

**AMENDMENT NO. 2 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
SUTTER BAY MEDICAL FOUNDATION DBA PALO ALTO MEDICAL
FOUNDATION FOR HEALTH CARE, RESEARCH AND EDUCATION**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 2017, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Sutter Bay Medical Foundation dba Palo Alto Medical Foundation for Health Care, Research and Education, hereinafter called "Contractor";

W I T N E S S E T H:

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, the parties entered into an Agreement to provide general, thoracic and vascular surgery services on September 22, 2015, for the term of July 1, 2015 through June 30, 2017, in an amount not to exceed \$2,350,000; and

WHEREAS, on March 28, 2017, the agreement was amended to reflect the new corporate name of "Sutter Bay Medical Foundation dba Palo Alto Medical Foundation for Health Care, Research, and Education"; and

WHEREAS, the parties wish to further amend the Agreement to extend the term by six months to December 31, 2017, and increase the amount by \$600,000 to an amount not to exceed \$2,950,000.

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

1. Section 3.1, Term, of the agreement is amended to read as follows:

This Agreement shall commence on July 1, 2015, and shall continue for two and a half (2.5) years. Unless terminated sooner, this Agreement shall expire and be of no further force and effect as of the end of business on December 31, 2017. The parties agree that, effective as of July 1, 2015, this Agreement shall replace and supersede a prior Agreement between the parties for the same services. Upon execution of this Agreement, the parties shall reconcile any payments made or pending for services rendered on and after July 1, 2015 to comply with the terms of this Agreement.

2. Original Exhibit A is hereby replaced in its entirety with Revised Exhibit a (rev. 4/4/17), a copy of which is attached hereto and incorporated into the Agreement by this reference.
3. Exhibit B (rev. 1/4/17) is hereby replaced in its entirety with Exhibit B (rev. 4/4/17), a copy of which is attached hereto and incorporated into the Agreement by this reference.
4. **All other terms and conditions of the Agreement dated September 22, 2015, between the County and Contractor shall remain in full force and effect.**

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

SUTTER BAY MEDICAL FOUNDATION DBA PALO ALTO MEDICAL FOUNDATION
FOR HEALTH CARE, RESEARCH AND EDUCATION



Contractor's Signature

Date: 5/12/12

EXHIBIT A (rev. 4/4/17)

SERVICES

In consideration of the payments specified in Exhibit B, Contractor shall ensure that Contractor Providers shall perform the services described below under the general direction of the Chief Medical Officer and the SMMC Chief of Surgery.

- I. Provide professional general, thoracic, and vascular surgery services in the Division of SMMC, Department of Surgery, including inpatient, outpatient, and emergency care, as further described below in this Exhibit A.
- 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.

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. In addition, Contractor Providers must adhere to the guidelines of the San Mateo County Trauma System by being immediately available by telephone and must make every reasonable effort to be present at the hospital at the time of the patient's arrival.

It is expressly understood that Contractor Providers and any other of Contractor's 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.

General Surgery call coverage shifts are provided 275 nights in year one and 274 nights in subsequent years, Monday – Friday, 5:00 p.m. – 7:00 a.m. and Saturday and Sunday 7:00 a.m. – 7:00 a.m. Vascular Surgery call coverage shifts are provided 366 nights in year one and 365 nights in subsequent years, Monday – Friday, 5:00 p.m. – 7:00 a.m. and Saturday and Sunday 7:00 a.m. – 7:00 a.m.

- III. Contractor Providers 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 considered at the time of reappointment to the medical staff and/or renewal or revision of individual clinical privileges.
- IV. Contractor Providers 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. If Contractor Providers have not already completed such training within two years prior to the effective date of this Agreement, Contractor Providers shall complete the SMMC's General Compliance Training within 30 days of execution of this Agreement.

- V. Contractor Providers 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 Providers shall collectively provide a minimum average of nine (9) hours per month of medical staff administrative support to hospital and nursing with respect to scheduling clinic, surgery and call coverage and in meeting surgical and anesthesia standards as defined by the Joint Commission, Title XXII, and other applicable standards.

Administrative services shall be provided by Contractor Providers and will include the following:

- A. Quarterly review of contract metrics with subsequent corrective action planning as needed
 - B. Monthly review of productivity data on both a department and individual basis
 - C. Participate in and meet regularly with the Credentials Committee
 - D. Review of surgery clinic performance with corrective action plans as needed
 - E. Compile weekly clinic/OR schedule for Contractor Providers
 - F. Compile Contractor Providers' call schedule
- VII. General Surgery Responsibilities and Expectations
- A. Provision of professional general surgery services including inpatient, outpatient, and emergency care. The area of coverage for Contractor within the field of general surgery shall include surgical services to address diseases of the gastrointestinal tract, liver, pancreas, intra-abdominal organs, breast, endocrine glands, and skin and soft tissues, including thoracic surgery.
 - B. For the entire term of the Agreement, provision of a minimum of three (3) clinics per week, each of which shall be of at least four (4) hours in length,

each of general surgery outpatient clinic sessions conducted at the SMMC outpatient clinics, as identified by the SMMC Chief Medical Officer, Chief of Surgery, or designee.

- C. For the entire term of the Agreement, provision of a minimum of four (4) hours of general surgery, four (4) days per week, on days of the week mutually determined in consultation with the Chief of Surgery. Contractor Providers shall provide such services for three (3) weeks out of every four (4) week period and Contractor and the County acknowledge that the County intends to enter into an agreement with Dr. David Jegge pursuant to which he will provide such general surgery services every fourth week.
- D. Provision of Emergency Department and Inpatient consultation 24 hours per day/7 days per week/365 days per year (except that Contractor shall not provide such services every fourth night and every fourth weekend, as coordinated with the SMMC Chief of Surgery, for as long as the County contracts with Dr. Jegge for such call service), including performance of surgical procedures as determined necessary by the Division of General Surgery.
- E. Provision of inpatient postoperative care as dictated by standard surgical practice and in compliance with SMMC medical staff requirements for the general practice of medicine.
- F. In order to provide comprehensive general surgery services for the period July 1, 2015 through December 31, 2017, County intends to contract directly with Dr. David Jegge for the following services:
 - 1. One half-day surgery clinic block per week (on Wednesday, unless a different day is otherwise agreed in advance by Dr. Jegge and the SMMC Chief of the Department of Surgery) of at least four (4) hours in length, with a target of 20 patients seen in each half-day clinic.
 - 2. One half-day surgery block of approximately four (4) hours in length, during the fourth week each month with the specific date to be mutually agreed by the Contractor and the Chief of the Department of Surgery.
 - 3. Provision of Emergency Department and inpatient consultations, every fourth night and every fourth weekend, including performance of surgical procedures as determined necessary by the Chief of Surgery.
 - 4. Provision of inpatient postoperative care as dictated by standard surgical practice and in compliance with SMMC medical staff requirements for the general practice of medicine.
- G. If the County is unable to conclude a contract with Dr. Jegge or the contract

with him expires or terminates for any reason, the County shall have the right to require Contractor to provide the services set forth in Paragraph F, above, and if County requires Contractor to provide these services, County will increase the monthly compensation payable to contractor under this Agreement as described in Exhibit B of this Agreement by \$24,667 per month.

VIII. Vascular Surgery Responsibilities and Expectations

- A. For the entire term of this Agreement, provision of one session per week of vascular surgery outpatient clinic, which shall be at least four (4) hours in duration at SMMC outpatient clinics, as designated by the SMMC Chief Medical Officer or Chief of Surgery.
- B. For the entire term of this Agreement, provision of a surgery block of at least five (5) hours in length of vascular surgical procedures on a day of the week mutually determined in consultation with the Chief of Surgery.
- C. All procedures that can safely and reasonably be performed at SMMC shall be.
- D. Off-site care: All vascular care for SMMC patients provided at off-site locations (other hospitals) is included under this Agreement, except as provided in Exhibit B, Section V.
- E. Provision of inpatient postoperative care as dictated by standard surgical practice and in compliance with SMMC medical staff requirements for the general practice of medicine.
- F. 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.

EXHIBIT B (rev. 4/4/17)

PAYMENTS

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

- I. Subject to achievement of the Performance Metrics as described in Exhibit C, Contractor shall be paid at fixed rate of ONE MILLION, ONE HUNDRED SEVENTY FIVE THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,175,416) per year in year one and a fixed rate of ONE MILLION ONE HUNDRED SEVENTY FOUR THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) per year in year two and a fixed rate of FIVE HUNDRED EIGHTY SEVEN THOUSAND TWO HUNDRED EIGHT DOLLARS (\$587,208) for the period from July 1, 2017 through December 31, 2017. As outlined in more detail in Exhibit C, Contractor's annual compensation for scheduled clinics and surgical time (listed in Section VII.A of this Exhibit, below) of EIGHT-HUNDRED TWENTY-FOUR THOUSAND NINE-HUNDRED SIXTEEN DOLLARS (\$824,916) is subject to a ten (10) percent annual incentive withholding totaling EIGHTY-TWO THOUSAND FOUR-HUNDRED EIGHTY DOLLARS (\$82,480), with the withheld amount being subject to incentive payment to Contractor based on whether certain metrics outlined in Exhibit C are met. Accordingly, during year one Contractor shall be paid in monthly installments of NINETY-ONE THOUSAND SEVENTY-EIGHT DOLLARS (\$91,078), which is the amount calculated by adding 1/12th the annual amount listed in Section VII.A below (less 10%) plus 1/12th the annual amounts listed in Section VII.B below (for year one only) plus the monthly amount listed in Section VII.C below. Similarly, during year two Contractor shall be paid in monthly installments of NINETY THOUSAND NINE-HUNDRED NINETY-FIVE DOLLARS (\$90,995), which is the amount calculated by adding 1/12th the annual amount listed in Section VII.A below (less 10%) plus 1/12th the annual amounts listed in Section VII.B below (for year two only) plus the monthly amount listed in Section VII.C below. Finally, for the period from July 1, 2017 through December 31, 2017 Contractor shall be paid in monthly installments of NINETY THOUSAND NINE-HUNDRED NINETY-FIVE DOLLARS (\$90,995), which is the amount calculated by adding 1/12th the annual amount listed in Section VII.A below (less 10%) plus 1/12th the annual amounts listed in Section VII.B below (for year two only) plus the monthly amount listed in Section VII.C below. As outlined in Exhibit C, Contractor shall have the opportunity to receive quarterly incentive payments above these monthly amounts.
- II. A. Contractor compensation for general surgery, thoracic, and vascular services from the County will be based on the service hours of clinic and surgical time set forth in Sections VII and VIII of Exhibit A. If the contract terms of service are amended such that the current numbers of clinic sessions and surgical time in Exhibit A are changed, the compensation shall be adjusted in proportion to the

change in service hours.

B. Additionally, the compensation in this Agreement has been based upon an assumed level of productivity. If the annualized average monthly Medicare Resource-Based Relative Value Scale Relative Value Work Units ("wRVUs") for the SMMC general surgery, thoracic and vascular services department as a whole exceed 14,324 wRVUs, or fall below 10,587 wRVUs, over a six-month period, Contractor and the Chief Medical Officer or his/her designee will meet and confer regarding the productivity standard, and compensation will be modified as appropriate and mutually agreed. Both parties shall have the right to review and audit the other party's data supporting the calculation of productivity. This Section II.B. shall not be effective unless and until County shall make available to Contractor accurate and complete monthly reports of each Contractor Provider's productivity pursuant to Section 5.15. *NOTE: Each six (6) month period is defined as July 1 – December 31 and January 1 – June 30 for each period from July 1, 2015 through December 31, 2017.

- III. If the contract terms of service are amended such that the current numbers of clinic sessions in Exhibit A are changed, the projected volume of RVU work units and corresponding compensation shall be adjusted in proportion to the change in estimated RVU work units, based upon an RVU rate per unit of \$60.02 (an average of general surgery, \$64.71 and vascular surgery, \$55.33 based upon 2014 Medical Group Management Association (MGMA) Physician Compensation and Productivity Survey, Western United States Median Values).
- IV. Failure of Contractor to perform the listed services in any given month constitutes a material breach of this Agreement, and in such circumstances the County, at its option, may withhold payment for any portion of services not rendered, terminate the Agreement pursuant to the termination provisions above, work with the Contractor to reach a schedule for returning the Contractor to performance under this Agreement, revise this Agreement pursuant to the terms of this Agreement, pursue any remedy available at law, or any combination of these options. The Contractor is not entitled to payment for non-performance of services listed by this Agreement.
- V. For patients treated at Mills-Peninsula Hospitals, Contractor shall bill all payers, including Medicare, Medi-Cal, Health Plan of San Mateo, commercial insurance, or "self-pay" patients. Contractor shall claim against third party payer for payment, and County shall bear no financial responsibility for such patients.
- VI. Contractor shall be paid monthly in equal installments of the annual compensation set forth below. These payments will be subject to the performance metrics that are set forth in Exhibit C to this Agreement and Contractor's compensation may be reduced due to a failure to meet the performance metrics in a prior quarter, as described below and in more detail in Section II of Exhibit C.

In order to ensure that Contractor meets SMMC quality and performance standards set forth in Exhibit C, Contractor will be at risk for a penalty of ten percent (10%) of the annual fee which excludes the admin stipend and the call coverage amount, which is equal to SIX THOUSAND EIGHT HUNDRED SEVENTY FOUR DOLLARS (\$6,874) per month or TWENTY THOUSAND SIX HUNDRED TWENTY TWO DOLLARS (\$20,622) per quarter. A maximum of TWENTY THOUSAND SIX HUNDRED TWENTY-TWO DOLLARS (\$20,622) will be refunded by Contractor to County on a quarterly basis if the metrics are not met. If Contractor's compensation for clinical services is reduced for any reason (such as a reduction in the total amount of services), the penalty amount shall also be proportionately reduced.

VII. Contractor's annual compensation has been based on the following:

- A. Scheduled clinics and surgical time described in Exhibit A, Sections VII and VIII \$824,916

Physician Operating Room Coding and Improved Charge Capture. SMMC will work collaboratively with Contractor in order to promote more timely reconciliation between Contractor's submission of CPT coding for all Operating Room procedures and CPT coding completed by SMMC coding staff. Contractor shall submit billing sheets with their CPT coding immediately following completion of surgical procedures. Said billing sheets shall be compared with CPT codes provided by SMMC coding. When discrepancies are identified, Contractor shall be notified and a process set in place to discuss said discrepancies. SMMC shall remain ultimate authority over what CPT coding is submitted to payors. SMMC will work with Contractor to provide reasonable guidance about the kind of information Contractor must include in the billing sheet to support specific kinds of codes. Monthly consolidated and individual general and vascular surgery department monthly wRVU reports will be sent to the surgery department site lead.

- B. Call Coverage described in Exhibit A, Section II

Year One

1. General Surgery: \$137,500
\$500/shift x 275

2. Vascular Surgery:	\$183,000
\$500/shift x 366	

Year Two

1. General Surgery:	\$137,000
\$500/shift x 274	

2. Vascular Surgery:	\$182,500
\$500/shift x 365	

C. Medical Director and other administrative services related to scheduling clinic, surgery and call coverage and as described in Exhibit A, Section VI:	
\$2,500/month	\$30,000

D. TOTALS:

Year One	\$1,175,416
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Year Two	\$1,174,416
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Period 7/1/17 thru 12/31/17	\$587,208
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VIII. Unless increased pursuant to Exhibit A, Section VII, G, total maximum payment for services performed under this Agreement will not exceed ONE MILLION, ONE HUNDRED SEVENTY FIVE THOUSAND, FOUR HUNDRED SIXTEEN DOLLARS (\$1,175,416) per year for year one and ONE MILLION, ONE HUNDRED SEVENTY FOUR THOUSAND, FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) per year for year two and FIVE HUNDRED EIGHTY SEVEN THOUSAND TWO HUNDRED EIGHT DOLLARS for the period from July 1, 2017 through December 31, 2017. Over the two and a half year term of this Agreement, the maximum amount payable will not exceed TWO MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$2,950,000).

IX. The term of this Agreement is July 1, 2015 through December 31, 2017, as stated in Section 3.1 of the Agreement.

X. Payments shall be directed to:

If via Standard Mail:

PAMF Physician Checks
P.O. Box 619100
Roseville, CA 95661

If via Fed/Ex, UPS or any other carrier that does not deliver to P.O. boxes:

PAMF Physician Checks, Sutter Shared Services
9100 Foothills Blvd
Roseville, CA 95747