AGREEMENT WITH TWIN CITIES COMMUNITY HOSPITAL
FOR HOSPITAL SERVICES

This CONTRACT entered into by and between the COUNTY OF SAN LUIS OBISPO, a public entity in the State of California, (hereinafter referred to as "County") and Twin Cities Community Hospital, Inc., a California corporation, (hereinafter "Contractor").

WITNESSETH

WHEREAS, pursuant to the California Welfare and Institutions Code, sections 17000 et seq., the County of San Luis Obispo provides health care for eligible medically indigent adults (hereinafter MIAs); and

WHEREAS, pursuant to Welfare and Institutions Code sections 17000 et seq., the County has established a Medically Indigent Services Program (hereinafter SLO MISP) to provide health care services to eligible persons and to refer to individuals eligible for those health care services as MISP patients; and

WHEREAS, Contractor operates a State licensed general acute care hospital in San Luis Obispo, California, known as Twin Cities Community Hospital, which is able to provide additional hospital services and hospital capacity to assist the County in carrying out its SLO MISP and Law Enforcement Medical Care services at the San Luis Obispo County Jail; and

WHEREAS, County and Contractor have had contracts for these services since January 1, 1983; and

WHEREAS, the most recent agreement was executed by County on January 6, 2015 and covered fiscal year 2014-15; and

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WHEREAS, Contractor has performed in a satisfactory manner under the previous contracts; and

WHEREAS, both parties wish to enter into a renewal contract under the same terms as were contained in the most recent contract.

NOW, THEREFORE, the parties mutually agree as follows:

1. Definition. The following words or acronyms used in this Contract shall have the meaning described unless otherwise indicated herein.

a. "MIA" shall mean medically indigent adult.

b. "SLO MISP" shall refer to the San Luis Obispo County Medically Indigent Services Program.

c. "MISP Patients" shall refer to those individuals deemed eligible by the County to receive SLO MISP health care services. MISP patients shall consist of MIAs and those individuals formerly receiving general relief medical care pursuant to Welfare and Institutions Code sections 17000 et seq.

d. "potential MISP patient" shall refer to someone not yet enrolled in SLO MISP that presents at the hospital or other facility for care. They have not yet been deemed eligible for MISP and therefore do not have an MISP approval letter.

e. "LEMC" shall refer to Law Enforcement Medical Care services providing care to inmates as the San Luis Obispo County Jail.

2. Term. This Contract shall remain in effect for a term commencing on July 1, 2015 and ending on June 30, 2016 unless terminated earlier pursuant to the provisions of this Contract. The parties acknowledge that the obligations of both parties begin on July 1, 2015, and that this retroactive effective date is necessary to ensure continuity of services and payments therefor.

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This Contract shall automatically renew for four (4) successive one-year terms immediately following the initial term, unless either party provides written notice to the other, at least sixty (60) days prior to the end of the then-current term, of its intent not to renew the Contract.

3. Compensation. Subject to all other provisions of this Contract, County agrees to pay Contractor as full payment for all authorized health care services provided to MISP and LEMC patients, according to the terms and rates established in Appendix A attached. The rates for Inpatient services, Emergency room services, and Observation days established in Appendix A attached will be increased by 3% annually for each successive one-year term following the initial term.

4. Billing. Contractor shall submit bills for services rendered to County on the standard billing form UB04, CMS-1500 or successor forms. Each such bill shall prominently display the patient's full name and social security number. Contractor shall prepare and submit said billing statements within a reasonable time after the date of service, but no later than one hundred twenty (120) days after discharge from Contractor's hospital and no later than one hundred twenty (120) days from the date of service, whichever is earlier. At its option, Contractor may submit bills to County on a weekly basis or any reasonable interim basis as determined by Contractor. County shall make payment within forty-five (45) days of receipt of said bill from Contractor, provided that the bill is a valid claim and the patient is determined by County to be eligible as a MISP patient or LEMC inmate. Contractor may terminate this Contract if County fails to make payment within said forty-five (45) day period and fails to cure the untimely payment within a reasonable time after notice to the County.

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5. Emergency Medical Services. County agrees to pay Contractor as payment in full for bona fide emergency medical services provided by Contractor to MISP and LEMC patients according to the terms and rates established in Appendix A attached. When an emergency room visit results in an inpatient admission, there shall be no separate payment for the emergency room services; Contractor's sole compensation shall be the all-inclusive per diem rate for the first day of admission. Patients remaining in the Emergency Room or without being admitted to the hospital for at least six but no more than 48 hours may be billed at the "Observation" rate noted in Appendix A. In terms of this Contract, visit will be defined as all emergency medical services provided to a MISP or LEMC patient within any one 24 hour period in the emergency room. In addition, Contractor will make appropriate records available to County in order to retrospectively review the appropriateness of emergency medical services provided to MISP patients and LEMC inmates. In the event of a dispute between Contractor and County as to whether a medical emergency existed, the case will be referred to the MISP Medical Director. The Medical Director's decision shall be binding on both parties.

6. MISP Authorization. For the County to compensate Contractor for medical services provided to a MISP patient (1) Contractor must first receive authorization from the County to provide such medical services, and (2) the County must determine the patient eligible for SLO MISP at the time of service. County agrees to maintain a telephone verification system to operate 24 hours a day, 7 days a week in order that Contractor may request prior authorization at any time. The MISP telephone number is (805) 781-4815. Admitting face sheet should be faxed to (805) 788-2922. Contractor acknowledges and agrees that the County is statutorily authorized to

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determine what medically necessary health care services are to be provided to MISP patients.

For emergency services and subsequent admissions, prior authorization is not required from SLO MISP. These services may be authorized retroactively. A potential MISP patient may present at the contracting hospital, be identified by hospital staff through patient screening and receive pending authorization by SLO MISP utilization review staff. (See contact information above.) Self-pay patients may also be referred to MISP by hospital staff if deemed potentially eligible after services are provided. SLO MISP cannot guarantee payment for services until eligibility for MISP is assessed and authorized.

7. MISP Eligibility. The County, through its MISP Office, shall be solely responsible for determining who is eligible for the SLO MISP, based on the established criteria set forth in the SLO MISP eligibility standards adopted by the San Luis Obispo County Board of Supervisors, and in accordance with the procedures of the SLO MISP eligibility manual. No compensation will be paid to Contractor by County for any medical services provided by Contractor for patients who are non-residents of San Luis Obispo County and/or who are present in San Luis Obispo County in violation of federal statutes and regulations in the purview of the United State Immigration and Naturalization Service, with the exception of Persons Residing Under the Color of Law (PRUCOL).

8. Medi-Cal Eligibility. If it appears likely that a patient will be eligible for Medi-Cal, Contractor agrees to seek payment first from Medi-Cal and not from County. If subsequent to delivery of medical services, it is determined that a LEMC or MISP patient is eligible for Medi-Cal, then Contractor agrees as follows: If the Contractor

has not yet been paid by County, Contractor shall bill Medi-Cal directly for payment and shall so notify County. If the Contractor has been paid by County, then Contractor shall reimburse County to the extent that it has been paid by County for medical services.

9. Hospital/Patient Relationship and Transfers. The parties agree that, once County has provided prior authorization for the medical treatment of a MISP patient, Contractor, its employees, or staff physicians shall make medical decisions regarding the patient. The County shall not manage or control medical care by Contractor but does have the right to issue administrative or observation days or denial letter if the patient is no longer at the acute level of care as determined by using Interqual guidelines. County's administrative days or denial letter shall affect only the payment rate (Appendix A).

Contractor shall FAX a written update on each MISP inpatient to County at (805) 788-2922 by 5:00 p.m. each day, weekend and holiday exempt.

10. Hospital/Physician Relationship. Nothing in this Contract is intended to create, nor shall it be construed to create, any right of County to intervene in any manner with the relationship which now or later exists between Contractor and the physicians or other independent contractors who render services within Contractor's hospital.

11. Hospital Personnel. Nothing in this Contract is intended to create nor shall it be construed to create any right of County to intervene in any manner or means with Contractor's personnel, personnel policies, or staffing.

12. Availability of Hospital's Facilities. The parties agree that Contractor is not required to provide any medical preference to MISP or LEMC patients, but that the

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provision of medical treatment to these patients is contingent upon the availability of Contractor's facilities, equipment and personnel at the time of admission and treatment in accordance with all existing laws and regulations.

13. Facilities and Services. Contractor shall retain the right, in its sole discretion, as exercised in accordance with the decisions of its governing Board, to alter, enlarge, reconstruct, modify, or shut down all or any part of its facilities or alter, modify or reduce the manner or scope of services provided in any area, department, or special service of its hospital.

14. Medical Records. It is understood that the medical records regarding MISP patients treated at Contractor's hospital shall be and remain the property of Contractor and shall not be removed or transferred from the Contractor's hospital except in accordance with applicable laws and Contractor's policies, rules and regulations. Notwithstanding the foregoing, the information shall be copied by Contractor and transferred prior to or at the time of transfer of a MISP or LEMC patient. County shall also have the right to inspect, review and make copies of such records at reasonable times upon request. With respect to all medical records of MISP or LEMC patients, County agrees to maintain the confidentiality of information contained in those medical records and not to disclose such information except as authorized by law. Parties acknowledge and agree that each is a covered entity within the meaning of HIPAA and is bound independently to its provisions, and therefore neither should be considered a business associate of the other for purposes of services rendered and obligations incurred under this contract.

15. Access to Books and Records. Contractor acknowledges that applicable portions of federal law require the County to include in this Contract a provision

requiring Contractor to allow the Secretary of the Department of Health and Human Services ("HHS"), and other authorized federal officials access to Contractor's books and records as they relate to services provided pursuant to this Contract. Therefore, if the value or cost of services rendered to County pursuant to this Contract is $10,000 or more over the term of this Contract, Contractor agrees as follows:

Until the expiration of four years after the furnishing of any service pursuant to this Contract, Contractor shall, upon written request, make available to the Secretary of HHS, the Secretary's duly authorized representatives, the Controller General, or the Controller General's duly authorized representatives, this Contract and such books, documents and records as may be necessary to certify the nature and extent of the cost or value of services performed by Contractor hereunder. County shall have the right to receive copies of all of the above described documents, upon County's reasonable request, at the County's cost.

If Contractor performs any of its duties hereunder by way of subcontract with related organization, and the value of such subcontracted duties equals or exceeds $10,000 during any 12 month period of this Contract, such Contract shall contain a clause to the same effect as this paragraph.

The availability of Contractor's books, documents and records shall be subject at all times to such criteria and procedures for seeking and obtaining access as may be promulgated by the Secretary of HHS by regulation or other applicable laws.

16. Entire Agreement and Modification. This Contract supersedes all previous contracts between the parties hereto on the subject matter of this contract. Contractor shall be entitled to no other benefits than those specified herein. No changes, amendments, or alterations shall be effective unless in writing and signed by

both parties. Contractor specifically acknowledges that, in entering into and executing this Contract, Contractor relies solely upon the provisions contained in this Contract and no others.

17. Non-Assignment of Contract. Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor shall not assign this Contract or any interest therein without the prior written consent of County, and any such assignment, transfer, delegation, or sublet without the County's prior written consent shall be considered null and void. Notwithstanding the foregoing, Contractor shall have the right to assign this Contract and to delegate all rights, duties and obligations hereunder, whether in whole or in part, to any parent, affiliate, successor or subsidiary organization or company of Contractor.

18. Covenant. This Contract has been executed and delivered in the State of California, and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. All duties and obligations of the parties created hereunder are performable in San Luis Obispo County; and such County shall be the venue for any action, or proceeding that may be brought, or arise out of, in connection with or by reason of this Contract.

19. Enforceability. If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

20. Employment Status. Contractor shall, during the entire term of the Contract, be construed to be an Independent Contractor, and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a

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joint venture relationship, or to allow County to exercise discretion or control over the professional manner in which Contractor performs the services which are the subject matter of this Contract; provided always, however, that the services to be provided by Contractor shall be provided in a manner consistent with all applicable standards and regulations governing such services.

Contractor understands and agrees that its personnel are not, and will not be, eligible for membership in or any benefits from any County group plan for hospital, surgical or medical insurance, or for membership in any County retirement program, or for paid vacation, paid sick leave, or other leave, with or without pay, or for any other benefit which accrues to a County employee.

21. Warranty of Contractor. Contractor warrants that it, and each of the personnel employed or otherwise retained by Contractor, are properly certified and licensed under the laws and regulations of the State of California to provide the special services herein agreed to.

22. Indemnification. Contractor shall be responsible for the quality of care rendered to the patients and shall hold harmless, indemnify and defend the County, its officers, employees and agents from any litigation costs, claims, judgments, liability and damages resulting from the medical, surgical and/or other medical care rendered to the patient under this contract, including any legal damages, costs of adjustments or investigations, attorney's fees or any other costs.

23. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by first class mail to the County at:

County Health Agency Director
2180 Johnson Ave

San Luis Obispo, CA 93401

and to the Contractor:

Chief Executive Officer
Twin Cities Community Hospital
1100 Las Tablas Road
Templeton, CA 93465

24. LEMC Inmates/Patients. Contractor and County specifically agree that County may refer patients who are not MISP patients and who qualify for medical care under the County's Law Enforcement Medical Care program to Contractor and Contractor will bill the County for medical services provided to such non-MISP patients at the same rates, and under the same circumstances and procedures, as set forth herein for MISP patients.

25. Termination of Contract for Convenience of Either Party. Either party may terminate this Contract at any time by giving to the other party sixty (60) days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of said termination.

26. Power to Terminate. The Board of Supervisors delegates to the Health Agency Director the authority to effectuate termination of this Contract without the need for action, approval, or ratification by the Board of Supervisors.

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IN WITNESS WHEREOF, County and Contractor have executed this Contract on the day and year first hereinabove set forth.

CONTRACTOR:

Twin Cities Community Hospital
A California Corporation

Tax ID: Held in Confidential File

By: _____ Date: 7-22-15

Printed Name: Dawn M. Cirri Title: AVP-West Regional Operations - Managed Care

COUNTY OF SAN LUIS OBISPO:
A Public Entity in the State of California

By: _____ Date: _____
Chairperson of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: _____ Date: 7/31/15
Deputy County Counsel

ATTEST:

By: _____
Tommy Gong, County Clerk and Ex-Officio
Clerk of the Board of Supervisors

APPENDIX A

COMPENSATION SCHEDULE

Inpatient services	$1,468 per day
Outpatient Day surgeries	Case rate same as the inpatient per diem rate in effect at time of service. (Revenue Codes 360-369, 490-499, 750-759, 790-799)
Emergency room services	An all inclusive flat fee of $185. (Revenue Code 45X)
Other outpatient services	Services will be paid based on 100% of the Medi-Cal fee schedule.
Administrative days	25% of the inpatient per diem rate in effect at time of service. (Revenue Code 169)
Observation days	$1,030 paid at a fixed per diem rate for a period lasting at least 6 hours but no more than 48.

San Luis Obispo MISP and LEMC define an inpatient as a patient who is admitted to a hospital and who meets InterQual guidelines for acuity/intensity of care. An inpatient who does not meet these guidelines will be paid at the administrative or observation day's rate.

MISP and LEMC patients requiring Outpatient Day surgeries that originate through the Emergency room shall be paid at the above Outpatient Day surgery rate. MISP authorization shall be arranged for such surgeries by one phone call or phone message to MISP utilization review. If the Outpatient Day surgery is not authorized by MISP, the rate for the Emergency room visit and the day surgery will be at the Emergency room service rate. MISP utilization review does not authorize LEMC Outpatient Day surgeries. These will be reviewed, when necessary by the LEMC Medical Director.