

**AMENDMENT NO. 3 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
SUTTER BAY MEDICAL FOUNDATION DBA PALO ALTO MEDICAL
FOUNDATION TO PROVIDE HEALTHCARE, RESEARCH AND EDUCATION**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 2018, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Sutter Bay Medical Foundation dba Palo Alto Medical Foundation to Provide Healthcare, 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 that the entity contracting with the County would be "Sutter Bay Medical Foundation dba Palo Alto Medical Foundation to Provide Healthcare, Research and Education"; and

WHEREAS, on June 27, 2017, the parties amended the agreement to extend the term through December 31, 2017 and to increase the amount payable thereunder by \$600,000, to an amount not to exceed \$2,950,000; and

WHEREAS, the parties wish to further amend the Agreement to extend the term by six months to June 30, 2018, and to increase the amount by \$600,000 to an amount not to exceed \$3,550,000.

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

The term of this Agreement shall commence on July 1, 2015, and shall continue for three (3) years. Therefore, unless terminated sooner, this Agreement shall expire and be of no further force and effect at the end of business on June 30, 2018. 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. Revised Exhibit B (4/4/17) is hereby replaced in its entirety with Revised Exhibit B (rev. 12/14/17), a copy of which is attached hereto and incorporated into the Agreement by this reference.
3. **All other terms and conditions of the Agreement dated June 27, 2017, 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
TO PROVIDE HEALTHCARE, RESEARCH AND EDUCATION



Contractor's Signature

Date: 1-8-18

REVISED EXHIBIT B

(rev. 12/14/17)

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 to this Agreement, 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 the first year of the Agreement (i.e., July 1, 2015 through June 30, 2016); at a fixed rate of ONE MILLION ONE HUNDRED SEVENTY FOUR THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) per year in the second year of the Agreement (i.e., July 1, 2016 through June 30, 2017); and at a fixed rate of ONE MILLION ONE HUNDRED SEVENTYFOUR THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) in the third year of the Agreement (i.e., July 1, 2017 through June 30, 2018). 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, during year three 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 three 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 June 30, 2018.

- 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 assumptions:

- 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 maintain 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:
\$500/shift x 275 | \$137,500 |
| 2. Vascular Surgery:
\$500/shift x 366 | \$183,000 |

Year Two

- | | |
|---|-----------|
| 1. General Surgery:
\$500/shift x 274 | \$137,000 |
| 2. Vascular Surgery:
\$500/shift x 365 | \$182,500 |

Year Three

- | | |
|---|-----------|
| 1. General Surgery:
\$500/shift x 274 | \$137,000 |
| 2. Vascular Surgery:
\$500/shift x 365 | \$182,500 |

- 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
Year Two	\$1,174,416
Year Three	\$1,174,416

- 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) in year one and ONE MILLION ONE HUNDRED SEVENTY FOUR THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) in year two and ONE MILLION ONE HUNDRED SEVENTY FOUR THOUSAND FOUR HUNDRED SIXTEEN DOLLARS (\$1,174,416) in year three. Over the three year term of this Agreement, the maximum amount payable will not exceed THREE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS

(\$3,550,000).

IX. The term of this Agreement is July 1, 2015 through June 30, 2018, 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