

**AMENDMENT NO. 1 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
QUEST DIAGNOSTICS NICHOLS INSTITUTE**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 2015, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Quest Diagnostics Nichols Institute, 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 the purpose of processing laboratory specimens services on December 11, 2012; and

WHEREAS, the parties wish to amend the Agreement to add additional services, extend the term through October 31, 2017, and increase the amount by \$1,600,000 to an amount not to exceed \$4,300,000.

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

1. Section 1, **Exhibits and Attachments**, of the Agreement is amended to read as follows:

1. **Exhibits and Attachments**

- The following exhibits and attachments are included hereto and incorporated by reference herein:

- Exhibit A—Services

- Exhibit B—Payments and Rates

- Attachment 1 — Fee Schedule

- Attachment 2 — Hospital Third-Party Billing Addendum

- Exhibit E – Corporate Compliance SMMC Code of Conduct (Third Parties)

- Attachment I—§ 504 Compliance

2. Section 3, **Payments**, of the Agreement is amended to read as follows:

3. **Payments**

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth herein and in Exhibit A, County shall make payment to Contractor based on the rates and in the manner specified in Exhibits B and C. The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall the County's total fiscal obligation under this Agreement exceed FOUR MILLION THREE HUNDRED THOUSAND DOLLARS (\$4,300,000).

3. Section 4, **Term and Termination**, of the Agreement is amended to read as follows:

4. **Term and Termination**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from November 1, 2012 through October 31, 2017.

This Agreement may be terminated by Contractor, the Health System Chief or her designee at any time without a requirement of good cause upon thirty (30) days' written notice to the other party.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the County and shall be promptly delivered to the County. Upon termination, the Contractor may make and retain a copy of such materials. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that portion of the full payment which is determined by comparing the work/services completed to the work/services required by the Agreement.

- 4. Attachment 2, **Hospital Third-Party Billing Addendum**, is added to the Agreement, attached to this Amendment, and incorporated into the Agreement by this reference.
 5. Exhibit B to the Agreement is replaced in its entirety with the revised version of Exhibit B (revised Sept. 1, 2015), **Payments and Rates**, a copy of which is attached to this Amendment and incorporated into the Agreement by this reference.
 6. **All other terms and conditions of the agreement dated December 11, 2012, 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

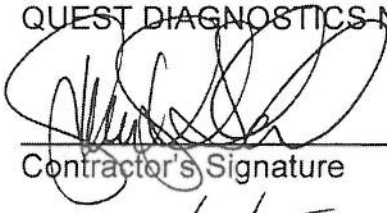
By: _____
President, Board of Supervisors, San Mateo
County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

QUEST DIAGNOSTICS NICHOLS INSTITUTE


Contractor's Signature

Date: 11/3/15

Katie Bishar, VP

Esoteric
Operations

Attachment 2
Hospital Third-Party Billing Addendum

THIS ADDENDUM is effective as of the 20th day of October 2015, by and between **Quest Diagnostics Nichols Institute** ("Quest Diagnostics"), and **County of San Mateo**, ("County").

A. Background

The parties entered into an Agreement on the 11th day of December 2012 for the performance of laboratory services by Quest Diagnostics on specimens referred by County (the "Agreement").

The parties, by this Addendum, desire to supplement the Agreement to add third party billing for the laboratory services by Quest Diagnostics.

Quest Diagnostics provides laboratory services to County's San Mateo Medical Center, and the parties mutually desire to allow Quest Diagnostics to bill third party payors for some of the laboratory services performed pursuant to the Agreement.

B. Terms

Based on the foregoing, County and Quest Diagnostics agree to the following:

1. For purposes of this Addendum, the terms "inpatient," "outpatient" and "non-patient" have the definitions as set forth in the applicable Medicare regulations.
2. Each of the following is a "third-party payor" within the meaning of this Addendum: Medicare, Medicaid and commercial payers.
3. For each test order submitted by County's San Mateo Medical Center for testing services to be performed by Quest Diagnostics, County shall be responsible for informing Quest Diagnostics as to the status of the patient as an inpatient, outpatient or non-patient.
4. County may request that Quest Diagnostics bill a third-party payor for testing it performs only in the following situations:

For Clinical Laboratory Testing Services:

Medicare: *Non-patients Only*

Medicaid: *Outpatients and Non-patients (only where required or permitted by state law e.g. Direct Medicaid Bill states)*

Commercial Payer: *Outpatients and Non-patients Only*

For Anatomic Pathology Technical Component Services:

Medicare: *Non-patients Only*

Medicaid: *Inpatients, Outpatients and Non-patients - only where permitted by state law*

Commercial Payer: *Inpatients, Outpatients and Non-patients - (except as in Section 5 below)*

For Anatomic Pathology Professional Component Services:

Medicare- *Inpatients, Outpatients and Non-patients*

Medicaid --*Inpatients, Outpatients and Non-patients*

Commercial Payer-*Inpatients, Outpatients and Non-patients*

In all other situations, Quest Diagnostics must bill the County directly for clinical laboratory and anatomic pathology services.

5. The submission of a test order with a request for Quest Diagnostics to bill a third-party payor for the technical component of anatomic pathology services constitutes a representation that County does not receive any remuneration from such payor for the technical component service. Notwithstanding anything

to the contrary herein, County will not request that Quest Diagnostics bill directly any third-party payor for services that County is responsible for billing or is otherwise paid as part of its arrangement with the payor, e.g., hospital capitated or bundled rate arrangements that include the technical component of anatomic pathology.

6. County warrants that all requests to bill third parties will be in compliance with the requirements set forth above. County agrees to provide complete and accurate billing information to accompany the test order. In the event that complete and accurate billing information is NOT timely provided, or if Quest Diagnostics is otherwise not permitted by law to bill the payor requested, the County shall be held directly responsible for payment.

7. Quest Diagnostics will not bill third party payors for testing it does not perform under the Agreement (for example, tests that are referenced to another laboratory, including without limitation a Quest Diagnostics center of excellence not specifically included as a provider under the Agreement). Charges for such testing shall be direct client billed to County only.

8. All other terms of the Agreement, including the Attachment(s) thereto, not specifically modified by this Addendum, remain in full force and effect. In the event of a conflict between the terms of this Addendum and the Agreement, the terms of this Addendum shall prevail.

Each party adopting this Addendum represents that, pursuant to its policies, it has the authority to execute the Amendment of which this Addendum is a part.

Exhibit B (revised Sept. 1, 2015)

Payments and Rates

In consideration of the services provided by Contractor in Exhibit A, Attachment 1, and Attachment 2, County shall pay Contractor as follows:

1. The rate of payment per test shall be as specified in Attachment 1 to this Agreement, which is incorporated herein by reference.
2. Third Party Billing for laboratory services performed by Quest Diagnostics as specified in Attachment 2 to this Agreement is incorporated herein by reference.
3. Should SMMC request and Contractor agree to provide tests other than those listed in Attachment 1, such additional tests will be billed by Contractor at or below the County's Group Purchasing Organization MedAssets' price(s) for such tests.
4. Contractor shall submit invoices to County on the 1st and 15th day of each month for services rendered in the prior period. County agrees to remit payment within thirty (30) days of receipt of invoice; however, the parties agree that late payment shall not be considered a material breach of this Agreement.