



TAHOE FOREST HOSPITAL DISTRICT

Regular Meeting of the Board of Directors

May 26, 2015 at 04:00 PM - 10:00 PM

TTUSD

,

Meeting Book - 2015 May 26 Regular Meeting of the Board of Directors

Agenda Packet Contents

AGENDA

2015 May 26 Board Meeting_Agenda Page 4

ITEMS 1 - 11 See Agenda

12. MEDICAL STAFF REPORT

a) MEC Report - May 2015 Page 7

13. CONSENT CALENDAR

13.1. Approval of Minutes of Meetings:

2015-04-02 Special BOD Meeting_DRAFT Minutes Page 9

2015-04-13 Special BOD Meeting_DRAFT Minutes Page 15

2015-04-28 Regular BOD Meeting_DRAFT Minutes Page 19

13.2. Financial Report - April 2015 Page 33

13.3. Contracts

13.3.1. Page 46
MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015

13.3.2.
North_Tahoe_Orthopedic_Call_Coverage_Agreement_2015

13.3.3. TF2020 Agreement for Medical Advisor Services
EHR Technology Council

a. Page 70
Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

b. Page 82
Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

c. Page 94
Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

d. Page 106
Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

e. Page 118
Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

13.3.4. TF2020 Agreement Wellness Neighborhood

f. Page 130
Arth_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015

g. Page 142
Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015

h. Page 154
Gustafsson_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015

i. Page 166
Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_for_Disparities_Group_2015

14. ITEMS FOR BOARD DISCUSSION

14.1. CEO Search Update

- a. Tahoe Forest Health System CEO Search and Recruitment Plan Page 181

14.2. Physician Contracting

a. Physician Compensation Methodology

- a) Board Informational Summary Report Page 183

- b) Presentation on Physician Compensation Methodology Page 185

b. Medical Staff Outlook

No related materials.

c. Financial Impacts of Physician Transitions

15. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

- 15.1. Governance Committee Meeting – 05/13/15 Page 202

15.2. Finance Committee Meeting

- a) Agenda Page 203

- 15.2.1. Refinancing of 2006 Revenue Bonds - Update Page 204

15.3. Personnel/Retirement Committee Meeting – No Meeting

15.4. Quality Committee – No Meeting

15.5. Community Benefit Committee – No Meeting

16. INFORMATIONAL REPORTS

16.1. Strategic Initiatives Update

- a) Interim CEO / CIO Report - May 2015 Page 206

- b) CNO Report - May 2015 Page 208

ITEMS 17 - 21 See Agenda

23. MEETING EFFECTIVENESS ASSESSMENT

- a) Meeting Evaluation Form Page 209

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

Tuesday, May 26, 2015 at 4 p.m.
Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT AUDIENCE:**

5. **Identification of district designated labor negotiator**

The Board will identify the Chief Human Resources Officer as the District's designated negotiator for negotiations with the Employees' Association (EA) and Employees' Association of Professionals (EAP)

6. **CLOSED SESSION:**

6.1. Approval of Closed Session Minutes of: 04/02/2015, 04/13/2015 and 04/28/2015

6.2. Health & Safety Code Section 32155: Quality Report (1 item)

6.3. Government Code Section 54957: Chief Executive Officer Performance Evaluation

6.4. Government Code Section 54957.6: Conference with Labor Negotiator

6.5. Health & Safety Code Section 32155: Medical Staff Credentials

7. **DINNER BREAK**

APPROXIMATELY 6:00 P.M.

8. **OPEN SESSION – CALL TO ORDER**

9. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

10. **INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

12. MEDICAL STAFF REPORT ◆

12.1. Medical Staff Report ATTACHMENT

13. CONSENT CALENDAR ◆

These items are expected to be routine and non-controversial. They will be acted upon by the Board at one time without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

13.1. Approval of Minutes of Meetings:

04/02/2015, 04/13/2015 and 04/28/2015..... ATTACHMENT

13.2. Financial Report: April 2015 Financials ATTACHMENT

13.3. Contracts..... ATTACHMENT

13.3.1. **MacQuarrie dba NTEP Emergency Services Agreement IVCH 2015**

13.3.2. **North Tahoe Orthopedic Call Coverage Agreement 2015**

13.3.3. **TF2020 Agreement for Medical Advisor Services EHR Technology Council**

- a. Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
- b. Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
- c. Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
- d. Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
- e. Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

13.3.4. **TF2020 Agreement Wellness Neighborhood**

- f. Arth_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015
- g. Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015
- h. Gustafsson_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015
- i. Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_for_Disparities_Group_2015

14. ITEMS FOR BOARD DISCUSSION

Timed item commencing at 6:45 p.m.

14.1. CEO Search..... ATTACHMENT

The Board will review the plan outlined for garnering community input related to the CEO Search.

Timed item commencing at 7:00 p.m.

14.2. Physician Contracting..... ATTACHMENT

a. *Physician Compensation Methodology*

Board education related to physician compensation methodology will be provided.

b. *Medical Staff Outlook*

Physician leaders are requesting clarification from the Board regarding their vision and intended approach to physician contracting.

c. *Financial Impacts of Physician Transitions*

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District
May 26, 2015 AGENDA – Continued

An outside speaker will provide board education related to the financial impacts of physician turnover and outmigration.

15. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

15.1. Governance Committee Meeting – 05/13/15 [5 minutes]..... ATTACHMENT

15.2. Finance Committee Meeting – 05/21/15 [5 minutes] ATTACHMENT

15.2.1. Refinancing of 2006 Revenue Bonds - Update

15.3. Personnel/Retirement Committee Meeting – No Meeting

15.4. Quality Committee – No Meeting

15.5. Community Benefit Committee – No Meeting

16. INFORMATIONAL REPORTS

16.1. Strategic Initiatives Update ATTACHMENT

Staff reports will provide updates related to key strategic initiatives.

17. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

18. ITEMS FOR NEXT MEETING

19. BOARD MEMBERS REPORTS/CLOSING REMARKS

20. CLOSED SESSION CONTINUED, IF NECESSARY

21. OPEN SESSION

22. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

23. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

24. ADJOURN

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is June 30, 2015, 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.

◆ Denotes Action Item

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

**MEDICAL EXECUTIVE COMMITTEE'S
RECOMMENDATIONS TO THE BOARD OF DIRECTORS - OPEN MEETING
MAY 26, 2015**

CONSENT AGENDA ITEM	REFERRED BY:	RECOMMEND/ ACTION
---------------------	--------------	----------------------

Discussion Items	Medical Executive Committee	
1. Chief of Staff	Dr. Dodd reported on the following: <ul style="list-style-type: none"> • The next Quarterly General Staff meeting is scheduled for 5/14/2015, at 5:30 pm at The Lodge. Items for discussion will be Compliance Education, Board Update by Dr. Zipkin, HFS Consulting Open Forum for CEO Search and a closed Medical Staff section at the end. • A request for dues waiver by Dr. Palmer for Dr. Tay, locum coverage for radiation oncology was not approved. 	Information
2. Administrative Report	Mr. Dorst reported on the following: <ul style="list-style-type: none"> • TFHD is preparing a RFI proposal to send to 4 select vendors of EHR software and 2 EHR partners. • TFHD is currently in its attestation recording period using CPSI. We are tracking well for the majority of measures and expect to meet all requirements by June 30, 2015. • TFHD is working to test ICD-10 compliant software within CPSI. Physician specialty specific education is being provided. • Input was solicited by OCHIN Epic users on the MEC • M*Modal, voice recognition software, is being explored. 	Information
3. Chief Nursing Officer Report	Mr. Sturtevant (on behalf of Ms. Newland) reported on the following: <ul style="list-style-type: none"> • CMS for the first time introduced star ratings on the Hospital Compare website based on HCAHPS. TFHD was awarded the highest rating, 5 stars, only 7% of the nation's hospitals received 5 stars. TFHD was one of eight hospitals in California. • The Patient and Family Advisory Council had their first meeting. • Linda Shovan, RN, starts on Monday, 5/18/2015, as the Interim 	Information

DATE: May 13, 2015

PAGE NO. 2

**MEDICAL EXECUTIVE COMMITTEE'S
RECOMMENDATIONS TO THE BOARD OF DIRECTORS - OPEN MEETING
MAY 26, 2015**

CONSENT AGENDA ITEM	REFERRED BY:	RECOMMEND/ ACTION
---------------------	--------------	----------------------

	Director of Surgical Services. <ul style="list-style-type: none"> Jackie Griffith, RN, was awarded Nurse of the Year award. 	
4. Board Report	Dr. Sessler, Board President, reported on the following Board meetings: <ul style="list-style-type: none"> Regular Board meeting – 4/28/2015 Special Board meeting – 5/1/2015 Special Board meeting – 5/13/2015 	Information
Consent Approval Items		
1. Department of Anesthesia and P&T Committee	The Department of Anesthesia and the P&T Committee recommended approval via email on 5/6/2015, of the following: <ul style="list-style-type: none"> Continuous Nerve Block PrePrinted Orders (minor revision) 	Approval
2. Department of OB/Peds	The obstetricians recommended approval via email on 5/12/2015 of the following: <ul style="list-style-type: none"> Delineation of Privileges for OB/GYN (minor revision) 	Approval



SPECIAL MEETING OF THE BOARD OF DIRECTORS

DRAFT Minutes

Thursday, April 2, 2015 at 2 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**

Called to order at 2:00 p.m.

2. **ROLL CALL**

Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

Staff: Crystal Betts, Chief Financial Officer; Jayne O'Flanagan, Director Human Resources; Patricia Barrett, Clerk of the Board

Other: Steve Gross, General Counsel

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

Director Sessler indicated that Item 6.3 may need to be deferred to a future meeting due to timing.

4. **INPUT – AUDIENCE**

Director Sessler addressed the audience related to decorum and respect for the hospital environment.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**

None.

6. **ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION**

6.1. Resignation Of Interim CEO And Consideration Of Transition Plan

Director of Human Resources provided background leading up to today's presentation. The Board will review and consider various options available to facilitate the transition of the interim CEO.

Board members are asked to forward applications and/or resumes received to Director of Human Resources for follow up.

Three recruitment firms were invited to make presentations to the Board regarding services offered related to recruitment and/or interim placement of a CEO.

Presenting on behalf of their respective firms:

- Brian Christianson, Kathy Noland, Patty Cockerel – BE Smith (presented via video)
- Tom Gearhart, Bill Donatelli – Quorum (Bill Donatelli joined via teleconference)
- Don Whiteside – HFS Consultants

BE SMITH:

Board Members introduced themselves and providing areas of specific interest they would like to have addressed in the presentation.

Representatives from BE Smith introduced themselves and provided their background an area of expertise.

Discussion took place related to anticipated cost of recruitment and related to an interim, employment model. It was estimated the cost for an interim placement would be approximately \$11,500 – \$13,500 per week with a 12 week minimum engagement. A review of additional expenses related to travel, local lodging, etc. was provided. The fee for permanent recruitment is based on a percentage of the salary 33% payment term split into 3 installments. BE Smith offers a discount for doing both searches in tandem.

QUORUM:

Bill Donatelli joined via teleconference. Tom Gearhart distributed a “Placemat” document outlining who Quorum is and what they do. It was noted that Quorum could have an interim in place by next Tuesday. A review of the criteria for CEOs employed by Quorum was provided. Quorum does not conduct long term recruitments directly rather works with other recruiting firms to identify long term placements. A review of anticipated salary for an interim placement was provided and can involve a wide range based on size and complexity of the hospital. Though no specific dollar amounts were provided, the range was noted to be within a similar range to that referenced by BE Smith.

HFS CONSULTANTS:

Don Whiteside provided background related to his previous executive recruitment for TFHD. Mr. Whiteside shared that he has worked with nearly every rural critical access hospital in California and has placed 13 CEOs in California in the last few years. It was indicated that should the District be interested in a deeper assessment of the organization, a separate practice line is available through HFS. The fee scheduled with HFS is similar to that provided by BE Smith and is consistent with the industry standard. The fee for a permanent placement is 30% of first year comp. Mr. Whiteside recommends consideration of a flat fee option noting this would remove any perception that the recruiter may try to inflate compensation to increase the placement fee.

A permanent placement search is a 6 month process.

Public comment:

Dr. Brad Thomas, Anesthesiologist stated he was representing medical staff in the place of Dr. Shawni Coll who could not make the meeting. Dr. Thomas expressed frustration with there not being sufficient notice of the meeting for medical staff to be present. The Board is encouraged to take into consideration feedback from all levels of staff; entry level to medical staff and leadership.

Chris Arth, Pediatrician, expressed that he has not seen a dynamic with the District such as that being seen in the last six months during his history with the hospital. Dr. Arth urges the Board to be as transparent and open as possible and to use medical staff knowledge to assist with making a selection.

Dr. Julie Conyers spoke to quality of care and stability of the organization having drawn her to practice at TFHD. Dr. Conyers encourages the Board to be thoughtful and not to “burn the village” in the process of making their decision. She further indicated the importance of the new CEO being familiar with California critical access hospitals.

Dr. Larry Heifetz shared that three weeks ago, the Cancer Center received recognition as a lung cancer center of excellence - one of only 25 hospitals recognized, and one of only seven small hospitals. Dr. Heifetz expressed that the success and recognition is a direct result of the staff. Dr. Heifetz encourages the Board to allow the organization a cooling down period to help create stability and not pursue a *turn around* interim CEO placement or assessment; select someone who can help continue the healing environment.

Larry Danto, retired surgeon, stated that he has been involved with the community since 1978 and believes there is a superb practice environment in this community that goes on regardless of leadership. He believes there is no rush to find a CEO as there is plenty of talent on staff now; there is no need to hire a recruitment firm to fill an interim position.

Randy Hill shared that he spent 30 years working in executive recruitment and recommends the Board step back and think about where to go from here. The Board must agree on what is needed for a short to medium term and speak as one (or as close as possible) voice. Mr. Hill cautioned that candidates will look at this when considering the position and that there are thousands of people looking to the Board with confidence and trust.

Russ Anderson expressed his concerns as to why Ginny Razo is leaving the interim CEO position and encouraged the Board to delve into what caused her to leave. Mr. Anderson encouraged the Board has looked at internal options before retaining a search firm.

Carl Blumberg shared observations that the Board has two different tasks; to identify interim leadership to provide stability and confidence, and to conduct a permanent search for someone who is a great fit for the organization. Mr. Blumberg recommended that the Board look internally for an interim CEO as an internal placement would save the District a significant amount of money

Director Sessler indicated that the Board would return to Open Session following the Closed Session.

Meeting adjourned to Closed Session at 4:16 p.m.

6.2. Engagement of Legal Counsel for Board Representation

Director Mohun shared that one of the best education sessions he has had with the District was provided at the board retreat by Mr. Colantuono and he recommends having Mr. Colantuono return to provide direction to the Board on some open and closed session topics.

Director Mohun indicated that he and Director Jellinek discussed this topic offline. The recommendation is to engage legal counsel to represent the Board separate from the District.

Director Sessler shared that just as the District revisits auditors for financials, an RFP for District General Counsel may be beneficial.

Discussion took place related to any potential of receiving conflicting advice from counsel for the District and that of the Board. It was noted that the District Counsel is counsel to the Board and more information would be required before consideration of engaging separate counsel for the Board is made.

General Counsel shared that he is not aware of a circumstance in which the governing body board has had a conflict or separate legal counsel than the District.

Director Mohun indicated that he has spoken with Mr. Colantuono about this and he has indicated separate counsel for the Board is common.

Director Sessler indicated that it would make more sense and be more cost effective to consider engaging counsel if/when there is an incident that warrants it rather than to engage without purpose.

This topic may be agendaized in the future as a closed session discussion specific to the Board's legal representation.

6.3. Discussion and Potential Approval of Board Goals

Topic deferred to a future meeting.

Meeting adjourned to Closed Session at 4:16 p.m.

7. CLOSED SESSION:

Discussion held on privileged matters.

OPEN SESSION (continued):

Open Session reconvened at 4:53 p.m.

Director of Human Resources was asked to provide feedback related to the public recommendations to look internally for an interim CEO. The administrative team looks at succession planning each year during which leadership is identified for development. There were no internal candidates identified during this process, but internal candidates could be encouraged to express interest to Human Resources and/or Board consideration.

Director Zipkin indicated he would like to investigate looking internally.

Director Mohun is in agreement to look at all options and recommends looking internally without delaying looking at external options.

It was noted that reviewing of internal candidates could occur at the same time as engaging with a recruiter but it would need to be negotiated.

Suggestion made to solicit input from the staff and to let the organization run itself. The Board was reminded that regulations require that the hospital has a designated CEO.

Director Jellinek suggested having the Director of Human Resources put together a format and application process for internal candidates.

Director Sessler suggested that having an outside interim can be beneficial to an organization as the Board is hearing conflicting feedback related to how the District is being run.

Discussion took place regarding the benefits of looking at an internal versus external candidate.

Suggestion made to identify the search firm that will be used but give the District a week or two to investigate an internal candidate.

Director of Human Resources indicated that she would look at the qualification of any internal candidate interested in the position to confirm they meet the minimal qualification requirements before forwarding them to the Board for consideration.

It was clarified that “internal” would refer to present employees but not contractors or consultants.

ACTION: Motion made by Director Jellinek, seconded by Director Chamblin, to charge the Director of Human Resources with initiating a search for internal candidates for the position of Interim CEO for a period of one week and present her review at a special meeting of the Board for consideration immediately following that one week period. Roll call vote taken. Approved unanimously.

Director Chamblin suggested removing the Quorum firm from consideration as they do not fit the Districts current needs. Directors Zipkin, Jellinek and Mohun agree.

Director Jellinek expressed concerns with BE Smith. Discussion took place related to using a local versus national firm.

It was agreed that HFS Consulting seemed the best cultural fit for the organization and community.

Recommendation made to have HFS Consultants and BE Smith each provide more specifics on their cost structure for consideration at the next meeting.

8. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

Compliance quarterly report
Contracts

9. ITEMS FOR NEXT MEETING

Warm water pool

Legal Counsel RFP (future meeting)

Open session recessed at 5:53 p.m.

Open session reconvened at 6:16 p.m.

10. BOARD MEMBERS REPORTS/CLOSING REMARKS

None.

11. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

None.

12. MEETING EFFECTIVENESS ASSESSMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

13. ADJOURN

Meeting adjourned at 6:16 p.m.



SPECIAL MEETING OF THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL DISTRICT

DRAFT MINUTES

Monday, April 13, 2015 at 9:30 a.m.
Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Director Zipkin called the meeting to order at 9:30 a.m.

2. ROLL CALL

Board: Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

Absent: Karen Sessler, President;

Staff: Virginia Razo, *Interim* Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Nursing/Operations Officer; Jayne O'Flanagan, Chief Human Resources Officer; Patricia Barrett, Clerk of the Board

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA ♦

No changes.

4. INPUT – AUDIENCE

Russ Anderson, with CB imaging; a provider of healthcare service for rural hospitals in northern Nevada. Mr. Anderson shared his concerns related to numbers received from the State of California related to how TFHD is performing; specific concern noted related to personnel expenses.

5. INPUT FROM EMPLOYEE ASSOCIATIONS

None.

Open Session recessed at 9:37 a.m.

6. CLOSED SESSION:

6.1. **Government Code Section 54957: Consideration of Internal Candidates for Position of Interim Chief Executive Officer and possible appointment of Interim Chief Executive Officer**

Discussion held on a privileged matter.

Meeting recessed at 10:52 a.m.

7. OPEN SESSION

Open Session reconvened at 10:57 a.m.

8. ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION

8.1. Leadership Transition Plan

- 8.1.1. Consideration of Internal Candidates for Position of Interim Chief Executive Officer and possible appointment of Interim Chief Executive Officer

Report out from Closed Session:

The Board, by unanimous vote of those Board members present, approved the appointment of Jake Dorst, Chief Information/Innovation Officer as the interim Chief Executive Officer.

8.1.2. **Consideration of Authorizing Engagement with Outside Firm for Chief Executive Officer Interim Placement and Position Recruitment**

Director Sessler indicated that the search for the long term CEO will occur simultaneously with that of the interim CEO. Internal candidates who submitted applications in response to the Interim CEO position were thanked for their willingness to put their hat in the ring.

The Chief Human Resources Officer (CHRO) provided an overview of the three search firms considered at the last meeting of whom BE Smith and HFS Consultants remain under consideration. A review of the estimated expenses for each of the search firms under consideration was provided.

Discussion took place regarding the services offered by each of the two remaining firms along with a review of existing associations with THFD.

The CHRO indicated that there is a possibility of engaging HFS Consultants on a negotiated flat fee basis rather than with a percentage of CEO compensation.

It was agreed that the search for a long term CEO will commence immediately.

ACTION: Motion made by Director Zipkin, seconded by Director Mohun, to engage HFS Consulting to conduct a recruitment of Chief Executive Officer. Roll call vote taken; Director Sessler absent. Approved unanimously by those Board members voting.

The topic of CEO Search will be agendaized each month in order to provide the Board and public an update.

Discussion took place regarding the use of a search advisory committee. The CHRO recommends a search committee made up of the two Board Personnel Committee members (Chamblin/Zipkin as co-chair), CHRO, CIO, CFO, CNO, Dr. Shawni Coll, Dr. Jeffrey Dodd, a Foundation or community member, Director Community Development and EA and EAP representatives.

An informational report will be provided by this advisory committee each month

A snapshot of the process was provided:

- First three months – work with committee and spread word on candidates/initial screening
- Candidate pool narrowed to three (+) candidates. Schedule meeting of search advisory committee for candidate review.
- Top candidates visit with spouse
- Final candidates interviewed by the board, physician leadership, dinner with individual board member.

The full Board will be involved in the selection decision, offer, and negotiations.

8.2. Consideration of Initiating Request for Proposal related to General Counsel Services

Dr. Larry Heifetz inquired as to why the District needs to search for another firm. He objects to expending the cost for another firm and incurring additional costs associated with engaging a firm from outside the District.

Director Jellinek responded that the components in favor of continuing with Porter Simon are also negatives and the District Counsel needs to remain objective and not be too close to the District.

Director Mohun indicated that the District needs to reshuffle the deck every so often. Addressing concerns related to increased expense, Director Mohun stated that a lot of appearances can be made telephonically or not at all. Director Mohun believes it is in the best interest of the District to conduct an RFP.

Director Jellinek indicated that legal counsel is required to provide an objective opinion and with counsel close to the community there is more likely to be an influence of the subjective components.

Community member, Jack Armstrong, reminded the Board that “law is blind” and having local counsel impairs the ability to remain objective.

The CFO noted that an RFP process to evaluate various firms allows opportunity to consider who is best for the Board and it is important to evaluate representation on an ongoing basis.

Dr. Heifetz shared that the Board has important things to focus on and to keep getting sidetracked on things that are not as important is not in the best interest of the District. There is a need to focus on other community issues (i.e. youth suicides).

Director Zipkin indicated that the RFP will not detract from these other important community issues.

It was confirmed that any legal counsel, including Porter Simon, can submit a response to the RFP for consideration.

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to begin the process for Request for Proposal (RFP) for District General Counsel. . Roll call vote taken; Director Sessler absent. Approved unanimously by those Board members voting.

9. CLOSED SESSION CONTINUED, IF NECESSARY
10. OPEN SESSION
11. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS
12. ITEMS FOR NEXT MEETING
13. BOARD MEMBERS REPORTS/CLOSING REMARKS
14. MEETING EFFECTIVENESS ASSESSMENT

15. ADJOURN
Meeting adjourned at 11:18 a.m.

DRAFT



REGULAR MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Tuesday, April 28, 2015 at 4 p.m.

Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. CALL TO ORDER

Meeting called to order at 4:02 p.m.

2. ROLL CALL

Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

Staff: Virginia Razo, Interim Chief Executive Officer; Crystal Betts, Chief Financial Officer; Jake Dorst, Chief Information Officer; Jayne O'Flanagan, Director Human Resources; Patricia Barrett, Clerk of the Board

Other: Steve Gross, General Counsel

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

None.

4. INPUT AUDIENCE:

None.

General Counsel read the Board into Closed Session.

Open session recessed at 4:03 p.m.

5. CLOSED SESSION:

Discussion held on privileged matters.

6. DINNER BREAK

APPROXIMATELY 6:00 P.M.

7. OPEN SESSION – CALL TO ORDER

Open session called to order at 6:05 p.m.

8. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

None.

9. INPUT – AUDIENCE

Pete Forni expressed concern that new interim CEO will have a challenge ahead of him and believes that a number of organization leaders have “drunk the Kool-Aid of Bob Schapper” and are either unwilling or fearful of being forthcoming.

Community member not identified expressed that he cannot believe that Ms. Razo is still with the organization and that it is a mockery of the District and community that she was not let go.

10. INPUT FROM EMPLOYEE ASSOCIATIONS

None.

11. MEDICAL STAFF REPORT ◆

11.1. Medical Staff Report

Dr. Julie Conyers, Vice Chair of the medical staff, provided a summary of the MEC meeting. MEC Action items 1 – 6 presented for Board approval.

ACTION: Motion made by Director Mohun, seconded by Chamblin, to approve MEC items 1 – 6 as presented. Roll call vote taken. Approved unanimously.

12. CONSENT CALENDAR ◆

12.1. Approval of Minutes of Meetings:

03/17-18/2015 and 03/31/2015

12.2. Financial Report: March 2015 Financials

12.3. Policies:

12.3.1. Conflict of Interest Code (ABD-06)

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to approve the consent calendar items as presented. Roll call vote taken. Approved unanimously.

13. PRESENTATIONS

13.1. Patient and Family Center Care Presentation

Guest speaker, Leilani Schweitzer, introduced herself and provided background related to the death of her 20 month old son, Gabriel. The focus of the presentation was on the significance and importance of disclosure and compassion after medical errors.

Ms. Schweitzer shared that she had participated in the TFHD Just Culture training with Paul Le Sage and recognized the opportunity that the Just Culture program provides by getting in front of the tragedies to prevent them from happening again.

Ms. Schweitzer works with Stanford on a similar program entitled, Process for Early Assessment and Resolution of Loss (PEARL). The program started eight years ago and continues to develop and improve. A review of statistics reflecting reduced litigation and legal expenses since the implementation of PEARL.

Director Sessler thanked Ms. Schweitzer for sharing her story and noted that is fortunate that staff has had the foresight to implement Just Culture for TFHD.

Director Jellinek encouraged others to visit Ms. Schweitzer's YouTube video related to her son's story. Ms. Schweitzer shared that she believes that the fact that she knows what happened with her son allows her the strength to tell his story.

Director Mohun asked if there has been any change seen with patients being able to address the Board directly with their experiences and stories. Ms. Schweitzer indicated that she is not aware that patients address the Board directly; rather Stanford has created a patient portal to allow patients to share their stories.

Public Comment:

Lynn Larson asked for additional detail related to the cost savings experienced as a result of the PEARL program included in Ms. Schweitzer's presentation. Ms. Schweitzer clarified that the savings are reflective of savings from legal expenses and that the IHI number reflects additional detail. Ms. Larson stated that she knows of times that TFH has brushed patient experiences "under the carpet".

A nurse at the TFH shared her perspective of how staff addresses issues and sees this process involving multiple layers; finance, Board, employees. Recommendation made to expand these principles beyond patient care.

Director Sessler indicated the take away from today's presentation is that a lot of the anger can be dissipated when there is knowledge and transparency.

14. ITEMS FOR BOARD DISCUSSION AND ACTION

14.1. Contracts

14.1.1. TF2020 Agreement for Medical Advisor Services EHR Technology Council

- a. *Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015*
- b. *Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015*
- c. *Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015*
- d. *Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015*
- e. *Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015*

The CIO provided a review of the TF2020 contracts.

Director Jellinek shared that he has spoken with several CEOs and physicians and found that no others compensate physicians for this type of participation. He opposes approving contracts 14.1.1. and 14.1.2.

Director Zipkin inquired as to the anticipated time commitment expected required of physicians. The number of physician's involved is related to the types of specialty. In response to Dr. Jellinek, Director Zipkin shared feedback received from TFH physicians. Does not think contracting with physicians in this manner is unique to TFH as it is a way to compensate physicians for time they are not available in their offices.

The CIO shared his experience in Maryland where they compensated physicians for this type of service.

Director Mohun shared that he sits on the Med Tech Committee and believes it brings a lot of benefit to the hospital.

Director Mohun indicated that the verification indicated on page one of the CRF is not accurate and needs to be removed. Though administration is applauded for following the ABD 21 policy, but Director Mohun feels that procedurally the process needs to be more accurate. Director Mohun expressed concern that the hypothetical communication from Contracts Coordinator should not be used as it provides no value. Director Mohun also believes there are issues with Exhibit B to the agreement and is concerned that it indicates the District is trying to control and tell the doctor what to do; this document needs to be looked over by legal.

Director Chamblin is respectful of the anecdotal comments made by Director Jellinek and the CIO but would like to see tangible statistics related to whether paying physicians for these types of programs is an acceptable and common practice.

Director Sessler reminded the Board that physicians cannot be employed in California. Tasks included in the contract are what they are being asked to do in addition to their normal scope of work; it is important to pay physicians for work done.

The CIO provided additional detail related to what is being asked of and tracked for physicians related to these contracts.

Director Zipkin commented on the generational issue being presented through compensation by the hospital for work being done for the hospital.

Director Jellinek indicated he has never seen it and it may be generational; this money could be used for other programs.

Director Mohun requests that the CIO provide details as to the amount anticipated to be spent and what is being spent by others in order to confirm commercial reasonableness. Staff also directed to address core concerns with procedural and substantive issues with the process.

Director Sessler stated that the contracts expire at the end of the month. A special board meeting will be scheduled in two weeks to review contract with requested clarifications.

14.1.2. TF2020 Agreement Wellness Neighborhood

- f. Arth_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015*
- g. Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015*
- h. Gustafsson_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015*
- i. Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_for_Disparities_Group_2015*

The Interim CEO provided background related to the Wellness Neighborhood programs. The agreement addresses involvement beyond what physicians do during their normal workday.

Director Chamblin asked for clarification related to the number of hours included in the agreements. Executive Director of the Wellness Neighborhood provided background related to the engagement of physicians and expressed that she budgets conservatively but has not been invoiced for much more than 8 hours.

Director Mohun requested numbers to verify commercial reasonableness. Executive Director of the Wellness Neighborhood indicated the data is hard to identify and that the contracts are dynamic. Director Mohun indicated the same issues with CRF noted with the other TF2020s need to be corrected and process followed.

Discussion took place related to the contracts being advisory in nature and not practicing medicine.

Director Jellinek indicated that he did this type of service gratis for 30 years and that is how it is still being done in the bay area; he believes it is immoral the way the "picture that is being painted."

Executive Director of the Wellness Neighborhood will work with the CIO to present clearly defined number

Contracts noted in agenda items 14.1 and 14.2 will be revisited by staff and brought back to the Board for approval at the special meeting scheduled on 5/13/15.

14.1.3. **Other**

j. Koppel_TFHD_MDA_for_Cancer_Center_Clinical_Research_Program_2015

It was noted that the agreement with UC Davis requires that TFH must have a medical director to oversee clinical research

Timothy Garcia-Jay, Director of Clinics, spoke to the contract for MDA for Cancer Center Clinical Research. The duties outlined in the agreement are part of a safety precaution to ensure safety protocols are being followed. It is not a billable service by the Director and U.C. Davis is not willing to pay for this position. Director of Clinics believes the clinical trials would be impacted if this agreement were not in place.

Dr. Larry Heifetz provided background related to the number of patients participating in clinical trials. He believes the relationship with UC Davis would be at jeopardy if the agreement is not in place.

Director Mohun asked how many physicians are in the MSC which was confirmed to be four doctors and three medical directors. Dr. Heifetz confirmed it was not possible for him to absorb the duties.

Director Jellinek expressed concern with a four person department having three medical directors at a cost of \$240k a year.

Director Sessler indicated that even though the cost of the MDA is not born by UC Davis, there is cost benefit of having the patients treated by the Cancer Center.

The CFO indicated that the position could be budgeted in FY 2015 but is not budgeted for the final quarter of FY2014.

k. Ringnes_Physician_Recruitment_Agreement_2015

Interim CEO provided background related to the purpose of recruitment agreement.

Director Jellinek indicated he was able to get his question clarified by the interim CEO that what he had perceived as an income guarantee is actually a loan against what the physician makes for a four year contract.

Director Mohun received confirmation that this is a need based contract addressing a void that needs to be filled.

The interim CEO reported the Dr. Foley will remain until Dr. Ringnes is on staff.

Director Chamblin inquired as to the North Tahoe Orthopedics' involvement; it was confirmed the practice will employ the physician for the first year.

General Counsel inquired about the reference to income guarantee which is limited to 3 years. The interim CEO shared that the contract was drafted for by Hooper Lundy & Bookman and negotiated by ECG. The contract is a loan to the physician that will be forgiven over a four year period and not an income guarantee.

Discussion took place related to the contract being a forgivable loan and not an income guarantee.

Director Mohun indicated that the reference to Social Security code section 1861 in the contract needs to be clarified as he believes it references the wrong code.

Public Comment:

Mark Spohr, from Tahoe City, commented on the Standard & Poor's rating change to a negative outlook indicating that this should be a wake up call to the Board that the District is in a precarious position. Mr. Spohr expressed concern related to the number and value of contracts. He requests the Board look at what are essential services. He believes all contracts are fiscally irresponsible; non-essential services for non-essential doctors.

Gaylan Larson commented on MSC physicians being compensated twice for their participation on committees. Mr. Larson believes that a much better business case needs to be made when being asked to approve contracts.

ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to approve items J and K. Motion rescinded.

ACTION: Motion made by Director Chamblin, second by Director Zipkin, to approve item J.

Discussion took place regarding approval of these contracts. Director Mohun stated the Board needs to be fair to physicians and the community by ensuring a commercially reasonable contract. It behooves the Board to review the aggregate compensation for the services received. Director Mohun does not believe another director is needed at this time.

Director Chamblin agrees with looking at all contracts. The contracts before the Board may negatively impact the clinical trial program.

Director Zipkin indicated that this particular directorship is essential to relationship with UC Davis and that the skill set needed for the research medical director is unique to that of other medical directors.

Director Jellinek agrees with Director Mohun. He believes the existing medical directors should pick up and due what needs to be done within their existing contracts.

Director Sessler stated that these are new duties given under specific title for this position and cannot be absorbed by existing agreements as it reflects a new level of request.

It was noted that participation in studies for members of our community is ongoing; it is immoral to loose the opportunity to participate in the clinical trials.

Director Mohun stated that he has not seen the numbers that indicate we need the additional medical director.

ACTION restated: Motion made by Director Chamblin, second by Director Zipkin, to approve item J. Roll call vote taken, Approved by a vote of three to two.

Director Chamblin - Yea

Director Jellinek - Nay

Director Mohun - Nay

Director Sessler - Yea

Director Zipkin - Yea

ACTION: Motion by Director Jellinek, seconded by Director Zipkin, to approve item K. Roll call vote taken. Approved unanimously.

14.2. Truckee Donner Recreation and Parks District Aquatic Center

Interim CEO shared information obtained through meetings with the TDRPD and identified programs agreed to by TDRPD for services aligned with the mission and values of TFHD. Recommendation is made to consider donating up to \$130k to support the TDRPD in building the warm water pool.

Director Mohun recused himself from participating in the discussion and vote on this item due to a conflict of interest.

Director Mohun left the meeting at 8:02 p.m.

Director Sessler asked Kevin Murphy to speak to the TDRPD Commitment. Mr. Murphy distributed the two motions ratified by the TDRPD on April 23, 2015.

Larry Larson spoke to the type of patients seen by Tahoe Forest for rehabilitation and types of services needed.

Amanda Oberaker, TDRPD, shared program options that would be at significantly reduced rates; specifically Medicare would have 50% discount and Medi-cal would have a 40% discount.

Public Comment:

Lynn Redner spoke to her email sent to the Board a couple of weeks prior to the meeting indicating that she had responded to emotion following a reduction of two nursing positions asking the Board not to approve the donation. Since the email, she has asked the community how this would look since Measure J was not approved. Everyone she spoke to indicated it would be a positive move.

Lynn Ziccone (sic) spoke last meeting and restated that it is time the District put something back to the community. This donation is a cheap way for the District gain some accolade from the community.

Gaylan Larson corrected Ginny Razo's notes related to other Districts supporting the initiative stating that the school district was asked and declined. Mr. Larson reminded the Board that the DA is investigating the hospital and Mr. Schapper and this means they are being investigated too; they are at risk if they decide to move ahead with this project.

Kevin Murphy, as a community member, responded to Mr. Larson indicating that the school district provided in-kind donation valued at \$10,900 for this project.

Jean Brooks an employee of TFH for 28 years shared that she has voted for every bond measure in this District. Ms. Brooks indicated that she wrote an email to the Board indicating that how the pool funding is being done is suspicious. However, she is in favor with going forward with this donation, with reservation, related to cuts in employees. Ms. Brooks indicated that she has asked for a position in the lab for the last 28 years and told it cannot be afforded. Hard to support the \$130K when the money could be spent on things that could make the hospital safer. She can understand either way the Board votes and would support private fundraising

Jamie McJunkin spoke to the Board from the perspective of the patient and encourages the District to look at this as an investment in the business rather than a donation. She shared that she had a surgery that lasted 30 minutes but the rehab lasted over 12 months. Warm water therapy can have very meaningful impact. A \$130k expense with a 40 year impact when annualized is likely \$5 - \$10 per patient to help create this remarkable amenity; a fraction of an investment with a high return is a savvy and wise business move.

Barbara Wong, President of the Employee Association, feels in a quandary. She has conducted an informal poll with 85 of the 88 respondents not in favor of making a donation. With the additional information of the give backs she does not feel she can speak for the employees who did not have this information at the time the poll was conducted.

Mark Spohr reiterated his earlier statement related to the downgrade by Standard & Poor's stating that the District does not have money to give away. Truckee voted down the swimming pool. The Board needs to figure out what their priorities are as he believes the District is in financial trouble with limited funds.

Julie Zernick shared her story related to use of the pool following a broken back and her experience with others in the community that use the facility and who would benefit from the warm water pool.

Joan Sabel (sic) shared that she commutes from Tahoma four days a week and would be here five days a week if there was a warm water pool.

Lynn Larson is upset about this as she sees the value of a warm water pool but believes this is an end run around the taxpayers who said no to the ballot measure.

Joanna McMullen works for TFH now and has patients from throughout the District and would be one of the instructors at the warm water pool providing a continuation of the service provided at TFH. A continuum of service would allow her to discharge patients to the various programs available through the warm water pool.

Daron Rahlves shared his experience with rehab through TFH and expressed that the warm water pool would be a huge benefit and as he and others look for locations for training and rehab.

Jim Morrison, representing the KaWyHa Fund and as a TDRPD Board Member, stated that this is not a pool for Truckee, it is a pool for the broader district. He is passionate for trying to provide improvement for this community. It would be a great benefit to the broader community and constituents to help this pool get built.

Public comment closed.

Director Zipkin stated that it is clear the pool project is a wonderful thing though it is too bad that philanthropy wasn't successful in raising all the required funds. TDRPD lost the ballot measure vote and are now asking the hospital district to spend tax dollars on supporting the project. He has a difficult time being a fiduciary for this District and giving the money. Director Zipkin indicated he received 100% negative feedback from employees related to this the District donating money and has concerns that it will open the door for requests for funding for other important wellness initiatives. Personally very much in favor of a warm water pool, but is not in favor of the District providing funding. It is not the Hospital's responsibility to do this; its responsibility is to the employees.

Director Chamblin shared that he thinks the pool will be a huge community benefit. He has been listening to the Community needs assessment and the board picked from that data, the four priorities to focus on for the next year. The pool project does not rise to the level of need as reflected in the community needs assessment.

Director Sessler shared that following the last community needs assessment four years ago, the tax revenue for the District was tracked differently than hospital revenue with an eye toward getting to a point that the Board can say that tax revenue is directly benefiting the community. The District is partnering already with other entities in the community and looks at this as a programmatic

partnership providing an opportunity to build a partnership with another District in the community to promote health.

Director Jellinek shared that he reviewed the health and safety code related to the gift of public funds. This project as initially presented to the voters and failed. He cannot agree to giving District funds to make up the difference need by TDRPD to receive the matching funds. He will support the initiative personally but cannot spend Hospital District funds on this request.

Director Sessler stated that they are being asked to look at a different thing than what was voted on as the support of the warm water pool would be given in return for designated benefits. There is an opportunity to develop programs that will benefit the community.

Director Chamblin stated that there are lots of programs that will benefit the community and there is no end to the potential for ongoing asks; it is not proper use for hospital funds.

Director Zipkin suggests that everyone in the audience go out and raise money to help fill the gap.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to authorize TFHD to donate up to \$130k to support aquatic center. Roll call vote taken. Motion failed by a vote of 1 to 3.

Director Chamblin - Nay

Director Jellinek - Nay

Director Sessler - Yea

Director Zipkin - Nay

Director Mohun - Recused

Meeting recessed at 8:56 p.m.

14.3. Hospice Quality Plan

Director Mohun rejoined the meeting at 9:06 p.m.

Meeting reconvened at 9:06 p.m.

To maintain regulatory compliance with the Hospice Conditions of Participation the Hospice Quality Plan is presented for Board approval.

Karen Gancitano, Director of Post Acute Service, was available to answer questions. The performance improvement indicators have been updated but the plan is essentially the same as prior year. It was noted that the Assessment A on page 10 has been corrected to read 12/31/2015.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to approve the Hospice Quality Plan as submitted. Roll call vote taken. Approved unanimously.

15. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

15.1. Governance Committee Meeting – 04/08/15

15.1.2. 2015 1st Quarter Compliance Report

Jim Hook, with the Fox Group, provided a review of the 2015 1st Quarter Compliance Report. Changes are recommended to the compliance program as reflected in the draft policy and procedure.

ACTION: Motion made by Director Mohun, seconded by Director Chamblin, to approve the 2015 1st Quarter Compliance Report as presented. Roll call vote taken. Approved unanimously.

15.1.3. Corporate Compliance Program Policy

Jim Hook provided a review of recommended updates to the corporate compliance program policy.

ACTION: Motion made by Director Jellinek, seconded by Director Zipkin, to approve the updated Corporate Compliance Policy as presented. Roll call vote taken. Approved unanimously.

Director Chamblin inquired about anticipated costs related to the compliance program going forward. The interim CEO provided an update related to budgeting assessments underway for FY 2015. The work done with Hooper Lundy & Bookman (HLB) and ECG Consultants has established the groundwork to help reduce costs going forward.

Director Mohun has seen a dramatic increase in productivity related to presentations and information for the Board and thanked the Fox Group for their efforts.

15.1.4. Updated Board Goals

Director Sessler reviewed recommended changes by Governance Committee to the Board Goals in response in the change in interim CEO. Only one change was made to include the visioning process as part of the CEO recruitment.

ACTION: Motion made by Director Zipkin, seconded by Director Chamblin, to approve the Board goals as presented. Roll call vote taken. Approved unanimously.

Personnel committee will address the visioning process at an upcoming meeting.

15.2. Personnel/Retirement Committee Meeting – 04/09/15, 04/21/15

Director Zipkin provided an over view of the April Personnel Committee meetings.

An update related to the engagement of HFS consulting was provided. Don Whiteside reviewed the process for moving forward as presented to the Personnel Committee. A dedicated email address has been created to receive feedback. TahoeForestCEOSearch@gmail.com.

Director Jellinek as to how the email address would be advertized; the email was provided to the reporter present at the meeting for publication.

Discussion took place related to the candidate review process. Director Mohun stated that participation in the advisory group needs to be approved by the board.

Director Zipkin stated that the advisory group is intended to provide feedback on what they were looking for in a CEO; this group includes members of the medical staff, employees, and Board. Mr. Whiteside will meet with additional groups and individuals before providing feedback.

ACTION: Motion made by Director Mohun, seconded by Director Sessler, to extend meeting by 30 minutes. Approved unanimously.

15.2.2. Results of Employee Engagement Survey

The CHRO provided a review of the employee engagement survey conducted in December 2013. 57% of eligible employees participated in the survey. It was noted that engagement is a pivotal part of the relationship between the employee and the organization.

Sense of belonging, treated with respect and being provided with useful feedback were most important.

Lowest performing items related to ethical conduct, career opportunities and confidence in senior leadership.

Director Sessler requested clarification on the charts and data provided. Data is related to the five themes identified under *best place to work and practice* criteria and employees have been surveyed on these themes regularly. An interim hospital based survey will be conducted in July and the CHRO would like to conduct the next full survey in 18 months.

Director Mohun inquired as to whether she has asked the employees why they answered certain questions the way they have done. It was reported that HR is working with employees and/or managers to gather more information specific to individual responses reflected for each department.

An update on employee feedback and action plans will be brought to the Board Personnel Committee on regular basis and reported up to the Board as appropriate.

15.2.3. Increase in Educational Benefits for all Nurse Practitioners and Physician Assistants

Dr. Zipkin shared background related to a grievance resulting in a review of the educational benefit provided to Nurse Practitioners (NP) and Physician Assistants (PA). The Committee recommends approval of an adjustment to reconcile the benefit and provide internal equity.

The CHRO brought the issue to the personnel committee as it will result in a change to the bargaining unit agreement.

Director Mohun inquired as to how the discrepancy happened. The CRHO provided background indicating that the first orthopedic PA was recently hired; the benchmark for normal education reimbursement for this position is \$1500 which is greater than what has been provided. The issue

had never come up with the other NPs or PAs and the EAP asked that the other positions be made whole going forward.

ACTION: Motion made by Director Zipkin, second by Director Chamblin, to approve the changes to the educational benefit for NPs and APs as recommended. Roll call vote taken. Approved unanimously.

15.2.4. Retirement Plan Subcommittee

a. Plan Record Keeping Fee

Director Zipkin provided background related to expanding the investment options which resulted in a change to the record keeping fee. Currently every investment option has a record keeping fee anywhere from 2 – 40 percent but is reflected on the statement in a transparent manner. By setting a single fee it can be visible to the employee on their statement and will offer expanded plan options.

Discussion took place related to what the role of the committee with advisory authority only and authority of the CHRO. Anything that changes benefit, changes the contract, or has legal repercussions must come to the Board for approval.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to approve the change in plan record keeping fee. Roll call vote taken. Approved unanimously.

15.3. Quality Committee – 04/14/15

15.4. Community Benefit Committee – 04/21/15

Director Zipkin provided a summary of the proposed Community Benefit/Wellness Neighborhood budget which will be revisited on May 4th.

15.4.4. Draft Community Benefit Committee Charter

No action on this item

15.4.5. Draft Community Benefit Committee Goals

No action on this item

15.5. Finance Committee Meeting – 04/23/15

15.5.4. Standard and Poor's Annual Surveillance for "BBB-" Rating

The CFO provided an update related to the review of the Standard & Poor's (SP) surveillance and delays resulting from the change in CEO. "BBB-" rating was reviewed and the outlook downgraded from stable to negative primarily due to financial income statement numbers from 2013 and 2014 which reflect a decline in traditional earnings. It was noted that SP no longer excludes the GO bond from their analysis. Securing a permanent CEO to stabilize the organization, completing construction on time and on budget, and not incurring any new substantial debt will help with future reviews.

Far exceed what the board approved in the resolution.

Director Mohun requested the CFO provide information about the impact of the swap. The CFO indicated the swap is not a risk at this time.

16. INFORMATIONAL REPORTS

16.2. Strategic Initiatives Update

The Board had not discussion related to the informational reports provided.

16.3. Monthly Legal Expenses

This report is provided at the request of the Board to see a summary of monthly legal expenses.

ACTION: Motion made by Director Sessler, seconded by Director Mohun to extend the meeting to 11pm if needed. Approved unanimously.

The CFO asked if the format provide was sufficient for the Board. Director Mohun asked for more in depth report and wants to know if there is opportunity for cost savings related to pro fees.

The CFO will work with the Board Clerk to post the requested detail to the portal as some references may be related to closed session items.

General Counsel indicated that if detailed information is requested there is a risk of waiving privilege. As long as it is one way communication using the board portal, providing the information in that manner would be fine.

17. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

Governance – contracts

Community Benefit Committee – budget

18. ITEMS FOR NEXT MEETING

Special meeting of the Board is scheduled on May 13th related to the interim CEO contract and HFS Consultants contract.

19. BOARD MEMBERS REPORTS/CLOSING REMARKS

20. CLOSED SESSION CONTINUED, IF NECESSARY

21. OPEN SESSION

22. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

23. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

24. ADJOURN

Meeting adjourned at 10:50 p.m.

**TAHOE FOREST HOSPITAL DISTRICT
APRIL 2015 FINANCIAL REPORT
INDEX**

PAGE	DESCRIPTION
2 - 3	FINANCIAL NARRATIVE
4	STATEMENT OF NET POSITION
5	NOTES TO STATEMENT OF NET POSITION
6	CASH INVESTMENT
7	TFHD STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
8 - 9	TFHD NOTES TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
10	IVCH STATEMENT OF REVENUE AND EXPENSE
11 - 12	IVCH NOTES TO STATEMENT OF REVENUE AND EXPENSE
13	STATEMENT OF CASH FLOW

Board of Directors
Of Tahoe Forest Hospital District

APRIL 2015 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the ten months ended April 30, 2015.

Activity Statistics

- ❑ TFH acute patient days were 358 for the current month compared to budget of 408. This equates to an average daily census of 11.9 compared to budget of 13.6.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Home Health visits, Surgical cases, Endoscopy procedures, Laboratory tests, Oncology Lab, Mammography, Medical Oncology procedures, MRI exams, Ultrasounds, PET CT exams, Pharmacy units, Physical Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Emergency visits, Radiation Oncology procedures, Oncology Drugs, Respiratory Therapy, and Speech Therapy.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 55.9% in the current month compared to budget of 54.9% and to last month's 58.3%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 55.8%, compared to budget of 55.0% and prior year's 57.8%.
- ❑ EBIDA was \$178,962 (1.2%) for the current month compared to budget of \$(214,771) (-1.4%), or \$393,733 (2.6%) above budget. Year-to-date EBIDA was \$3,553,734 (2.1%) compared to budget of \$2,236,053 (1.4%) or \$1,317,681 (.7%) over budget.
- ❑ Cash Collections for the current month were \$9,383,301 which is 110% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 63.3, compared to the prior month of 65.5. Gross Accounts Receivables are \$30,073,047 compared to the prior month of \$33,213,977. The percent of Gross Accounts Receivable over 120 days old is 25.1%, compared to the prior month of 24.5%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 30.5 days. S&P Days Cash on Hand is 154.1. Working Capital cash increased \$453,000. Cash collections exceeded target by 10%, Accounts Payable decreased \$486,000 and Accrued Payroll & Related Costs decreased \$468,000.
- ❑ Net Patients Accounts Receivable decreased approximately \$2,587,000. Cash collections were at 110% of target and days in accounts receivable were 63.3 days, a 2.20 days decrease.
- ❑ Estimated Settlements, Medi-Cal and Medicare increased \$868,000 after booking the receivable due from the Fiscal Year 2014-2015 IGT Program.
- ❑ GO Bond Project Fund decreased \$776,790 after remitting payment to the District for funds advanced on the March Measure C projects.
- ❑ Accounts Payable decreased \$486,000 due to the timing of the final check run in April.
- ❑ Accrued Payroll & Related Costs decreased \$468,000 due to fewer accrued payroll days in April.

Operating Revenue

- ❑ Current month's Total Gross Revenue was \$15,384,328, compared to budget of \$15,013,598 or \$370,730 over budget.
- ❑ Current month's Gross Inpatient Revenue was \$4,586,659, compared to budget of \$5,203,527 or \$(616,869) under budget.
- ❑ Current month's Gross Outpatient Revenue was \$10,797,670, compared to budget of \$9,810,071 or \$987,599 over budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month's Gross Revenue Mix was 33.0% Medicare, 20.8% Medi-Cal, .0% County, 3.8% Other, and 42.4% Insurance compared to budget of 34.7% Medicare, 13.5% Medi-Cal, 1.7% County, 6.5% Other, and 43.6% Insurance. Last month's mix was 33.6% Medicare, 15.4% Medi-Cal, .0% County, 3.5% Other, and 47.5% Insurance.
- ❑ Current month's Deductions from Revenue were \$6,773,758 compared to budget of \$6,764,190 or \$9,568 over budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 1.65% decrease in Medicare, a 7.36% increase to Medi-Cal, a 1.69% decrease in County, a 2.69% decrease in Other, and Commercial was under budget 1.33%, 2) revenues exceeded budget by 2.5%, and 3) we continue seeing patients shifting from Self Pay to Medi-Cal or the State Health Insurance Exchange programs which is creating a positive variance in Bad Debt.

Operating Expenses

DESCRIPTION	April 2015 Actual	April 2015 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,342,875	3,302,306	(40,569)	
Employee Benefits	1,050,746	1,097,711	46,965	
Benefits – Workers Compensation	59,566	51,566	(8,000)	
Benefits – Medical Insurance	422,511	717,510	294,999	
Professional Fees	1,475,115	1,405,479	(69,636)	Legal and fair market value services provided to the Corporate Compliance department, an increase in Inpatient and Outpatient Therapy revenues, participation in the U.C. Davis Oncology Residency program, Pension Consulting, and IVCH ER Physician coverage created a negative variance in Professional Fees.
Supplies	1,368,464	1,145,157	(223,307)	Surgical Services revenues were over budget by 60.19% and the mix of Chemotherapy drugs coupled with more expensive compounding agents created a negative variance in the Supplies category.
Purchased Services	863,589	818,515	(45,074)	Services provided for the Best of Tahoe Chefs and Gene Upshaw Golf Classic, Corporate Compliance, Town Hall meetings, and Diagnostic Imaging reads created a negative variance in Purchased Services.
Other Expenses	518,597	554,403	35,806	Negative variance in Outside Training & Travel for Jacobus consultants, The Fox Group, Medical Staff, and Nursing Administration and Student Loan forgiveness were offset by positive variances in the remainder of the Other Expense categories.
Total Expenses	9,101,463	9,092,647	(8,816)	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
APRIL 2015

	Apr-15	Mar-15	Apr-14	
ASSETS				
CURRENT ASSETS				
* CASH	\$ 10,064,155	\$ 9,610,865	\$ 14,407,087	1
PATIENT ACCOUNTS RECEIVABLE - NET	12,895,007	15,481,600	18,387,123	2
OTHER RECEIVABLES	4,581,942	4,306,707	4,359,695	
GO BOND RECEIVABLES	1,042,952	653,771	1,388,889	
ASSETS LIMITED OR RESTRICTED	5,725,402	5,622,680	5,708,139	
INVENTORIES	2,511,235	2,484,421	2,285,010	
PREPAID EXPENSES & DEPOSITS	1,504,357	1,424,987	1,514,923	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	4,257,788	3,389,901	2,376,245	3
OTHER CURRENT ASSETS	-	-	-	
TOTAL CURRENT ASSETS	42,582,837	42,974,931	50,427,111	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	40,730,601	40,705,163	33,636,217	1
BANC OF AMERICA MUNICIPAL LEASE	2,295,723	2,294,253	2,290,125	
TOTAL BOND TRUSTEE 2002	2	2	2	
TOTAL BOND TRUSTEE 2006	3,186,866	3,027,589	3,121,430	
TOTAL BOND TRUSTEE GO BOND	-	-	-	
GO BOND PROJECT FUND	13,612,840	14,389,630	20,909,433	4
GO BOND TAX REVENUE FUND	549,282	549,282	395,117	
BOARD DESIGNATED FUND	2,297	2,297	2,297	
DIAGNOSTIC IMAGING FUND	2,969	2,967	3,142	
DONOR RESTRICTED FUND	1,093,240	1,115,873	710,635	
WORKERS COMPENSATION FUND	20,529	21,983	12,279	
TOTAL	61,494,349	62,109,038	61,080,676	
LESS CURRENT PORTION	(5,725,402)	(5,622,680)	(5,708,139)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	55,768,947	56,486,358	55,372,537	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	393,277	393,277	534,016	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	128,929,380	129,395,597	117,668,475	
GO BOND CIP, PROPERTY & EQUIPMENT NET	19,540,737	18,798,045	26,861,884	
TOTAL ASSETS	248,051,531	248,884,561	251,700,376	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	588,292	591,524	627,081	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,013,085	2,013,085	1,466,352	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 2,601,377	\$ 2,604,609	\$ 2,093,433	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,458,608	\$ 5,944,311	\$ 5,189,430	5
ACCRUED PAYROLL & RELATED COSTS	7,286,135	7,754,534	7,858,381	6
INTEREST PAYABLE	516,530	393,427	531,167	
INTEREST PAYABLE GO BOND	1,169,293	779,557	1,169,668	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	512,695	512,695	996,376	
HEALTH INSURANCE PLAN	997,635	997,635	860,027	
WORKERS COMPENSATION PLAN	1,006,475	1,006,475	1,392,606	
COMPREHENSIVE LIABILITY INSURANCE PLAN	890,902	890,902	887,362	
CURRENT MATURITIES OF GO BOND DEBT	315,000	315,000	50,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,300,830	2,300,830	2,301,028	
TOTAL CURRENT LIABILITIES	20,454,103	20,895,366	21,236,045	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	33,282,248	33,382,286	35,544,959	
GO BOND DEBT NET OF CURRENT MATURITIES	98,130,000	98,130,000	98,450,220	
DERIVATIVE INSTRUMENT LIABILITY	2,013,085	2,013,085	1,466,352	
TOTAL LIABILITIES	153,879,436	154,420,737	156,697,576	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	95,680,232	95,952,561	96,385,598	
RESTRICTED	1,093,240	1,115,873	710,635	
TOTAL NET POSITION	\$ 96,773,472	\$ 97,068,433	\$ 97,096,233	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
APRIL 2015

1. Working Capital is at 30.5 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 154.1 days. Working Capital cash increased \$453,000. Cash collections exceeded target by 10%, Accounts Payable (See Note 5) decreased \$486,000 and Accrued Payroll & Related Costs (See Note 6) decreased \$468,000.
2. Net Patient Accounts Receivable decreased approximately \$2,587,000. Cash collections were 110% of target. Days in Accounts Receivable are at 63.3 days compared to prior months 65.5 days, a 2.20 day decrease.
3. Estimated Settlements, Medi-Cal and Medicare increased \$868,000 after booking the receivable due from the Fiscal Year 2014-2015 IGT Program.
4. G.O. Bond Project Fund decreased \$776,790 after reimbursing the District for funds advanced on Measure C projects.
5. Accounts Payable decreased \$486,000 due to the timing of the final check run in the month.
6. Accrued Payroll & Related Costs decreased \$468,000 due to fewer accrued payroll days in April.

**Tahoe Forest Hospital District
Cash Investment
April 2015**

WORKING CAPITAL			
US Bank	\$ 9,468,144		
US Bank/Kings Beach Thrift Store	171,816		
US Bank/Truckee Thrift Store	424,195		
Wells Fargo Bank			
Local Agency Investment Fund	<u>-</u>	0.278%	
Total			\$ 10,064,155
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ 2,297	0.03%	
Capital Equipment Fund	<u>-</u>		
Total			\$ 2,297
 Building Fund			
Cash Reserve Fund	\$ -		
Local Agency Investment Fund	<u>40,730,601</u>	0.278%	
			\$ 40,730,601
 Banc of America Muni Lease			
			\$ 2,295,723
Bonds Cash 1999			\$ 2
Bonds Cash 2002			\$ -
Bonds Cash 2006			\$ 3,186,866
Bonds Cash 2008			\$ 14,162,122
 DX Imaging Education			
Workers Comp Fund - B of A	\$ 2,969	0.278%	
	20,529		
 Insurance			
Health Insurance LAIF	-	0.278%	
Comprehensive Liability Insurance LAIF	<u>-</u>	0.278%	
Total			<u>\$ 23,498</u>
TOTAL FUNDS			\$ 70,465,264
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,367	0.03%	
Foundation Restricted Donations	\$ 264,986		
Local Agency Investment Fund	<u>819,887</u>	0.278%	
TOTAL RESTRICTED FUNDS			<u>\$ 1,093,240</u>
TOTAL ALL FUNDS			<u><u>\$ 71,558,504</u></u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
APRIL 2015

	CURRENT MONTH			YEAR TO DATE			PRIOR YTD APR 2014
	ACTUAL	BUDGET	VAR\$	ACTUAL	BUDGET	VAR\$	
	\$ 15,384,328	\$ 15,013,598	\$ 370,730	\$ 171,023,848	\$ 165,410,543	\$ 5,613,305	\$ 156,053,757
OPERATING REVENUE							
Total Gross Revenue	\$ 15,384,328	\$ 15,013,598	\$ 370,730	\$ 171,023,848	\$ 165,410,543	\$ 5,613,305	\$ 156,053,757
Gross Revenues - Inpatient	\$ 1,534,580	\$ 1,566,243	\$ (31,663)	\$ 16,969,649	\$ 16,055,196	\$ 914,452	\$ 15,753,661
Daily Hospital Service	3,052,079	3,637,284	(585,206)	39,358,433	39,037,270	321,163	35,711,466
Ancillary Service - Inpatient	4,586,659	5,203,527	(616,869)	56,328,081	55,092,466	1,235,615	51,465,127
Total Gross Revenue - Inpatient	10,797,670	9,810,071	987,599	114,695,767	110,318,076	4,377,691	104,588,630
Gross Revenue - Outpatient	10,797,670	9,810,071	987,599	114,695,767	110,318,076	4,377,691	104,588,630
Total Gross Revenue - Outpatient	10,797,670	9,810,071	987,599	114,695,767	110,318,076	4,377,691	104,588,630
Deductions from Revenue:							
Contractual Allowances	5,912,071	5,653,185	(258,886)	67,070,048	62,191,317	(4,878,731)	59,761,119
Charity Care	460,412	510,462	50,050	5,243,315	5,623,958	380,643	4,943,717
Charity Care - Catastrophic Events	-	-	-	-	-	-	-
Bad Debt	343,957	600,543	256,586	3,037,814	6,616,423	3,578,609	2,467,924
Prior Period Settlements	57,318	-	(57,318)	318,373	-	(318,373)	(1,280,336)
Total Deductions from Revenue	6,773,758	6,764,190	(9,568)	75,669,550	74,431,698	(1,237,852)	65,592,424
Property Tax Revenue- Wellness Neighborhood	51,299	96,147	(44,848)	660,773	888,965	(228,192)	385,567
Other Operating Revenue	618,556	532,321	86,235	6,338,407	5,532,522	805,886	5,881,861
TOTAL OPERATING REVENUE	9,280,425	8,877,876	402,549	102,353,479	97,400,331	4,953,148	96,428,761
OPERATING EXPENSES							
Salaries and Wages	3,342,875	3,302,306	(40,569)	34,057,514	34,226,096	168,581	33,493,913
Benefits	1,050,746	1,097,711	46,965	11,415,021	11,288,517	(126,503)	11,086,465
Benefits Workers Compensation	59,566	51,566	(8,000)	513,144	515,664	2,520	803,755
Benefits Medical Insurance	422,511	717,510	294,999	7,146,586	7,175,096	28,510	7,019,657
Professional Fees	1,475,115	1,405,479	(69,636)	17,351,081	15,902,389	(1,448,693)	15,689,012
Supplies	1,368,464	1,145,157	(223,307)	13,779,380	11,955,997	(1,823,383)	12,577,678
Purchased Services	863,589	818,515	(45,074)	8,967,354	8,372,470	(594,884)	7,974,722
Other	518,597	554,403	35,806	5,569,665	5,728,050	158,384	4,978,950
TOTAL OPERATING EXPENSE	9,101,463	9,092,647	(8,816)	98,799,745	95,164,278	(3,635,467)	93,624,152
NET OPERATING REVENUE (EXPENSE) EBIDA	178,962	(214,771)	393,733	3,553,734	2,236,053	1,317,681	2,804,609
NON-OPERATING REVENUE/(EXPENSE)							
District and County Taxes	396,709	351,861	44,848	3,827,951	3,591,114	236,836	4,249,292
District and County Taxes - GO Bond	393,903	393,903	-	3,939,033	3,939,033	-	3,956,284
Interest Income	25,205	22,698	2,507	235,082	220,995	14,087	190,292
Interest Income-GO Bond	3,086	1,032	2,054	30,622	19,534	11,088	46,449
Donations	45,082	60,951	(15,869)	408,097	609,509	(201,412)	540,615
Gain/(Loss) on Joint Investment	-	-	-	(67,418)	(168,750)	101,332	(154,046)
Loss on Impairment of Asset	-	-	-	-	-	-	-
Gain/(Loss) on Sale of Equipment	-	-	-	-	-	-	-
Impairment Loss	-	-	-	-	-	-	-
Depreciation	(809,066)	(809,066)	0	(7,993,482)	(8,090,665)	97,183	(7,437,140)
Interest Expense	(139,280)	(138,735)	(545)	(1,399,686)	(1,397,408)	(2,277)	(1,464,529)
Interest Expense-GO Bond	(389,737)	(389,723)	(14)	(3,023,930)	(2,251,778)	(772,152)	(2,867,589)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	(474,097)	(507,079)	32,981	(4,043,730)	(3,528,415)	(515,316)	(2,940,372)
INCREASE (DECREASE) IN NET POSITION	(295,135)	(721,850)	426,714	(489,996)	(1,292,362)	802,365	(135,763)
NET POSITION - BEGINNING OF YEAR				97,263,468			
NET POSITION - AS OF APRIL 30, 2015				\$ 96,773,472			
RETURN ON GROSS REVENUE EBIDA	1.2%	-1.4%	2.6%	2.1%	1.4%	0.7%	1.8%

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
APRIL 2015

		Variance from Budget	
		Fav / <Unfav>	
		APR 2015	YTD 2015
1) Gross Revenues			
Acute Patient Days were under budget 17.51% or 66 days. Swing bed days were above budget 51.61% or 16 days.	Gross Revenue -- Inpatient	\$ (616,869)	\$ 1,235,615
	Gross Revenue -- Outpatient	987,599	4,377,691
	Gross Revenue -- Total	\$ 370,730	\$ 5,613,305
Outpatient volumes were over budget in the following departments: Home Health visits, Surgical cases, Endoscopy procedures, Laboratory, Mammography, Oncology procedures, Nuclear Medicine, MRI, Ultrasounds, Cat Scans, PET CT's, Pharmacy units, Physical Therapy, and Occupational Therapy.			
2) Total Deductions from Revenue			
The payor mix for April shows a 1.65% decrease to Medicare, a 7.36% increase to Medi-Cal, 2.69% decrease to Other, a 1.69% decrease to County, and a 1.33% decrease to Commercial when compared to budget. Contractual Allowances were over budget as a result of increased revenues and the shift in Payor Mix.	Contractual Allowances	\$ (258,886)	\$ (4,878,731)
	Managed Care Reserve	-	-
	Charity Care	50,050	380,643
	Charity Care - Catastrophic	-	-
	Bad Debt	256,586	3,578,609
	Prior Period Settlement	(57,318)	(318,373)
	Total	\$ (9,568)	\$ (1,237,852)
We saw a large pick up in Bad Debt write-off as an increasing patient population retroactively qualifies and becomes insured through the Medi-Cal and State Health Insurance Exchange programs.			
The FY2013 Medi-Cal cost report audit was concluded, resulting in an additional amount due to the State. This created a negative variance in Prior Period Settlements.			
3) Other Operating Revenue			
Retail Pharmacy revenues exceeded budget by 7.85%.	Retail Pharmacy	\$ 16,429	\$ 223,878
	Hospice Thrift Stores	4,924	(925)
	The Center (non-therapy)	(452)	17,287
	IVCH ER Physician Guarantee	34,049	172,981
	Children's Center	2,749	7,569
	Miscellaneous	14,315	118,864
	Oncology Drug Replacement	-	-
	Grants	14,220	266,232
	Total	\$ 86,235	\$ 805,886
IVCH ER Physician Guarantee is tied to collections, which exceeded budget in April.			
Positive variance in Miscellaneous attributed to Medi-Cal E.H.R. Incentive payments received.			
Positive variance in Grants related to funds received on the Wellness Neighborhood HRSA Grant.			
4) Salaries and Wages			
Negative variance in Salaries and Wages was offset by positive variances in PL/SL and Standby.	Total	\$ (40,569)	\$ 168,581
Employee Benefits			
Negative variance in Nonproductive is an employment related matter.	PL/SL	\$ 58,826	\$ 267,168
	Nonproductive	(18,781)	(246,728)
	Pension/Deferred Comp	316	2,126
	Standby	(4,906)	(53,943)
	Other	11,510	(95,126)
	Total	\$ 46,965	\$ (126,503)
Employee Benefits - Workers Compensation	Total	\$ (8,000)	\$ 2,520
Employee Benefits - Medical Insurance	Total	\$ 294,999	\$ 28,510
5) Professional Fees			
Negative variance in Corporate Compliance attributed to legal and fair market value services provided to the department.	Corporate Compliance	\$ (40,401)	\$ (711,637)
	Patient Accounting/Admitting	-	(589,530)
	Miscellaneous	31,290	(281,725)
	The Center (includes OP Therapy)	(19,216)	(174,693)
	TFH/IVCH Therapy Services	(25,718)	(137,646)
	Financial Administration	18,822	(75,809)
	Oncology	(37,178)	(61,892)
	Business Performance	-	-
	Multi-Specialty Clinics	(8,715)	346
	Human Resources	(17,496)	5,590
	Multi-Specialty Clinics Admin	(2,452)	8,371
	Marketing	1,000	9,875
	Home Health/Hospice	921	10,521
	Information Technology	(2,313)	21,399
	Administration	(13,648)	33,328
	Medical Staff Services	12,741	35,135
	IVCH ER Physicians	(22,051)	46,801
	Sleep Clinic	5,887	47,367
	Managed Care	(508)	47,709
	Respiratory Therapy	16,851	158,162
	TFH Locums	32,548	159,637
	Total	\$ (69,636)	\$ (1,448,693)
OP Physical and Occupational Therapy revenues exceeded budget by 31.72%, creating a negative variance in The Center (includes OP Therapy).			
TFH/IVCH Therapy Services revenue exceeded budget by 22.64%, creating a negative variance in this category.			
Negative variance in Oncology related to Radiation Oncology Residency program participation with U.C. Davis.			
Pension Consulting services provided to the District created a negative variance in Human Resources.			
Medical Director fees for Strategic Planning and Innovation created a negative variance in Administration.			
Negative variance in IVCH ER Physicians related to overlap coverage.			

6) Supplies

Surgical Services revenues exceeded budget by 60.19%, creating a negative variance in Patient & Other Medical Supplies

A more expensive mix of Chemotherapy drugs along with the requirement of additional compounding drugs used in the mixtures is creating a negative variance in Pharmacy Supplies.

Purchases in Retail Pharmacy, MSC Administration, The Gift Tree, and Community Health Education created a negative variance in Other Non-Medical Supplies.

Minor Equipment purchases for MSC E.N.T., Surgery, Sterile Processing, Plant Maintenance, and Retail Pharmacy attributed to the negative variance in Minor Equipment.

Patient & Other Medical Supplies	\$	(39,810)	\$	(1,088,795)
Pharmacy Supplies		(148,014)		(754,467)
Other Non-Medical Supplies		(25,229)		(49,618)
Minor Equipment		(20,684)		(49,180)
Imaging Film		(168)		6,291
Office Supplies		1,035		51,504
Food		9,563		60,882
Total	\$	(223,307)	\$	(1,823,383)

7) Purchased Services

Negative variance in Miscellaneous associated with services provided for the Best of Tahoe Chefs and Gene Upshaw Golf Classic events and services provided by The Fox Group for the Corporate Compliance department.

Annual Town Hall meetings created a negative variance in Human Resources.

Outsourced management over the retail operations of the Center for Health and Sports Performance created a negative variance in the Center.

Negative variance in Diagnostic Imaging Services - All related to Imaging reads across all departments.

Miscellaneous	\$	(25,160)	\$	(431,954)
Pharmacy IP		(3,025)		(212,886)
Patient Accounting		13,472		(70,610)
Laboratory		(4,642)		(54,853)
Human Resources		(20,536)		(19,684)
The Center		(7,050)		(16,890)
Multi-Specialty Clinics		6,163		(4,139)
Community Development		234		(2,074)
Medical Records		(534)		4,250
Hospice		835		10,911
Department Repairs		(3,085)		30,759
Information Technology		14,390		50,713
Diagnostic Imaging Services - All		(16,136)		121,573
Total	\$	(45,074)	\$	(594,884)

8) Other Expenses

Negative variance in Outside Training & Travel associated with Jacobus Consultants, The Fox Group, Medical Staff, and Nursing Administration lodging and travel.

Negative variance in Physician Services related to the forgiveness of a student loan.

Electricity, Diesel, and Natural Gas came in below budget due to the mild winter we continue to experience.

Controllable expenses continue to be monitored.

Outside Training & Travel	\$	(31,748)	\$	(332,356)
Physician Services		(28,859)		(28,957)
Multi-Specialty Clinics Equip Rent		-		(825)
Innovation Fund		-		-
Human Resources Recruitment		2,858		3,731
Other Building Rent		5,999		12,328
Multi-Specialty Clinics Bldg Rent		1,924		22,749
Equipment Rent		350		33,605
Dues and Subscriptions		6,118		41,122
Miscellaneous		8,141		41,730
Insurance		6,523		53,722
Utilities		35,329		128,806
Marketing		29,171		182,729
Total	\$	35,806	\$	158,384

9) District and County Taxes

Total	\$	44,848	\$	236,836
--------------	-----------	---------------	-----------	----------------

10) Interest Income

Total	\$	2,507	\$	14,087
--------------	-----------	--------------	-----------	---------------

11) Donations

IVCH	\$	(4,200)	\$	(19,909)
Operational		(11,669)		(181,503)
Capital Campaign		-		-
Total		(15,869)		(201,412)

12) Gain/(Loss) on Joint Investment

Total	\$	-	\$	101,332
--------------	-----------	----------	-----------	----------------

12) Gain/(Loss) on Impairment of Asset

Total	\$	-	\$	-
--------------	-----------	----------	-----------	----------

13) Gain/(Loss) on Sale

Total	\$	-	\$	-
--------------	-----------	----------	-----------	----------

14) Impairment Loss

Total	\$	-	\$	-
--------------	-----------	----------	-----------	----------

15) Depreciation Expense

Total	\$	-	\$	97,183
--------------	-----------	----------	-----------	---------------

16) Interest Expense

Total	\$	(545)	\$	(2,277)
--------------	-----------	--------------	-----------	----------------

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
APRIL 2015

	CURRENT MONTH		Note	YEAR TO DATE		PRIOR YTD APR 2014
	ACTUAL	BUDGET		ACTUAL	BUDGET	
OPERATING REVENUE						
Total Gross Revenue	\$ 1,190,626	\$ 1,035,982	\$ 154,644	\$ 11,926,671	\$ 493,646	\$ 11,408,857
			14.9%		4.1%	1
Gross Revenues - Inpatient						
Daily Hospital Service	\$ 7,399	\$ -	\$ 7,399	\$ 34,940	\$ (1,402)	\$ 42,520
Ancillary Service - Inpatient	582	3,598	(3,016)	60,496	(5,361)	58,359
			-83.8%		(6,763)	100,879
Total Gross Revenue - Inpatient	7,981	3,598	4,383	95,436	(7,161)	100,879
			121.8%			1
Gross Revenue - Outpatient						
Total Gross Revenue - Outpatient	1,182,645	1,032,384	150,261	11,831,235	500,408	11,307,978
			14.6%		4.2%	1
Deductions from Revenue:						
Contractual Allowances	342,467	315,351	(27,116)	3,586,918	60,648	3,249,543
Charity Care	39,660	35,223	(4,437)	405,507	2,942	435,311
Charity Care - Catastrophic Events	-	-	-	-	-	-
Bad Debt	111,706	41,439	(70,267)	477,068	(518,840)	656,877
Prior Period Settlements	-	-	-	-	(5,409)	18,147
Total Deductions from Revenue	493,833	392,013	(101,820)	4,469,493	(460,660)	4,359,878
			-26.0%			2
Other Operating Revenue	86,359	52,024	34,335	565,724	169,316	555,032
			66.0%		169,316	29.9%
						3
TOTAL OPERATING REVENUE	783,152	695,993	87,159	8,022,902	202,302	7,604,011
			12.5%		202,302	2.5%
OPERATING EXPENSES						
Salaries and Wages	221,953	239,995	18,042	2,527,035	92,204	2,463,150
Benefits	79,553	85,722	6,169	894,379	10,710	867,082
Benefits Workers Compensation	3,105	2,717	(389)	27,165	(3,781)	19,634
Benefits Medical Insurance	38,147	48,049	9,902	480,493	(1,309)	427,665
Professional Fees	214,803	194,490	(20,313)	2,196,802	99,902	2,072,293
Supplies	57,241	43,949	(13,293)	489,139	(27,361)	462,333
Purchased Services	37,211	34,653	(2,558)	383,625	(15,541)	361,451
Other	50,857	52,436	1,579	512,132	14,390	476,086
			3.0%		14,390	2.8%
TOTAL OPERATING EXPENSE	702,872	702,011	(861)	7,510,771	169,214	7,149,694
			-0.1%		169,214	2.3%
NET OPERATING REV(EXP) EBIDA	80,281	(6,017)	86,298	512,132	371,516	454,317
			-14.34.1%		371,516	72.5%
NON-OPERATING REVENUE/(EXPENSE)						
Donations-IVCH	-	4,200	(4,200)	42,000	(19,909)	77,858
Gain/ (Loss) on Sale	-	-	-	-	-	-
Depreciation	(53,601)	(53,601)	0	(536,014)	1,345	(519,083)
			0.0%			
TOTAL NON-OPERATING REVENUE/(EXP)	(53,601)	(49,401)	(4,200)	(494,014)	(18,564)	(441,225)
			-8.5%			
EXCESS REVENUE/(EXPENSE)	\$ 26,680	\$ (55,419)	\$ 82,099	\$ 18,118	\$ 352,952	\$ 13,092
			-148.1%		352,952	1948.1%
RETURN ON GROSS REVENUE EBIDA	6.7%	-0.6%	7.3%	4.3%	2.8%	4.0%

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
APRIL 2015**

		Variance from Budget	
		Fav<Unfav>	
		APR 2015	YTD 2015
1) Gross Revenues			
Acute Patient Days were above budget by 1 at 1 and Observation Days were over budget by 2 at 3.	Gross Revenue -- Inpatient	\$ 4,383	\$ (6,763)
	Gross Revenue -- Outpatient	150,261	500,408
		<u>\$ 154,644</u>	<u>\$ 493,646</u>
Outpatient volumes exceeded budget in Emergency Department visits, Surgical cases, Laboratory tests, Cat Scans, Pharmacy units, and Occupational Therapy.			
2) Total Deductions from Revenue			
We saw a shift in our payor mix with a 1.05% increase in Commercial, Insurance, a 3.12% decrease in Medicare, a 5.10% increase in Medicaid, a 2.68% decrease in Other, and a .35% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 14.9%.	Contractual Allowances	\$ (27,116)	\$ 60,648
	Charity Care	(4,437)	2,942
	Charity Care-Catastrophic Event	-	-
	Bad Debt	(70,267)	(518,840)
	Prior Period Settlement	-	(5,409)
	Total	<u>\$ (101,820)</u>	<u>\$ (460,660)</u>
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in April.	IVCH ER Physician Guarantee	\$ 34,049	\$ 172,981
	Miscellaneous	286	(3,665)
	Total	<u>\$ 34,335</u>	<u>\$ 169,316</u>
4) Salaries and Wages			
	Total	<u>\$ 18,042</u>	<u>\$ 92,204</u>
Employee Benefits			
	PL/SL	\$ 1,419	\$ 16,191
	Standby	2,822	5,647
	Other	1,712	(11,329)
	Nonproductive	(100)	(3,274)
	Pension/Deferred Comp	316	3,475
	Total	<u>\$ 6,169</u>	<u>\$ 10,710</u>
Employee Benefits - Workers Compensation	Total	<u>\$ (389)</u>	<u>\$ (3,781)</u>
Employee Benefits - Medical Insurance	Total	<u>\$ 9,902</u>	<u>\$ 1,309</u>
5) Professional Fees			
Negative variance in Foundation related to contracted Fundraising services.	Foundation	\$ (3,332)	\$ (10,454)
	Multi-Specialty Clinics	2,659	(7,694)
	Administration	150	1,500
	Miscellaneous	48	2,729
IVCH OP Physical Therapy revenues exceeded budget by 2.30%, creating a negative variance in Therapy Services Pro Fees.	Therapy Services	(3,675)	19,652
	IVCH ER Physicians	(22,051)	46,801
Negative variance in IVCH ER Physicians related to overlap coverage.	Sleep Clinic	5,887	47,367
	Total	<u>\$ (20,313)</u>	<u>\$ 99,902</u>
Sleep Clinic Pro Fees are tied to collections which fell short of budget in April.			
6) Supplies			
Medical Supplies Sold to Patients revenues exceeded budget by 67.78%, creating a negative variance in Patient & Other Medical Supplies.	Patient & Other Medical Supplies	\$ (12,928)	\$ (41,709)
	Minor Equipment	(1,485)	(1,530)
	Non-Medical Supplies	905	(360)
	Food	(717)	138
Small equipment purchases for the Sterile Processing Department created a negative variance in Minor Equipment.	Imaging Film	267	1,380
	Office Supplies	496	2,122
	Pharmacy Supplies	169	12,597
	Total	<u>\$ (13,293)</u>	<u>\$ (27,361)</u>

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
APRIL 2015**

		Variance from Budget	
		Fav<Unfav>	
		APR 2015	YTD 2015
7) <u>Purchased Services</u>	Miscellaneous	\$ 1,480	\$ (28,573)
Negative variance in EVS/Laundry related to Linen delivery services.	EVS/Laundry	(2,394)	(7,417)
	Pharmacy	100	(2,906)
Positive variance in Engineering/Plant/Communications associated with Purchased Services coming in below budget in Plant Maintenance and Engineering.	Surgical Services	-	-
	Engineering/Plant/Communications	2,626	1,331
	Multi-Specialty Clinics	693	1,758
	Department Repairs	(115)	2,381
Negative variance in Laboratory related to a maintenance agreement on equipment.	Laboratory	(2,324)	3,415
	Foundation	291	4,437
Negative variance in Diagnostic Imaging - All correlated to outsourced radiology reads.	Diagnostic Imaging Services - All	(2,914)	10,033
	Total	\$ (2,558)	\$ (15,541)
8) <u>Other Expenses</u>	Outside Training & Travel	\$ (2,122)	\$ (16,264)
Negative variance in Outside Training & Travel due to training for the Foundation's fundraising software.	Other Building Rent	(582)	(1,746)
	Dues and Subscriptions	(1,461)	(822)
	Multi-Specialty Clinics Equip Rent	-	-
Out of State licensing requirements in the Laboratory created a negative variance in Dues and Subscriptions.	Physician Services	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Insurance	213	2,133
	Miscellaneous	969	2,272
	Equipment Rent	3,524	2,798
	Utilities	(924)	8,823
	Marketing	1,962	17,195
	Total	\$ 1,579	\$ 14,390
9) <u>Donations</u>	Total	\$ (4,200)	\$ (19,909)
10) <u>Gain/(Loss) on Sale</u>	Total	\$ -	\$ -
11) <u>Depreciation Expense</u>	Total	\$ -	\$ 1,345

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED FYE 2014	BUDGET FYE 2015	PROJECTED FYE 2015	ACTUAL APR 2015	BUDGET APR 2015	BUDGET DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	ACTUAL 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 3,742,843	\$ 2,008,740	\$ 2,902,072	\$ 178,982	\$ (214,771)	\$ 393,733	\$ 3,469,494	\$ (1,330,346)	\$ 828,459	\$ (65,535)
Interest Income	90,129	96,542	124,000	26,472	25,279	1,193	19,503	25,120	52,905	26,472
Property Tax Revenue	5,285,587	5,376,000	5,372,891	-	-	-	237,157	73,132	2,877,602	2,185,000
Donations	1,132,315	600,300	524,107	-	12,000	(12,000)	221,165	146,247	91,695	65,000
Debt Service Payments	(4,308,075)	(3,926,699)	(3,675,595)	(262,915)	(271,825)	8,910	(1,123,831)	(790,940)	(954,260)	(806,564)
Bank of America - 2012 Muni Lease	(1,243,647)	(1,243,644)	(1,243,531)	(103,637)	(103,637)	(0)	(310,795)	(310,912)	(310,912)	(310,911)
Bank of America - 2007 Muni Lease	(421,721)	-	-	-	(8,750)	8,750	-	(2,197)	(1,452)	(17,500)
Copier	(100,214)	(105,000)	(23,543)	-	-	-	(2,393)	-	(164,064)	-
2002 Revenue Bond	(633,393)	(664,805)	(496,875)	(159,277)	(159,438)	160	(477,831)	(477,831)	(478,152)	-
2006 Revenue Bond	(1,909,100)	(1,913,250)	(1,911,646)	(5,407)	(12,500)	7,093	(27,246)	(16,112)	(16,233)	(30,407)
Physician Recruitment	(129,886)	(150,000)	(89,999)	(124,985)	(100,000)	(24,985)	(270,964)	(334,607)	(226,958)	(1,392,304)
Investment in Capital Equipment	(2,157,004)	(1,748,150)	(2,224,833)	(303)	(45,000)	44,697	-	-	-	1,250,000
Municipal Lease Reimbursement	748,489	1,250,000	1,250,000	(140,499)	(50,000)	(90,499)	(24,369)	(38,923)	(71,138)	(350,303)
GO Bond Project Personal Property	(703,327)	(747,761)	(484,733)	(77,060)	(100,000)	22,940	(113,054)	(1,092,933)	(224,567)	(290,499)
IT	(339,004)	(2,804,763)	(1,721,053)	-	(50,000)	50,000	(617,090)	(596,944)	(406,209)	(1,277,060)
Building Projects	(1,339,652)	(3,557,916)	(2,897,303)	-	(50,000)	50,000	(30,303)	(200,549)	-	(100,000)
Health Information/Business System	(349,125)	(1,105,000)	(330,852)	-	-	-	-	-	-	(600,000)
Capital Investments	-	-	(600,000)	-	-	-	-	-	-	-
MOB Suite Acquisition-Unbudgeted	-	-	(600,000)	-	-	-	-	-	-	-
Change in Accounts Receivable	3,825,683	1,989,042	7,430,447	2,586,593	159,426	2,427,167	1,214,891	874,623	1,954,575	3,386,358
Change in Settlement Accounts	1,070,839	(900,000)	(1,116,257)	(57,318)	-	(57,318)	(310,047)	(368,631)	(380,261)	(57,318)
Change in Other Assets	527,205	(548,326)	(1,855,859)	(813,813)	(146,906)	(666,907)	(997,401)	(1,846,663)	1,618,327	(630,122)
Change in Other Liabilities	(40,000)	805,000	(4,036,914)	(830,989)	(300,000)	(530,989)	547,692	(1,069,219)	(2,884,388)	(630,999)
Change in Cash Balance	7,057,017	(3,362,991)	(829,880)	478,728	(1,094,297)	1,573,025	2,195,597	(6,566,746)	2,259,548	1,281,719
Beginning Unrestricted Cash	43,894,743	50,951,760	50,951,760	50,316,028	50,316,028	-	50,951,760	53,147,357	46,580,611	48,840,160
Ending Unrestricted Cash	50,951,760	47,588,769	50,121,880	50,794,756	49,221,732	1,573,025	53,147,357	46,580,611	48,840,160	50,121,879
Expense Per Day	311,010	316,480	326,509	329,678	317,637	12,040	328,735	329,124	332,048	326,509
Days Cash On Hand	164	150	154	154	155	(1)	162	142	147	154

Footnotes:

- N1 - Change in Accounts Receivable reflects the 60 day delay in collections. For example, in July 2014 we are collecting May 2014.
- N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
- N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
- N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.
- N5 - Change in Beginning Unrestricted Cash is different than as presented in budget package due to final adjustments for fiscal year end 2014.



Board Executive Summary

By: Judy Newland
Administrator IVCH

DATE: May 18, 2015

ISSUE:

Following review of the *MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015*, the Governance Committee requested an Executive Summary be included with the contract materials presented to the Board to provide communication on key information back to the District.

BACKGROUND:

The Emergency Medical Services Agreement for Incline Village Community Hospital (IVCH) replaces a previous agreement between Tahoe Forest Hospital District and Dr. M. MacQuarrie which was placed in holdover on January 1, 2015 pending fair market value review. This contract will fall out of holdover on June 30, 2015.

The purpose of the Agreement is to provide prompt, courteous, and efficient emergency medical services to Incline Village Community Hospital. The Agreement is for 3 years, with year 1 covering 24/7 for 365 days, year 2 covering 24/7 for 366 days (leap year) and year 3 for 24/7 for 365 days. The Agreement requires PHYSICIAN to process, bill and collect charges for services rendered and remit to DISTRICT collected funds. April YTD net operating revenue for IVCH is \$803,367.00 and an operating expense for Professional Fees of \$232,368 for emergency physician coverage. Emergency Services generates additional revenue for IVCH and is responsible for 43% of its laboratory tests and 75% of Diagnostic Imaging tests and additional revenue for TFHD through patient transfers, utilization of Diagnostic Imaging and Laboratory services and referrals within the District.

Outside Counsel:

This Agreement was drafted and approved by Hooper, Lundy and Bookman.

FMV:

The hourly compensation has been determined to be within FMV by ECG Consultants.

ACTION REQUESTED:

The Governance Committee recommends the Tahoe Forest Board of Directors approve the *MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015*.

Alternatives:

Staff evaluated option to have California Emergency Physician, the contracted service for TFH Emergency Department, to cover IVCH ED services but cost was greater.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Administration</u>		PRIMARY RESPONSIBLE PARTY: <u>Judy Newland, IVCH Adm.</u> PHONE: <u>(530) 582-6268</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input type="checkbox"/>		CFO <input type="checkbox"/>	COO <input type="checkbox"/>	CNO <input checked="" type="checkbox"/> CIO <input type="checkbox"/> IVCH <input checked="" type="checkbox"/>
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input type="checkbox"/> YES <input checked="" type="checkbox"/>		MEETING DATE: <u>5/13/2015</u>		GC COMMITTEE RECOMMENDATION: <u>approval</u>
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>		Contract Name: <u>MacQuarrie dba NTEP Emergency Medical Services Agreement IVCH 2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>		Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>		Contract Name: _____		
Other: _____ <input type="checkbox"/>		Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>Michael MacQuarrie, MD dba NTEP</u>		
Purpose of the Contract/Alternatives:				
<u>To provide prompt, courteous, and efficient emergency medical services to Incline Village Community Hospital. Alternative would leave IVCH without sufficient physician coverage in the Emergency Department to serve community needs.</u>				
Scope of the Contract:				
<ul style="list-style-type: none"> - PHYSICIAN (or his designee) shall serve as the Medical Director of the Emergency Services Dept. - PHYSICIAN shall serve as the Medical Director of Respiratory Therapy Services at Incline Village. - PHYSICIAN shall provide emergency medical services to Incline Village personally and/or by having one or more Physician Associates available at the Emergency Dept. on a continuous, uninterrupted basis 24hours/day, 7 days/ week. - PHYSICIAN shall process, bill and collect charges for services rendered. Physician shall remit to District all funds collected. - PHYSICIAN shall participate in educational programs and Community Wellness activities conducted by the DISTRICT and shall perform such other teaching functions as required to assist the DISTRICT's compliance with the Departments of Licensing and accrediting bodies. - PHYSICIAN shall be responsible for implementing, participating and in monitoring a Quality Assessment Program for the Services provided at IVCH. 				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>7/1/2015</u>	END DATE: <u>6/30/2018</u>	
Version History:		Original Effective date: <u>7/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: <i>Include "other comp" (i.e. education, phone stipend, etc.)</i> <u>\$155 per hour for 8760/8784 hours per year, as applicable</u>				
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>				
Total Cost of Contract:		<u>\$4,077,120.00 over the 3 year term of the contract for 24/7 coverage.</u>		
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>		
TFHD Primary Responsible Party:		<u>Judy Newland, CNO</u>		
TFHD Secondary Responsible Party:		<u>Jake Dorst, Interim CEO/CIO</u>		

ORIGINATING DEPARTMENT: Administration	PRIMARY RESPONSIBLE PARTY: Judy Newland, IVCH Adm. Phone: (530) 582-6268
--	--

CONTRACT NAME:
MacQuarrie_dba_NTEP_Emergency_Medical_Services_Agreement_IVCH_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Michael MacQuarrie, dba NTEP, and I have determined (1) that the services to be provided by Michael MacQuarrie, dba NTEP under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Michael MacQuarrie, dba NTEP to enter into, and makes commercial sense, even if no referrals were made by Michael MacQuarrie, dba NTEP to TFHD or any of its facilities."

Primary Responsible Party Signature: Judy Newland

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u>[Signature]</u> <u>[Signature]</u>
---	---

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	Michael MacQuarrie, MD dba NTEP
Mailing Address:	P.O. Box 2484, Truckee, CA 96160
Telephone and Fax Number:	Phone: _____ Fax: _____
Email Address of Contact:	_____

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
 (W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This Agreement replaces a previous agreement between TFHD and Dr. MacQuarrie which was placed in holdover on January 1, 2015 pending FMV review and assessment of the physician compensation. This contract will fall out of holdover on June 30, 2015 leaving IVCH without sufficient emergency services coverage.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____ Out for TFHD Signature: Date: _____ Out for Vendor Signature: Date: _____ Uploaded to Contracts System: Date: _____	MEETING DATE: _____ Receive Date: _____ Receive Date: _____ Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>
--	--	---

Hoffman, Ashly

From: Klein, Adam J. <AKlein@ecgmc.com>
Sent: Tuesday, May 05, 2015 10:44 AM
To: Hoffman, Ashly
Cc: 'David P. Henninger'; Poluhina, Nadia A
Subject: RE: FMV for Dr. MacQuarrie

These payment terms fit within the FMV opinion we have provided you.

Adam Klein

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
aklein@ecgmc.com | ecgmc.com

Read Jennifer Gingrass' article, [Changing the Channel: Strategies for Expanding Patient Access](#), in the April issue of hfm Magazine.

LEADING HEALTHCARE FORWARD

Follow us on: [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Tuesday, May 05, 2015 10:16 AM
To: Klein, Adam J.
Cc: 'David P. Henninger'; Poluhina, Nadia A
Subject: FMV for Dr. MacQuarrie

Hi Adam,

I just wanted to make sure that the FMV analysis is up to date with the new approved contract we received back from HLB for Dr. MacQuarrie's Emergency Services. I've attached the new contract to this email along with the revised FMV which Nadia had sent us last week. The hourly rate for Dr. MacQuarrie is being offered at \$155/hour based upon this FMV report. Please let me know if we are within FMV for this new contract. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-6384 tel.
(530) 582-3567 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
EMERGENCY MEDICAL SERVICES AGREEMENT
INCLINE VILLAGE COMMUNITY HOSPITAL**

This Tahoe Forest Hospital District Emergency Medical Services Agreement – Incline Village Community Hospital (“Agreement”) is made and entered into as of July 1, 2015 (“Effective Date”) by and between TAHOE FOREST HOSPITAL DISTRICT, a California Hospital District organized and operating under the California Health Care District Law and doing business as Tahoe Forest Hospital, (hereinafter referred to as “DISTRICT”), and MICHAEL B. MACQUARRIE, M.D., doing business as NORTH TAHOE EMERGENCY PHYSICIAN’S MEDICAL CORPORATION (hereinafter referred to as “PHYSICIAN”).

RECITALS

WHEREAS, DISTRICT is the owner and operator of Incline Village Community Hospital, a critical access hospital located at 880 Alder Avenue, Incline Village, NV 89451 and a subsidiary of Tahoe Forest Hospital District, a critical access hospital located at 10121 Pine Avenue, Truckee, CA, 96160 which operates and provides healthcare services from two primary locations: Tahoe Forest Hospital in Truckee, California and Incline Village Community Hospital in Incline Village, Nevada; and

WHEREAS, Incline Village Community Hospital is a four-bed critical access hospital located in Incline Village, Nevada providing, among other services, medical, surgical and emergency medical care services (“Incline Village”); and

WHEREAS, Incline Village is committed to providing high quality medical care and related health services necessary to accommodate the needs of the various communities which they serve, and Incline Village is licensed to provide Emergency Medical Services on a twenty-four hour per day basis (hereinafter referred to as “Services”); and

WHEREAS, DISTRICT desires to contract with a qualified provider, i.e., PHYSICIAN, for providing all physician coverage and medical direction of the Services at Incline Village; and

WHEREAS, PHYSICIAN is Board Certified or eligible in Emergency Medicine and licensed to practice medicine in the States of California and Nevada, with his principal place of business in Truckee, California; and

WHEREAS, PHYSICIAN has experience in the operation of emergency departments, including the rendering of emergency and urgent healthcare Services; and

WHEREAS, PHYSICIAN desires to provide medical direction and physician staffing for Incline Village; and

WHEREAS, DISTRICT and PHYSICIAN wish to comply with all the relevant federal and state law.

NOW, therefore, in consideration of the foregoing and the mutual promises and obligations contained herein, DISTRICT and PHYSICIAN agree as follows:

1. PHYSICIAN'S QUALIFICATIONS

1.1. Associate Physicians. PHYSICIAN shall have the right to secure the Services of physicians and their temporary replacements (hereinafter collectively referred to as "Physician Associates") to enable PHYSICIAN to perform its obligations under this Agreement; provided, however, that securing the Services of any particular Physician Associate shall be subject to the express prior approval of District, which may be given or withheld in DISTRICT's reasonable discretion. PHYSICIAN shall provide DISTRICT with a list of all Physician Associates on or prior to the Effective Date, and shall promptly provide DISTRICT with an updated list as necessary to reflect any changes. PHYSICIAN shall be the sole party to this Agreement and Physician Associates shall look only to PHYSICIAN for setting and administering the terms and conditions of their individual contracts with PHYSICIAN. PHYSICIAN shall have the sole authority and responsibility to contract, supervise and discharge Physician Associates. Supervision and imposition of sanctions as to Physician Associates' performance may be exercised by DISTRICT's Medical Staff as otherwise provided in this Agreement and/or the DISTRICT Medical Staff Bylaws and General Rules and Regulations.

1.2. Physician Qualifications. PHYSICIAN hereby represents and warrants as follows that, during the term of this Agreement, PHYSICIAN and each Physician Associate, as applicable, has and shall maintain on an unrestricted basis:

1.2.1 Valid and unrestricted license to practice medicine in the state of Nevada;

1.2.2 Membership in good standing on DISTRICT's medical staff (the "Medical Staff") and appropriate clinical privileges at Incline Village to provide the Services;

1.2.3 Federal Drug Enforcement Agency registration, and any other certifications, registrations and approvals from any other applicable federal or state agency necessary to prescribe and dispense drugs under applicable federal and state laws and regulations, in each case without restriction;

1.2.4 Professional liability insurance as set forth in Article 6;

1.2.5 Certified or eligible for certification by the American Boards of Emergency Medicine, Internal Medicine, Pediatrics or Family Practice, or the equivalent Osteopathic Board for each (or as otherwise required or agreed to by the Medical Staff);

1.2.6 Participation in good standing in the Federal Medicare and California Medi-Cal programs. For purposes of this Section 1.2.6, "good standing" shall mean, without limitation, that PHYSICIAN or a Physician Associate shall not have been: (i) excluded or suspended from participation in any federal or state health care program, including Medicare, Medi-Cal or CHAMPUS/Tricare; (ii) received a Criminal Conviction related to the delivery of health care services or to the neglect

or abuse of patients; (iii) suspended, excluded, debarred or sanctioned under any other federal program, including the Food and Drug Administration, the National Institutes of Health, the Department of Defense or the Department of Veterans Affairs; or (iv) for any other reason placed on the Office of Inspector General and/or General Services Administration sanction lists.

For purposes of this Agreement, a "Criminal Conviction" shall mean: (i) a judgment of conviction that has been entered against PHYSICIAN or a Physician Associate by a federal, state or local court, regardless of whether there is an appeal pending or whether the judgment of conviction or other record relating to criminal conduct has been expunged; (ii) a finding of guilt against PHYSICIAN or Physician Associate that has been accepted by a federal, state or local court; (iii) a plea of nolo contendere by PHYSICIAN or Physician Associate that has been accepted by a federal, state or local court; or (iv) the entering into participation in a first offender, deferred adjudication or other arrangement or program where judgment of conviction has been withheld.

1.3 Notification. PHYSICIAN shall notify DISTRICT of any material change in status with respect to Physician's or any Physician Associate's compliance with Section 1.2, including, without limitation, the imposition of any integrity agreement, consent decree or settlement agreement with any state or federal agency having jurisdiction over PHYSICIAN's or a Physician Associate's practice. PHYSICIAN shall notify DISTRICT if any professional liability claim or action against PHYSICIAN or a Physician Associate is pending, settled or goes to judgment. Physician shall also notify DISTRICT of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving PHYSICIAN or any Physician Associate, including without limitation, investigation or disciplinary action by a hospital or other health care facility medical staff.

1.4 Representations and Warranties by Physician. PHYSICIAN represents and warrants, as to PHYSICIAN and each Physician Associate, that: (a) PHYSICIAN's or any Physician Associate's license to practice medicine in any state has never been suspended, revoked or restricted; (b) PHYSICIAN or any Physician Associate has never been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (c) PHYSICIAN or any Physician Associate has never been excluded or suspended from participation in, or sanctioned by, any state or federally funded health care program; (d) PHYSICIAN or Physician Associate has never been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) PHYSICIAN's or any Physician Associate's medical staff membership or clinical privileges at any hospital or health care facility have never been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) PHYSICIAN or any Physician Associate has never been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

2. PHYSICIAN'S OBLIGATIONS

2.1. Physician As Medical Director. During the term of the Agreement, PHYSICIAN (or his designee, subject to the DISTRICT Chief Executive Officer's approval) shall serve as the Medical Director of the Emergency Services Department at facility and shall perform the duties and obligations set forth hereinafter and such additional duties and obligations as set forth in Exhibit A attached hereto and made a part hereof. Further, PHYSICIAN shall serve as the Medical Director of Respiratory Therapy Services at Incline Village.

2.2. Coverage. PHYSICIAN shall provide Services to Incline Village personally and/or by having one or more Physician Associates available at the Emergency Department as provided for in this Agreement on a continuous, uninterrupted basis twenty-four (24) hours each day, seven (7) days each week for the duration of the term of this Agreement. The purpose of this Agreement is to make prompt, courteous and efficient emergency treatment available to the community at all times. Therefore PHYSICIAN, while retaining the discretionary right to determine how many Physician Associates should be in attendance to properly perform PHYSICIAN's duties under this Agreement, agrees to adhere to the precept that all patients seeking medical treatment in the Emergency Department shall receive emergency care, regardless of the patient's ability to pay. PHYSICIAN and DISTRICT recognize the seasonal nature of the demand made on establishing a schedule for adequate physician coverage of the Department during peak periods of such demand. Such schedule shall assure that no Physician Associate shall be required to work more than twenty-four (24) consecutive hours, followed by a rest period of not less than eight (8) hours. PHYSICIAN and Physician Associates, as applicable, will provide any and all needed medical treatment to patients seeking medical treatment in the Emergency Department. In addition, PHYSICIAN and Physician Associates are required to comply with the Emergency Medical Treatment and Active Labor Act ("EMTALA"). Therefore, PHYSICIAN shall ensure that Physician Associates comply with EMTALA, including but not limited to providing a proper medical screening to each patient presenting at the DISTRICT with an emergency medical condition, pursuant to EMTALA. PHYSICIAN and Physician Associates shall not turn away a patient or postpone a patient's treatment if DISTRICT has the capability of treating such patient at the time the patient presents to the DISTRICT and shall comply with all provisions of EMTALA related to transfers of patients.

2.3. Prompt And Courteous Service. PHYSICIAN and Physician Associates understand the importance of good patient relationships and agree to make prompt, courteous and professional emergency treatment available to the community at all times during the Emergency Department's operations in order to serve the best interests of patients and the DISTRICT. Services are to be provided without regard to the patients ability to pay.

2.4. Quality Assessment. PHYSICIAN shall be responsible for implementing, participating and in monitoring a Quality Assessment Program for the Services provided at facility to ensure that the quality, safety and appropriateness of healthcare Services are monitored and evaluated, and that appropriate actions based upon findings are taken to promote quality care.

The Quality Assessment Program shall be integrated into the DISTRICT-wide Quality Assessment Program. Information from customer satisfaction surveys shall be incorporated into the Quality Assessment process. PHYSICIAN shall ensure that the objectives, scope, organization and effectiveness of the activities to assess and improve quality are evaluated at least annually and revised as necessary.

- 2.5. Managed Care Contracts.** PHYSICIAN agrees to cooperate with DISTRICT in an effort to obtain consistency in DISTRICT hospital contracts and physician services contracts. PHYSICIAN will make a good faith effort to review and enter into such contracts as DISTRICT believes is necessary to benefit the DISTRICT. DISTRICT agrees to consult with PHYSICIAN regarding any arrangement with third parties that may modify the professional fee schedule or impact the reimbursement for professional services rendered by PHYSICIAN. PHYSICIAN agrees in principle that PHYSICIAN shall accept discounts through managed care agreements wherein such discount required of PHYSICIAN is less than or equal to the discount to which DISTRICT agrees.
- 2.6. Other Medical Services.** PHYSICIAN agrees to render emergency medical treatment to any and all DISTRICT employees who sustain job-related injuries or illness while on the premises of DISTRICT. Compensation for such treatment shall be in accordance with PHYSICIAN's usual and customary fee schedule. In the event that inpatients of the DISTRICT require emergency care, and the attending staff physician is not available properly to provide such care, the PHYSICIAN or Physician Associates on duty shall, unless their Services are more urgently required in the Emergency Department, undertake to provide emergency medical Services to such patients on a fee-for-service basis.
- 2.7. Community Wellness and Educational Programs.** The PHYSICIAN shall participate from time to time, as may reasonably be required, in educational programs and Community Wellness activities conducted by the DISTRICT and shall perform such other teaching functions as required to assist the DISTRICT's compliance with the Departments of Licensing and accrediting bodies. Educational or Community Wellness activities may include, but are not limited to, community educational programs, DISTRICT-sponsored health fairs, health screening events or other community outreach activities sponsored by the DISTRICT.
- 2.8. Prohibition Of Private Practice.** The Emergency Department shall not be used by PHYSICIAN or Physician Associates to conduct the practice of medicine for private patients.
- 2.9. Covenant Not To Compete.** As a material inducement for the DISTRICT to enter into this Agreement, PHYSICIAN agrees that during the term of this Agreement and any renewal hereof:
- 2.9.1.** PHYSICIAN will not enter into any Agreement or arrangement with any other hospital to provide similar professional services without the prior written consent of the DISTRICT; and

2.9.2. PHYSICIAN and/or Physician Associates will not directly or indirectly own, operate, manage, be employed by or be contracted with any non-DISTRICT based entity or organization which provides similar and/or competitive services within the District and/or the service areas of DISTRICT's hospitals, without the prior written consent of the DISTRICT Chief Executive Officer.

2.10. Patient Billing. PHYSICIAN shall be responsible for the processing, billing and collection of charges for Services of PHYSICIAN and Physician Associates from patients and third party payors, and all cash receipts arising from such Services shall accrue to the sole benefit of DISTRICT. Physician Associates will look solely to PHYSICIAN for compensation, and PHYSICIAN shall be solely responsible to compensate Physician Associates. DISTRICT has no obligation to compensate PHYSICIAN for the Services provided other than payment to Physician pursuant to Section 4.

2.11. Nonsolicitation. PHYSICIAN agrees that during the term of this Agreement and for a period of one (1) year following the termination or expiration of this Agreement, PHYSICIAN shall not induce, nor attempt to induce, any employee of DISTRICT to terminate his or her employment with DISTRICT, provided that PHYSICIAN may employ those who respond to advertisements prepared and placed in the ordinary course of business.

2.12. Compliance. PHYSICIAN agrees to comply with the provisions set forth with Exhibit B, attached hereto and made a part hereof.

3. DISTRICT'S OBLIGATIONS

3.1. Resources. DISTRICT shall provide the Emergency Departments with adequate space, equipment, supplies and non-physician support personnel suitable for the provision of Services to DISTRICT's patients and shall furnish telephone service, utilities, linen, housekeeping services and DISTRICT forms necessary for the proper functioning of the Emergency Department.

3.2. Non-Physician Personnel. DISTRICT shall provide the services of nurses, aides, clerks and other non-physician personnel as may be mutually agreed to be necessary for the efficient operation of the Emergency Department. Such personnel shall be under the supervision of the registered nurse designated as the Manager of the Emergency Departments by DISTRICT, and all such non-physician employees shall be subject to the rules, regulations and policies established for employees of DISTRICT. PHYSICIAN shall be allowed to consult as necessary with DISTRICT's administrative staff regarding the performance and qualifications of DISTRICT employees assigned to the Emergency Departments.

4. BILLING AND COMPENSATION

4.1. Compensation. DISTRICT shall compensate PHYSICIAN for Services provided in the Emergency Department of Incline Village at a rate of One Hundred and Fifty-five Dollars (\$155.00) per hour for on-duty coverage by PHYSICIAN or Physician Associates. PHYSICIAN will provide the DISTRICT with (i) the previous month's

hours of on-duty coverage provided, and (ii) a statement of account, reflecting the amounts owed to PHYSICIAN for Services provided by PHYSICIAN and Physician Associates within the preceding month, within five (5) days after the end of each calendar month.

4.1.1. PHYSICIAN shall provide, or arrange for the provision of, all billing and collection services required with respect to all Services provided by PHYSICIAN and Physician Associates, and will take all necessary and reasonable steps to ensure that: (i) bills and claims are submitted to patients and third party payors as soon as reasonably possible after services are rendered; (ii) bills and claims are collected in a timely and reasonable commercial manner; (iii) reasonable and affirmative collection actions are taken with respect to bills and claims which are delinquent; and (iv) all collections from patients and payors are immediately recorded. PHYSICIAN shall remit to DISTRICT with the monthly statement of accounts all funds collected for Services rendered by Physician and Physician Associates during that month.

4.2. Administrative Services. DISTRICT shall not compensate PHYSICIAN for administrative services provided under this Agreement.

5. TERM AND TERMINATION

5.1. Term. This Agreement shall be effective as of the Effective Date, and shall continue for a period of three (3) year ending June 30th, 2018.

5.2. Termination. This Agreement may be terminated as follows:

5.2.1. DISTRICT may, at its option, either suspend its performance hereunder or terminate this Agreement for cause, upon one (1) day's written notice to PHYSICIAN under the following circumstances:

5.2.1.1. Any representation or warranty by PHYSICIAN provided in this Agreement is or becomes inaccurate during the term of this Agreement;

5.2.1.2. Revocation or suspension of the license of PHYSICIAN to practice medicine in the State of California and/or the State of Nevada;

5.2.1.3. Conviction of PHYSICIAN of any felony involving a crime of moral turpitude;

5.2.1.4. The conviction of PHYSICIAN of a criminal offense related to healthcare (unless such person or entity has implemented a corporate compliance program as part of a settlement with the federal or a state government);

5.2.1.5. The listing of PHYSICIAN by a federal or state agency as debarred, excluded or otherwise ineligible for federal program participation;

5.2.1.6. Revocation or curtailment of the staff privileges of PHYSICIAN at DISTRICT substantially affecting the ability of PHYSICIAN to perform the conditions of this Agreement;

5.2.1.7. Death or disability of PHYSICIAN rendering him incompetent to substantially perform the duties of this Agreement for more than sixty (60) days as determined by two (2) persons selected by the DISTRICT's Medical Staff who are licensed as physicians in the state of California, at least one (1) of whom shall not be affiliated with the DISTRICT. This Agreement shall continue in effect during pendency of any dispute about disability;

5.2.1.8. Failure of PHYSICIAN to maintain in force the medical malpractice insurance required by the terms of this Agreement;

5.2.1.9. If PHYSICIAN fails to comply, or diligently pursue compliance, with any terms and conditions of this Agreement within a cure period of thirty (30) days after the DISTRICT's notice to PHYSICIAN of occurrence of such event; and

5.2.1.10. If PHYSICIAN breaches any other term, covenant or condition of this Agreement.

5.2.2. Either party may terminate this Agreement without cause upon sixty (60) days' written notice to the other party. DISTRICT may, at its option, either suspend its performance hereunder or terminate this Agreement for cause under the circumstances identified in sections 5.2.1, upon one (1) day's written notice to the PHYSICIAN.

5.3. Effects of Expiration or Termination.

5.3.1 In the event that this Agreement is terminated as provided for in Section 5.2.1, all rights of PHYSICIAN to the balance of the compensation for the Services shall end as of the effective date of such termination and DISTRICT shall distribute to PHYSICIAN such balance on or before the tenth (10th) day following such effective date of termination.

5.3.2 Upon expiration or termination of this Agreement, no party shall have any further obligation hereunder except for obligations occurring prior to the date of termination and obligations, promises or covenants contained herein that expressly extend beyond the term of this Agreement; provided, however, that PHYSICIAN agrees to maintain continuity of care to any patient consistent with existing medical ethical and legal requirements.

5.3.3 In the event of termination of this Agreement, PHYSICIAN shall vacate the DISTRICT premises used for the providing of Services pursuant to this Agreement on the effective date of the termination, removing at such time any and all of their

personal property, including all equipment owned by PHYSICIAN. Any personal property that is not so removed, may be removed and stored by DISTRICT at PHYSICIAN's expense, put to some other use by DISTRICT, discarded or destroyed.

5.4. Coordination With Medical Staff Membership. Termination of this Agreement for any reason or for no reason is not subject to and does not entitle PHYSICIAN to any notice, hearing, or appeal rights under the DISTRICT or its Medical Staff Bylaws, or under applicable federal or state law, unless such termination results from an action for which a report is required to be filed under Section 805 of the California Business and Professions Code. Termination of this Agreement will cause PHYSICIAN to lose the right to provide the Services delineated under this Agreement but would not affect the PHYSICIAN's or the Physician Associates' Medical Staff membership and privileges.

6. INSURANCE AND INDEMNIFICATION

6.1. PHYSICIAN shall maintain at his sole cost and expense, and either maintain on behalf of Physician Associates at his sole cost and expense or require that each Physician Associate maintains at his or her sole cost and expense, professional liability insurance from a professional liability insurer which is authorized to transact the business of insurance in the States of California and Nevada to protect against any occurrence or incident arising out of, or in connection with, the performance of Services by the PHYSICIAN or Physician Associates at DISTRICT in the minimum amounts of \$1,000,000 per occurrence, \$3,000,000 aggregate. Said insurance shall provide that DISTRICT shall receive not less than thirty (30) days written notice of cancellation or reduction in coverage. PHYSICIAN shall provide to DISTRICT appropriate Certificates of Insurance or other satisfactory evidence of required coverage at least annually, with DISTRICT endorsed as named insured, if possible, for both the PHYSICIAN and all Physician Associates.

6.2. In the event PHYSICIAN fails to obtain or maintain insurance required hereunder, DISTRICT at its option, may procure and/or renew such insurance to the account of PHYSICIAN. If DISTRICT does so procure and/or renew such insurance, PHYSICIAN shall reimburse DISTRICT for the cost thereof within thirty (30) days after written notice of such action is given by DISTRICT to PHYSICIAN.

6.3. PHYSICIAN hereby agrees, and shall require each and every Physician Associate to agree, to defend, indemnify and hold DISTRICT, including DISTRICT's physicians, officers, agents, and employees, harmless from and against any and all liability, losses, damages, claims, causes of action, costs or other expenses (including reasonable attorney's fees), which directly or indirectly arise out of the performance of duties hereunder by PHYSICIAN and/or Physician Associates except which arise as a result of the sole negligence of DISTRICT.

6.4. DISTRICT hereby agrees to defend, indemnify and hold PHYSICIAN and each Physician Associates harmless from and against any and all liability, losses, damages, claims, causes of action, costs or expenses (including reasonable

attorney's fees) which directly or indirectly arise out of the performance hereunder by DISTRICT and its employees except which arise as a result of the sole negligence of PHYSICIAN and/or Physician Associates.

7. **NOTICES.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed given at the time it is deposited in the United States Mail, postage pre-paid, certified or registered mail, return receipt requested, addressed to the party at its address as follows (or at such other address as may be set forth in a notice given pursuant to this paragraph):

DISTRICT:

Tahoe Forest Hospital District
P.O. Box 759
Truckee, California 96160
Attn: Chief Executive Officer

PHYSICIAN:

North Tahoe Emergency Physician's Medical Group
P.O. Box 2484
Truckee, California 96160
Attn: Michael B. MacQuarrie, M.D.

8. **GENERAL PROVISIONS**

8.1. Legislative Limitations. Notwithstanding any other provision of this Agreement, if the governmental agencies (or their representatives) which administer Medicare or MediCal, or any other payer or any other federal, state or local government or agency pass, issue or promulgate any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect which prohibits, restricts, limits or in any way changes the method or amount of reimbursement or payment for Services rendered from this Agreement, or which otherwise affects either party's rights or obligations hereunder, either party may give the other notice of intent to amend this Agreement ("Notice") to the satisfaction of the noticing party to account for such a prohibition, restriction, limitation or change. If this Agreement is not so amended in writing within thirty (30) days after said Notice was given, this Agreement shall terminate as of midnight on the thirtieth day after said Notice was given.

8.2. Independent Contractor. All Services of PHYSICIAN under this Agreement are provided as those of an independent contractor engaged in the practice of medicine, and not as agent nor employee of DISTRICT. Similarly, DISTRICT is neither an agent nor employee of PHYSICIAN for any purpose. The sole interest and responsibility of DISTRICT is that of the result and not the manner in which the Services are provided. All Services provided by PHYSICIAN under this Agreement shall be performed in a competent, efficient and satisfactory manner.

8.3. Screening of Personnel. It is the policy of DISTRICT not to knowingly contract with any person or entity who has been convicted of a criminal offense related to healthcare. PHYSICIAN hereby agrees to submit to the necessary background

checks to ensure compliance with DISTRICT's policy stated above. PHYSICIAN further agrees to require and conduct the necessary background checks on his employees, Physician Associates, agents, affiliates and independent contractors who will provide healthcare Services in connection with this Agreement.

8.4. Amendments. This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreement, undertakings and arrangements between the parties relating to the subject matter hereof. No amendment, change, modification or alteration of the terms and conditions hereof shall be binding unless evidenced by a written agreement signed by all parties hereto.

8.5. Captions. The captions or paragraphs and subparagraphs of this Agreement are for reference only and not be construed in any way as part of this Agreement.

8.6. Assignment. PHYSICIAN shall not assign or otherwise transfer this Agreement, or any interest therein, without the prior written consent of DISTRICT.

8.7. Attorney's Fees. In the event of any legal proceeding, including but not limited to mediation and arbitration, by either party to enforce or defend its rights under this Agreement, the prevailing party, in addition to all other relief awarded by the mediator, arbitrator or the court, shall be entitled to reasonable attorney's fees.

8.8. Disputes. Should any dispute arise between PHYSICIAN and DISTRICT concerning the terms of this Agreement, PHYSICIAN and DISTRICT shall meet and attempt to amicably resolve the dispute ("Informal Resolution"). Such, meeting shall be held no later than ten (10) days after one party receives written notice from the other stating the existence of the dispute, describing the nature of the same, and presenting proposed resolution to the dispute. This Agreement shall remain in effect during the pendency of the resolution of any dispute, unless it expires or is terminated pursuant to provision 5.2 (Term and Termination). If attempts at Informal Resolution are unsuccessful, a dispute shall be handled as follows:

8.8.1. Professional Component of Medical Care. A dispute related to the quality of the professional component of medical care shall be handled in accordance with the Medical Staff Bylaws or as the parties may otherwise mutually agree.

8.8.2. Other Disputes. In the event of disagreement or dispute between the parties arising out of or connected with this Agreement which cannot be adjusted by and between the parties involved, the disputed matter shall be resolved as follows:

8.8.2.1. Mediation. The parties waive their rights under the laws of the State of California and the Constitution of the United States to file a court action in connection with any dispute or claim arising out of this contract or any resulting transaction. The parties further agree to mediate any dispute or claim arising between them out of this contract or any resulting transaction before resorting to arbitration. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an arbitration

or court action based on a dispute or claim to which this paragraph applies without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such arbitration or court action, to the extent permitted by law.

8.8.2.2. Arbitration. The Parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration and not by court action. The arbitration shall be conducted by a retired judge or justice, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.

8.9. Governing Laws. This Agreement shall be construed under the laws of the State of California, with venue for any action in Nevada County.

8.10. Interpretation. No provision of this Agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

8.11. Waiver. The failure of DISTRICT to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or performance thereof at any time or times thereafter, nor shall a waiver of any rights hereunder at any given time be deemed a waiver thereof for any other time.

8.12. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

8.13. Force Majeure. No party to this Agreement shall be liable for failure to perform any duty or obligation that said party may have under this Agreement when such failure has been occasioned by an act of God, fire, strike, inevitable accident, war or any cause outside the reasonable control of the party who had the duty to perform.

8.14. Successors. This Agreement shall be binding upon successors or assigns of DISTRICT, and upon the successors or assigns of PHYSICIAN which have been approved in writing by DISTRICT.

8.15. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. The parties agree that facsimile or

electronic .PDF copies of signatures on this Agreement shall constitute originals for all purposes hereof.

8.16. No Third Party Beneficiary Rights. The parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the Effective Date.

“**DISTRICT,**” Tahoe Forest Hospital District

By: _____
Jake Dorst, Interim Chief Executive Officer

Date: _____

“**PHYSICIAN,**” North Tahoe Emergency Physician’s Medical Corp. (NTEP)

By: Michael MacQuarrie
Michael MacQuarrie, M.D.

Date: 5/5/15

Title: Director Emergency Services / Pres. NTEP

EXHIBIT A
MEDICAL DIRECTOR OF EMERGENCY SERVICES

PHYSICIAN serves as Medical Director of Emergency Services at Incline Village with responsibilities that shall include the following and other responsibilities which may from time to time be deemed necessary and mutually agreed upon:

1. ADMINISTRATION: Responsible for medical administration of the Emergency Department at Incline Village.
2. MANAGEMENT: Provide recommendations to the Incline Village administration and Emergency Department Nursing Managers regarding the budget, the use of facility personnel, the necessary equipment and general quality standards of patient care.
3. EDUCATION: Provide medical supervision of the required continuing education and in service instruction for the facilities medical and nursing staff as needed to maintain certification.
4. LIAISON: Provide general assistance as necessary and mutually agreed upon to DISTRICT administration and medical staff in connection with any issues relevant to the Emergency Departments operation.
5. QUALITY ASSURANCE: Supervise the review of patient charts at Incline Village to evaluate professional care and the adequacy of documentation and quality. Work closely with all Emergency Department personnel, including physicians, to solve interdepartmental problems.
6. PEER REVIEW: Participate in DISTRICT peer review activities and evaluate complaints from the public or professional staff. Become intricately involved with solving patient and public misunderstandings regarding the Emergency Department at Incline Village.
7. RECOMMENDATIONS: Review and make recommendations as necessary to revise the departmental policies and procedures and assist the appropriate medical staff committee in reviewing and revising medical staff rules and regulations which pertain to the Emergency Departments.
8. SUPERVISION: Monitor and evaluate the quality, safety and appropriateness of emergency patient care. Take appropriate actions based on findings to promote quality patient care.
9. REPRESENTATION: Represent the interests of Incline Village locally and at regional meetings regarding operation of the pre-hospital Advanced Life Support Programs and DISTRICT's Emergency Services.

EXHIBIT B

MEDICAL DIRECTOR OF EMERGENCY SERVICES COMPLIANCE PROVISIONS

The following provisions are agreed to by the parties and are incorporated by reference into the Agreement. Any conflict between the language of this exhibit and the body of the Agreement shall be resolved in favor of this Exhibit B unless such a result would specifically violate applicable federal or state law. The applicable provisions are as follows.

1. Physician Obligations to District.

1.1 Physician shall indemnify, defend and hold District harmless from and against any and all claims for wages, salaries, benefits, taxes, and all other withholdings and charges payable to, or in respect to, Physician and Physician Associates, for services provided under this Agreement, and any other personnel employed or contracted by Physician, whether or not providing services under this Agreement.

1.2 Physician shall be solely responsible for the satisfaction of any and all obligations it assumes with respect to any and all Physician Associates, shareholders, partners, associates, employees or contractors it retains, employees or contractors with to assist in its performance of this Agreement. Such obligations shall include, but not be limited to, payment of all federal and state withholding taxes applicable to employees, compliance with federal and state wage-hour (including overtime), workers' compensation, or unemployment insurance obligations, and other applicable taxes and contributions to government-mandated employment related insurance and similar programs, if any. At the request of District, Physician shall provide District with certificates or other evidence satisfactory to District that Physician has complied with such requirements.

2. Medical Records and Claims. Physician shall complete a medical record to be timely prepared for each Emergency Department patient. This record shall be made on forms provided by District. Physician shall maintain its financial books and records, and shall complete all medical records and charts, in accordance with industry standards, and in compliance with all State and Federal laws and regulations, the regulations and requirements of the voluntary professional facility accrediting institutions in which District participates, and the Medical Staff Bylaws and General Rules and Regulations. Physician shall maintain (with the exception of medical records which shall be maintained by District) and provide all such books, records and charts to patients and District, and to State and Federal agencies, including without limitation the California Department of Business Oversight, as may be necessary for Physician and/or District to comply with applicable State, Federal, and local laws and regulations and with contracts between District and third-party payors. Physician and each of its Physician Associates shall cooperate with District in completion of such claim forms for Department patients as may be required by insurance carriers, health care service plans, governmental agencies, or other payors. Physician shall retain its records and information for at least seven (7) years after the termination of this Agreement. Physician shall cooperate with District in completion of such claim forms for patients as may be required by insurance carriers, health care service plans, governmental agencies, or other payors.

3. Physician Responsible for Performance. Physician shall assure that each Physician Associate shall comply with the duties and obligations of Physician hereunder.

4. Removal of Physician Associates. Upon request by District, Physician shall remove from service under this Agreement any Physician Associate under the following circumstances:

4.1 District determines that Physician Associate has engaged in conduct that jeopardizes the health, safety, or welfare of any person, or the District's reputation;

4.2 Physician Associate fails to meet any of the qualifications or requirements, or representations and warranties, specified in the Agreement applicable to Physician Associate;

4.3 Physician Associate has his or her Medical Staff membership, Medical Staff clinical privileges, or license to practice medicine terminated (whether voluntarily or involuntarily), restricted or suspended;

4.4 Physician Associate is convicted of any crime punishable as a felony;

4.5 Physician Associate fails to maintain professional liability insurance as required by this Agreement;

4.6 Physician Associate fails to meet any of the requirements or performance standards set forth in this Exhibit B or to comply with any of the terms or conditions of this Agreement after being given notice of that failure and a reasonable opportunity to comply; or

4.7 Physician Associate is excluded from participation in any state or federal health care program, including without limitation, the Federal Medicare and California Medicaid programs.

Notwithstanding the foregoing, no removal shall occur under Section 4.1 or Section 4.6 in the event Physician and Physician Associate, within ten (10) days of District's notice to Physician of Physician Associate's failure to meet or perform any of the requirements of Section 4.1 or Section 4.6, cure such failure as reasonably determined by District.

If removal of a Physician Associate is for medical disciplinary cause or reason, then such matter shall be referred to the Medical Staff for such actions, investigations or procedures as may be required under the Medical Staff Bylaws; provided, however, any removal of a Physician Associate for any other reason shall be in accordance with Section 5.4 of the Agreement.

5. Confidentiality.

5.1 The parties agree that the terms and conditions of this Agreement, including its financial terms, are confidential. Accordingly, each party agrees not to disclose to any other person or entity, any term or condition of this Agreement, or of any other agreement referred to in this Agreement, or of any transaction contemplated by this Agreement, except with the prior written consent of the other party.

5.2 Physician acknowledges that in connection with its performance under this Agreement, Physician may or will have access to and the use of confidential information and trade secrets (the "Confidential Information") of District related to the Emergency Department and its operations which include, but are not limited to, financial statements, internal memoranda, reports, patient lists, and other materials or records of a proprietary nature. In order to protect the Confidential Information, Physician agrees that neither it nor any of its Physician Associates will, from and after the effective date of this Agreement and for so long as any such Confidential Information remains confidential, secret or otherwise wholly or partially protectable, including beyond the expiration or termination of the Agreement, use such information (except in connection with the performance of duties hereunder) or divulge the Confidential Information to any third party, without first obtaining the prior written consent of District, except as required by law or as otherwise required by a court of competent jurisdiction.

5.3 Any and all patient records and charts produced as a result of either party's performance under this Agreement shall be and remain the property of District. Both during and after the term of this Agreement, Physician, or its agents, shall be permitted to inspect and/or duplicate, at Physician's expense, any individual patient chart or record to the extent necessary to meet its professional responsibilities to such patient(s) and/or to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent, to assist in the defense of an audit by governmental tax authorities, or to assist in Physician's billing and collection for Services, provided that such inspection or duplication is permitted and conducted in accordance with the applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Notwithstanding the foregoing, Physician shall be solely responsible for maintaining patient confidentiality with respect to any information obtained by it or its agents pursuant to this Section, and shall comply with all confidentiality and nondisclosure requirements applicable to District, including without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") (Pub. L. 104-191, 45 C.F.R., Part 160, et seq.), the Confidentiality of Alcohol and Drug Abuse Patient Records Regulations (45 C.F.R. Part 2) and the Confidentiality of Medical Information Act (California Civil Code §56, et seq.), as amended from time to time. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement. Physician shall have adequate policies and procedures to ensure confidentiality of patient information, pursuant to applicable state and federal privacy laws.

6. Access to Physician Books and Records.

6.1 Physician shall, in connection with the subject of this Agreement, cooperate fully with District, by, among other things, maintaining and making available all necessary books, documents and records, in order to assure that District will be able to meet all requirements for participation and payment associated with public or private third party payment programs, including matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

6.2 For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations thereto, Physician shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

6.2.1. until the expiration of four (4) years after the furnishing of services pursuant to the Agreement, Physician shall make available to the Secretary of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of services hereunder, and

6.2.2. if Physician carries out any of the duties of this Agreement through a subcontract with a value or cost of \$10,000 or more over a twelve month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6.3 If Physician is requested to disclose books, documents or records pursuant to this Section, Physician shall notify District of the nature and scope of such request and Physician shall make available, upon written request of District, all such books, documents or records, during regular business hours of Physician.

6.4 This Section pertains solely to the maintenance and disclosure of specified records and shall have no effect on the right of the parties to this Agreement to make assignments or delegations.

7. Compliance with Laws.

7.1 District and Medical Staff; Compliance Plan; Laws and Regulations. Physician and each Physician Associate, respectively, shall comply with (a) District policies, procedures and rules, including without limitation District's compliance plan and compliance program, and Medical Staff Bylaws and General Rules and Regulations, (b) federal, state and local laws, rules and regulations, including without limitation all hospital and professional licensure and reimbursement laws, rules, regulations and policies including without limitation the federal Emergency Medical Treatment and Active Labor Act ("EMTALA") and Section 1317 et seq. of the California Health and Safety Code, (c) all standards and recommendations of voluntary credentialing bodies and the American College of Emergency Physicians, (d) the ethical and professional standards of the Healthcare Facilities Accreditation Program ("HFAP"), and (e) all other governmental laws and authorities relating to licensure and practice of the Services in hospitals as any of the above may be in effect from time to time, as are applicable to Physician's duties and obligations hereunder.

7.2 Non-Discrimination. Physician and each Physician shall not differentiate or discriminate in the provision of Services due to race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, claims history or ability to pay, in violation of any applicable state, including without limitation Section 1317 et. seq. of the California Health and Safety Code, federal or local law or regulation, or District rules with respect to such matters. In this regard, and not by way of limitation to any other provision hereof, Physician

shall comply with the Age Discrimination Act of 1975 and the Americans with Disabilities Act, as amended, and all regulations issued pursuant thereto applicable to Physician's services under this Agreement. Physician and District shall be in full compliance with Section 504 of the Rehabilitation Act of 1973 and Titles VI and VII of the 1964 Civil Rights Act, and all regulations issued pursuant thereto, as may be amended from time to time.

7.3 Knox-Keene. Physician agrees to comply with the Knox-Keene Health Care Services Plan Act of 1975, as amended, and all regulations issued pursuant thereto, applicable to Physician's performance of Services and all other services under this Agreement; Physician agrees that in no event, including, but not limited to nonpayment by District or the insolvency of payors or breach of any contracts, shall Physician bill, charge, collect deposit from, seek compensation, remuneration, or reimbursement from or have any recourse against a patient or other persons or entities other than District for services which are required to be compensated by District under the terms of a Knox-Keene plan. Nothing contained herein shall prohibit Physician from collecting any coinsurance, co-payment or deductible or collecting from patients who may be enrolled in a Knox-Keene Plan with which Physician is not contracted, or, if Physician is contracted, any amounts required to be collected under such contract.

7.4 No Requirement for Referrals. Nothing in this Agreement or in any other written or oral agreement between District and Physician, nor any consideration offered or paid in connection with this Agreement, contemplates or requires the admission or referral of any patient to District. This Agreement is not intended to influence Physician's or any Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of Physician's patients.

7.5 Compliance with Law. Physician acknowledges that Physician and Physician Associates are subject to and must comply with certain federal and state laws governing referral of patients, as may be in effect or amended from time to time, including:

7.5.1. Payments for referral or to induce the referral of patients (Cal. Business and Professions Code Section 650; Cal. Labor Code Section 3215; and the Medicare/Medicaid Fraud and Abuse Law, Section 1128B of the Social Security Act, and the regulations promulgated thereunder); and

7.5.2. The referral of patients by a physician for certain designated health care services to an entity with which the physician (or his immediate family) has a financial relationship (Cal. Labor Code Sections 139.3 and 139.31, applicable to referrals for workers' compensation services; Cal. Business and Professions Code Section 650.01 and 650.02 applicable to all other patient referrals within the State of California); and Section 1877 of the Social Security Act, applicable to referrals of Medicare and Medicaid patients).

7.6 Changes in Laws. In the event there are any changes in (a) federal, state or local laws, rules or regulations or the interpretation or application thereof, including the laws, rules or regulations applicable to (i) the Medicare, Medicaid or other governmental health care programs, (ii) fraud and abuse or payment for patient referrals, (iii) an organization exempt from federal and state income or franchise taxes, or (iv) an organization qualifying for the welfare exemption or any other applicable exemption from property taxes, (v) the accreditation standards or recommendations of HFAP, or (vi) private

health or hospital care insurance programs or policies, any of which may have a material impact on the operations of District or the performance of this Agreement, District may elect to renegotiate this Agreement by giving written notice thereof to Physician. As part of such notice, District shall indicate the basis upon which it has determined that such a material impact on its operations may result. In any case where such notice is provided, both parties shall negotiate in good faith during the thirty (30) day period after the date the written notice is given to Physician in an effort to develop a revised Agreement, which, to the extent reasonably practicable, will adequately protect the interest of both parties in light for the changes which constituted the basis for the exercise of this provision.

7.7 Disclosure of Interest. In order to permit compliance with the federal statutes and regulations commonly known as Stark (42 U.S.C. Section 1395nn), as those statutes and regulations may be amended from time to time, Physician shall provide to District upon execution of this Agreement with information sufficient to disclose any ownership, investment or compensation interest or arrangement for Physician, Physician Associates, or any of Physician's or a Physician Associate's immediate family member, in any entity providing "designated health services", as that term is defined in the statutes and regulations. This provision is not intended to reallocate any disclosure or reporting requirements imposed upon Physician or Physician Associates under any governmental program to District, or to create an assumption of such disclosure obligations on the part of District, and Physician acknowledges that Physician and Physician Associates shall have the sole responsibility to fulfill any such federal and/or state reporting requirements. In addition, Physician shall immediately inform District of any other arrangements that may present a conflict of interest or materially interfere with Physician's or a Physician Associate's performance of its duties under this Agreement. District may exercise its right to terminate this Agreement under Section 5 if Physician or a Physician Associate pursues or engages in conduct that does constitute a conflict of interest or that materially interferes with (or is reasonably anticipated to materially interfere with) Physician's or a Physician Associate's performance under this Agreement.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>	AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>	
		PHONE: <u>530-582-6650</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input checked="" type="checkbox"/> IVCH <input type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE: _____	
		GC COMMITTEE RECOMMENDATION: _____	
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME:		<u>Tad Laird, MD</u>	
Purpose of the Contract/Alternatives:			
Dr. Laird will serve on the Hospital's EHR Technology Council and provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals for TFHD.			
Scope of the Contract:			
1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT; 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking; 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020; 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods; 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment; 6) Work with District Chief Information Officer or other designee as requested; 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration; 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy; 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost; 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS; and 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.			
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>			
<u>\$100 per hour up to 75 hours per year</u>			
Contract Term: <i>(anything other than Net 30 requires AC approval)</i>			
<u>Net 30</u>			
Total Cost of Contract:		<u>Up to 22,500 per three year term</u>	
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>	
TFHD Primary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	

ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u> Phone: <u>530-582-6650</u>
--	--

CONTRACT NAME:
Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Tad Laird and I have determined (1) that the services to be provided by Tad Laird under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Tad Laird to enter into, and makes commercial sense, even if no referrals were made by Tad Laird to TFHD or any of its facilities."

Primary Responsible Party Signature: [Signature]

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u>[Signature]</u> <u>[Signature]</u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Tad Laird, MD</u>
Mailing Address:	<u>10121 Pine Avenue, Truckee, CA 96161</u>
Telephone and Fax Number:	Phone: <u>530-582-3420</u> Fax: _____
Email Address of Contact:	_____

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 6 & 7 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range.

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
ecgmc.com

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care at the [2015 Spine Business Summit](#) in Chicago

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the Sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina
Stacey Meredith
Laird, Tad
Lombard, Tim
[REDACTED]
[REDACTED]
Scholnick, Josh
Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 739
Truckee, CA 96160
(530) 582-6384 te
(530) 582-3557 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services ("Agreement") is made and entered into and effective as of the 1st day of June, 2015 ("Effective Date") by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and Tad Laird, M.D. (hereinafter referred to as "PHYSICIAN").

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as "the Committee");

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Committee; and

WHEREAS, PHYSICIAN desires and is qualified to serve on the Committee and to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN'S RESPONSIBILITIES

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology. PHYSICIAN shall attend the assigned Committee meetings whenever possible. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee, all of PHYSICIAN's participation in meetings related to health information technology or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION.** For his or her time spent attending Committee meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT'S Chief Executive Officer or designee.

3. **TERM AND TERMINATION.**

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. **RELATIONSHIP BETWEEN THE PARTIES**

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN'S work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the “personal services arrangement” and/or “fair market value compensation” exceptions under the federal “Stark” law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

(a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;

(b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;

(c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V) (1)(I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and

Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

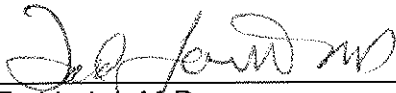
7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:
Tahoe Forest Hospital District

PHYSICIAN:
Tad Laird, M.D.

By: Jake Dorst
Interim Chief Executive Officer

Date: _____



Tad Laird, M.D.

Date: 5/16/15

Address: 4278 Bitterroot Rd
Reno NV 89519

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 6) Work with District Chief Information Officer or other designee as requested.
- 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost.
- 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

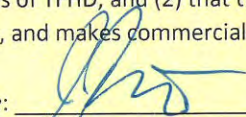
NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>		
		PHONE: <u>530-582-6650</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/>		CFO <input type="checkbox"/>	COO <input type="checkbox"/>	CNO <input type="checkbox"/>
		CIO <input checked="" type="checkbox"/>	IVCH <input type="checkbox"/>	
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE:		GC COMMITTEE RECOMENDATION:
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015</u>			
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____			
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____			
Other: _____ <input type="checkbox"/>	Contract Name: _____			
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>Tim Lombard, MD</u>		
Purpose of the Contract/Alternatives:				
Dr. Lombard will serve on the Hospital's EHR Technology Council and provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals for TFHD.				
Scope of the Contract:				
1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT; 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking; 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020; 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods; 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment; 6) Work with District Chief Information Officer or other designee as requested; 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration; 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy; 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost; 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS; and 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>	
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>				
<u>\$100 per hour up to 75 hours per year</u>				
Contract Term: <i>(anything other than Net 30 requires AC approval)</i>				
<u>Net 30</u>				
Total Cost of Contract:		<u>Up to \$22,500 per three year term</u>		
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>		
TFHD Primary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>		
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>		

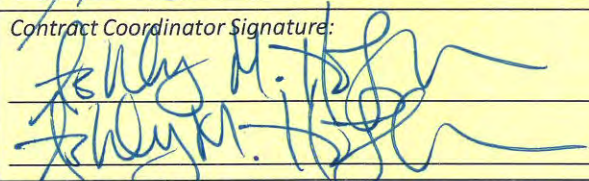

ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: Jake Dorst Phone: 530-582-6650
--	--

CONTRACT NAME:
Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Tim Lombard, and I have determined (1) that the services to be provided by Tim Lombard under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Tim Lombard to enter into, and makes commercial sense, even if no referrals were made by Tim Lombard to TFHD or any of its facilities."

Primary Responsible Party Signature: 

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: 
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	Tim Lombard, MD		
Mailing Address:	10948 Donner Pass Road, Truckee, CA 96161		
Telephone and Fax Number:	Phone: 530-582-1212	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
 (W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 6 & 7 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review:	BOARD ACTION: _____	MEETING DATE: _____
_____ Date _____ Initials	Out for TFHD Signature: Date: _____	Receive Date: _____
CFO Review:	Out for Vendor Signature: Date: _____	Receive Date: _____
_____ Date _____ Initials	Uploaded to Contracts System: Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range.

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
ecgmc.com

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care, at the [2015 Spine Business Summit](#) in Chicago.

LEADING HEALTHCARE FORWARD

Follow us on: [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina

Stacey Meredith

Laird, Tad

Lombard, Tim

[REDACTED]
[REDACTED]

Scholnick, Josh

Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman

Contracts Coordinator

ahoffman@tfhd.com



P.O. Box 759

Truckee, CA 96160

(530) 582-6384 tel.

(530) 582-3567 fax

www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services (“Agreement”) is made and entered into and effective as of the 1st day of June, 2015 (“Effective Date”) by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “DISTRICT”), and Tim Lombard, M.D. (hereinafter referred to as “PHYSICIAN”).

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as “the Committee”);

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Committee; and

WHEREAS, PHYSICIAN desires and is qualified to serve on the Committee and to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN’S RESPONSIBILITIES

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology. PHYSICIAN shall attend the assigned Committee meetings whenever possible. PHYSICIAN’S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee, all of PHYSICIAN’S participation in meetings related to health information technology or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION.** For his or her time spent attending Committee meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. **TERM AND TERMINATION.**

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. **RELATIONSHIP BETWEEN THE PARTIES**

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the “personal services arrangement” and/or “fair market value compensation” exceptions under the federal “Stark” law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

- (a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;
- (b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;
- (c) PHYSICIAN has a Federal DEA license without restriction;
- (d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;
- (e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and
- (f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V) (1)(l) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and

Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

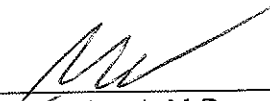
7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:
Tahoe Forest Hospital District

PHYSICIAN:
Tim Lombard, M.D.

By: Jake Dorst
Interim Chief Executive Officer

Date: _____



Tim Lombard, M.D.

Date: 5/15/15

Address: _____

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 6) Work with District Chief Information Officer or other designee as requested.
- 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost.
- 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>		
		PHONE: <u>530-582-6650</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/>		CFO <input type="checkbox"/>	COO <input type="checkbox"/>	CNO <input type="checkbox"/>
		CIO <input checked="" type="checkbox"/>	IVCH <input type="checkbox"/>	
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE:		GC COMMITTEE RECOMMENDATION:
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>		Contract Name: <u>Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>		Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>		Contract Name: _____		
Other: _____ <input type="checkbox"/>		Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>Stacey Meredith, MD</u>		
Purpose of the Contract/Alternatives:				
Dr. Meredith will serve on the Hospital's EHR Technology Council and provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals for TFHD.				
Scope of the Contract:				
1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT; 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking; 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020; 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods; 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment; 6) Work with District Chief Information Officer or other designee as requested; 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration; 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy; 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost; 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS; and 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>	
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) \$100 per hour up to 75 hours per year				
Contract Term: (anything other than Net 30 requires AC approval) Net 30				
Total Cost of Contract:		Up to \$22,500 per three year term		
Compensation Audit Process:		See Policies AGOV-10 and ABD-21		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If NOT budgeted or exceeds budgeted amount, identify the offset:		N/A		
TFHD Primary Responsible Party:		Jake Dorst, CIO/Interim CEO		
TFHD Secondary Responsible Party:		Jake Dorst, CIO/Interim CEO		

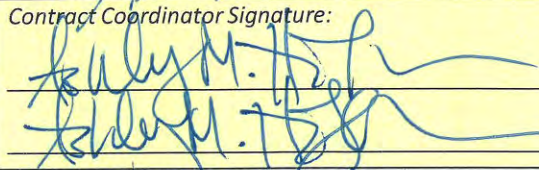
ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: Jake Dorst Phone: 530-582-6650
--	--

CONTRACT NAME:
Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Stacey Meredith, and I have determined (1) that the services to be provided by Stacey Meredith under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Stacey Meredith to enter into, and makes commercial sense, even if no referrals were made by Stacey Meredith to TFHD or any of its facilities."

Primary Responsible Party Signature: _____

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: 
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	Stacey Meredith, MD		
Mailing Address:	10774 Heather Road, Truckee, CA 96161		
Telephone and Fax Number:	Phone: 530-587-6011	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION

W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 6 & 7 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

This contract is intended to replace the Agreement for TF2020 Medical Advisor Services with Dr. Keats which expires on 4/30/2015. Dr. Keats had recommended Dr. Meredith for this position, as Dr. Keats will not be performing these services for TFHD going forward.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range.

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
[ecgmc.com](http://www.ecgmc.com)

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care at the [2015 Spine Business Summit](#) in Chicago

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient, is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina

Stacey Meredith

Laird, Tad

Lombard, Tim

[REDACTED]

[REDACTED]

Scholnick, Josh

Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 532-5334 tel
(530) 532-3557 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services ("Agreement") is made and entered into and effective as of the 1st day of June, 2015 ("Effective Date") by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and Stacey Meredith, M.D. (hereinafter referred to as "PHYSICIAN").

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as "the Committee");

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Committee; and

WHEREAS, PHYSICIAN desires and is qualified to serve on the Committee and to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN'S RESPONSIBILITIES

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology. PHYSICIAN shall attend the assigned Committee meetings whenever possible. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee, all of PHYSICIAN's participation in meetings related to health information technology or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION.** For his or her time spent attending Committee meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT'S Chief Executive Officer or designee.

3. **TERM AND TERMINATION.**

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. **RELATIONSHIP BETWEEN THE PARTIES**

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN'S work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the “personal services arrangement” and/or “fair market value compensation” exceptions under the federal “Stark” law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

(a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;

(b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;

(c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V)(1) (I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and

Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 6) Work with District Chief Information Officer or other designee as requested.
- 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost.
- 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>	AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>	
		PHONE: <u>530-582-6650</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input checked="" type="checkbox"/> IVCH <input type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE: _____	
		GC COMMITTEE RECOMMENDATION: _____	
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME:		Joshua Scholnick, MD	
Purpose of the Contract/Alternatives:			
Dr. Scholnick will serve on the Hospital's EHR Technology Council and provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals for TFHD.			
Scope of the Contract:			
1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT; 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking; 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020; 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods; 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment; 6) Work with District Chief Information Officer or other designee as requested; 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration; 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy; 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost; 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS; and 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.			
DATES OF CONTRACT:		EFFECTIVE DATE: 6/1/2015	END DATE: 5/31/2018
Version History:		Original Effective date: 6/1/2015 Renewal Dates: N/A Amendment Dates: N/A	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) \$100 per hour up to 75 hours per year			
Contract Term: (anything other than Net 30 requires AC approval) Net 30			
Total Cost of Contract:		Up to \$22,500 per three year term	
Compensation Audit Process:		See Policies AGOV-10 and ABD-21	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If NOT budgeted or exceeds budgeted amount, identify the offset:		N/A	
TFHD Primary Responsible Party:		Jake Dorst, CIO/Interim CEO	
TFHD Secondary Responsible Party:		Jake Dorst; CIO/Interim CEO	

ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u> Phone: <u>530-582-6650</u>
--	--

CONTRACT NAME:
Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Joshua Scholnick, and I have determined (1) that the services to be provided by Joshua Scholnick under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Joshua Scholnick to enter into, and makes commercial sense, even if no referrals were made by Joshua Scholnick to TFHD or any of its facilities."

Primary Responsible Party Signature: [Signature]

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<i>Contract Coordinator Signature:</i> <u>[Signature]</u> <u>[Signature]</u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Joshua Scholnick, MD</u>		
Mailing Address:	<u>10307 Kimque Court, Truckee, CA 96161</u>		
Telephone and Fax Number:	Phone: <u>530-582-1212</u>	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 6 & 7 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: Date _____ Initials _____ CFO Review: Date _____ Initials _____	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
Nadia.Poluhina@ecgmc.com

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care at the 2015 Spine Business Summit in Chicago

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina
Stacey Meredith
Laird, Tad
Lombard, Tim

[REDACTED]
[REDACTED]
Scholnick, Josh
Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-6384 re
(530) 582-3567 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services (“Agreement”) is made and entered into and effective as of the 1st day of June, 2015 (“Effective Date”) by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “DISTRICT”), and Joshua Scholnick, M.D. (hereinafter referred to as “PHYSICIAN”).

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as “the Committee”);

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Committee; and

WHEREAS, PHYSICIAN desires and is qualified to serve on the Committee and to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN’S RESPONSIBILITIES

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology. PHYSICIAN shall attend the assigned Committee meetings whenever possible. PHYSICIAN’S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee, all of PHYSICIAN’s participation in meetings related to health information technology or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. COMPENSATION. For his or her time spent attending Committee meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. TERM AND TERMINATION.

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. RELATIONSHIP BETWEEN THE PARTIES

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the “personal services arrangement” and/or “fair market value compensation” exceptions under the federal “Stark” law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

(a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;

(b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;

(c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V)(1) (I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and

Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:

Tahoe Forest Hospital District

PHYSICIAN:

Joshua Scholnick, M.D.

By: Jake Dorst
Interim Chief Executive Officer

Date: _____

Joshua Scholnick

Joshua Scholnick, M.D.

Date: 5/18/15

Address: _____

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 6) Work with District Chief Information Officer or other designee as requested.
- 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost.
- 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

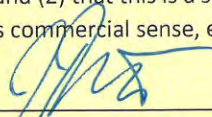
NEW CONTRACT <input checked="" type="checkbox"/>	AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>	
		PHONE: <u>530-582-6650</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input checked="" type="checkbox"/> IVCH <input type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE: _____	
		GC COMMITTEE RECOMMENDATION: _____	
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME:		Steve Thompson, MD	
Purpose of the Contract/Alternatives:			
Dr. Thompson will serve on the Hospital's EHR Technology Council and provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals for TFHD.			
Scope of the Contract:			
1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT; 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking; 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020; 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods; 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment; 6) Work with District Chief Information Officer or other designee as requested; 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration; 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy; 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost; 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS; and 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.			
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) <u>\$100 per hour up to 75 hours per year</u>			
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>			
Total Cost of Contract:		<u>Up to \$22,500 per three year term</u>	
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If NOT budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>	
TFHD Primary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	

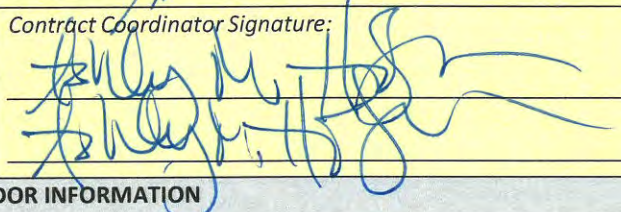
ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: Jake Dorst Phone: 530-582-6650
--	--

CONTRACT NAME:
Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Steve Thompson, and I have determined (1) that the services to be provided by Steve Thompson under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Steve Thompson to enter into, and makes commercial sense, even if no referrals were made by Steve Thompson to TFHD or any of its facilities."

Primary Responsible Party Signature: 

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: 
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	Steve Thompson, MD		
Mailing Address:	10175 Levon Ave, Truckee, CA 96161		
Telephone and Fax Number:	Phone: 530-587-1041	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 6 & 7 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range.

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
ecgmc.com

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care at the [2015 Spine Business Summit](#) in Chicago

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina
Stacey Meredith
Laird, Tad
Lombard, Tim
[REDACTED]
[REDACTED]
Scholnick, Josh
Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
530-582-5334 te
530-582-3557 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services ("Agreement") is made and entered into and effective as of the 1st day of June, 2015 ("Effective Date") by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and Steve Thompson, M.D. (hereinafter referred to as "PHYSICIAN").

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as "the Committee");

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Committee; and

WHEREAS, PHYSICIAN desires and is qualified to serve on the Committee and to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN'S RESPONSIBILITIES

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology. PHYSICIAN shall attend the assigned Committee meetings whenever possible. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee, all of PHYSICIAN's participation in meetings related to health information technology or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. COMPENSATION. For his or her time spent attending Committee meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. TERM AND TERMINATION.

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. RELATIONSHIP BETWEEN THE PARTIES

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the “personal services arrangement” and/or “fair market value compensation” exceptions under the federal “Stark” law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

- (a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;
- (b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;
- (c) PHYSICIAN has a Federal DEA license without restriction;
- (d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;
- (e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and
- (f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V)(1) (I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and

Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:

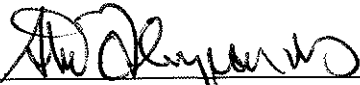
Tahoe Forest Hospital District

PHYSICIAN:

Steve Thompson, M.D.

By: Jake Dorst
Interim Chief Executive Officer

Date: _____



Steve Thompson, M.D.

Date: 5/19/15

Address: 10175 Lewis Ave
Tahoe, CA 96161

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 4) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 5) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 6) Work with District Chief Information Officer or other designee as requested.
- 7) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 8) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 9) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost.
- 10) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 11) Perform any other duties related to health information technology reasonably requested by DISTRICT.

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Wellness Neighborhood</u>		PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u>		
		PHONE: <u>530-582-7425</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input type="checkbox"/>		CFO <input type="checkbox"/>	COO <input type="checkbox"/>	CNO <input type="checkbox"/>
		CIO <input checked="" type="checkbox"/>	IVCH <input type="checkbox"/>	
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE:		GC COMMITTEE RECOMENDATION:
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Arth_TFHD_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_2015</u>			
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____			
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____			
Other: _____ <input type="checkbox"/>	Contract Name: _____			
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>Chris Arth, MD</u>		
Purpose of the Contract/Alternatives:				
Dr. Arth will assist the Hospital's Wellness Neighborhood program and provide physician input and participation related to a variety of health reform trends and engagement opportunities in the community.				
Scope of the Contract:				
1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT. 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking. 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities. 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program. 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities. 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods. 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested. 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>	
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) <u>\$100 per hour up to 75 hours per year</u>				
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>				
Total Cost of Contract:		<u>Up to 22,500 per three year term</u>		
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If NOT budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>		
TFHD Primary Responsible Party:		<u>Caroline Ford, Executive Director of WN</u>		
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>		

ORIGINATING DEPARTMENT: Wellness Neighborhood	PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u> Phone: <u>530-582-7425</u>
---	---

CONTRACT NAME:
Arth_TFHD_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Chris Arth, and I have determined (1) that the services to be provided by Chris Arth under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Chris Arth to enter into, and makes commercial sense, even if no referrals were made by Chris Arth to TFHD or any of its facilities."

Primary Responsible Party Signature: Caroline Ford

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<i>Contract Coordinator Signature:</i> <u>[Signature]</u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Chris Arth, MD</u>
Mailing Address:	<u>10956 Donner Pass Road #130, Truckee, CA 96161</u>
Telephone and Fax Number:	Phone: _____ Fax: _____
Email Address of Contact:	_____

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 4, Section 7.1, the Social Security Regulation typo was corrected.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 24, 2015 9:41 AM
To: Hoffman, Ashly
Subject: RE: FMV and CR

Hi Ashly,

Please see my comments below.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
www.ecgmc.com

Read Jennifer Gingrass' article, *Changing the Channel: Strategies for Expanding Patient Access*, in the April issue of hfm Magazine.

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Thursday, April 23, 2015 6:30 PM
To: Poluhina, Nadia A
Subject: FMV and CR

Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

TF2020 contracts:

- Matthew Gustaffson - does not exceed FMV and is CR. Let me know if you need to know the high and low range.
- Reini Jensen - ECG has reviewed the contract for Dr. Jensen in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.
- Chris Arth - ECG has reviewed the contract for Dr. Arth in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.

Orthopedic Call contract:

- North Tahoe Orthopedics (Patrick Osgood, John Foley, Jeffrey Dodd) – orthopedic call contract was reviewed individually for each of the three physicians and was found not to exceed FMV and be commercially reasonable.

Medical Director for the Cancer Center:

- Ahrin Koppel - does not exceed FMV and is CR. Let me know if you need to know the high and low range.

Retention Agreement:

- Scott Samelson - does not exceed FMV and is CR.

Recruitment Agreement:

- Andrew Ringnes - does not exceed FMV and is CR.

Please let me know if these contracts are within FMV and CR? Thank you!

Ashly M. Hoffman

Contracts Coordinator

ahoffman@tfhd.com



P.O. Box 759

Truckee, CA 96160

(530) 582-6384 tel.

(530) 582-3557 fax

www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
WELLNESS NEIGHBORHOOD**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services (“Agreement”) is made and entered into and effective as of the 1st day of June, 2015 (“Effective Date”) by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “DISTRICT”), and Chris Arth, M.D. (hereinafter referred to as “PHYSICIAN”).

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a program known as the Wellness Neighborhood Program (hereafter referred to as “Program”) to address the improvement of DISTRICT’s community rural health priorities, including but not limited to, optimizing community health, substance use and abuse, mental/behavioral health, access to care and preventive/primary health services (collectively, the “Priorities”);

WHEREAS, Program desires to address DISTRICT’s Priorities by establishing best practices or evidenced-based models of care; engaging clinical volunteers in community-based events; seeking advice from physicians in a variety of areas, including but not limited to, on best practices and evidence-based models of care, and on clinical partnership expansion; and in reviewing Program materials to ensure accurate and timely information to the community;

WHEREAS, DISTRICT also desires to engage physicians to advise Program of relevant healthcare reform trends and opportunities and provide clinical input related to the health and wellness of DISTRICT’s patient population by participating in Program meetings and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation relevant to Program initiatives to meet certain Meaningful Use goals;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Program; and

WHEREAS, PHYSICIAN desires and is qualified to serve Program and to provide such input, advice and consultation to Program, as needed:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN’S RESPONSIBILITIES

1.1 Physician Services. PHYSICIAN shall serve as a member of and a medical advisor to Program and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to Program development. PHYSICIAN shall attend the assigned

Program meetings whenever possible and perform the other duties as specified in Exhibit A, as requested by DISTRICT. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings for Program, all of PHYSICIAN's participation in meetings related to Program or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION**. For his or her time spent attending Program meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. **TERM AND TERMINATION**.

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.8 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. **RELATIONSHIP BETWEEN THE PARTIES**

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the "personal services arrangement" and/or "fair market value compensation" exceptions under the federal "Stark" law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

(a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;

(b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;

(c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V)(1) (I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5. Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6. Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7. Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8. Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10. Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking.
- 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities.
- 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program.
- 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities.
- 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested.
- 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

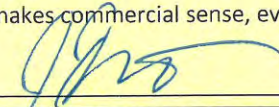
NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Information Technology</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>		
		PHONE: <u>530-582-6650</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/>		CFO <input type="checkbox"/>	COO <input type="checkbox"/>	CNO <input type="checkbox"/>
		CIO <input checked="" type="checkbox"/>	IVCH <input type="checkbox"/>	
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>		MEETING DATE:		GC COMMITTEE RECOMMENDATION:
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015</u>			
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____			
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____			
Other: _____ <input type="checkbox"/>	Contract Name: _____			
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>Gina Barta, MD</u>		
Purpose of the Contract/Alternatives:				
Dr. Barta will serve on the Hospital's EHR Technology Council and will assist the Hospital's Wellness Neighborhood program and provide physician input and participation related to a variety of health reform trends and engagement opportunities in the community, and health information technology initiatives to meet certain Meaningful Use goals for TFHD.				
Scope of the Contract:				
<ol style="list-style-type: none"> Attend EHR Tech Council planning meetings, designated Wellness Neighborhood Program meetings, and other primary care/specialty care and/or facility planning meetings related to Wellness Neighborhood Program, or other meetings related to TF2020, as requested by DISTRICT. Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking. Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Wellness Neighborhood Program development of the Priorities. Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020. Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods. Identify appropriate performance improvement or quality metrics that assist the Wellness Neighborhood Program in their assessment of community health improvements related to the Priorities. Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment. Work with District Chief Information Officer, Wellness Neighborhood/Community Health Executive Director, or other designee as requested. Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration. Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy. Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost and to participate in the achievement of successful program outcomes in the specified programs under consultation. Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS. Perform any other duties related to health information technology reasonably requested by DISTRICT. 				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>	
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>				
<u>\$100 per hour up to 75 hours per year</u>				
Contract Term: <i>(anything other than Net 30 requires AC approval)</i>				
<u>Net 30</u>				
Total Cost of Contract:		<u>Up to \$22,500 per three year term</u>		
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If NOT budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>		
TFHD Primary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>		
TFHD Secondary Responsible Party:		<u>Caroline Ford, Executive Director of WN</u>		

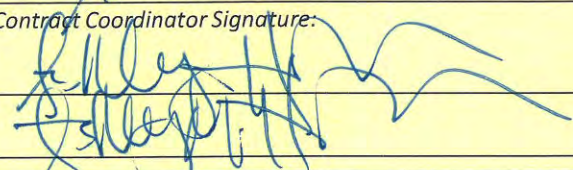
ORIGINATING DEPARTMENT: Information Technology	PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u> Phone: <u>530-582-6650</u>
--	--

CONTRACT NAME:
Barta_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Gina Barta, and I have determined (1) that the services to be provided by Gina Barta under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Gina Barta to enter into, and makes commercial sense, even if no referrals were made by Gina Barta to TFHD or any of its facilities."

Primary Responsible Party Signature: 

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u></u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Gina Barta, MD</u>		
Mailing Address:	<u>10649 Jeffrey Pine Road, Truckee, CA 96161</u>		
Telephone and Fax Number:	Phone: <u>530-581-8864</u>	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance with the Law, Amendment and Termination.
- Page 4, Section 7.1, the Social Security Regulation typo was corrected.
- Page 7, In Exhibit A, numbers 8 & 9 have been amended to alleviate any potential concerns regarding coercive language.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____
	Out for TFHD Signature: Date: _____	Receive Date: _____
	Out for Vendor Signature: Date: _____	Receive Date: _____
	Uploaded to Contracts System: Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 03, 2015 5:04 PM
To: Hoffman, Ashly
Cc: 'Jasmin S. Niku'
Subject: RE: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Ashly,

We actually have reviewed most of the arrangements you sent during our previous FMV reviews. We also compared FMV hourly compensation ranges for the new agreements.

At the rate of \$100 per hour, each of the arrangements you have inquired about does not exceed the FMV range.

Please let me know if there are any questions.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
ecgmc.com

Join Theodore Michalke on April 16 for his session, Defining Excellence in Spine Care, at the [2015 Spine Business Summit](#) in Chicago

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this e-mail, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, April 03, 2015 10:25 AM
To: Poluhina, Nadia A
Cc: 'Jasmin S. Niku'
Subject: FMV & CR of the TF2020 Agreements for EHR Technology Council

Hi Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

Barta, Gina
Stacey Meredith
Laird, Tad
Lombard, Tim
[REDACTED]
[REDACTED]
Scholnick, Josh
Thompson, Steve

Can you let me know if these contracts are within FMV and CR? Please let me know if you need any further information. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-5334 tel
(530) 582-3557 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
WELLNESS NEIGHBORHOOD AND EHR TECHNOLOGY COUNCIL**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services ("Agreement") is made and entered into and effective as of the 1st day of June, 2015 ("Effective Date") by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and Gina Barta, M.D. (hereinafter referred to as "PHYSICIAN").

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a committee known as the EHR Technology Council (hereafter referred to as "the Committee");

WHEREAS, DISTRICT desires physicians to serve on the Committee and advise various other committees and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation related to a variety of health information technology initiatives to meet certain Meaningful Use goals, including the selection, adoption and implementation of an electronic health record for DISTRICT;

WHEREAS, DISTRICT has established a program known as the Wellness Neighborhood Program (hereafter referred to as "Program") to address the improvement of DISTRICT's community rural health priorities, including but not limited to, optimizing community health, substance use and abuse, mental/behavioral health, access to care and preventive/primary health services (collectively, the "Priorities");

WHEREAS, Program desires to address DISTRICT's Priorities by establishing best practices or evidenced-based models of care; engaging clinical volunteers in community-based events; seeking advice from physicians in a variety of areas, including but not limited to, on best practices and evidence-based models of care, and on clinical partnership expansion; and in reviewing Program materials to ensure accurate and timely information to the community;

WHEREAS, DISTRICT also desires to engage physicians to advise Program of relevant healthcare reform trends and opportunities and provide clinical input related to the health and wellness of DISTRICT's patient population by participating in Program meetings and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation relevant to Program initiatives to meet certain Meaningful Use goals;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by both the Committee and Program; and

WHEREAS, PHYSICIAN desires and is qualified to serve on both the Committee and Program to provide such input, advice and consultation:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **PHYSICIAN'S RESPONSIBILITIES**

1.1 Medical Advisor Services. PHYSICIAN shall serve as a member of and a medical advisor to the Committee and Program and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to health information technology and the Wellness Neighborhood initiatives. PHYSICIAN shall attend the assigned Committee and Program meetings whenever possible. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings of the Committee and/or Program, all of PHYSICIAN's participation in meetings related to health information technology, Wellness Neighborhood initiatives, or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION**. For his or her time spent attending Committee and Program meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. **TERM AND TERMINATION**

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.6 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder

until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. RELATIONSHIP BETWEEN THE PARTIES

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. **COMPLIANCE WITH LAW, AMENDMENT, TERMINATION.** This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the "personal services arrangement" and/or "fair market value compensation" exceptions under the federal "Stark" law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

- (a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;
- (b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;
- (c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V)(1) (I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or

indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 (“HIPAA”), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the “Federal Privacy Regulations”) and the federal security standards as contained in 45 CFR Part 164 (the “Federal Security Regulations”). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501(collectively, the

“Protected Health Information”), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an “organized health care arrangement” for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a “business associate” of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:

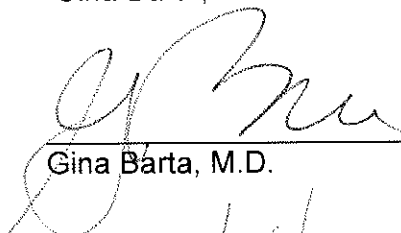
Tahoe Forest Hospital District

By: Jake Dorst
Interim Chief Executive Officer

Date: _____

PHYSICIAN:

Gina Barta, M.D.



Gina Barta, M.D.
Date: 5/15/18
Address: _____

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend EHR Tech Council planning meetings, designated Wellness Neighborhood Program meetings, and other primary care/specialty care and/or facility planning meetings related to Wellness Neighborhood Program, or other meetings related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input and provide appropriate clinical representation regarding projects or programs which the organization is undertaking.
- 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Wellness Neighborhood Program development of the Priorities.
- 4) Engage physicians and others to help develop and/or use HIT or other technology or programs related to TF2020.
- 5) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 6) Identify appropriate performance improvement or quality metrics that assist the Wellness Neighborhood Program in their assessment of community health improvements related to the Priorities.
- 7) Review possible new technologies for safety and effectiveness and assess the value of such technologies in DISTRICT's clinical environment.
- 8) Work with District Chief Information Officer, Wellness Neighborhood/Community Health Executive Director, or other designee as requested.
- 9) Assist staff and clinical practitioners with new electronic methods of care delivery as requested by DISTRICT administration.
- 10) Report any clinical issues resulting from the implementation of new technologies and assist DISTRICT administration in resolving such issues for improved clinical efficacy.
- 11) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost and to participate in the achievement of successful program outcomes in the specified programs under consultation.
- 12) Provide advice and assistance to DISTRICT administration to help DISTRICT meet its Meaningful Use goals as set forth by CMS.
- 13) Perform any other duties related to health information technology reasonably requested by DISTRICT.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

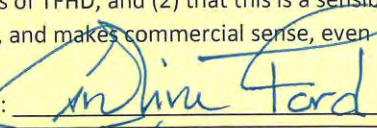
NEW CONTRACT <input checked="" type="checkbox"/>	AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Wellness Neighborhood</u>		PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u>	
		PHONE: <u>530-582-7425</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input checked="" type="checkbox"/> IVCH <input type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>			MEETING DATE: _____
			GC COMMITTEE RECOMMENDATION: _____
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Gustafsson_TFHD_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME:		<u>Matthew Gustafsson, MD</u>	
Purpose of the Contract/Alternatives:			
Dr. Gustafsson will assist the Hospital's Wellness Neighborhood program and provide physician input and participation related to a variety of health reform trends and engagement opportunities in the community.			
Scope of the Contract:			
1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT. 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking. 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities. 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program. 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities. 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods. 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested. 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.			
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>
Version History:		Original Effective date: <u>6/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>			
<u>\$100 per hour up to 75 hours per year</u>			
Contract Term: <i>(anything other than Net 30 requires AC approval)</i>			
<u>Net 30</u>			
Total Cost of Contract:		<u>Up to 22,500 per three year term</u>	
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>	
TFHD Primary Responsible Party:		<u>Caroline Ford, Executive Director of WN</u>	
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	

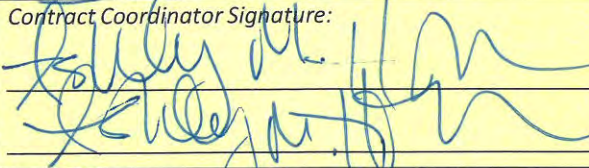
ORIGINATING DEPARTMENT: Wellness Neighborhood	PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u> Phone: <u>530-582-7425</u>
---	---

CONTRACT NAME:
Gustafsson_TFHD_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Matthew Gustafsson, and I have determined (1) that the services to be provided by Matthew Gustafsson under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Matthew Gustafsson to enter into, and makes commercial sense, even if no referrals were made by Matthew Gustafsson to TFHD or any of its facilities."

Primary Responsible Party Signature: 

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u></u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Matthew Gustafsson, MD</u>		
Mailing Address:	<u>111253 Brockway Road, Suite 205, Truckee, CA 96161</u>		
Telephone and Fax Number:	Phone:	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

This contract has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous contract:

- Page 1, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 2, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 3, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 3, Section 7.1, the Social Security Regulation typo was corrected.
- Page 8, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: Date: _____ Initials: _____ CFO Review: Date: _____ Initials: _____	BOARD ACTION: _____	MEETING DATE: _____
	Out for TFHD Signature: _____ Date: _____	Receive Date: _____
	Out for Vendor Signature: _____ Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____ Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 24, 2015 9:41 AM
To: Hoffman, Ashly
Subject: RE: FMV and CR

Hi Ashly,

Please see my comments below.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
n.poluhina@ecgmc.com ecgmc.com

Read Jennifer Gingrass' article, *Changing the Channel: Strategies for Expanding Patient Access*, in the April issue of hfm Magazine.

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email (including any attachments) is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Thursday, April 23, 2015 6:30 PM
To: Poluhina, Nadia A
Subject: FMV and CR

Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

TF2020 contracts:

- Matthew Gustaffson - does not exceed FMV and is CR. Let me know if you need to know the high and low range.
- Reini Jensen - ECG has reviewed the contract for Dr. Jensen in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.
- Chris Arth - ECG has reviewed the contract for Dr. Arth in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.

Orthopedic Call contract:

- North Tahoe Orthopedics (Patrick Osgood, John Foley, Jeffrey Dodd) – orthopedic call contract was reviewed individually for each of the three physicians and was found not to exceed FMV and be commercially reasonable.

Medical Director for the Cancer Center:

- Ahrin Koppel - does not exceed FMV and is CR. Let me know if you need to know the high and low range.

Retention Agreement:

- Scott Samelson - does not exceed FMV and is CR.

Recruitment Agreement:

- Andrew Ringnes - does not exceed FMV and is CR.

Please let me know if these contracts are within FMV and CR? Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-6334 tel.
(530) 582-3567 fax
www.tfhd.com

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
WELLNESS NEIGHBORHOOD**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services (“Agreement”) is made and entered into and effective as of the 1st day of June, 2015 (“Effective Date”) by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “DISTRICT”), and Matthew Gustafsson, DDS (hereinafter referred to as “PHYSICIAN”).

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a program known as the Wellness Neighborhood Program (hereafter referred to as “Program”) to address the improvement of DISTRICT’s community rural health priorities, including but not limited to, optimizing community health, substance use and abuse, mental/behavioral health, access to care and preventive/primary health services (collectively, the “Priorities”);

WHEREAS, Program desires to address DISTRICT’s Priorities by establishing best practices or evidenced-based models of care; engaging clinical volunteers in community-based events; seeking advice from physicians in a variety of areas, including but not limited to, on best practices and evidence-based models of care, and on clinical partnership expansion; and in reviewing Program materials to ensure accurate and timely information to the community;

WHEREAS, DISTRICT also desires to engage physicians to advise Program of relevant healthcare reform trends and opportunities and provide clinical input related to the health and wellness of DISTRICT’s patient population by participating in Program meetings and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation relevant to Program initiatives to meet certain Meaningful Use goals;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Program; and

WHEREAS, PHYSICIAN desires and is qualified to serve Program and to provide such input, advice and consultation to Program, as needed:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN’S RESPONSIBILITIES

1.1 Physician Services. PHYSICIAN shall serve as a member of and a medical advisor to Program and to one or more of the various other committees and working groups of DISTRICT engaged in activities related to Program development. PHYSICIAN shall attend the assigned

Program meetings whenever possible and perform the other duties as specified in Exhibit A, as requested by DISTRICT. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings for Program, all of PHYSICIAN's participation in meetings related to Program or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION**. For his or her time spent attending Program meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. **TERM AND TERMINATION**.

3.1 Term. This Agreement shall be effective on the Effective Date and will automatically renew on each successive anniversary date for up to two (2) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date to the address provided in Section 7.8 below. Prior to the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that the parties shall not enter into another agreement for the same services provided hereunder until the end of the then-current one (1) year term. After the twelve (12) month anniversary of the Effective Date, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. **RELATIONSHIP BETWEEN THE PARTIES**

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. COMPLIANCE WITH LAW, AMENDMENT, TERMINATION. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the "personal services arrangement" and/or "fair market value compensation" exceptions under the federal "Stark" law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

(a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;

(b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;

(c) PHYSICIAN has a Federal DEA license without restriction;

(d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;

(e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V) (1)(I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4. Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5. Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6. Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7. Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8. Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10. Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11. HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 (“HIPAA”), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the “Federal Privacy Regulations”) and the federal security standards as contained in 45 CFR Part 164 (the “Federal Security Regulations”). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the “Protected Health Information”), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.


7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an “organized health care arrangement” for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:
Tahoe Forest Hospital District

PHYSICIAN:
Matthew Gustafsson, DDS

By: _____
Jake Dorst
Interim Chief Executive Officer



Matthew Gustafsson, DDS

Date: _____

Date: May 18, 2015

Address: 11253 Broadway Rd # 205
Truckee CA 96161

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking.
- 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities.
- 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program.
- 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities.
- 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested.
- 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

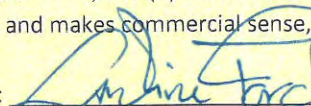
NEW CONTRACT <input type="checkbox"/>	AMEND SCOPE <input checked="" type="checkbox"/>	AMEND TERM <input checked="" type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Wellness Neighborhood</u>		PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u>	
		PHONE: <u>530-582-7425</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input checked="" type="checkbox"/> IVCH <input type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>			MEETING DATE: _____
			GC COMMITTEE RECOMMENDATION: _____
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_for_Disparities_Group_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME:		<u>Reini Jensen, MD</u>	
<u>Purpose of the Contract/Alternatives:</u>			
Dr. Jensen will assist the Hospital's Wellness Neighborhood program and provide physician input and participation related to a variety of health reform trends and engagement opportunities in the community.			
<u>Scope of the Contract:</u>			
1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT. 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking. 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities. 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program. 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities. 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods. 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested. 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.			
DATES OF CONTRACT:		EFFECTIVE DATE: <u>6/1/2015</u>	END DATE: <u>5/31/2018</u>
Version History:		Original Effective date: <u>1/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>6/1/2015</u>	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) <u>\$100 per hour up to 75 hours per year</u>			
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>			
Total Cost of Contract:		<u>Up to 22,500 per three year term</u>	
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>	
TFHD Primary Responsible Party:		<u>Caroline Ford, Executive Director of WN</u>	
TFHD Secondary Responsible Party:		<u>Jake Dorst, CIO/Interim CEO</u>	

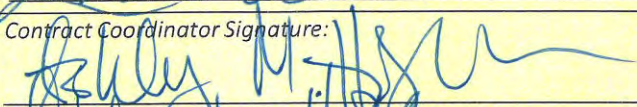
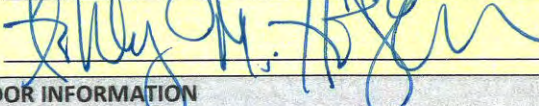
ORIGINATING DEPARTMENT: Wellness Neighborhood	PRIMARY RESPONSIBLE PARTY: <u>Caroline Ford</u> Phone: <u>530-582-7425</u>
---	---

CONTRACT NAME:
Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_for_Disparities

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Reini Jensen, and I have determined (1) that the services to be provided by Reini Jensen under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Reini Jensen to enter into, and makes commercial sense, even if no referrals were made by Reini Jensen to TFHD or any of its facilities."

Primary Responsible Party Signature: 

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<i>Contract Coordinator Signature:</i> <u></u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<u></u>

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Reini Jensen, MD</u>		
Mailing Address:	<u>10115 West River Street, Truckee, CA 96161</u>		
Telephone and Fax Number:	Phone: <u>530-581-8864</u>	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION

W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract

(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)

ADDITIONAL INFORMATION

This Amendment has been revised pursuant to the instruction received from the Board of Directors. The following revisions have been made to the previous Amendment:

- Pages 1 & 4, the Effective Date has been revised to account for the delay in the contract approval process.
- Page 5, Section 2, the monthly and annual cap for compensation has been amended to better reflect the annual amounts historically paid to physicians in this contracted role.
- Page 6, Section 5 was removed in its entirety and replaced with language drafted by outside counsel pertaining to Compliance With Law, Amendment, Termination.
- Page 7, Section 7.1, the Social Security Regulation typo was corrected.
- Page 11, the Contract Role heading has been changed to the Contract Name heading as suggested by outside counsel.

Additionally, this internal processing form has been revised to remove any reference to the professional entities involved in TFHD's Fair Market Value and Commercial Reasonableness determinations.

This Amendment is intended to provide for the expanded scope of services provided under the Agreement for TF2020 Medical Advisor Services with Dr. Jensen which expires on 4/30/2015. This Amendment will bring this expiring contract into alignment with a separate and similar Agreement also in effect with Dr. Jensen thereby mitigating any potential risk of overlapping Services.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 24, 2015 9:41 AM
To: Hoffman, Ashly
Subject: RE: FMV and CR

Hi Ashly,

Please see my comments below.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
www.ecgmc.com

Read Jennifer Gingrass' article, *Changing the Channel: Strategies for Expanding Patient Access*, in the April issue of hfm Magazine.

LEADING HEALTHCARE FORWARD

Follow us on [LinkedIn](#) [Twitter](#) [Facebook](#) [Blog](#)

The information in this email, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this email, or the taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Thursday, April 23, 2015 6:30 PM
To: Poluhina, Nadia A
Subject: FMV and CR

Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

TF2020 contracts:

- Matthew Gustaffson - does not exceed FMV and is CR. Let me know if you need to know the high and low range.
- Reini Jensen - ECG has reviewed the contract for Dr. Jensen in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.
- Chris Arth - ECG has reviewed the contract for Dr. Arth in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.

Orthopedic Call contract:

- North Tahoe Orthopedics (Patrick Osgood, John Foley, Jeffrey Dodd) – orthopedic call contract was reviewed individually for each of the three physicians and was found not to exceed FMV and be commercially reasonable.

Medical Director for the Cancer Center:

- Ahrin Koppel - does not exceed FMV and is CR. Let me know if you need to know the high and low range.

Retention Agreement:

- Scott Samelson - does not exceed FMV and is CR.

Recruitment Agreement:

- Andrew Ringnes - does not exceed FMV and is CR.

Please let me know if these contracts are within FMV and CR? Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-6384 tel.
(530) 582-3567 fax
www.tfhd.com

20150601

**FIRST AMENDMENT TO
TAHOE FOREST HOSPITAL DISTRICT WELLNESS NEIGHBORHOOD
MEDICAL ADVISOR SERVICES AGREEMENT FOR DISPARITIES GROUP**

This First Amendment to Tahoe Forest Hospital District Agreement for Medical Advisor Services (“**Amendment**”) is made and entered into as of June 1, 2015, by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “**DISTRICT**”), and Reini Jensen, M.D. (hereinafter referred to as “**PHYSICIAN**”).

RECITALS

A. WHEREAS, **DISTRICT** and **PHYSICIAN** have entered into that certain Tahoe Forest Hospital District Wellness Neighborhood Medical Advisor Services Agreement for Disparities Group , dated January 1, 2015 (“**Agreement**”), under which **PHYSICIAN** assists in the medical oversight of the Wellness Neighborhood Project for the Ethnic Disparities workgroup;

B. WHEREAS, capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to such terms in the Agreement;

C. WHEREAS, the Agreement may be amended by a writing signed on behalf of each party;

D. WHEREAS, **DISTRICT** and **PHYSICIAN** now desire to amend the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the recitals above and the mutual covenants and conditions contained herein, the Parties hereby agree to enter into this Amendment in accordance with the following terms and conditions:

1. The Agreement is hereby deleted in its entirety and replaced with the Tahoe Forest Hospital District TF2020 Agreement for Medical Advisor Services Wellness Neighborhood, attached hereto as Exhibit A.

2. This Amendment shall become a part of the Agreement, and all references to the Agreement therein shall include this Amendment.

3. To the extent there is conflict between the terms of this Amendment and the Agreement, this Amendment shall control.


4. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one agreement. Photocopies, facsimile transmissions, or email transmissions of Adobe portable document format files (also known as “PDF” files) of signatures shall be deemed original signatures and shall be fully binding on the parties to the same extent as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the first date written above.

DISTRICT:
Tahoe Forest Hospital District

PHYSICIAN:
Reini Jensen, M.D.

By: Jake Dorst
Interim Chief Executive Officer
Date: _____



Reini Jensen, M.D.
Date: 5/15/15

Exhibit A

[see attached]

**TAHOE FOREST HOSPITAL DISTRICT
TF2020 AGREEMENT FOR MEDICAL ADVISOR SERVICES
WELLNESS NEIGHBORHOOD**

This Tahoe Forest Hospital District Agreement for Medical Advisor Services (“Agreement”) is made and entered into and effective as of the 1st day of June, 2015 (“Effective Date”) by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as “DISTRICT”), and Reini Jensen, M.D. (hereinafter referred to as “PHYSICIAN”).

RECITALS

DISTRICT currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility in Truckee, California and a four-bed hospital offering 24-hour emergency services and surgicenter services in Incline Village, Nevada. DISTRICT desires to enter into an agreement with PHYSICIAN to assist DISTRICT with planning, organizing and implementing various components of recent health care reform laws and regulations, including, but not limited to health information technology and the exploration of reimbursement and payment mechanisms to reach the stated community health goals of DISTRICT.

WHEREAS, DISTRICT has established a program known as the Wellness Neighborhood Program (hereafter referred to as “Program”) to address the improvement of DISTRICT’s community rural health priorities, including but not limited to, optimizing community health, substance use and abuse, mental/behavioral health, access to care and preventive/primary health services (collectively, the “Priorities”);

WHEREAS, Program desires to address DISTRICT’s Priorities by establishing best practices or evidenced-based models of care; engaging clinical volunteers in community-based events; seeking advice from physicians in a variety of areas, including but not limited to, on best practices and evidence-based models of care, and on clinical partnership expansion; and in reviewing Program materials to ensure accurate and timely information to the community;

WHEREAS, DISTRICT also desires to engage physicians to advise Program of relevant healthcare reform trends and opportunities and provide clinical input related to the health and wellness of DISTRICT’s patient population by participating in Program meetings and working groups of DISTRICT, as requested by DISTRICT, and to provide physician input and participation relevant to Program initiatives to meet certain Meaningful Use goals;

WHEREAS, PHYSICIAN is licensed to practice medicine in the State of California and is knowledgeable about the subject matter discussed by the Program; and

WHEREAS, PHYSICIAN desires and is qualified to serve Program and to provide such input, advice and consultation to Program, as needed:

TERMS

NOW, THEREFORE, the parties agree as follows:

1. PHYSICIAN’S RESPONSIBILITIES

1.1 Physician Services. PHYSICIAN shall serve as a member of and a medical advisor to Program and to one or more of the various other committees and working groups of DISTRICT

engaged in activities related to Program development. PHYSICIAN shall attend the assigned Program meetings whenever possible and perform the other duties as specified in Exhibit A, as requested by DISTRICT. PHYSICIAN'S duties hereunder are solely administrative and advisory in nature and do not include any direct patient care. Aside from attendance at meetings for Program, all of PHYSICIAN's participation in meetings related to Program or other related activities must be approved in advance by DISTRICT.

1.2 Personal Services. This Agreement is entered into by DISTRICT in reliance upon the professional and administrative skills of PHYSICIAN. PHYSICIAN shall be solely responsible for fulfilling the terms of this Agreement.

2. **COMPENSATION.** For his or her time spent attending Program meetings and fulfilling the other duties outlined in Exhibit "A" attached hereto and made a part hereof, PHYSICIAN shall be paid One Hundred Dollars (\$100.00) per hour, not to exceed Seventy-Five (75) hours per year, payable on the 15th day of the month immediately following the month during which services are rendered by PHYSICIAN. This does not include attendance at PHYSICIAN's continuing medical education training and there shall be no compensation hereunder for such training.

2.1 As a condition to the compensation described above, PHYSICIAN will submit a monthly invoice; a sample of which is attached as Exhibit B, detailing services rendered under this agreement, e.g., attendance at meetings, etc. Such invoice shall be submitted not later than the fifth (5th) day of each month for time and services rendered during the immediately preceding month. In order for PHYSICIAN to receive his or her monthly compensation, each monthly invoice must be approved and signed by DISTRICT. DISTRICT shall have the discretion to not approve, and not provide compensation for, any entry included on a monthly invoice that does not fall within the duties outlined in Exhibit "A" attached hereto or which have not been previously approved by DISTRICT.

2.2 DISTRICT will reimburse PHYSICIAN for reasonable out-of-pocket expenses, in accordance with DISTRICT'S expense reimbursement policies, incurred by PHYSICIAN when performing duties under this Agreement, and will also pay for training and education related to the performance of those duties, upon approval of the DISTRICT's Chief Executive Officer or designee.

3. **TERM AND TERMINATION.**

3.1 Term. This Agreement shall be effective on the Effective Date and continue for a term of twelve (12) months (the "Initial Term"). Thereafter, this Agreement will automatically renew for up to two (2) additional twelve (12) month terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the expiration of the term then in effect to the address provided in Section 7.8 below. During the Initial Term and any renewal term, either party shall have the right to terminate this Agreement, with or without cause, upon thirty (30) days' prior written notice to the other party; provided, however, that if the Agreement is terminated during the Initial Term, the parties shall not enter into another agreement for the same services provided hereunder until the end of the Initial Term.

3.2 Immediate Termination. Notwithstanding Section 3.1, DISTRICT shall have the right to terminate this Agreement immediately upon notice to PHYSICIAN in the event that any of the representations given by PHYSICIAN pursuant to Section 6.1 below of this Agreement become untrue, inaccurate or incomplete.

4. RELATIONSHIP BETWEEN THE PARTIES

4.1 Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of PHYSICIAN's work and duties, PHYSICIAN is at all times acting and performing as an independent contractor.

4.2 Benefits. It is understood and agreed that PHYSICIAN shall have no claims under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

5. **COMPLIANCE WITH LAW, AMENDMENT, TERMINATION**. This Agreement has been drafted to comply with all applicable laws and regulations, including but not limited to the "personal services arrangement" and/or "fair market value compensation" exceptions under the federal "Stark" law. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, that this Agreement may no longer comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement still complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend this Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PRECEPTOR does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

6. REPRESENTATIONS

6.1 Representations by PHYSICIAN. PHYSICIAN represents and warrants as of the date listed below his/her name on the signature page of this Agreement and for the duration of the term of this Agreement and any renewal term, as follows:

- (a) PHYSICIAN is a physician duly licensed to practice medicine in the State of California and in good standing with the Medical Board of California;
- (b) PHYSICIAN is a member in good standing of the medical staff of DISTRICT;
- (c) PHYSICIAN has a Federal DEA license without restriction;
- (d) PHYSICIAN has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or the Bureau of Medi-Cal Fraud and Elder Abuse, or by any equivalent or coordinating governmental agencies;
- (e) PHYSICIAN is not subject of any disciplinary action by the Medical Board of California, or the equivalent medical licensing authority of any other State in the United States of America; and

(f) Any and all information provided to DISTRICT by PHYSICIAN in connection with this Agreement is accurate, true and correct.

6.2 Notification. Should any event occur which causes any of the representations and warranties set forth in Section 6.1 above no longer to be true, accurate or complete, PHYSICIAN shall provide immediate written notice of such event to DISTRICT.

7. GENERAL PROVISIONS

7.1 Access to Records. To the extent required by Section 1861(V) (1)(I) (i) of the Social Security Act, as amended, and by valid regulation which is directly applicable to such Section, PHYSICIAN agrees to make available upon valid written request from the Secretary of Health and Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents, and records of PHYSICIAN to the extent that such books, documents and records are necessary to certify the nature and extent of DISTRICT's costs for services provided by PHYSICIAN.

7.1.1 Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by PHYSICIAN pursuant to this Agreement. If PHYSICIAN is requested to disclose books, documents or records pursuant to this subparagraph for purposes of an audit, PHYSICIAN shall notify DISTRICT of the nature and scope of such request and PHYSICIAN shall make available, upon written request of DISTRICT, all such books, documents, or records. PHYSICIAN shall indemnify and hold harmless DISTRICT in the event that any amount of reimbursement is denied or disallowed because of the failure of PHYSICIAN or any subcontractor to comply with the obligations to maintain and make available books, documents, or records pursuant to this subparagraph. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

7.1.2 This paragraph is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of PHYSICIAN under this paragraph are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to ensure compliance with those provisions. In the event that the requirements of those provisions are reduced or eliminated, the obligations of the parties under this paragraph shall likewise be reduced or eliminated.

7.2 Confidential Information. During the term of this Agreement, PHYSICIAN may have access to and become acquainted with confidential proprietary information and/or trade secrets of DISTRICT, including without limitation information and data relating to payor contracts, patients, patient medical records, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). All Confidential Information is the property of DISTRICT and constitutes proprietary information. PHYSICIAN shall not use in any manner or disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Confidential Information or use any Confidential Information other than in the course of providing the services under this Agreement. All documents that PHYSICIAN prepares or Confidential Information that might be given to PHYSICIAN in the course of providing the services under this Agreement, are the exclusive property of DISTRICT and, without the prior written consent of DISTRICT, shall not be removed from DISTRICT premises.

7.3 Confidentiality. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors.

7.4 Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated and signed by the parties.

7.5 Assignment. PHYSICIAN shall not assign, sell, subcontract, transfer, or delegate any of its rights or duties to perform services pursuant to this Agreement, without prior written consent of DISTRICT.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties. Any oral representations or modifications concerning this Agreement shall be of no force and effect.

7.7 Governing Law. This Agreement shall be governed by California law, with venue for any action in Nevada County.

7.8 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

DISTRICT: Tahoe Forest Hospital District
P. O. Box 759
Truckee, CA 96160
Attn: Chief Executive Officer

PHYSICIAN: At the address listed on the signature page to this Agreement.

7.9 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, and signed by the parties hereto.

7.10 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be in effect and binding upon the parties.

7.11 HIPAA Privacy Rule Compliance.

7.11.1 PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

7.11.2 As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal

Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the Hospital as detailed in its notice of privacy practices.

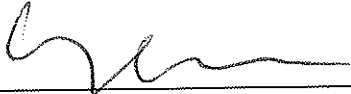
7.12 The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy DISTRICT and the requirements of the Federal Privacy and Security Regulations.

DISTRICT:
Tahoe Forest Hospital District

PHYSICIAN:
Reini Jensen, M.D.

By: Jake Dorst
Interim Chief Executive Officer

Date: _____



Reini Jensen, M.D.

Date: 5/15/15

Address: 10956 Donner Pass Rd Ste 110
Truckee, Ca 96161

EXHIBIT A

SCOPE OF SERVICES

- 1) Attend designated Program meetings and other primary care/specialty care and/or facility planning meetings related to Program, as requested by DISTRICT, or other meetings as may be scheduled related to TF2020, as requested by DISTRICT.
- 2) Solicit broad-based practitioner input from the DISTRICT service area and the Truckee/North Tahoe region and provide appropriate clinical representation regarding projects or programs related to Program which DISTRICT is undertaking.
- 3) Maintain up-to-date clinical knowledge of current standards of practice and evidence-based models that impact current health care trends and opportunities to ensure timely and accurate advice on Program development of the Priorities.
- 4) Engage physicians and others to help develop and/or use health information technology applications to benefit the Program or other technology or programs related to Program.
- 5) Identify appropriate performance improvement or quality metrics that assist the Program in their assessment of community health improvements related to the Priorities.
- 6) Review current healthcare reform trends and opportunities and provide feedback to DISTRICT administration during requested comment periods.
- 7) Work in concert with the Wellness Neighborhood/Community Health Executive Director, or other designee as requested.
- 8) Participate in development of solutions that evaluate clinical and/or financial outcomes, or development of objectives and performance measurements to evaluate program outcomes to achieve the triple aim of CMS to improve patient care and population health at a lower cost, and to participate in the achievement of successful program outcomes in the specified programs under consultation.
- 9) Provide medical oversight of and advice to the Ethnic Disparities workgroup of the Wellness Neighborhood Program.

Tahoe Forest Health System CEO Search and Recruitment Plan

START UP

(Approximately one month)

This phase focuses on gathering and compiling the information necessary to appropriately represent the roles, responsibilities, characteristics and qualifications for the next CEO. Don Whiteside from HFS will meet with various individuals and groups to hear their suggestions and opinions. These groups and individuals will include, but not be limited to: the TFHD Board and individual Board members; the TFHD CEO Search Advisory Group; TFHD administrative, management, clinical and other staff; the medical staff and individual physicians, and; community groups and/or individual community members. Besides organized and scheduled meetings, Whiteside will be available for “drop in” meetings at the hospital café or other public venues. Suggestions and/or comments can also be directed to the special email address- TahoeForestCEOsearch@gmail.com. All constructive and courteous input is welcome.

Other sources of information for the “Start Up” phase will be various documents and reports. These will include, but not be limited to: Annual Audited Financial Report and most current financial statements; the hospital’s internal CEO Job Description and related documents; any employee, patient, and physician satisfaction surveys; medical staff roster with specialty and board certification information, and; hospital and community marketing material.

At the conclusion of the “Start Up” phase, the executive recruiter will create a draft “CEO Job Specification” (Job Spec) which will be presented to the Board. The Board will approve a final version of the JobSpec. This document will be used as a benchmark to recruit and evaluate prospective candidates. It will also be an important tool to inform potential candidates and others about the opportunity, the health system, and the community.

OUTREACH

(Ongoing from beginning of search until final candidates chosen)

This will be a regional search, but with appropriate outreach on a national level. HFS will target a variety of sources including, among others, key executives in health care, professional colleagues, and candidates identified from the HFS database or research. HFS will also rely on industry contacts, nationally and regionally, to ensure a successful search. The goal is to identify candidates whose leadership style and accomplishments reflect TFHD’s needs.

During the “Outreach” phase, information about the opportunity will be communicated by broadcast and individual emails, phone calls, notices in appropriate professional publications and websites, and face to face meetings at industry seminars and other meetings. It is also hoped and expected that the information will be passed on to professional colleagues of the TFHD’s employees, medical staff, and others.

NARROWING THE POOL OF CANDIDATES

(Typically this phase takes between six and twelve weeks)

It is typical and expected during the “Outreach” phase that HFS will communicate with more than 100 possible candidates. Some will be genuinely interested and others will be only curious. Some potential candidates may be actively seeking employment and others will be currently employed. Using the Job Spec as a guiding document, the executive recruiter will determine the most appropriate and qualified candidates. HFS will contact, phone screen, and, if appropriate, interview each potential candidate.

Ultimately the executive recruiter will narrow the candidate pool to the best six to eight candidates that most closely conform to the approved Job Spec. Each of these candidates will have submitted a resume and a letter of interest, will have been extensively interviewed, and will have been vetted with former and/or current employers and colleagues.

At the conclusion of this phase, the Board (and possibly others that the Board’s chooses to advise them in this process) will be presented with the selected group of 6-8 candidates. The Board will choose approximately four of these candidates to bring to Truckee for face to face meetings and interviews.

INTERVIEW and DECISION

The selected candidates will interviewed by the Board and others that the Board designates. This will likely include members of the medical staff, members of the executive team, and other significant stakeholders. The candidates will have the opportunity to tour the hospital and community. It is important to remember that the candidates are interviewing TFHD, the community, the Board and the medical staff as well as vice versa.

Following these first round interviews, the Board will choose two finalist candidates. These candidates and their spouses and/or other significant family members (those who will be moving to Truckee with the candidate) will be invited back to Truckee for final interviews. ***The need for confidentiality needs to be considered at all phases of candidate contact***, but at this time it is typical to expand the number of interested parties that may meet with the candidates.

Immediately after the final round interviews, the Board will decide on a candidate to offer the CEO position to. An offer will be extended and negotiated. It is expected that to attract the best candidate for a position like this, an offer will include a competitive compensation plan, reimbursement for relocation expenses, a housing allowance for a specified period, eligibility for all executive benefits, and an employment agreement with a severance policy.

Upon successful negotiations of the employment agreement, it typically takes 30 to 60 days for the executive to extract themselves from professional and other responsibilities before they can begin their leadership role at TFHD.



Board Informational Report

By: Gayle McAmis
MSC Financial Contractor

DATE: 5/26/2015

MSC Physician Compensation Methodology

Ms. McAmis will review the current physician compensation methodology for clinical services rendered by physicians under their Tahoe Forest Multi-Specialty Clinic (MSC) contracts. The model utilized by the MSC is based on specialty-specific median compensation and production data published annually by the Medical Group Management Association (MGMA). The MSC uses an average of the three most recently published surveys and applies a 3% inflation factor to the median compensation. MSC physicians are self-employed contractors and are therefore responsible for paying their own malpractice insurance and benefits out of the contractual fee they receive from the hospital. After paying these expenses, a physician whose total contract compensation is set at 100% of the MGMA median actually earns the equivalent of approximately 81% of the MGMA median salary. In order to allow physicians to make up a portion of their out-of-pocket costs and earn an amount closer to the MGMA median, the MSC sets a production target that is 15% lower than the base compensation level (i.e. 85% of the MGMA median for a physician paid base compensation at 100% of the median). Production is measured in Work Relative Value Units (WRVUs), which are established by the Center for Medicare and Medicaid Services (CMS) for each billing code and reflect the relative time and intensity of each service rendered. Physicians are paid a bonus at a specified rate per WRVU for WRVUs generated in excess of the production target. Physicians whose production equals the MGMA median WRVUs for their specialty will earn, after expenses, approximately 96% of the MGMA median salary. Physicians whose production is significantly higher than the MGMA median have the opportunity to earn compensation in excess of the MGMA median. Physicians working half time or less, as well as full time physicians producing less than 90% of their target WRVUS for reasons deemed within their control, may be put onto a model with no base compensation, whereby all compensation is paid at a specified amount per WRVU.

Validation of MSC Physician Compensation Methodology by ECG

In mid-2014, the Tahoe Forest Hospital District Board of Directors requested an outside assessment to determine whether physician contracts were within fair market value. ECG, a national health care consulting firm with 8 offices, approximately 160 employees, and significant experience in the areas of physician compensation and fair market valuation, was engaged to perform the work. ECG was directed to establish a tight range to confirm the fair market value of the contracts, with the upper end established at the 60th percentile of the market range. The 75th percentile is more commonly utilized as the upper end for fair market value. ECG conducted extensive analysis, and prepared a report ranging in size from 20 to 50 pages for each physician or contracted group. Ms. McAmis will provide a simplified summary of ECG's basic methodology as it pertains to the clinical services rendered by the physicians under their MSC contracts. ECG used several methods to determine the fair market value of the contract, and each was assigned a

weight. A 50% weighting was assigned to a method that estimated the cost of recruiting a replacement physician at the same FTE level within the specialty. The physician's FTE was validated by reviewing numerous factors including clinical availability, hours worked, and production indicators. The salary cost was calculated by averaging the median specialty-specific salary from four published surveys: MGMA, AMGA, Sullivan Cotter and ECG's own survey. Two production-based methodologies were each assigned a 25% weight. One of these applied the median salary per WRVU to the physician's actual WRVUs. The other applied the median ratio of compensation to collections to the physician's actual collections. The out-of-pocket costs for malpractice and benefits were added to the weighted salary. Overall, the projected compensation under the MSC contracts that became effective 1/1/15 averages 91.3% of the median fair market value calculated by ECG.

Presented to Tahoe Forest Board of Directors

May 26, 2015

MSC PHYSICIAN COMPENSATION METHODOLOGY

Goals of MSC Physician Comp Program

- ⦿ Pay within Fair Market Value
- ⦿ Pay a sufficient amount to recruit and retain physicians
 - May not be the same amount
- ⦿ Maintain internal equity between physicians
 - Both within and between specialties
- ⦿ Align physicians with the organization's productivity and quality goals
- ⦿ Simple, clear and understandable to all parties

MSC Core Model

- Base compensation reflects an agreed percentage of the 3-year average of MGMA median Western Region comp, plus 3% inflation
 - Default percentage is 100%, but part-time and some lower producing full-time physicians are set at <100% of the median. To date, only consistent high producers are set at > 100%.
 - MSC physicians are independent contractors and pay their own malpractice insurance, health insurance, employment taxes (e.g. FICA), retirement and other benefits that are typically employer-paid.
 - 100% of median comp nets down to about 81% of median comp after these expenses are paid
- Production target based on an agreed percentage of the 3-year average of MGMA median Western Region Work RVUs
 - The production target for a full-time physician (as a percentage of median) is set 15% lower than the base comp.
 - Physician paid base comp of 100% of MGMA median has a production target set at 85% of median
 - Physician paid base comp of 85% of MGMA median has a production target set at 70% of median
 - The 15% is intended to help offset the cost of malpractice and benefits
- Incentive compensation available only if the annual production target is exceeded and is payable at the MGMA WR median comp, divided by the MGMA WR median RVUs
 - Physician who is paid base comp of 100% of MGMA median (but who nets 81% after expenses) and produces at 100% of median RVUs (vs. 85% target) would earn a 15% bonus, bringing their total net comp back closer to 100% of the median
 - Physician who is paid base comp of 100% of MGMA median (again, netting 81%) but does not hit their production target (85% median) does not bonus and thus earns 81% of the MGMA median.
- Physicians splitting time between specialties are paid at a blended rate.
 - Example: Cardiologists paid a blended rate based on 70% internal med & 30% cardiology

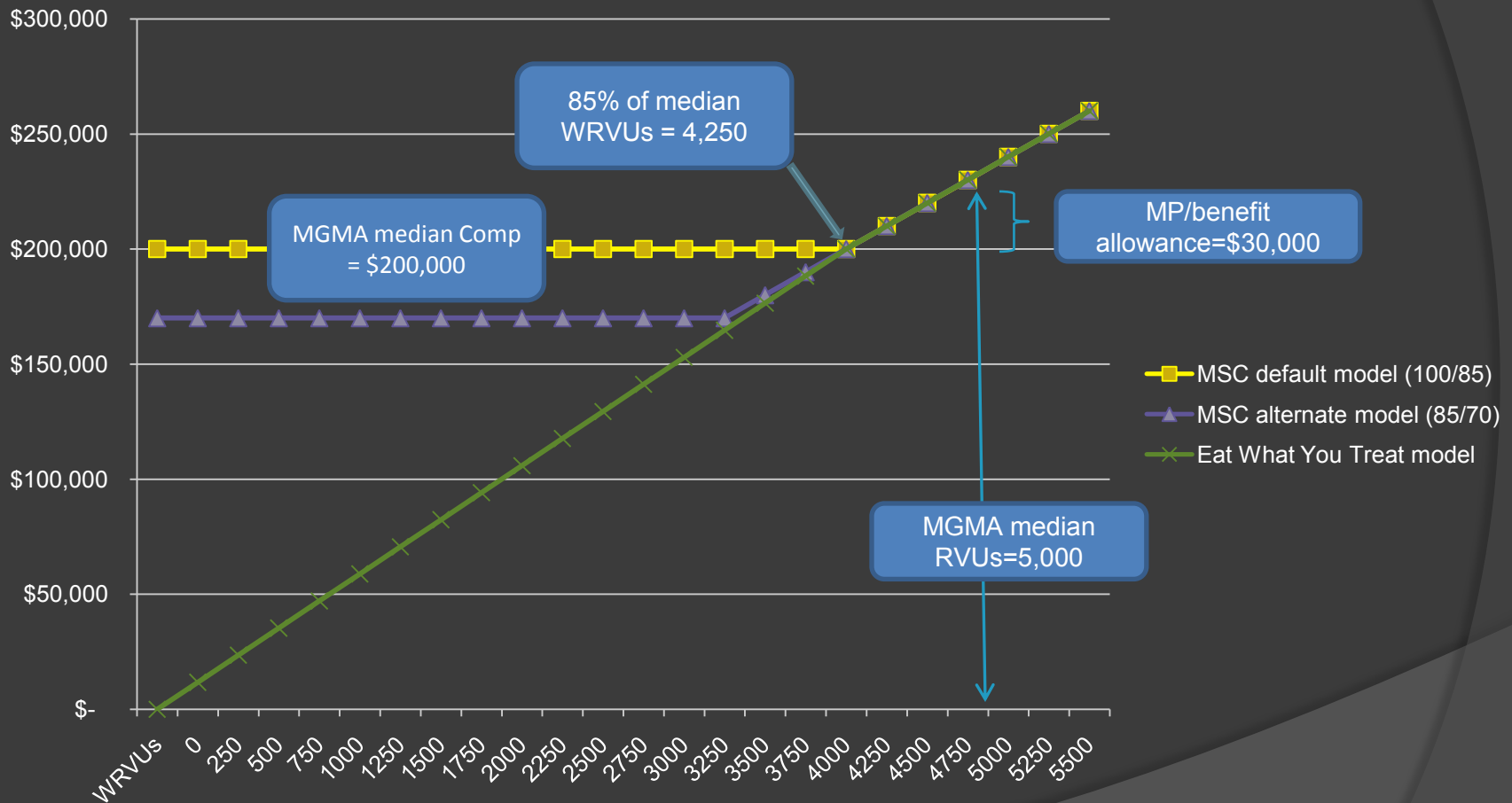
What is MGMA?

- Medical Group Management Association
- MGMA conducts numerous surveys of its member groups, including an annual “Physician Compensation and Production Survey,” which collects specialty-specific data on physician:
 - Compensation
 - Retirement benefits
 - Charges and collections
 - Encounters
 - Total RVUs and Work RVUs
- In addition to specialty, data can be further cut by:
 - Region and state
 - Ownership structure
 - Other variables
- Western Region includes:
 - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming
 - Hospitals may employ physicians in all of the above states except California and Colorado
- 2014 MGMA Physician Comp survey includes data from 66,299 physicians from 4,197 groups
 - AMGA survey includes data from 73,778 physicians from 289 groups
 - Sullivan Cotter includes data from over 91,000 physicians from 484 groups

What are WRVUs?

- Work Relative Value Units
- Assigned to each Medicare-billable CPT code by CMS and updated annually
- WRVUs reflect the physician time, mental judgment, technical skill, physical effort and stress associated with each procedure performed.
 - 99213 (“medium” office visit, established pt) = 0.97 WRVUs
 - 90460 (immunization administration) = 0.17 WRVUs
 - 42826 (tonsillectomy) = 3.45 RVUs
 - 44143 (partial removal of colon) = 27.79 RVUs
 - 44970 (laparoscopic appendectomy) = 9.45 RVUs
- WRVUs are one of the determinants of the Medicare fee schedule.
 $(W_{RVU_{xWGPCI}} + MP_{RVU_{xMPGPCI}} + PE_{RVU_{xMPGPCI}}) \times CF = MC \text{ pmt rate}$
- Widely used by physician groups as a means of monitoring and incentivizing production
- Preferred to alternate production measures:
 - Visits are not weighted for intensity, whereas RVUs are
 - Collections are impacted by payor mix, contracts and collection effectiveness, whereas RVUs are not

Comp vs. production: a visual



MGMA Example:

Urology

2013 data
published in the
2014 report

Urology

Table A: Total Compensation

	Providers	Groups	Mean	Std Dev	25th %ile	Median	75th %ile	90th %ile
All Groups	555	163	\$449,144	\$183,514	\$340,870	\$422,624	\$520,213	\$667,202
Eastern	121	33	\$461,260	\$167,755	\$312,240	\$354,316	\$449,264	\$566,538
Midwest	148	46	\$472,274	\$168,735	\$360,009	\$441,842	\$555,393	\$730,094
Southern	165	49	\$475,716	\$202,487	\$349,435	\$449,259	\$544,647	\$670,700
Western	121	35	\$432,503	\$158,401	\$354,409	\$414,380	\$475,584	\$594,226
Physician Owned	284	63	\$444,225	\$197,724	\$326,705	\$407,688	\$514,871	\$676,715
Hospital/IDS Owned	257	96	\$456,801	\$168,869	\$353,171	\$434,000	\$527,634	\$664,613
Other Majority Owner	14	4	\$408,355	\$138,099	\$321,861	\$400,792	\$523,118	\$616,418
Single Specialty	157	41	\$429,615	\$159,295	\$334,226	\$402,000	\$515,854	\$604,167
Multispecialty	398	122	\$458,848	\$191,870	\$345,317	\$425,228	\$525,117	\$672,124

Table B: Collections and Compensation to Collections Ratio

	Collections for Professional Charges*				Compensation to Collections Ratio*			
	Prov	25th %ile	Median	75th %ile	Prov	25th %ile	Median	75th %ile
All Groups	160	\$509,495	\$706,670	\$833,277	156	0.486	0.580	0.744
Eastern	27	\$508,005	\$712,566	\$777,972	27	0.480	0.583	0.687
Midwest	60	\$601,240	\$774,495	\$977,045	58	0.475	0.544	0.663
Southern	50	\$455,917	\$608,834	\$759,538	48	0.530	0.618	0.878
Western	23	\$481,394	\$601,542	\$790,854	22	0.478	0.550	0.759
Physician Owned	86	\$563,082	\$736,866	\$921,898	85	0.477	0.548	0.641
Hospital/IDS Owned	66	\$462,118	\$640,667	\$761,037	64	0.518	0.708	0.889
Other Majority Owner	8	*	*	*	7	*	*	*
Single Specialty	23	\$524,538	\$733,895	\$777,972	22	0.511	0.547	0.635
Multispecialty	137	\$504,785	\$696,534	\$864,227	134	0.480	0.595	0.776

Table C: Total RVUs and Compensation to Total RVUs Ratio

	Total RVUs*				Compensation to Total RVUs Ratio*			
	Prov	25th %ile	Median	75th %ile	Prov	25th %ile	Median	75th %ile
All Groups	190	12,943	16,732	21,381	191	\$17.26	\$21.89	\$31.52
Eastern	36	14,048	16,959	19,914	37	\$16.68	\$19.12	\$21.30
Midwest	28	11,757	15,859	17,740	28	\$25.65	\$30.83	\$40.50
Southern	77	13,542	18,866	27,835	79	\$16.52	\$21.16	\$31.04
Western	49	12,121	15,975	19,552	47	\$17.67	\$23.41	\$32.35
Physician Owned	102	13,420	16,588	19,836	101	\$17.20	\$21.16	\$30.46
Hospital/IDS Owned	86	11,991	16,873	24,994	88	\$17.11	\$25.37	\$32.40
Other Majority Owner	2	*	*	*	2	*	*	*
Single Specialty	58	16,157	18,754	30,866	59	\$16.25	\$18.60	\$21.28
Multispecialty	132	11,950	16,207	19,675	132	\$16.57	\$28.30	\$36.09

Table D: Physician Work RVUs and Compensation to Work RVUs Ratio

	Physician Work RVUs**				Compensation to Physician Work RVUs Ratio**			
	Prov	25th %ile	Median	75th %ile	Prov	25th %ile	Median	75th %ile
All Groups	448	5,650	7,518	9,477	440	\$45.41	\$55.52	\$70.69
Eastern	93	5,622	7,229	8,561	92	\$42.22	\$52.15	\$64.99
Midwest	123	6,047	7,918	9,678	122	\$48.95	\$57.94	\$70.63
Southern	131	6,355	8,504	11,351	128	\$40.88	\$51.38	\$62.69
Western	101	4,914	6,563	8,394	98	\$50.47	\$62.11	\$80.41
Physician Owned	221	5,874	7,992	9,689	216	\$42.95	\$50.93	\$63.49
Hospital/IDS Owned	217	5,351	7,357	9,266	214	\$48.73	\$60.68	\$76.23
Other Majority Owner	10	4,819	6,694	7,021	10	\$47.41	\$57.86	\$62.50
Single Specialty	127	7,092	8,893	10,815	124	\$38.20	\$46.25	\$55.11
Multispecialty	321	5,244	7,135	8,817	316	\$49.12	\$59.48	\$76.46

Table E: Total Encounters and Physician Work RVUs to Total Encounters Ratio

	Total Encounters**				Physician Work RVUs to Total Encounters Ratio**			
	Prov	25th %ile	Median	75th %ile	Prov	25th %ile	Median	75th %ile
All Groups	175	2,383	3,241	4,242	159	1.97	2.46	3.04
Eastern	34	1,728	2,572	3,755	30	2.02	2.68	3.82
Midwest	58	2,914	3,430	4,575	53	1.80	2.36	2.94
Southern	41	3,135	3,964	4,370	40	1.92	2.32	2.61
Western	42	1,570	2,477	3,194	36	2.00	2.75	3.36
Physician Owned	98	2,541	3,416	4,412	86	1.93	2.38	3.08
Hospital/IDS Owned	70	2,341	3,143	3,940	66	2.06	2.52	3.09
Other Majority Owner	7	*	*	*	7	*	*	*
Single Specialty	28	2,940	3,924	4,299	27	2.32	2.85	3.55
Multispecialty	147	2,244	3,100	4,120	132	1.89	2.40	2.95

MGMA Example:

Urology

3 years of data

2013 data / 2014 report

2012 data / 2013 report

2011 data / 2012 report

Urology

Table 121A: Physician Compensation

	Phys	Med Pracs	Mean	Std Dev	25th %tile	Median	75th %tile	90th %tile
Overall	693	166	\$435,633	\$179,213	\$315,088	\$417,095	\$536,434	\$647,783
Practice Type								
All Practice Types	693	166	\$435,633	\$179,213	\$315,088	\$417,095	\$536,434	\$647,783
Single Specialty	299	34	\$430,851	\$172,458	\$300,065	\$419,870	\$556,767	\$618,077
Multispecialty	394	132	\$439,261	\$184,308	\$326,067	\$413,684	\$511,303	\$665,769
Geographic Section								
Eastern	141	31	\$407,372	\$157,691	\$326,618	\$388,410	\$486,714	\$589,326
Midwest	172	48	\$458,957	\$176,870	\$345,195	\$434,822	\$546,093	\$703,066
Southern	223	48	\$470,801	\$203,441	\$330,930	\$468,575	\$575,213	\$685,363
Western	157	41	\$385,507	\$133,487	\$299,438	\$378,515	\$458,684	\$558,468

Table 121D: Physician Work RVUs (CMS RBRVS Method) (NPP Excluded)

	Phys	Med Pracs	Mean	Std Dev	25th %tile	Median	75th %tile	90th %tile
Overall	530	132	8,059	3,989	5,882	7,533	9,642	11,557
Practice Type								
All Practice Types	530	132	8,059	3,989	5,882	7,533	9,642	11,557
Single Specialty	187	22	8,368	3,026	6,400	7,921	10,153	11,905
Multispecialty	343	110	7,892	4,421	5,540	7,400	9,301	11,384
Geographic Section								
Eastern	126	26	8,119	3,233	5,800	7,828	10,291	12,262
Midwest	116	38	7,699	2,756	5,577	7,409	9,275	11,357
Southern	159	33	8,845	3,090	6,657	8,247	10,393	13,578
Western	129	35	7,357	5,962	5,328	6,467	8,473	10,088

Table 121A: Physician Compensation

	Phys	Med Pracs	Mean	Std Dev	25th %tile	Median	75th %tile	90th %tile
Overall	609	169	\$443,216	\$216,574	\$333,725	\$420,516	\$529,744	\$675,666
Practice Type								
All Practice Types	609	169	\$443,216	\$216,574	\$333,725	\$420,516	\$529,744	\$675,666
Single Specialty	144	33	\$403,810	\$282,815	\$275,557	\$382,657	\$480,972	\$624,852
Multispecialty	177	50	\$471,342	\$186,396	\$347,951	\$455,309	\$562,187	\$701,770
Geographic Section								
Eastern	177	50	\$471,342	\$186,396	\$347,951	\$455,309	\$562,187	\$701,770
Midwest	177	52	\$474,709	\$215,486	\$346,170	\$449,840	\$552,504	\$716,757
Southern	111	34	\$399,268	\$136,153	\$320,766	\$400,000	\$487,023	\$543,216
Western	111	34	\$399,268	\$136,153	\$320,766	\$400,000	\$487,023	\$543,216

Table 121D: Physician Work RVUs (CMS RBRVS Method) (NPP Excluded)

	Phys	Med Pracs	Mean	Std Dev	25th %tile	Median	75th %tile	90th %tile
Overall	466	129	7,516	3,511	5,233	6,338	8,439	10,680
Practice Type								
All Practice Types	466	129	7,516	3,511	5,233	6,338	8,439	10,680
Single Specialty	177	25	7,960	3,082	5,808	7,999	10,014	12,859
Multispecialty	113	40	9,141	3,935	6,692	8,627	10,843	13,728
Geographic Section								
Eastern	86	29	6,560	3,511	4,016	6,498	8,689	10,680
Midwest	126	38	7,960	3,082	5,808	7,999	10,014	12,859
Southern	113	40	9,141	3,935	6,692	8,627	10,843	13,728
Western	86	29	6,716	2,151	5,233	6,338	8,439	9,746

Table A: Total Compensation

	Providers	Groups	Mean	Std Dev	25th %tile	Median	75th %tile	90th %tile
Overall	555	163	\$449,144	\$183,514	\$340,870	\$422,624	\$520,213	\$667,202
Geographic Section								
Eastern	121	33	\$401,260	\$187,755	\$312,340	\$354,316	\$449,264	\$568,538
Midwest	148	46	\$472,274	\$168,735	\$360,008	\$441,842	\$555,393	\$730,094
Southern	165	49	\$475,716	\$202,487	\$349,435	\$449,258	\$544,647	\$670,700
Western	121	35	\$432,603	\$158,401	\$351,409	\$414,300	\$475,584	\$594,226

Table D: Physician Work RVUs and Compensation to Work RVUs Ratio

	Physician Work RVUs**				Compensation to Physician Work RVUs Ratio**			
	Prov	25th %tile	Median	75th %tile	Prov	25th %tile	Median	75th %tile
Overall	448	5,650	7,316	9,477	440	\$45.41	\$55.52	\$70.69
Geographic Section								
Eastern	93	5,622	7,229	8,561	92	\$42.22	\$52.15	\$64.39
Midwest	123	6,047	7,918	9,678	122	\$48.95	\$57.94	\$70.53
Southern	131	6,355	8,504	11,351	128	\$40.88	\$51.36	\$62.69
Western	101	4,914	6,563	8,394	98	\$50.47	\$62.11	\$80.41

MSC Model Example: Urology

FY 16 compensation model
 Effective from 1/1/2015 - 6/30/2016
 Urology
 Tahoe Forest Multi-Specialty Clinics

MGMA Western Region median compensation	
2012 book / 2011 data	\$ 378,515
2013 book / 2012 data	\$ 400,000
2014 book / 2013 data	\$ 414,380
3-year average	\$ 397,632
Inflation factor	3%
Inflated 3-year average	\$ 409,561
Proposed base comp percentage	100%
Proposed base compensation	\$ 409,561

MGMA Western Region median Work RVUs	
2012 book / 2011 data	6,467
2013 book / 2012 data	6,338
2014 book / 2013 data	6,563
3-year average	6,456
Factor to convert to 2014 WRVUs	0.999
Work RVU target at 100% MGMA	6,450
Percentage of MGMA	85%
Contract target	5,483

Compensation per 2014 WRVU* **\$ 63.50**

*100% MGMA comp target / 100% MGMA WRVU target

	In 2014 RVUs
Projected productivity (Drew/Perahia median RVUs/day of 28.3 x 4 x 47)	5,320
Projected clinical compensation, FY 16	\$ 409,561
Percent of FTE	82.5%
Percent of target	97.0%

Net equivalent - MSC model

Contract amount	\$410K
MP/benefit cost	\$70-\$75K
Net comp	\$340-\$345K
<u>Below 2013 MGMA 25th percentile (\$354K)</u>	

The true tale – trying to recruit a urologist

	MD #1	MD #2
Contract requirement	\$540,000	\$460,000
Malpractice/benefit cost	\$75,000	\$75,000
Net compensation	\$465,000	\$385,000 193 of 209

The “Ideal” models

Eat What You Treat

Base Plus Bonus where production target < historical production

– or –

	EWYT	B+B; Pt<Ph
Fair Market Value	A	A
Internal equity	A	A
Aligned with organizational goals	B+	B+
Simple, clear & understandable	A	A
Sufficient to recruit and retain	It depends!	It depends!
-MDs producing median RVUs or higher	B+	B+
-MDs producing significantly < median RVUs	F	F

The Challenge:

The Low Producer

- ◎ The question that must be asked is WHY? ...
- ◎ Some factors are under a physician's control:
 - Lifestyle - too much vacation, short days, restricted access
 - Bedside manner
 - Practice style (slow & methodical vs. assembly line medicine)
 - Skills / experience / training / scope of practice
- ◎ Other factors are not:
 - Supply and demand which may be influenced by:
 - Minimum supply needs to maintain a call schedule
 - Fractional physician FTE needs in a specialty
 - Insurance, contracts, and out of pocket costs
 - Availability of specialized equipment to perform certain procedures
 - Sufficiency of volume to maintain skill level in performing specialized procedures
 - New to area / building a practice

MSC Solution to:

The Low Producer

- If need for a specialty is very low, the MSC looks to part-time relationships
 - Physician usually semi-retired or has an established practice elsewhere
- Existing practices brought into MSC have generally been set at a lower comp / productivity threshold
 - Peds - base comp was set to approximate historical income (plus malpractice / benefits)
 - ENT – whittled back to a level at which physician could reasonably bonus
 - GI – set at projected production based on historic daily RVUs
- New physicians generally require a competitive full-time comp package
- For all, we include the “slacker” clause:

“If Physician is paid a base compensation amount pursuant to Exhibit A, and fails to achieve at least 90% of the prorated WRVU target specified in Exhibit A for any quarterly period during the term of the Agreement, Physician may be reviewed by the MSC Executive Director or designee, together with the Medical Director of the MSC who shall select another physician to review the adequacy of Physician’s availability to patients. These three (3) individuals (“Reviewers”) shall review Physician’s average weekly hours of scheduled clinical availability and number of weeks worked against community and/or specialty-specific industry norms (pro-rated to Physician’s FTE status), along with reported incidents in which patients have been unable to obtain requested services in the MSC or inpatient/surgical setting due to Physician-imposed restrictions on availability or schedule cancellation. If the majority of the Reviewers determine that Physician has failed to provide reasonable availability to patients, then Physician’s base compensation as set forth in Exhibit A shall cease for the remainder of the current term of the Agreement. Such action is solely contractual in nature pursuant to this Agreement and does not constitute disciplinary action or a restriction under the Medical Staff bylaws nor does it entitle Physician to a hearing under the Medical Staff bylaws. For the remainder of such term, Physician shall be compensated at the rate per WRVU specified in Exhibit A, adjusted for malpractice and benefits in accordance with the MSC’s standard formula for production-based physicians.”

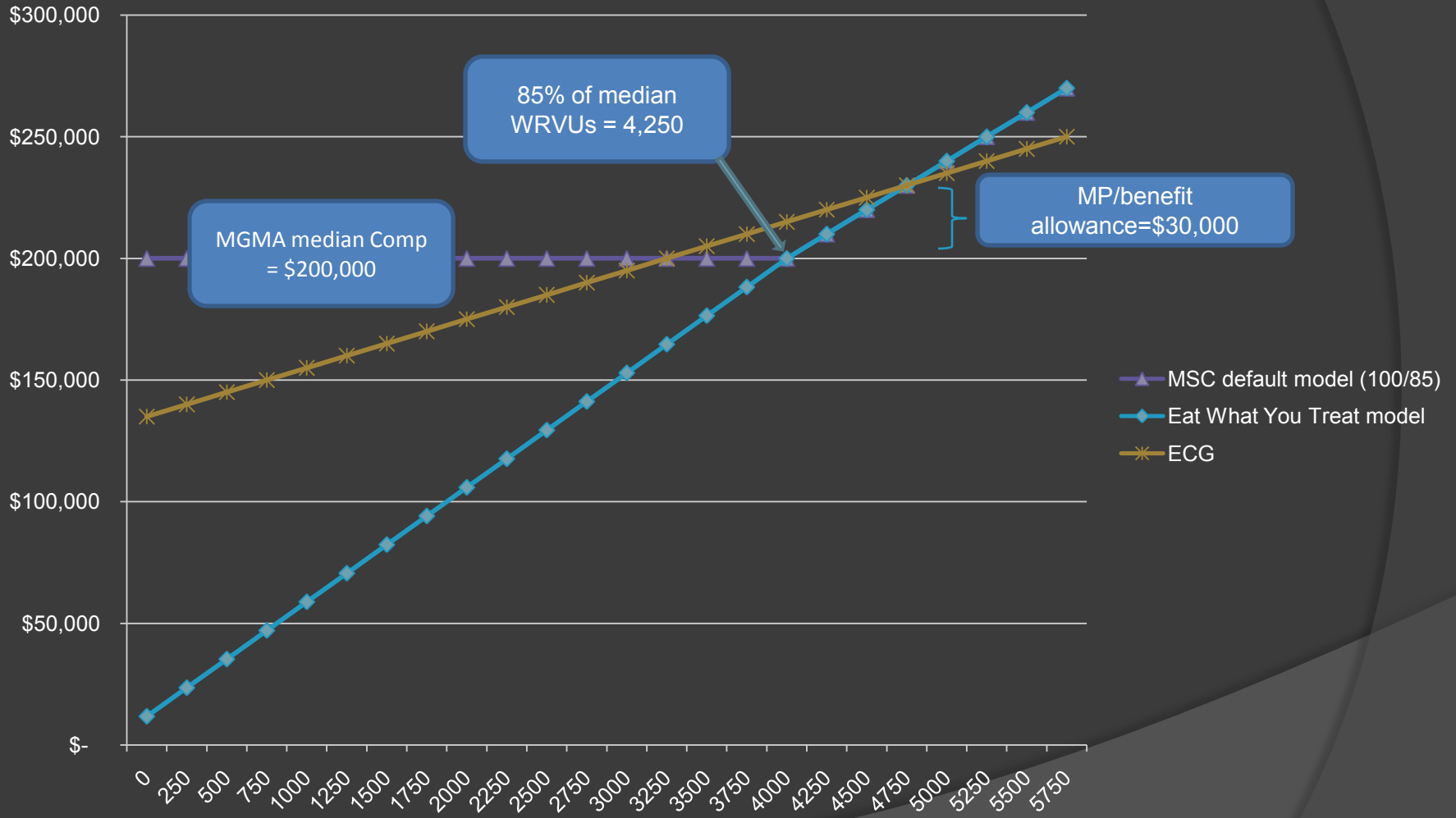
ECG Valuation

- ⦿ ECG was engaged in mid-2014 to evaluate whether all physician contracts fell within fair market value
- ⦿ Who is ECG?
 - Nationwide health care consulting firm with 160 consultants and 8 offices and 1,500 active clients
 - Approx. 25% of their work is focused on valuation projects
 - Exclusive provider of fair market value services for over 50 organizations
 - Last year, completed more than 250 presentations and articles for professional association meetings and journals
- ⦿ A few notes ...
 - Fair market value is a range, not a number
 - TFH requested a narrow range extending up to the 60th percentile (conservative)
 - *Equates to median + approx. 7-9%*
 - A range extending up to the 75th percentile is more commonly used to establish FMV
 - *Equates to median + approx. 20-25%*
 - The methodology for determining fair market value is not intended to serve as a design for compensation

ECG Valuation Model (Simplified)

- ⦿ Relative weighting of multiple valuation methodologies
 - 50% : Market comp per FTE x FTE status
 - FTE status determined based on a combination of production indicators, clinical hours worked, schedule availability, extensive interviews
 - 25%: RVUs x market comp/RVU
 - 25%: Collections x market ratio comp: collections
- ⦿ Cost of malpractice and benefits based on FTE status are added to comp

MSC vs ECG: The basic model



Summary of key differences

	TFMSC	ECG
What is it?	Comp model	Valuation methodology
Compensation per FTE	MGMA Western Region median 3 year avg 3% inflation	<ul style="list-style-type: none"> •Average of MGMA, AMGA, ECG, & Sullivan Cotter survey medians •Most current year •Specialty-specific inflation factors based on 5-year trend in survey data
Production measure	WRVUs	50% WRVUs 50% Collections
Malpractice and benefits	15%, earned only if production target is exceeded	Based on estimated cost per FTE, irrespective of physician production

Results: Comparing MSC Model to ECG's FMV

	TFMSC	ECG	Result
Median compensation per FTE (before adjusting for productivity)	MGMA 3 yr avg + 3%	Avg of 4 surveys, current yr + inflation	MSC model averaged 99.2% of the ECG median FMV
Malpractice and benefits	15%, earned only if production target is exceeded	Based on estimated cost per FTE, irrespective of physician production	ECG's estimate of malpractice / benefit cost averaged 19.1% of base comp
Production-adjusted compensation	Base comp + pmt/WRVU for WRVUs in excess of target	Blend of: 50% FTE-based comp 25% RVU-based 25% collection-based Plus MP/benefits	MSC's current (FY 16) model averages 91.3% of ECG's median FMV



TAHOE
FOREST
HEALTH
SYSTEM

GOVERNANCE COMMITTEE AGENDA

Wednesday, May 13, 2015 at 12:00 p.m.
Foundation Conference Room - Tahoe Forest Health System Foundation
10976 Donner Pass Rd, Truckee, CA.

1. **CALL TO ORDER**

2. **ROLL CALL**

Karen Sessler, M.D., Chair; Greg Jellinek, M.D., Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**

5. **APPROVAL OF MINUTES OF:** 04/08/2015

6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

6.1. **Compliance**

6.1.1. **Quarterly Contract Compliance Audit** ATTACHMENT
In accordance with the 2015 Corporate Compliance Work Plan, results of an audit of a sample of contracts presented to the Board between Dec 2014 and Feb 2015 will be presented.

6.2. **Contracts** ATTACHMENT

6.2.1. MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015

6.2.2. North_Tahoe_Orthopedic_Call_Coverage_Agreement 2015

6.3. **Board Goals** ATTACHMENT

The Committee will review the 2015 Board Goals approved by the Board at the April 28, 2015 meeting for committee dissemination.

6.4. **Committee Goals** ATTACHMENT

The Committee will review and update the status of its 2015 committee goals and further delineate tactics and measurements as appropriate.

6.5. **Board Education Program** *ATTACHMENT

The Committee will discuss topics and options for future board education.

7. **CLOSED SESSION**

7.1. Approval of Minutes: 04/08/15

8. **OPEN SESSION**

9. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

8. **NEXT MEETING DATE**

9. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



FINANCE COMMITTEE AGENDA

Thursday, May 21, 2015 at 2:00 p.m.
Eskridge Conference Room, Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
2. **ROLL CALL**
Dale Chamblin, Chair; Greg Jellinek, M.D., Board Member
3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
4. **INPUT – AUDIENCE**
This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.
5. **APPROVAL OF MINUTES OF: 03/24/2015..... ATTACHMENT**
6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
 - 6.1. Financial Reports:
 - 6.1.1. Quarterly Review Multi-Specialty Clinics..... ATTACHMENT
 - 6.1.2. Financial Report – April 2015..... ATTACHMENT
 - 6.1.3. Quarterly Review Truckee Surgery Center, LLC..... ATTACHMENT
 - 6.2. 2016 Budget Update
 - 6.3. Board Education and Updates ATTACHMENT
 - 6.3.1. Refinancing of 2006 Revenue Bonds - Update
7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**
8. **AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING..... *ATTACHMENT**
9. **NEXT MEETING DATE**
10. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



Board Informational Report

By: Crystal Betts
Chief Financial Officer

DATE: May 19, 2015

Refunding of the 2006 Revenue Bonds

On May 2, 2006, the District issued its Tahoe Forest Hospital District Revenue Bonds, Series 2006, in the original principal amount of \$27,385,000, of which \$23,240,000 principal amount remains outstanding. These bonds had a maturity in 2036, and held interest rates from 3.7% to 5.0%. These bonds were issued for the purpose of (a) refunding a portion of the 1999A Revenue Bonds, and (b) financing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District (known primarily as the Western Addition).

On March 31, 2015, the Board of Directors approved Resolution No. 2015-02 authorizing the refunding of the 2006 Revenue Bonds by issuing 2015 Bonds through public sale or private placement. It was also stipulated in the Resolution that the 2015 Bonds can only be issued if the present value savings to be realized by the District with respect to the 2006 Bonds is not less than 5% of the outstanding principal balance of the 2006 Bonds and the maturity date of the 2015 Bonds shall not be any later than the maturity date of the 2006 Bonds.

Between March 12 and April 15, 2015, the District conducted their annual bond surveillance meeting with Standards and Poor's (S&P). On April 21, 2015, S&P affirmed our BBB- rating with a change in the ratings outlook from stable to negative.

With completion of the surveillance and affirmation of the BBB- rating, we moved forward with the refunding of the 2006 Bonds. Both a public offering and private placement of the 2015 Bonds were evaluated based upon the current market. At that time a private placement produced the best value for the District and Western Alliance Public Finance was very interested based upon the information they had read in our previous official statement and our credit worthiness. A site visit was conducted on May 1, 2015 by Alex Korenets, Vice President, from Western Alliance Public Finance. The site visit went well and Mr. Korenets made a recommendation to the bank's credit committee to purchase the 2015 Bonds, which was approved.

Refunding of the 2006 Revenue Bonds (continued)

The Bond Purchase Agreement for the private placement of the Bonds with Western Alliance Public Finance was executed on May 13, 2015. The 2015 Bonds are in the principal amount of \$20,979,000, with maturity in 2033, at a 3.87% fixed interest rate. This produces a net savings of \$2.57 million and \$2.33 million in net present value savings for the District, or 10.036% net present value savings as a percentage of the par amount of the 2006 Bonds remaining outstanding. This exceeds the required 5% savings required in the resolution by 5.036%. By utilizing the debt service reserve funds and the guaranteed investment contract funds that already existed on the 2006 Bonds, we were able to reduce the principal amount financed by \$2,261,000, from \$23,240,000 to \$20,979,000. In addition, we were able to shorten the maturity from the original issuance by 3 years, from 2036 to 2033.

May 29, 2015 is the 2015 Bond closing date and notice of redemption of the 2006 Bonds will be sent by the Escrow Agent. Redemption of the 2006 Bonds will occur on July 1, 2015. This has been a successful transaction for the District.



Board Informational Report

By: Jake Dorst
CEO/CIO

DATE:4/24/2015

STRATEGIC INITIATIVE 2.1

Develop an accountable and fully engaged team / establish a formal system of communication and feedback with the medical staff organization and medical staff leadership to optimize medical staff involvement in strategic planning, projects and program innovation.

- I am working with the physicians to help ease tensions caused by some public commentary surrounding their compensation model as being too rich and for too little work. The Board will be provided an education session at the May board meeting to help allay the perceived concerns about overpayment by explaining that our process involves national benchmarking and external auditing. Also included in this education session will be a review of how much the average costs of hiring physicians is in our area via a unaffiliated physician recruiters.

STRATEGIC INITIATIVE 2.2

Develop an accountable and fully engaged team / Conduct a formal survey to optimize employee engagement and use results to identify opportunities for improvement

- The administrative Council is beginning a formal rounding process with members of the Administrative Council and plan to incorporate the Board in these events as well. Departments will be provided binder logs so that employees can place comments for review and follow up. The visibility and openness fostered by the rounding will be beneficial building trust and open communication.
- TFHD received a very prestigious 5 star award from CMS. We are planning a new billboard on Donner Pass road that will reflect this award and thank the community for rating us so highly. Additional communication of this award have been included on the TFHD Facebook page, twitter account, and web site. We will also run some advertisements in the local newspapers.

STRATEGIC INITIATIVE 4

Make the most effective investment in and use of information systems

- TFHD is looking at implementing a data card system (LifeMed-ID) that will allow our patients to be positively identified with all of their information pre-loaded into our system without having to re-enter data during subsequent visits. This will be the first step in creating a electronic master patient index for our community.

- TFHD is working with 1Bios to create a mobile employee engagement platform for health and wellness.

STRATEGIC INITIATIVE 8.1

Achieve equitable, sustainable programs and partnerships that respond to local health priorities

- TFHD has included a placeholder in our upcoming budget for the wellness neighborhood at \$600,000 and the Community health program at \$200,000. This combined \$800,000 placeholder is there to ensure that we do not cut funding for the partner programs we have initiated and gives us more time to refine the TFHD Community Benefit/Wellness Neighborhood program. Once the program is refined and integrated into our overall mission at TFHD we will approach the Board for any funding that is over and above the initial budgetary placeholder.



Board CNO Report

By: Judy Newland
Chief Nursing Officer

DATE: May 19, 2015

Strategic Initiative 2.3 Conduct two-way communication with employees about health system goals, projects and priorities, conduct annual Town Hall Meetings.

Staff attended the Annual Employee Town Hall Meetings located at the Resort at Squaw Creek. These meetings included an education session on Just Culture, Senior Management presentations on Health System Strategic Initiatives and Goals and a question and answer session. Five sessions were made available for staff to attend, each session being four hours plus a one hour lunch.

IVCH staff participated in a house wide staff meeting at Incline Village. Representation from IVCH Foundation was present and thanked the staff for their Guardian of Excellence Beacon Award earned from the Emergency Department Press Ganey Patient Satisfaction results. Senior Management gave presentations on strategic initiatives and goals for IVCH and financials and ending with a question and answer session

Congratulations to Jackie Griffin, an RN for the Medical Surgical Department, who received the honor of being the Nurse of the Year. This year nurses were also recognized for their commitment to the organization's values of QUEST. Those honored were Greg Tarter, ICU, for QUALITY; Bev Schnobrich, Case Management, for UNDERSTANDING; Lynn Hamill, Medical Surgical, for EXCELLENCE; Jason Payette, IVCH for SERVICE; and Jackie Griffin, Medical Surgical, for TEAMWORK. Nursing Management would like to extend a thank you to the Nurse Practice Council for organizing the annual event. This event included two speakers, Alicia Barr, Mayor of Town of Truckee thanking nursing for their service to the community and Ryan Solberg, Physical Therapist, on How to Stay Fit While at Work.

Strategic Initiative 2.4. Implement the next level of Just Culture training for organization improvement.

A two hour presentation was given to staff by Alex MacLennan, Human Resource Manager, at the annual Town Hall Meetings on Just Culture. An interactive period allowed all staff to participate in the Just Culture process.

Tahoe Forest Hospital District

Board of Directors Meeting Evaluation Form

Date: _____

		Exceed Expectations		Meets Expectations		Below Expectations
1	Overall, the meeting agenda is clear and includes appropriate topics for Board consideration	5	4	3	2	1
2	The consent agenda includes appropriate topics and worked well	5	4	3	2	1
3	The Board packet & handout materials were sufficiently clear and at a 'governance level'	5	4	3	2	1
4	Discussions were on target	5	4	3	2	1
5	Board members were prepared and involved	5	4	3	2	1
6	The education was relevant and helpful	5	4	3	2	1
7	Board focused on issues of strategy and policy	5	4	3	2	1
8	Objectives for meeting were accomplished	5	4	3	2	1
9	Meeting ran on time	5	4	3	2	1

Please provide further feedback here:
