

HOSPITAL AGREEMENT
Amendment 2004-1

This Agreement is made this 1st day of July 2004, by and between the San Mateo Health Commission, a public corporation, hereinafter referred to as "PLAN", and San Mateo Medical Center, a hospital, hereinafter referred to as "HOSPITAL."

RECITALS

WHEREAS, PLAN and HOSPITAL have previously entered into an Agreement effective December 1, 1993;

WHEREAS, Article XIV.C of such Agreement provides for amending such Agreement;

WHEREAS, the San Mateo Health Commission has modified its operating budget for CFY 2004 which requires amending Exhibit 3 of the Agreement CFY 2004;

WHEREAS, the San Mateo Health Commission has approved changes in PLAN's payment rate and withhold/surplus distribution provisions as contained in Sections A and C of Exhibit 2; and

WHEREAS, both parties wish to continue the Agreement.

NOW, THEREFORE, PLAN and HOSPITAL hereby agree as follows:

Paragraph One - Article XV - Notices

Section A of Article XV – Notices is amended to read:

"Any notice required to be given pursuant to the terms and provisions hereof, unless otherwise indicated herein shall be in writing and shall be delivered or sent postage paid by certified, registered or express mail, courier services (Airborne, Federal Express, UPS, etc.), or other means which can provide written proof of delivery, and shall be deemed given two (2) days after the date of mailing unless written proof indicates differently, and is to be addressed as follows:

1. If served on the PLAN, it should be address to –

Health Plan of San Mateo
Attn: Hospital Contracts
701 Gateway Blvd, Suite 400
South San Francisco, CA 94080

2. If served on the HOSPITAL, it shall be addressed to the HOSPITAL at the most recent address which appears on the Hospital Agreement or in PLAN's records."

Paragraph Two – Exhibit 2. Reimbursement Addendum

- I. Section A of Exhibit 2 is amended to add subsections (6) and (7) to read:

“(6) For inpatient admissions on or after July 1, 2004 through June 30, 2005 for Members who have Medicare Part A Coverage, PLAN shall reduce payment of the Medicare Part A deductible by fifty percent (50%). The total amount of such reduction shall not exceed ninety-eight thousand (\$98,000.00) dollars for the twelve (12) month period.

(7) The Acute Medical/Surgical Day in Section A(1)(a) shall be increased to \$1,502 for up to 3,600 such inpatient days in calendar year 2004. In the event that the number of paid Acute Medical/Surgical Days is less than 3,600 in calendar year 2004, PLAN shall pay HOSPITAL the difference between the amount paid by PLAN and the amount that would have been paid if HOSPITAL had been paid for 3,600 Acute Days.”

- II. Section C of Exhibit 2 is amended to add subsections (7) and (8) to read:

“(7) Special Surplus Pools

The calculation of the Primary Care Physician Account [C(1)], Primary Hospital Pool Account [C(2)], Account Sharing of Surplus and Deficits [C(3)], Withhold Distributions [C(4)], and Surplus Balance in Excess of Withhold [C(5)], shall not include any surplus or deficit created by the San Mateo Health Commission's May 12, 2004 decisions to (a) reduce by 50% the Medicare Part A deductible payment, (b) to shift inpatient days from non-contracting hospitals to contracting hospitals, and (c) to increase the inpatient acute day rate for the San Mateo Medical Center.”

- (8) In consideration of services provided to Health Plan Members, PLAN shall make two supplemental payments to HOSPITAL of one million, three hundred, forty-three thousand, five hundred (\$1,343,500) dollars each on December 31, 2004 and June 1, 2005 provided HOSPITAL is a contracting provider with PLAN on these dates and PLAN receives a three percent (3%) increase in capitation rates under its state Medical contract effective July 1, 2004.”

Paragraph Three - EXHIBIT 3, Full Capitation Allocations

Exhibit 3 is amended to read:

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Exhibit 3

FULL CAPITATION ALLOCATIONS

Effective 3/1/2004

FOR CASE-MANAGED MEMBERS:

Beneficiaries' Aid Category	Regular Hours PCP Cap	Extended Hours PCP Cap	Referral	Hospital Inpatient	Hospital Outpatient & Other Med	Pharmacy	Total Allocation	
							Regular PCP Cap	Extended PCP Cap
Public Assistance:								
Aged	\$5.36	\$5.85	\$7.06	\$52.36	\$22.30	\$117.73	\$204.81	\$205.30
Blind	8.67	9.49	18.03	72.37	91.02	192.11	382.20	383.02
Disabled	13.83	15.18	20.31	91.71	66.65	190.40	382.90	384.25
Family	10.35	11.33	12.96	21.11	16.19	18.45	79.06	80.04
Med Needy No SOC:								
Aged	9.83	10.76	25.54	70.22	50.70	96.53	252.82	253.75
Blind	29.05	31.83	75.54	501.43	132.68	38.69	777.38	780.16
Disabled	29.05	31.83	63.41	498.72	160.66	105.91	857.75	860.53
Family	16.94	18.58	29.90	58.91	29.76	19.33	154.84	156.48
MI Child No SOC	13.35	14.63	22.35	57.33	41.34	25.91	160.29	161.57
Refugees	10.35	11.33	12.84	32.42	19.76	12.73	88.10	89.08
Percent of Poverty	13.11	14.43	11.52	28.73	12.00	13.14	78.50	79.82

FOR SPECIAL MEMBERS:

Beneficiaries' Aid Category	Regular Hours PCP Cap	Extended Hours PCP Cap	Referral	Hospital Inpatient	Hospital Outpatient & Other Med	Pharmacy	Total Allocation	
							Regular PCP Cap	Extended PCP Cap
Med Needy SOC:								
Aged	\$0.00	\$0.00	\$7.93	\$95.26	\$61.25	\$178.69	\$343.13	\$343.13
Blind	0.00	0.00	101.42	667.29	382.72	222.78	1,374.22	1,374.22
Disabled	0.00	0.00	77.26	499.65	187.30	370.58	1,134.80	1,134.80
Family	0.00	0.00	91.36	389.09	78.89	24.58	583.93	583.93
MI Adult:								
SOC	0.00	0.00	262.70	1,805.77	174.64	160.58	2,403.69	2,403.69
No SOC & Pending	0.00	0.00	214.22	470.34	139.28	7.61	831.45	831.45
MI Child SOC	0.00	0.00	64.45	500.75	257.82	8.39	831.40	831.40
MIA LTC	0.00	0.00	262.11	533.03	174.64	160.58	1,130.37	1,130.37
MN LT Non-Grant:								
Aged	0.00	0.00	4.31	24.34	36.03	134.47	199.15	199.15
Blind	0.00	0.00	72.20	398.25	133.88	251.41	855.74	855.74
Disabled	0.00	0.00	72.20	398.25	133.88	251.41	855.74	855.74
BCCTP	0.00	0.00	42.79	127.65	78.34	149.92	398.70	398.70

Paragraph Four - EXHIBIT 3A, Aid Categories and Aid Codes

Exhibit 3A is amended to read:

EXHIBIT 3 A

<u>Aid Category</u>	<u>Aid Code</u>
<u>Public Assistance:</u>	
Aged	10,16,18
Blind	20,26,28,6A
Disabled	36,60,66,68,6C,6N,6P,6R,6V,6W,6X,6Y
Family	30,32,33,35,38,39,40,42,54,59,3A,3C,3E,3G 3H,3L,3M,3N,3P,3R,3U,4C,4F,4G,4M,5X,7X
<u>Medically Needy No Share of Cost (SOC):</u>	
Aged	14,1E,1H
Blind	24
Disabled	64,6E,6H
Family	34
<u>Medically Indigent Children:</u>	
No SOC	03,04,45,82,4A,4K,5K,7J
<u>Refugees:</u>	01,02,08,0A
<u>Medically Needy SOC:</u>	
Aged	17
Blind	27
Disabled	65,67
Family	37
<u>Medically Indigent Adult:</u>	
SOC	87
No SOC & Pending	81,86
<u>Medically Indigent Children:</u>	
SOC	83
<u>Medically Indigent Adult - LTC:</u>	53
<u>Medically Needy Long-Term, Non-Grant:</u>	
Aged	13
Blind	23
Disabled	63
<u>Percent of Poverty:</u>	47,72,7A,8P,8R
<u>BCCTP:</u>	
No SOC	0M,0N,0P
SOC	0R,0T,0P

Paragraph Five - Waive 45 Day Provision

By signing this Amendment, both parties mutually agree to waive the 45 business day notice requirement for contract amendments as provided for in Section 1375.7 of the California Health and Safety Code.

Paragraph Six - Effective Date

This amendment shall be effective July 1, 2004.

Paragraph Seven - Incorporation of Agreement Rights, Duties and Obligations

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged.

SAN MATEO HEALTH COMMISSION

Date: _____

By: _____

Title: Executive Director

HOSPITAL

Date: 6/2/04

Name: San Mateo County dba San Mateo Medical Center

By: *Mark Church*

Title: CEO

By: _____

Mark Church

Title: President, Board of Supervisors