



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



DATE: July 7, 2011
BOARD MEETING DATE: September 13, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

SUBJECT: Agreement with Larry K. Fan, M.D., Inc.

RECOMMENDATION:

Adopt a Resolution authorizing the:

- A) President of the Board to execute an Agreement with Larry K. Fan, M.D., Inc. to provide specialty plastic surgery services for the term of September 1, 2011 through August 31, 2013, for a maximum fiscal obligation of \$249,000; and
- B) Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

BACKGROUND:

Plastic surgery services are provided under the general direction of the Chief of Surgery of San Mateo Medical Center (SMMC). Such care includes professional plastic surgery services, specifically in the area of non-cosmetic post-traumatic, post-cancer, and hand reconstructive care.

DISCUSSION:

Dr. Fan has provided professional plastic surgery services at SMMC since July 2006. He performs surgeries one full day every other week, and provides a half-day clinic every other week. In addition, Dr. Fan provides Emergency Department call coverage every other night.

County Administrative Memorandum B-1 provides that contracts for physicians are exempt from the Request for Proposals process.

The Agreement and Resolution have been reviewed and approved by County Counsel. The Contractor's insurance has been reviewed and approved by Risk Management.

Delay in submission of this Agreement to the Board is the result of the failure of the vendor to return the executed Agreement in a timely manner.

The Contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing non-cosmetic plastic surgery services for the patients at SMMC. It is anticipated that 100% of all surgery services provided will adhere to the infection control standards as defined by the Joint Commission and Title 22 of the State of California Code of Regulations, which will result in reduced risk of healthcare-associated infections.

Performance Measure:

Measure	FY 2010-11 Estimate	FY 2011-12 Projected
Reduce the risk of healthcare-associated infections and adhere to infection control standards as defined by Joint Commission, Title 22, and other applicable standards	100%	100%

FISCAL IMPACT:

The term of the Agreement is September 1, 2011 through August 31, 2013. The maximum fiscal obligation of the Agreement is \$249,000. Funds in the amount of \$103,750 are included in the SMMC FY 2011-12 Recommended Budget. Funds in the amount of \$124,500 will be included in SMMC FY 2012-13 Recommended Budget.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care is covered by the County's General Fund contribution to SMMC.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE: A) PRESIDENT OF THE BOARD TO EXECUTE AN AGREEMENT WITH LARRY K. FAN, M.D., INC. TO PROVIDE SPECIALTY PLASTIC SURGERY SERVICES FOR THE TERM OF SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2013, FOR A MAXIMUM FISCAL OBLIGATION OF \$249,000; AND B) CHIEF OF THE HEALTH SYSTEM OR DESIGNEE TO EXECUTE CONTRACT AMENDMENTS WHICH MODIFY THE COUNTY'S MAXIMUM FISCAL OBLIGATION BY NO MORE THAN \$25,000 (IN AGGREGATE), AND/OR MODIFY THE CONTRACT TERM AND/OR SERVICES SO LONG AS THE MODIFIED TERM OR SERVICES IS/ARE WITHIN THE CURRENT OR REVISED FISCAL PROVISIONS.

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, the County of San Mateo has a continued need for plastic surgery services; and

WHEREAS, there has been presented to the Board of Supervisors for its consideration and acceptance an Agreement, reference to which is hereby made, whereby Larry K. Fan, M.D., Inc. shall provide the County of San Mateo with specialty plastic surgery services for the period September 1, 2011 through August 31, 2013, for an amount not to exceed \$249,000; and

WHEREAS, the Board has considered the Agreement and approved it as to both form and content and desires to enter into it.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the

President of the Board of Supervisors be and is hereby authorized and directed to execute said Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

BE IT FURTHER RESOLVED that the Chief of the Health System or designee shall be authorized to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

* * * * *

**Professional Services Agreement
Between the County of San Mateo and
Larry K. Fan, M.D., Inc.
For Plastic Surgery Services**

THIS PROFESSIONAL SERVICES AGREEMENT is entered into by and between the County of San Mateo, San Mateo Health System (“County”) and Larry K. Fan, M.D., Inc. (“Contractor”).

W I T N E S S E T H:

WHEREAS, County operates health care facilities collectively known as the “San Mateo Health System” (SMHS); and

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of performing professional services described in this Agreement for SMHS; and

WHEREAS, pursuant to Government Code Section 31000, County may contract with independent contractors for the furnishing of such services to or for the County; and

WHEREAS, Contractor desires to provide such services all upon the terms and conditions stated below, and this Agreement is entered into for the purpose of defining the parties’ respective rights and responsibilities.

NOW, THEREFORE, in consideration of the mutual agreements set out below, the parties agree as follows:

Section 1: Contractor’s Obligations

1.1 Organizational Status

Contractor represents and warrants that Contractor is an individual health care provider duly licensed, certified, accredited or otherwise duly authorized to practice medicine in the specialty of plastic surgery in the State of California

1.2 Contractor’s Representatives

1.2.1 The term “Contractor” shall include all Contractor’s representatives, employees, shareholders, partners, subcontractors, and agents providing services in San Mateo

County under this Agreement; i.e., every member of a medical group that contracts with the County shall be considered a "Contractor" for purposes of complying with this Agreement.

- 1.2.2 Where Contractor represents more than one individual, Contractor will designate a "Lead Contractor". This Lead Contractor will be the contact person for the County when dealing with issues affecting both parties, including but not limited to enforcement of this Agreement, in cases where direct discussion with the Contractor fails to adequately resolve this issue.

1.3 Qualifications

The following indicate qualifications that must be satisfied by each Contractor as a condition of providing services under this Agreement:

- 1.3.1 Must be accepted by the County's Chief, Health System, or designee; said acceptance may be withdrawn immediately by the County's Chief, Health System, or designee, in his or her reasonable discretion at any time with written notice to Contractor.
- 1.3.2 Shall at all times keep and maintain a valid license to engage in the practice of medicine in the State of California and active Medical Staff membership and/or privileges as may be required under the Bylaws of County for Contractor's representatives to provide the services contemplated by this Agreement.
- 1.3.3 Contractor's representatives shall be certified by the appropriate state-recognized board in California (or eligible for certification by such board by virtue of having successfully completed all educational and residency requirements required to sit for the board examinations).
- 1.3.4 Contractor is not currently excluded, debarred, or otherwise ineligible to participate in federal health care programs or in federal procurement or non-procurement programs; nor has Contractor been convicted of a criminal offense.
- 1.3.5 Contractor agrees to participate in the County's Organized Health Care Arrangement (OHCA), as described by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Contractors who choose to opt out of OHCA agree to advise the SMHS Medical Staff Office in writing, and will provide their

own Notice of Privacy Practice (NPP).

1.4 Services to be Performed by Contractor

In consideration of the payments hereinafter set forth, Contractor, under the general direction of the Chief, Health System or designee, with respect to the product or results of Contractor's services, shall provide medical services as described in **EXHIBIT A**, attached hereto and incorporated by reference herein. Such services shall be provided in a professional and diligent manner.

1.5 Payments

1.5.1 Maximum Amount

In full consideration of Contractor's performance of the services described in **EXHIBIT A**, the amount that County shall pay for services rendered under this Agreement shall not exceed that specified in **EXHIBIT B**.

1.5.2 Rate of Payment

The rate and terms of payment shall be as specified in **EXHIBIT B**, attached hereto and incorporated herein. Any rate increase is subject to the approval of the Chief, Health System or designee, and shall not be binding on County unless so approved in writing. Each payment shall be conditioned on the Contractor's performance of the provisions of this Agreement, to the full satisfaction of the Chief, Health System or designee.

1.5.3 Time Limit for Submitting Invoices

Contractor shall submit an invoice for services to County for payment in accordance with the provisions of **EXHIBIT C**. County shall not be obligated to pay Contractor for the services covered by any invoice if Contractor presents the invoice to County more than one hundred eighty (180) days after the date Contractor renders the services, or more than ninety (90) days after this Agreement terminates, whichever is earlier.

1.6 Substitutes

Contractor shall provide, at Contractor's sole cost and expense, a substitute for any Contractor who is unable to provide services

required under this Agreement. As a condition of providing services under this Agreement, any such substitute shall first be approved by County's Chief, Health System or designee, and shall otherwise satisfy all qualification requirements applicable to the Contractor, including but not limited to being covered under Contractor's insurance or submitting separate insurance issued by a company under such terms and limitations as County shall reasonably approve.

1.7 General Duties of Contractor

1.7.1 Administrative and Miscellaneous Duties and Responsibilities

Contractor will cooperate with the administration of the Health System. Such cooperation shall include but not be limited to the following: maintaining medical records in a timely fashion (including the appropriate use of dictation, or other technology, as required by County), billing, peer review, and County's compliance programs. Contractor shall provide appropriate supervision and review of services rendered by physician assistants and other non-physicians involved in the direct medical care of County's patients.

1.7.2 Billing and Compliance

Contractor shall prepare such administrative and business records and reports related to the service in such format and upon such intervals as County shall reasonably require.

Contractor shall not directly submit a billing statement of charges to any County patient or other entity for services arising from the practice of medicine, nor shall Contractor make any surcharge or give any discount for care provided without the prior written authorization of County. County has complete authority to assign patients to various Contractors, determine write-offs, and take any other action relating to billing and collection of fees for clinical services. All accounts receivable generated for services rendered by Contractor pursuant to this Agreement are the property of County. Contractor shall participate in all compliance programs adopted by County. Contractor shall have the right to review any and all billings for his/her services bearing his/her name or provider number. Contractor is required to request the correction of any errors, including providing a refund to payors if warranted. Contractor agrees to keep accurate and complete records pursuant to **EXHIBIT C**, incorporated by reference herein.

1.7.3 Compliance with Rules and Regulations

Contractor agrees to abide by rules, regulations, and guidelines of County. County may from time to time amend, add or delete rules, regulations or guidelines at County's sole discretion, and such amendment will not affect the enforceability or terms of this Agreement.

1.7.4 Managed Care Contracts

Contractor is obligated to participate in and observe the provisions of all managed care contracts which County may enter into on behalf of Contractor for health care services with managed care organizations, including but not limited to Health Maintenance Organizations (HMOs), Independent Practice Associations (IPAs), Preferred Provider Organizations (PPOs), Medical Service Organizations (MSOs), Integrated Delivery Systems (IDSs) and Physician-Hospital Organizations (PHOs).

1.7.5 Requirement of Physician to Notify County of any Detrimental Professional Information or Violation of Contract Rules or Policies

During the term of this Agreement, Contractor shall notify County immediately, or as soon as is possible thereafter, in the event that:

- A. Contractor's license to practice in any jurisdiction is suspended, revoked, or otherwise restricted
- B. A complaint or report concerning Contractor's competence or conduct is made to any state medical or professional licensing agency
- C. Contractor's privileges at any hospital, health care facility, or under any health care plan are denied, suspended, restricted, or terminated, or under investigation for medical disciplinary cause or reason
- D. Contractor's controlled substance registration certificate, (issued by the Drug Enforcement Administration) if any, is being or has been suspended, revoked, or not renewed
- E. Contractor's participation as a Medicare or Medi-Cal provider is under investigation or has been terminated
- F. There is a material change in any of the information the

Contractor has provided to County concerning Contractor's professional qualification or credentials

- G. Contractor's conviction of a crime
- H. Contractor must also notify County within thirty (30) days of any breach of this Agreement, violation of any of County's rules or regulations, whether by others or by the Contractor himself/herself, or if the Contractor is subject to or a participant in any form of activity which could be characterized as discrimination or harassment.

1.7.6 Compliance with Contractor Employee Jury Service Ordinance

Contractor shall comply with the County Ordinance with respect to provision of jury duty pay to employees, and have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service in San Mateo County. The policy may provide that employees deposit any fees received for such jury service with the Contractor, or that the Contractor deduct from the employees' regular pay the fees received for jury service.

1.8 Citizenship Duties of Contractor

All of the following duties will be referenced and agreed to in **EXHIBIT E**, under additional signature. In addition, **EXHIBIT E** may include additional Agreement-specific citizenship requirements.

- A. Contractor will meet County expectations of ambulatory clinic productivity, as determined by relevant standards and adjusted for local conditions.
- B. Contractor will be physically present in the designated location and prepared to perform designated duties during the entire duration of the relevant work schedule as detailed in **EXHIBIT A**. Specifically, Contractor will commence work on time, and not leave until duties are complete.
- C. Contractor will work cooperatively with County designees to optimize work flow, including participating in work-flow analysis, appropriate use of scheduling, division of duties, optimal use of clinic staff, and other activities as designated by County.
- D. Contractor will maintain appropriate medical records, including the use of dictation or other technology required by County.

- E. Contractor will make all reasonable efforts to schedule the provision of services and procedures, including but not limited to ambulatory, operating room, and procedures in a manner that complies with County's staffing needs. Elective procedures will be scheduled during routine staffing hours, unless otherwise dictated by patient care or other exceptional circumstances.
- F. Contractor will attempt to provide two (2) months notice, but under no circumstance shall provide less than two (2) weeks notice, for non-emergency absences from assigned duties. Notice shall be provided electronically or in writing to all relevant service areas.
- G. Contractor will make all reasonable efforts to participate in coordination and optimization of services, including but not limited to active participation in quality improvement and utilization management efforts.
- H. Contractor will make all reasonable efforts to communicate effectively and coordinate care and services with primary care providers, including but not limited to direct contact with individual providers where clinically indicated, and participation in primary care provider education, including presentations at noon conferences.
- I. Contractor will make all reasonable efforts to comply with County request to staff services at satellite, community-based clinics other than those at SMMC's Main Campus at 222 W. 39th Avenue, San Mateo, CA, 94403, provided that total services do not exceed those specified in **EXHIBIT A**.
- J. Contractor will conduct himself/herself with professionalism at all times, which includes but is not limited to courteous and respectful conduct toward, and reasonable cooperation with, all County employees.

1.9 Provision of Records for County

Contractor shall furnish any and all information, records, and other documents related to Contractor's services hereunder which County may reasonably request in furtherance of its quality assurance, utilization review, risk management, and any other plans and/or programs adopted by County to assess and improve the quality and efficiency of County's services. As reasonably requested, Contractor shall participate in one or more of such plans and/or programs.

1.10 Cooperation with County in Maintaining Licenses

Contractor shall assist County in obtaining and maintaining any and all licenses, permits, and other authorization, plus achieving accreditation standards, which are dependent upon, or applicable to, in whole or in part, Contractor's services under this Agreement.

1.11 Contractor's Conflict of Interest

Contractor shall inform County of any other arrangements which may present a professional, financial, Stark Law, or any other state or federal conflict of interest or materially interfere in Contractor's performance of its duties under this Agreement. In the event Contractor pursues conduct which does, in fact, constitute a conflict of interest or which materially interferes with (or is reasonably anticipated to interfere with) Contractor's performance under this Agreement, County may exercise its rights and privileges under Section 3 below.

1.12 Non-Permitted Uses of County Premises

Contractor agrees not to use, or permit any of Contractor's representatives to use, any part of County for any purpose other than the performance of services under this Agreement. Without limiting the generality of the foregoing, Contractor agrees that no part of the premises of County shall be used at any time as an office for private practice and delivery of care for non-County patients.

1.13 No Contract in County Name

Contractor shall not have the right or authority to enter into any contract in the name of County, or otherwise bind County in any way without the express written consent of County.

1.14 Regulatory Standards

Contractor shall perform all services under this Agreement in accordance with any and all regulatory and accreditation standards applicable to County and the Service, including, without limitation, those requirements imposed by the Joint Commission, the Medicare/Medi-Cal conditions of participation, and any amendments thereto.

1.15 Availability of Records for Inspection

As and to the extent required by law, upon written request of the

Secretary of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, Contractor shall make available those contracts, books, documents, and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. If Contractor carries out any of the duties of this Agreement through a subcontract with a value of \$10,000 or more over a twelve (12) month period with a related individual or organization, Contractor agrees to include this requirement in any such subcontract. This section is included pursuant to, and is governed by, the requirements of 42 U.S.C. Section 1395x(v)(1) and the regulations thereto. No attorney-client, or accountant-client, or other legal privilege will be deemed to have been waived by County, Contractor, or any Contractor's representative by virtue of this Agreement.

1.16 Professional Standards

Contractor shall perform his or her duties under this Agreement in accordance with the rules of ethics of the medical profession. Contractor shall also perform his/her duties under this Agreement in accordance with the appropriate standard of care for his/her medical profession and specialty.

Section 2: Change of Circumstances

In the event (i) Medicare, Medi-Cal, or any third party payor or any federal, state, or local legislative or regulative authority adopts any law, rule, regulation, policy, procedure, or interpretation thereof which establishes a material change in the method or amount of reimbursement or payment for services under this Agreement; or if (ii) any or all such payors/authorities impose requirements which require a material change in the manner or either party's operations under this Agreement and/or the costs related thereto; then, upon the request of either party materially affected by any such change in circumstances, the parties shall enter into good faith negotiations for the purpose of establishing such amendments or modifications as may be appropriate in order to accommodate the new requirements and change of circumstance, while preserving the original intent of this Agreement to the greatest extent possible. If, after thirty (30) days of such negotiations, the parties are unable to reach an agreement as to how or whether this Agreement shall continue, then either party may terminate this Agreement upon thirty (30) days prior written notice.

Section 3: Term and Termination

3.1 Term

This Agreement shall commence on September 1, 2011 and shall continue

for two (2) years. Unless terminated sooner, this Agreement shall expire and be of no further force and effect as of August 31, 2013.

3.2 Extension of Term

The term of the Agreement may be extended by mutual written, signed agreement by both parties.

3.3 Termination

This agreement may be terminated by either party at any time upon ninety (90) days written notice to the other party.

3.3.1 Automatic Termination

This Agreement shall be immediately terminated as follows:

- A. Upon Contractor's loss, restriction, or suspension of his or her professional license to practice medicine in the State of California.
- B. Upon Contractor's suspension or exclusion from the Medicare or Medi-Cal Program.
- C. If the Contractor violates the State Medical Practice Act.
- D. If the Contractor's professional practice imminently jeopardizes the safety of patients.
- E. If Contractor is convicted of a crime.
- F. If Contractor violates ethical and professional codes of conduct of the workplace as specified under state and federal law.
- G. Upon revocation, cancellation, suspension, or limitation of the Contractor's medical staff privileges at the County.
- H. Contractor has a guardian or trustee of its person or estate appointed by a court of competent jurisdiction.

- I. Contractor becomes disabled so as to be unable to perform the duties required by this Agreement.
- J. Contractor fails to maintain professional liability insurance required by this Agreement.
- K. Upon County's loss of certification as a Medicare and/or Medi-Cal provider.
- L. Upon the closure of County.

3.3.2 Breach of Material Terms

Either party may terminate this Agreement at any time in the event the other party engages in an act or omission constituting a material breach of any term or condition of this Agreement. The party electing to terminate this Agreement shall provide the breaching party with not less than thirty (30) days advance written notice specifying the nature of the breach. The breaching party shall then have (30) days from the date of the notice in which to remedy the breach and conform its conduct to this Agreement. If such corrective action is not taken within the time specified, this Agreement shall terminate at the end of the sixty (60) day period without further notice or demand. Upon breach of the terms of this Agreement by an individual contractor's representative, County shall have the option of withdrawing its acceptance of that individual contractor's representative, as described in 1.3.1, without terminating this Agreement. Upon withdrawal of acceptance, Contractor must replace said contractor representative as specified in section 1.6 of this contract. Withdrawal of acceptance of an individual contractor's representative will not, of itself, constitute grounds for termination of this Agreement by either party.

3.3.3 Patient Records upon Termination and Notice to Patients

All original patient records shall be property of the County. Upon termination of this Agreement, Contractor shall return any such records as may be in Contractor's possession to County, subject to Contractor's right to copies of records.

Section 4: Insurance and Indemnification

4.1 Insurance

Contractor shall not commence work under this Agreement until all insurance required under this section has been obtained and such insurance has been approved by the Chief, Health System. Contractor shall furnish County with Certificates of Insurance evidencing the required coverage, and there shall be a specific contractual endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These Certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to County of any pending change in the limits of liability or of any cancellation or modification of the policy.

4.1.1 In the Event of Any Provision of This Section, or in the Event Any Notice is Received Which Indicates Any Required Insurance Coverage Will Be Diminished or Cancelled

County at its option may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

4.1.2 Workers' Compensation and Employer Liability Insurance

Contractor shall have in effect during the entire life of this Agreement, workers' compensation and employer liability insurance providing full statutory coverage. In signing this Agreement, Contractor makes the following certification, required by Section 1861 of the California Labor Code:

I am aware of the provision of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

4.1.3 Liability Insurance

Contractor shall take out and maintain during the life of this Agreement such bodily injury liability and property damage liability insurance as shall protect him, while performing work covered by this Agreement, from any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by himself or herself or by any subcontractor or by anyone directly or

indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amount specified below.

Such insurance shall include:

- A. Comprehensive general liability insurance... \$1,000,000
- B. Motor vehicle liability insurance..... \$-0-
- C. Professional liability insurance..... \$1,000,000/
\$3,000,000

4.1.4 County Adjustment of Insurance Coverage

If this Agreement remains in effect more than one (1) year from the date of its original execution County may, at its sole discretion, require an increase in the amount of liability insurance to the level then customary in similar County agreements by giving (60) days notice to Contractor.

4.1.5 County as Certificate Holder

County and its officers, agents, employees, and servants shall be named as Certificate Holder on any such policies of general liability insurance, which shall also contain a provision that the insurance afforded thereby to County, its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only. Said certificate(s) of insurance is (are) attached hereto.

4.2 Tail Coverage

If Contractor obtains one or more claims-made insurance policies to fulfill its obligations, Contractor will: (i) maintain coverage with the same company during the term of this Agreement and for at least three (3) years following termination of this Agreement; or (ii) purchase or provide coverage that assures protection against claims based on acts or omissions that occur during the period of this Agreement which are asserted after the claims-made insurance policy expired.

4.3 Hold Harmless

Contractor shall indemnify and hold harmless County, its officers,

agents, employees, and servants from all claims, suits, or actions of every name, kind and description, brought for, or on accounts of: (i) injuries or death of any person, including Contractor; or (ii) damage to any property of any kind whatsoever and to whomsoever belonging; or (iii) any failure to withhold and/or pay to the government income and/or employment taxes from earnings under this agreement; or (iv) any sanctions, penalties or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or (v) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damages for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of the Contractor to indemnify and save harmless as set forth herein shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

Contractor shall indemnify, defend and hold County harmless from and against any and all claims for wages, salaries, benefits, taxes, and all other withholdings and charges payable to, or in respect to, Contractor's representatives for services provided under this Agreement.

Section 5: Miscellaneous Provisions

5.1 Notice Requirements

Any notice required or desired to be given in respect to this Agreement shall be deemed to be given upon the earlier of (i) actual delivery to the intended recipient or its agent; or (ii) upon the third business day following deposit in the United States mail, postage prepaid, certified, or registered mail, return receipt requested.

If to County: Chief Executive Officer
222 W 39th Avenue
San Mateo, CA 94403
Facsimile: 650/573-2950

With Copy to: County Counsel's Office
400 County Center
Redwood City, CA 94063

Facsimile: 650/363-4034

If to Contractor: Larry K. Fan, M.D., Inc.
77 Van Ness Avenue, Suite 302
San Francisco, CA 94102
Facsimile:

5.2 Entire Agreement

This Agreement contains the entire agreement of the parties hereto and supersedes all prior agreements, contracts and understanding, whether written or otherwise, between the parties relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.3 Partial Invalidity

In the event any provision of this Agreement is found to be legally invalid or unenforceable for any reason, the remaining provisions of the Agreement shall remain in full force and effect provided the fundamental rights and obligations remain reasonably unaffected.

5.4 Assignment

Because this is a personal service contract, Contractor may not assign any of its rights or obligations hereunder without the prior written consent of County. County may assign this Agreement to any successor, to all or substantially all of County's operating assets, or to any affiliate of County. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

5.5 Independent Contractor

Contractor and all Contractor's representatives are performing services and duties under this Agreement as independent contractors and not as employees, agents, partners of, or joint ventures with County. County does retain responsibility for the performance of Contractor and Contractor's representatives as and to the extent required by law and the accreditation standards applicable to County. Such responsibility, however, is limited to establishing the goals and objectives for the service and requiring services to be rendered in a

competent, efficient, and satisfactory manner in accordance with applicable standards and legal requirements. Contractor shall be responsible for determining the manner in which services are provided and insuring that services are rendered in a manner consistent with the goals and objectives referenced in this Agreement.

5.6 Regulatory Requirements

The parties expressly agree that nothing contained in this Agreement shall require Contractor or Contractor's representatives to refer or admit any patients to, or order any goods or services from County.

Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct himself or herself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medi-Cal programs.

5.7 Alternate Dispute Resolution

The parties firmly desire to resolve all disputes arising hereunder without resort to litigation in order to protect their respective reputations and the confidential nature of certain aspects of their relationship. Accordingly, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be mediated. If mediation is unsuccessful, the parties may take the dispute to Superior Court in San Mateo County.

5.8 Third Party Beneficiaries

This Agreement is entered into for the sole benefit of County and Contractor. Nothing contained herein or in the parties' course of dealings shall be construed as conferring any third party beneficiary status on any person or entity not a party to this Agreement, including, without limitation, any Contractor's representative.

5.9 Governing Law

This Agreement shall be governed by the laws of the State of California.

5.10 Amendments

Except for amendments specifically authorized to be approved by the Chief of the San Mateo County Health System pursuant to resolution of the Board of Supervisors, all amendments shall be approved by the Board of Supervisors.

5.11 Non-Discrimination

Contractor shall comply with the non-discrimination requirements described in **EXHIBIT D**, which is attached hereto, and incorporated herein. Contractor shall comply with the County admission and treatment policies which shall provide that patients are accepted for care without discrimination on the basis of race, color, religion, sex, sexual orientation, national origin, age, handicap, or political affiliation.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement, and subject Contractor to penalties to be determined by the County Manager, including but not limited to:

- A. Termination of this Agreement
- B. Disqualification of Contractor from bidding or being awarded a County contract for a period of up to three (3) years
- C. Liquidated damages of TWO THOUSAND, FIVE HUNDRED DOLLARS (\$2,500) per violation
- D. Imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager

To effectuate the provisions of these paragraphs, the County Manager shall have the authority to:

- A. Examine Contractor's employment records with respect to compliance with this paragraph
- B. Offset all or any portion of the amount described in this paragraph against amounts due to Contractor and County

Within thirty (30) days, Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination, or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation of allegations, provided that within such thirty (30) days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notifications shall include the name of the complainant, a copy of such complaint, and description of the circumstance. Contractor shall provide County with a copy of its response to the complaint when filed.

With respect to the provisions of employee benefits, Contractor shall comply with the County Ordinance which prohibits Contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.

5.12 General Standards

Contractor shall maintain its operations in compliance with all applicable laws and rules relating to licensure and certification, including but not limited to Title XXII of the California Administrative Code, those necessary to participate in the Medicare and Medi-Cal programs under Title VIII and Title XIX, respectively, of Social Security Act, and those required by the Joint Commission. Contractor shall provide satisfactory evidence of such licenses and certificates. Contractor shall inform County of any notice of any incident within its operations which may affect any license or certification held by Contractor.

5.13 Confidentiality of Patient Information

Contractor shall keep in strictest confidence, and in compliance with all applicable state and federal law, any patient information. Contractor shall not disclose such information except as permitted by law.

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county, and municipal laws, including but not limited to Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto, which prohibits discrimination on the basis of handicap in programs and activities receiving any federal or county financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

In the event of a conflict between the terms of this Agreement and federal, state, county, or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

5.14 Non-Disclosure of Names

Notwithstanding any other provision of this Agreement, names of patients receiving public social services hereunder are confidential and are to be protected from unauthorized disclosure in accordance with Title 42, Code of Federal Regulations, Section 431.300 et seq. and Section 14100.2 of the California Welfare and Institutions Code and regulations adopted thereunder.

For the purpose of this Agreement, all information, records, data, and data elements collected and maintained for the operation of the Agreement and pertaining to patients shall be protected by Contractor from unauthorized disclosure

With respect to any identifiable information concerning a Medi-Cal patient that is obtained by Contractor, Contractor: (i) will not use any such information for any purpose other than carrying out the express terms of this Agreement; (ii) will promptly submit to California Department of Public Health (CDPH) and the applicable Medi-Cal plan all requests for disclosure of such information; and (iii) will not disclose, except as otherwise specifically permitted by this Agreement, any such information to any part other than CDPH and the applicable Medi-Cal plan, without prior written authorization specifying that the information is releasable under Title 42, CFR, Section 431.300 et seq., Section 14100.2 Welfare and Institutions Code, and regulations adopted thereunder, or as ordered by a court or tribunal of competent jurisdiction; and (iv) will, at the expiration or termination of this Agreement, return all such information to CDPH and the applicable Medi-Cal Plan, or maintain such information according to written procedures sent to health plan by CDPH and the applicable Medi-Cal plan for this purpose.

5.15 Disclosure of Records

Contractor agrees to provide to County, to any federal or state department having monitoring or reviewing authority, to County's authorized representatives and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine and audit all records and documents necessary to determine compliance with relevant federal, state, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed. Contractor shall comply with all provisions of the Omnibus Budget Reconciliation Act of 1980 regarding access to books, documents, and records.

Without limiting the foregoing, Contractor shall maintain such records and provide such information to County and to government officials as

may be necessary for compliance by County with all applicable provisions of all state and federal laws governing County. Upon request, County and government officials shall have access to, and copies of, at reasonable times at the Contractor's place of business (or such other mutually agreeable location in California), the medical records, books, charts, and papers relating to the Contractor's provision of health care services to patients, the cost of such services, and payments received by the Contractor from patients (or from others on their behalf), and the financial condition of Contractor. Such records described herein shall be maintained at least four (4) years from the end of the contract year.

All records of Contractor shall be maintained in accordance with the general standards applicable to such book or record keeping and shall be maintained during any governmental audit or investigation.

5.16 Exhibits and Attachments

The following exhibits and attachments are included hereto and incorporated by reference herein:

Exhibit A—Services
Exhibit B—Payments
Exhibit C – Billing Requirements – Not used or required
Exhibit E— Corporate Compliance SMMC
Attachment I—§ 504 Compliance

[Signatures on the following page]

IN WITNESS WHEREOF, County and Contractor have duly executed this Agreement as of the dates set out beneath their respective signatures.

CONTRACTOR:

(signature)

By: _____

Title: _____

Date: _____

COUNTY:

(signature)

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

Date: _____

Attest:

By: _____
Clerk of Said Board

EXHIBIT A

SERVICES

In consideration of the payments specified in **EXHIBIT B**, Contractor shall perform the services described below under the general direction of the Chief of Surgery.

- I. Provide professional plastic surgery services in the Department of Surgery, including inpatient, ambulatory, and emergency care. Contractor shall hold one half-day plastic surgery clinic (of four hours) every other week, and one full day of scheduled operative services (of eight hours) every other week. Scheduling of the plastic surgery clinic and the operative services will be done in advance and in writing and will be approved by the Chief of Surgery.
- II. Participate in such scheduled coverage of service as is mutually arranged and agreed upon by members of the Department of Surgery under the supervision of the Chief of Surgery.

Contractor shall develop schedule for "on-call," and/or "emergency-call" status during other than scheduled times, and for twenty-four (24) hours each Saturday, Sunday, or holiday. "On-call" and "emergency-call" are defined as being available by telephone or pager to the hospital medical staff, nursing supervisor, and administrator on call as needed. Contractor shall not be required to provide more than 10 nights of "on-call" and/or "emergency-call" per month without the express written consent of Contractor.

It is expressly understood that Contractor and subcontractors for Medical Specialty services are subject to these conditions, that all will accept equal scheduling for "on-call" status, and that each will be responsible for his/her portion of "on-call" time. All physicians who take calls for Medical Specialty services must have San Mateo Medical Center (SMMC) privileges.

- III. Contractor shall participate in such teaching and/or training programs as are, or may be, established by the medical staff at SMMC. Each individual's participation in continuing education is documented and will be considered at the time of reappointment to the medical staff and/or renewal or revision of individual clinical privileges.
- IV. Contractor shall fulfill those requirements for active staff membership set forth in Articles 3 and 4.2 of the SMMC Medical Staff Bylaws, Rules and Regulations, and maintain such active staff status as a condition of the Agreement.
- V. Contractor shall attend regularly and serve without additional compensation on committees responsible for peer review activities, quality assurance, and utilization review as outlined in the SMMC Medical Staff Bylaws, Rules and Regulations.

- VI. Contractor shall provide medical staff administrative support to all SMMC departments in meeting surgical and anesthesia standards as defined by the Joint Commission, Title XXII, and other applicable standards.

EXHIBIT B

PAYMENTS

In consideration of the services specified in **EXHIBIT A**, County will pay Contractor based on the following:

- I. The term of this Agreement is September 1, 2011 through August 31, 2013. Total payments for services performed under this Agreement shall not exceed TWO HUNDRED FORTY NINE THOUSAND DOLLARS (\$249,000).
- II. Contractor shall be paid at rates set forth below to include the complete professional component and fifty percent (50%) of the call services associated with plastic surgery.
- III. Reimbursement for plastic surgery services shall be calculated on the basis of Medicare Relative Value Work Units (RVUs) based on an individual RVU base work unit value of \$71.92.
- IV. The parties agree that Contractor's satisfactory participation in the SMART Referral Process is expected to account for ten percent (10%) of Contractor's effort and compensation under this Agreement and that Contractor's failure to satisfactorily participate in the SMART Referral process may result in a corresponding reduction in compensation.
- V. Contractor's monthly compensation inclusive of clinics, surgery blocks, and call coverage will be paid at a rate of TEN THOUSAND THREE HUNDRED SEVENTY FIVE DOLLARS (\$10,375), provided however, that such monthly compensation may be proportionally adjusted if Contractor fails to provide any of the services set forth in of Exhibit A and does not make arrangements reasonably satisfactory to the Chief of Surgery to cover make up such services.

EXHIBIT E

CORPORATE COMPLIANCE SMMC CODE OF CONDUCT (THIRD PARTIES)

The person/entity listed below (the "Undersigned") recognizes and is fully dedicated to advancing SMMC's commitment to full compliance with all Federal, State, and other governmental health care program requirements, including its commitment to prepare and submit accurate claims consistent with such requirements.

The Undersigned will comply with all Federal, State or other governmental health care program requirements and with SMMC's policies and procedures relating to SMMC's Corporate Compliance Program, including the requirements set forth in the Corporate Integrity Agreement (CIA) to which SMMC is a party (available online at http://oig.hhs.gov/fraud/cia/agreements/the_county_of_san_mateo_03062009.pdf).

The Undersigned, to the extent its contractual duties require it to submit the reports covered in this paragraph, will promptly submit accurate information for Federal health care cost reports including, but not limited to, the requirement to submit accurate information regarding acute available bed count for Disproportionate Share Hospital (DSH) payment.

The Undersigned will report to the SMMC Compliance Officer any suspected violation of any Federal health care program requirements or of SMMC's Compliance Program policies and procedures.

The Undersigned has the right to use the SMMC Disclosure Program by calling the Compliance Hotline or reporting incidents to the Compliance Officer. SMMC is committed to non-retaliation and will maintain, as appropriate, confidentiality and anonymity with respect to such disclosures.

The Undersigned understands that non-compliance with Federal health care program requirements and SMMC's Compliance Program policies and procedures, and failing to report such violations, could result in termination of the Agreement and/or any other penalties permitted by law.

The Undersigned is responsible for acquiring sufficient knowledge to recognize potential compliance issues applicable to the duties outlined in the Agreement and for appropriately seeking advice regarding such issues.

The Undersigned will not offer, give or accept any bribe, payment, gift, or thing of value to any person or entity with whom SMMC has or is seeking any business or regulatory relationship in relation to said business or regulatory relationship (other than payments authorized by law under such relationships). The Undersigned will promptly report the offering or receipt of such gifts to the SMMC Compliance Officer.

The Undersigned will not engage in any financial, business, or other activity which competes with SMMC/County business which may interfere or appear to interfere with the performance of the duties under the Agreement or that involve the use of SMMC/County property, facilities, or resources, except to the extent consistent with the SMMC/County Incompatible Activities and Outside Employment policy and the Agreement.

The Undersigned will cooperate fully and honestly with internal audits and monitoring programs to help assure that SMMC's compliance is maintained with all applicable federal/state regulations, the Joint Commission standards, and hospital system-wide policies.

***TO REPORT VIOLATIONS, CALL THE COMPLIANCE
HOT LINE: (800) 965-9775***

The Undersigned hereby certifies by signing below that an authorized representative has received this Code of Conduct, understands it, has authority to commit the Undersigned to this Code of Conduct, and hereby commits the Undersigned to comply with this Code of Conduct.

Name of Person/Entity (the "Undersigned")

Signature and Printed Name

Date