

Exhibit A

THIS PHARMACY SERVICE AGREEMENT (the "Agreement") is made and entered into and is to be effective March 20, 2006 by and between **San Mateo Medical Center** (hereinafter called "HOSPITAL") and **Comprehensive Pharmacy Services, Inc.**, a California Corporation (hereinafter called "CPS"), with respect to the following facts:

RECITALS

- A. HOSPITAL is conducting and operating an acute general hospital, commonly known as San Mateo Medical Center, located at 222 West 39th Avenue, San Mateo, California 94403, which contains among other departments, a Department of Pharmacy (the "Department") licensed by the California State Board of Pharmacy.
- B. CPS is engaged in the business of furnishing various pharmacy services to and on behalf of hospitals, including the services of licensed pharmacists, pharmacy personnel, pharmacy administration and management services.
- C. HOSPITAL desires to utilize the services of CPS to manage the operation of the Department and CPS is willing to furnish such services under the terms and conditions hereinafter set forth.

Now, THEREFORE, for and in consideration of the mutual covenants contained herein, HOSPITAL and CPS hereby agree as follows:

1. INTENT AND PURPOSE

HOSPITAL hereby engages CPS as an independent contractor to furnish pharmacy services in connection with the operation of the Department in accordance with the terms and for the consideration hereinafter set forth. It is the intent and purpose of the parties that CPS shall furnish the professional capability and personnel to supervise and perform all Pharmacy services, as required by HOSPITAL and its Medical Staff, and to provide such additional services as are set forth herein in order that the Department shall be operated in an effective and efficient manner. Hospital retains professional and administrative responsibility for all services that are required to be performed and are described in this agreement.

2. SERVICES OF CPS

In consideration of the services to be performed and the payments to be made by HOSPITAL hereunder, CPS agrees that:

- 2. 1. CPS shall furnish pharmacy services for the benefit of HOSPITAL inpatients, emergency room patients, and outpatients where applicable.
- 2. 2. CPS shall furnish a licensed pharmacist to serve as Director of the Department, whose selection shall be subject to approval of the HOSPITAL Administrator. The term "Director of the Department" shall mean that employee designated by CPS who has legal authority and responsibility to act for and on behalf of that organization. The Director shall supervise the Department's operations and all personnel working within the Department and shall supervise all procedures undertaken in the HOSPITAL required to be supervised by a licensed pharmacist, and shall be responsible for establishing

and implementing overall administrative policies in connection with the appropriate HOSPITAL committees and for governing the Department in conformity with established HOSPITAL policies and procedures.

2. 3. CPS shall participate, through the Director, in the Pharmacy and Therapeutics Committee and/or other appropriate HOSPITAL committees, by attending the meetings thereof on a regular basis, actively participating in said meetings, implementing the decisions of said committees and, at the request of the HOSPITAL, participating in meetings of the HOSPITAL staff in which any matters, directly or indirectly related to the Department, are scheduled for discussion.
2. 4. CPS shall have direct and complete responsibility for recruiting, hiring, training, promoting, compensating, and discharging the Director of Pharmacy and other CPS employees subject to the approval of the CEO of the Hospital or designee.
2. 5. In the event of a vacancy in the Director of Pharmacy position, CPS will provide a consultant pharmacist to manage the daily operations of the Department until the permanent position is filled (the "Temporary Personnel"), subject to the approval of the CEO of the Hospital or designee.
2. 6. CPS shall pay all salaries and all fringe benefits of its employees including, without limitation, the employer's contribution of FICA, unemployment compensation and other employment taxes, workman's compensation, and group health insurance premiums, to be paid to or on behalf of such employees.
2. 7. CPS, through its corporate officers, Directors, other employees and Department personnel shall furnish such general and administrative support services to HOSPITAL, related to pharmacy services, as may be required from time to time by HOSPITAL. Such support services shall include, but not be limited to:
 - a. Maintenance of a Department Policy and Procedure Manual;
 - b. Maintenance of a standard unit dose system of medication distribution throughout the Hospital;
 - c. Maintenance of an intravenous admixture program;
 - d. Maintenance and use of patient profiles;
 - e. Development of pharmacy record forms and procedures;
 - f. Monthly inspections of areas where pharmaceuticals are stored;
 - g. Conduct pharmaceutical inservice education programs for the benefit of the Medical and nursing staff as required by JCAHO, State and Federal regulations;
 - h. Maintenance of a Formulary Management Program;
 - i. Continuous Performance Improvement Programs;

- j. Participation in medication use evaluations, patient therapy reviews, and antibiotic surveys or audits.
 - k. Total Parenteral Nutrition Dosing and Medication consultation service, upon request of the Medical Staff;
 - l. Continuous Drug Interaction Monitoring and Adverse Drug Reaction Programs.
2. 8. CPS shall perform the services it is required to perform under this Agreement in conformity with the standards, rules and regulations of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), State Board of Pharmacy and any other local, state, and federal agencies having jurisdiction or exercising authority over the Department.
2. 9. CPS' employees shall observe all policies, procedures, agreements, rules and regulations of the HOSPITAL. As members of HOSPITAL's "workforce," as that term is defined in 45 C.F.R. § 160.103 and explained in regulations implementing Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), CPS' employees shall observe and implement in the Department all policies and procedures adopted by HOSPITAL in its efforts to comply with the requirements of HIPAA. In addition, upon , written request by the Hospital CPS will replace any CPS provided personnel determined to be in violation of Hospital Policies or Values.
- 2.10. The Department shall be open and operating during the existing hours ("Regular Pharmacy Hours") and there shall be a licensed pharmacist on the HOSPITAL'S premises during the Regular Pharmacy Hours unless altered in writing by mutual agreement as a result of changing HOSPITAL conditions.
- 2.11. During Regular Pharmacy Hours the Department shall: Dispense without limitation all drugs, medications, injectables, chemicals or other pharmaceutical supplies or preparations, as may be necessary or required by the HOSPITAL in order to meet routine or emergency needs of its patients, including emergency room patients, inpatients, and outpatients where applicable.
- 2.12. CPS shall keep confidential all patients, physicians and other private and proprietary information provided required for performance of the contract and shall not release or disclose such information to others not specifically and formally approved by HOSPITAL.

3. SERVICES OF HOSPITAL

3. 1. HOSPITAL shall be responsible for payment of all pharmaceuticals and pharmaceutical supplies. The parties agree that an inventory of the merchandise shall be taken by an independent inventory service at least annually. The cost of such service shall be paid by the HOSPITAL.
3. 2. HOSPITAL will be directly responsible for all payroll, benefits and associated labor costs for the HOSPITAL's employees in the Pharmacy Department.
3. 3. HOSPITAL shall make the existing pharmacy space available to CPS that both parties agree is suitable for the operation of the Department, with storage space for pharmaceutical supplies, medications, and other inventory, as is presently available to the pharmacy in the HOSPITAL. HOSPITAL shall also

make available to CPS additional storage areas for drug night lockers and appropriate crash carts and emergency boxes, as may be reasonably necessary for CPS service to HOSPITAL. HOSPITAL will not alter or change the location of the pharmacy without prior consultation with CPS.

3. 4. HOSPITAL shall provide daily janitorial service and such other maintenance services as are customary for the operation of a pharmacy within a hospital of like size.
3. 5. HOSPITAL shall furnish the Department with the utilities and services that are reasonably required by the Department, including light, heat, gas, electricity, water, local telephone service, air conditioning, and the use of photocopy machines.
3. 6. HOSPITAL shall provide all equipment and fixtures necessary for the operation of the pharmacy.
3. 7. HOSPITAL shall keep the Department premises, including heating and sprinkler systems, air conditioning equipment, plumbing and electrical installations, in good condition and repair, and if necessary and required by governmental authority, make modifications or replacements thereof.
3. 8. If necessary, HOSPITAL shall provide facilities to the Department for the timely receipt of pharmaceutical inventory and other goods and equipment to operate the Department.
3. 9. If HOSPITAL receives pharmacy merchandise and goods, then HOSPITAL shall promptly deliver such merchandise and goods, unopened, to the Department.
- 3.10. HOSPITAL shall make available to the Department and its employees such other facilities and equipment as are available to other HOSPITAL personnel in general, including parking facilities, audiovisual equipment, photocopy facilities, conference and lecture facilities, library facilities, sterilizing facilities, and dining facilities.
- 3.11. HOSPITAL shall provide such facilities and personnel, including nursing support, as may be required to insure the security of the Department and the proper administration of pharmaceuticals to patients. The HOSPITAL Administrator, Director of Nursing, and Director of Education, or HOSPITAL personnel with equivalent authority thereto, will serve as consultants to the Department when called upon by the Department or CPS.
- 3.12. HOSPITAL shall provide CPS or any of CPS' agents, employees, or designees with all patient information necessary to dispense pharmaceuticals in a proper and safe manner and in compliance with all applicable local, state, and federal laws, rules and regulations, as well as copies of the necessary treatment records and other information which may be necessary for the proper functioning of the Department. This applies specifically, but is not limited to, copies of daily emergency room, anesthesia and surgery treatment records. CPS understands that all information contained herein will be used for recapture of charges and will remain strictly confidential.
- 3.13. HOSPITAL shall provide, at its sole cost, and be responsible for, all accounting and collection services, including posting, billing, and collection of gross

pharmacy revenue to inpatients, emergency room patients and outpatients and to any third party or parties responsible for payment of all or any portion of pharmacy revenue.

- 3.14. HOSPITAL shall provide, at no cost to CPS, HOSPITAL computer services, forms, and reports, if such are or become available at HOSPITAL, and as are generally available to other departments and to the extent that HOSPITAL and CPS mutually agree that the Department can make efficient and economical use of such reports. HOSPITAL is solely responsible for costs related to acquisition and maintenance of pharmacy information system and medication-related automation.
- 3.15. HOSPITAL shall provide the Department with necessary data as shall be necessary for the Department to fulfill its obligations under this Agreement, including but not limited to: Departmental P&L or Responsibility Report(s) for all areas Pharmacy is responsible for, Daily and Monthly Revenue and Usage reports, Daily Patient Day Reports, and Monthly Hospital Statistics Report.
- 3.16. HOSPITAL with CPS' assistance and cooperation is responsible for obtaining all necessary local, state, and federal licenses and permits required for the operation of the HOSPITAL pharmacy. HOSPITAL agrees to issue Power of Attorney to CPS for purposes of ordering and purchasing controlled substances on behalf of HOSPITAL.
- 3.17. HOSPITAL with the assistance of administration, nursing and the Medical Staff will assist CPS in implementing reasonable cost-effective measures, whether innovative or standard within the industry, to insure that all efforts are taken to reduce costs to CPS, the HOSPITAL and its patients.
- 3.18. HOSPITAL, in conjunction with the Pharmacy and Therapeutics Committee and Medical Staff, agrees to assist the Director in developing and maintaining a relevant Drug Formulary. The objective will be to eliminate unnecessary duplication of similar basic medications or combination and to promote the general use of therapeutic equivalents to ensure that patients receive the best care and protection at the lowest cost.
- 3.19. HOSPITAL shall provide, at no cost to CPS, all medication related forms that are necessary for the operation of the Department.
- 3.20. HOSPITAL agrees to maintain reasonable security measures to prevent loss or damage to all items owned by CPS.
- 3.21. HOSPITAL agrees to keep confidential all CPS proprietary information provided required for performance of the contract and shall not release or disclose such information to others not specifically and formally approved by CPS or required by law.
- 3.22. HOSPITAL shall comply with all JCAHO standards, State Board of Pharmacy Standards, CMS Standards and State and/or Local Department of Health Standards pertaining to the operation of pharmaceutical services in a hospital and provide the Director of Pharmacy and staff with all of the administrative support necessary to insure that such standards are complied with by the HOSPITAL.

4. COMPENSATION

4. 1. As compensation for those services provided by CPS as specified above, HOSPITAL shall pay to CPS a management fee of \$10,000 (ten thousand dollars) per month (the "Management Fee").
4. 2. HOSPITAL shall reimburse CPS for the actual cost of the Director of Pharmacy's salary and benefits. HOSPITAL will reimburse CPS for actual salary, benefits, and travel cost of any additional CPS employees, including any Temporary Personnel referenced in Section 2.5, who the HOSPITAL approves to work at the HOSPITAL and with prior approval of the cost by Hospital CEO or designee. HOSPITAL will reimburse CPS for any recruiting costs, relocation costs, and sign on incentives for hiring the Director of Pharmacy, upon written approval by the HOSPITAL. The costs identified in this Paragraph 4.2 are hereinafter referred to as the Reimbursed Costs.

4. 3. Within the first 90 days of the effective date of this Agreement, CPS and HOSPITAL will establish a Baseline Pharmaceutical Cost Incentive Target per Adjusted Patient Day (APD) (the "Baseline Incentive Target") for shared savings between HOSPITAL and CPS. The Baseline Incentive Target will be calculated from HOSPITAL financials and pharmaceutical purchasing data for the most recent 12-month period prior to the Effective Date of this Agreement.

HOSPITAL shall pay CPS on a quarterly basis a Productivity Fee. This fee is fifty percent (50%) of the savings obtained from keeping pharmaceutical cost below the Baseline Incentive Target. The actual pharmaceutical cost per APD will be compared on a quarterly basis with the Baseline Incentive Target to determine savings. APD is determined by dividing the total pharmacy revenue by the inpatient pharmacy revenue, then multiplying the quotient by the actual patient days for each month.

$$APD = \frac{\text{Total Pharmacy Revenue}}{\text{Inpatient Pharmacy Revenue}} \times \text{Patient Days}$$

Notwithstanding the foregoing, in each Contract Year, HOSPITAL will retain one-hundred percent (100%) of the first savings compared to the Baseline Incentive Target up to and equal to the respective year's CPS Management Fees prior to shared savings taking effect. If in any contract year HOSPITAL does not retain savings compared to the Baseline Incentive Target equal to CPS Management Fees, then in the subsequent Contract Year CPS Management Fees will be reduced dollar-for-dollar to account for the difference, not to exceed \$36,000 (thirty six thousand dollars) in reduced Management Fees in any contract year.

4. 4. The Management Fee and Baseline Incentive Target will automatically be increased or decreased annually in March by the percentage change in the Medical Care Index of Hospitals and Related Services of the Consumer Price Index over the change in the base index for the preceding year. Changes will be effective the first of each March using the January indexes. The January 2006 index for purposes of this contract will be considered the base index.
4. 5. In the event additional responsibilities are added or services required are expanded or increased that alters the economic basis of this Agreement, then both parties shall renegotiate in good faith to maintain an economic equivalent. New programs, expanded hours or services added after the commencement of

this Agreement and/or significant changes to HOSPITAL's length of stay or Case Mix Index will result in changes to the Baseline Incentive Target commencing upon mutual written agreement of the parties.

4. 6. In the event HOSPITAL disputes any amount of CPS invoice, it shall notify CPS after receipt of invoice indicating the amount disputed (the "Amount in Dispute"). HOSPITAL shall pay the undisputed amount within the period required under Paragraph 4.10 below.
4. 7. CPS will exclude from the baseline incentive target and the savings calculations; all bio-tech, chemotherapeutic drugs, blood products, drugs used in the treatment of AIDS, drugs listed on Attachment A and other drugs costing more than \$50.00 per unit.
4. 8. HOSPITAL understands that CPS is relying on the Hospital's financial data relating to the historic cost of pharmaceuticals. This financial information is supplied by the HOSPITAL to CPS, without audit, for CPS and Hospital's mutual determination of the Baseline Incentive Target in this Agreement. If it appears that costs supplied by HOSPITAL are in error then CPS will have the right to adjust the Baseline Incentive Target accordingly, retroactive to the Effective Date of this Agreement. Furthermore, HOSPITAL understands that CPS relies upon submission of financial data by HOSPITAL to monitor and calculate Productivity Fee performance, and HOSPITAL agrees to facilitate timely exchange of necessary data. If HOSPITAL cannot supply the required financial data within 30 days of the end of each quarter, CPS will use its actual records to determine the amount of any Productivity Fee, if appropriate. Reconciliation with HOSPITAL-supplied data will occur within in the first quarter in which HOSPITAL provides data.
4. 9. HOSPITAL and CPS agree that each is responsible to insure CPS' invoices are accurate. If it is determined that the invoice is inaccurate the necessary adjustments shall be made. These adjustments will be limited to a period of up to six (6) months after the invoice date.
- 4.10. CPS will provide an estimated invoice to HOSPITAL by the 15th day of the month preceding the month for which service is to be provided (the "Service Month") and such invoice payment shall be received by CPS no later than the 1st day of the Service Month (the "Payment Due Date") for Reimbursed Costs as outlined in this Section 4 and any reconciliation of prior month's actual Reimbursed Costs invoice to the estimated Reimbursed Costs invoice.
- CPS will provide an actual Management Fee invoice to HOSPITAL by the 15th day of the month following the month for which service was provided (the "Service Month") and such invoice payment shall be received by CPS within 15 days (the "Payment Due Date") for CPS Management Fees as outlined in this Section 4.
- 4.11. If full payment is not received by the respective Payment Due Date, HOSPITAL shall pay CPS an interest charge until paid computed at the rate of fourteen percent (14%) per annum. Notwithstanding the above, such interest charges shall not exceed the maximum amount of interest allowed by law. Non-payment beyond five (5) days from the Payment Due Date represents a breach of this Agreement and is grounds for immediate termination at the option of CPS.

- 4.12. HOSPITAL may make payments to CPS under this Agreement by wire transfer of funds (FEDWIRE) to the appropriate CPS bank account as provided by CPS.

Wire Transfer to: First Tennessee Bank, N.A.
ABA Number 084000026
Account Name: Comprehensive Pharmacy
Services, Inc. Depository Account
Account Number: 100448102
Ref: Comprehensive Pharmacy Services

Or alternatively by mail, to the following address:

Comprehensive Pharmacy Services
P.O. Box 1000; Dept. 176
Memphis, Tennessee 38148-0176

The payment dates as provided for in Section 4 of this Agreement shall be determined by the date of the FEDWIRE.

- 4.13. CPS shall first apply payments received under this Agreement to the oldest debt owed by HOSPITAL, with such sums first applied to finance charges and then to the principle amount due.

5. TERM AND TERMINATION OF AGREEMENT

5. 1. This Agreement shall become effective March 20, 2006 (the "Effective Date") and shall continue for an initial term of one and one-half (1.5) years (the "Initial Term"). Upon mutual agreement of CPS and HOSPITAL, and approval of the San Mateo County Board of Supervisors, this Agreement may be renewed for an additional one and one-half (1.5) years (the "Renewal Term").
5. 2. HOSPITAL shall have the right to terminate this Agreement without cause in the event it ceases operations, its Drug Enforcement Administration license is suspended or revoked, or for any reason it is unable to maintain any license necessary for it to operate as an acute hospital certified for Medicare participation upon 10 days' notice to CPS.
5. 3. If either party (Hospital or CPS) or any of its employees fails to perform its duties as specified in this Agreement, the defaulted party will notify the defaulting party at its corporate offices, in writing, by registered mail, informing the defaulting party of its breach or deficiencies and thereby allowing the defaulting party thirty (30) days to rectify the problem after receipt of notice. If said breach or deficiency is not rectified to the satisfaction of defaulted party within said notice period, the defaulted party may terminate this Agreement with 30 days' written notice. However, if the nature of the default is such that more than thirty (30) business days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if it commences such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. In such circumstances, HOSPITAL and CPS mutually agree to establish a reasonable timeframe in which the default shall be adequately cured.

6. SPECIAL TERMINATION

This Agreement may be renegotiated and/or terminated prior to its expiration date as follows:

6. 1. In the event either party shall apply for or consent to the appointment of a receiver, trustee, or liquidator of itself or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, admit in writing its inability to pay its debts as they become due, make general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or rearrangement with creditors or, as a debtor, invoke or take advantage of provisions of any insolvency law including, without limitation, any provision of the Federal Bankruptcy Act or any amendment thereof, or if any proceeding in any court or tribunal shall be instituted seeking to adjudicate either party as bankrupt or insolvent, or approving a petition seeking reorganization of such party or of all or a substantial part of its assets, and the same shall not be dismissed or discharged within thirty (30) days after notice thereof given to the appropriate party, the other party may by notice terminate this Agreement effective on any future date specified in such notice.
6. 2. Any equipment (such as computer hardware and software) supplied by CPS pursuant to this Agreement shall remain the property of CPS. CPS shall be solely responsible for the maintenance and repair of all such equipment. Upon termination of this Agreement, CPS shall remove all such equipment and software. Any equipment found within the Department as of the commencement of services shall be deemed the property of HOSPITAL. CPS shall have use of such property during the term of this Agreement. Upon termination of this Agreement, such HOSPITAL property shall be left by CPS on HOSPITAL premises in its then current condition. Also upon termination of this Agreement, CPS may, at its option, make available any equipment, that is CPS owned, for an amount equal to the depreciated book value of the asset. An equipment list of property owned and used in the Pharmacy Department by CPS shall be provided to the HOSPITAL upon termination of this Agreement.
6. 3. Effect of Termination: Upon expiration or sooner termination per of this Agreement HOSPITAL and CPS shall immediately make an estimated final accounting, and make final payment of estimated amounts due to CPS or HOSPITAL on the fifteenth business day of the last month of service. If final payment is not made pursuant to this Paragraph 6.3, then the terms of this Agreement remain in effect. In the event termination is as a result of a breach hereof by HOSPITAL or CPS, payment shall be made by cashiers or certified check. Any adjustments to the estimated final accounting shall be made and paid within 30 days of the termination date.

7. MISCELLANEOUS

7. 1. It is agreed between the parties hereto that CPS is an independent contractor and is not, for any purpose, to be deemed an agent, partner, or employee of HOSPITAL, and that this Agreement does not constitute a joint venture between the parties hereto. CPS is not authorized to enter into any agreements or create any obligations on behalf of HOSPITAL nor is HOSPITAL authorized to enter into any agreements or create any obligations on behalf of CPS.
7. 2. The obligations of CPS and HOSPITAL shall be as specified in the Agreement, and it is understood and agreed that each party shall have full authority and

power to do all things it deems reasonably necessary to bring about the efficient operation of the Department; provided, however, that the Department shall be operated in accordance with the reasonable rules and regulations of HOSPITAL, and that neither party shall interfere in any manner or engage in any activity which would interfere with the other party's ability to perform under this Agreement.

7. 3. CPS agrees to maintain general liability, product liability, druggist liability and professional liability insurance policies with minimum coverage for bodily injury of at least \$5,000,000 for each person/accident and \$5,000,000 aggregate, and with coverage for property damage of at least \$1,000,000 for each accident. CPS shall, upon request, furnish to HOSPITAL a duly executed certificate of such insurance which certificate shall contain the provision that it shall not be subject to cancellation without at least thirty (30) days' written notice to HOSPITAL, and that CPS shall notify HOSPITAL in writing at least thirty (30) days prior to a change in said coverage or policies. HOSPITAL agrees to maintain general liability, product liability, professional liability, and malpractice insurance coverage. The within indemnity extends to losses up to \$5,000,000 for any occurrence, whether for personal injury or property damage.
7. 4. HOSPITAL shall have the sole and exclusive right to determine and set prices charged to patients or patients' payers. Notwithstanding the above, nothing contained herein in this Agreement is intended to fix the price or prices at which HOSPITAL provides pharmaceuticals and pharmaceutical services, nor in any manner, to limit or impair the ability of HOSPITAL to establish such prices as it, in the exercise of its sole discretion, may deem appropriate.
7. 5. Except as provided in Paragraph 7.10, each of the parties hereto agrees to save, indemnify and hold the other harmless from and against any and all claims, actions, causes of action, demands, suits, debts, liens, contracts, agreements, promises, liability, damages, loss, costs or expenses whatsoever resulting from the acts, negligence, or omissions of such party, or resulting from the operation of the Department of Pharmaceutical Services, or the HOSPITAL as the case may be. In addition, each of the parties shall indemnify, defend, save, and hold the other harmless from ANY and all debts, liabilities or obligations of such party, accruing from, based upon, or arising out of acts or events occurring on or before the Effective Date, except for such debts, liabilities, and/or obligations as are expressly assumed by the parties herein.
7. 6. Pursuant to the "Omnibus Reconciliation Act of 1980, Section 952," CPS agrees to permit the Secretary of the Department of Health and Human Services and the Controller General, upon written request and during regular office hours, access to its books, documents and records necessary to verify the cost of services provided to Medicare beneficiaries for a period of up to four years after the services provided by this Agreement are covered.
7. 7. HOSPITAL and CPS agree that they will not directly or indirectly, without prior written consent, divulge, disclose or communicate information concerning matters affecting or relating to the business of the other to any person or entity at any time without the written consent of the other or as required by law.

- 7.8. This Agreement shall be binding upon and inure to the benefit of both parties and their successors and assigns. Nothing in this Agreement is intended nor shall be deemed to confer any benefits on any third party.
- 7.9. This Agreement shall not be assigned in whole or in part without the prior written consent of the other party. Such consent shall not be unreasonably withheld. Any sale, lease, assignment, delegation or transfer of all or any portion of Hospital's or CPS' management, operations, facilities, assets or business to any other person, corporation or entity, including any hospital management company, shall not constitute grounds for the termination or modification of this Agreement by HOSPITAL or CPS.
- 7.10. In the event that any damage occurs to CPS' personal property resulting from faulty or inadequate operating systems within the HOSPITAL, then, to the extent such property is uninsured, HOSPITAL will immediately repair and restore the damaged property to its original state or reimburse CPS for any losses thereto. In the event that any damage occurs to HOSPITAL's personal property resulting from faulty or inadequate operating systems within the Pharmacy caused by CPS, then, to the extent such property is uninsured, CPS will immediately repair and restore the damaged property to its original state or reimburse HOSPITAL for any losses thereto.
- 7.11. Upon request by CPS, HOSPITAL through its Administration and Nursing Departments, may provide written and/or verbal testimony to the level of services provided by CPS, with the consent of the HOSPITAL Director of PR and Marketing, as an adjunct to CPS' marketing department. HOSPITAL may also allow CPS to bring prospective clients to HOSPITAL to view its pharmacy services with prior approval, which shall not be unreasonably withheld.
- 7.12. CPS hereby agrees that CPS at no time during the term of this Agreement, or for a period of one year immediately following the termination of this Agreement, will offer to employ any HOSPITAL administrative staff, department head, or nursing personnel without the prior written consent of HOSPITAL. HOSPITAL agrees that at no time during the term of this Agreement, or for a period of one year immediately following expiration of this Agreement, will it offer or accept for employment or consultation any of CPS's personnel, ex-employees of CPS or prospective personnel presented by CPS interviewing for position(s) for a period of one (1) year from termination or non-renewal hereof without the prior written consent of CPS, and CPS may withhold such approval.
- 7.13. If either party hereto shall fail to perform its obligations hereunder as a result of accidents, acts of God, weather conditions, or other delays beyond the control of the parties, 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.
- 7.14. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be a waiver or any subsequent breach thereof.
- 7.15. In the event of dispute between the parties, both parties agree to attempt to resolve such disputes through a non-legal mediation process acceptable to both parties first. In the event either party brings an action against the other to enforce any condition or covenant of this Agreement, in addition to the

collection of monies owed, the prevailing party in such action shall be entitled to recover court costs, reasonable attorney's fees and accounting fees in the judgment rendered in such action in addition to any other relief to which it is entitled.

7.16. This Agreement and any amendments hereto may be executed in several counterparts, and each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

7.17. Time is of the essence regarding this Agreement and all obligations to be performed hereunder.

7.18. All rights and remedies of each of the parties herein enumerated shall be cumulative and shall not exclude any other right or remedy allowed by law. Likewise, the exercise by either party of any remedy provided for herein or allowed by law shall not be to the exclusion of any other remedy.

7.19. In the event any of the provisions or a portion of any provision of this Agreement are held to be unenforceable or invalid by a court of competent jurisdiction, the validity and enforceability of the enforceable portion of any such provision and the remaining provision shall not be adversely affected thereby.

7.20. This Agreement represents the full and complete understanding of the parties and replaces all prior agreements and amendments between the parties.

7.21. This Agreement constitutes the entire agreement between the parties with respect to the operation of the Department at the HOSPITAL and may not be amended except in writing signed by each of the parties hereto.

7.22. Notices of communications required or permitted to be given under this Agreement shall be given personally to the respective parties in writing, or by registered or certified mail, postage prepaid as follows:

a. If to HOSPITAL:

Nancy Steiger
CEO
San Mateo Medical Center
222 W. 39th Avenue
San Mateo, California 94403

b. If to CPS:

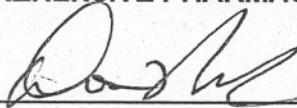
Don Nickleson
President
Comprehensive Pharmacy Services
6409 Quail Hollow Road
Memphis, TN 38120

or at such other addresses and to such other persons as either party may from time to time designate by notice given as herein provided. Notice hereunder shall be deemed to have been received by the person to whom addressed at the time it is personally delivered or forty-eight (48) hours after it is deposited in the United States mail as hereinabove specified.

- 7.23. The validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 7.24. HIPAA. If the arrangement between the parties should change such that the relationship between the parties for purposes of HIPAA described in Section 2.9 of this Agreement no longer may apply and either of the parties becomes a "business associate" (as defined in 45 C.F.R. § 160.103) of the other, the parties agree to at such time enter into appropriate agreement(s) or adopt appropriate amendment(s) to this Agreement as may be necessary to assure compliance with applicable requirements under HIPAA.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written:

COMPREHENSIVE PHARMACY SERVICES, INC.

By 

Date: 2-15-06

Its: President and Chief Executive Officer, Don Nickleson

HOSPITAL

By _____

Date: _____

Jerry Hill, President
Board of Supervisors, San Mateo County

ATTEST: _____
Clerk of Said Board

Attachment A

Exclusion Drugs

Antidotes

Romazicon (flumazenil)

Antiarrhythmics

Adenocard (adenosine)
Cordarone (amiodarone) IV

Blood Products

Epogen/Procrit (epoetin alpha)
Albumin

ICU Sedatives

Precedex (dexmedetomidine)

Miscellaneous

Persantine (dipyridamole) IV

Ophthalmic Surgery Adjuncts

Healon (sodium hyaluronate)

Ophthalmics (Miscellaneous)

Xalatan (latanoprost)

Thrombolytics

Aggrastat (tirofiban)
Innohep (tinzaparin)
Integrilin (eptifibatide)