

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND  
CARDINAL HEALTH 109, INC., the Pharmacy Management business of Cardinal Health**

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2003, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and CARDINAL HEALTH 109, INC., the Pharmacy Management business of Cardinal Health, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of performing the professional services hereinafter described for the San Mateo Medical Center; and

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:**

**1. Services to be performed by Contractor.**

In consideration of the payments hereinafter set forth, Contractor, under the general direction of the Chief Executive Officer of San Mateo Medical Center, or her designee, with respect to the product or result of Contractor's services, shall provide Pharmacy Management services at San Mateo Medical Center as described in Schedule A, attached hereto and incorporated by reference herein. Such services shall be provided in a professional and diligent manner.

**2. Payments.**

- A. Maximum Amount. In full consideration of Contractor's performance of the services described in Schedule A, the amount that County shall be obligated to pay for services rendered under this Agreement shall not exceed seven hundred thousand dollars and no cents (\$ 700,000.00) for the contract term.
- B. Rate of Payment. The rate and terms of payment shall be as specified in Schedule B, attached hereto and incorporated herein. Any rate increase is subject to the approval of the Chief Executive Officer of San Mateo Medical Center or her designee, and shall not be binding on County unless so approved in writing. In no event may the rates established in Schedule B be increased to the extent that the maximum County obligation shall exceed the total specified in paragraph 2A above. Each payment shall be conditioned on the performance of the services described in Schedule A to the full satisfaction of the Chief Executive Officer of San Mateo Medical Center or her designee.
- C. Time Limit for Submitting Invoices. Contractor shall submit an invoice for services to County for payment in accordance with the provisions of Schedule B. County shall not be obligated to pay Contractor for the services covered by any invoice if Contractor presents the invoice to County more than one hundred eighty (180) days after the date Contractor renders the services, or more than ninety (90) days after this Agreement terminates, whichever is earlier.

**3. Relationship of Parties.**

It is expressly understood that this is an agreement between two (2) independent contractors and that no agency, employee, partnership, joint venture or other relationship is established by this Agreement. The intent by both County and Contractor is to create an independent contractor relationship. Contractor expressly acknowledges and accepts his/her tax status and the tax consequences of an independent contractor. Further, as an independent contractor, Contractor expressly acknowledges and accepts that he/she has no rights, benefits, privileges and/or claims in any form whatsoever under, from, through and/or pursuant to the San Mateo County Civil Service Rules.

**4. Hold Harmless.**

Each Party shall indemnify and save harmless the other Party, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor and/or County, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, or (C) any failure to withhold and/or pay to the government income and/or employment taxes from earnings under this Agreement, or (D) any sanctions, penalties or claims of damages resulting from Contractor's or County's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, provided that this shall not apply to injuries or damage for which Contractor or County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor and County to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**5. Insurance.**

Contractor shall not commence work under this Agreement until all insurance required under this section has been obtained and such insurance has been approved by the Chief Executive Officer of San Mateo Medical Center. Contractor shall furnish San Mateo Medical Center with Certificates of Insurance evidencing the required coverage and there shall be a contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These Certificates shall specify that the insurers affording coverage will endeavor to mail thirty (30) days' written notice to San Mateo Medical Center of any cancellation or non-renewal of coverage.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be canceled, County at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

- A. Workers' Compensation and Employer Liability Insurance. Contractor shall have in effect during the entire life of this Agreement, Workers' Compensation and Employer Liability Insurance providing full statutory coverage. In signing this Agreement, Contractor makes the following certification, required by California Labor Code:

I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

B. Liability Insurance. Contractor shall maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance as shall protect him while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by himself or by any subcontractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below. In lieu of insurance, Contractor may elect to self-insure any or a portion of the required insurance.

Such insurance shall include:

(a) Comprehensive General Liability .....	\$1,000,000 per occurrence
(b) Motor Vehicle Liability Insurance .....	\$1,000,000 per occurrence
(c) Druggist Liability .....	\$10,000,000 per occurrence

If this Agreement remains in effect more than one (1) year from the date of its original execution, County may request an increase in the amount of liability insurance to the level then customary in similar County agreements by giving sixty (60) days' notice to Contractor.

County and its officers, agents, employees and servants shall be named as additional insured on the liability policies of insurance, with respect to the services being provided to the County by Contractor under the Agreement, which policies shall also contain a provision that the insurance afforded thereby to County, its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, but only with respect to Contractor's negligence, and that if County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only, but only if the loss is caused by the negligence of Contractor. Said certificate(s) of insurance is (are) attached hereto and incorporated by reference herein as Attachment II (and III).

**6. Non-Discrimination.**

Contractor shall comply with the non-discrimination requirements described in Schedule C, which is attached hereto, and incorporated herein.

Contractor shall comply with County admission and treatment policies which shall provide that patients are accepted for care without discrimination on the basis of race, color, religion, sex, sexual orientation, national origin, age, handicap, or political affiliation.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Contractor to penalties, to be determined by the County Manager, including, but not limited to:

- i) termination of this Agreement;
- ii) disqualification of Contractor from bidding on or being awarded a County contract for a period of up to three (3) years;
- iii) liquidated damages of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) per violation;
- iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- i) examine Contractor's employment policy and procedures with respect to compliance with this paragraph;

Contractor shall report to the County Manager the filing by any person working at San Mateo Medical Center in any court of any complaint of discrimination or the filing by any person working at San Mateo Medical Center of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within thirty (30) days of such filing, provided that within such thirty (30) days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of its response to the complaint when filed. This will not apply to a violation of Health Insurance Portability and Accountability Act (HIPAA) or any other federal or state law, rule, or regulation.

With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.

**7. Assignments and Subcontracts.**

- A. Without the written consent of the Chief Executive Officer of San Mateo Medical Center or her designee, this Agreement is not assignable in whole or in part. Any assignment by Contractor without the written consent of the Chief Executive Officer of San Mateo Medical Center or her designee is a breach of this Agreement and shall automatically terminate this Agreement.
- B. Contractor shall not employ subcontractors or consultants to carry out the responsibilities undertaken pursuant to this contract without the written consent of the Chief Executive Officer of San Mateo Medical Center or her designee.
- C. All assignees, subcontractors, or consultants approved by the Chief Executive Officer of San Mateo Medical Center or her designee shall be subject to the same terms and conditions applicable to Contractor under this Agreement, and Contractor shall be liable for the assignee's, subcontractor's or consultant's acts and/or omissions.
- D. All agreements between Contractor and subcontractor and/or assignee for services pursuant to this Agreement shall be in writing and shall be provided to County.

**8. Amendment of Agreement.**

This Agreement is complete and contains all the terms and conditions agreed upon by the parties. No amendment shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement shall be binding on the parties hereto.

**9. Records.**

- A. Contractor agrees to provide to County, to any federal or state department having monitoring or reviewing authority, to County's authorized representatives and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine and audit all records and documents necessary to determine compliance with relevant federal, state, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness and timeliness of services performed.
- B. Contractor shall maintain and preserve all financial records relating to this Agreement for a period of four (4) years from the termination date of this Agreement, or until audit findings are resolved, whichever is greater.

10. **Compliance with Applicable Laws.**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county, and municipal laws, including, but not limited to, the Health Insurance Portability and Accountability Act, and the Federal Regulations promulgated thereunder, as amended, and will comply with the Business Associate requirements set forth in Schedule D, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment I, which prohibits discrimination on the basis of handicap in programs and activities receiving any federal or county financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

11. **Interpretation and Enforcement.**

A. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed:

1) In the case of County, to:

San Mateo Medical Center  
222 West 39<sup>th</sup> Avenue  
San Mateo, CA 94403  
Attn: Administration

or to such person or address as County may, from time to time furnish to Contractor.

2) In the case of Contractor, to:

Cardinal Health 109, Inc.  
President  
Pharmacy Management  
1330 Enclave Parkway  
Houston, Texas 77077

B. **Controlling Law.** The validity of this Agreement and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

12. **Term of the Agreement.**

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement shall be from August 11, 2003 through July 31, 2006. This Agreement may be terminated by Contractor, Chief Executive Officer of San Mateo Medical Center or her designee at any time after the expiration of twelve (12) months upon sixty (60) days' written notice to the other party and subject to the early termination provisions in the Pharmacy Agreement, Paragraph 4.02, attached hereto and incorporated by reference herein.

13. County agrees to comply with all terms and conditions set forth in the Pharmacy Agreement attached hereto as Schedule E. To the extent the terms of this Agreement and the Pharmacy Agreement conflict, the terms of the Pharmacy Agreement will prevail.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

CONTRACTOR

By: \_\_\_\_\_  
Jerry Hill, President  
Board of Supervisors, San Mateo County

By: George J. Plava  
George J. Plava  
President

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

Date: 7-25-03

ATTEST:

By: \_\_\_\_\_  
Clerk of Said Board

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

## **SCHEDULE A**

In consideration of the payments set forth in Schedule "B", Contractor shall provide the following services:

See Cardinal Health Pharmacy Agreement, Schedule "E" attached hereto and incorporated by reference herein.

## **SCHEDULE B**

In consideration of the services provided by Contractor in Schedule "A", County shall pay Contractor based on the following fee schedule:

See Cardinal Health Pharmacy Agreement, Schedule "E" attached hereto and incorporated by reference herein.



## SCHEDULE C

Contract between County of San Mateo and CARDINAL HEALTH 109, INC., the Pharmacy Management business of Cardinal Health hereinafter called "Contractor."

- a. No person shall, on the grounds of race, color, creed, national origin, religious affiliation or non-affiliation, sex, sexual orientation, marital status, age (over forty (40)), disability, medical condition (including but not limited to AIDS, HIV positive diagnosis, or cancer), political affiliation or union membership be excluded from participation in, be denied the benefits of, or be subjected to discrimination under this Agreement.
- b. Contractor shall insure equal employment opportunity based on objective standards of recruitment, selection, promotion, classification, compensation, performance evaluations, and management relations, for all employees under this contract. Contractor's personnel policies shall be made available to County upon request.
- c. Contractor shall assure compliance with Section 504 of the Rehabilitation Act of 1973 by submitting a signed letter of assurance (Attachment I) of compliance. Contractor shall be prepared to submit a self-evaluation and compliance plan to County upon request within one (1) year of the execution of this Agreement.

## SCHEDULE D

### Health Insurance Portability and Accountability Act (HIPAA)

#### Business Associate Requirements

##### Definitions

Terms used, but not otherwise defined, in this Schedule shall have the same meaning as those terms are defined in 45 Code of Federal Regulations section 160.103 and 164.501. (All regulatory references in this Schedule are to Title 45 of the Code of Federal Regulations unless otherwise specified.)

- (a) *Designated Record Set.* "Designated Record Set" shall have the same meaning as the term "designated record set" in Section 164.501.
- (b) *Individual.* "Individual" shall have the same meaning as the term "individual" in Section 164.501 and shall include a person who qualifies as a person representative in accordance with Section 164.502(g).
- (c) *Privacy Rule.* "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Part 160 and Part 164, Subparts A and E.
- (d) *Protected Health Information.* "Protected Health Information" shall have the same meaning as the term "protected health information" in Section 164.501 and is limited to the information created or received by Contractor from or on behalf of County.
- (e) *Required By Law.* "Required by law" shall have the same meaning as the term "required by law" in Section 164.501.
- (f) *Secretary.* "Secretary" shall mean the Secretary of the United States Department of Health and Human Services or his or her designee.

##### Obligations and Activities of Contractor

- (a) Contractor agrees to not use or further disclose Protected Health Information other than as permitted or required by the Agreement or as required by law.
- (b) Contractor agrees to use appropriate safeguards to prevent the use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- (c) Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of Protected Health Information by Contractor in violation of the requirements of this Agreement.
- (d) Contractor agrees to report to County any use or disclosure by Contractor of the Protected Health Information not provided for by this Agreement.
- (e) Contractor agrees to require that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Contractor on behalf of County, agrees to the same restrictions and conditions that apply through this Agreement to Contractor with respect to such information.

#### SCHEDULE D (continued)

- (f) If Contractor has Protected Health Information in a Designated Record Set, Contractor agrees to provide access, at the request of County, and in the time and manner designated by County, to Protected Health Information in a Designated Record Set, to County, to an Individual in order to meet the requirements under Section 164.524.
- (g) If Contractor has protected health information in a designated record set, Contractor agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the County directs or agrees to make pursuant to Section 164.526 at the request of County or an Individual, and in the time and manner designed by County.
- (h) Contractor agrees to make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by Contractor on behalf of, County available to the County, or at the request of the County to the Secretary, in a time and manner designated by the County or the Secretary, for purposes of the Secretary determining County's compliance with the Privacy Rule.
- (i) Contractor agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for County to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with Section 164.528
- (j) Contractor agrees to provide to County or an Individual in the time and manner reasonably designed by County, information collected in accordance with Section (i) of this Schedule, to permit County to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with Section 164.528.

#### Permitted Uses and Disclosures by Contractor

Except as otherwise limited in this Schedule, Contractor may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, County as specified in the Agreement; provided that such use or disclosure would not violate the Privacy Rule if done by County.

#### Obligations of County

- (a) County shall provide Contractor with the notice of privacy practices that County produces in accordance with Section 164.520, as well as any changes to such notice.
- (b) County shall provide Contractor with any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, if such changes affect Contractor's required uses and disclosures.
- (c) County shall notify Contractor of any restriction to the use or disclosure of Protected Health Information that County has agreed to in accordance with Section 164.522.

## SCHEDULE D (continued)

### P. Requests by County

County shall not request Contractor to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by County, unless the Contractor will use or disclose Protected Health Information for, and if the Agreement provides for, data aggregation or management and administrative activities of Contractor.

### Duties Upon Termination of Agreement

- (a) Upon termination of the Agreement, for any reason, Contractor shall return or destroy all Protected Health Information received from County, or created or received by Contractor on behalf of County. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the Protected Health Information.
- (b) In the event that Contractor determines that returning or destroying Protected Health Information is infeasible, Contractor shall provide to County notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is infeasible, Contractor shall extend the protections of the Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such Protected Health Information.

### Miscellaneous

- (a) *Regulatory References.* A reference in this Schedule to a section in the Privacy Rule means the section as in effect or as amended, and for which compliance is required.
- (b) *Amendment.* The Parties agree to take such action as is necessary to amend this Schedule from time to time as is necessary for County to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act, Public Law 104-191.
- (c) *Survival.* The respective rights and obligations of Contractor under this Schedule shall survive the termination of the Agreement.
- (d) *Interpretation.* Any ambiguity in this Schedule shall be resolved in favor of a meaning that permits County to comply with the Privacy Rule.

ATTACHMENT I

Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as Amended

The undersigned (hereinafter called the "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of and for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a or b)

- a. ( ) Has no employees
- b. ( ) Employs fewer than 15 persons
- c. (X) employs 15 or more persons and, pursuant to Section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a)), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

Tracy Gould, Vice President of Human Resources

\_\_\_\_\_  
Name of 504 Person - Type or Print

CARDINAL HEALTH 109, INC., the Pharmacy Management business of Cardinal Health

Name of Contractor(s) - Type or Print

1330 Enclave Parkway

Street Address or PO Box

Houston

City

TX

State

77077

Zip Code

I certify that the above information is complete and correct to the best of my knowledge.

July 25, 2003

Date



, V.P. - Human Resources  
Signature and Title of Authorized Official

\*Exception: DHHS regulations state that:

"If a recipient with fewer than 15 employees finds that, after consultation with a handicapped person seeking its services, there is no method of complying with (the facility accessibility regulations)...other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

## Schedule E



**CardinalHealth**

## **PHARMACY AGREEMENT**

This AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2003, but effective as of the eleventh day of August 2003, by and between CARDINAL HEALTH 109, INC., the Pharmacy Management business of Cardinal Health ("Cardinal Health"), a Texas Corporation, with its principal place of business at 1330 Enclave Parkway, Houston, Texas 77077-2025, and SAN MATEO MEDICAL CENTER, a California Public Entity, located at 222 West 39<sup>th</sup> Avenue, San Mateo, California, 94403 ("Health Care Facility"). Cardinal Health and Health Care Facility are sometimes individually referred to as ("Party"), or collectively referred to as ("Parties") within the terms of this Agreement.

### PRELIMINARY STATEMENTS:

Cardinal Health is a provider of pharmacy management services to health care facilities, and, in this capacity, has developed a number of proprietary processes for the management and operation of pharmacy services; and

San Mateo Medical Center is a Health Care Facility engaged in the delivery of health care services, including, the provision of pharmacy services, to patients; and

The Parties to this Agreement desire to enter into and maintain a contractual relationship where Cardinal Health will manage the pharmacy service ("Pharmacy") on the premises of Health Care Facility.

THEREFORE, in consideration of the mutual promises and agreements below, the sufficiency of which is acknowledged, the Parties agree as follows:

## **ARTICLE I CARDINAL HEALTH RESPONSIBILITIES**

1.01. Cardinal Health Duties Cardinal Health agrees to provide the following services to Health Care Facility:

a. Cardinal Health shall provide Health Care Facility patient care-oriented pharmacy services, including, but not limited to, a unit-dose Drug distribution service, an intravenous admixture service, and quality and operational improvement services. Cardinal Health's pharmacy services are more fully outlined in Exhibit A, attached hereto and incorporated by reference herein.



## Cardinal Health

b. Cardinal Health shall install and maintain, throughout the term of this Agreement or any extension thereof, processes for the management and operation of Health Care Facility's Pharmacy department including but not limited to, implementation of Pharmacy policy and procedure manuals and quality and operational improvement services that meet or exceed the licensure standards for pharmaceutical services of the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO") as well as Medicare and Medicaid standards as of the Effective Date of this Agreement.

c. Cardinal Health shall design and direct an education program for Pharmacy personnel, physicians, nurses, and other Health Care Facility professionals on Pharmacy issues designed to meet the specific needs of the Health Care Facility. This may include, but may not be limited to, routine updates regarding drug therapies and new product evaluations. Reviews of specific therapeutic categories as well as information and strategies on controlling drug cost shall be provided. Substantial material and information shall be available addressing patient safety concerns including medication error prevention strategies, adverse drug events, and other important drug therapy related topics.

d. Cardinal Health, on behalf of Health Care Facility, shall order Drugs and manage the Health Care Facility's Pharmacy inventory as necessary to provide an adequate supply of Drugs to be administered to Health Care Facility's patients and supply other departments requiring Drugs or pharmacy related products.

e. Cardinal Health shall provide, as a Cardinal Health employee, one (1) full-time equivalent Director of Pharmacy to manage the Pharmacy. Health Care Facility may participate in the selection process; however, Cardinal Health shall be responsible for recruitment and final selection of all Cardinal Health employees.

1.02. Pharmacy Operations Cardinal Health agrees to provide services to operate the Pharmacy consistent with the services provided by the Health Care Facility. Any changes in the level of service or hours of operation must be mutually agreed to between Health Care Facility and Cardinal Health.

### 1.03. Cardinal Health Representations and Warranties

a. Cardinal Health shall ensure compliance of services provided by Cardinal Health with applicable laws, ordinances, and regulations, with the written policies of the Health Care Facility, and the standards of all applicable accrediting bodies in effect on the Effective Date of this Agreement as defined in Paragraph 4.01 of this Agreement and as they may be amended or modified during the course of this Agreement.

b. Cardinal Health shall ensure that its employees follow the applicable written rules and regulations established by Health Care Facility.





c. Pharmacists employed by Cardinal Health dispensing Drugs at the Health Care Facility shall be duly licensed as pharmacists under the laws of the state of California. The Director of Pharmacy, or designee, shall serve on the committee that performs Pharmacy and Therapeutics functions. In addition, the Director of Pharmacy shall serve on other Health Care Facility committees as appropriate to meet the needs of both Parties.

d. All Drugs used herein will be duly authorized under the appropriate federal, state, and local laws. All Drugs purchased will be subject to approval of the pharmacy and therapeutics committee of Health Care Facility.

e. Cardinal Health is a corporation duly organized, validly existing and in good standing under the laws of the state of Texas and has the corporate power and authority to enter into this Agreement.

f. Cardinal Health represents and warrants that neither it nor any of its employees employed at Health Care Facility have been disqualified in any manner from participation in any federally funded health care program, and it is not disbarred or limited in any manner from participation in the matter upon which this Agreement is based.

g. Cardinal Health offers equal benefits to its employees with spouses and its employees with domestic partners.

## **ARTICLE II HEALTH CARE FACILITY RESPONSIBILITIES**

2.01. Health Care Facility Duties Health Care Facility agrees to perform the following:

a. Health Care Facility agrees to actively support and require Health Care Facility employees and staff to use and support cost containment and quality measurement tools reasonably requested by Cardinal Health. Examples of cost containment and quality measures may include, but shall not be limited to i) changes in formulary to obtain more favorable pricing for therapeutically equivalent Drugs; ii) therapeutic initiatives regarding antibiotics, anesthetic agents and cardiac drugs.

b. Health Care Facility agrees to allow Cardinal Health to act in the name of Health Care Facility, to the extent permitted by law, under permits issued in its name by the State Board of Pharmacy, Drug Enforcement Administration, and other governmental regulatory agencies that affect the operation of pharmacies.



## CardinalHealth

c. Health Care Facility shall be responsible for obtaining all necessary local, state and federal licenses and permits required for the operation of the Pharmacy. Health Care Facility shall issue a Power of Attorney to Cardinal Health for the sole purposes of ordering controlled substances on its behalf. In accordance with state or federal law, the Health Care Facility shall have primary responsibility for record keeping and security of controlled substances maintained within its premises, including the Pharmacy. As its agent, Health Care Facility shall delegate to Cardinal Health through its pharmacist in charge, responsibility for maintaining proper record keeping and security requirements for controlled substances as required by applicable state, local and federal laws.

d. All Pharmacy employees not referenced in Paragraph 1.01 (e) shall be employees of Health Care Facility, and unless otherwise agreed in writing, Health Care Facility shall, for the term of this Agreement and any extension thereof, provide the services of the same number of full-time equivalent registered pharmacists and pharmacy support personnel as staffed the Pharmacy immediately preceding Effective Date. Cardinal Health shall have no liability for personnel expenses of Health Care Facility employees, employed in the Pharmacy including, but not limited to, salaries and wages, FICA taxes, withholding taxes, workers' compensation insurance, or fringe benefit programs during the term of this Agreement. Cardinal Health shall have the option to approve of candidates selected by Health Care Facility to be employed in the Pharmacy. Health Care Facility shall be responsible for recruitment and final selection of all Health Care Facility employees.

e. Health Care Facility shall provide adequate space, utilities including high-speed Internet access, when available, at the Health Care Facility and security controls *within the Health Care Facility according to applicable guidelines of state and federal regulatory agencies*, for the operation of a Pharmacy.

f. Health Care Facility agrees to provide any additional fixed or moveable Pharmacy equipment, which in Health Care Facility's and Cardinal Health's judgment is required for the efficient operation of the Pharmacy. Health Care Facility also agrees to provide any maintenance required for the Pharmacy's equipment.

g. Health Care Facility shall be responsible for the payment of all invoices for Drugs, IV products and pharmacy related items ordered by Cardinal Health on behalf of Health Care Facility, together with applicable Taxes, current or prospective on its purchase of taxable Drugs.



h. If Health Care Facility's current financial statements are not available publicly, Health Care Facility shall furnish to Cardinal Health a copy of the most recently audited financial statements, including appropriate footnote disclosures and the report by Health Care Facility's independent auditors. In addition, Health Care Facility shall provide these financial statements annually within one hundred and twenty (120) days of the close of its fiscal year.

i. The Health Care Facility affirms that Drugs administered to the Health Care Facility's patients shall only be pursuant to lawful order therefore.

j. Health Care Facility agrees to promptly pay all amounts due to Cardinal Health in accordance with ARTICLE III.

2.02. Health Care Facility : : : : Warranties

a. Health Care Facility represents and warrants that financial and other information provided to Cardinal Health for purposes of establishing the Management Fee is accurate in all material respects and includes no material errors or omissions. If a material variance is found in any financial or other information provided by Health Care Facility, both Cardinal Health and Health Care Facility agree to adjust the Management Fee to compensate for this variance. Health Care Facility shall reimburse Cardinal Health for any loss whatsoever incurred due to this variance. Such adjustment shall be retroactive to the date the Management Fee was effective. If such variance causes this Agreement to be economically unfeasible, and this Agreement cannot be renegotiated in good faith by the Parties within thirty (30) days, then either Party may terminate this Agreement pursuant to Paragraph 4.02.

b. The Health Care Facility represents and warrants that all Health Care Facility employees working in the Health Care Facility are duly certified and/or licensed and in good standing as required by the laws of the state of California.

c. The Health Care Facility represents and warrants that it is a California Public Entity in good standing under the laws of the state of California. Health Care Facility shall immediately notify Cardinal Health should this status change.

d. The Health Care Facility represents and warrants that it has not been disqualified in any manner from any federally funded program, and is not debarred or limited in any manner from participation in the matters upon which this Agreement is based.



## CardinalHealth

e. Health Care Facility certifies that any Drugs provided by Cardinal Health shall only be used for its "own use" purposes as set forth in accordance with the U.S. Supreme Court's decision in the case of Abbott Laboratories, et al. v. Portland Retail Druggist Association, Inc. et al, 425 US 1 (1976).

f. Health Care Facility's employees are subject to the terms of the Collective Bargaining Agreement Between American Federation of State, County and Municipal Employees (AFSCME) and San Mateo Medical Center. The Health Care Facility represents and warrants that this Agreement does not in any way violate the terms of the Union Agreement that it has given notice and obtained consent, if applicable, as required by the Union Agreement. In connection with entering this Agreement, and notwithstanding anything contained therein to the contrary, the Health Care Facility shall cause its employees to adhere to the terms set forth in this Agreement. If any modification to the terms of the Union Agreement which directly or indirectly impacts Cardinal Health's authority to manage the Pharmacy, the health, safety or welfare of a Cardinal Health employee or otherwise causes a Party to be in breach of this Agreement, then the Health Care Facility shall immediately notify Cardinal Health and renegotiate such terms as are necessary to enable the Parties to comply with the terms of this Agreement. If upon good faith effort the Parties fail to renegotiate or such renegotiation is unfeasible, then this Agreement may be terminated pursuant to the terms of Paragraph 4.02.

### ARTICLE III COMPENSATION AND FINANCIAL ARRANGEMENTS

#### 3.01. Cardinal Health Fees

a. Cardinal Health's compensation for Pharmacy management services rendered to Health Care Facility by Cardinal Health shall be according to the monthly Fees outlined below:

i. Management Fee: Health Care Facility agrees to pay Cardinal Health a monthly Management Fee in the amount of six thousand five hundred dollars and no cents (\$6,500.00). This Fee includes staff training and education, Cardinal Health's Business Unit Director Operational support, quality and operational services, policy and procedure manuals, JCAHO preparation, and other Cardinal Health processes.

ii. Staffing Fee: Health Care Facility agrees to pay Cardinal Health monthly for the actual cost of Cardinal Health employees working in the Pharmacy at Health Care Facility. The cost of these Cardinal Health employees shall be agreed upon by both Parties prior to offer of employment by Cardinal Health. These cost shall be adjusted annually reflective of market conditions and merit increases.



iii. Other Expense Fee: Health Care Facility agrees to pay Cardinal Health monthly for Non-Drug Pharmacy related items ordered by Cardinal Health on behalf of the Health Care Facility pursuant to Paragraph 1.01 (d) at Cardinal Health's invoice cost. Any purchase greater than one thousand dollars must have prior approval from the Health Care Facility.

iv. Reimbursement Fee: Health Care Facility agrees to pay Cardinal Health actual cost for interim coverage of pharmacist personnel.

b. Cardinal Health's Management Fee shall be adjusted once a year beginning August, 2004, by the lesser of five percent (5%) or the annual percentage increase in the Hospital and Related Services category of the Consumer Price Index for all Urban Consumers (CPI-U) as released by the U.S. Department of Labor's Bureau of Labor Statistics ("CPI"). The index for the month of May 2003, shall be the base for calculating the CPI annual percentage change.

### 3.02. Payment Terms

a. Cardinal Health shall provide an estimated invoice to Health Care Facility each calendar month for Cardinal Health Fees, and any applicable credits or debits arising from the reconciliation of prior month's actual invoice to the estimated invoice. Cardinal Health shall provide an estimated invoice fifteen (15) days prior to the Service Month and such invoice payment shall be received no later than the first (1<sup>st</sup>) day of the Service Month ("Payment Due Date"). The estimated invoice will be based upon prior months' services, and may vary.

b. Health Care Facility shall make all payments to Cardinal Health under this Agreement by wire transfer of funds (FEDWIRE) to the appropriate Cardinal Health bank account as provided by Cardinal Health:

First Union National Bank  
201 South College Street  
Charlotte, North Carolina  
ABA Number 053 000 219  
Account Name: Cardinal Health, Inc.  
Account Number: 2000002932064  
Ref: Cardinal Health Clinical Services and Consulting

c. Cardinal Health shall have the discretion to apply payments received under this Agreement to any invoice, principal amount or finance charge owed by Health Care Facility.



d. If Health Care Facility disputes a portion of the invoice, it shall notify Cardinal Health in writing within ten (10) calendar days of receipt of the invoice and shall pay that portion of the invoice not in dispute according to the terms of this Agreement. If the disputed amount is incorrect, for reasons attributable to Cardinal Health, the finance charge shall not be assessed on the disputed portion of the invoice only if that portion is paid within ten (10) calendar days of the resolution. If the disputed amount is correct or if the disputed amount is incorrect, for reasons attributable to Health Care Facility, the finance charge will apply. Any Cardinal Health invoice not objected to in writing within thirty (30) days after receipt is conclusively presumed to be correct in all respects.

e. Full payment for any invoice shall be due to Cardinal Health from Health Care Facility no later than the Payment Due Date as outlined in Paragraph 3.02 (a). If full payment is not received by the Payment Due Date, Health Care Facility shall pay a finance charge on any undisputed unpaid balance in an amount equal to one and one-half percent (1.5%) per month or the maximum rate allowed by law, whichever is less.

#### **ARTICLE IV TERM AND TERMINATION**

##### **4.02. Termination**

a. Subject to the terms and conditions provided herein, this Agreement may terminate upon the occurrence of any of the following events:

i. If either Party shall default in the performance of its obligations under this Agreement, the non-defaulting Party shall provide written notice of the default to the defaulting Party. The defaulting Party shall have thirty (30) days to cure such default. Thereafter the non-defaulting Party shall have the right, by further written notice, to terminate this Agreement effective as of any future designated date, not less than thirty (30) days from the date of the termination notice in the event the default is not cured.

ii. If the Health Care Facility shall fail to make payment of any undisputed amount on or before the Payment Due Date, in accordance with Paragraph 3.02, or if it shall fail to make any other undisputed payment due under any other Agreement with Cardinal Health, Cardinal Health shall have the option to terminate this Agreement upon ten (10) days notice to the Health Care Facility without waiving any other rights or remedies Cardinal Health may have.



## CardinalHealth

iii. If Cardinal Health or any of its employees at Health Care Facility violate any state or federal law or regulation which causes material harm to Health Care Facility and cannot be timely cured by Cardinal Health, Health Care Facility may have the option to terminate this Agreement upon ten (10) days notice to Cardinal Health, without waiving any other rights or remedies Health Care Facility may have.

b. Either Party, subject to the terms and conditions provided herein, may terminate this Agreement without cause, after the expiration of twelve (12) months, effective sixty (60) calendar days after said termination notice is given subject to the early termination fees set forth herein.

c. The Health Care Facility shall have no option to terminate unless its account with Cardinal Health is current with respect to undisputed invoice amounts, except in the event termination is due to uncured default by Cardinal Health.

d. Early termination fees shall be as follows:

i. If this Agreement is terminated by Health Care Facility between months thirteen (13) and twenty-four (24) of this Agreement, Health Care Facility shall pay to Cardinal Health a one (1) month early termination fee equal to the average of the last six (6) monthly invoices in addition to all unamortized expenses which shall be payable on the date of early termination.

ii. This clause shall not apply if this Agreement is terminated pursuant to Paragraph 4.02 (a), unless and until it is determined that the termination was wrongful.

e. Upon termination of this Agreement, any Cardinal Health employee who was employed at Health Care Facility as of August 11, 2003, may, at the employee's option, continue to work at Health Care Facility. For all employees hired by Cardinal Health after August 11, 2003, however, the Health Care Facility shall pay Cardinal Health twenty percent (20%) of the employee's annual base salary in effect at the time of termination of this Agreement if the employee continues to work at the Health Care Facility.

f. Upon termination of this Agreement, all Pharmacy Controlled Substance inventory, owned by Health Care Facility, but under Cardinal Health's management, shall be inventoried according to the applicable state laws and regulations and such records necessary to effect transfer of responsibility for Controlled Substances to Health Care Facility shall be completed.

g. Upon termination of this Agreement, all Health Care Facility specific manuals, policies & procedures owned by Cardinal Health and utilized in the Pharmacy, and patient records necessary to operate the Pharmacy shall remain in the Pharmacy.



h. Upon notice of termination, Health Care Facility shall initiate process of relicensure, including, but not limited to federal and state licenses, as applicable under California law.

4.03. Extension of Agreement This Agreement shall be renewed for up to two (2) successive two (2) year periods upon the same terms, covenants, and conditions contained herein, unless either Party notifies the other in writing no later than ninety (90) days prior to the Termination Date of the initial term or any subsequent renewal terms of its intent not to renew, or unless this Agreement is otherwise terminated in accordance with the terms of this Agreement.

## ARTICLE V GENERAL PROVISIONS

### 5.01. Confidentiality

a. In the performance of this Agreement, each Party may have access to proprietary and/or confidential information, owned, controlled or licensed by one of the Parties. As used in this Agreement, the term "Proprietary and/or Confidential Information" of a Party shall include all information, including, but not limited to, market information, prices and pricing structure, in-depth product and process knowledge, trade secrets, customer information, patient records, intellectual property rights, including, trademarks, patents and copyrights which is not generally available or disclosed to the public or which is marked or labeled "Proprietary and Confidential". Each Party acknowledges that all of such information constitutes confidential and/or proprietary information and agrees that it shall keep such information and data confidential and that it shall not copy or publish or disclose the information or data to anyone without the express written consent of the other Party. Each Party shall use such information solely for the purpose of performing its obligations under this Agreement. Such information will only be disclosed to those employees or agents who require such information to perform their obligations under this Agreement. Cardinal Health recognizes that Health Care is a public entity and may be asked to disclose such information to other parties but will not do so unless required by law and subject to the terms of this provision.

b. All manuals, procedures, documents and computer software, owned by Cardinal Health and utilized in the Pharmacy, are confidential and proprietary to Cardinal Health and constitute valuable intellectual property of Cardinal Health, and all rights in and to such materials are exclusively reserved to Cardinal Health.





## CardinalHealth

### 5.02. Press Release or Public A

No press release or other public announcement, verbally or in writing, referring to the other Party or the Party's parent company or any of its subsidiaries, shall be made without prior written consent from the other Party. Any press release or other public announcement will require giving the other Party at least seventy-two (72) hours written notice of such release prior to its publication or announcement for approval.

### 5.03. Indemnification

a. Health Care Facility and Cardinal Health agree to protect, indemnify, and hold each other harmless from and against all liability imposed upon or incurred by either Party, including judgments, court costs, penalties, interest, as well as legal fees and related expenses incurred in the defense of same caused by the acts or omissions of the other Party, or their agents, servants, or employees, in the performance of the terms of this Agreement.

b. Cardinal Health and Health Care Facility expressly acknowledge and agree that Cardinal Health is not the employer or joint employer of any of the individuals paid as employees of Health Care Facility nor is the Health Care Facility the employer or joint employer of any of the individuals paid as employees of Cardinal Health. Each Party agrees to indemnify, defend and hold harmless the other Party and its directors, officers, employees and agents from and against any and all demands, claims, actions, losses, judgments, costs and expenses, including attorneys fees and expenses, imposed upon or incurred by the other Party as the result of any litigation, claim, allegation, assertion, decision, judgment, determination, or opinion that it is an employer or joint employer of any individual currently or formerly paid as an employee of that Party.

### 5.04. Successors

a. In the event that substantially all of Health Care Facility's assets shall be transferred or another entity of any kind succeeds to the business or management of Health Care Facility, whether in connection with a merger, acquisition, agreement or other reorganization, or the transfer of all or substantially all of the assets and/or business of the facility to such successor, it shall be a condition of such transfer that the rights and obligations under this Agreement shall also be transferred and shall remain in full force and effect against the transferee unless within ninety (90) days after Cardinal Health's receipt of written notice of transfer Cardinal Health elects to terminate this Agreement. In the event of such termination, Cardinal Health shall have no further liability to Health Care Facility or any transferee.



## CardinalHealth

b. Health Care Facility shall notify Cardinal Health in writing thirty (30) days before the effective date of any transaction of the type described in Subparagraph 5.04 (a) and shall provide written notice to the successor of this Agreement, and shall obtain such successor's express written assumption of all obligations hereunder. If any successor or transferee fails to execute a written assumption by the date it succeeds to Health Care Facility's business, management or assets, such failure shall constitute a material breach of this Agreement. In such event, Cardinal Health shall have the option to terminate this Agreement, by written notice, effective on any future date specified in such notice. Cardinal Health shall have the rights to recover all damages for such breach of this Agreement.

5.05. Force Majeure If either Party fails to perform its obligations hereunder (except for the obligation to pay money) because of strikes, accidents, act of God, weather conditions, acts of war, or action or inaction of any governmental body or other proper authority beyond the Party's control, then such failure to perform shall not be deemed a default hereunder and shall be excused without penalty until such time as said Party is capable of performing.

5.06 Legal Counsel If either the Health Care Facility or Cardinal Health brings an action against the other Party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and all reasonable attorney's fees, expenses and costs incurred in such action.

5.07. Variance Any variance in the terms of this Exhibit , and the Agreement shall be construed in favor of this Exhibit .

5.08. Third Party Beneficiaries There shall be no third party beneficiaries to this Agreement.

5.09. Access to Books and Records Cardinal Health agrees to make available, upon written request of the Secretary of Health and Human Services, Comptroller General, or their representatives, this Agreement, and such books, documents and records as may be necessary to verify the nature and extent of the costs of services rendered hereunder to the full extent required by the Health Care Financing Administration implementation of Section 952 of the Omnibus Reconciliation Act of 1980, codified at 42 U.S.C. 1395x(v)(1)(1), or by any other applicable federal or state authority.



# CardinalHealth

5.10. Definitions These Definitions shall, unless otherwise stated, govern construction and interpretation of this Agreement, its Exhibit and any Amendments or Extensions.

a. *Adjusted Patient Day.* Total Pharmacy revenue divided by inpatient Pharmacy revenue multiplied by the total number of Patient Days.

b. *Drugs.* Health Care Facility Pharmacy items, including pharmaceuticals, drugs and intravenous solutions, but not including, anesthesia gases, radiologicals, blood derivatives, replacement products and serums (albumin, plasma protein, immune globulin, clotting factors, and synthetic hemostats), devices or sets (blood sets, controllers, pump sets and filters), and investigational drugs.

c. *Cardinal Health's Management Fee.* Cardinal Health's compensation for quality and operational services under the terms of this Agreement to be paid by Health Care Facility.

d. *Service Month.* The month in which Pharmacy services are provided.

e. *Taxes.* Sales/use taxes and any other transfer taxes levied by any state or local taxing authority.

f. *Termination Date.* The expiration of the initial term of this Agreement as provided in Paragraph 4.01, or any extension, or the date on which this Agreement expires pursuant to the exercise by either Party of its termination rights under Paragraph 4.02 of this Agreement.

In testimony whereof, this AGREEMENT is executed as of the EFFECTIVE DATE.

CARDINAL HEALTH 109, INC.

SAN MATEO MEDICAL CENTER

By: George J. Flava  
George J. Flava  
President  
Pharmacy Management

By: Debbie for Nancy Steiger  
Nancy Steiger,  
Chief Executive Officer

Date Signed: 7-25-03

Date Signed: 7/28/03



**Cardinal**Health

**EXHIBITS:**

**EXHIBIT A – Core Deliverables**



**EXHIBIT A**  
**CORE DELIVERABLES**

Corporate Resources

- Staff training and development
- Supervision of pharmacy leadership
- Regulatory and compliance support

On-Site Director of Pharmacy

- Pharmacy leadership
- Supervision of pharmacy operations
- Staffing
- Budgeting
- Maintain medication safety
- JCAHO survey preparation
- Regulatory compliance
- Inventory management
- Access to portfolio
- Quarterly operations reports
- Access to clinical resource center
- Formulary management
- Physician education

**COUNTY OF SAN MATEO**

**Equal Benefits Compliance Declaration Form**

**I Vendor Identification**

Name of Contractor: Cardinal Health 109, Inc.  
Contact Person: Tracy Gould  
Address: 1330 Enclave Parkway  
Houston, Texas 77077  
Phone Number: (281) 749-2000  
Fax Number: (281) 749-2011

**II Employees**

Does the Contractor have any employees?  Yes  No

Does the Contractor provide benefits to spouses of employees?  Yes  No

\*If the answer to one or both of the above is no, please skip to Section IV.\*

**III Equal Benefits Compliance (Check one)**

- Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
- Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
- No, the Contractor does not comply.
- The Contractor is under a collective bargaining agreement which began on \_\_\_\_\_ (date) and expires on \_\_\_\_\_ (date).

**IV Declaration**

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

  
Signature

Tracy Gould  
Name (Please Print)

Vice President Human Resources  
Title

July 25, 2003  
Date

COUNTY OF SAN MATEO  
HEALTH SERVICES ADMINISTRATION

MEMORANDUM

Date: June 20, 2003  
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: Cardinal Health (for pharmacy management services)

DO THEY TRAVEL:

PERCENT OF TRAVEL TIME:

NUMBER OF EMPLOYEES: More than one.

DUTIES (SPECIFIC): Contractor shall provide pharmacy management services at San Mateo Medical Center.

<u>COVERAGE:</u>	Amount	Approve	Waive	Modify
Comprehensive Liability:	\$1m	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motor Vehicle Liability:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Professional Liability:	\$1m	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Worker's Compensation:	Statutory	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS/COMMENTS:

  
SIGNATURE

**MARSH** **CERTIFICATE OF INSURANCE** **CERTIFICATE NUMBER CLE-000731900-01**

**PRODUCER**  
 MARSH USA INC.  
 216-937-1700  
 200 PUBLIC SQUARE  
 SUITE 1100  
 CLEVELAND, OH 44114-1824

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

**INSURED**  
 CARDINAL HEALTH, INC. ETAL  
 (SEE ADDITIONAL PAGE)  
 7000 CARDINAL PLACE  
 DUBLIN, OH 43017

- COMPANIES AFFORDING COVERAGE**
- COMPANY  
**A DISCOVER PROPERTY & CASUALTY**
- COMPANY  
**B DISCOVER SPECIALTY INSURANCE COMPANY**
- COMPANY  
**C FIDELITY & GUARANTY INS. CO.**
- COMPANY  
**D NATIONAL UNION FIRE INS. CO.**

**COVERAGES**  
 THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	D002L00061	06/30/03	06/30/04	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$ NIL
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 500,000
					MED EXP (Any one person) \$ 5,000
A	AUTOMOBILE LIABILITY	D002A00166 (AOS)	06/30/03	06/30/04	COMBINED SINGLE LIMIT \$ 2,000,000
	<input checked="" type="checkbox"/> ANY AUTO	D002A00167 (MA)	06/30/03	06/30/04	BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	D002A00169 (TX)	06/30/03	06/30/04	BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED AUTOS				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> NON-OWNED AUTOS				OTHER THAN AUTO ONLY: \$
	<input checked="" type="checkbox"/> AUTO PHYSICAL DAMAGE				EACH ACCIDENT \$
	<input type="checkbox"/> SELF-INSURED				AGGREGATE \$
D	EXCESS LIABILITY	BE 286-02-51	06/30/03	06/30/04	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> UMBRELLA FORM	\$2,000,000 SIR for Prods. Comp.			AGGREGATE \$ 1,000,000
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM	Ops. & Druggists Liab.			\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	D002W00211 (AOS)	06/30/03	06/30/04	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER \$
		D002W00213 (HI/NJ)	06/30/03	06/30/04	EL EACH ACCIDENT \$ 1,000,000
					EL DISEASE-POLICY LIMIT \$ 1,000,000
					EL DISEASE-EACH EMPLOYEE \$ 1,000,000
E	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:				<input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**

FOR INFORMATION ONLY

**CANCELLATION**

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILING TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

MARSH USA INC.  
 BY: Luann M. Glavac *Luann M. Glavac*



**ADDITIONAL INFORMATION**

CLE-008701800P01

DATE (MM/DD/YY)

07/07/03

**PRODUCER**

MARSH USA INC.  
216-937-1700  
200 PUBLIC SQUARE  
SUITE 1100  
CLEVELAND, OH 44114-1824

**COMPANIES AFFORDING COVERAGE**

COMPANY

E

UNITED STATES FIDELITY & GUARANTEE COMPANY

COMPANY

F

**INSURED**

CARDINAL HEALTH, INC. ETAL  
(SEE ADDITIONAL PAGE)  
7000 CARDINAL PLACE  
DUBLIN, OH 43017

COMPANY

G

COMPANY

H

**TEXT**

**CERTIFICATE HOLDER**

FOR INFORMATION ONLY

MARSH USA INC. BY

Luann M. Glavac



**ADDITIONAL INFORMATION****PRODUCER:**

**MARSH USA INC.**  
**216-937-1700**  
**200 PUBLIC SQUARE**  
**SUITE 1100**  
**CLEVELAND, OH 44114-1824**

**INSURED:**

**CARDINAL HEALTH INC. ET AL**  
**614-757-5000**  
**7000 CARDINAL PLACE**  
**DUBLIN, OH 43017**

**NAMED INSURED LISTING FOR JUNE 30, 2003 TO JUNE 30, 2004 INCLUDES:**

C INTERNATIONAL, INC.  
 CDI INVESTMENTS, INC.  
 CARDAL, INC.  
 CARDINAL DISTRIBUTION HOLDING CORPORATION I  
 CARDINAL DISTRIBUTION HOLDING CORPORATION II  
 CARDINAL DISTRIBUTION 104 LP  
 CARDINAL HEALTH 2, INC.  
 (F/K/A THE GRIFFIN GROUP, INC.)  
 CARDINAL HEALTH 3, INC.  
 (F/K/A C RED WING DATA CORPORATION)  
 CARDINAL HEALTH 100, INC.  
 (F/K/A BINDLEY WESTERN INDUSTRIES, INC.)  
 CARDINAL HEALTH 101, INC.  
 (F/K/A CARDINAL HEALTH PROVIDER PHARMACY SERVICES, INC.)  
 CARDINAL HEALTH 102, INC.  
 (F/K/A CARDINAL HEALTH STAFFING NETWORK, INC.)  
 CARDINAL HEALTH 103, INC.  
 (F/K/A CARDINAL SOUTHEAST, INC.)  
 CARDINAL HEALTH 105, INC.  
 (F/K/A CORD LOGISTICS, INC.)  
 CARDINAL HEALTH 106, INC.  
 (F/K/A JAMES W. DALY, INC.)  
 CARDINAL HEALTH 107, INC.  
 (F/K/A NATIONAL PHARMPAK SERVICES, INC.)  
 CARDINAL HEALTH 108, INC.  
 (F/K/A NATIONAL SPECIALTY SERVICES, INC.)  
 CARDINAL HEALTH 109, INC.  
 (F/K/A OWEN HEALTHCARE, INC.)  
 CARDINAL HEALTH 110, INC.  
 (F/K/A WHITMIRE DISTRIBUTION CORPORATION)  
 CARDINAL HEALTH 200, INC.  
 (F/K/A ALLEGIANCE HEALTHCARE CORPORATTON)  
 CARDINAL HEALTH 201, INC.  
 (F/K/A ALLEGIANCE HEALTHCARE INTERNATIONAL, INC.)  
 CARDINAL HEALTH 300, INC.  
 (F/K/A MEDIQUAL SYSTEMS, INC.)  
 CARDINAL HEALTH 301, INC.  
 (F/K/A PYXIS CORPORATION, INC.)  
 CARDINAL HEALTH 302, INC.  
 (F/K/A PYXIS HEALTHCARE SYSTEMS, INC.)  
 CARDINAL HEALTH 400, INC.  
 (F/K/A AUTOMATIC LIQUID PACKAGING, INC.)  
 CARDINAL HEALTH 401, INC.  
 (F/K/A BORON, LEPORE & ASSOCIATES, INC.)  
 CARDINAL HEALTH 402, INC.  
 (F/K/A CARDINAL HEALTH PHARMACEUTICAL  
 TECHNOLOGIES & SVCS CTR, INC.)  
 CARDINAL HEALTH 403, INC.  
 (F/K/A ENHANCED DERM TECHNOLOGIES, INC.)  
 CARDINAL HEALTH 404, INC.  
 (F/K/A INTERNATIONAL PROCESSING CORPORATION)  
 CARDINAL HEALTH 405, INC.  
 (F/K/A MEGELLAN PHARMACEUTICAL DEVELOPMENT, INC.)  
 CARDINAL HEALTH 406, INC.  
 (F/K/A PACKAGING COORDINATORS, INC.)  
 CARDINAL HEALTH 407, INC.  
 (F/K/A PCI SERVICES, INC.)  
 CARDINAL HEALTH 408, INC.  
 (F/K/A PCI, INC.)  
 CARDINAL HEALTH 409, INC.  
 (F/K/A RP SCHERER CORPORATION)  
 CARDINAL HEALTH 410, INC.  
 (F/K/A RP SCHERER WEST)

CARDINAL HEALTH 411, INC.  
 (F/K/A REDKEY, INC.)  
 CARDINAL HEALTH 412, INC.  
 (F/K/A CENTRAL PHARMACY SERVICES, INC.)  
 CARDINAL HEALTH 413, INC.  
 (F/K/A PCI WEST, INC.)  
 CARDINAL HEALTH 414, INC.  
 (F/K/A SYNCOR INTERNATIONAL CORPORATION)  
 CARDINAL HEALTH 415, INC.  
 (F/K/A SYNCOR MANAGEMENT CORPORATION)  
 CARDINAL HEALTH 416, INC.  
 (F/K/A PCI SERVICES II, INC.)  
 CARDINAL HEALTH 417, INC.  
 (F/K/A PCI SERVICES III, INC.)  
 CARDINAL HEALTH 418, INC.  
 (F/K/A SYNCOR PHARMACEUTICALS, INC.)  
 CARDINAL HEALTH 419, LLC  
 (F/K/A SYNCOR RADIATION MANAGEMENT, LLC)  
 CARDINAL HEALTH 420 LLC  
 (F/K/A SYNCOR ADVANCED ISOTOPES, LLC)  
 CARDINAL HEALTH CANADA 302, INC.  
 (F/K/A PYXIS HEALTHCARE SYSTEMS, INC.)  
 CARDINAL HEALTH CANADA 403, INC.  
 (F/K/A RP SCHERER CANADA, INC.)  
 CARDINAL HEALTH CAPITAL CORPORATION  
 CARDINAL HEALTH FUNDING, LLC  
 CARDINAL HEALTH HOLDING INTERNATIONAL INC.  
 CARDINAL HEALTH P.R. 218, INC.  
 (F/K/A ALLEGIANCE PRO. INC.)  
 CARDINAL HEALTH P.R. 409 B.V.  
 (F/K/A CARDINAL HEALTH MANUFACTURING SERVICES B.V.)  
 CARDINAL HEALTH P.R. 410, INC.  
 (F/K/A PCI SERVICES I, INC.)  
 CARDINAL HEALTH PRODUCT DEVELOPMENT CENTER, INC.  
 CARDINAL HEALTH PUERTO RICO, INC.  
 CARDINAL HEALTH SYSTEMS, INC.  
 GRIFFIN CAPITAL CORPORATION  
 KILLIEA DEVELOPMENT COMPANY, LTD.  
 LAKE CHARLES PHARMACEUTICAL &  
 MEDICAL EQUIPMENT SUPPLY CO. LLC  
 LEADER DRUG STORES, INC.  
 MEDICINE SHOPPE CAPITAL COORPORATION  
 MEDICINE SHOPPE INTERNATIONAL, INC.  
 MEDICINE SHOPPE INTERNET, INC.  
 OWEN HEALTHCARE BUILDING, INC.  
 OWEN SHARED SERVICES, INC.  
 PCI ACQUISITION III, INC.  
 PHARMACY AUTOMATED SYSTEMS, INC.  
 PHARMACY OPERATIONS, INC.  
 PHARMACY OPERATIONS OF NY, INC.  
 PHILLIPI HOLDINGS, INC.  
 RP SCHERER, INC.  
 RP SCHERER TECHNOLOGIES, INC.  
 VISTANT CORPORATION  
 WILLIAMS DRUG DISTRIBUTORS