

**AMENDMENT TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
HOSPITALIST MEDICINE PHYSICIANS OF CALIFORNIA, INC.
DBA SOUND PHYSICIANS OF CALIFORNIA III**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of August, 2016, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Hospitalist Medicine Physicians of California, Inc. dba Sound Physicians of California III, hereinafter called "Contractor";

WITNESSETH:

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

WHEREAS, County and Contractor (an assignee of Sound Physicians Medical Group, Inc.) entered into an agreement for hospitalist services on November 4, 2014 (the "Agreement"); and

WHEREAS, the parties wish to amend the Agreement to increase the overall limitation on compensation paid to Contractor in Exhibit B of the Agreement by \$1,050,000 to an amount not to exceed \$8,400,000.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. The original Exhibit B of the Agreement is replaced in its entirety effective as of December 1, 2014 with the revised Exhibit B (rev. 8/11/16), a copy of which is attached to this Amendment and incorporated into the Agreement by this reference.
2. All other terms and conditions of the agreement dated November 4, 2014, between the County and Contractor shall remain in full force and effect.

SIGNATURES TO FOLLOW

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives,
have affixed their hands.

COUNTY OF SAN MATEO

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

Date: _____

ATTEST:

By: _____
Clerk of Said Board


Hospitalist Medicine Physicians of California, Inc.
dba Sound Physicians of California III



Contractor's Signature

Date: 8/23/16

APPROVED AS TO FORM


Nicholas Cook, Attorney

Date 8/23/16

EXHIBIT B
(rev. 8/11/16)

FEES AND PAYMENT TERMS

(To the extent any terms contained in this Exhibit are inconsistent with the Agreement, the terms of this Exhibit shall control)

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

- I. **Base Fee.** In consideration for the delivery of the services described in this Agreement, County shall pay Contractor a monthly base fee of ONE HUNDRED SIXTY ONE THOUSAND FIVE HUNDRED EIGHTY EIGHT DOLLARS (\$161,588) (the "Base Fee") initially reflecting 5.3 Contractor Physician FTEs constituting the Site Team.
- II. **Productivity Adjustments.** The monthly Base Fee excludes the expected productivity compensation for Contractor physicians based on current patient census volume data as provided to Contractor by County. In the event actual patient census volumes exceed such assumptions and physician productivity is higher than anticipated, the month Base Fee will be increased to pass through to the County an additional productivity bonus payable to Contractor physicians to equal to \$12.30 per wRVU above 1,547 RVUs per month. If the staffing is adjusted in the manner described in Exhibit B, Section III.A, the wRVU threshold for a productivity adjustment will be increased on a proportionate basis.
- III. **Temporary and Permanent Staffing Adjustments**
 - A. **Staffing Adjustments.** The monthly Base Fee shall be adjusted to reflect the actual number of Contractor Physicians constituting the Site Team for the month being invoiced. It is expected that the initial Site Team complement will cover a total of one (1) day shift, one (1) day swing shift and one (1) night shift per 24 hour period (the "Site Team Shifts"). In instances of temporary high-volume census periods when Contractor determines to staff additional shifts on a temporary basis each such day shift covered by Contractor in excess of the Site Team Shifts is an "Excess Shift". County shall pay Contractor, monthly, the actual cost of such Excess Shifts. In the event that the average 7:00 a.m. census for patients on the hospitalist service is more than 24 patients over a 60 day period, then four (4) additional hours of daily coverage will be added to the Site Team Shifts and the monthly Base Fee will be increased to \$177,359, reflecting a Site Team of 6.0 Contractor Physician FTEs. In the event that the average 7:00am Census for patients on the hospitalist service is more than 35 patients over a 60 day period, then up to eight (8) additional hours of daily coverage may be added to the Site Team shifts and the monthly base fee will be increased to \$206,525.67. In the event that the Site Team of 6.0 Contractor

Physician FTEs has been established, and the average 7:00 a.m. census for patients on the hospitalist service falls below 24 for more than 90 days, Contractor will, upon agreement from County, decrease the number of Contractor Physicians to 5.3FTEs, effective 120 days from the point of that determination, and the Base Fee will revert back to that described in Exhibit B above.

B. **Locum Tenens and Rovers Reimbursement.** For purposes of this Section, Locum Tenens Physicians who are employed by Contractor or by an entity that is affiliated with Contractor shall be "Rover Locum Tenens Physicians," and other Locum Tenens Physicians (including independent community physicians moonlighting with Contractor as independent contractors and those contracted with by Echo Locum Tenens, Inc., a temporary staffing agency affiliated with Contractor) shall be "Non-rover Locum Tenens Physicians." County shall reimburse Contractor the actual cost of any and all Locum Tenens Physicians (Rover or Non-Rover) with whom Contractor contracts to provide Services under this Agreement that are in excess of the fully loaded W-2 Physician shift rate built into the Base Fee (which base shift rate is \$1,374), including without limitation the actual cost of covering the shift plus any related travel and lodging expenses (the "Locums Premium Cost"). The Locums Premium Cost is in addition to the Base Fee and shall be payable to Contractor on the next monthly invoice; provided, however, each month the Locums Premium Cost shall not exceed \$1,226 per shift, provided, further, each month the Locums Premium Cost is only payable with respect to sixty (60) shifts per month during the initial eight (8) months of the term of the Agreement, and thereafter not to exceed twenty (20) shifts per month. All costs payable under this section are subject to the Agreement's not-to-exceed amount.

C. **Recruitment Reimbursement.** For each new Contractor Physician FTE recruited and hired as an employee of Contractor to provide services under this Agreement, County shall reimburse Contractor the total actual costs, not to exceed FORTY THOUSAND DOLLARS (\$40,000) per Contractor Physician FTE, of the Contractor's cost of recruitment and training. All amounts reimbursable under this paragraph shall be payable to Contractor on the first day in which the Contractor Physician FTE provides services and will be due on the next monthly invoice. All costs payable under this section are subject to the Agreement's not-to-exceed amount.

IV. **Physician Quality Bonus.** The parties agree that each Contractor Physician FTE may qualify to earn up to TEN THOUSAND DOLLARS (\$10,000) per year, subject to such Contractor Physician meeting certain calendar year performance metrics (focusing on quality utilization and satisfaction within the Contractor Physicians' control), set forth on Exhibit C (the "Physician Quality Bonus"); provided that such Physician Quality Bonus shall be prorated for any Contractor physician who provided services for less than a full year (measured from the start date of the applicable calendar year performance metric). Such performance metrics and their associated weighting

within the Physician Quality Bonus calculation methodology shall comply with applicable guidance from the Internal Revenue Service ("IRS") and the Office of the Inspector General, Health & Human Services ("OIG") regarding gainsharing and pay-for-performance programs. For the second year (in each case measured from the applicable calendar year performance metric start date) and thereafter, the parties agree to meet no later than sixty (60) days before the end of the applicable year to determine, for the coming year, the criteria for bonus payout (focusing on quality, utilization and satisfaction within the Contractor Physicians' control) and the amount to be paid for achievement of each bonus criterion.

County will collect performance data with respect to such metrics on an ongoing basis and provide a quarterly report to Contractor, within fifteen (15) days of the end of each quarter (in each case measured from the start date of the performance metric). Some of the performance data to be reported is included in Exhibit F. The amount of the performance bonus payable for a particular year will be based on the measurement of performance of the Contractor Group over the entire year (measured from the start date of the performance metric). It is understood by County that provision of this data on such regular intervals is necessary in order for Contractor to properly manager to the performance measures. Such data shall be due from County to Contractor within fifteen (15) business days after the end of the period for which such data applies. Contractor shall have five (5) business days to review each such report and raise any objections. If Contractor does have any objections to the finding of any such report, the parties shall meet promptly to discuss and resolve the issue. If Contractor does not raise any objections, it will be assumed that the report is accurate and appropriate. If County does not report to Contractor the data specified for each such measure it will be assumed for purposes of assessing performance that the goal of each such non-reported measure was satisfied. In the event that circumstances outside the control of County prevent timely reporting of the required data, County may request an extension for reporting, such request not to be unreasonably refused by Contractor.

- V. Overall Limitation on Compensation Paid to Contractor. The total compensation paid to Contractor by County under this Agreement shall not exceed EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS (\$8,400,000).