

AMENDMENT TO THE AGREEMENT

THIS AGREEMENT, entered into this _____ day of _____, 20____, by and between the COUNTY OF SAN MATEO (hereinafter called "County") and Quest Diagnostic Clinical Laboratories, Inc., (hereinafter called "Contractor"),

WITNESSETH:

WHEREAS, on January 28, 2003 parties hereto entered into an agreement (hereinafter referred to as the "Original Agreement") for the furnishing of certain services by Contractor to County as set forth in that Original Agreement; and

WHEREAS, it is now the mutual desire and intent of the parties hereto to amend and clarify that Original Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED between the parties that the Original Agreement is amended as follows:

1. Section 2, Payments, Paragraph A, Maximum Amount, of the Original Agreement is hereby amended to read as follows:

“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 FIVE HUNDRED FIFTY FIVE THOUSAND DOLLARS (\$555,000) for the contract term.”

2. Section 4, Hold Harmless of the Original Agreement is hereby amended to read as follows:

“4. Hold Harmless Contractor shall indemnify and save harmless County, 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, 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 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, or (E) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which 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 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."

3. Section 10, Compliance with Applicable Laws, of the Original Agreement is hereby amended to read as follows:

"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, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, 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."

4. Section 12, Term of the Agreement, of the Original Agreement is hereby amended to read as follows:

“12. Term of the Agreement

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement for services provided to both Mental Health and Correctional Health shall be from July 1, 2002 through June 30, 2005. This Agreement may be terminated by Contractor, Director of Health Services or her designee at any time upon sixty (60) days' written notice to the other party.”

5. Schedule B Amount and Method of Payment, of the Original Agreement is hereby amended to read as follows:

“II. CORRECTIONAL HEALTH

A. Payments

1. Contractor will charge the lower of the prices in the Test Costs (Exhibit D) and the Laboratory Fee Schedule (Schedule B, I.B). Fees will include: Laboratory analysis, copy of test results, specimen pickup, supplies for collection, customer service, and consultative services as described in Section II of Schedule A.
2. Notwithstanding the method of payment set forth herein, in no event shall County pay or be obligated to pay Contractor more than the sum of ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000) for Correctional Health services provided under Schedule A Section II of this agreement for the period July 1, 2002 through June 30, 2005. This refers to the amount due from the County by means of client bill and does not include third party payments (i.e. Medicare, Medi-Cal and other third party payments).”

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that:

1. These amendments are hereby incorporated and made a part of the Original Agreement and subject to all provisions therein.

2. All provisions of the Original Agreement, including all references to audit and fiscal management requirements unless otherwise amended hereinabove, shall be binding on all the parties hereto.

3. All provisions of the Original Agreement, including all monitoring and evaluation requirements, shall be applicable to all amendments herein.

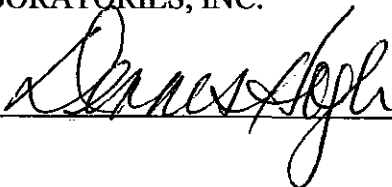
NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that the Agreement of January 28, 2003, be amended accordingly.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hand on the day and year first above written.


COUNTY OF SAN MATEO

QUEST DIAGNOSTIC CLINICAL
LABORATORIES, INC.

By: _____
Rose Jacobs-Gibson, President
Board of Supervisors, County of San Mateo

By:  _____

Date: _____

Date:  _____

ATTEST:

By: _____
Clerk of Said Board

Date: _____

Quest Diagnostics Incorporated

6511 Golden Gate Drive
Dublin, California 94568-2907
925.828.2500
800.228.3008



October 21, 2002

Mr. John Klyver
San Mateo County Mental Health Services
225 37th St.
San Mateo, CA 94403

RE: Proposed Business Associate Agreement

Dear Mr. Klyver:

We received and reviewed your August 8, 2002 letter proposing a Business Associated Agreement ("Agreement"), as an intended means to comply with the Health Information Portability and Accountability Act ("HIPAA"). Our perception is you are asking any (potential) vendor to sign the Agreement.

Quest Diagnostics does not fit within HIPAA's definition of "Business Associate" under any clinical testing arrangements with San Mateo County Mental Health because Quest Diagnostics is performing its own functions or activities as a covered entity – NOT the functions or activities of San Mateo County Mental Health. Under HIPAA, Business Associates provisions are intended as a contractual means to bind entities that otherwise would not be required to protect privacy and security. Since Quest Diagnostics is already a covered entity under HIPAA, a business associate contractual provision is unnecessary.

We are also not aware that San Mateo County Mental Health is performing any services or functions for Quest Diagnostics as a business associate. San Mateo County Mental Health should also be a covered entity under HIPAA. Either way, when two covered entities are performing their own functions under an arrangement between them, no business associate agreement is necessary.

Also, when Quest Diagnostics' services are limited to the "treatment of an individual", the "treatment exception" (section 164.502(e)(1)(ii)(A)) provides that a business associate agreement is not required for disclosures by a covered entity to a health care provider.

If you believe that due to the unique nature of any (potential) agreement between our two companies a business associate arrangement has been formed, please let us know. If we need to amend any existing agreement(s) to address HIPAA requirements, we have HIPAA amendment language we can suggest.

If anyone has questions, they can reach me at (925) 828-2500.

Sincerely,

A handwritten signature in black ink, appearing to read "Guy Atkinson".

Guy Atkinson
Northern California Compliance Officer

COUNTY OF SAN MATEO

ABER
37-03

MEMORANDUM

DATE: November 20, 2002

Priscilla Morse, Risk Management/Insurance Division

TO: John Klyver, Mental Health/FAX x2841/PONY #MLH 322

SUBJECT: Contract Insurance Approval

CONTRACTOR NAME: Quest Diagnostics, Inc.

DOES THE CONTRACTOR TRAVEL AS PART OF CONTRACT SERVICES: Yes

NUMBER OF EMPLOYEES WORKING FOR THE CONTRACTOR: Yes

ACTIVITIES TO BE PERFORMED BY CONTRACTOR FOR COUNTY: See attached

| <u>COVERAGE:</u> | <u>Amount</u> | <u>Approve</u> | <u>Waive</u> | <u>Modify</u> |
|----------------------------------|---------------|-------------------------------------|--------------------------|--------------------------|
| Comprehensive General Liability: | \$1,000,000 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motor Vehicle Liability: | \$1,000,000 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Professional Liability: | \$1,000,000 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Worker's Compensation: | Statutory | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

APPROVE 

WAIVE _____

MODIFY _____

REMARKS/COMMENTS:


SIGNATURE



Attachment I

(Required only from Contractors who provide services directly to the Public on County's behalf.)

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 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. employs fewer than 15 persons.
- b. 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.

Beth L. Rogers

Name of 504 Person - Type or Print

Quest Diagnostics Clinical Laboratories, Inc.
Name of Contractor(s) - Type or Print

6511 Golden Gate Drive
Street Address or PO Box

Dublin
City

CA
State

94568
Zip Code

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

1-2-03

Date

Beth L. Rogers / HR Generalist
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."

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: Quest Diagnostics Clinical Laboratories, Inc.
Contact Person: Keith Law
Address: 6511 Golden Gate Drive
Dublin, CA 94568
Phone Number: 925-803-3064 Fax Number: 925-551-8348

II Employees

Does the Contractor have any employees? X Yes ___ No
Does the Contractor provide benefits to spouses of employees? X 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.
X 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.

Executed this 2nd day of January, 2003 at Dublin, CA (City) (State)

Signature of Beth L. Rogers

Name (Please Print) Beth L. Rogers

Title Human Resources Specialist

Contractor Tax Identification Number 30-2084239

HEALTH SERVICES AGENCY HEALTH ADMINISTRATION

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Director, Health Services Agency *MT*
Gale Bataille, Director of Mental Health *Gale Bataille*

SUBJECT: Equal Benefits Waiver request for agreement with Quest Diagnostics, Inc.

DATE: January 6, 2003

The purpose of this memo is to request that a waiver of compliance with the Equal Benefits ordinance be granted for Quest Diagnostics Clinical Laboratories, Inc. for services for Mental Health and for Correctional Health. Quest has been a provider of laboratory services for Health Services since 1995, and was one of two providers who responded to an RFP for laboratory services issued by Mental Health Services in April of this year. Quest was the selected provider. The other respondent was Unilab. Quest is now in the process of acquiring Unilab. Once that transaction is complete, Quest will be the only provider of laboratory services in San Mateo County that will be able to provide our required level of service.

Quest's response to the RFP indicated confirmation that they provide equal benefits to spouses and domestic partners as required by our County ordinance. They informed us recently, after further review of our ordinance, that, while they offer domestic partners benefits, they do not fully comply in the provision of equal benefits to domestic partners. We believe that this oversight was due to lack of due diligence, and was not intentional.

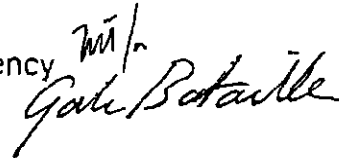
The areas where Quest does not fully comply are: bereavement leave, health insurance, and family medical leave. Quest limits bereavement leave to an immediate family member and anyone who resides with the employee, but allows an expanded in-law definition for married employees that does not apply to domestic partners. They provide several forms of health insurance, including PPO, point of service and HMO. They offer PPO and point of service coverage to domestic partners of employees, but not HMO. Their national policy is to only offer benefits that are available to all employees nationwide. Approximately 40% of their HMO providers do not offer benefits to domestic partners. Hence, they do not offer that service benefit option. With regard to the provision of family medical leave they only comply with State law.

COUNTY OF SAN MATEO Waiver Request Memo

Date: January 6, 2003

To: Honorable Board of Supervisors

From: Margaret Taylor, Director, Health Services Agency
Gale Bataille, Director, Mental Health Services



Subject: Waiver Request

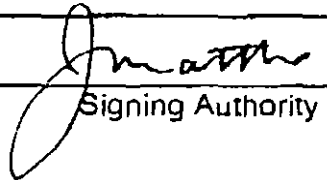
We are requesting a waiver of the Equal Benefits Ordinance to enter into or amend a contract with Quest Diagnostics Clinical Laboratories, Inc. for laboratory services in the amount of \$475,000.

This waiver is necessary and in the best interest of the County for the following reason(s):

- Necessary in order to respond to an emergency
- Sole Source
- No compliant contractors are capable of providing the goods/service
- Inconsistent with a grant, subvention or agreement with a public agency
- Is part of a Cooperative or Joint Purchasing Agreement
- Other

Attached is a detailed explanation of the reason(s) checked above.

- Approved
- Not Approved



Signing Authority

5-27-03

Date

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER NYC-001411488-01

PRODUCER MARSH USA INC. ATTN: LORRAINE PEREZ 1166 AVENUE OF THE AMERICAS NEW YORK, N.Y. 10036-2774 PHONE 212-345-3346 FAX 212-345-4635

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.

COMPANIES AFFORDING COVERAGE

- COMPANY A QUEST DIAGNOSTICS INCORPORATED
COMPANY B TRAVELERS INDEMNITY COMPANY OF ILLINOIS
COMPANY C LEXINGTON INSURANCE COMPANY
COMPANY D TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

INSURED QUEST DIAGNOSTICS INCORPORATED ONE MALCOLM AVENUE TETERBORO, NJ 07608

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.

Table with columns: CO LTR, TYPE OF INSURANCE, POLICY NUMBER, POLICY EFFECTIVE DATE, POLICY EXPIRATION DATE, LIMITS. Rows include General Liability, Automobile Liability, Garage Liability, Excess Liability, Workers Compensation, and Professional Liability.

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER SAN MATEO COUNTY MENTAL HEALTH SERVICES DIVISION 225 37TH AVENUE SAN MATEO, CA 94403

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...

MARSH USA INC. BY: Edward M. Thal