

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-13

AGENDA DATE: November 21, 2017

**SUBJECT:**

Approval to Authorize the Chief Executive Officer to Negotiate and Execute a One-Year Agreement with Doctors Medical Center for Hospital Related Services

**BOARD ACTION AS FOLLOWS:**

No. 2017-664

On motion of Supervisor Olsen, Seconded by Supervisor DeMartini  
and approved by the following vote,

Ayes: Supervisors: Olsen, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: Withrow

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office

Urgent

Routine

BOARD AGENDA #: \*B-13

AGENDA DATE: November 21, 2017

CEO CONCURRENCE: *phx*

4/5 Vote Required: Yes  No

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**SUBJECT:**

Approval to Authorize the Chief Executive Officer to Negotiate and Execute a One-Year Agreement with Doctors Medical Center for Hospital Related Services

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**STAFF RECOMMENDATIONS:**

1. Authorize the Chief Executive Officer or his designee to negotiate and execute a one year agreement ending November 30, 2018 for certain hospital services with Doctors Medical Center.

**DISCUSSION:**

In 1997, the Board of Supervisors approved a number of contractual agreements with Doctors Medical Center related to and making possible the closure of the county owned and operated Stanislaus Medical Center (SMC). These agreements addressed the closure transaction and assured the continued availability of certain health related services for the community, primarily those which were historically provided by SMC. While many of the agreements have been amended, eliminated or replaced since 1997, the expiration of the Inpatient Hospital Services Agreement will occur on November 30, 2017.

The County expanded its role as an outpatient provider during this time. In 1997 County governments were legally and fiscally responsible for the Medically Indigent Adult (MIA), who had no other coverage or eligibility for insurance during this time. This was a responsibility of realignment funding or county general fund when no other dedicated funds were available to fund these costs. Although for many years the average number of individuals enrolled in a given fiscal year was approximately 6,000, during the recession years through 2013, the Stanislaus County MIA program, administered by the Health Services Agency (HSA) had approximately 9,000 individuals enrolled annually in the MIA program.

In 2014, the Medi-Cal expansion of the Affordable Care Act was implemented which provided expanded coverage for MIA's and others in need of health coverage. The Community Services Agency was also mandated to expand eligibility services to seek immediate coverage for MIA's who needed coverage through the State's Medi-Cal Expansion Mandate. As a result, the County is largely no longer financially responsible for the MIA, for hospitalization or other medical expenses.

This landmark change in responsibility for medical coverage has substantially altered the basic premise of the expiring outpatient agreement with DMC. The Medi-Cal Program provides

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financial coverage for these qualifying adults and for the most part since January of 2014, there have been no MIA enrollees beyond coverage for a minimal number of days/weeks until an applicant's Medi-Cal or Covered California (also known as The Exchange) eligibility became effective.

One other significant change has been implemented regarding hospitalization services needed for inmates of the County Detention System . On February 7, 2017, the Board of Supervisors authorized the Chief Executive Officer to enter into an agreement with the California Department of Health Care Services to participate in the Medi-Cal County Inmate Program (MCIP) for Fiscal Years 2016-2017 and 2017-2018. The MCIP program makes federal financial participation (FFP) funding available for inpatient hospital care provided to Medi-Cal eligible County inmates. Under the program, the State pays inpatient service providers directly for inmates enrolled in the program. It is estimated that approximately 90% of the County's inmate population qualifies for the MCIP program. The remaining 10% of inmates, if hospitalized, would be subject to the rates of the proposed agreement with Doctors Medical Center. Early estimates of the savings related to the MCIP program were reported at \$200,000 for Fiscal Year 2017-2018.

During the last year County staff has met with DMC and assessed current circumstances and projected needs. Aside from the Hospitalization services there are several services, primarily for law enforcement support that need to continue. Currently these include decedent x-rays needed by the Sheriff-Coroner, and blood alcohol testing needed by law enforcement.

While services needed by or related to the Sheriff's Office are more known and quantifiable, the federal and state healthcare environment, make other possible needs much unknown and uncertain.

In an effort to ensure the continued availability of limited services and under predetermined reimbursement terms, DMC has recently requested a new single agreement with the County. This limited agreement would provide terms for the cost of x-ray services for the Sheriff-Coroner when needed, blood alcohol testing to cover the cost DMC incurs, and preserves a rate for hospitalization should the County during this term become responsible for any indigent/inmate hospitalization costs.

It is recommended that the County prepare to enter into an agreement with Doctors Medical Center for a period of one (1) year. During this one-year period, staff would further consider the extent of service need and explore an extension of the relationship, other hospital interest and pursuing other alternatives or a combination of both. Particularly with regard to the need for decedent x-ray services the Sheriff is nearing completion of an analysis, based on successful implementation by other Counties of modern x-ray equipment that could be added to the new Coroners Facility and also envisioned in the new Maximum Security/Medical Public Safety Detention Center that would allow for such x-rays and minimize transportation costs. That recommendation will be presented to the Board in the near future.

The services for which the county seeks to ensure continued hospital service availability include services for incarcerated individuals, lab draw services for law enforcement, x-ray services to support the Sheriff-Coroner responsibilities, and the unknown potential of Medically Indigent Adult enrolled individuals.

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While some negotiations have taken place, staff and Doctors Medical Center have not finalized the terms and language of a new contract document, however both parties are committed to completion such that there would not be an interruption of service availability. These negotiations specifically do not include services that are provided for under separate and continuing agreements for employee health or for inpatient psychiatric services for the County's Behavioral Health and Recovery Services responsibilities. The recommendation is to authorize the Chief Executive Officer or his designee working with the Managing Director of the Health Services Agency and County Counsel to finalize and execute this agreement prior to November 30, 2017.

The Health Executive Committee of the Board of Supervisors met on November 13, 2017 and was provided a brief verbal update on the efforts to secure a new agreement with Doctors Medical Center and the need to seek Board of Supervisors approval prior to the November 30, 2017 expiration of the Inpatient Hospital Services Agreement

### **POLICY ISSUE:**

Under current Board of Supervisor policy, contract agreements that will exceed \$100,000 in County expenditures over a period of three fiscal years require approval by the Board of Supervisors.

### **FISCAL IMPACT:**

The fiscal impact of the anticipated agreement varies by the program or county obligation to arrange and pay for services, and has each been included under the respective budget unit in the Approved Final Budget for Fiscal Year 2017-2018. The estimated expenditure is the result of rates not yet mutually agreed upon and by actual utilization of services. Staff has considered recent negotiations and past utilization to arrive at estimates. For incarcerated individuals, recent changes by the State of California have extended Medi-Cal eligibility and thus State payment responsibility for the majority of such patients. As such the annual County expenditure for those not covered by Medi-Cal is estimated to be under \$50,000. For the law enforcement requested blood draw services, the estimated annual expenditure is under \$7,000. For the Sheriff-Coroner needed x-ray services the estimated annual expenditure is under \$60,000. With regard to the Health Services Agency's potential exposure for Medically Indigent Adults hospital services, under now current federal and state policies, the estimated expenditure is under \$100,000. However if changes occur to the federal Affordable Care Act, the exposure could grow significantly. If that were to occur, staff would work with the Health Executive Committee and would return to the Board of Supervisors with related program and fiscal recommendations.

### **BOARD OF SUPERVISORS' PRIORITY:**

Authorizing staff to finalize a new agreement would ensure necessary services and support the Board's priorities of a Safe Community and a Healthy Community.

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**STAFFING IMPACT:**

There is no new staffing impact as existing staff would carry out the recommended and related operational activities.

**CONTACT PERSON:**

Patricia Hill Thomas, Chief Operations Officer - 209-525-6333

Mary Ann Lee, Managing Director, Health Services Agency - 209-558-7163

**ATTACHMENT(S):**

None

## SERVICES AGREEMENT

THIS SERVICES AGREEMENT ("Agreement") is made and entered into as of the later of May 1, 2018, or the execution of the Agreement by both parties (the "Effective Date") by and between Doctors Medical Center of Modesto, Inc., a California corporation doing business as Doctors Medical Center of Modesto ("Hospital") and County of Stanislaus, political subdivision of the State of California ("County") (collectively, the "Parties").

### RECITALS:

A. Hospital owns and operates a general acute care hospital licensed in the State of California ("State") with expertise in providing services for facilities such as County.

B. County is in need of certain medical services for certain of its County residents ("Patients") and such Patients are in need of those Services listed in Exhibit A (the "Services").

C. County and Hospital agree it is in the best interest of each party to provide quality patient care in a cost-effective and efficient manner for County to contract with Hospital to provide the Services.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein set forth, it is agreed as follows:

1. **SERVICES.** Hospital shall perform Services and such other duties as stated in Exhibit A attached hereto and incorporated herein by this reference. Hospital shall also provide the Services listed in Exhibit B attached hereto and incorporated herein by this reference through employees and/or contractors of Hospital ("Hospital Staff") who are qualified and appropriately licensed and certified, and/or registered to perform all functions assigned to them by Hospital in connection with the Services. Hospital, through its Directors and/or designee, and County shall coordinate their activities at Hospital.

2. **ACCESS TO BOOKS AND RECORDS.** If the value or cost of Services rendered to County pursuant to this Agreement is \$10,000 or more over a 12-month period, in accordance with section 1861(v)(1)(I) of the Social Security Act, Hospital agrees that at least for four (4) years after the furnishing of such Services, Hospital shall, upon written request, make available to the Secretary of the United States Department of Health and Human Services (the "Secretary"), the Comptroller General of the United States, or their respective duly-authorized representatives, such books, documents, and records as may be necessary to certify the nature and extent of the cost of such Services. The provisions set forth herein shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

3. **REPRESENTATIONS AND WARRANTIES.** County represents to Hospital that the compensation paid or to be paid by County to any physician is and will, at all times during the term of the Agreement, be fair market value for services actually provided by such physician, not taking into account the value or volume of referrals or other business generated by such physician for Hospital. County represents to Hospital that County has and will at all times maintain a written agreement with each physician receiving compensation from County who is not an employee of Group (e.g., each non-employed independent contractor), which written agreement is or will be signed by the parties, and does or will specify the services covered by the arrangement. County further represents that with respect to employees of County with whom

County does not have a written employment agreement, the employment arrangement is or will be for identifiable services and is or will be commercially reasonable even if no referrals are made to County by the employee. Further, County shall comply with all relevant claims submission and billing laws and regulations. Each of the representations and warranties set forth herein shall be continuing and in the event any such representation or warranty fails to remain true and accurate during the Term, County shall immediately notify Hospital.

**4. CONFIDENTIALITY.**

a. The Parties agree to maintain, hold as confidential and not disclose the terms of this Agreement or any confidential or proprietary information that either party may be provided during the term of this Agreement to any other person (with the exception of either party's legal counsel, accountant or financial advisors), unless disclosure thereof is required by law or otherwise authorized by this Agreement or consented to in writing by the other party ("Confidential Information"). With respect to any patient or medical record information regarding Hospital patients, the Parties shall comply with all federal and state laws and regulations, and all rules, regulations, and policies of Hospital and its medical staff, regarding the confidentiality of such information, including, without limitation, all applicable provisions and regulations of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

b. As between Hospital, its affiliates, and County, any Confidential Information of Hospital or its affiliates or Data provided to or learned by County for any purpose, in connection with any software pursuant to this Agreement, shall be deemed to be the exclusive property of Hospital. In no event shall County claim any rights with respect to such Confidential Information or Data or take any action with respect to such Confidential Information or Data that is inconsistent with the duties of a bailee for hire or in addition to the services County is authorized to provide under this Agreement, without prior written consent of Hospital or its affiliates. Additionally, County shall not use, authorize to use or disclose the Data received from Hospital for the purpose of developing information or statistical compilations for use by third parties or other division or subsidiary of County or for any commercial exploitation, unless otherwise agreed upon in writing by Hospital or its affiliates or required by applicable state and/or federal law. Moreover, County hereby waives any and all statutory and common law liens it may now or hereafter have with respect to data derived from Hospital's or any of its affiliate's Confidential Information or Data. For purposes hereof, "Data" means all tangible data elements belonging to Hospital or its affiliates under the terms of this Agreement. Data specifically includes, but is not limited to, patient identification information, patient medical records, financial information, business forecasts, personnel information, customer lists, marketing information, Medicare, Medicaid and other payor information, reimbursement information, and other information relating to the business of Hospital or any affiliate thereof or their respective patients, clients or customers.

**5. DISCLOSURE OF TERMS OF AGREEMENT.** County shall not refer to the existence of this Agreement or disclose its terms to any third party, including, without limitation, in any press release, advertising, marketing, publicity or other materials, without the prior written consent of the other party, except as required by applicable state and/or federal law. Neither party shall use the name, trade name, trademarks, service marks or logos of the other party or any of its affiliates in any press release, advertising, marketing, publicity or other materials, without the prior written consent of the other party. County shall not represent, directly or indirectly, that any product or service of County has been approved or endorsed by the Hospital or any of its affiliates, without the prior written consent of the Hospital.

6. **INDEPENDENT CONTRACTOR.** In performing the Services herein specified, Hospital is acting as an independent contractor, and neither Hospital nor any Hospital Staff shall be considered employees of County. Hospital shall perform at all times in accordance with currently approved methods and standards of practice for Services in the medical community. The provisions set forth herein shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

7. **TERM.** The term of this Agreement ("Term") shall be One (1) year(s) commencing on the Effective Date. If the Parties continue to abide by the terms and conditions of this Agreement without having executed a renewal or extension of this Agreement or advised the other party of such party's intent not to renew or extend this Agreement, then this Agreement shall automatically be extended on a month-to-month basis for up to six (6) months.

8. **TERMINATION.**

a. **Termination Without Cause.** Either party may, in its sole discretion, terminate this Agreement without cause by giving the other party at least sixty (60) days' prior written notice.

b. **Termination for Breach.** Either party may terminate this Agreement upon breach by the other party of any material provision of this Agreement, provided such breach continues for 15 days after receipt by the breaching party of written notice of such breach from the non-breaching party.

c. **Termination for Changes in Law.** In the event that any governmental or nongovernmental agency, or any court or administrative tribunal passes, issues or promulgates any new, or change to any existing, law, rule, regulation, standard, interpretation, order, decision or judgment (individually or collectively, "Legal Event"), which a party (the "Noticing Party") reasonably believes (i) materially and adversely affects either party's licensure, accreditation, certification, or ability to refer, to accept any referral, to present a bill or claim, or to receive payment or reimbursement from any governmental or non-governmental payor, or (ii) indicates a Legal Event with which the Noticing Party desires further compliance, then, in either event, the Noticing Party may give the other party thirty (30) days prior written notice of its intent to amend or terminate this Agreement. Notwithstanding the foregoing, the Noticing Party may propose an amendment to the Agreement to take into account the Legal Event, and, if accepted by the other party prior to the end of the thirty (30) day notice period, the Agreement shall be amended as of the date of such acceptance and if not amended shall automatically terminate.

d. **Effect of Termination.** As of the effective date of termination of this Agreement, neither party shall have any further rights or obligations hereunder except: (a) as otherwise provided herein; (b) for rights and obligations accruing prior to such effective date of termination; and (c) arising as a result of any breach of this Agreement.

9. **COMPENSATION.** For the Services rendered pursuant to this Agreement, County shall pay Hospital in accordance with Exhibit B which is attached hereto and incorporated herein by this reference. County shall pay only for Services rendered to Patients who are referred to Hospital by County, the County's Sheriff, County Coroner or their designee(s) for those Services identified in Exhibit A of this Agreement. Services provided to indigent program members are



subject to eligible benefits and authorized services, not related to emergency services. Under no circumstances shall County deny payment for such Services provided to Patients.

10. **INDEMNIFICATION.** Both parties mutually agree to indemnify and hold each other harmless from and against all liability, losses, damages, claims, causes of action, cost or expenses (including reasonable attorneys' fees), which directly or indirectly arise from the performance of the Services hereunder by the indemnifying party, its agents, servants, representatives and/or employees.

11. **ARBITRATION.** Any dispute or controversy arising under, out of or in connection with, or in relation to this Agreement, or any amendment hereof, or the breach hereof shall be determined and settled by final and binding arbitration in the county in which the Hospital is located in accordance with the Commercial Rules of Arbitration ("Rules") of the Judicial Arbitration and Mediation Services ("JAMS") before one arbitrator applying the laws of the State. The parties shall attempt to mutually select the arbitrator. In the event they are unable to mutually agree, the arbitrator shall be selected by the procedures prescribed by the JAMS Rules. Any award rendered by the arbitrator shall be final and binding upon each of the parties, and judgment thereof may be entered in any court having jurisdiction thereof. The costs shall be borne equally by both parties. The provisions set forth herein shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

12. **ENTIRE AGREEMENT; MODIFICATION; GOVERNING LAW; COUNTERPARTS; NOTICES; WAIVER; ASSIGNMENT.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties relating to such subject matter. This Agreement may not be amended or modified except by mutual written agreement. This Agreement shall be construed in accordance with the laws of the State, which provision shall survive the expiration or other termination of this Agreement. This Agreement may be executed in one or more counterparts, all of which together shall constitute only one Agreement. All notices hereunder shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier, addressed at the place identified on the signature page below. A waiver by either party of a breach or failure to perform hereunder shall not constitute a waiver of any subsequent breach or failure. County shall not assign or transfer, in whole or in part, this Agreement or any of County's rights, duties or obligations under this Agreement without the prior written consent of Hospital, and any assignment or transfer by County without such consent shall be null and void. This Agreement is assignable by Hospital without consent or notice.

13. **REFERRALS.** The Parties acknowledge that none of the benefits granted County hereunder are conditioned on any requirement that County make referrals to, be in a position to make or influence referrals to, or otherwise generate business for Hospital or its affiliates.

14. **COMPLIANCE OBLIGATIONS.** Each of the Parties represents that it has a compliance program regarding state and federal health care laws. The Parties to this Agreement shall comply with the Deficit Reduction Act of 2005, Anti-Kickback Statute and the Stark Law. Further, the Parties shall comply with the Federal False Claims Act and applicable state false claims laws (collectively "False Claims Laws"); with descriptions of penalties and whistleblower protections pertaining to such laws, are available at: <http://www.tenethealth.com/about/ethics-compliance>.

15. **EXCLUSION LISTS SCREENING.** County shall screen all of its current and prospective owners, legal entities, officers, directors, employees, contractors, and agents ("Screened Persons"), if any, against (a) the United States Department of Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities (available through the Internet at <http://www.oig.hhs.gov>), (b) the General Services Administration's System for Award Management (available through the Internet at <http://www.sam.gov>), and (c) any applicable state healthcare exclusion list (collectively, the "Exclusion Lists") to ensure that none of the Screened Persons are currently excluded, debarred, suspended, or otherwise ineligible to participate in Federal healthcare programs or in Federal procurement or nonprocurement programs, or have been convicted of a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a), but have not yet been excluded, debarred, suspended, or otherwise declared ineligible (each, an "Ineligible Person"). If, at any time during the term of this Agreement any Screened Person becomes an Ineligible Person or proposed to be an Ineligible Person, County shall immediately notify Hospital of the same. Screened Persons shall not include any employee, contractor or agent who is not providing services under this Agreement.

16. **NOTICES.** All notices, requests, demands, waivers, consents, and other communications hereunder shall be in writing, shall be delivered either in person, by telegraphic, facsimile or other electronic means, by overnight courier, or by mail and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person or by telegraphic, facsimile, or other electronic means calculated to arrive on any business day prior to 6:00 p.m. local time at the address of the addressee, or on the next succeeding business day if delivered on a non-business day or after 6:00 p.m. local time, (b) one business day after having been delivered to a courier for overnight delivery, or (c) three (3) business days after having been deposited in the mail as certified or registered mail, return receipt requested, all fees prepaid, directed to the Parties or their assignees at the following addresses:

Hospital: Doctors Medical Center of Modesto  
1441 Florida Avenue  
Modesto, CA 95350  
Attn: Chief Executive Officer

County: Stanislaus County Health Services Agency  
Managing Director  
830 Scenic Drive  
Modesto, CA 95350

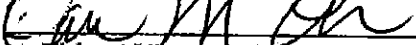
Copy to: Stanislaus County Office of County Counsel  
1010 10<sup>th</sup> Street, Suite 6400  
Modesto, CA 95354

Copy to: Tenet Health  
1400 S. Douglass Rd., Suite 250  
Anaheim, CA 92806  
Attn: AVP, Managed Care


17. **MEDICAL RECORDS.** Hospital agrees to maintain medical records in accordance with applicable federal and state laws and statutes. All medical records shall be regarded as confidential in accordance with applicable law. Hospital shall provide access to medical records

to County upon ten (10) business days prior written notice for the purposes of conducting quality assurance, post-discharge utilization management, payment adjudication and processing, claim auditing, resolving Patient grievances or as may be requested by a governmental entity or accreditation organization. Copies of medical records shall be provided to County and reimbursed to Hospital at a rate of \$1.00 per page. For purposes of payment adjudication and processing no charge shall be paid for copies of medical records.

**DOCTORS MEDICAL CENTER OF Modesto, Inc.**

By:   
Name: Title: AVP, West Regional Operations – Managed Care  
Date: 8/27/18  
Address: 1441 Florida Avenue  
Modesto, CA 95350

**COUNTY OF STANISLAUS**

By:   
Name: Patricia Hill Thomas  
Title: Chief Operations officer  
Date: 5/23/18  
Address: 1010 10th St, Modesto, CA 95354

Approved as to form:

  
Marc Hartley, Deputy County Counsel

**EXHIBIT A**  
**Services**

1. Inpatient hospitalization, Emergency, Outpatient Services as requested by County for its Patients.
  - a. Outpatient services shall include decedent x-ray services as requested by the County, the County's Sheriff, the County's Coroner or their designee(s).
  - b. For Patients identified by the County as Medically Indigent Adult (MIA), Hospital and County agree that if there is material change in the number of or type of MIA population as a result of changes to or in the Affordable Care Act, Covered CA, or other federal or state legislation or rules, the Parties agree to meet and confer regarding any adjustments needed to this Agreement.
2. Blood Alcohol Draws for Patients brought to Hospital by law enforcement agencies or their designee(s).

**EXHIBIT B  
FEE SCHEDULE**

1. County shall compensate Hospital for Services as requested by the County for its Patients according to the rate schedule below.

Service Category	Priority Ranking	Applicable Codes	Reimbursement Methodology	Reimbursement
<b>Section 1: INPATIENT</b>				
All Inpatient Services	1	All IP Claims	Per Diem for each day of IP stay (entire stay)	\$2,433.00
<b>Section 2: OUTPATIENT</b>				
Emergency Room Services	1	Revenue Codes: 450-459	Case Rate: Percent of Hospital's total Billed Charges less Section 3 Exclusion Charges	3.50%
All Other Outpatient Services (including cadaver x-rays)	2	All other codes not listed above.	Case Rate: Percent of Hospital's total Billed Charges less Section 3 Exclusion Charges	5.60%
<b>Section 3: EXCLUSIONS</b>				

Section 3 Exclusions are payable in addition to the Reimbursement Methodology for all Inpatient and Outpatient Service Types listed above, including when Blood Alcohol draw is only service provided.

Blood Alcohol Draws		CPT Code: 80320	Flat Rate Per Unit	\$10.00
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**Notes:**

- 1) Case Rate: refers to payment received for entire visit or LOS.
- 2) Per Diem: refers to payment for each day of stay of an admission.

2. Compensation is payable to Hospital within thirty (30) days of receipt of hospital invoice.

**Charge Master Limit.**

For the purposes of this Agreement, Hospital is limited to a total overall aggregate charge master increase ("Charge Master Limit") of seven percent (7%) annually and increases above that percentage will be disregarded.

**Notification:** In the event Hospital exceeds the Charge Master Limit for the applicable period, Hospital will use best efforts to provide County written notice of such increase thirty (30) days prior to the effective date of such increase.

**Rate Adjustment:** Hospital shall submit to County an attestation, specifying the adjusted terms

to be reimbursed on a prospective basis. County shall have fifteen (15) business days from the receipt of the attestation to respond, either in the form of an executed attestation or to communicate discrepancies. In the absence of such response within the fifteen (15) business day period, the attestation shall be binding upon both Parties as of the effective date stated on the attestation.

**Payment Rate Adjustment Example:**

1. Hospital(s) implemented an 8% increase and have a % of billed charges Rate of 75%, then:

Charge Master Limit = 7%

Charge Master Increase = 8%

Payment Rate = 75%

Adjusted Payment Rate =  $75\% \times (1+.07) / (1 + .08) = 74.31\% = \text{Rounded to } \underline{74\%}$

2. Hospital(s) implemented a 7% increase and have a % of billed charges Rate of 70%, then:

Charge Master Limit = 7%

Charge Master Increase = 7%

Payment Rate = 70%

No Adjusted Payment Rate

3. Hospital(s) implemented a 6% increase and have a % of billed charges Rate of 65%

Charge Master Limit = 7%

Charge Master Increase = 6%

Payment Rate = 65%

No Adjusted Payment Rate