

HOSPITAL AGREEMENT

Amendment 2009-02

This Amendment is made this day of , 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 additional increase in total compensation under its Medi-Cal Services Contract with the State of California, effective for the State fiscal year 2009-10 rate period to include Long Term Care, 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 2009-10;

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; and

WHEREAS, HOSPITAL operates a distinct part skilled nursing facility and is the largest provider of Medi-Cal long term care bed days; and

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 on September 30, 2009 and December 31, 2009; \$6,166,667 on March 31, 2010 and \$7,000,000 on June 30, 2010:

- (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) explore with PLAN collaborative initiatives in the area of Medical Management of PLAN and HOSPITAL members;
 - (iv) work with PLAN medical staff to reduce hospital readmissions from the skilled nursing facility.
 - (v) 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 2009-10 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 2009-10. 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 February 1, 2010.

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: _____

By: _____

Title: Executive Director

**SAN MATEO COUNTY by and through the
SAN MATEO MEDICAL CENTER**

Date: _____

By: _____

Title: Chief Executive Officer

By: _____

Title: President, Board of Supervisors