

**SECOND AMENDMENT TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
CALIFORNIA EMERGENCY PHYSICIANS MEDICAL GROUP**

THIS SECOND AMENDMENT TO THE AGREEMENT, entered into this 15th day of May, 2014, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and CALIFORNIA EMERGENCY PHYSICIANS MEDICAL GROUP, 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 for specialty Emergency Department and Correctional Health services on October 4, 2011; and

WHEREAS, the parties amended the Agreement on March 24, 2013, expanding the scope of work and increasing the monthly rate of compensation payable to Contractor; and

WHEREAS, the parties wish to further amend the Agreement to extend the term by three (3) months to September 30, 2014, and increase the maximum amount payable under Agreement by \$1,200,000, to an amount not to exceed \$13,470,000.

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

1. Revised Exhibit A (Revised February 1, 2013) and Revised Exhibit B (revised February 1, 2013) are replaced, in their entirety, with Revised Exhibit A (Revised April 23, 2014) and Revised Exhibit B (Revised April 23, 2014), which are attached hereto and incorporated herein by reference.
2. Exhibit C is replaced, in its entirety, with Revised Exhibit C (Revised April 23, 2014), which is attached hereto and incorporated herein by reference.
3. **All other terms and conditions of the Agreement dated October 4, 2011, as amended by the amendment to the Agreement dated March 24, 2013 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

CALIFORNIA EMERGENCY PHYSICIANS MEDICAL GROUP



Contractor's Signature

Date: 5/19/2014

EXHIBIT A (rev. 4/23/14)

SERVICES

In consideration of the payments specified in **EXHIBIT B**, Contractor shall perform the services described below under the general direction of the San Mateo Medical Center (SMMC) Chief Medical Officer (CMO).

I. Correctional Health Services

Effective July 1, 2011 through September 30, 2014, Contractor will provide a physician, board-certified in Emergency Medicine, to serve as onsite Medical Director to the Correctional Health Services. This Medical Director will provide administrative, clinical, and program support, and shall be a physician for the Correctional Center and have, prior to the initiation of this contract, approval by the Correctional Health Services Manager and jail administration. The physician assigned as Medical Director for Correctional Health Services will be responsible for the following:

A. Administrative Responsibilities

1. Collaborate with all designated County managers to plan and further develop health care programs in the County's correctional facilities.
2. Review and approve policies and procedures in coordination with designated County managers, including nursing, physician, pharmacy, and ancillary services.
3. Review and approve standardized procedures for the nursing staff employed at the County's correctional facilities.
4. Supervise the medical aspects of the Quality Management Program.
5. Meet on a regular basis with the emergency physicians at SMMC and in Public Health to discuss common medical issues and perform peer review.
6. Participate in health education programs for inmates and staff.
7. Supervise the clinical practice of nurse practitioner(s) employed at the County's correctional facilities.
8. Arrange for peer review, at least quarterly. This review must be done by physicians not affiliated with Contractor, and using SMMC medical staff resources. Notice of this review will be submitted quarterly, in writing, to the SMMC Chief Medical Officer (CMO) or designee.
9. Review Correctional Health Services formulary annually, and attend, at

least quarterly, the Pharmacy and Therapeutics Committee meetings.

B. Clinical Activities

1. Responsible for clinical services in the County's correctional facilities.
2. Provide direct clinical services for inmates, including health history, physical assessment and treatment plans.
3. Assist the County managers with supervision and recruitment of contract physicians.
4. Provide medical consultative services to all Correctional Health clinical staff.
5. Review and co-sign standardized orders written in medical records by nursing staff.
6. Review cases with nurse practitioners on a scheduled basis each week.
7. Review, approve, and co-sign all consult requests.
8. Provide on-call service for telephone consultation between 8:00 a.m. and 9:00 p.m., Monday through Friday. In the absence of the onsite Medical Director, emergency physicians employed by Contractor at the SMMC ED will provide telephone consultation.
9. In conjunction with the Correctional Health Services Manager, the onsite Medical Director may negotiate a schedule. The schedule will include, on average, three (3) eight (8) hour days per week in which the Medical Director is on site.
10. Provide oversight to the self-medication program.
11. Monitor the care of inmates hospitalized at any outside hospital, ensure appropriate medical care, and facilitate return to custody when indicated.
12. Review and co-sign health appraisals done by nursing staff.

II. Emergency Department (ED) Services

- A. Contractor shall provide emergency services in the SMMC Department of Surgery, Division of Emergency Services. ED shall be staffed twenty-four (24) hours a day with physicians working a maximum of twelve (12) hour shifts. The staffing schedule for each month shall be posted in the SMMC ED prior to the beginning of each month. The physicians assigned to SMMC shall be board certified in

Emergency Medicine (American Board of Emergency Medicine).

To facilitate care of patients in the Department, Contractor may hire physician assistants or nurse practitioners in addition to the Contractor's physicians. Physician assistants and nurse practitioners shall be supervised at all times by a physician employed by the Contractor. Contractor shall comply with written guidelines, approved by County, that limit the scope of services performed by a physician assistant or nurse practitioner to those which may be performed permissibly by physician assistants and nurse practitioners. Contractor shall observe the requirement (except in emergencies) that patients be informed that medical services shall be rendered by physician assistants or nurse practitioners. Physician assistants and nurse practitioners shall apply to and be approved by the medical staff of SMMC before providing services under this Agreement, and shall comply with the medical staff bylaws and related hospital policies governing physician assistants. All salaries, wages, taxes, insurance, workers' compensation insurance, retirement and other fringe benefits, and expenses of any kind or character incident to their employment shall be, and remain, the responsibility and obligation of Contractor.

- B. 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 shall be documented and considered at the time of reappointment to the medical staff and/or renewal or revision of individual clinical privileges.
- C. Contractor shall fulfill those requirements for active staff membership set forth in Articles 3 and 4.2 of SMMC's Medical Staff Bylaws, Rules, and Regulations, and maintain such active staff status as a condition of this Agreement.
- D. 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 Medical Staff Bylaws, Rules, and Regulations. Contractor shall participate in weekly utilization review of radiology services, laboratory services, and ambulance services, as requested by the SMMC CMO or designee.
- E. Contractor shall provide direct supervision of the Department of Emergency Services, assuring overall efficiency in day-to-day operations. Contractor shall serve as Chief of Emergency Services through appointment by the Medical Executive Committee (MEC). Contractor will select a Medical Director for operations and management of the ED. Chairman of the ED will be elected by the ED medical staff who may convey the wishes of the group on medical matters to the medical staff via MEC. The duties of the Medical Director shall include, but are not limited to, the following:
 - 1. Monthly meetings with the Chief Operating Officer (COO), and/or designee,

to discuss ongoing patient flow issues, standard of care, quality assurance initiatives, diagnostic imaging and other testing, utilization review, patient transfer criteria, patient grievances, maintenance of electronic medical records (EMRs), review charge description master (CDM), compliance, policy issues, productivity, and other topics, as appropriate.

2. Accountability for all professional and administrative activities within the Department.
 3. Ongoing monitoring of the professional performance of all individuals who have clinical privileges in the ED.
 4. Assure the quality and appropriateness of patient care provided within the ED is monitored daily and evaluated quarterly. This will be accomplished through the collection of information about key aspects of patient care provided by the ED, and about the clinical performance of its members, as reported to the Department of Surgery and MEC meetings.
 5. Respond in writing to issues raised by SMMC administration within a reasonable period of time commensurate with the nature of the issue. Where there is a serious question of quality assurance, a written response will be required within seven (7) days.
 6. Attend and/or delegate attendance at meetings in compliance with SMMC Medical Staff Bylaws, Rules, and Regulations.
 7. Be available by pager or telephone, or designate "on-call" alternative when necessary as determined by Contractor.
 8. Assist SMMC Administration in developing and updating departmental rules, policies and regulations.
 9. Complete Quality Assurance reports on a monthly basis through appropriate medical staff reporting channels.
- F. Contractor shall also provide other administrative services not directly related to the medical care of patients as mutually agreed to by Contractor and the SMMC, CEO, CMO or designee. Such administrative services may include, but are not limited to, teaching, administration, supervision of professional or technical staff, quality control activities, committee work, and attending conferences.
- G. Contractor will provide the following essential administrative services for its own personnel, and County shall have no responsibility for these matters or functions:
1. Recruiting of its own physicians, physician assistants, and nurse practitioners to ensure its ability to provide staff needed to comply with the

terms of this Agreement.

2. Medical Group credentialing.
 3. Orientation of clinical staff to clinical operations and use of the Emergency Department Information Systems (EDIS).
 4. Management of ED medical staff benefit programs (i.e. medical, dental, life and disability insurance; retirement benefits).
 5. Payroll and withholding taxes.
 6. Scheduling.
 7. Backup for sick call and vacation.
 8. Leadership training.
 9. Patient satisfaction surveys, in consultation with the SMMC COO and/or his designees.
- H. Provide medical staff administrative support to SMMC in meeting Surgical and Anesthesia Standards as defined by the Joint Commission, Title XXII, and other applicable standards.
- I. Respond to telephone calls from Correctional Health Services for telephonic and telemedicine evaluation and management of inmates on a full time basis – seven (7) days per week, twenty-four (24) hours per day.
- J. Respond to SMMC clinical laboratory, imaging and other ancillary services for the evaluation and management of critical laboratory, pathology, and imaging results for primary care patients between the hours of 1700 and 0900.
- K. Manage and stabilize cardiac arrest and other medical or surgical emergencies on the premises of SMMC in the absence of an available medical or surgical attending physician.
- L. Respond to telephone calls from commercial payor members regarding medical necessity.
- M. Provide medical supervision for Psychiatric Emergency Services (PES) post-graduate year one (PGY1) residents and restraint authority for PES patients in the absence of on-site psychiatry attending staff.
- N. Contractor will meet or exceed the following clinical metrics of service in the ED. These metrics are more fully described in Exhibit C to this Agreement and, to the

extent of any conflict between the description of the metrics in this Exhibit A and in Exhibit C, the text of Exhibit C shall control. The metrics will be measured daily and evaluated quarterly:

1. Patients who arrive at the SMMC ED and leave before being seen by a provider – Left Without Being Seen (LWBS) will average five percent (5%) or less for the first year, four percent (4%) or less for the second year and three percent (3%) or less for the third year measured during each quarter of each year of the contract.
2. The Patient Satisfaction Score will be in the top eightieth (80th) percentile at the end of each quarter or improve by 2.5% per quarter until the 80th percentile level is reached or exceeded.

3. Length of ED Patient Stay:

Discharge Home:

- a. One hundred seventy (170) minutes or less from ED provider to discharge order.

To Admission Decision:

- a. Two hundred fifty (250) minutes or less from ED provider to hospital admission decision by MD for the first year of the Agreement's term.
 - b. Two hundred thirty (230) minutes or less from ED provider to hospital admission decision by MD for the second year of the Agreement's term.
 - c. Two hundred ten (210) minutes or less from ED provider to hospital admission decision by MD for the third year of the Agreement's term.
4. Achievement of greater than ninety percent (90%) compliance with CMS and Joint Commission Core Measures that are related to ED physician ordering and provision of services.
 5. Compliance with the ED provider portion of the sepsis screening protocols and resuscitation bundles of greater than ninety percent (90%).

O. Patient volume fluctuation – Compensation Metric

Due to the variability of patient demand in the SMMC ED and in order to address the greater or lesser provider need on a specific day, effective February 1, 2013 through September 30, 2014, the following reimbursement metric shall apply. The parties agree that the compensation for ED services set forth in Agreement contemplates one hundred and twelve (112) patient visits to the SMMC ED per day (excluding the patients who have left without being seen by a provider or

without being treated in the ED prior to having contact with a provider).

1. If the number of patient visits to the SMMC ED on a given day (i.e., 0001 hours to 2400 hours) meets or exceeds one hundred twenty three (123) patient visits (excluding from the definition of "patient visits" patients who leave the ED without being seen or treated by a provider, CEP will receive a payment of \$95.18 for each patient visit in excess of 112 patient visits to the ED on that day, subject to the possible offset described in Section II.O.2 of this Exhibit A to the Agreement. Example, on a day where the ED treats 123 patients, the Contractor would be entitled to receive a payment of \$1,046.98 on that day (i.e., a payment of \$95.18 time the 11 patient visits taking place in excess of 112 patient visits on that day).
2. If the ED has fewer than 101 patient visits on a given day, Contractor will credit SMMC with an amount equal to \$95.18 for each patient visit fewer than 101 patient visits on that day. Example, on a day when the ED has 100 patient visits, SMMC will be entitled to a credit of \$98.15 (e.g., a payment of \$95.18 times 1 patient visit (101 patient visits minus the 100 patient visits that actually occurred)).
3. Every month during the remaining term of the Agreement, the payments that Contractor is entitled to receive pursuant to this Section II.O. of Exhibit A to the Agreement shall be offset by the credits to which SMMC is entitled, as set forth above, and any remaining amounts will be paid to Contractor on a monthly basis. In the event that SMMC's credits in a given month exceed the amounts that Contractor is entitled to receive under this Section II.O., the Contractor will receive no additional amounts but will not otherwise be required to make any payment to SMMC.

EXHIBIT B (rev. 4/23/14)

PAYMENTS

Correctional Health and Emergency Department (ED) Services

In consideration of the services provided by Contractor in EXHIBIT A, County will pay Contractor based on the following fee schedule:

1. Correctional Health

- A. For the period July 1, 2011 through September 30, 2014, Contractor shall invoice the County on a monthly basis at the rate of SEVENTEEN THOUSAND, FOUR HUNDRED AND SEVENTEEN DOLLARS (\$17,417) per month, not to exceed TWO HUNDRED NINE THOUSAND, FOUR DOLLARS (\$209,004) for each one year period of this Agreement.
- B. The Correctional Health Services Manager shall approve all invoices for payment. The physician assigned to Correctional Health shall be on site three (3) days per week for at least eight (8) hours each day and on call until 9:00 p.m., Monday through Friday. The monthly payments described in Paragraph I.A of Exhibit B to this Agreement shall also cover these on call services. At other times the SMMC ED physician on duty will, by telephone or by telemedicine imaging, manage the Correctional Health patients or direct the transfer of patients to the SMMC ED for further evaluation.

II. Emergency Department

- A. For the period July 1, 2011 through September 30, 2014, Contractor shall provide County with a minimum of one physician on duty in the ED at all times, twenty-four (24) hours per day, 365 days a year. Services include those described in EXHIBIT A, including telephone and telemedicine backup for Correctional Health, and meeting or exceeding the five (5) metrics outlined in Section N of EXHIBIT A, SERVICES. This Agreement is based on Contractor serving 40,776 SMMC ED patient visits per year or an average of 112 patient ED visits per day.
- B. Clinical ED services will be paid at the rate of TWO HUNDRED NINETY ONE THOUSAND SEVENTY FIVE DOLLARS (\$291,075) per month during each month of the term of the Agreement.

In order to ensure that Contractor meets SMMC quality standards set forth in Exhibit A, there will be a monthly withhold of ten percent (10%) of \$323,416 which is equal to THIRTY TWO THOUSAND THREE HUNDRED FORTY ONE DOLLARS (\$32,341) or \$97,023 per quarter. A maximum of NINETY SEVEN

THOUSAND TWENTY THREE DOLLARS (\$97,023) will be paid to Contractor each quarter, based evenly on the achievement of each of the five metrics listed in Section N of EXHIBIT A, which each metric being weighted equally.. Specifically, each quarter, for each metric achieved, Contractor will be paid NINETEEN THOUSAND FOUR HUNDRED FOUR DOLLARS AND SIXTY CENTS (\$19,404.60). The metric listed in Exhibit A, Section II, Letter N, Item Number 3, Length of Stay, has two component parts and each component that is met shall entitle Contractor to be paid at one-half of the amount allocated to the full value of the metric (i.e., \$9,702.30 per component part).

- C. Contractor compensation under this Agreement will be based on an average daily visit value of 112 visits (patients seen) for a projected volume of 40,776 patient visits per annum. If the contract terms of service are amended such that the current numbers in this EXHIBIT B are changed, the projected patient visit volume and corresponding compensation shall be adjusted accordingly.

The average monthly visits for the ED (based on 40,776 annual visits) will be evaluated in January and July of each contract year. If the overall volume for the six (6) months of any contract year preceding each evaluation is greater than 22,427 visits, which represents a projected ten percent (10%) increase in annual volume*, the compensation metric will be reviewed, discussed, and increased, if appropriate, by the Chief Medical Officer, to reflect the proportional variation between the total semi-annual visits and projected semi-annual volume of 20,388 visits at \$95.18 per visit. For the purposes of this Agreement, each six (6) month period shall be defined as July 1 through December 31 and January 1 through June 30 for each period from July 1, 2011 through June 30, 2014. If the overall annual volume in any year during the Agreement is greater than 44,854 visits, which represents a ten percent (10%) increase in annual volume, the compensation metric will be reviewed, discussed and increased, if appropriate, by the Chief Medical Officer to reflect the proportional variation between the total annual visits and the projected volume of 40,776 visits at \$95.18 per visit, less any additional volume payments made for the first six (6) months of that contract year. For the purposes of this Agreement, each year period shall be defined as July 1, through June 30 for each period from July 1, 2011 through June 30, 2014, and a pro rata period from July 1, 2014 through September 30, 2014..

To illustrate this volume baseline calculation, if the baseline number of visits is 40,776, a ten percent (10%) increase would equal 44,854 annual visits. Therefore, if Contractor is at or above 22,427 ED visits at the end of the first six (6) months, Contractor would get an incentive payment equal to actual volume minus 20,388 times \$95.18.

If Contractor ED visits are below 22,427 visits at the end of the six (6) month period, no additional payment is made.

If at the end of each one year period of the Agreement's term, visit volume is above the total of 44,854 visits, Contractor would get actual visit volume minus 40,776 times \$95.18, minus any volume-related payment made at the half yearly point (i.e. December 31). If Contractor ED visits are below 44,854 at the end of each year, no additional payment is forthcoming (although any prior payment remitted in the first six (6) months is not taken back).

NOTE: Each six (6) month period is defined as July 1 – December 31 and January 1 – June 30 for each period from July 1, 2011 through June 30, 2014, and a pro rata period from July 1, 2014 through September 30, 2014.

- D. In order to compensate for fluctuations and variations in the demand for ED patient services which are addressed in Exhibit A, Section II.O. of this Agreement, the incremental case rate paid by the County or reimbursed by CEP will be \$95.18 per patient, subject to the process set forth in Section II.O. of Exhibit A.
- E. In full consideration of Contractor's performance of the services described in EXHIBIT A and EXHIBIT C, the amount that County shall be obligated to pay for services rendered under this Agreement shall not exceed THIRTEEN MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$13,470, 000) for the Agreement term July 1, 2011 through September 30, 2014.

EXHIBIT C
(Revised 4/23/14)

PERFORMANCE METRICS

- A. Both County and Contractor acknowledge the need for a partial withhold reimbursement model based on mutually acceptable units of measurement. As discussed in Exhibits A and B to this Agreement, amounts withheld will be paid quarterly on the basis of the following metrics:
1. Patients who arrive at the SMMC ED and leave before being seen by a provider (LWBS) will average:
 - a. Year one, five percent (5%) or less for the quarter.
 - b. Year two, four percent (4%) or less for the quarter.
 - c. Year three, three percent (3%) or less for the quarter and thereafter.
 2. The Patient Satisfaction score from Press Ganey will be in the top eightieth percentile (80th) of the scores reported by the SMMC tool, measuring patient satisfaction, focused on the physician/physician assistant provider. If, however, the Press Ganey score is below the 80th percentile, Contractor will nevertheless be deemed to have satisfied this metric if Contractor shows at least a two and one-half percent (2.5%) improvement over the prior quarterly score.
 3. Length of Stay:

Discharge Home:

 - a. 170 minutes or less from ED provider to disposition (sign off) for discharge.

To Admission Decision:

 - a. 250 minutes or less from ED provider to hospital admission, for year one.
 - b. 230 minutes or less from ED provider to hospital admission, for year two.
 - c. 210 minutes or less from ED provider to hospital admission, for year three and thereafter.
 4. Achievement of greater than 90% compliance with CMS and Joint Commission Core Measures that are related to ED physician ordering and provision of services.

5. Compliance with the provider portion of the SMMC sepsis screening protocols and resuscitation bundles of greater than ninety percent (90%).

Contractor will provide the SMMC CMO or designee with the ED provider data for initiated measures (Items 1-5 above) from the PICIS data system within two weeks after the start of each subsequent quarter.

Compliance is measured by meeting or exceeding each of the metrics listed in Exhibit A, Section N.

Contractor will receive earned income up to NINETY SEVEN THOUSAND TWENTY THREE DOLLARS (\$97,023) for meeting or exceeding all metrics each quarter. Each metric is valued at \$19,404.60 per each quarter.

- B. Both the County and Contractor acknowledge Contractor cannot achieve metrics detailed in Section A of this EXHIBIT C, without assistance and cooperation from the County and at times there are conditions present the Contractor has no control over. Therefore, the County must meet the following operational conditions, and failure to do so will have the consequences describe below:
 1. The SMMC ED space will be under construction for renovation during the first two quarters of the term of this Agreement (July 1, 2011 to December 31, 2011). Due to the disruption that the parties agree may occur, all portions of the withhold related to operational efficiency (specifically, EXHIBIT C, Section A, metrics 1 through 3) for Quarter One and Quarter Two of the first year of the Agreement will be paid to Contractor (equivalent to a maximum of \$116,427.60). Metrics 4 and 5 from Exhibit C, Section A, related to quality of care, remain in place.
 2. Laboratory testing for troponin, CBC with automated differential, lactate and basic metabolic panel from time of order to result will not exceed an 80 minute turn around time for STAT orders, and this standard will be met at least 85% of the time. There will be easy access to data regarding compliance with this condition on a quarterly basis by both County and Contractor.
 3. County is responsible for providing nursing staffing in the ED This metric will be calculated by counting the number of ED shifts not adequately staffed due to insufficient nurse staffing in the ED. For purposes of this Agreement, an ED shift shall be deemed "inadequately staffed" if any nurse scheduled to work that ED shift fails to report for work during the shift in question. If the statistics gathered for the quarter in question establish that more than fifteen percent of the ED shifts during that quarter were inadequately staffed, the County will have failed to comply with this operational condition during such quarter.

4. County will implement an ED registration policy. The ED registration process (registration initiation to Triage initiation) will not exceed an average of fifteen (15) minutes in duration for ninety percent (90%) of the patients registered. .
5. In the event that the County fails to meet any of the conditions listed in Subsections B.2. through B.4 of this Exhibit C during any quarterly period during the term of this Agreement, Contractor shall be entitled to receive one third of the withhold amount for that quarter for each condition that the County fails to achieve during that quarter. Thus, the amount that Contractor receives in payments from the withhold amount in each quarter may be affected by Contractor's meeting or failing to meet the metrics described in Section A of this Exhibit C to the Agreement, as well as County's ability or inability to meet conditions set forth in Section B of this Exhibit C to the Agreement. . By way of example, the calculation of the amount to be paid to Contractor out of the withhold amount each quarter would follow this logic: If Contractor fails to achieve 2 out of 5 metrics, Contractor shall be entitled to receive 60% of quarterly withhold (20% times the three metrics achieved). If, however, in the same quarter, the County fails to achieve one of its three conditions, Contractor shall be entitled to receive an additional amount equal to one third of the withhold amount (i.e., 33.3% times the one condition missed). $60\% \text{ of } \$97,023 = \$58,213.80$, plus $33.33\% \text{ of } \$97,023 = \$32,337.77$ for a total incentive payment out of the withhold of $\$90,551.57$. However, under no circumstances shall Contractor ever receive during a quarter any amount greater than the total quarterly withhold amount of $\$97,023$.