

HOSPITAL AGREEMENT
Amendment 2006-3

This Amendment to the Agreement is made this 9th day of August 2006, by and between the San Mateo Health Commission dba Health Plan of San Mateo, an independent public agency established by the San Mateo County Board of Supervisors pursuant to Welfare and Institutions Code Section 14087.51, hereinafter referred to as "PLAN", and San Mateo County d.b.a. 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 approved its operating budget for FY2006 which allocated funds for incentive payments for those hospitals which provide services to Health Plan of San Mateo members pursuant to contract with the Health Plan of San Mateo; and

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

EXHIBIT 2, Reimbursement Addendum

Section D is added to read:

“D. Contract Provider Incentive Payments.

The payments set forth in this section are in addition to any and all other payments provided in this agreement.

In consideration of the system-wide benefits and economies that have resulted and that continue to result for HOSPITAL providing services to members of Health Plan of San Mateo pursuant to this contract, and in further consideration of the fact that Health Plan of San Mateo has been unable to provide contracting HOSPITAL with a rate increase despite the fact that payments lagged behind payments for non contract providers and the HOSPITAL's cost of providing the services to members of Health Plan of San Mateo has also increased, the Health Plan of San Mateo will pay provider incentive payments to contract HOSPITAL for Fiscal Year 2006.

The amount of the incentive payment to be paid to HOSPITAL will be based on an average of paid days that HOSPITAL provided services to members of the Health Plan of San Mateo for calendar year 2002, 2003 and 2004. The total amount of incentive monies allocated by the Health Commission in its 2006 budget will be divided by the total number of paid days for all contracted hospitals, and HOSPITAL will be paid its proportionate share. Paid days will exclude administrative and crossover days. The Commission shall approve the final distribution based upon the above methodology.”

Paragraph Three - Effective Date of Amendment

This amendment shall be effective August 1, 2006.

Paragraph Four - 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 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: 8/15/06

By: *M. J. [Signature]*

Title: Executive Director

HOSPITAL

Name: San Mateo County d.b.a.
San Mateo Medical Center

Date: 8/18/06

By: *Clay [Signature]*

Title: CEO

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

COUNTY OF SAN MATEO

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

Date: _____

ATTEST:

By: _____
Clerk of Said Board