

Training for Volunteers

To Co-Lead

Healthier Living Workshops in Calaveras County



**Do you have an interest in helping others?
Are you a good self-manager of your own health?
Are you comfortable speaking in front of a group?
Do you have or care for someone with a condition?
Do you have a desire to volunteer your time & skills?**

**If you answered Yes to the above questions, become a leader for the
Healthier Living Workshop Program!**

Leaders needed for workshops in all Calaveras Communities

Valley Springs, Arnold, West Point, Mountain Ranch, Copperopolis

Learn how to ...

- Facilitate the Managing Chronic Health Conditions Workshop
- Teach others the skills to self-manage their own chronic conditions.
- Improve self-management of your own ongoing health challenges.

Training expectations:

- Must attend all 4 days of training
- Co-Lead your first workshop within 6-12 months of training
- Co-Lead at least one six week workshop each year

When: Thursday/Friday - September 29, 30 & October 6, 7 2016

9:00 am - 4:30 pm (lunch provided)

Where: Calaveras County Library

1299 Gold Hunter Rd., San Andreas

Please register by Wednesday September 14, 2016

To learn more or register, call Bonnie Nordby at CC Public Health (209) 754-6034
or email: bnordby@co.calaveras.ca.us

Visit Our Website <http://tinyurl.com/CalaverasCDSMP>

August 1, 2016

1536 Saddleback Drive
San Andreas, CA 95249

Debbie Petersen, Clinical Director
Heart Center
Mark Twain Dignity Health
San Andreas, CA 95249

Dear Director Petersen:

My name is Carol S. Larson and I am a patient of Cardiologist, Dr. Courtney Virgilio. I am writing to voice my disappointment and dismay at Dr. Virgilio's recent departure, as reported in the Friday, July 29, 2016 Calaveras Enterprise front page article. I seriously doubt that Dr. Virgilio's departure is due to a computer system upgrade, as alluded to by Mr. Diehl. It is more likely her departure is because of no support from Dignity Health directors regarding her vision for a full service Heart Center for us heart patients in the Calaveras County area. It is frightening and uncomfortable for us heart patients to know that Dr. Virgilio is no longer on board at our local hospital in the Heart Center she came to run almost 2 years ago. Those of us with heart health issues are now left without any cardiologist at the Center; in particular, we're left without Dr. Virgilio. This is unacceptable. Not only is Dignity Health NOT Humankindness quality; I deem it as Humandeceitfulness. Shame on them for the way they have ripped apart most of the units that were once available at Mark Twain, from OB/GYN, Physical Therapy, Heart Center, etc. etc.. Dignity Health is obviously using our local hospital as a feeder facility to fund and profit their larger hospitals out of the area, i.e., St. Joseph's in Stockton, many of the hospitals in and around Sacramento, Woodland, Folsom, etc. etc.; thus leaving Calaveras county residents without local full hospital services.

Losing this compassionate, caring, highly skilled and trained, extremely efficient and effective cardiologist is yet another huge loss to our community's medical services. Her vision was to expand services for us, her cardiac patients, to include being able to stay near our homes in Calaveras County when we need heart procedures done. What a wonderful concept: to have our needed heart procedures done right here near our homes, without having to be transported to Dignity Health's larger, money making hospitals in the Stockton and Sacramento cities. Our health should not be at risk so Dignity Health can use us, Calaveras County patients, as feeder patients to make money for their larger hospitals.

We need Dr. Virgilio and her vision for a full service Heart Center at Mark Twain Hospital.

FINANCIAL, OPERATIONAL, AND STRATEGIC ASSESSMENT AGREEMENT

Quorum Health Resources, LLC ("Quorum"), is pleased to submit this agreement (the "Agreement") to Mark Twain Health Care District ("MTHCD" or the "District") for financial, operational, and strategic assessment consulting services for the Hospital owned by the District (the "Hospital"). This Agreement outlines Quorum's approach, timeline, and fee structure for this service (the "Project").

Our Understanding of Your Needs

MTHCD, located in San Andreas, CA, currently has 100% ownership in the facility assets of the Hospital. Currently, there is a lease of the Hospital by the District to the Mark Twain Medical Center, a non-profit corporation ("MTMC") which will expire at the end of 2019. MTMC has in turn entered into a management services agreement with Dignity. By virtue of the bylaws of MTMC, the District owns a 50% interest in the residual value of MTMC upon its dissolution. The District board has requested an operational, financial, and strategic assessment to determine the Hospital's ability to sustain itself as an independent hospital, either operated directly by the District or operated by a third party on behalf of the District, and identify alternatives if independence is not an option.

Our Approach

Quorum will analyze the Hospital's current financial and operating state to determine its ability to become an independent hospital. These assessments will consider the the Hospital's current performance and likely future capital and operating demands for sustaining itself independently.

Financial, Operational, and Strategic Assessments

Financial Assessment

The financial assessment is designed to identify and quantify the Hospital's working capital needs and long-term capital needs for transition to becoming an independent hospital. These analyses will include, at a minimum, projections of future EBIDA margins, capital needs to sustain the organization, and considerations of settlement of outstanding liabilities that may impact financial performance.

Operational Assessment

The operational assessment is designed to identify operating performance and cash flow enhancement opportunities through process improvements and benchmark comparison of the Hospital versus industry standards and Quorum's best practices. Specifically, we will:

- Review existing strategic plans;
- Benchmark key performance indicators against industry and Quorum best practices;
- Review and assess the business office functions;

- Review and assess materials management/supply costs;
- Compare existing staffing to comparable metrics from Quorum CAH clients and provide a high-level assessment of appropriateness of Hospital staffing; and
- Compare current patient volumes and other metrics for the Hospital's employed physicians and physician assistants with best practice metrics.

Strategy Assessment

The strategy assessment will address issues impacting the long-term viability of the Hospital, including:

- Physician alignment, including an analysis of employed physician contracts;
- Market share and outmigrations; and
- Hospital affiliations and potential strategic partners.

Assessment Approach

Project Kickoff and Data Collection

Immediately upon execution of this Agreement, Quorum will conduct a kick-off conference call to establish the formal Project action plan, including identification of the Hospital's and Quorum's responsible parties and expected timelines for completing key Project activities. We will also review Quorum's data request, which will need to be completed by the Hospital and returned to Quorum prior to the initiation of the assessments.

On-Site Review

After doing a desktop analysis of the initial data, the Quorum team will visit the Hospital to conduct an on-site review to validate the findings of the initial data analysis, and to understand more clearly both the Hospital's operations and leadership's understanding of local healthcare market needs and requirements.

Deliverables

After completing the on-site review, Quorum will compile our findings and recommendations in a draft report (the "Draft Report") in PowerPoint format, to allow Hospital leadership an opportunity to provide feedback and ask questions. Once Hospital leadership has approved the Draft Report, Quorum will then issue a final version (the "Final Report") for presentation to the Hospital board. The Final Report will include analysis on the financial and operational ability of the Hospital to operate independently, considerations for strategic direction for the organization, and financial projections. Quorum will present the Final Report at an MTHCD board meeting.

Your Quorum Team

The Project will be overseen by senior-level consultants with experience in acute care and CAH finance, operations, and strategy. Other consultants assigned have experience in cash flow analysis, billing and collections, labor productivity improvement, operating and supply cost analysis, IT (including Meaningful Use requirements), and strategic planning.

Quorum Has Extensive Experience Helping CAH Executives.

Quorum has extensive experience helping CAHs be successful, providing advisory and support services to more than 30 CAH clients. We also have three decades of experience working with hospitals in rural markets. We understand the distinct operational challenges and a Medicare program regulatory scheme that sets such hospitals apart from others in the United States. Yet like every hospital, operating a successful and prosperous CAH requires sound leadership and management to attain its strategic goals and objectives. Our experts navigate the challenges facing hospitals on a daily basis and can help you successfully resolve them.

The Quorum Difference

The Quorum difference is the extraordinary combination of consulting guidance and operations experience that enables client healthcare organizations to achieve a sustainable future. As an integrated professional services company, Quorum has been delivering innovative, executable solutions through experience and thought leadership for more than three decades. Quorum is consistently ranked among the top healthcare consulting firms in the nation.

Quorum Learning Institute

In addition to consulting, the Quorum Learning Institute attracts nearly 15,000 hospital leaders and professionals each year, offering more than 75 educational and training programs to meet the needs of healthcare staff, leaders, managers, and governing boards. Our faculty members, drawn from Quorum's consulting and operational ranks, have 20 years of experience on average, and most have worked full-time in healthcare before becoming consultants or operators. Consequently, they know firsthand how to resolve the challenges facing hospitals and can draw upon their experiences to deliver education that focuses on practical outcomes.

Timeline & Fees

The effective date of this Agreement will be the date of the last signature (the "Effective Date"); however, the Project will begin on a date mutually agreed upon by the District and Quorum.

The professional fee for the Project as described herein is \$175,000 (the "Professional Fee"). Payment of fifty percent (50%) of the Professional Fee (\$87,500) is due to Quorum with a signed contract. Payment in the amount of \$78,750 will be due and payable to Quorum upon presentation of the Draft Report. Payment of the remaining balance of the Professional Fee (\$8,750) will be due and payable upon delivery of the Final Report. Unless otherwise stated herein, payment is due and payable upon receipt of Quorum's invoice.

The Professional Fee quoted does not include Quorum consultant travel expenses to visit the District or Hospital for this Project. Quorum will invoice the District separately for business related travel and other expenses related to the Project ("Consultant Travel Expenses"). These typically include expenses such as transportation, lodging, meals, document preparation, shipping, etc. Consultant Travel Expenses will be billed at cost (i.e., not marked up by Quorum). Quorum will exercise good faith efforts to book airfare at coach rates when available and otherwise book travel arrangements on a cost-effective basis. Payment for Consultant Travel Expenses as related to the Project is due and payable upon receipt of Quorum's invoice.

The District understands and acknowledges that our bills should be sent directly to the following address, and that the District, as indicated by its signature below, accepts sole responsibility for all payments due under this Agreement:

Name of Facility: _____

To the Attention of: _____

Billing Street Address: _____

Billing City, State, and Zip: _____

Payments can be made by check or by electronic payment. Quorum makes two types of electronic transfers available for customers: Fed Wire (same day transfer) and ACH (a two-day wire via Metavante or other third party automated clearinghouse service). For more information, please send an email to Julie_Boyd@qhr.com.

The Professional Fee quoted for the Project, as described herein, is valid for thirty (30) days from the date of this Agreement, unless otherwise specified.

Additional Information

The District understands and acknowledges that, absent action by the District, the data, reports and information generated by Quorum in performing the services will not be protected by the attorney/client or any similar confidentiality privilege. In the event the District intends to have any portion of Quorum's services conducted under privilege, it is imperative that the District notify Quorum of such intention prior to execution of the signed contract. In such event, the District shall submit the signed contract to the District's legal counsel, and permit the legal counsel to formally request, direct and receive all reports on the services to be provided by Quorum.

The District understands and agrees that any and all timelines outlined in this Agreement are for the District's information only, and that Quorum is not bound by, nor can Quorum guarantee that, any work will be completed within the proposed timelines; however, Quorum will make good faith efforts to ensure the work is completed within a reasonable timeframe.

Quorum reserves the right to withdraw or amend access to any Box.com-provided content at our sole discretion and without notice to the District. Quorum will not be liable if, for any reason, all or any part of any Box.com-provided content is unavailable at any time or for any period. Quorum specifically disclaims any liability for any actions resulting from the District's use of, or access to, any Box.com-provided content. The District may use and access Box.com-provided content at the District's own discretion and risk, and the District is solely responsible for any damage to its computer system or loss of data that results from the use and access of any Box.com-provided content.

Obtaining items through Box.com is at your own risk. Box.com access is provided on an "as is" and "as available" basis, without any promises of any kind, either express or implied. Neither Quorum, nor any person associated with Quorum, makes any promise, warranty, or representation with respect to the completeness, security, reliability, quality, accuracy, or availability of Box.com. Without limiting the foregoing, neither Quorum, nor anyone associated with Quorum, promises, represents, or warrants that Box.com, or any portion thereof, will be accurate, reliable, error-free, or uninterrupted, that Box.com, or the server that makes it available, are free of viruses or other harmful components. Quorum hereby disclaims all warranties of any kind, whether expressed or implied, statutory or

otherwise, including, but not limited to any warranties of merchantability, non-infringement, and fitness for particular purpose.

Quorum's services are of a prospective, educational and process improvement nature, aimed at improving compliance, accuracy and efficiency in financial operations and processes. This is a consultative project, and Quorum will not perform any clinical, financial, coding, or compliance services on behalf of the District. If reviewing patient charts, Quorum will only review and use charts for examples that have already been coded and billed by the District, and such charts will be analyzed for consultative purposes only. Quorum shall not make any coding or reimbursement decision on any particular case for the District, nor shall Quorum direct or be responsible for directing District to re-code or re-bill any charts.

The District understands and acknowledges that Quorum does not provide legal advice, and that Quorum's provision of services outlined herein does not include legal review, consultation, or services. The District further understands and acknowledges that it is the District's responsibility to seek legal review of any and all proposed arrangements and agreements in accordance with the District's standard contracting policies, procedures, and protocols.

The District acknowledges and agrees that Quorum is not responsible or liable for the District's ultimate decisions made with regard to staffing or staff changes, and the District agrees to indemnify, save, and hold Quorum harmless against any claims made by District's employees resulting from any and all staffing decisions made by the District.

The District acknowledges and agrees that hospital-physician relations and physician employment contracts raise significant legal issues and that it is the District's obligation to seek legal counsel with respect to these issues. Quorum does not provide physician employment document valuation services and is not a licensed appraiser. Quorum does not provide advice or opinion on the fair market value or commercial reasonableness of any physician compensation, or on compliance with any federal or state anti-kickback or self-referrals laws. The District acknowledges and agrees that it is the District's obligation to review and approve or seek an outside opinion on the fair market value or commercial reasonableness of physician compensation.

Quorum's services shall not, by themselves, be construed or relied upon as providing a complete due diligence review with respect to any pending or contemplated purchase or sale of District assets. Any reports, studies, recommendations, and other deliverables provided to the District by Quorum are intended for the use and benefit of the District only, and not of any third party. No third-Party is intended, or shall be entitled, to rely upon, enforce, or assert that it is a third-Party beneficiary of, the provisions of any agreement between the District and Quorum.

Next Steps

If the scope of this Agreement is acceptable, please email a signed copy to julie_boyd@qhr.com and mail the required payment to Quorum Health Resources, Attn: Proposal Department, 1573 Mallory Lane - Suite 200, Brentwood, TN 37027. Once the signed Agreement and required payment have been received, Quorum will return a fully executed copy for your records.

All services will be conducted subject to the Addendum 1 – Terms and Conditions and Addendum 2 – Business Associate Agreement, attached hereto and incorporated herein by reference. This Agreement,

Addendum 1, and Addendum 2 will constitute the entire, formal Consulting Services Agreement between the parties as more fully defined in Section 1 of Addendum 1 (collectively referred to herein as the "Agreement," or the "Contract Documents").

AGREED TO AND APPROVED (Mark Twain Health Care District):

Signature _____ Date _____

Name/Title (printed) _____

AGREED TO AND APPROVED (Quorum Health Resources, LLC):

Timothy J. Ryan, Chief Financial Officer _____ Date _____

ADDENDUM 1 – TERMS AND CONDITIONS

This Addendum 1 is attached to and made a part of that certain Agreement between Quorum Health Resources, LLC ("Quorum") and Mark Twain Health Care District (the "District") (each a "Party"; collectively, the "Parties"), dated the 17th day of August, 2016.

1. Contract Documents. The contract documents consist of the Agreement, this Addendum 1–Terms and Conditions, and Addendum 2–Business Associate Agreement, attached hereto and incorporated herein by reference (collectively referred to herein as the "Contract Documents"), as well as any subsequent Addendums the Parties may later agree to for additional consulting services. The Contract Documents represent the entire agreement of the Parties thereto as to the subject matter set forth therein. Without limiting the foregoing and the provisions set forth in Section 2 below, no contract, agreement, job description or other instrument entered into between the District and Quorum shall in any way expand or modify the duties, obligations or liabilities of Quorum outlined in the Contract Documents.

2. Amendment. The Contract Documents may not be supplemented, modified, or amended except in writing and signed by both Parties. No person has the authority on behalf of Quorum to waive, modify, or amend any term of the Contract Documents except the person (or his/her successor) duly-authorized to sign these Contract Documents on behalf of Quorum.

3. Project Limitations. The scope and limitations of the services and deliverables provided by Quorum to the District in this Project are set forth in the attached Agreement.

4. Indemnification and Limited Liability.

4.1 Indemnification.

4.1.1 In General. Each Party ("Indemnifying Party") shall defend, indemnify, save and hold harmless the other Party, its shareholders, members, directors, officers, employees and agents (collectively, an "Indemnified Party") from and against any and all judgments, losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses paid or incurred by an Indemnified Party), joint or several, which may be asserted against any Indemnified Party arising out of the activities or operations of the Indemnifying Party.

4.1.2 Parties' Intent. It is the intent of the Parties that this indemnification shall include, without limitation, Quorum Claims arising directly or indirectly out of: (i) any pending or threatened medical malpractice, other tort claim, contractual claim or any other claim or cause of action asserted against any Quorum Indemnified Party; (ii) any action against any Quorum Indemnified Party brought by any of the Indemnifying Party's current or former employees or members; (iii) any act or omission by any employee, medical staff member, or other personnel of the Indemnifying Party; and (iv) any violation of any requirement applicable to the Indemnifying Party under any federal, state, or local law or regulation. It also is the Parties' intent that the obligations within this **Article 4** shall survive any termination or expiration of the Contract Documents.

4.2 Cumulative Liability of Quorum. The cumulative liability of Quorum, its employees, agents, representatives and/or Affiliates to the District for any and all claims, regardless of the form of action, arising out of, or relating in any way to, the Contract Documents, shall not exceed the lesser of: (i) the total of all fees (not including reimbursed costs or expenses) paid by the District pursuant to the Agreement (and no other agreement) as of the date any such claim actually accrued or was filed; or (ii) the total of all fees (not including reimbursed costs or expenses) paid by the District to Quorum pursuant to the Agreement (and no other agreement) during the twelve (12) month period immediately preceding the date on which such claim accrued or was filed.

5. Insurance. The District has, and shall maintain at its own cost and expense, throughout the Term, the following minimum insurance coverage provided by insurance carriers acceptable to Quorum and shall provide evidence of such insurance at Quorum's request:

Comprehensive General Liability (CGL)	\$1,000,000 per occurrence \$3,000,000 aggregate
Umbrella/Excess (Over CGL and HPL)	\$5,000,000 per occurrence and aggregate

Quorum has, and shall maintain at its own cost and expense, the following minimum insurance coverage with an insurance company with an AM Best rating of A or better:

Worker's Compensation	Statutory Amount
Employer's Liability	\$100,000
Automobile Liability	\$1,000,000
Comprehensive General Liability (CGL)	Self-insured retention \$5,000,000
Management Services Errors and Omission (E&O)	Self-insured retention \$5,000,000
Healthcare Professional Liability (HPL)	Self-insured retention \$6,000,000
Excess Healthcare Professional Liability	\$25,000,000 (over all above underlying policies)

Upon request, Quorum shall provide proof of such insurance.

6. Term. The Term of the Contract Documents shall commence upon the execution of the Agreement attached hereto ("Effective Date") and shall terminate on the two year anniversary of the Effective Date, unless further extended by agreement of the Parties. ("Expiration Date") (collectively referred to herein as the "Term").

7. Termination for Cause.

7.1 Bankruptcy. Either Party may terminate the Contract Documents immediately in the event the other Party: files a petition commencing a voluntary case against it under the U. S. Bankruptcy Code; makes a general assignment for the benefits of its creditors; becomes insolvent; becomes unable to pay its debts as they become due; files a petition or answer in any proceeding seeking for itself or consenting to, or acquiescing in, any insolvency, receivership, composition, readjustment, liquidation, dissolution, or similar relief under any present or future statute, law, or regulation, or files an answer or other pleading admitting or failing to deny or to contest the material allegations of the petition filed against it in any such proceeding; seeks or consents to, or acquiesces in, the appointment of any trustee, receiver of it or any material part of its property; or has commenced against it any involuntary case under the U. S. Bankruptcy Code, or a proceeding under any receivership, composition, readjustment, liquidation, insolvency, dissolution, or like law or statute, which case or proceeding is not dismissed or vacated within sixty (60) days from commencement.

7.2 Breach or Default. Except as otherwise provided in **Section 7.3** below, if a Party hereto ("Defaulting Party") fails substantially to perform any of its material obligations under the Contract Documents, the other Party ("Non-Defaulting Party") may give the Defaulting Party a "Notice of Default." The Notice of Default shall set forth the nature of the obligation that the Defaulting Party has not performed and shall be in writing. The Defaulting Party will have sixty (60) days to cure the default (the "Cure Period"). If the Defaulting Party does not cure the default within the Cure Period, the Non-Defaulting Party shall have the right to terminate the Contract Documents upon no less than thirty (30) days' notice; provided that notice of termination must be given no later than thirty (30) days after the expiration of the Cure Period. Failure to terminate the Contract Documents shall not waive any breach of

the Contract Documents. A waiver of any breach of the Contract Documents shall not constitute a waiver of any future breaches of the Contract Documents, whether of a similar or dissimilar nature.

7.3 Non-Payment. If the District fails to make any payment to Quorum hereunder within ten (10) days following Quorum's notice to the District of non-payment, Quorum, among other rights and remedies pursuant to the Contract Documents or otherwise available at law or in equity, shall have the right to terminate the Contract Documents immediately. Failure to terminate the Contract Documents shall not waive any breach of the Contract Documents or release the District from any liability under the Contract Documents. A waiver of any breach of the Contract Documents shall not constitute a waiver of any future breaches of the Contract Documents, whether of a similar or dissimilar nature.

7.4 Licenses. Either Party shall have the right to terminate the Contract Documents immediately in the event any material license or certification required by the other Party to operate cannot be obtained, or is suspended, terminated, or revoked.

7.5 Litigation. Either Party may terminate the Contract Documents upon thirty (30) days written notice in the event there is entered against the other Party one or more judgments or decrees which the terminating Party reasonably believes would have a material adverse effect upon the financial condition or business operations of the other Party or the other Party's ability to perform under the Contract Documents.

7.6 Effects of Termination or Expiration. In the event of the termination or expiration of the Contract Documents for any reason, Quorum shall be paid within thirty (30) days of Quorum's last invoice date all fees theretofore earned, and reimbursed for all expenses incurred by Quorum in accordance with the terms of the Contract Documents. In the event Quorum should terminate the Contract Documents for breach, default or nonpayment, or the District should terminate the Contract Documents without the ability to do so under the Contract Documents, Quorum shall immediately be paid all fees that would normally be paid by the District and would accrue each month from the date of notice of termination through the end of the Term of the Contract Documents. The right to terminate the Contract Documents, and to receive payment of any amounts owing as of the effective date of termination, shall be in addition to any other remedy available at law or in equity. The expiration or termination of the Contract Documents for any reason shall be without prejudice to any payments or obligations which may have accrued or become due hereunder prior to the date of termination, or which may become due after such termination. Upon termination, Quorum shall provide all reports, papers, and documents prepared through the date of termination to the District.

8. No Third-Party Beneficiaries. The Contract Documents are solely between the Parties hereto. No third-Party is intended, or shall be entitled, to rely upon, enforce, or assert that it is a third-Party beneficiary of, the provisions of the Contract Documents.

9. Notices. Any notice, demand, request or other communication which one Party to the Contract Documents may give to the other shall be in writing, and shall be deemed to have been properly given: (i) if hand-delivered, or if sent by fax, upon receipt, or (ii) if delivered by overnight courier service, effective on the day following delivery to such courier service, or (iii) if mailed by United States registered or certified mail (or registered or certified airmail), postage prepaid, return receipt requested, effective two (2) days after deposit in the United States mail, addressed to the address or faxed to the fax number as follows, or such other address as the Parties may designate in writing:

To the District:	Mark Twain Health Care District P.O. Box 668 San Andreas, CA 95249 Attn: Chief Executive Officer FAX: _____
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With Copy to: Michael F. Dean, Esq.
Meyers and Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814

To Quorum: Quorum Health Resources, LLC
1573 Mallory Lane, Suite 200
Brentwood TN 37027
Attn: President and CEO
Fax: (615) 371-4600

With Copy to: 1573 Mallory Lane, Suite 100
Brentwood TN 37027
Attn: General Counsel

10. Notice of Breach. Neither Party shall be considered in breach of the Contract Documents for any reason unless and until it has been properly provided with written notice of such alleged breach, and has been afforded at least sixty (60) days to cure any alleged breach.

11. Late Payments. The District shall pay Quorum interest on all payments hereunder that are not paid when due. Interest shall accrue from the date the original payment was due at a rate of one and one-half percent (1.5%) per month until the payment is made in full. The District shall bear the costs of any and all legal or collection fees, costs and/or expenses, of any kind, incurred by Quorum in attempting to enforce the District's payment obligations hereunder.

12. Governing Law. The Contract Documents shall be governed by and construed, interpreted, and enforced pursuant to the laws of the state of California (without regard to its conflicts of laws rules or principles).

13. Authority of Quorum. It is understood that even though Quorum is performing certain consulting services on behalf of the other Party hereto, Quorum has no authority or responsibility to make or implement any recommended improvements or changes. The District hereby acknowledges and agrees that Quorum has no responsibility (unless separately engaged by such Party) to implement or make any Quorum-recommended improvements; and the District acknowledges and agrees that it has the sole responsibility to implement any recommended changes or improvements.

14. No Licensed Work. It is understood that in the course of performing its duties under the Contract Documents, Quorum shall not perform, or be expected to perform, or be responsible for the performance of, any work that normally would be expected of a professional/licensed person, including, but not limited to, the services of an architect, engineer, testing firm, accountant, attorney, physician or other allied health professional.

15. Reliance. The District agrees that Quorum may rely upon all information provided to Quorum as being true, correct and accurate, and Quorum shall have no duty to verify, test or otherwise validate such information at any time.

16. Environmental Matters. Quorum hereby disclaims any responsibility for the Hospital's compliance with any applicable environmental laws, including laws governing hazardous waste, hazardous materials, or environmental matters of any kind.

17. No Guarantee. It is understood that by the nature of the services provided hereunder, Quorum has not predicted (and cannot predict) any form of success, cost-saving or economic return for the services it will provide hereunder. The District hereby acknowledges and agrees that no person is authorized to make any such prediction or representation on behalf of Quorum.

18. Personnel. Any individuals listed as expected, or potential, team members may not, in fact, provide any of the services listed in the Agreement. If deemed by Quorum to be necessary, Quorum hereby reserves the right to perform its services hereunder with personnel of its choosing, and to change or substitute such personnel, at its sole discretion, for others with similar qualifications and/or levels of experience.

19. Arbitration for All Disputes. Except for any breach of **Article 21** below, to which the Parties are entitled to seek injunctive relief in a court of competent jurisdiction, any controversy or claim arising out of or relating to the Contract Documents, or the breach, termination or validity thereof, shall be determined by binding arbitration in Sacramento, Sacramento County, California in accordance with the arbitration rules of the American Arbitration Association (“AAA”) in effect on the date of these Contract Documents by a single arbitrator who: (i) has at least fifteen (15) years of experience as a healthcare attorney; and (ii) is selected as provided in the rules of the AAA. The arbitrator shall base the award on these Contract Documents, and applicable law and judicial precedent, and shall accompany the award with a written explanation of the reasons for the award. The arbitration shall be governed by the substantive and procedural laws of the state of California applicable to contracts made and to be performed therein. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The prevailing Party shall be entitled to recover the costs of such action so incurred, including, without limitation, reasonable attorney’s fees.

20. Covenant Not to Hire. During the term of the Contract Documents, and for a period of at least one (1) year following the termination or expiration of the Contract Documents (for any reason), the Parties will not, directly or indirectly, through an affiliate or separate employee leasing or staffing company or otherwise, employ, or solicit for employment, any employee, agent, or independent contractor of the other Party (or in any way affiliated with the other Party) unless the other Party gives its prior and written consent thereto. The Parties recognize and agree that monetary damages are not an adequate remedy for a breach of this covenant not to hire. The Parties agree that irreparable damage will result to the affected Party and its business from a breach of this covenant, and that, in the event of a breach or a threatened breach of this covenant, in addition to monetary damages, the affected Party shall be entitled to an injunction enjoining the other Party hereto from violating this covenant. If the affected Party grants the other Party its written consent to hire any of the affected Party’s employees, agents or independent contractors at any time, the other Party acknowledges that the affected Party shall have the right to charge the other Party a hiring fee equal to at least twenty-five percent (25%) of the hired person’s base annual salary that will be (or is) paid by the hiring Party to the hired person when actually hired by such other Party.

21. Compliance with Laws. In performing their respective duties hereunder, Quorum the District shall conduct themselves in full accordance with all applicable state, federal and local laws and regulations, including, without limitation, the federal physician self-referral law (commonly known as the “Stark II Law,” 42 U.S.C. § 1395nn et seq.), and the anti-fraud and abuse provisions of the Social Security Act (42 U.S.C. § 1320a-7 et seq.). Nothing in the Contract Documents shall require any Party to arrange for, or send patients to, any other Party, or to any other Party’s affiliated hospitals or providers. Neither Quorum nor any of its representatives providing services hereunder, is now or has ever been excluded, debarred, or otherwise made ineligible from participation in any government program, including any federal or state healthcare program.

22. Confidentiality. The District and Quorum agree not to disclose any of the terms and/or conditions of the Contract Documents to any third-Party (other than their professional advisors) without the other Party’s express and prior written consent, except as required by law. Both Parties also hereby agree, at all times during the Term, to keep the other Party’s information, data and documents absolutely confidential, and they agree not to disclose such information, data or documents to any third-Party (other

than such Party's professional advisors) without the other Party's express and prior written consent, except as required by law.

23. HIPAA Compliance and Business Associate Agreement. Both Parties acknowledge and agree that they will ensure that a HIPAA compliant Business Associate Agreement ("BAA" or "Addendum 2", where applicable) is in place between them before services begin, to evidence their compliance with privacy standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160 and 164, subparts A, D and E ("the Privacy Rule"), the security standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160, 162 and 164, subpart C ("the Security Rule"), and the requirements of Title XIII, Subtitle D of the Health Information Technology for Economic and Clinical Health (HITECH) Act, as well as any applicable state confidentiality laws. Quorum shall comply with its responsibilities under such BAA; however, it remains the District's full and sole responsibility to ensure that all data and information submitted to Quorum is transmitted and delivered to Quorum in a secure, HIPAA-compliant manner.

24. Access to Books and Records. Upon the written request of the Secretary of Health and Human Services, or the Comptroller General, or any of their duly-authorized representatives, Quorum and any of its subcontractor providing services, with a value or cost of \$10,000 or more over a twelve-month period, shall make available to the Secretary the contract, books, documents, and records necessary to verify the nature and extent of the cost of providing such services. Such inspection shall be available up to four (4) years after the rendering of such services. The Parties agree that any applicable attorney-client, accountant-client, or other legal privilege shall not be deemed waived by virtue of the Contract Documents.

25. District Data Usage. The District agrees that Quorum may use any data provided to Quorum by the District in an aggregated, un-identifiable form (the "Aggregated Data") for any purpose, and District hereby grants to Quorum a perpetual, royalty-free license for such use. All District and Hospital data shall be deemed to be Confidential Information. In no event does the Aggregated Data include any personally identifiable information.

26. Ownership of Deliverables. The Deliverables (i.e., Draft Report and Final Report) shall be the property of the District, which may use the Deliverables as it deems appropriate. Quorum shall not be responsible for how the District uses the Deliverables.

ADDENDUM 2 – BUSINESS ASSOCIATE AGREEMENT

This Addendum is attached to and made a part of that certain Agreement by and between Quorum Health Resources, LLC ("Business Associate") and Mark Twain Health Care District ("Covered Entity") (each a "Party"; collectively, the "Parties"), dated the 17th day of August, 2016.

- A. Definitions.** Unless otherwise provided in this Addendum, all capitalized terms in the Addendum will have the meaning set forth in the HIPAA Requirements. References to Protected Health Information (hereinafter "PHI") shall be construed to include Electronic Protected Health Information, and references to PHI shall mean only the PHI that Business Associate uses, discloses, creates, receives, maintains and/or transmits for or on behalf of Covered Entity to perform the Services. For purposes of this Addendum, capitalized words shall have the definitions given or used by the HIPAA Requirements as of the compliance deadline established by such requirements. The Parties hereby acknowledge that the definition of PHI includes Genetic Information, as defined at 45 C.F.R. §160.103.
- B. Purposes for which PHI May Be Disclosed to Business Associate.** In connection with the services provided by Business Associate to or on behalf of Covered Entity described in this Agreement, Covered Entity may disclose PHI to Business Associate incidentally during the performance of service and support activities.
- C. Obligations of Covered Entity.** Covered Entity shall:
1. provide Business Associate a copy of its Notice of Privacy Practices ("Notice") produced by Covered Entity in accordance with 45 C.F.R. §164.520 as well as any changes to such Notice;
 2. provide Business Associate with any changes in, or revocation of, authorizations by Individuals relating to the use and/or disclosure of PHI, if such changes affect Business Associate's permitted or required uses and/or disclosures;
 3. notify Business Associate of any restriction to the use and/or disclosure of PHI to which Covered Entity has agreed in accordance with 45 C.F.R. §164.522 as well as any changes thereto; and,
 4. notify Business Associate of any amendment to PHI to which Covered Entity has agreed in accordance with 45 C.F.R. §164.526 that affects a Designated Record Set maintained by Business Associate.
- D. Obligations and Activities of Business Associate.** Quorum acknowledges and agrees it meets the definition of a "business associate" as defined at 45 C.F.R. §160.103. Business Associate shall only create, receive, use, disclose, maintain, and/or transmit PHI in compliance with this Agreement and the Confidentiality Requirements, including 45 C.F.R. §164.504(e). Business Associate agrees to comply with applicable federal and state laws, including but not limited to the HIPAA Requirements.
- E. Use of PHI.** Except as otherwise permitted by law and this Addendum, Business Associate shall only create, receive, use, disclose, maintain, and/or transmit PHI in compliance with the Agreement, this Addendum and the HIPAA Requirements, whichever is more protective of patient confidentiality and patient rights. In accordance with the foregoing, Business Associate shall use PHI (i) to perform the Services, and (ii) as necessary for the proper management and administration of the Business Associate or to carry out Business Associate's legal responsibilities, provided that such uses are permitted under federal and applicable state law. Additionally, Business Associate may use and disclose PHI for Data Aggregation purposes relating to the health care operations of the Covered Entity.

- F. Disclosure of PHI.** Business Associate may disclose PHI if required to do so by law. In addition to regarding Business Associate Agreements with Subcontractors, Business Associate may disclose PHI to a third Party, including any Subcontractor, as necessary for such third Party to assist Business Associate in performance of the Services; provided, however, that prior to any such disclosure Business Associate: (a) obtains reasonable written assurances from the third Party, including any Subcontractor, to whom the PHI is disclosed that the third Party will hold such PHI confidentially and will use or disclose such PHI only as Required by Law or for the purpose(s) for which the PHI was disclosed to the third Party; and (b) requires the third Party, including any Subcontractor, to agree to notify the Business Associate promptly, but in no event later than five (5) business days, following any instance of which such third Party is aware that PHI has been used or disclosed for a purpose that is not permitted by this Addendum or the HIPAA Requirements. Business Associate further agrees that any disclosures of PHI made by Business Associate to any third Party, including Subcontractors, shall comply with the HIPAA Requirements, including but not limited to the Security Standards.
- 1. Data Aggregation.** In the event that Business Associate works for more than one Covered Entity, Business Associate is permitted to use and disclose PHI for data aggregation purposes, however, only in order to analyze data for permitted health care operations, and only to the extent that such use is permitted under the Privacy Rule.
 - 2. De-identified Information.** Business Associate may use and disclose de-identified health information if (i) the use is disclosed to Covered Entity and permitted by Covered Entity in its sole discretion and (ii) the de-identification is in compliance with 45 C.F.R. §164.502(d), and the de-identified health information meets the standard and implementation specifications for de-identification under 45 C.F.R. §164.514(a) and (b) and the dates of birth and zip codes of individuals in the de-identified population are also excluded.
 - 3. Safeguards.** Business Associate shall maintain appropriate safeguards to ensure that PHI is not used or disclosed other than as provided by this Agreement or as required by Law. Business Associate shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic PHI it creates, receives, maintains, or transmits on behalf of Covered Entity.
 - 4. Minimum Necessary.** Business Associate shall attempt to ensure that all uses and disclosures of PHI are subject to the principle of “minimum necessary use and disclosure,” *i.e.*, that only PHI that is the minimum necessary to accomplish the intended purpose of the use, disclosure, or request is used or disclosed.
 - 5. Disclosure to Agents and Subcontractors.** If Business Associate discloses PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, to a subcontractor, Business Associate shall require the subcontractor to agree to the same restrictions and conditions as apply to Business Associate under this Agreement. In accordance with 45 C.F.R. §164.502(e)(1)(ii) and §164.308(b)(2), if applicable, Business Associate shall ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of the Business Associate enter into an agreement with Business Associate that is substantially similar to the agreement between Business Associate and Covered Entity and agrees to the same restrictions, conditions, and requirements that apply to the Business Associate with respect to such information. Business Associate shall ensure that any subcontractor agrees to implement reasonable and appropriate safeguards to protect the confidentiality, integrity, and availability of the

electronic PHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity.

6. **Individual Rights.** Business Associate agrees as follows:
 - (a) **Individual Right to Copy or Append PHI in the Designated Record Set.** In the event Business Associate maintains a Designated Record Set on behalf of Covered Entity, Business Associate shall promptly take all actions necessary for Covered Entity to comply with 45 C.F.R. §§164.524 and 164.526. Business Associate shall provide any request it (or its Subcontractors) receives from an Individual for access or amendment under such regulations to Covered Entity within five (5) business days of receipt. Business Associate agrees that only Covered Entity shall respond to requests received by Business Associate (or its Subcontractors) from Individuals.
 - (b) **Accounting of Disclosures.** Business Associate agrees to maintain documentation of the information required to provide an Accounting of Disclosures of PHI in accordance with 45 C.F.R. §164.528, and to make this information available to Covered Entity within fifteen days of Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for Accounting of Disclosures. Such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures prior to the compliance date of the Privacy Rule) and shall be provided for as long as Business Associate maintains the PHI. If an Individual requests an Accounting of Disclosures directly from Business Associate, Business Associate will forward the request and its Disclosure record to Covered Entity within five (5) business days of Business Associate's receipt of the Individual's request. Covered Entity will be responsible for preparing and delivering the Accounting to the Individual. Business Associate will not provide an Accounting of its Disclosures directly to any Individual.
7. **Internal Practices, Policies and Procedures.** Except as otherwise specified herein, Business Associate shall make available its internal practices, policies and procedures relating to the use and disclosure of PHI, received from or on behalf of Covered Entity to the Secretary or his or her authorized agents for the purpose of determining Business Associate and/or Covered Entity's compliance with the HIPAA Rules, or any other health oversight agency,. Records requested that are not protected by an applicable legal privilege will be made available in the time and manner specified by Covered Entity or the Secretary.
8. **Notice of Privacy Practices.** Business Associate shall abide by the limitations of Covered Entity's Notice of which it has knowledge. Any use or disclosure permitted by this Agreement may be amended by changes to Covered Entity's Notice; provided, however, that the amended Notice shall not affect permitted uses and disclosures on which Business Associate relied prior to receiving notice of such amended Notice.
9. **Withdrawal of Authorization.** If the use or disclosure of PHI in this Agreement is based upon an Individual's specific authorization for the use or disclosure of his or her PHI, and the Individual revokes such authorization, the effective date of such authorization has expired, or such authorization is found to be defective in any manner that renders it invalid, Business Associate shall, if it has notice of such revocation, expiration, or invalidity, cease the use and disclosure of the Individual's PHI except to the

extent it has relied on such use or disclosure, or if an exception under the Privacy Rule expressly applies.

10. **Security Incident.** Business Associate agrees to report to the Covered Entity any Security Incident of which Business Associate becomes aware.
 - (a) Attempted incidents, i.e., those incidents that are unsuccessful, shall be reported to the Covered Entity within 30 days of the Covered Entity's written request. The Covered Entity will not make such a request more frequently than quarterly.
 - (b) Successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operation shall be reported to the Covered Entity promptly and in no case greater than 3 business days.
11. **Breaches of Unsecured PHI.** Business Associate will report in writing to Covered Entity any Breach of Unsecured Protected Health Information, as defined in the Breach Notification Regulations, 45 C.F.R. §§164.400 *et seq.* (each a "HIPAA Breach"), within five (5) business days of the date Business Associate Discovers the Breach, and shall provide Covered Entity with all information required by 45 C.F.R. §164.410 that Business Associate has or may obtain without unreasonable difficulty. Business Associate will provide such information to Covered Entity in the manner required by the Breach Notification Regulations, and as promptly as is possible. Business Associate will reimburse Covered Entity for any reasonable expenses Covered Entity incurs in notifying Individuals of such Breach experienced by Business Associate or Business Associate's Subcontractors, and for all reasonable expenses Covered Entity incurs in mitigating harm to those Individuals as well as Covered Entity. This Section shall survive the expiration or termination of this Addendum and shall remain in effect for so long as Business Associate maintains PHI.

G. Term and Termination.

1. **Term.** This Agreement shall be effective as of the Effective Date and shall be terminated when all PHI provided to Business Associate by Covered Entity, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity.
2. **Termination for Breach.** Either Party may terminate the Agreement (the "Terminating Party") upon written notice to the other Party (the "Terminated Party") if the Terminating Party determines that the Terminated Party has breached a material term of this Addendum. The Terminating Party will provide the Terminated Party with written notice of the breach of this Agreement and afford the Terminated Party the opportunity to cure the breach to the satisfaction of the Terminating Party within thirty (30) days of the date of such notice. If the Terminated Party fails to timely cure the breach, as determined by the Terminating Party in its sole discretion, the Terminated Party may terminate the Agreement.
3. **Effect of Termination.** Upon termination of this Agreement for any reason, Business Associate agrees to return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, maintained by Business Associate in any form. If Business Associate determines that the return or destruction of PHI is not feasible, Business Associate shall inform Covered Entity in writing of the reason thereof, and shall agree to extend the protections of this Agreement to such PHI and limit further uses and disclosures of the PHI to those purposes that make the return or destruction of the PHI not feasible for so long as Business Associate retains the PHI.

- H. Mitigation.** If Business Associate violates this addendum or either of the HIPAA Rules, Business Associate agrees to mitigate, to the extent practicable, any direct damage caused by such breach.
- I. Rights of Proprietary Information.** Covered Entity retains any and all rights to the proprietary information, confidential information, and PHI it releases to Business Associate.
- J. Survival.** The respective rights and obligations of Business Associate under Section D of this Agreement shall survive the termination of this Agreement.
- K. Notices.** Any notices pertaining to this Addendum shall be given in writing and shall be deemed duly given when personally delivered to a Party or a Party's authorized representative as listed below or sent by means of a reputable overnight carrier, or sent by means of certified mail, return receipt requested, postage prepaid. A notice sent by certified mail shall be deemed given on the date of receipt or refusal of receipt. All notices shall be addressed to the appropriate Party as follows:
- If to Business Associate:** Quorum Health Resources, LLC
1573 Mallory Lane, Suite 200
Brentwood TN 37027
Attn: President and CEO
- With Copy to:** 1573 Mallory Lane, Suite 100
Brentwood TN 37027
Attn: General Counsel
- If to Covered Entity:** Mark Twain Health Care District
P.O. Box 668
San Andreas, CA 95249
Attn: Chief Executive Officer
FAX: _____
- With Copy to:** Michael F. Dean, Esq.
Meyers and Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814
- L. Amendments.** This Addendum may not be changed or modified in any manner except by an instrument in writing signed by a duly authorized officer of each of the Parties hereto. The Parties, however, agree to amend this Addendum from time to time as necessary, in order to allow Covered Entity's to comply with the requirements of the HIPAA Rules.
- M. Choice of Law.** This Agreement and the rights and the obligations of the Parties hereunder shall be governed by and construed under the laws of the state of California, without regard to applicable conflict of laws principles.
- N. Assignment of Rights and Delegation of Duties.** This Addendum is binding upon and inures to the benefit of the Parties hereto and their respective successors and permitted assigns. However, neither Party may assign any of its rights or delegate any of its obligations under this Addendum without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding any provisions to the contrary, however, Covered Entity retains the right to assign or delegate any of its rights or obligations hereunder to any of its wholly owned subsidiaries, affiliates or successor companies. Assignments made in violation of this provision are null and void.

- O. Nature of Addendum.** Nothing in this Addendum shall be construed to create (i) a partnership, joint venture or other joint business relationship between the Parties or any of their affiliates, (ii) any fiduciary duty owed by one Party to another Party or any of its affiliates, or (iii) a relationship of employer and employee between the Parties.
- P. No Waiver.** Failure or delay on the part of either Party to exercise any right, power, privilege or remedy hereunder shall not constitute a waiver thereof. No provision of this Agreement may be waived by either Party except by a writing signed by an authorized representative of the Party making the waiver.
- Q. Severability.** The provisions of this Addendum shall be severable, and if any provision of this Addendum shall be held or declared to be illegal, invalid or unenforceable, the remainder of this Addendum shall continue in full force and effect as though such illegal, invalid or unenforceable provision had not been contained herein.
- R. No Third Party Beneficiaries.** Nothing in this Addendum shall be considered or construed as conferring any right or benefit on a person not Party to this Addendum nor imposing any obligations on either Party hereto to persons not a Party to this Agreement.
- S. Headings.** The descriptive headings of the articles, sections, subsections, exhibits and schedules of this Addendum are inserted for convenience only, do not constitute a part of this Addendum and shall not affect in any way the meaning or interpretation of this Addendum.
- T. Entire Agreement.** This Agreement, together with all Exhibits, Riders and amendments, if applicable, which are fully completed and signed by authorized persons on behalf of both Parties from time to time while this Agreement is in effect, constitutes the entire Agreement between the Parties hereto with respect to the subject matter hereof and supersedes all previous written or oral understandings, Agreements, negotiations, commitments, and any other writing and communication by or between the Parties with respect to the subject matter hereof. In the event of any inconsistencies between any provisions of this Agreement in any provisions of the Exhibits, Riders, or amendments, the provisions of this Agreement shall control.
- U. Interpretation.** Any ambiguity in this Addendum shall be resolved in favor of a meaning that permits Covered Entity to comply with the HIPAA Rules and any applicable state confidentiality laws. The provisions of this Addendum shall prevail over the provisions of any other Agreement that exists between the Parties that may conflict with, or appear inconsistent with, any provision of this Addendum or the HIPAA Rules.
- V. Regulatory References.** A citation in this Agreement to the Code of Federal Regulations shall mean the cited section as that section may be amended from time to time.

ACHD Advocate

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From the Desk of Ken Cohen, Executive Director

Oversight Hearings Strategy Update

[The Little Hoover Commission](#) is reviewing California's vast network of local governing agencies known as Special Districts. State government has oversight responsibilities for the formation of new districts and the operations of more than 4,500 existing local and regional districts which operate airports, harbors, cemeteries, hospitals, libraries and parks, while also providing fire-fighting and paramedic services, flood control and water delivery throughout California.



As part of their study of Special Districts, the Little Hoover Commission has identified Healthcare Districts for a more in-depth focused review. It is also anticipated that the Little Hoover Commission will review the role of California LAFCOs in holding Special Districts accountable to their legislative mission.

The Commission previously studied Special Districts in 1999 and issued a report in 2000 titled [Special Districts: Relics of the Past or Resources for the Future?](#) At that time, the Commission's recommendations included eliminating or consolidating as many as 24 of California's Healthcare Districts. Specifically, the Commission noted that while the strengths of Special Districts include their ability to provide specific, customized services and be responsive to local customers, their challenges include changing role, low civic visibility, and limited oversight. The Commission's recommendations were not previously implemented by the Legislature.

ACHD has been requested to provide written and oral testimony at the Commission's public hearing on Thursday, August 25, 2016, at 9:30 a.m., at the State Capitol, in room 437. ACHD staff is preparing written testimony on behalf of our members; the team will also be providing oral testimony on the 25th.

The Assembly Local Government Committee and the Senate Governance & Finance Committee have also expressed a desire to hold informational hearings regarding Healthcare Districts this fall. A few members of the Committees have expressed significant concerns regarding Healthcare District roles, accountability, and transparency.

In response to the challenges from the Little Hoover Commission, as well as from the Assembly and Senate Committees, the ACHD Board of Directors established a Working Group comprised of the leadership of Healthcare Districts statewide. The goal of the Working Group is to review the changing role of Healthcare Districts, enhance accountability and improve transparency. The Working Group met on July 12th and 26th to discuss how ACHD can take a leadership role in effectively communicating the position and importance of Healthcare Districts in the State's changing health care environment. ACHD will continue to keep all of our Members informed and engaged, as this important work progresses. The Working Group will continue to meet in August.

The Value of ACHD Membership

Now more than ever, Healthcare Districts need a strong unified, singular voice in the Legislature, Regulatory Agencies, and Commissions that affect both our role and continued existence. ACHD is uniquely positioned to represent and advocate on behalf of Healthcare Districts, solely and while respecting individual needs of each District. This is our very reason for existence.

To meet this need, ACHD has strengthened our Legislative Advocacy services to reflect this need and has enhanced our communication with our Members. ACHD has also reached out to our membership, engaging them in policy committees and working groups in order to help the Board and Association shape our legislative platform, educational events, and public communication. To paraphrase the words of one national advertisement: ACHD Advocacy...priceless.

In addition, ACHD provides important education programs for our members. ACHD also assists our Healthcare Districts to educate the public, locally and elected, as to their role and services provided.

The ACHD Board and staff continue to examine how the Association can be of enhanced value to our members. As a unified team, the ACHD Board is comprised of Healthcare District Trustees and CEOs. They represent the diverse interests and needs of Healthcare Districts in California. They believe that now more than ever, ACHD needs your support in order to function in a highly effective manner, and that there is strength in unity.

The Board believes that an equitable and fair dues structure is vital to maintain unity and your support. At the Board Retreat in October, the structure and level of dues

will be discussed in order to improve our effectiveness and accountability to our Members.

In response to the changing health care and legislative environment, the Association is evolving in parallel with Healthcare Districts. With your support and engagement, ACHD can continue to be pertinent, effective, and accountable.

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In Case You Missed It... Healthcare District News from Around the State



Grossmont Healthcare District Recognized for Best Practices in Governance

The Grossmont Healthcare District was recognized by ACHD with its "Best Practices in Governance" certification, indicating Grossmont's commitment to open and transparent government. Read the full article [here](#).

Cambria Community Healthcare District's 69-year Evolution Detailed

For the past 69 years, the District has not only provided for and supported the mission of providing for physicians and dentists as mandated by the California Health and Safety Code, it has developed an advanced emergency support ambulance service vital for the residents and visitors to the North Coast. Read the full article [here](#).

Marin General Hospital Set to Begin Construction on New Wing

Marin General Hospital is currently undergoing an expansion that will include a 260,000 square foot wing that will include 114 private rooms, 19 intensive care unit beds, larger operating rooms with state of the art-imaging equipment and technology, and a 10,000 square foot rooftop garden. Read the full article [here](#).

Pioneers Memorial Invests in New Radiology System To Better Patient Safety

In order to improve clinical and operational capabilities and reduce radiation dose in CT imaging, Pioneers Memorial Healthcare District has upgraded its existing TOSHIBA Aquilion 64 CT SYSTEM with the VeloCT console. Read the full article [here](#).

Sharp Grossmont Hospital's Monthly Electricity Bill from \$180,000 to Zero

The lights are staying on for patients and medical staff at Sharp Grossmont Hospital in La Mesa thanks to a new Central Energy Plant (CEP), the Grossmont Healthcare District (GHD) reports. Read the full article [here](#).

Antelope Valley Hospital Names COO

Antelope Valley Hospital has named Ronald Bingham as its new chief operating officer, the Lancaster hospital announced July 18. Read the full article [here](#).

Successful aging: Stats back up how Blue Zones has worked in the Beach Cities Health District

Overall in 2015, the beach cities have the highest Well-Being Index scores in the U.S. compared to 190 metropolitan areas. After the initial three-year program, the Beach Cities Health District opted to continue the initiative with a \$1.1 million commitment. Read the full article [here](#).

Reach Out and Read Program Now Part of Bear Valley Community Healthcare District

BVCHD is proud to announce that they have been the first agency in San Bernardino County awarded funding from First 5 San Bernardino to implement the Reach Out and Read Program. Read the full article [here](#).

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Stanford University Seeking Information on Healthcare District Wellness Programs

The Association was recently contacted by the Stanford Health Improvement Program (HIP) within the Stanford Prevention Research Center at the Stanford University School of Medicine.

HIP has been supporting Stanford University and Hospital's employee wellness efforts for 33 years. Housed within the School of Medicine and the Stanford Prevention Research Center (SPRC), HIP has a unique role to deliver and disseminate findings from the research side of prevention and wellness.

HIP is seeking information on the wellness programs offered by our Healthcare Districts. Specifically:

- What type of wellness programs does your District offer to employees and to the community?
- What are the specific areas of wellness needs in your community?

At your earliest convenience, [please complete this short survey](#). The information you provide will assist Stanford University with tailoring wellness programs specifically for use by Healthcare Districts.

The program has seen such positive results that they now hope to help Districts implement similar programs. They believe this is especially important for the Healthcare Districts because the Districts are in a unique position to make a difference in the health and well-being of their staff, patients and communities.

For any questions, please contact [Sheila Johnston](#).

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Legislative Update

Legislature Returns August 1

After a month-long recess, the Legislature returned to Sacramento on August 1. Both houses are returning to packed hearing agendas and fiscal deadlines. Hundreds of bills will be heard in Senate Appropriations and Assembly Appropriations Committees on August 1 and 3, respectively. Fiscal bills will have until August 12 to pass out of Appropriations Committee.



There are a number of big picture issues that may be addressed by the Legislature over the month of August, including:

- Health issues, including surprise billing, pharmaceutical price transparency, and legislation to implement the Administration's Whole Child Model for the California Children's Services program
- Appropriation of Cap and Trade funding
- Housing, including addressing "by right" development, appropriating \$400 million for affordable housing, an affordable housing bond for the November 2016 ballot, and legislation to address the bond component of the No Place Like Home initiative
- Park bond for the November 2016 ballot
- Worker's compensation utilization review reforms

SB 957 (Hueso): Design-build Authority for Healthcare Districts

ACHD is one of the sponsors of [SB 957](#) by Senator Ben Hueso, which provides Healthcare Districts that own or operate a hospital or clinic with design-build authority consistent with that currently enjoyed by cities and counties and four Healthcare Districts. SB 957 is also co-sponsored by the State Building and Construction Trades Council. SB 957 is scheduled to be heard in the Assembly Appropriations Committee on August 3.

AB 2024 (Wood): Physician Employment

[AB 2024](#) by Assembly Member Jim Wood would authorize a federally certified critical access hospital to employ physicians. Twenty of the state's 34 critical access hospitals are District Hospitals. Recent amendments require the concurrence of the medical staff prior to hiring, sunsets the authority on January 1, 2023, and requires a study by the Office of Statewide Health Planning and Development (OSHPD). AB 2024 is scheduled for hearing in the Senate Appropriations Committee on August 1.

Governor Signs Medi-Cal 2020 Waiver Implementation Bills

Earlier this month, Governor Brown signed [SB 815](#) (Hernandez/de León) and [AB 1568](#) (Bonta/Atkins), which together provide a statutory framework for implementing California's new Medicaid Section 1115 "Medi-Cal 2020" Waiver. ACHD strongly supported the two bills. Medi-Cal 2020 includes \$6.2 billion in federal funds for California's Medi-Cal program over five years. Major elements include:

- *Public Hospital Redesign and Incentives in Medi-Cal (PRIME)*: a successor to the Delivery System Reform Incentive Program that will provide \$3.27 billion for designated public hospitals and \$466.5 million for District and municipal hospitals. SB 815 implements this portion of the waiver.
- *Global Payment Program*: intended to incentivize primary and preventive care to the remaining uninsured through a value-based payment structure. SB 815 includes the Global Payment Program language.
- *Whole Person Care*: up to \$300 million per year for five years for county-based pilots to coordinate health, behavioral health and social services to improve beneficiary health and well-being. AB 1568 implements this element of the waiver.
- *Dental Transformation Initiative*: up to \$750 million total over five years to improve preventive care and continuity of care. These incentive funds do not have a local match requirement. AB 1568 contains the dental provisions.

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Filing and Ethics Requirements for Healthcare District Trustees and Executives

Form 700: Statements of Economic Interests

Every elected official and public employee who makes or influences governmental decisions is required to submit a Statement of Economic Interest, also known as the Form 700. The Form 700 provides transparency and ensures accountability in two ways:

1. It provides necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances.
2. It serves as a reminder to the public official of potential [conflicts of interest](#) so the official can abstain from making or participating in governmental decisions that are deemed conflicts of interest.

Filing a Form 700

The FPPC is available to answer any questions you may have on Form 700 reporting or filing. However, in order to better assist you, you should obtain your "disclosure category." A disclosure category is a description of the types of financial interests you must disclose on your Form 700 based on your job classification or position. Each agency defines its own disclosure categories for each position based on the type and scope of work performed.

To obtain a copy of your disclosure category, check with a supervisor or other designated staff in your agency's legal or personnel department.

Links to the Form 700 and Schedules

[Form 700](#) (Use through Dec. 31, 2016)

[Form 700 Reference Pamphlet](#) (Explains reporting requirements)

[Form 700 Excel Form](#)

[Form 700 FAQs](#)

For more information on the Form 700, [click here](#).

AB 1234 Ethics Training

Many public officials are required to take an ethics training course to educate them on the ethical standards required of any individual who works in state or local government. Public officials may utilize free online courses available to satisfy this requirement. Please note that the state officials ethics course will not satisfy the local officials ethics course requirements and vice versa.

For Local Officials

Cities, counties and special districts in California are required by law ([AB 1234, Chapter 700, Stats. of 2005](#)), to provide ethics training to their local officials.

The law also provides that if an entity develops criteria for the ethics training required by AB 1234, the Fair Political Practices Commission and the Attorney General must be consulted regarding any proposed course content.

Several training options are available to your agency, including training conducted by ACHD during our Leadership Academy, by commercial organizations, nonprofits, or an agency's own legal counsel. In addition, an online training program has been established that allows local officials to satisfy the requirements of AB 1234 on a cost-free basis. The course can be accessed here: [Local Officials Ethics Training Course](#).

When the training is finished, ***you must print*** the Certification of Completion provided at the end of the course training.

The FPPC cannot advise on the legal requirements of AB 1234 because the FPPC does not have jurisdiction to do so. For questions pertaining to legal interpretation and application of AB 1234, please consult your local agency counsel.

For questions or concerns, please contact info@achd.org.

[Back to top](#)

"Calendar of Events" on ACHD.org



ACHD has recently begun utilizing a [web-based calendar](#) for your convenience. The calendar contains items such as committee and Board of Directors' meetings, as well as Educational Events and ALPHA Council Meetings.

Please feel free to use this calendar as a helpful tool. Please contact [Sheila Johnston](#) with any questions.

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Resources

[Legislative Reports](#)

[ACHD Message](#)

[Certified Healthcare District](#)

[Board Self-Assessment Tool](#)

[CEO Evaluation](#)

[Partnership with Capella University](#)

[Become a Member of CAPP](#)

Connect with ACHD on social media



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Sent by sheila.johnston@achd.org in collaboration with



Try it free today



As you may know, The Little Hoover Commission is reviewing California's vast network of special districts. As part of their study of special districts, the Little Hoover Commission has identified Healthcare Districts for a more in-depth focused review. ACHD has been requested to provide written and oral testimony at the Commission's public hearing on Thursday, August 25, 2016, at 9:30 a.m., at the State Capitol, in room 437. The agenda can be found [here](#). Please find the written testimony submitted by ACHD [here](#). Additionally, the hearing is open to the public and available to watch online at www.calchannel.com.

The Little Hoover Commission is an independent state oversight agency with the mission of investigating state operations. The Commission is a bipartisan board composed of five citizen members appointed by the Governor, four citizen members appointed by the Legislature, two Senators and two Assembly Members. According to its website, the Commission "selects study topics that come to its attention from citizens, legislators, and other sources. In addition, it has a statutory obligation to review and make recommendations on proposed government reorganization plans."

The Assembly Local Government Committee and the Senate Governance & Finance Committee have also expressed a desire to hold informational hearings regarding Healthcare Districts in the coming months. A few members of the Committees have expressed significant concerns regarding Healthcare District roles, accountability, and transparency. There is no committee hearing date as of yet.

As part of a comprehensive approach to this threat, the Association has secured Paschal Roth Public Affairs, a well-established public relations firm, to assist with communications materials and messaging, as well as created a Working Group composed of the leadership of Healthcare Districts statewide. The goal of the Working Group is to discuss legislative and governance issues facing Healthcare Districts and create a proactive legislative strategy to address concerns raised by the Legislature. The Working Group is focused on reforms to improve governance and transparency. To date, the Working Group has met three times and will meet again at the end of August.

Additionally, in the next week, you will be receiving an email from ACHD staff regarding specific requests for data, through a brief series of questions. This information will enable our Advocacy Team to bring a stronger and more comprehensive picture of Healthcare Districts to the Commission and the Legislature. This is a unique opportunity for you to express, in your own words, the positive impact of your Healthcare District, and the negative

impact that would be created should the District cease to exist. As ACHD is a Member-driven association, we value and encourage your input.

These matters are of the highest priority to the Association. Our staff will continue to keep you updated on the upcoming hearings and all other pertinent information as it arises. If you have any questions or concerns, please do not hesitate to contact me at ken.cohen@achd.org.

Sincerely,

Kenneth Cohen
Executive Director, ACHD



www.achd.org

DRAFT

August 17, 2016

Ms. Lin Reed
Chairperson, Board of Directors
Mark Twain Healthcare District
San Andreas, CA

Sent via email to: lin@brightonrehab.com

RE: Interim Executive Director

Dear Lin:

Thank you for the opportunity to present information on how **Wipfli LLP/HFS Consultants** can assist you by providing an Interim Executive Director (ED) for Mark Twain Healthcare District (MTHD). We feel that Wipfli/HFS is uniquely qualified for this engagement due to our expertise in healthcare district, hospital, clinic, and healthcare financial operations.

Based upon our discussions, we suggest that Wipfli/HFS personnel would work both on site and remotely. Wipfli/HFS staff would be on site at MTHD approximately two (2) days per week and spend the rest of the needed time working remotely. Activities will be providing consulting services which would assist MTHD with organizational transition, negotiating with vendors (and potential partners and vendors), strategic planning functions, and other operations. The primary task will be to staff MTHD's ED position while MTHD renegotiates certain agreements and implements elements of its strategic plan. In addition, Wipfli/HFS will complete other special projects as assigned by you or other management personnel.

The initial term of this agreement will be for twelve (12) months, beginning on or about August 24, 2016. MTHD and Wipfli/HFS shall each have the option to terminate this agreement at any time without cause given 30 days advance notice (please see "Other Terms and Conditions" below). MTHD and Wipfli/HFS may choose to extend the agreement after the initial term.

Sandy Haskins will be staffing the position. He will be supported by other Wipfli/HFS staff, as needed. Information on Mr. Haskins is attached.

Fees and Conditions

Professional fees will be billed at a rate of \$200.00 per hour. In addition, Wipfli/HFS will also bill MTHD for travel, lodging or meal expenses while Mr. Haskins is performing services on

Ms. Lin Reed, Board Chair
Mark Twain Healthcare District
August 17, 2016

DRAFT

site. We will make every attempt to keep these expenses to a reasonable minimum. Wipfli/HFS will invoice MTHD monthly for professional fees and any expenses.

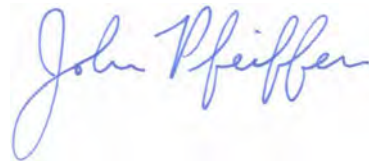
The parties acknowledge that this is a contract for consulting services and that Wipfli/HFS shall remain at all times an independent contractor and not an employee of MTHD.

We appreciate the opportunity to present this engagement letter. To indicate your acceptance, please sign the enclosed copy of this engagement letter and return it to us as authorization to proceed with this engagement.

Very truly yours,
Wipfli LLP



Donald J. Whiteside
Director



John Pfeiffer
Partner

Accepted:

Lin Reed
Board Chair

Date

Attached: Terms and Conditions

OTHER TERMS AND CONDITIONS

1. **Independent Contractor.** Wipfli LLP/HFS Consultants shall be deemed at all times to be an independent contractor. Nothing in this agreement shall be construed as creating an employment relationship between the client and. Any terms in this agreement referring to direction from the client shall be construed as providing for direction as to policy and the result of Wipfli LLP/HFS Consultants' work only, and not to the means by which such a result is obtained.

2. **At Will.** The client and Wipfli LLP/HFS Consultants shall each have the option to terminate this agreement at any time without cause given 30 days advance notice. Either party may exercise this option by giving the other party written notice of termination by US mail, facsimile or overnight delivery service. The notice shall specify the date on which termination shall become effective with a minimum of 30 calendar days after receipt of the notice of termination.

3. **Collection Costs.** The client shall be responsible for any expenses (including attorneys' fees and court costs) incurred by Wipfli LLP/HFS Consultants in collecting its fees or expenses billed pursuant to this contract, whether or not legal action is instituted.

4. **Arbitration.** The parties agree that any dispute arising in connection with this Agreement shall be resolved by arbitration conducted in Alameda County, California in accordance with the commercial arbitration rules of the American Arbitration Association. The prevailing party in such arbitration shall be entitled to an award of reasonable attorneys' fees and costs of arbitration.

5. **Hiring of Wipfli LLP/HFS Consultants Personnel.** If any personnel provided by Wipfli LLP/HFS Consultants becomes an employee of, or an independent contractor to, the client or any affiliated entity from the date of this letter until one year after the termination of the engagement, the client will pay Wipfli LLP/HFS Consultants a referral fee of \$50,000 or 40% of the first year annual gross salary or professional fees the client pays, whichever is greater.

6. **General Provisions.** This Agreement constitutes the entire understanding of the parties with regard to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings. This Agreement may only be amended by a written

agreement signed by both parties. This Agreement shall be binding on, and inure to the benefit of, the parties and their successors and assignees. This Agreement may be executed in counterparts, by signatures transmitted by telecopy, each of which shall be deemed an original, and which together shall constitute one and the same agreement. California law (without regard to conflicts of law) shall govern the interpretation and enforcement of the Agreement. This Agreement has been approved by the client's governing body, and is signed by a duly authorized officer.

7. Indemnification from Costs of Subpoenas. Any services we perform at the client's request or are compelled to perform relating to any subpoena, summons or other legally-binding demand (e.g., serving as a witness or providing documents in an investigation) will be billed at our standard hourly rates plus expenses including, where applicable, any copying and attorney fees and expenses.

8. Interest. Bills for professional fees and expenses are payable within 15 days of receipt by the client. All amounts unpaid after 90 days shall accrue interest at the rate of 1.5% per month (18% per year) from the invoice date.

9. HIPAA. Wipfli LLP/HFS Consultants shall abide by all laws, regulations and directives of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as it pertains to services performed by Wipfli LLP/HFS Consultants and information received by Wipfli LLP/HFS Consultants from client pursuant to this agreement. Since Wipfli LLP/HFS Consultants may, in the course of performing services under this agreement, receive protected health information from client, Wipfli LLP/HFS Consultants will be deemed a Business Associate of the client. Wipfli LLP/HFS Consultants will sign and execute a Business Associate agreement with the client and will conform thereto.

10. Intellectual Property. Any and all forms, reports, designs, training presentations and other materials prepared by Wipfli LLP/HFS Consultants for the client shall be used by the client only for its own internal uses and shall not be divulged to any other party without written consent of Wipfli LLP/HFS Consultants. Wipfli LLP/HFS Consultants reserves all other rights and interests in these materials.

11. Executive Search Conditions. In the event that more than one professional is hired as a result of the work performed by Wipfli LLP/HFS Consultants, a full professional fee based upon estimated first year compensation will be due for each professional hired.

Sanford (Sandy) Haskins **Director**

Sandy Haskins is Director, executive search of interim management for ***Wipfli LLP/HFS Consultants***. Sandy executes search assignments for hospitals, health systems, and companies in all stages of industry maturity to identify and fulfil their interim executive needs.

Sandy has more than 35 years in hospital leadership positions, with extensive experience serving as an interim hospital CEO and recruiting C-Level interim executive leadership positions for hospitals and healthcare organizations. Sandy has extensive health industry experience in the areas critical to success in today's environment; restructuring, market knowledge, financial management, capital markets and professional advisory services.

Prior to joining ***Wipfli LLP/HFS Consultants***, Sandy held the following positions:

- Business Development Executive, Ernst & Young, Health Sciences Advisory Services, 2002-2009
- Interim Chief Operating Officer and Chief Financial Officer, Good Samaritan Community Healthcare, 2001-2002
- Interim Senior Vice President for Shared Services, Baptist Health System, 2001
- Interim Chief Financial Officer, ICOS Corporation, (publicly traded biotechnology company), 2000-2001

Examples of Mr. Haskin's areas of specialization include the following:

- Led sales effort across multiple EY service lines including operational restructuring, mid-revenue cycle, business office, pharmacy, managed care contracting, claims management and Medicare issues including disproportionate share, bad debts and wage index.
- Developed multi-disciplinary approach to service offerings that resulted in, at the time, the largest project in the history of the Health Sciences Advisory Services practice.
- Senior executive leadership in operational restructuring of two financially distressed hospitals.
- Senior executive responsible for finance, health information management, materials management, human resources, professional and support services, information systems, patient accounts, community outreach services and construction management.
- Re-formulated long-term capital strategy related for replacement of hospital facility to significantly reduce borrowing costs.
- Led finance team in \$180 million equity financing, including filings with Securities and Exchange Commission.

Mr. Haskins received his B.S/M.B.A., degree from Oregon State University. He is Past President, Oregon Chapter, Healthcare Financial Management Association and Past National board member of Healthcare Financial Management Association.

CEO Highlights – July 2016

During the month of July, CMS (the Center for Medicare and Medicaid Services) released their new **Overall Hospital Star Ratings**. CMS created the five-point scale to help consumers and caregivers compare hospitals based on a variety of quality, safety and patient satisfaction measures. I'm pleased to announce that MTMC was rated with 3 stars. Nearby hospitals Sutter Amador and Sonora Regional received 2 stars.

On the recruitment front, Mark Twain Medical Center welcomed a **new H.R. Manager**, Margaret Pyles. Margaret joins us from Dignity Health Mercy Hospital in Bakersfield, and brings over 20 years of experience working for various organizations. She made several visits to serve here, in the interim, while MTMC searched for a leader to fill this role. This is a great example of being able to share and draw talent from Dignity Health's 39 hospitals. I have so far received 3 physician **candidates for potential Family Medicine/Internal Medicine**, and 1 for Gastroenterology. These are strong candidates that have been through an initial screen, phone interview and reference check with the search firm, and will be scheduled for site visits to the area and interviews with the MTMC team. The search firm also continues to receive and vet new candidates until we declare the search filled. We also have 1 candidate so far for the position of **Chief Medical Officer**, replacing Dr. Robert Allen who left MTMC at the end of June; that search will also continue until filled. Lastly, we have just commenced the search for the position of **Chief Philanthropy Officer**, replacing our own Peggy Lucas who plans to retire this October.

Much work has been done this month addressing service and profitability in the **Clinics**. Our CFO has worked closely with **Optum 360** to define and standardize such issues as registration and patient flows. There have been several issues raised around the availability of lab draws and the convenience of patient appointments. I thank the many community members who have shared feedback with me regarding their experiences with the Clinics. We will be bringing reports in the future about ongoing proposed improvements.

July also saw the introduction of new business tools for department leaders to manage **Productivity** in their units. Additionally, those tools will assist with **budgeting and Profit&Loss** for their areas of responsibility. I am asking our leaders to pay careful attention to the controllable aspects of operations, and run their units with heightened stewardship. The results are becoming evident through late July and early August, and will bear further watching.

Lastly, I will be conducting a mini **strategic retreat** with the Administration Team in early September. The goal is to revisit the present hospital strategic plan and in particular, reach a shared mental model for the proposed **Angels Camp clinic**, so that MTMC can officially begin the process of development of this clinic. I will share the learnings and work product from this retreat when we return.

Opinion of Probable Costs

Key Project Data Information	Total Project	Site	Building	Other Costs non-grant related	ACTUAL SPEND	OVER/(UNDER)
Square Footage Totals	19,800	147,222	19,800			
Direct Construction Cost per SQFT	248	3.74	220			
Total Construction Cost per SQFT	276	4.14	245			
Total Project Cost per SQFT (including Financing)	\$ 350	\$ 7.18	\$ 297			
Direct Construction Cost						
Direct Construction Cost	\$ 4,856,555	\$ 500,555	\$ 4,356,000			\$ (4,856,555)
Monument Signs	\$ 50,000	\$ 50,000	\$ -			\$ (50,000)
	\$ -	\$ -	\$ -			\$ -
Total Direct Construction Cost	\$ 4,906,555	\$ 550,555	\$ 4,356,000	\$ -	\$ -	\$ (4,906,555)
In-Direct Construction Cost						
Labor/Material & Performance Bonds (1.5%)	\$ 73,598	\$ 8,258	\$ 65,340			\$ (73,598)
	\$ -	\$ -	\$ -			\$ -
	\$ -	\$ -	\$ -			\$ -
Total In-Direct Construction Cost	\$ 73,598	\$ 8,258	\$ 65,340	\$ -	\$ -	\$ (73,598)
Construction Contingencies / Escalation						
			10%			
Building Contingency	\$ 485,655	\$ 50,055	\$ 435,600		\$ 69,120	\$ (416,535)
	\$ -	\$ -	\$ -			\$ -
Total Construction Contingencies / Escalation	\$ 485,655	\$ 50,055	\$ 435,600		\$ 69,120	\$ (416,535)
Total Construction Budget	\$ 5,465,809	\$ 608,869	\$ 4,856,940	\$ -	\$ 69,120	\$ (5,396,689)
Equipment Budget						
Group I - Fixed Medical Equipment	\$ -					
Group II - Major Movable Medical Equipment	\$ -					
Group III - Minor Movable Medical Equipment	\$ -					
Group IV - Instruments (relocation of med dispensers)	\$ -					
Food Service Equipment	\$ -					
Furniture Fixtures and Equipment Allowance	\$ -			\$ 700,000		\$ (700,000)
Graphic / Signage / Artwork / Plants	\$ -					
Nursecall & Code Blue Systems	\$ -					
Intercom/Public Address/Fixed AV	\$ -					
Radio Systems	\$ -					
Dictation Systems	\$ -					
Security/Video Surveillance/Access Control	\$ -					
Television	\$ -					
Structured Cabling / IT Allowance	\$ -			\$ 500,000		\$ (500,000)
PBX -Telecom (includes VM)	\$ -					
Desktop Devices (Desktops, Laptops, Handhelds & Printers)	\$ -					
Network Electronics	\$ -					
Software Applications (Installation, Licenses etc.)	\$ -					
Time & Attendance	\$ -					
IT Construction Project Mgmt	\$ -					
IT Construction 3rd Party Resources	\$ -					
Other Equipment Costs	\$ -					
Total Equipment Budget	\$ -	\$ -	\$ -	\$ 1,200,000	\$ -	\$ (1,200,000)
Consultant Fees						
Architect/Engineer Fees	\$ 370,429	\$ 30,443	\$ 339,986		\$ 142,109	\$ (228,320)
Equipment Planner Fees	\$ -	\$ -	\$ -			\$ -
Other Consultant Fees	\$ -	\$ -	\$ -		\$ 4,175	\$ 4,175
Total Consultant Fees Budget	\$ 370,429	\$ 30,443	\$ 339,986	\$ -	\$ 146,284	\$ (224,145)
Administrative Costs						
Permit Fees & Hook ups	\$ 410,000	\$ 260,000	\$ 150,000		\$ 6,031	\$ (403,969)
IOR/Special Inspections	\$ -					
Site Survey, Testing, Boring & Reports	\$ 67,500	\$ 27,500	\$ 40,000		\$ 14,750	\$ (52,750)
Testing Services	\$ 40,000		\$ 40,000			
Legal Fees	\$ 30,000	\$ 10,000	\$ 20,000		\$ 15,551	\$ (14,449)
Move-in Start-up	\$ -				tbd	
Internal Project Management	\$ -					
3rd Party Project Management	\$ 45,000	\$ 5,000	\$ 40,000			\$ (45,000)
Other Administrative Costs (includes Commissioning, Auditing, EIR)	\$ -					
Total Administrative Cost	\$ 592,500	\$ 302,500	\$ 290,000	\$ -	\$ 36,332	\$ (516,168)
Land & Site Development						
Land Acquisition	\$ -	tbd		\$ 890,000	\$ 903,112	\$ 13,112
Off Site Development	\$ -					
Total Land & Site Development Budget	\$ -	\$ -	\$ -	\$ 890,000	\$ 903,112	\$ 13,112
Total (Construction+ Equipment + A/E Fees+ Admin Costs)	\$ 6,428,738	\$ 941,812	\$ 5,486,926	\$ 2,090,000	\$ 1,154,848	\$ (7,323,890)
Owner Reserves						
		10% site, 5% Building				
Owner's Contingency	\$ 368,527	\$ 94,181	\$ 274,346			\$ (368,527)
Project Escalation - other than construction	\$ -	\$ -	\$ -			\$ -
Total Owner Reserves	\$ 368,527	\$ 94,181	\$ 274,346	\$ -	\$ -	\$ (368,527)
Total Project Capital Cost excluding Financing	\$ 6,797,265	\$ 1,035,993	\$ 5,761,272	\$ 2,090,000	\$ 1,154,848	\$ (7,692,417)
Financing Costs (Final)	135,945	20,720	115,225		\$ 15,730	\$ (120,215)
Total Project Capital Cost including Financing	\$ 6,933,211	\$ 1,056,713	\$ 5,876,498	\$ 2,090,000	\$ 1,170,578	\$ (7,812,632)

Mark Twain Healthcare District
 Valley Springs clinic project
 Vendor payments by OPC Category
 As of 8-11-16

Row Labels	Sum of Amount	OPC Category
Air Permitting Specialists	3,200	Site Survey, Testing, Boring & Reports
Aspen Street Architects	123,189	Architect/Engineer Fees
Calaveras County Planning Department	5,806	Permit Fees & Hook ups
CSU Stanislaus	225	Permit Fees & Hook ups
First American Title Company	903,112	Land Acquisition
Hendrickson Consulting	15,730	Financing Cost
Kittelson & Associates	18,920	Architect/Engineer Fees
Kleinfelder	9,300	Site Survey, Testing, Boring & Reports
Meyers Nave	15,551	Legal Fees
Michael W. Skenfield	4,175	Other Consultant
Van Lieshout, Patrick	69,120	Building Contingency
Wiebe Land Surveying	2,250	Site Survey, Testing, Boring & Reports
Grand Total	1,170,578	

RECORDING REQUESTED BY:

Mark Twain Healthcare District

APN:

When Recorded Mail Document and Tax Statements to:

Mark Twain Healthcare District
P.O. Box 668
San Andreas, California 95249

SPACE ABOVE THIS LINE IS FOR

Grant Deed

The undersigned grantor(s) declare(s):

Documentary Transfer Tax is

computed on full value of property conveyed, or

computed on full value less of liens and encumbrances remaining at time of sale.

Unincorporated area: City of

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
Mark Twain Healthcare District, a public entity

hereby GRANT(S) to
Mark Twain Healthcare District, a public entity

that property in an unincorporated area in the County of Calaveras, California as described in Exhibit "A" attached
hereto and incorporated by reference herein

Date: 8-3-16

Kenneth M. Intelf

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Calaveras

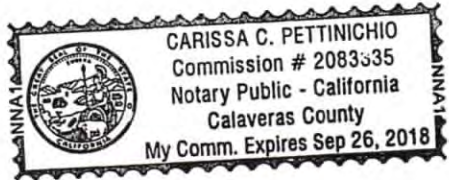
On 8/3/16 before me, Carissa C. Pettinichio a Notary Public, personally appeared Kenneth W. McInturf, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Carissa C. Pettinichio

Name: Carissa C. Pettinichio
(Typed or Printed)



(Seal)

Exhibit "A"

Mark Twain Healthcare District Adjusted Parcels 1, 2 and Adjusted Parcel "A"

All that certain real property situated in an unincorporated area of the County of Calaveras, California in the vicinity of the community of Valley Springs, California and more particularly described as follows:

Adjusted Parcels 1 and 2, and adjusted Parcel "A" as shown on that certain Record of Survey Lot Line Adjustment being a portion of the Southeast $\frac{1}{4}$ of Section 26, T.4N., R.10E., M.D.M. filed for record _____ in Book _____ of Record of Surveys, at Page _____ Document Number _____ Calaveras County Records.

This deed is pursuant to the approved BLA #2016-06 on file in the office of the Calaveras County Surveyor.

RECORDING REQUESTED BY:

Mark Twain Healthcare District

MAIL TAX STATEMENTS AND
WHEN RECORDED MAIL TO:

Mark Twain Healthcare District
P.O. Box 668
San Andreas, California 95249

Order No.:

Escrow No.:

APN:

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

COVENANT REGARDING RESERVATION OF GRANT OF EASEMENTS

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

DOCUMENTARY TRANSFER TAX IS \$ _____

_____ Computed on full value of property conveyed, or

_____ Computed on full value less liens and encumbrances remaining at time of sale.

_____ Unincorporated area of Calaveras County, California

We the undersigned, Mark Twain Healthcare District, being the owners of that certain real property described in instrument number _____ do covenant as follows: At the time of transfer of title of adjusted parcel "A" as shown on this Record of Survey by the Mark Twain Healthcare District, the herein access easement as described in Exhibit A of this document be granted to the new owners.

OWNER

Kenneth N. McInturf

A Notary Public or other Officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF CALIFORNIA

COUNTY OF Calaveras) ss.

On 8/3/16 before me, Carissa C Pettinichio - Notary Public, personally appeared Kenneth N. McInturf

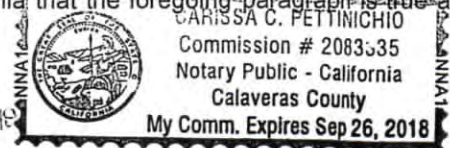
who proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Carissa C Pettinichio

Expiration Date 8-26-18



Printed Name

Carissa C Pettinichio

Principal Place of Business

CPUD

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Mark Twain Health District still considering independence for hospital

- By Dana M. Nichols dana@calaverasenterprise.com
- Aug 4, 2016

Save

Mark Twain Health Care District directors Wednesday decided to continue exploring two different possible future paths for Mark Twain Medical Center: One in which they negotiate a new long-term lease with hospital operator Dignity Health, and another in which the district operates the 25-bed hospital independently.

The board considered a proposal by Quorum Health to assess the finances, operations and staffing of the hospital and provide a report on the viability of operating it independently. But health district Executive Director Daymon Doss and board members said they'd like to see changes first in the contract, including the price.

Quorum's proposal set a \$175,000 fee. But Doss said he believes the work can be done for less, especially considering that the district has previously contracted for other reports that contain some of the relevant information.

Doss said that other details should also be changed, including provisions that would require arbitration of any disputes to take place in Tennessee, where Quorum is based, and that let Quorum off the hook for meeting a deadline. Doss said it is realistic to require the work to be done in 60-to-90 days.

The board voted unanimously to direct Doss and legal counsel Mike Dean to negotiate changes to the contract and bring it back for consideration at the board's next regular meeting on Aug. 24.

The taxpayer-funded district owns the hospital in San Andreas but leases it to Dignity Health under the terms of a 30-year agreement that expires at the end of 2019. If the two entities decide to go separate ways then the district gets to keep the hospital and the two split any remaining value in the hospital operations. Both board members and members of the audience at Wednesday's meeting say they see an ominous trend in hospital finances.

"What I am concerned about is the performance of the hospital," said Dr. Randy Smart, a member of the health care district board of directors. "This shows that over the past year, this board and the hospital lost \$2.8 million. I don't understand why we have poor financial performance."

The report said, "Year to date, (the district's) minority interest in Mark Twain Medical Center has decreased by \$2,837,242, which is the district share of the \$5,674,544 of losses from operations and investments of the medical center. This is a 14 percent decrease in the district's minority interest for the year."

Kevin Jones, a father of four children, said he fears that the health district's interest in the hospital is being drained away.

"We are seeing the loss statement increase," Jones said of the district's interest in the hospital's finances. "We are concerned that at the end of 2019, there won't be anything left."

The situation is complex. The health care district owns the land and leases the hospital to Dignity Health. But Mark Twain Medical Center Corporation, which also has a board, is the local Dignity Health affiliate that operates the hospital. Two members of the health care district board also sit on the Mark Twain Medical Center Corporation board.

Smart asked those board members for an explanation of the hospital's poor financial performance.

Ken McInturf, who serves on both boards, said, "We feel we are being over-assessed for technology," referring to charges Dignity Health bills to the Mark Twain Medical Center Corporation.

Lin Reed, who is also on both boards, said, "The corporate allocations have increased. We also have lower performance in the clinics."

That was confirmed by Chris Roberts, the chief financial officer for Mark Twain Medical Center, who was also present at the meeting. "The nine clinics out there, each of them is contributing losses to the hospital," he said.

Smart said that Mark Twain Medical Center has every opportunity to do better. "There is no other hospital in Calaveras County and our market share (for medical services) is 30 percent. I totally don't understand that."

McInturf agreed. "We are losing money in the clinics and we shouldn't be."

Bob Diehl, who just began working as the Mark Twain Medical Center president this summer, said later in the meeting that he and other managers are addressing productivity issues. In some cases, that means that the hospital was paying for more staff than needed given patient loads on particular days in particular departments or clinics. "We are overhauling the way clinics work on a fiscal basis," he said.

Diehl also said in an interview after the meeting that Mark Twain Medical Center, like hospitals across the nation, was squeezed in the past year by changes brought on by the Affordable Care Act.

Firman Brown of Angels Camp, who ran unsuccessfully for the health care district board earlier this year, said the clinics' problems have local roots. "These clinics are dropping because you are not listening to the public."

Jones said the Mark Twain Medical Clinics are so slow to process information when patients check in that he finds it faster to drive his four children to appointments in Tuolumne County. "I can get in and out much quicker."

Meanwhile, health care district directors could soon have even more options to consider for the future of the hospital. An exclusivity and nondisclosure agreement between the district and Mark Twain Medical Center expires on Aug. 8, Doss said. After that, the district will be free to seek other entities besides Dignity Health as prospective managers for the hospital