

HOSPITAL AGREEMENT

Amendment 2008-1

This Amendment is made this 12th day of November, by and between the San Mateo Health Commission, a public corporation, hereinafter referred to as "PLAN", and the County of San Mateo, dba San Mateo Medical Center, a hospital, hereinafter referred to as "HOSPITAL".

RECITALS

WHEREAS, PLAN and HOSPITAL have previously entered into an Agreement effective January 1, 2007;

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 2008-09 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 year 2008-09;

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, in light of the foregoing facts, both parties wish to amend the Agreement.

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

Paragraph One - Exhibit 2. Reimbursement Addendum

I. Section C is added to Exhibit 2 of the agreement to read:

- (1)** 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, PLAN shall make supplemental quarterly payments to HOSPITAL in the amount of \$4,500,000 per quarter on September 30, 2008; December 31, 2008; March 31, 2009 and June 30, 2009;
- (2)** As a condition for receipt of the supplemental payment provided for in this Amendment, HOSPITAL shall:
 - (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 current emergency room licensure status and not close the emergency room pursuant to Article II.C.(4);

- (iii) Develop and implement a Emergency Department Patient Experience Improvement Plan;
- (iv) Submit a written report on the above quarterly prior to receiving each supplemental payment.

Paragraph Two - Conditional Amendment

The supplemental payments provided for in Paragraph One of this Amendment are conditioned upon PLAN receiving an increase to its regular compensation under PLAN's Medi-Cal Services Contract with the State of California, effective for the State fiscal year 2008-09 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 2008-09. In the event the aforementioned increase in compensation for the IGT portion is insufficient to fund the total amount of the supplemental payments to HOSPITAL specified under Paragraph One, such payments will be reduced in the same proportion.

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, 2008.

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.

Date: 11/24/08

SAN MATEO HEALTH COMMISSION

By: [Signature]
Title: Executive Director

SAN MATEO COUNTY dba SAN MATEO MEDICAL CENTER

Date: Nov 25, 2008

By: [Signature]
Title: John Maltbie, County Manager