

HOSPITAL AGREEMENT

Amendment 2006-02

This Agreement is made this 14th day of June, 2006, 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 Agreement provides for amending such Agreement;

WHEREAS, PLAN received an increase in total compensation under its Medi-Cal Services Contract with the State of California, effective for the State fiscal year 2005-06 rate period, that is in addition to the PLAN's share of those rate increases for Medi-Cal Managed Care Plans, including County Organized Health Systems health plans, reflected in the final State Budget for the State fiscal years 2005-06;

WHEREAS, HOSPITAL is the only disproportionate share hospital (DSH), as defined in Welfare and Institutions Code Section 14105.98, in the County of San Mateo, and historically has been the largest DSH provider of adult (non-obstetric) inpatient hospital service days to PLAN's members;

WHEREAS, both parties wish to amend the Agreement.

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

Paragraph One – Exhibit 2. Reimbursement Addendum

I. Section A of Exhibit 2, subsection (8), is amended to add to read:

“(8) The Acute Medical/Surgical Day per diem rate in Section A(1)(a) shall be increased by \$625.00 for up to the first 4,000 such inpatient days provided by HOSPITAL in State fiscal year 2005-06. In the event that the number of paid Acute Medical/Surgical Days for dates of service in fiscal year 2005-06 is less than 4,000, PLAN shall pay HOSPITAL the difference between the increased amount paid by

PLAN for such inpatient days and the increased amount that would have been paid if HOSPITAL had been paid for 4,000 such inpatient days.”

II. Section C of Exhibit 2, subsection (9), is amended to read:

- “(9) (a) In addition to any other payments made to HOSPITAL pursuant to this Agreement, and in consideration of services provided to PLAN’s Members and HOSPITAL’s agreements set forth in subsections (9)(b) and (9)(c) below, PLAN shall make a supplemental payment to HOSPITAL in the total amount of \$5,500,000, on June 30, 2006 or as soon thereafter as practicable:
- (b) As a condition for earning a supplemental payment specified in subsection (9)(a), HOSPITAL shall, as of the date the particular supplemental payment is due:
- (i) remain a participating hospital in the PLAN and not issue a notice of termination of this Agreement pursuant to Article X.C.;
 - (ii) maintain its current emergency room licensure status and not close its emergency room pursuant to Article II.C.(4);
 - (iii) maintain its current inpatient surgery suites and not close these facilities pursuant to Article II.C.(4).

Paragraph Two – Conditional Amendment

The Acute Medical/Surgical Day per diem rate increase and supplemental payments provided for in Paragraph One of this Amendment are conditioned upon PLAN receiving an increase to its compensation under PLAN’s Medi-Cal Services Contract with the State of California, effective for the State fiscal year 2005-06 rate period, that is in addition to the PLAN’s share of those rate increases for Medi-Cal Managed Care Plans, including County Organized Health Systems health plans, reflected in the final State Budget for State fiscal years 2005-06. In the event the aforementioned increase in compensation for PLAN is insufficient to fund the total amount of the rate increases and supplemental payment to HOSPITAL specified under Paragraph One, such rate increases and payments will be proportionately reduced.

Paragraph Three – Waive 45 Day Provision

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

Paragraph Four – Effective Date

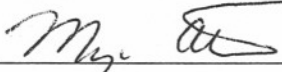
This amendment shall be effective July 1, 2005.

Paragraph Five – 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

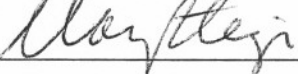
Date: 7/10/06

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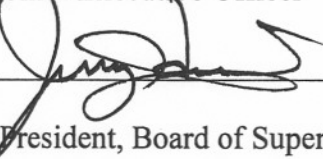
Title: Executive Director

**SAN MATEO COUNTY dba
SAN MATEO MEDICAL CENTER**

Date: 7-11-06

By: 

Title: Chief Executive Officer

By: 

Title: President, Board of Supervisors

ATTEST:

By: _____
Clerk of the Board