a condition for payment.

3.2 PAYMENT OF COMPENSATION. In accordance with the provisions of Article 3 “Billing and Payment” and Exhibit B of this Agreement, KFH shall pay compensation to Contractor for Covered Services rendered to Members. Contractor shall accept such paid amounts from KFH and any Copayments as payment in full. Emergency Services must be Approved and other Hospital Services must be Authorized as a condition of payment. Payment for Covered Services shall be made within forty-five (45) working days of receipt of a properly submitted invoice as described in Section 3.1.

3.3 ADJUSTMENTS TO PAYMENT. KFH may review and audit any and all invoices, prior to or subsequent to payment, to ensure that coding complies with commonly accepted industry standards adopted by KFH, that services rendered are appropriate and medically necessary and that payment is in accord with this Agreement. If KFH determines that services rendered are inappropriate or not medically necessary, coding practices do not comply with KFH standards, or payment is not in accord with the terms of this Agreement, KFH reserves the right to deny, reduce or otherwise adjust payment to Contractor. If an audit conducted by KFH shows that Contractor owes monies to KFH, Contractor shall promptly refund such overpayment to KFH.

3.4 CHANGE OF PAYMENT RATES. Either KFH or Contractor may propose a change to the rate of compensation at least ninety (90) days prior to the first anniversary date of the Effective Date and at any time thereafter. The compensation rates in effect as of the date of submission of such proposed change shall remain in effect until the parties have reached agreement on a change to the payment rates.

3.5 BILLING OTHER SOURCES.

(a) Contractor shall look solely to KFH (or another responsible payer) for compensation for Covered Services rendered to Members under this Agreement, and, except as expressly provided in this Section, Contractor agrees that in no event, including but not limited to non-payment by KFH, insolvency of KP, or breach of this Agreement, shall Contractor bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against any Member, or a person acting on the Member's behalf, DHS or Medi-Cal Plans for Hospital Services provided pursuant to this Agreement. Contractor shall not seek payment from Members for amounts denied by KFH because clinical data was not submitted promptly, because Contractor did not submit the invoice in accordance with the time limits or other billing procedures set forth in the Provider Manual, or in accordance with commonly accepted standard coding practices adopted by KFH.

(b) Contractor may assert claims for compensation other than claims against KFH as set forth in Section 3.5 (a) above, in the following circumstances:

(i) Copayments. If a Member is responsible for copayments or deductibles under the applicable Membership Agreement and upon notification by KFH, then Contractor shall bill and collect such amounts from the Member.

(ii) Other Coverage. If a Member is entitled to benefits under another carrier's health benefits coverage, and such coverage is primary, Contractor will look first to the primary carrier for compensation for Hospital Services and then to KFH, in accord with Section 3.6 of this Agreement.

(iii) Services After Coverage Exhausted or Disallowed. If a Member elects to continue receiving Hospital Services from Contractor after such Member's benefits under his or her Membership Agreement have been exhausted, or KP disallows coverage for such Hospital Services, then Contractor shall seek compensation solely from such Member (or such Member's representative) for such Hospital Services, and KP shall not be liable to Contractor for any charge in connection with such Hospital Services rendered by Contractor to such Member.

(iv) No Benefit. If Contractor provides Hospital Services to a Member for which the Member has no Covered Benefit or if Contractor provides Hospital Services to any non-Member, then Contractor shall look solely to the Member or non-Member (or such person's representative) for compensation, and KFH shall not be liable to Contractor for any charge in connection with such Hospital Services rendered by Contractor to such Member or non-Member.

(v) Medicare Cost Members and Regular Medicare Members. If Contractor provides Hospital Services to a Medicare Cost Member or Regular Medicare Member, then Contractor shall submit the bill directly to the Medicare Program for such services covered by the Medicare Program. Upon receipt of a copy of the Explanation of Medicare Benefits and an invoice, KFH/TPMG shall pay Contractor any applicable Medicare coinsurance, copayment and deductible amounts, and any amounts due for services not covered by Medicare but that are Covered Benefits. Except as provided in the preceding sentence, Contractor shall not assert any claims for payment against KFH/TPMG for services provided to Medicare Cost Members or Regular Medicare Members. Contractor agrees to accept, as payment in full for Hospital Services provided to Regular Medicare Members and Medicare Cost Members, (A) the applicable Medicare payment plus, (B) the amounts paid by KFH/TPMG for the applicable Medicare coinsurance, copayments and deductibles and (C) the amounts, if any, reimbursable by KFH/TPMG for services not covered by Medicare that are Covered Benefits, in which case the applicable payment provisions governing services to non-Medicare Members shall apply..

(vi) Patient Amenities. Any personal services or items customarily charged by Contractor, including but not limited to telephone and television, that are not Authorized, shall be charged directly to the Member. Contractor shall give notice upon admission of any such charge and Member's personal liability therefore to the Member and the Member's family or responsible party. KFH shall not be liable for any charges for personal services or items.

(c) Contractor understands and agrees that surcharges against Members are prohibited and Health Plan will take appropriate action if surcharges are imposed. A surcharge is an additional fee which is charged to a Member for a Hospital Service but which is not approved by the Commissioner of Corporations or provided for under the applicable Membership Agreement.

(d) Contractor shall hold harmless the State of California, Medi-Cal Plans, and Members in the event that KFH cannot or will not pay for Covered Services performed by Contractor pursuant to this Agreement.

3.6 COORDINATION OF BENEFITS/THIRD PARTY LIENS/SUBROGATION RIGHTS.

(a) When Health Plan is primary under applicable coordination of benefits ("COB") rules, KFH shall pay to Contractor the amount due under this Agreement for Covered Services rendered to Members.

(b) When Health Plan is secondary under applicable COB rules, then, subject to receipt of adequate documentation of payment from all other payers, KFH shall pay for Covered Services that amount, if any, which, when added to sums owed to Contractor for the Covered Services provided to Member from all other payers, equals one hundred percent (100%) of the amount payable for Covered Services in accordance with the rates set forth in Exhibit B herein.

(c) Contractor shall cooperate with and abide by Health Plan's COB program. Such cooperation shall include, without limitation the following: (i) Contractor shall screen each Member receiving Hospital Services to determine if the Member has Medicare coverage, or other health benefits such as workers compensation coverage or coverage through the Member's spouse, and shall provide such other coverage information to KFH upon request. (ii) If, following payment by KFH for Covered Services, Contractor discovers that Contractor is entitled to payment or receives payment for the same services from another payer that is primary to Health Plan, then Contractor shall notify KFH and promptly refund to KFH, as applicable, any amount paid by KFH in excess of the amount set forth in subsection (b) above.

(d) Health Plan, not Contractor, shall retain all rights to seek and recover, including all rights of reimbursement, lien or subrogation, any and all payment from Members or third parties for Covered Services provided by Contractor to a Member hereunder, as a result of an injury or illness caused or alleged to be caused by a third party. Contractor shall cooperate with Health Plan or its designee in identifying such claims and in providing such information promptly to Health Plan.

4.0 TERM AND TERMINATION

4.1 TERM. This Agreement will begin on the Effective Date and will continue in effect for two (2) years, unless terminated in accord with Sections 4.2, 4.3 or 4.4 below.

4.2 WITHOUT CAUSE TERMINATION. This Agreement may be terminated in its entirety, or the participation in this Agreement of one or more Facilities listed in Exhibit A may be terminated, at any time for any reason or no reason by either KFH or Contractor with at least ninety (90) days prior written notice.

4.3 WITH CAUSE TERMINATION.

(a) If KFH materially breaches this Agreement and fails to cure the material breach to the satisfaction of Contractor within thirty (30) days after Contractor gives KFH written notice of the material breach, then Contractor may terminate this Agreement upon ten (10) days prior written notice to KFH.

(b) If Contractor materially breaches this Agreement, KFH may (i) request in writing that it be cured, and if Contractor fails to cure the breach to the satisfaction of KFH within thirty (30) days of such request, then KFH may terminate the Agreement upon ten (10) days prior written notice to Contractor; or (ii) terminate this Agreement upon thirty (30) days prior written notice to Contractor.

4.4 IMMEDIATE TERMINATION.

(a) Contractor shall immediately notify KFH and KFH may, at its option, suspend this Agreement (i) with respect to any Facility whose license, accreditation, Medicare or Medi-Cal certification or Health Plan credentialing status, is suspended or limited, or (ii) if there is a material adverse change in Contractor's insurance coverage. KFH may terminate this Agreement effective immediately (i) with respect to any Facility whose license, accreditation, Medicare or Medi-Cal certification or Health Plan credentialing status is not fully reinstated within thirty (30) days of such suspension or limitation; or (ii) if Contractor does not provide adequate insurance coverage within thirty (30) days of the material adverse change.

(b) Contractor shall notify KFH, and this Agreement will terminate without further action of the parties (i) with respect to any Facility whose license, accreditation, or Medicare or Medi-Cal certification or Health Plan credentialing status is revoked, or, with respect to this Agreement in its entirety, if all Facilities' licensure, accreditation or Medicare or Medi-Cal certification or Health Plan credentialing status is revoked, (ii) if Contractor's insurance coverage is canceled, not renewed or expires, (iii) Contractor is excluded from participation in the Medicare or Medi-Cal programs, or (iv) Contractor fails to obtain licensure, certification or insurance as required by this Agreement. The effective date of termination shall be the date of the occurrence of such event or, at KFH's option, such other date determined by KFH in its sole discretion.

(c) Contractor shall notify KFH and KFH may terminate this Agreement immediately upon written notice if Contractor files a petition in or for bankruptcy, reorganization or an arrangement with creditors; makes a general assignment for the benefit of creditors; is adjudged bankrupt; is unable to pay debts as they become due; has a trustee, receiver or other custodian appointed on its behalf; or has a case or proceeding commenced against it under any bankruptcy or insolvency law.

(d) KFH may terminate this Agreement immediately if Contractor rejects a Legally Required Modification pursuant to Section 9.5.

4.5 CMS REQUIRED CLAUSE. In the event that the Medicare contract between CMS and Health Plan is terminated or nonrenewed, this Agreement will be terminated as to Medicare + Choice Members unless CMS and Health Plan agree to the contrary. Such termination as to Medicare + Choice Members shall be accomplished by delivery of written notice by KFH to Contractor of the date upon which said termination will become effective.

4.6 EFFECT OF TERMINATION.

(a) Upon termination of this Agreement, Contractor shall continue to provide Hospital Services to Members under the care of Contractor at the time of termination, until the Hospital Services being rendered are completed and the Member is discharged, unless KP makes reasonable and medically appropriate provision for the assumption of such Hospital Services by a new contractor or by KP. The terms and conditions of this Agreement will continue to apply to Hospital Services provided to each such Member until discharge or transfer. If this Agreement is terminated, Contractor shall act in such a manner as to facilitate KP's or any new contractor's assumption of hospital services.

(b) In the event of KFH/TPMG's insolvency or other cessation of operations, Contractor will continue to provide Hospital Services to Members through the period for which premiums have been paid, and continue to provide Hospital Services to Members confined in Facility(ies) on the date of insolvency or other cessation of operations until their discharge.

4.7 SURVIVAL.

(a) Provisions of this Agreement, including but not limited to Section 2.5 (Utilization Management), Section 2.6 (Quality Assessment and Improvement), Article 5 (Records and Confidentiality), Article 6 (Insurance and Indemnification) and Article 8 (Dispute Resolution, Complaints and Inquiries) that are not fully performed or are not capable of being fully performed as of the date of termination will survive termination of this Agreement.

(b) Contractor further agrees that Section 3.5(a) and Section 4.6(b) shall (i) survive the termination of this Agreement regardless of the cause giving rise to termination, (ii) be construed to be for the benefit of Members, and (iii) supersede any oral or written contrary agreement now existing or hereafter entered into by the parties. Any modification to this Section 4.7(b) shall become effective only after proper state and federal regulatory authorities have received written notification of the proposed change.

5.0 RECORDS AND CONFIDENTIALITY

5.1 MAINTENANCE OF RECORDS. Contractor shall maintain books, charts, documents, papers and records (including, but not limited to, financial, accounting, administrative, and patient medical records) related to Hospital Services provided hereunder to Members, to the cost thereof, to payments received from Members or others on their behalf and to the financial condition of Contractor ("Records"). Records also include those that are customarily maintained by Contractor for purposes of verifying claims information and reviewing appropriate utilization of Hospital Services. Contractor shall maintain Records in accord with applicable state and federal requirements, including privacy and confidentiality requirements, and in a form maintained in accordance with the general standards applicable to that book or record keeping. Contractor shall document in the Member's medical record whether or not the Member has executed an advance directive. Contractor shall be fully bound by the requirements in Title 42 of the Code of Federal Regulations Section 2.1 et seq., relating to the maintenance and disclosure of Member Records received or acquired by federally assisted alcohol or drug programs. Contractor shall preserve Records, for the longer of (i) seven (7) years after termination of this Agreement, (ii) one (1) year after the Member reaches age of majority if the Member is a minor, and (iii) the period of time required by state and federal law and Health Plan's Medi-Cal contracts, including the period of time required by the Knox Keene Act and regulations and required under the Medicare and Medi-Cal programs.

5.2 INCORPORATION OF PREADMISSION REPORTS. KFH/TPMG may provide to Contractor reports of pre-admission or pre-operative histories, physical examinations, and laboratory, radiology and other diagnostic tests. Such reports shall become part of the Member's medical record at Contractor. Contractor shall accept such reports and shall not require Members to repeat such pre-admission history taking, examinations, and laboratory, radiology and other diagnostic tests, unless the Member's medical condition justifies repeating such tests.

5.3 ACCESS TO AND COPIES OF RECORDS. KP and its authorized agents shall have access to and may inspect the Records of Members subject to reasonable request and notification requirements. Contractor shall, subject to any legal requirements regarding confidentiality, provide access to Records and other information as required by NCQA. Contractor shall provide copies of Records to KP upon request at no charge and shall transmit such Records by fax when requested.

5.4 COPIES OF CLINICAL INFORMATION. Contractor will forward copies of initial consultation reports upon completion of consult and summaries of patient care or patient discharge summaries for all Members receiving Hospital Services, upon completion of patient care or discharge, to the physician authorizing the Hospital Service, or in the case of Emergency Services, to the Member's primary care physician. Contractor shall provide copies of such clinical information to the prescribing or authorizing physician upon request at no charge.

5.5 DISCLOSURE TO GOVERNMENT OFFICIALS. Contractor shall comply with all provisions of the Omnibus Reconciliation Act of 1980 regarding access to books, documents, and records. Without limiting the foregoing, Contractor shall maintain, provide access to, and provide copies of Records, this Agreement and other information to the Commissioner of Corporations of the State of California, DHS, Medi-Cal Plans, the U.S. Department of Justice, the Secretary of the U.S. Department of Health and Human Services, the U. S. Comptroller General, their designees, and such other officials entitled by law or under Health Plan's Medi-Cal contracts (collectively, "Government Officials") as may be necessary for compliance by KP with the provisions of all state and federal laws and contractual requirements governing KP, including, but not limited to, the Knox-Keene Health Care Service Plan Act of 1975, as amended, and the regulations thereunder, and the Medicare and Medi-Cal programs. Such Records shall be available at all reasonable times at Contractor's place of business or at some other mutually agreeable location in California.

5.6 GOVERNMENT-REQUIRED INFORMATION. Contractor shall supply KP with periodic reports and information pertaining to Hospital Services provided by Contractor to Members that will enable KP to meet all federal and state reporting and contractual requirements.

5.7 CONFIDENTIALITY OF INFORMATION.

(a) Both Contractor and KP shall keep in strictest confidence and in compliance with all applicable state and federal law: (i) this Agreement, (ii) any patient information, (iii) information concerning any matter relating to the business of the other, including, but not limited to, the other's employees, products, services, membership prices, operations, business systems, planning and finance, practice guidelines, and formularies, (iv) materials, data, records or other information obtained from the other during the course of or pursuant to this Agreement, (v) any information learned by Contractor or KP while performing obligations under this Agreement, and (vi) any information which from the surrounding circumstances in good conscience ought to be treated as confidential by Contractor or KP. Neither Contractor nor KP shall disclose such information unless authorized by the other, except as provided in subsection (b) below.

(b) The prohibitions on disclosure set forth in these sub-sections (a) and (b) do not apply to information (i) required by law to be disclosed or to be provided to Government Officials or governmental agencies, (ii) required by JCAHO, NCQA, or other accreditation organizations, or (iii) disclosed in legal or government administrative proceedings.

(c) Notwithstanding any other provision of this Agreement, names of Members receiving public social services hereunder are confidential and are to be protected from unauthorized disclosure in accordance with Title 42, Code of Federal Regulations, Section 431.300 et seq. and Section 14100.2 of the Welfare and Institutions Code and regulations adopted thereunder. For the purpose of this Agreement, all information, records, data, and data elements collected and maintained for the operation of the Agreement and pertaining to Members shall be protected by Contractor from unauthorized disclosure.

With respect to any identifiable information concerning a Medi-Cal Member that is obtained by Contractor, Contractor (i) will not use any such information for any purpose other than carrying out the express terms of this Agreement, (ii) will promptly transmit to DHS and the applicable Medi-Cal Plan all requests for disclosure of such information, (iii) will not disclose except as otherwise specifically permitted by this Agreement, any such information to any party other than DHS and the applicable Medi-Cal Plan without prior

written authorization specifying that the information is releasable under Title 42, CFR, Section 431.300 et seq., Section 14100.2, Welfare and Institutions Code, and regulations adopted thereunder, and (iv) will, at the expiration or termination of this Agreement, return all such information to DHS and the applicable Medi-Cal Plan or maintain such information according to written procedures sent to KP by DHS and the applicable Medi-Cal Plan for this purpose.

5.8 USE OF NAME. Contractor and KP each reserves to itself the right to, and the control of the use of, its names, symbols, trademarks and service marks, presently existing or hereafter established, and except as provided in Section 5.9 below, neither organization shall use the other organization's names, symbols, trademarks, or service marks in any advertising or promotional communication of any type or otherwise without the prior written consent of that organization.

5.9 AUTHORIZATION FOR DIRECTORY LISTING. Health Plan, at its discretion, may list Contractor's name, address(es), and telephone number(s) in directories produced by Health Plan, and Contractor consents to such listing. In the event the listing information is or becomes inaccurate or incomplete, or this Agreement is terminated, Health Plan shall have no obligation to correct, delete, or update such listing information until such time as it, in the normal course of business, issues a new directory.

5.10 PUBLICITY. In the interest of presenting accurate information to the general public and Members, and maintaining good public relations, the parties will consult with each other regarding any issue relating to this Agreement or to a Member obtaining Hospital Services hereunder that gives rise to media interest or public relations concern, and will cooperate in developing any statements or press releases in connection with any such issue.

6.0 INSURANCE AND INDEMNIFICATION

6.1 INSURANCE.

(a) Contractor shall maintain the following: (i) a policy of commercial general liability and property damage insurance with limits of liability not less than one million dollars (\$1,000,000) per occurrence and ten million dollars (\$10,000,000) annual aggregate, (ii) a policy of professional liability insurance with limits of liability not less than one million dollars (\$1,000,000) per occurrence and ten million dollars (\$10,000,000) annual aggregate and (iii) such other insurance or self insurance as shall be necessary to insure it against any claim or claims for damages arising under this Agreement, including claims arising by reason of personal injury or death in connection with the performance of any service, or use of any property or facility pursuant to this Agreement. Such insurance coverage requirements shall apply to each Facility of Contractor.

(b) All insurance required under this section shall be obtained from a company or companies that are duly licensed to do business in the State of California and that (i) has a Best rating of at least A or has a comparable rating from another rating company or (ii) is acceptable to KFHH. Such insurance must state that coverage may not be canceled, terminated, nonrenewed or modified, or must not expire, without at least thirty (30) days' prior written notice to KFHH. Contractor shall provide certificates of insurance evidencing such coverage to KFHH upon execution of this Agreement in a form acceptable to KFHH and from time to time thereafter upon request. Contractor shall notify KFHH at the time of any change in insurance carrier, limits, deductible, or levels of insurance required under this Agreement at any time upon reasonable request by KFHH. All parties to this Agreement will maintain in full force and effect appropriate automobile coverage, workers' compensation protection, and unemployment insurance to the extent required by law.

(c) If Contractor obtains one or more claims-made insurance policies to fulfill its obligations under this Section, Contractor will (i) maintain coverage with the same company during the term of this Agreement and for at least ten (10) years following termination of this Agreement, or (ii) purchase or provide coverage that

assures protection against claims based on acts or omissions that occur during the period of this Agreement but which are asserted after the claims-made insurance policy has expired.

6.2 INDEMNIFICATION.

(a) Contractor shall indemnify and hold harmless (and at KP's request, defend) KFH, TPMG, all other Permanente Medical Groups, Health Plan, all subsidiaries of Health Plan, and each of their respective officers, directors, partners, shareholders, agents and employees (each an indemnitee) from and against any and all claims, losses, damages, liability, costs, expenses (including reasonable attorneys' fees), judgments or obligations whatsoever, for or in connection with injury (including death) or damage to any person or property to the extent resulting from the negligent act or failure to act or willful misconduct of Contractor, its officers, directors, employees or agents under this Agreement.

(b) KFH or TPMG, respectively, shall indemnify and hold harmless (and at Contractor's request, defend) Contractor, its officers, directors, agents and employees (each an indemnitee) from and against any and all claims, losses, damages, liability, costs, expenses (including reasonable attorneys' fees), judgments or obligations whatsoever, for or in connection with injury (including death) or damage to any person or property to the extent resulting from the negligent act or failure to act or willful misconduct of KFH or TPMG, respectively, its officers, directors, shareholders, agents or employees under this Agreement.

7.0 LEGAL REQUIREMENTS AND CREDENTIALS

7.1 COMPLIANCE WITH LAWS.

(a) Contractor represents and warrants that it is currently, and for the duration of this Agreement shall remain, in compliance with all applicable local, state and federal laws and regulations, including, but not limited to, those (i) regarding licensure, certification, and accreditation, including but not limited to the provisions set forth in Exhibit C; (ii) necessary for participation in the Medicare and Medi-Cal programs, including but not limited to the provisions set forth in Exhibit D, the antifraud and abuse laws and regulations and the patient self-determination amendments of the Omnibus Budget Reconciliation Act of 1990; (iii) regarding advance directives; (iv) regulating the operations and safety of hospitals, and (v) regarding federal and state Occupational Health and Safety Administration (OSHA) standards.

(b) Contractor acknowledges that it is a "covered entity" as that term is defined under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-91, ("HIPAA") and the Privacy Rule issued by the Department of Health and Human Services (45 CFR Subparts 160 and 164). As such, it has specified responsibilities to limit the uses and disclosures of protected health information (PHI), another term defined by the Privacy Rule (45 CFR Section 164.501, incorporated herein by reference as though set forth in full).

Contractor represents that it will use and disclose PHI only as permitted by HIPAA and the Privacy Rule, subject to any additional limitations on the use and disclosure of that information as imposed by this agreement. Contractor acknowledges that it is required to maintain and distribute a Notice of Privacy Practices to patients using its services. Contractor will distribute its Notice of Privacy Practices (45 CFR Section 164.520) to and obtain acknowledgements from KP members receiving services from Contractor consistent with its practices for other patients. Contractor shall give KP its Notice of Privacy Practices, and will give KP subsequent versions of its Notice of Privacy Practices when a material change has been made to the original notice.

Contractor has the responsibility under HIPAA and Privacy Rule to provide the patient with access to his or her PHI (45 CFR Section 164.524); to allow that patient to amend his or her PHI (45 CFR Section 164.526); and to provide an accounting of those disclosures identified under the Privacy Rule as reportable disclosures

(45 CFR Section 164.528). Contractor will extend these same rights to its KP patients. If Contractor amends, allows a KP patient to amend or includes in its records any statement of a KP patient pursuant to 45 CFR Section 164.526, it will give a copy of such to KP.

(c) Contractor shall not employ or contract with directly or indirectly, entities or individuals excluded from participation in Medicare or Medicaid under Sections 1128 or 1128A of the Social Security Act, for the provision of health care services, utilization review, medical social work, or administrative services with respect to Members.

(d) To the extent required by licensing, accreditation and certification standards, ultimate administrative and professional responsibility with respect to Hospital Services provided to Members shall remain with KP.

7.2 LICENSURE, CERTIFICATION AND ACCREDITATION. Contractor and each of its Facilities shall be, and shall remain throughout the term of this Agreement, duly licensed by the state of California, accredited by JCAHO, and certified by the Medicare and Medi-Cal programs, under Title XVIII and Title XIX, respectively, of the Social Security Act and credentialed by Health Plan. Contractor shall provide documentary evidence of its licensure, certification and accreditation (i) prior to execution of this Agreement, (ii) upon any change in licensure, certification, or accreditation, and (iii) at a minimum on an annual basis. Contractor shall provide written notification to KFJH within five (5) working days of the initiation of any legal, accreditation agency, regulatory or governmental action that has more than a minimal likelihood of materially affecting Contractor's ability to perform its obligations hereunder. Contractor shall inform KFJH of any incident at any Facility that may materially affect Contractor's performance of its obligations under this Agreement. Upon request, Contractor shall provide KFJH with copies of survey reports, investigations, assessments, formal evaluations, or citations of Contractor by any governmental agency that regulates Contractor, by JCAHO, or by any other applicable accrediting organizations.

7.3 NONDISCRIMINATION.

(a) Contractor shall not discriminate against Members on the basis of race, color, creed, religion, sex, sexual orientation, national origin, health status, marital status, age, ancestry, physical or mental handicap, veteran's status, income, source of payment or status as a Member of Health Plan or due to filing a complaint as a Health Plan Member. Contractor shall not condition treatment or otherwise discriminate on the basis of whether or not a Member has executed an advance directive. Contractor shall comply with Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and the Rehabilitation Act of 1973. Contractor shall provide reasonable access and accommodation to persons with disabilities to the extent required of a health services provider under the Americans with Disabilities Act or any applicable state law.

(b) Contractor recognizes that as a government contractor, Health Plan is subject to various federal laws, executive orders and regulations regarding equal opportunity and affirmative action which may also be applicable to subcontractors. Contractor, therefore, agrees that any and all applicable equal opportunity and affirmative action clauses shall be incorporated herein as required by federal laws, executive orders and regulations, including, but not limited to the following:

- (i) The nondiscrimination and affirmative action clauses contained in: Executive Order 11246, as amended; the Rehabilitation Act of 1973, as amended; the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended; and the implementing rules and regulations prescribed by the Secretary of Labor in Title 41, Part 60 of the Code of Federal Regulations.
- (ii) The utilization of small and minority business concerns clauses contained in: the Small Business Act, as amended; Executive Order 11625J, and the Federal Acquisition Regulation (FAR) at 48 CFR Chapter 1, Part 19 of Subchapter D and Part 52 of Subchapter H.

- (iii) The utilization of labor surplus area concerns clauses contained in: the Small Business Act, as amended; Executive Order 12073; 20 CFR Part 654, Subpart A; and the Federal Acquisition Regulation (FAR) at 48 CFR Chapter 1, Part 20 of Subchapter D and Part 52 of Subchapter H.

(c) During the performance of this Agreement, Contractor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age, or sex or denial of family care leave. Contractor shall insure that the evaluation and treatment of its employees and applicants for employment are free of such discrimination or harassment. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900, et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Contract by reference and made a part hereof as if set forth in full. Contractor shall give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

8.0 DISPUTE RESOLUTION, COMPLAINTS AND INQUIRIES

8.1 DISPUTE RESOLUTION.

(a) To the extent required by law, Health Plan has established a provider appeals process pursuant to which Contractor may seek to resolve disputes and request reconsideration of utilization management and related decisions, as set forth in the Provider Manual.

(b) Health Plan provides all contractors with a fast, fair and cost effective invoice payment dispute mechanism under which Contractor may submit all disputes regarding invoices. This dispute resolution mechanism may be incorporated into the Provider Manual or shall be communicated to Contractor in writing. Contractor must submit a notice indicating its interest in resolving an invoice payment dispute under this provision at the address and telephone number, and in accordance with the requirements, set forth in Section 9.7. If Contractor is not satisfied with the outcome of the procedure, Contractor may then elect to resolve an invoice payment dispute by exercising the rights and obligations set forth in Section 8.1(c).

(c) KFH and Contractor shall meet and confer in good faith to resolve any claims, disputes or other matters, other than matters subject to Sections 8.1(a) and (b) above, arising out of, relating to, or in any way connected with this Agreement, including the performance of or failure to perform any term, covenant, or condition thereof. (collectively, "Dispute" or "Disputes"). Contractor shall work directly with KFH to reach resolution of the Dispute, and shall not involve Members in any manner concerning such Dispute, except to the extent that a Member is an indispensable party in reaching a resolution. If a Dispute is not resolved by the parties, then both parties agree to submit Dispute to mediation prior to initiating any legal proceedings. The obligation set forth in this paragraph shall also apply to any claims, disputes, or other matters, irrespective of the legal theories asserted, between Contractor, on the one hand and KFH, on the other hand, whether or not KFH is also a party. In the event of a Dispute solely between KFH and Contractor, venue shall be San Mateo County, California.

8.2 MEMBER COMPLAINTS, GRIEVANCE, INQUIRIES AND CLAIMS.

(a) When a Member complaint is brought to Contractor's attention, Contractor shall investigate such complaint and use its best efforts to resolve such complaint in a fair and equitable manner. Contractor shall cooperate with KP in identifying, processing and resolving all Member complaints and grievances pursuant to

the grievance procedures set forth in the Provider Manual. Contractor shall comply with KP's resolution of any such complaints and Grievances. All decisions regarding Covered Benefits are reserved to Health Plan and Contractor shall refer Members who have inquiries or disputes regarding Covered Benefits to Health Plan for response and resolution.

(b) As set forth in the Provider Manual, Contractor will promptly notify KFH of (i) receipt of any complaint from or on behalf of Members which are not, in the reasonable judgment of Contractor, resolved within two (2) working days, (ii) contact by an attorney regarding Hospital Services provided to a Member or (iii) any professional liability claims filed or asserted regarding Hospital Services provided to Members by or on behalf of Contractor.

(c) Health Plan will promptly notify Contractor of its receipt of any complaint letters regarding the care provided to Members by Contractor. Contractor shall submit to binding arbitration in accordance with the Membership Agreement claims asserted by Members against Contractor, and Contractor shall accept and be bound by the Membership Agreement's arbitration provision therein, as it may be amended from time to time, in the resolution of such claims.

9.0 MISCELLANEOUS

9.1 **INDEPENDENT CONTRACTOR.** Contractor enters into this Agreement, and will remain throughout the term of this Agreement, as an independent contractor. Nothing in the Agreement is intended nor shall be construed to create between KFH/TPMG and Contractor a relationship of agent, employee, partnership, joint venture or association. Neither KFH or TPMG on the one hand, nor Contractor on the other hand, has authorization to enter into any contracts, assume any obligations or make any warranties or representations on behalf of one another. No individual through whom Contractor renders Hospital Services, shall be entitled to or shall receive from KP compensation for employment, employee welfare and pension benefits, fringe benefits of employment, workers' compensation, life or disability insurance or any other benefits of employment, in connection with rendering such Hospital Services. Contractor warrants that it will be responsible for all legally required tax withholding for itself and its employees.

9.2 **NO THIRD PARTY BENEFICIARIES.** This Agreement is not intended to, nor does it create, any third-party beneficiary rights in any person, including Members, except as provided in Section 4.7(b)(ii) and where indicated for Health Plan. No action to enforce the terms of this Agreement may be brought against a party by a person who is not a party hereto, except for Health Plan.

9.3 **ASSIGNMENT.** Neither this Agreement nor any duties or obligations under this Agreement may be assigned or subcontracted by Contractor without the prior written consent of KFH. Any material change of ownership or control of Contractor shall be deemed an assignment of this Agreement requiring the prior written consent of KFH.

9.4 **SUCCESSORS AND ASSIGNS.** Subject to the restrictions on assignment contained herein, this Agreement shall inure to the benefit of and be binding upon, the parties hereto and their respective successors and assigns.

9.5 **AMENDMENT.** Unless otherwise specifically provided in this Agreement, this Agreement may be amended only by mutual written consent of each party's duly authorized representatives. Notwithstanding the foregoing, if Government Officials require any modification of this Agreement in order for this Agreement to be in conformity with federal or state law or if KFH reasonably concludes that an amendment to this Agreement is required because of a change in federal or state law, KFH shall notify Contractor of such proposed modification(s) ("Legally-Required Modifications"). Such Legally Required Modifications shall be deemed accepted by Contractor and this Agreement so amended, if Contractor does not, within thirty (30)

days following the date of the notice, deliver to KFH its written rejection of such Legally-Required Modifications.

9.6 **GOVERNING LAW.** This Agreement will be governed by and construed in accord with California law. Any provision required to be in this Agreement by the Knox Keene Act (California Health and Safety Code Section 1340 et seq.) and Regulations (California Code of Regulations Title 10 Section 1300 et seq.) shall bind the parties whether or not provided in this Agreement. This Agreement shall also be governed and construed in accord with applicable contractual requirements of Health Plan, as required under the Medi-Cal program.

9.7 **NOTICES.** Any notices required to be given under this Agreement by any party, or which may be made by any party to the other, shall be in writing, delivered personally, by overnight delivery service with written proof of delivery or by mail, registered or certified, postage prepaid, with return receipt requested addressed as follows:

KAISER FOUNDATION HOSPITALS
1814 Franklin Street, 2nd Floor
Oakland, California 94612
Attn: Director, HP/H Community Medical Services
Officer

SAN MATEO MEDICAL CENTER
222 W. 39th Ave
San Mateo, CA 94403
Attn: Nancy Steiger, Chief Executive
Officer

or to such other address as either party from time to time informs the other in writing.

9.8 **NON-EXCLUSIVITY.** This is not an exclusive Agreement. Contractor and KFH/TPMG may enter into similar agreements with other parties. KFH/TPMG reserves the right to arrange for any services for Members from any other provider.

9.9 **NO VOLUME GUARANTEE.** KFH/TPMG does not represent, warrant, or covenant any minimum volume of patients or Members to Contractor.

9.10 **WAIVER.** A failure of either party to exercise any right provided for herein shall not be deemed a waiver of any right hereunder. No party will be deemed to have waived any rights hereunder unless the waiver is made in writing and is signed by the waiving party's duly authorized representative.

9.11 **SEVERABILITY.** If any one or more of the provisions of this Agreement is held invalid or unenforceable, the remaining provisions shall continue in full force and effect.

9.12 **INTERPRETATION OF AGREEMENT.** This Agreement shall be interpreted according to its fair intent and not for or against any one party on the basis of which party drafted the Agreement. Section headings are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.13 **ENTIRE AGREEMENT.** This Agreement, including the Exhibits attached hereto, contains the entire agreement of the parties and as of the Effective Date supersedes any prior negotiations, proposals or understandings relating to the subject matter of this Agreement.

9.14 **UNUSUAL OR UNEXPECTED CIRCUMSTANCES.**

(a) None of the parties shall be liable nor deemed to be in default for any delay or failure in performance under the Agreement resulting directly or indirectly from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, strikes or other work interruptions or any similar or dissimilar cause beyond the reasonable control


of either party. However, both parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

(b) Each party reserves the right to suspend this Agreement or any part thereof in the event of such circumstance. Upon notification by the suspending party that such circumstance giving rise to the delay or failure in performance under this Agreement has ceased, this Agreement shall be revived for the remainder of the term.

9.15 COUNTERPARTS. This Agreement may be signed in multiple counterparts which shall, when executed by all parties, constitute a single binding agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the dates set forth below.

KAISER FOUNDATION HOSPITALS

By: 
Terry Austen, Interim
Sr. Vice President/Area Manager

Date: 10/25/02

Reviewed by: _____
Linda Jensen
Continuing Care Leader

Date: _____

Reviewed by: _____
Harold Green
Director, HP/H Community Medical Services

Date: _____

THE COUNTY OF SAN MATEO

By: _____

Name: Jerry Hill

Title: President Board of Supervisors
San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

Date: _____

THE PERMANENTE MEDICAL GROUP, INC.

By: _____
James O'Donnell, M.D.
Physician-in-Chief

Date: _____

By: _____
Bellinda Rossmiller, Regional
Administrator for Medical Services Contracting

Date: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the dates set forth below.

KAISER FOUNDATION HOSPITALS

THE COUNTY OF SAN MATEO

By: _____
Terry Austen, Interim
Sr. Vice President/Area Manager

By: _____

Name: Jerry Hill

Date: _____

Title: President, Board of Supervisors
San Mateo County

Date: _____

Reviewed by: Linda Jensen
Linda Jensen
Continuing Care Leader

ATTEST:

Date: 10/25/02

By: _____
Clerk of Said Board

Reviewed by: Harold Green
Harold Green
Director, HP/H Community Medical Services

Date: _____

Date: 10/29/2002

THE PERMANENTE MEDICAL GROUP, INC.

By: James O'Donnell M.D.
James O'Donnell, M.D.
Physician-in-Chief

Date: 10-25-02

By: _____
Bellinda Rossmiller, Regional
Administrator for Medical Services Contracting

Date: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the dates set forth below.

KAISER FOUNDATION HOSPITALS

THE COUNTY OF SAN MATEO

By: _____
Terry Austen, Interim
Sr. Vice President/Area Manager

By: _____

Name: Jerry Hill

Date: _____

Title: President, Board of Supervisors

Date: _____

Reviewed by: _____
Linda Jensen
Continuing Care Leader

ATTEST:

Date: _____

By: _____
Clerk of Said Board

Reviewed by: _____
Harold Green
Director, HP/H Community Medical Services

Date: _____

Date: _____

THE PERMANENTE MEDICAL GROUP, INC.

By: _____
James O'Donnell, M.D.
Physician-in-Chief

Date: _____

By: Bellinda Rossmiller
Bellinda Rossmiller, Regional
Administrator for Medical Services Contracting

Date: 10-28-02

EXHIBIT A
FACILITY(IES)

The County of San Mateo
Effective November 1, 2002

FACILITY NAME

San Mateo Medical Center

ADDRESS

222 W. 39th Ave
San Mateo, CA 94403
650-573-2222

EXHIBIT A-1

LIST OF HEALTH PLAN AND AFFILIATED PAYORS

Health Plan and Affiliated Payors “actively encourage” their Members and subscribers (Members and subscribers are referred to collectively below as “subscribers”) to use contracted providers for non-emergency services through the use of financial incentives as described in Section 1395.6(b)(2)(A) of the California Health and Safety Code. Under the agreements by which Affiliated Payors listed below cover their subscribers’ health care, coverage is provided for non-emergency services only if the services are covered under those subscriber agreements. Services that are not covered become the financial obligation of the subscribers. The list of Health Plan, its subsidiaries and other Affiliated Payors is as follows:

Kaiser Foundation Health Plan, Inc.

Kaiser Foundation Health Plan of Colorado
Kaiser Foundation Health Plan of Georgia, Inc.
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Kaiser Foundation Health Plan of the Northwest
Kaiser Foundation Health Plan of Ohio
Kaiser Foundation Added Choice Health Plan, Inc.
Group Health Cooperative

Kaiser Foundation Hospitals

Permanente Medical Group Organizations

Southern California Permanente Medical Group
The Permanente Medical Group, Inc.
Colorado Permanente Medical Group, P.C.
Hawaii Permanente Medical Group, Inc.
Mid-Atlantic Permanente Medical Group, P.C.
Northwest Permanente, P.C., Physicians and Surgeons
Ohio Permanente Medical Group, Inc.
Permanente Dental Associates
The Southeast Permanente Medical Group, Inc.
Permanente Services of Hawaii
The Permanente Federation

Desert Medical Group, Inc.
Oasis Independent Practice Association
Alan Schoengold, M.D., P.C. (dba “Seaview Independent Practice Association”)
Buenaventura Medical Group
(NOTE: The last four named entities are “Affiliated Payors” only for the limited purpose of health care for Kaiser Permanente members for which these entities are financially liable)

EXHIBIT B
COMPENSATION

CONTRACTOR NAME: San Mateo Medical Center
EFFECTIVE DATE: November 1, 2002

KFH will pay Contractor for Covered Services the rates set forth in this Exhibit B, reduced by applicable copayments and deductibles. Contractor will accept such amounts as payment in full for Covered Services, irrespective of the cost to Contractor of providing such services, or of Contractor's customary charges for such services.

I. RATE SCHEDULE

1. Inpatient Services

(a) KFH shall pay Contractor for Covered Services that are Inpatient Services provided to Other Members and Medi-Cal Members at the lesser of (i) allowed charges, (ii) the applicable Per Diem Rate set forth below, or, (iii) for Medi-Cal Members, the Medi-Cal allowable rate. Payment may be reduced by deductions based on KFH's audit review as described in Section 3.3 of this Agreement. Payment is subject to the Coordination of Benefits rules set forth in Section 3.6 of this Agreement.

(b) KFH shall pay Contractor for Covered Services that are Inpatient Services provided to Medicare + Choice Members at the lesser of (i) allowed charges, (ii) the Medicare allowable rate or (iii) the applicable Per Diem Rate set forth below. Payment may be reduced by deductions based on KFH's audit review as described in Section 3.3 of this Agreement. Payment is subject to the Coordination of Benefits rules set forth in Section 3.6 of this Agreement.

(c) If Contractor provides Covered Services that are Inpatient Services to a Medicare Cost Member or Regular Medicare Member, then Contractor shall be paid as set forth in Section 3.5 (b)(v) of this Agreement.

(d) The Per Diem Rates are the rates per Inpatient Day as follows:

<u>Type of Inpatient Day</u>	<u>Per Diem Rate</u>
Inpatient Psychiatric Services	\$870
Inpatient Medical/Surgical services	\$1100
Intensive Care Services	\$1750

The Per Diem Rates above are applicable to adult, adolescent and pediatric Members.

(e) The following services are included in the all-inclusive Inpatient Psychiatric Services Per Diem Rate set forth above:

- Individual Therapy
- Group Therapy
- Family Therapy
- Milieu Therapy
- Occupational Therapy
- Psychological Testing
- Ancillary services including, but not limited to, lab, x-ray, EEGs and EKGs
- Medications (including seven (7) days take-home medication)
- Room and Board
- Nursing program

- Social Work coverage and discharge planning
- Locked ward
- Probable Cause case hearings
- Discharge Planning
- Admission medical history and physical examination
- Psychiatrists
- Consulting physicians and other consulting practitioners
- Hospital based physicians
- Attending physicians
- Emergency room physicians

(f) The following services are excluded from the all-inclusive Per Diem Rate(s) set forth above and shall only be paid when Approved or Authorized:

- Physician Services related to surgery, endoscopy, and bronchoscopy
- Dialysis Services

These services shall be paid as follows: the lesser of billed charges or Medicare RBRVS rates

(g) The Inpatient Medical/Surgical Services and Intensive Care Services Per Diem Rates set forth above apply only to a Member who (i) is admitted as a registered bed patient with the expectation of staying overnight; (ii) requires inpatient medical/surgical services and/or intensive care services; and (iii) has received Inpatient Psychiatric Services or Psychiatric Emergency Services from Contractor or its subcontractor pursuant to this Agreement immediately prior to the receipt of inpatient medical/surgical services and/or intensive care services.

2. Outpatient Services

(a) KFH shall pay Contractor for Covered Services that are Outpatient Services provided to Other Members or Medi-Cal Members at the lesser of (i) allowed charges, (ii) the applicable Outpatient Rate set forth below (if listed), or (iii) for Medi-Cal Members, the Medi-Cal allowable rate. Payment may be reduced by deductions based on KFH's audit review as described in Section 3.3 of this Agreement. Payment is subject to the Coordination of Benefits rules set forth in Section 3.6 of this Agreement.

(b) KFH shall pay Contractor for Covered Services that are Outpatient Services provided to Medicare + Choice Members at the lesser of (i) allowed charges, (ii) the Medicare allowable rate, or (iii) the applicable Outpatient Rate set forth below. Payment may be reduced by deductions based on KFH's audit review as described in Section 3.3 of this Agreement. Payment is subject to the Coordination of Benefits rules set forth in Section 3.6 of this Agreement.

(c) If Contractor provides Covered Services that are Outpatient Services to a Medicare Cost Member or Regular Medicare Member, then Contractor shall be paid as set forth in Section 3.5 (b)(v) of this Agreement.

(d) The Outpatient Rates are the rates to be paid by KFH to Contractor for Outpatient Services as follows:

<u>Outpatient Service</u>	<u>Case Rate</u>
Psychiatric Emergency Services	\$450

The Psychiatric Emergency Services Case Rate above is applicable to adult, adolescent and pediatric Members.

The following services are included in the Psychiatric Emergency Services Per Diem Rate set forth above:

- Admission Intake
- Psychiatric Evaluation
- Ancillary Services (professional and facility fees) including but not limited to laboratory, radiology, EEGs, EKGs, audiology assessment and chemical dependency services.
- Medications (including three days take-home medications)
- History and physical examination
- All psychiatrists, psychologist, and emergency room physician charges
- Less than 24 hour psychiatric intensive care (special duty/one-to-one nursing)
- Crisis observation
- Crisis intervention
- Non-medical transportation

3. Services Prior to Admission. If a Member receiving Psychiatric Emergency Services is directly admitted to Facility for Inpatient Services, the contract rate for Psychiatric Emergency Services shall not apply and Member's care shall be reimbursed at the Inpatient Per Diem Rate from the date Member first receives the Psychiatric Emergency Services. Any other Outpatient Services provided to a Member within twelve (12) hours of an inpatient admission and which are rendered in connection with the condition for which the Member was admitted shall not be paid separately, but shall be deemed included in the Inpatient Per Diem Rate.

4. Excluded Services. Any Authorized or Approved Inpatient Services or Outpatient Services that are excluded from the all-inclusive Per Diem Rates or Case Rates set forth above shall be paid at 80% percent (80%) of allowed charges.

EXHIBIT C

NATIONAL COMMITTEE FOR QUALITY ASSURANCE REQUIREMENTS

1. Quality Improvement. Contractor shall participate in Health Plan's Quality Improvement ("QI") program, including cooperating with QI activities, providing Health Plan access to medical records to the extent permitted by law, and tracking and regular reporting on mutually agreed upon quality indicators, all in accord with Health Plan's expectations and NCQA standards.
2. Communications with Members. Contractor's physicians and other personnel licensed or certified to provide Services to Members hereunder may have open communication to discuss with a Member or a Member's authorized representative all treatment options that such Physician or Other Personnel deems medically appropriate while maintaining confidentiality consistent with the confidentiality provisions set forth in the Agreement. Notwithstanding the foregoing, neither Contractor, a physician nor any other personnel shall engage in any conduct that constitutes tortious interference with Health Plan's Membership Agreements or any relationships created thereby.
3. Utilization Management Decisions. Individuals responsible for utilization management decision making do not receive financial incentives for such decisions.
4. Credentialing. Contractor shall comply, and shall cause its physicians and other personnel to comply, with Health Plan's credentialing requirements. Health Plan retains the right, based on quality issues, to approve new practitioners, providers and sites and to terminate or suspend individual practitioners, providers or sites.
5. Confidentiality. Contractor shall comply with the confidentiality provisions set forth in the Agreement; data shared with employers, whether self-insured or insured, shall not implicitly or explicitly identify a Member without the written consent of the Member.
6. Site Visits and Medical Record Reviews. Contractor shall permit and cooperate with, at reasonable times with reasonable notice, initial and follow-up inspection of its site(s) by representatives of Health Plan, NCQA and other accrediting or licensing organizations on a biannual basis or more frequently as requested by Health Plan. Contractor shall permit and cooperate with medical record reviews initiated by Health Plan. Contractor shall cause all physicians and other personnel to permit and cooperate with such inspections and medical record reviews.
7. Subcontracts. Contractor shall require all provisions of this Addendum to be included in any contract or agreement between Contractor and any subcontractor providing Services for Members.

EXHIBIT D
MEDICARE + CHOICE REQUIRED PROVISIONS

This Exhibit D shall only apply to Covered Services rendered to those Members who are enrolled in the Medicare+Choice Program. In case of conflict between the Agreement and this Exhibit, this Exhibit shall control as to the Medicare+Choice Program only, provided that to the extent Contractor is required by law or by the Agreement to comply with other laws, regulations or requirements by accrediting agencies, such as JCAHO or NCQA, the broadest obligation shall control. To the extent that any greater rights or obligations between the parties are created hereunder than are in the Agreement, such rights and obligations shall only apply to the Covered Services provided under the Medicare+Choice Program.

Access to Services.

Contractor must provide Covered Services to Members during hours of operation that are appropriate to make Covered Services available and accessible to Members and do not discriminate against Medicare+Choice Members. All information about treatment options must be provided to Members in a culturally competent manner, including the option of no treatment. Contractor shall ensure that Members with disabilities shall be able to communicate effectively with all health care professionals in making decisions regarding treatment options.

Confidentiality of Members' Records/Advance Directives

Contractor must keep in strictest confidence, and maintain the accuracy of, the medical records or other health and enrollment information of Members and must abide by all federal and state laws regarding confidentiality and disclosure of mental health records, medical records or other health or membership information. Contractor shall not sell, release or otherwise disclose the name or address of any Member to any third party for any purpose, including scientific study. Contractor shall also provide for timely access by Members to their records and other relevant information.

Contractor shall document in a prominent part of the Member's medical record whether or not the Member has executed an advance directive. Contractor shall not condition the provision of care or discriminate against a Member on the basis of whether the Member has executed an advance directive.

No Recourse Against Members

Contractor agrees that in no event, including but not limited to nonpayment by KFH, insolvency of KFH, cessation of operations by KFH, or breach of this agreement, shall Contractor bill, charge, collect a deposit from, impose surcharges, or have any recourse against a Member or a person acting on behalf of a Member for Covered Services provided pursuant to this Agreement. This Agreement does not prohibit Contractor from collecting (a) coinsurance, deductibles or copayments, as specifically provided for in the Membership Agreement or (b) fees for non-covered services. Nor does this Agreement prohibit Contractor and a Member from agreeing to continue services solely at the Member's expense, as long as the Contractor has clearly informed the Member that KFH may not cover or continue to cover a specific service or services. This provision shall survive the termination of the Agreement, regardless of the reason for termination, including the insolvency of KFH, and shall supersede any oral or written agreement between Contractor and a Member.

Quality Review and Improvement

Contractor shall ensure that all information provided to KP shall be reliable and complete and shall make such information available to CMS and other state and federal governmental agencies and accrediting organizations upon request.

Contractor shall cooperate with any independent quality review and improvement organization or other external review organization which is retained by KP as part of its quality assessment and improvement program.

Contractor shall further cooperate and abide by KP's grievance and appeals procedures for Members, including, upon KP's request, the gathering and forwarding of information on such grievances and appeals to KP within the time frames required by KP.

Provider Credentialing and Selection

Pursuant to its Medical Staff by-laws and other applicable policies and procedures, Contractor shall credential, privilege, and reprivilege all physicians and other health care practitioners providing services at Contractor's Facility(ies), in compliance with law and with the standards and requirements of KP and appropriate licensing, regulatory and accrediting agencies, including JCAHO, NCQA (to the extent applicable to services rendered under this Agreement) and DHS. KP shall have the right upon reasonable notice to review and monitor Contractor's policies and procedures, including all documentation describing the credentials and privileges of physicians and other health care professionals providing services in connection with this Agreement. In providing Covered Services under this Agreement, Contractor shall not employ or contract with directly or indirectly, any individual or entity who is excluded from participation under Medicare or who has opted out of Medicare and who provides healthcare services, utilization review, medical social work or administrative services with respect to Members. As part of the credentialing process, Contractor shall obtain certification from each physician and other health care professional providing the services listed above that such individual or entity has not been excluded from participation under Medicare nor has opted out of Medicare. To the extent that KP has delegated the credentialing process to Contractor, KP shall, as required, audit the credentialing process on an ongoing basis and may revoke such delegation. In the event that Contractor has the responsibility or authority under this Agreement to select providers, contractors or subcontractors to provide Covered Services, directly or indirectly, to Members, KP retains the right to approve, suspend or terminate any such responsibility or authority. Any contracts or arrangements between Contractor and such individuals or entities must provide for the right of KP to do so as to its Members.

Contractor warrants that Contractor, and all physicians and all health care practitioners, including employees, contractors and agents of Contractor, who provide Covered Services to Members, shall be at all times during the term hereof, properly licensed by the state in which such services are rendered, certified, qualified and in good standing in accord with all applicable local, state and federal laws. Contractor and each of its sites shall be accredited, if applicable. Contractor, Contractor's sites and all providers furnishing services hereunder shall meet applicable requirements and be properly certified under the Medicare programs, as set forth in Title XVIII and Title XIX, respectively, of the Social Security Act. Upon request, Contractor shall provide as to such services provided under this Agreement satisfactory documentary evidence of such licensure, certification, and qualifications of Contractor, Contractor's sites and physicians or other health care providers furnishing such services at Contractor's sites.

Accountability and Delegation

KP is responsible to CMS for providing oversight in the administration of the provisions governing the Medicare+Choice Program as to its Members. Contractor shall provide Covered Services to Members in a manner consistent with professionally recognized standards of care. KP's responsibility and accountability to CMS shall not relieve Contractor of any duty to provide Members with Covered Services in accord with such professionally recognized standards of care.

To the extent that Contractor has been delegated any activities or functions which are the responsibility of KP, Contractor shall make such periodic and other reports as reasonably required by KP in order for KP to meet its obligations under the Medicare+Choice Program. KP shall at all times retain the right to monitor Contractor's performance of such delegated functions. KP reserves the right to revoke such delegation in the event that either KP or CMS determine that such activities or functions have not been performed in a satisfactory manner.

Termination as to Medicare+Choice Members

In the event that the Medicare+Choice contract between CMS and Health Plan is terminated or not renewed, this Agreement will be terminated as to Medicare+Choice members unless CMS and Health Plan agree otherwise. Such termination as to Medicare+Choice Members shall be accomplished by delivery of written notice by KP to Contractor of the date upon which such termination will become effective.

Encounter Data.

Contractor hereby acknowledges that KP is required to provide CMS and other federal and state regulatory agencies and accrediting organizations with encounter data as requested by such agencies and organizations. Such data may include Medical Records and all other data necessary to characterize each encounter between a Member and Contractor. Contractor agrees to cooperate with KP and provide KP with all such information in such form and manner as requested by KP.

Maintenance and Audit of Records

Contractor shall maintain, and make available to KP, HHS, the Comptroller General, or their designees, for evaluation, audit and inspection any relevant contracts, books, documents, papers, and records, including but not limited to medical records and patient care documentation, related to this Agreement for six (6) years from the final date of the Agreement or from the date of completion of any audit, whichever is longer, or longer if so required by CMS.

Certification of Accuracy of Data

Contractor recognizes that as a Medicare+Choice organization, KP is required to certify the accuracy, completeness and truthfulness of data that CMS requests. Such data include encounter data, payment data, and any other information provided to KP by its contractors and subcontractors. Contractor and its subcontractors hereby represent and warrant that that any such data submitted to KP will be accurate, complete and truthful. Upon request, Contractor shall make such certification in the form and manner specified by KP in order to meet regulatory requirements.

Non-Discrimination/Compliance with laws

Contractor and all of its subcontractors must comply with all applicable Medicare laws, regulations and CMS instructions. Any provision required to be in this Agreement by the rules and regulations governing the Medicare+Choice Program shall bind the parties whether or not provided in this Agreement. In addition, to the extent applicable, Contractor shall comply with the obligations in the contract between CMS and Health Plan governing KP's participation in the Medicare+Choice Program.

Requirements Binding Upon Contractor's Subcontractors

If Contractor arranges for the provision of any services, including but not limited to Covered Services, from other healthcare providers, Contractor shall include in its contracts with such providers all of the contractual and legal obligations required by the laws, regulations, rules and directions of CMS including but not limited to the following

requirements as applicable to the services to be provided by such providers: Maintenance and Audit of Records; Confidentiality of Members' Records/Advance Directives; Access to Services; Accountability and Delegation; No Recourse against Members; Continued Services; Payment of Compensation; Encounter Data; Certification and Accuracy of Data; Quality Review and Improvement; Termination without Cause; Provider Credentialing and Selection; Provider Manual/Participation Procedures; and Non-Discrimination/ Compliance with Laws. To the extent that CMS requires additional provisions to be included in such subcontracts, Contractor shall amend its contracts accordingly or such amendments shall be deemed included in all such subcontracts.

COUNTY OF SAN MATEO

SAN MATEO MEDICAL CENTER
Department of Hospital and Clinics

MEMORANDUM

Date: October 3, 2002
To: Priscilla Morse, Risk Management/ Pony # EPS 163 Fax # 363-4864
From: Tere Larcina, Hospital and Clinics/Pony # HOS316/Fax # 2267
Subject: Contract Insurance Approval

CONTRACTOR: Kaiser Foundation Hospitals, The Permanente Medical Group, Inc.

DO THEY TRAVEL: No.

PERCENT OF TRAVEL TIME:

NUMBER OF EMPLOYEES: More than one.

DUTIES (SPECIFIC): Kaiser Foundation Hospital and the Permanent Medical Group, Inc., has contracted with the County. County will provide services to Kaiser clients referred to San Mateo Medical Center's (SMMC) Psychiatric Emergency Services (PES) 23-hour crisis stabilization unit.

<u>COVERAGE:</u>	Amount	Approve	Waive	Modify
Comprehensive Liability:	<u>\$10m</u>	<u>✓</u>	<u>✓</u>	<u>_____</u>
Motor Vehicle Liability:	<u>_____</u>	<u>✓</u>	<u>✓</u>	<u>_____</u>
Professional Liability:	<u>\$10m</u>	<u>✓</u>	<u>_____</u>	<u>_____</u>
Worker's Compensation:	<u>statutory</u>	<u>✓</u>	<u>_____</u>	<u>_____</u>

REMARKS/COMMENTS:

COUNTY MUST PROVIDE PROOF OF INSURANCE IN THIS CASE

Priscilla Morse
SIGNATURE